Years of
Growth & Innovation

Zydus
dedicated to *life*

FOR
GOOD HEALTH.
AT ALL TIMES.

Cadila Healthcare Ltd. | Annual Report 2019-20

CORPORATE INFORMATION

Founder
Late Ramanbhai B. Patel

Board of Directors
Pankaj R. Patel
Chairman

Dr. Sharvil P. Patel
Managing Director

Ganesh N. Nayak
Executive Director

Mukesh M. Patel

Bhadresh K. Shah

Nitin R. Desai

Dharmishtaben N. Raval

Apurva S. Diwanji

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Statutory Auditors
Deloitte Haskins and Sells LLP
Chartered Accountants
Ahmedabad

Zydus Research Centre
Survey No. 396/403,
Sarkhej-Bavla N.H. No. 8A,
Moraiya,
Ahmedabad - 382 213

Pharmaceutical Technology Centre (PTC):
Plot No. A-106, 107, Road Number 21, Nehru Nagar, Wagle Industrial Estate, Thane West, Thane-400604, Maharashtra

Registrar and Share Transfer Agents
Link Intime India Private Limited
506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Off. C G Road, Ellisbridge, Ahmedabad - 380 006

Formulation Units
Plot No. 1, 1A, 1B and 2
'PHARMEZ' (Special Economic Zone)
Matoda, Sarkhej-Bavla N.H. No. 8A
Taluka: Sanand
District: Ahmedabad - 382 213

Survey No. 417, 419 & 420
Sarkhej-Bavla N.H. No. 8A
Village: Moraiya
Taluka: Sanand
District: Ahmedabad - 382 210

Survey No. 434/6/B and 434/1/K
Village Jarol, Taluka: Waghodia
Vadodara - 391510.

Plot No. 254-255, S.G. Highway
N.H. No. 8A, Changodar
Taluka: Sanand, Ahmedabad - 382210.

Plot No. 203-213
Kundaim Industrial Estate
Ponda, Goa - 403 115

Village: Swaraj Majra, Baddi
District: Solan
Himachal Pradesh - 173 205

API Units
Block No. 265/266
Village: Changodar
Sarkhej-Bavla, N.H. No. 8A
Ahmedabad - 382 210

GIDC Estate
Ankleshwar 393 002, Gujarat

Dabhasa, Taluka: Padra 391 440
District: Vadodara

Block No. 162
Ekalbara Umraya Road
Village: Dabhasa
Taluka: Padra 391 440
District: Vadodara

Biologics Unit
Survey No. 40P, 23, 25P, 42, 37
Opp. Ramdev Masala, Sarkhej-Bavla
N.H. No. 8A, Changodar
District: Ahmedabad - 382 213

Animal Health Unit
Plot No. F-1/1, Sector 6B
IIE SIIDCUL, Haridwar - 249 403

Registered and Corporate Office
Zydus Corporate Park, Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle
Khoraj (Gandhinagar) S.G. Highway, Ahmedabad - 382481.

Forward-looking statement: In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Mr. Ramanbhai Patel
Founder Chairman
August 19, 1925 - September 19, 2001

"The world is in the throes of an unprecedented healthcare challenge. The spread of the novel Coronavirus across the globe brought the healthcare fraternity together in this most difficult period for humanity. As the infection mounted and we lost many lives, medical professionals, scientists, researchers, pharmaceutical companies and policy makers have grappled to stop it's advance.

We at Zydus, have resolved to fight this pandemic in every way that we can, with therapeutics, vaccines and diagnostics.

Our mission of contributing to healthier communities globally, has taken on a new meaning and purpose. In this, the 25th year of our existence as an organisation, we remain dedicated to bring innovations to life and do all that we can to care, cure and nurture, good health."

Our Founder Chairman, a seeker, an explorer and innovator, continues to inspire us and forms the founding pillar of the innovation journey at Zydus as we live our mission of creating healthier, happier communities by bridging unmet healthcare needs.

Contents

ZYDUS' MULTI-PRONGED APPROACH TO COMBAT THE PANDEMIC OF COVID-19

India's first coronavirus patient tests positive.

JANUARY 2020

FEBRUARY 2020

11 February

WHO announced that the new coronavirus disease will be known by the official name of COVID-19.

COVID-19

15 February

Zydus launches a fast tracked programme to develop a vaccine for COVID-19.

08 March

COVID-19 cases reported in 100 countries of the world, with more than 100,000 cases worldwide.

20 March

One of the largest manufacturers of Hydroxychloroquine, Zydus ramps up production to meet the global demand.

11 March

The World Health Organization declared that the "COVID-19 can be characterized as a pandemic".

25 March

A nation-wide lockdown was announced in India.

MARCH 2020

APRIL 2020

02 April

Cases reach 1 million

The number of confirmed COVID-19 cases around the world hits 1 million.

20 April

Zydus explores the biologicals route to treat novel coronavirus with long acting Pegylated Interferon alpha-2b.

21 May

Zydus to manufacture "COVID KAVACH ELISA" - the first indigenously developed IgG test for antibody detection in collaboration with ICMR-NIV Pune.

Supplied first batch of **30,000 COVID KAVACH ELISA** tests to ICMR, free of cost.

MAY 2020

ZYDUS' MULTI-PRONGED APPROACH

Diagnostic Products → Wellness Products → Prophylactic Vaccines → Therapeutic Products → NCEs

MAY
2020

28 May

Zydus launches Immunity Booster **CIMUNE,** combination of Vitamin C (Ascorbic Acid) and Elemental Zinc in India.

Range of sanitizers launched.

Zydus launches a range of Alcohol based Sanitizing/ Cleansing Wipes and Sanitizers in India.

Preponed the launch of sanitizer range under the Nycil brand in India.

Launch originally planned for 2021. Launched in a record time and it has provided a great impetus to overall Zydus Wellness portfolio.

JUNE
2020

12 June

Zydus signs a non-exclusive licensing agreement with Gilead Sciences Inc., to manufacture and market Remdesivir.

16 June

Oxford University trial indicates that Dexamethasone may reduce deaths by up to one third in hospitalised patients with severe respiratory complications of COVID-19.

Zydus is one of India's leading manufacturers of Dexamethasone.

28 June

Zydus launches Supermune, an immuno-booster,

comprising a unique combination of Herbs multiminerals and multivitamins.

A one-of-its-kind product in India.

JULY
2020

03 July

Zydus' vaccine for COVID-19 (ZyCoV-D) successfully completes preclinical development and receives permission to initiate human clinical trials.

06 July

Zydus receives approval from COFEPRIS, Mexico to study Desidustat in the management of COVID-19.

11 July

Zydus launches ZyUV –UV sanitizer, which provides 99.9% surface disinfection. Ideal for home, small and big offices with built-in safety measures.

15 July

'ZyCoV-D vaccine' - Human dosing starts .

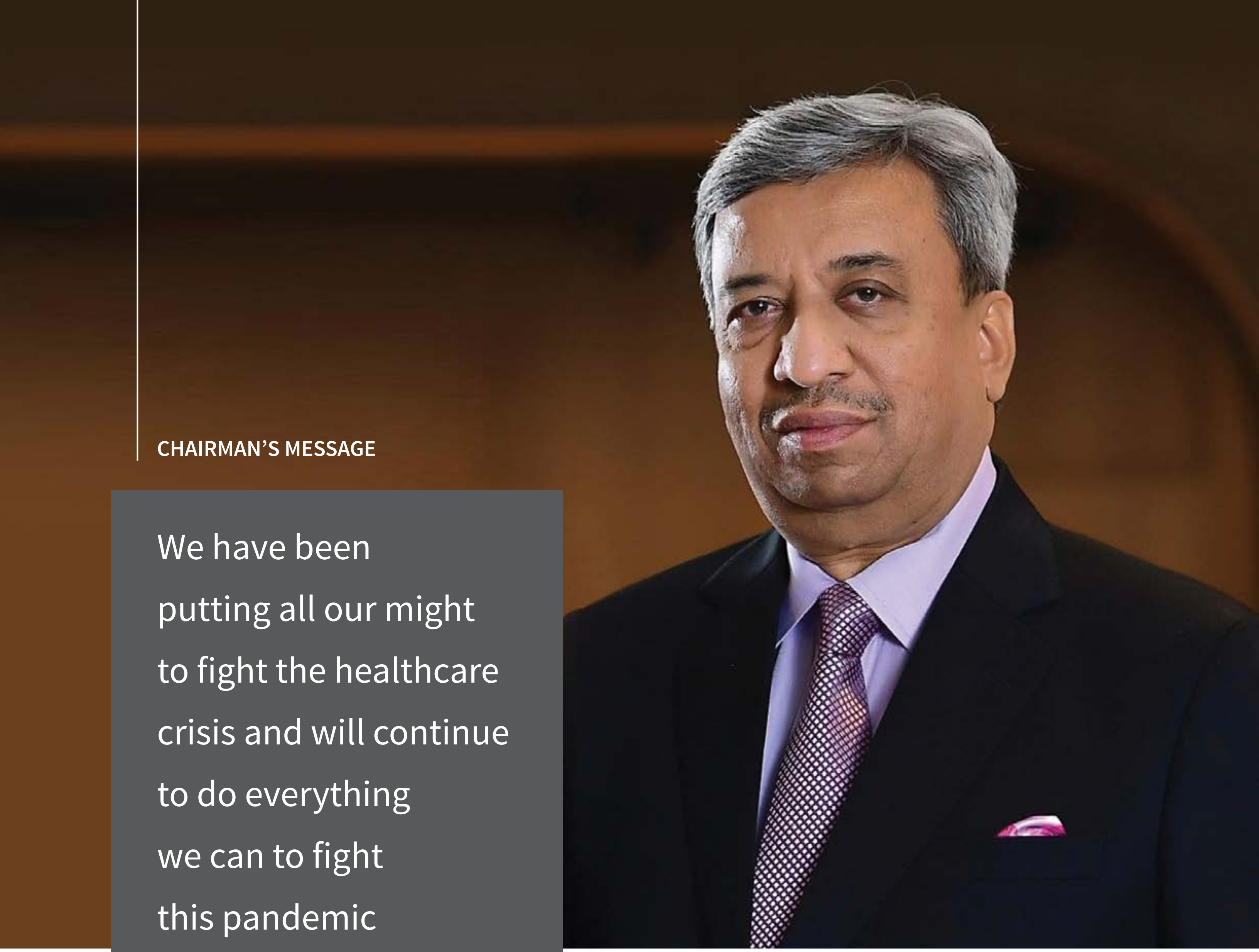
17 July

Zydus receives approval from COFEPRIS to conduct clinical trials in Mexico with Pegylated Interferon alpha-2b to treat novel Coronavirus.

23 July

Zydus launches ZyOxy – Portable oxygen cylinder with medical grade oxygen for home use.

*Timeline till 23 July, 2020



CHAIRMAN'S MESSAGE

We have been putting all our might to fight the healthcare crisis and will continue to do everything we can to fight this pandemic

Pankaj R. Patel | Chairman

Dear Shareowners,

We are passing through some difficult times. Families, communities, neighbourhoods and economies have all been impacted by this unprecedented healthcare crisis of COVID-19. The pandemic has shaken up the very core of our existence and reminded us of how precious good health is and how we must do everything we can to safeguard it. In this 25th year of our existence as an organisation it has only reinforced our resolve to continue working towards the mission of creating healthier communities through innovation, making therapies accessible and bridging unmet healthcare needs.

The deep expertise and capabilities that we have developed through the year have enabled us to support the nation and the world in the fight against COVID-19. Our Company has been at the forefront, contributing with therapeutics, vaccines and diagnostics.

Our vaccine research team swung into action in February 2020, working on a vaccine in which the plasmid DNA would be introduced into the host cells. Once this is done, it would be translated into the viral protein and elicit a strong immune response mediated by the cellular and humoral arms of the human immune system, which play a vital role in protection from disease as well as viral clearance. After a crucial pre-clinical stage, where the vaccine ZyCoV-D was found to be safe, immunogenic and well tolerated, we have received the permission from the Drug Controller General of India (DCGI) and Central Drugs Standard Control Organisation (CDSCO) to initiate the Adaptive Phase I/II human clinical trials. We are extremely thankful for the support extended by National Biopharma Mission (BIRAC), Department of Biotechnology, Government of India and regulatory agencies ICMR and DCGI, in this journey. With the human dosing underway, we hope that our quest to provide a safe and efficacious vaccine to prevent COVID-19 is a fruitful one.

Even as the country wide lockdown was first announced, pharmaceutical manufacturing was placed under essential services as it was necessary for uninterrupted supplies of medicines. In these early days when the world at large was in search of a cure, a team of French researchers produced clinical evidence of hydroxychloroquine (HCQ) proving to be successful in the treatment of COVID-19 and some European and South Korean hospitals included HCQ as a part of the treatment protocol for the treatment of COVID-19. As one of the largest producers of HCQ in the world, we knew that we had to support the call for this therapy. Our teams swung into action and took the call of ramping up the production from 3 metric tonnes to 20 metric tonnes and subsequently scalable to 30 metric tonnes. We ensured supplies to the Government in India and also to the other countries as mandated. With our robust manufacturing infrastructure, agile working capabilities and a dedicated workforce we were ready to face the challenges and devote all our resources to navigate through these difficult circumstances.

Tracking every possibility of a cure, our team found interesting research data in the two non-peer reviewed research articles at bioRxiv and medRxiv, the COVID-19 pre-print servers hosted by Cold Spring Harbor Laboratory. The first one by the University of Texas Medical Branch, Galveston, showed an evidence of a direct anti-viral effect of Interferon alpha against novel Coronavirus in vitro. The study demonstrated around 10,000 fold reduction in virus titre in cells that were pre-treated with Interferon alpha 48 hours earlier. The second by a group of universities in China, Australia and Canada retrospectively analysed 77 moderate COVID-19 subjects in Wuhan and observed that those who received Interferon alpha-2b showed a significant reduction in the duration of virus shedding period and even in levels of the inflammatory cytokine, IL-6. This suggests that if a long-acting molecule like Pegylated Interferon alpha is given early on in the infection, the patient suffering from COVID-19 will have a significant benefit as the viral load is reduced, lesser IL-6 is produced and virus eliminating specific immune response is generated. Following up on this, we approached the USFDA to open an Investigational New Drug (IND) filing for Pegylated Interferon alpha-2b and explore possibility for Compassionate Use Programme and also approached the Department of Biotechnology, Government of India to investigate the role of Pegylated Interferon alpha-2b for COVID-19. Even as the clinical trials get underway in India, we have received permissions from COFEPRIS to conduct clinical trials in Mexico. Pegylated Interferon alpha 2b is already being manufactured by our Company and we have the capabilities to manufacture this in a large scale.

While grappling to cope with a pandemic, testing and surveillance are most critical tools. Our Company collaborated with ICMR-NIV, Pune to manufacture Covid Kavach Elisa test kits which are the first indigenously manufactured kits for COVID-19. The test was found to have high sensitivity and specificity and also have the advantage of testing 90 samples together in a single run of 2.5 hours. In all 30,000 test kits were manufactured and supplied to ICMR free of cost.

As we study the disease patterns and more findings come to the fore, newer pathways are being explored. To study the Novel mechanism of targeting ‘hypoxia’ through HIF-PH inhibitor in COVID-19 for the very first time, we approached COFEPRIS to conduct clinical trials in Mexico. These trials are now underway and we are conducting a Phase 2b, Multicenter, Open-label, Randomized, Comparator - Controlled Study to Evaluate the Efficacy and Safety of Desidustat Tablet for the Management of COVID-19 patients. Desidustat, is currently undergoing Phase III clinical development, is a novel oral HIF-PH inhibitor for treating Anemia.

A well experienced team to closely assess scenarios and actively monitor situation on the ground across geographies and our ability to rally around in a crisis and look for solutions helped us make positive contributions in this fight. We have been putting all our might to fight the healthcare crisis and will continue to do everything we can to fight this pandemic.

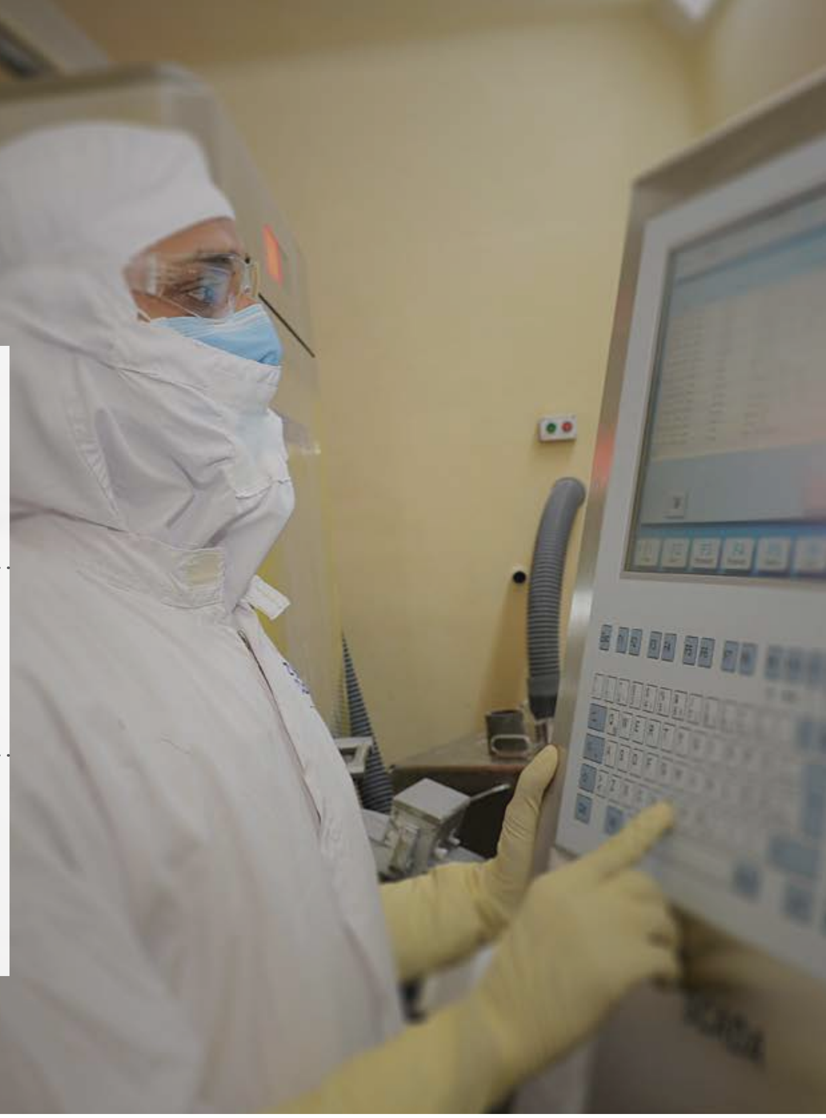
We are grateful to all the stakeholders – our customers, partners, suppliers, vendors who supported us in this fight. Our team of 25,000 Zydans who have worked tirelessly through these months to resolve concerns and ensured that we are able to deliver medicines in India and across the world. I am especially proud of these champions at work who showed steely resolve and courage and defied the odds to continue their critical work in these times. Their dedication to serve deserves our heartfelt thanks.

I also want to thank all the medical professionals and the medical fraternity at large for their selfless work in caring for those infected with the virus. Your care has given a new lease of life to many who survived the health scare.

In this financial year that has been dripped with the scare of the pandemic, there has also been a silver lining. The search for the elusive cure for Non Alcoholic Steato Hepatitis or NASH, an unmet healthcare need globally, ended with Saroglitazar becoming the first drug in the world to be approved for this indication. The Drug Controller General of India granted approval for the drug to be used for the treatment of NASH ranks as one of the major causes of cirrhosis, behind hepatitis C and alcoholic liver disease and is a leading cause of liver transplant.

Bringing more innovation to life and commitment to create healthier communities with patient-centric approaches, will be our overarching purpose as we move beyond our silver years to a new decade.

Pankaj R. Patel
Chairman
July 17, 2020



HIGHLIGHTS OF THE YEAR

Total income from operations was up by

8% y-o-y to ₹142.5 bn.,

from ₹131.7 bn., last year

Net profit excluding exceptional items for the year was

₹14.6 bn. and net profit margin excl. exceptional items as % to total income from operations for the year was 10.3%.

Earnings before interest, depreciation and tax (EBIDTA) for the year was

₹27.8 bn., the EBIDTA margin as % to total income from operations for the year stood at 19.5%.

INNOVATION

New Chemical Entity (NCE) Research

- Received the approval from the Drug General Controller of India (DCGI) for a New Drug Application (NDA) of Saroglitazar Magnesium for the treatment of Non-Cirrhotic Non-Alcoholic SteatoHepatitis (NASH) in India.

  The drug becomes the first ever drug anywhere in the world approved for the treatment of NASH.
- Saroglitazar Magnesium was also approved by the DCGI in the treatment of Type II Diabetes Mellitus as an add-on therapy with Metformin during the year.
- Successfully completed EVIDENCES IV Phase II clinical trials of Saroglitazar Magnesium in the US in patients with NAFLD and NASH as the molecule achieved the primary efficacy end-points.
- Initiated Phase III clinical trials of Desidustat in India, an Investigational New Drug (IND), targeted at treating anemia both in dialysis and non-dialysis dependent CKD patients.
- Desidustat is also being evaluated in moderate COVID patients. Novel coronavirus causes less and less hemoglobin that can carry oxygen and carbon dioxide. Iron dysregulation is also noticed in the subjects with COVID-19. Desidustat regulates HIF which, in turn, results into increase in EPO and inhibition of hepcidin thereby relieving the symptoms in COVID patients.

Biologics

- In a bid to provide the treatment option against the novel coronavirus COVID-19, explored multiple options from the portfolio of biological products and based on the available evidence, selected the long-acting biological therapy Pegylated Interferon alpha-2b as an arrow head product for treatment of COVID-19.

  The treatment has emerged after the recent research conducted in the US which shows that Interferon alpha significantly reduces novel coronavirus titers in vitro. A clinical study in China shows shortened duration of viral shedding in patients.
- Achieved a significant milestone in the field of novel biologics with the receipt of marketing authorization in India for the first novel biologics Rabimabs.
- Initiated Phase III clinical trials in India for two more biosimilars during the year.

Vaccines

- Initiated a fast-tracked research programme with multiple teams in India and Europe for developing a vaccine for the novel coronavirus COVID-19 based on two approaches.

  The first approach deals with development of a DNA vaccine against the major viral membrane protein responsible for entry of virus into the cell while the second approach deals with development of a live attenuated recombinant measles virus vectored vaccine against COVID-19.

- Hepatitis B vaccine received the marketing authorization in India while Pentavalent vaccine successfully completed Phase II/ III clinical trials in India during the year. Phase II/ III clinical trials for Td vaccine are going to start soon.
- Completed Phase I clinical trials of Inactivated Hepatitis A vaccine during the year while Phase I clinical trials for Recombinant Hepatitis E vaccine is currently under progress.

INDIA BUSINESS

India Formulations

- Restructured the product portfolio of 100% subsidiary Zydus Healthcare Limited, Mumbai, bifurcating it into mass and specialty cluster so as to drive the marketing and promotion efforts in a focused manner.

  In the case of a mass cluster, the focus will be to improve market penetration by expanding the reach of the products and in the case of a specialty cluster, the focus will be on intensified engagement efforts with Key Opinion Leaders (KOLs).
- Successfully completed nation-wide implementation of "new sales force effectiveness initiative" which has been developed for second line sales managers and above.

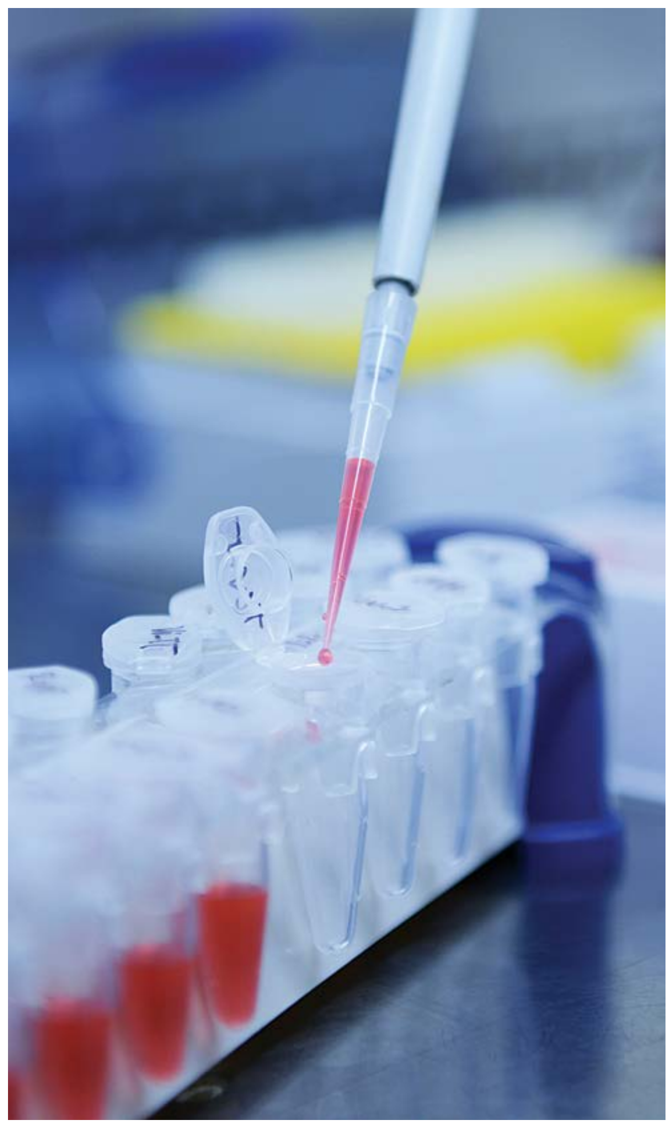
  The focus of the initiative is on demand generation by improving the sales planning cycle and also improve the quality of interactions between field business officers and business managers.
- Posted sales of ₹37,141 Mio., up 6%. Branded formulations (i.e. total business excluding generic products) business posted a growth of 7% during the year. Excluding the impact of COVID-19 on sales during March 2020, the growth in branded formulations business would have been approximately 10%.

Consumer Wellness

- Successfully completed the integration of newly acquired entity Heinz India Pvt. Ltd. The integration progressed better than what was planned in the beginning of the year.
- Continued to invest behind the brands through various modes such as sustained media presence and competitive consumer and trade offers to drive the growth and increase the market share of the brands.
- On the Sugar Free front, re-launched Sugar Free Green with an improved formulation and new packaging. Re-launched Sugarlite with a superior product formulation which addresses any questions of taste being a barrier to adoption.
- Nycil brand ended the year with first ever brand extension in the space of hand sanitizers during the month of March, 2020.
- In terms of market share, Glucon-D, Nycil, EverYuth Scrub and Peel-Off maintained their leadership position in their respective categories.
- Posted sales of ₹17,379 Mio., up 116% and net profit of ₹1,417 Mio. Excluding the impact of COVID-19 related disruptions and adjusting the base of the previous year on account of Heinz acquisition, the business would have grown by 10% during the year.

Animal Health

- Transferred Animal Health Business which comprise of 2 undertakings viz. Animal Healthcare Established Markets Undertaking (AHESTM, comprising of animal healthcare business carried out primarily in India and rest of the world excluding USA and Europe) and Animal Healthcare Emerging Markets Undertaking (AHEMGM, comprising of animal healthcare business carried out outside India, primarily in USA and Europe) to its wholly owned subsidiary Zydus Animal Health and Investments Limited (ZAHL) on a going concern basis, in exchange of 8% Non-cumulative Non-convertible Redeemable Preference Shares of ₹10/- each issued at face value ("ZAHL Preference Shares") on a lump sum basis.



- Launched 3 new products in India and received 11 new marketing authorizations for the exports business during the year.
- Posted sales of ₹5,149 Mio. Excluding the impact of COVID-19 related disruptions, the business would have grown by 5%.

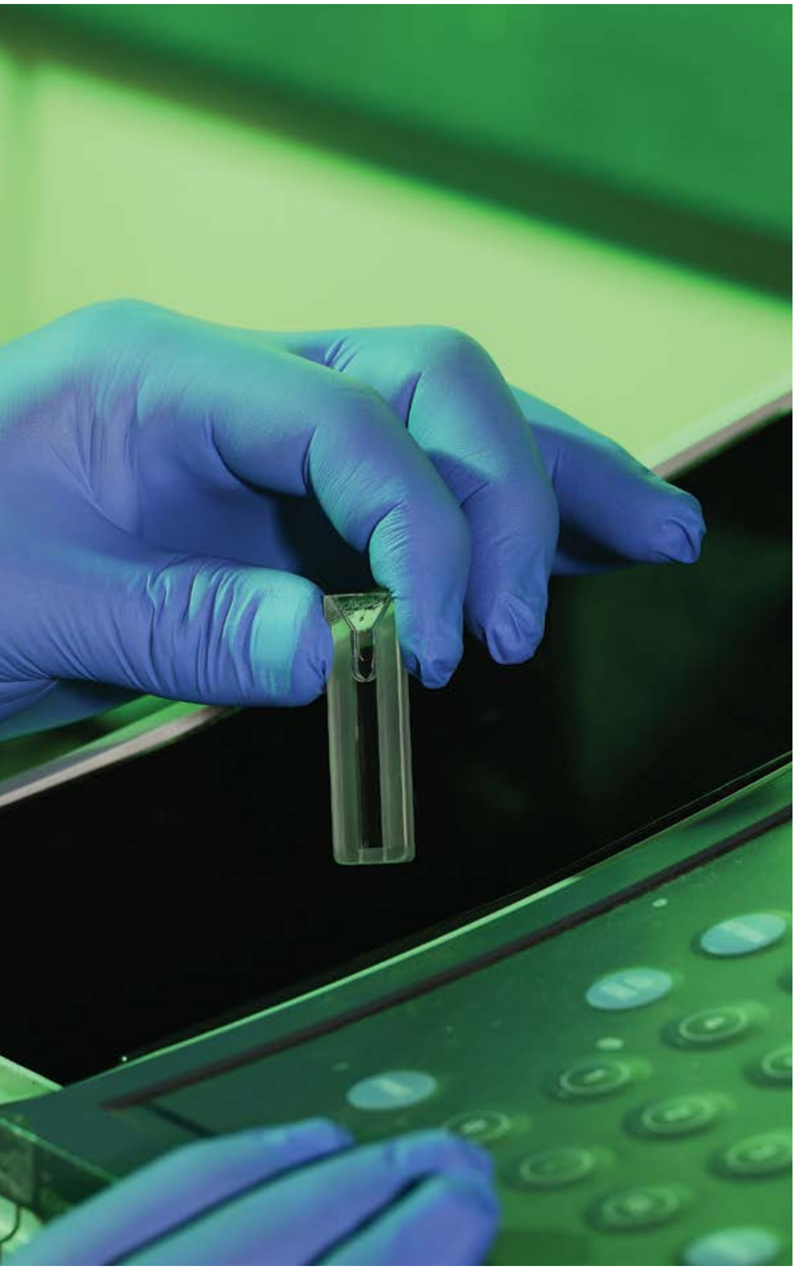
US FORMULATIONS BUSINESS

- Ranked 4th among US generic companies based on prescriptions with an increase in market share by 0.62% (Source : IQVIA, NPA Audit, MAT March 2020 TRx), which is a gain of three positions from last year.
- Received 28 ANDA approvals (including 5 tentative approvals) from the USFDA during the year.
- Launch 30 new products during the year. New launches include Rivastigmine Transdermal Patch, which is the first transdermal patch launched from the Company's own pipeline.
- Filed 30 additional ANDAs with the USFDA during the year, taking the cumulative number of filings to 390.
- Posted sales of ₹62,514 Mio.

EMERGING MARKETS OF ASIA, AFRICA AND LATIN AMERICA

- Continued to perform well in some of the key geographies of Asia Pacific and Africa region with double digit growth registered in several countries driven by volume expansion of pillar brands.

  However, the performance in some of the counties was impacted on account of sudden increase in generic competition, rapid



price decline in institutional business and uncertain regulatory environment.

- Filed 21 new product dossiers from the new manufacturing site at Myanmar for various countries of Asia Pacific region so as to strengthen the local presence.
- Strengthened the business development efforts to leverage the market opportunities with a strong focus on in-licensing and out-licensing initiatives.
- Launched 7 new products in Brazil and 3 new products in Mexico during the year. Filed 11 new product dossiers with the Brazilian Regulatory authority ANVISA and received approval for 9 new products during the year.
- Posted sales of ₹8,753 Mio., up 5%. Excluding the impact of COVID-19 related disruptions, the growth in sales would have been 11%.

JVs AND ALLIANCES

- Zydus Takeda JV received the certification of new Environment Management Standards (EMS) viz. ISO45001 and ISO14001 during the year. Manufacturing site of the JV successfully completed inspections from CDSCO and local FDA during the year.
- Injectable manufacturing facility of Zydus Hospira JV, located in Ahmedabad SEZ, successfully completed the inspections by USFDA, SFDA and the regulatory authority of Turkey.

APIs

- Added 41 new customers across different countries during the year.
- Filed 7 DMFs with the USFDA, taking the cumulative US DMF filings to 150.
- Posted sales of ₹4,530 Mio., up 7%.

MANUFACTURING AND QUALITY

- Oral Solid Dosage (OSD) formulations manufacturing facility located in Ahmedabad SEZ received the Establishment Inspection Report (EIR) from the USFDA with Voluntary Action Indicated (VAI) classification of the facility. The EIR followed the inspection conducted by the USFDA from 25th March and 3rd April, 2019 which concluded with one observation.
- Successfully completed 6 USFDA inspections at different manufacturing sites without any observations in each of these inspections.
- Initiated site transfer of all injectable products from Moraiya formulations facility to the injectable formulations facility of Liva near Baroda post the receipt of Warning Letter for Moraiya formulations facility. In fact, in the month of May, 2020, first site transferred product was launched from Liva injectable facility.
- Biologics Fill Finish manufacturing facility located at the Zydus Biotech Park in Ahmedabad successfully completed the audits by the regulatory authorities of Sri Lanka, Russia and Mexico while the Vaccines manufacturing facility at Vaccines Technology Center successfully completed the joint inspection by DCGI and Central Drug Laboratory (CDL) Kasauli, India.
- Baddi formulations manufacturing facility won the Gold Award in the category of large pharma business at India Manufacturing Excellence Awards, 2019.

DIGITAL INITIATIVES TO DRIVE OPERATIONAL EFFICIENCIES

- Undertook various initiatives in the digital space to build the operational efficiencies such as strengthening the supply chain, increasing the visibility of various new products development projects and optimizing various spends through multiple levers.

MANAGEMENT DISCUSSION AND ANALYSIS

THE GLOBAL PARMACEUTICALS MARKET

Global spending on pharmaceuticals grew in low single digit during 2019 and reached a size of approx. US$ 1.25 trillion. It is estimated that the market is likely to grow in mid single digit through 2024 and cross US$ 1.55 trillion. While the global spending on pharmaceuticals reached US$ 1.25 trillion in 2019 at an invoice value, net spending (invoice less rebates and discounts) during the year was around US$ 950 bn. North America is expected to remain the largest pharmaceutical market across the globe followed by the Asia Pacific region while the share of Europe in the global pharma industry is expected to decline by 2024 (Source: Industry Estimates).

The growth of the industry will be driven by the growing and ageing population in the key markets. In addition to this, improvement in purchasing power and access to quality healthcare and pharmaceuticals to poor and middle-class families worldwide are also driving the growth of global pharmaceuticals industry. Pharmaceutical companies across the globe are increasingly focusing on rare and specialty diseases market and innovations in these areas have attracted the investments from even companies from sectors other than pharmaceuticals, driving the growth of global pharma industry (Source: Industry Estimates).

CADILA HEALTHCARE LTD.

Cadila Healthcare Ltd. is one of the leading innovation driven pharmaceutical companies in India with presence across the pharmaceutical value chain of innovating (research & development), manufacturing, marketing and selling of finished dosage human formulations (generics, branded generics and specialty formulations, including biosimilars and vaccines), active pharmaceutical ingredients ("APIs"), animal healthcare products and consumer wellness products. Innovation is the backbone of the Company as it ensures business sustainability through continuous availability of new products for various businesses. The Company's initiatives in the areas of research and development span across the pharmaceuticals value chain, including New Chemical Entities ("NCE"), biologics, vaccines, specialty and complex generic formulations and API process development. The Company has a global presence and sells its products in the United States, India, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa. The Company has a pool of modern, cost efficient and regulatory compliant manufacturing facilities which ensures continuous supply of high quality products at the most competitive prices to its customers across the globe.

INNOVATION – THE GROWTH ENGINE FOR FUTURE

Continuous innovation is the foundation of the pharmaceutical industry as it is one of the most defining characteristics of the industry and its pursuit is a business imperative for the industry. Excellence in research and development (R&D) is crucial to the long-term success of the pharmaceutical industry and more generally, the wider life-sciences sector. New medications can be crucial for maintaining the quality of human life and may even affect its duration. Pharmaceutical companies across the globe need to continuously keep on investing the time and resources on creating new treatments to address the unmet medical needs of the patients and also to overcome the critical challenge viz. the revenue gap generated by loss of patent protection of their existing products. Different companies invest their resources for different kind of products, for different therapeutic areas and for different geographies so as to build sustainable future cash flows and diversify the risks.

The Company's innovation program is spearheaded by

OVER 1400 RESEARCHERS

ACROSS ITS 8 STATE-OF-THE-ART R&D FACILITIES

From NCEs to vaccines, biosimilars, niche technologies and to generic product development, the group is exploring different ideas, concepts and continuously innovating with an aim to fulfil the unmet patient needs and to fulfil the demand of its customers across the globe.

The Company invests approximately 7 to 8% of its annual revenues on innovation.

Here is an overview of the efforts being put in by the Company in different areas of innovation:

NEW CHEMICAL ENTITY(NCE) RESEARCH

New Chemical Entity (NCE) research is characterized by large expenditures, long timelines especially in the late phases of clinical trials, increasingly stringent regulatory environment and the commercialization related uncertainties. The Zydus Research Centre (ZRC) which is a state-of-the-art facility is the dedicated arm of the Company to carry out NCE research. With a team of over 400 research professionals, ZRC spearheads the group's quest of creating healthier and happier communities globally. The Center is working on cutting edge technologies in different scientific disciplines to discover novel therapeutic agents. It has the capabilities to conduct drug discovery and development from concept to Investigational New Drug (IND) enabling pre-clinical and clinical studies. Focused areas of NCE research include cardio-metabolic disorders, inflammation, pain, oncology and infectious diseases.

During the year, the Company received the approval from the Drug Controller General of India (DCGI) for its New Drug Application (NDA) for Saroglitazar Magnesium for the treatment of Non-Cirrhotic Non-Alcoholic SteatoHepatitis (NASH) in India. The drug becomes the first ever drug anywhere in the world for treatment of Non-Cirrhotic Non-Alcoholic SteatoHepatitis (NASH). The Company also received the approval from the DCGI for the use of Saroglitazar Magnesium in the treatment of Type II Diabetes Mellitus as an add-on therapy with Metformin.

During the year, Zydus Discovery DMCC (ZDD), a subsidiary of the Company announced positive results from "Evaluation In NAFLD/NASH of Saroglitazar Magnesium" (EVIDENCES IV) Phase II clinical trials of Saroglitazar Magnesium in the US in patients with Non-Alcoholic Fatty Liver Disease (NAFLD) and NASH as the molecule achieved the primary end-points. The trial enrolled 106 patients across 20 clinical sites in the US. A statistically significant 44.39% reduction in ALT (alanine aminotransferase) was observed in patients treated with Saroglitazar Magnesium. ZDD made an oral presentation of EVIDENCES IV Phase II clinical trials results at the Lever Meeting, 2019, the annual meeting of the American Association for the Study of Liver Diseases (AASLD). The paper was selected as a part of Best of NAFLD/ NASH debrief given by AASLD.

ZDD also initiated enrollment of patients across several clinical sites in the US and Mexico for EVIDENCES VII Phase II clinical trials for evaluating the effect of Saroglitazar Magnesium in the treatment of NAFLD in women with polycystic ovary syndrome (PCOS). Additionally, the Company also got an approval from the USFDA to conduct trials of Saroglitazar Magnesium in Hepatic Impairment (on 100 patients) and Renal Impairment (on 32 patients) indications.

These studies help to understand the Pharmacokineric effect of Saroglitazar in mild, moderate and severe hepatic impairment patients and severe renal impairment patients. Saroglitazar showed a 48% reduction in Alkaline Phosphatase and 63% reduction in gamma-glutamyl transpeptidase (GGT) in 6 completed studies in PBC patients. The study was open labelled study conducted in Mexico.

On 9th June, 2020, “Nature”, which is world’s leading multidisciplinary science journal, published an article on the lead molecule Saroglitazar Magnesium, highlighting that the PPAR alpha/ gamma agonist improves insulin resistance and steatohepatitis in a diet induced animal model of Non-alcoholic Fatty Liver Disease.

During the year, the Company initiated Phase III clinical trials in India for another Investigational New Drug (IND) Desidustat (ZYAN1), an oral hypoxia-inducible Factor-prolyl hydroxylase inhibitor (HIF-PHI) targeted at treating anemia both in dialysis and non-dialysis dependent CKD patients.

Additionally, Desidustat is also being filed in the US for Myelodysplastic Anemia. This is the most prominent feature of a larger bone marrow disorder called Myelodysplastic Syndrome (MDS). The disorder affects how bone marrow stem cells produce and release new blood cells. Approx. 60,000 patients in USA and 14,000 patients in Japan are living with MDS.

Desidustat is also being pursued in the US for Chemotherapy Induced Anemia (CIA). CIA occurs frequently in patients receiving myelo-suppressive chemotherapy. HIF-PHD2 inhibitors work by maintaining/increasing levels of Hb, O2 carrying capacity, iron regulation as well as reducing inflammation in these group of patients.

Desidustat is also being evaluated in moderate COVID patients. The attack with the novel coronavirus pneumonia (COVID-19) will cause less and less hemoglobin that can carry oxygen and carbon dioxide. The lung cells have extremely intense poisoning and inflammatory due to the inability to exchange carbon dioxide and oxygen frequently, which eventually results in ground-glass-like lung images. Iron dysregulation is also noticed in the subjects with COVID-19. Desidustat regulates HIF which, in turn, results into increase in EPO and inhibition of hepcidin thereby relieving the symptoms in COVID patients.

In February, 2020, the Company out-licensed the rights of Desidustat in China to China Medical System (CMS). This will boost the overall commercialization strategy for the anemia drug Desidustat being developed for Chronic Kidney Patients. The deal provides the access to the Company to markets in Greater China (Mainland China, Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan), which has a significant number of CKD patients.

The Company received an approval from DCGI to initiate Phase I clinical trials for ZYBK2, an Investigational New Drug intended to treat Rheumatoid Arthritis.

BIOLOGICS

The Company has one of the most comprehensive and diverse biologics portfolios as its pipeline comprises of 6 novel biologics and

21 BIOSIMILARS

(both in the development stage as well as launched) and covers therapeutic areas such as oncology, autoimmune disease, nephrology, ophthalmology, inflammation, rheumatology, hepatology, infectious disease etc.

The pipeline has been created to serve multiple markets, including low-and middle-income countries. The products are lined up at various stage-gates of product development in conformance with regulatory norms and aim to serve the humanity with best quality affordable products.

In a bid to provide the treatment option against the novel coronavirus COVID-19, the Company has explored multiple options from its portfolio of biological products and based on the available evidence, has selected the long-acting biological therapy Pegylated Interferon alpha-2b as an arrow head product for treatment of COVID-19. The treatment has emerged after the recent research conducted in the US which shows that Interferon alpha significantly reduces novel coronavirus titers in vitro. A clinical study in China shows shortened duration of viral shedding in patients.

The DCGI has approved the Company's clinical study proposal for usage of Pegylated Interferon alpha-2b in treatment of moderate cases of COVID-19 patients. The Company has also received an ethical clearance to go ahead with study of this product in moderate cases of COVID-19 in Mexico, wherein the approval from COFEPRIS is awaited. The Company is also working with the USFDA to open an Investigational New Drug (IND) filing for Pegylated Interferon alpha-2b in mild cases of COVID-19. Overall, Pegylated Interferon alpha-2b can prove to be an important biological for the treatment of COVID-19 patients and provide a hope in the current pandemic.

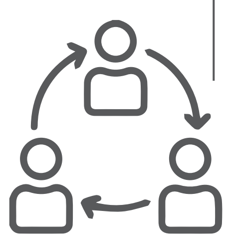
During the year gone by, the Company achieved significant milestone in the field of novel biologics as it received the marketing authorization in India from the DCGI for its first novel biologics Rabimabs.

The product, which has been launched under the brand name Twinrab™ in the month of June, 2020, is a cocktail of monoclonal antibodies against rabies virus developed for the post-bite prophylaxis of rabies. This product also highlights the Company's commitment to bring forward novel NBEs and NCEs from lab to market to meet unmet healthcare needs. Also this product very well complements rabies vaccine VaxiRab N™. On the international front, Rabimabs received orphan drug designation from the USFDA during the year. The Company is also in advanced stage of designation with one of the largest Chinese players for an arrangement of commercializing this product in China due to a large unmet need in rabies treatment in China.

On the biosimilars front, the Company initiated Phase III clinical trials for two more products during the year. The Company has 7 biosimilars under early stages of development, of which it completed the pre-clinical toxicity studies for one more product and initiated the pre-clinical toxicity studies for one more product during the year.

On the emerging markets front, the Company holds the registration of its key biosimilar products in some of the emerging markets such as Indonesia, Sri Lanka, Thailand etc. The Company has set its footprint in the Latin America (LATAM) region and at present, dossiers of four biosimilar products are under different stages of review cycles with the regulatory authorities of some of the countries of the region.

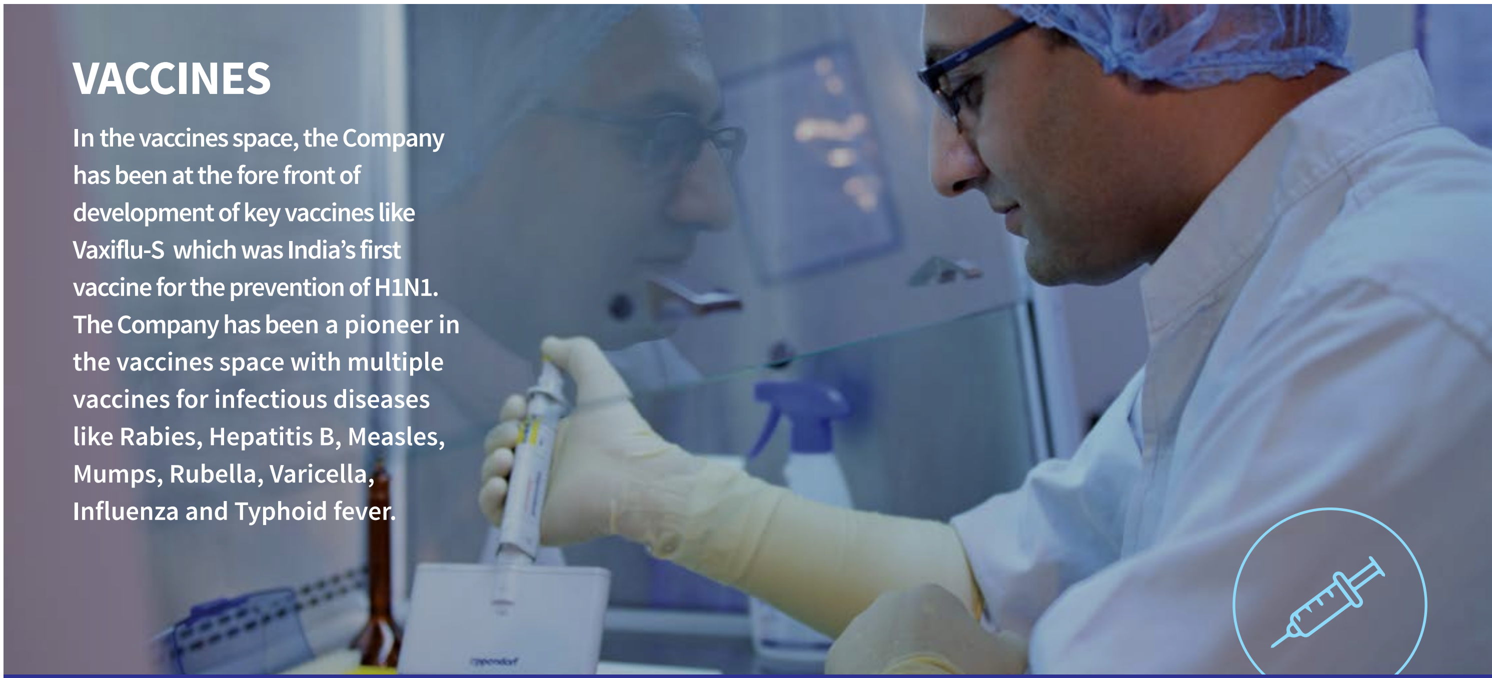
The filing procedure has been initiated in few other LATAM countries like Ecuador and Venezuela, during the year. The Company also intends to mark its presence in the Commonwealth of Independent States (CIS) region by partnering with the local players.



The Company expects to receive the approval for 2 key products in Russia by the end of 2020. The Company has also initiated FastTrack applications in collaboration with local partners in Saudi Arabia and Tanzania. The Company filed dossiers of 5 biosimilar products with the regulatory authorities of different emerging market countries during the year.

VACCINES

In the vaccines space, the Company has been at the fore front of development of key vaccines like Vaxiflu-S which was India's first vaccine for the prevention of H1N1. The Company has been a pioneer in the vaccines space with multiple vaccines for infectious diseases like Rabies, Hepatitis B, Measles, Mumps, Rubella, Varicella, Influenza and Typhoid fever.



The Vaccines Technology Centre (VTC) based in Ahmedabad houses the vaccines research initiatives of the Company. VTC has been developing vaccines for the basic vaccination programs as well as developing new vaccines with an aim to cater to the requirements of both India and global public market requirements.

In the current pandemic of COVID-19, the Company has initiated a fast-tracked research programme with multiple teams in India and Europe for developing a vaccine for the novel coronavirus COVID-19 based on two approaches.

The first approach deals with development of a DNA vaccine against the major viral membrane protein responsible for entry of virus into the cell.

The proposed DNA vaccine candidate comprises of a plasmid DNA carrying the gene encoding spike protein (S) of the SARS-CoV-2 virus. The immunogenicity potential of the plasmid DNA has been evaluated in suitable animal models in a dose ranging studies using different formulations and is found to elicit strong immune response. At present, pre-clinical toxicology studies in animals is underway to ensure safety of the vaccine. Hopefully, by July, 2020, the Company plans to initiate adaptive clinical trials for the DNA vaccine candidate. The Company is also working closely with the Indian Regulator to fast-track this program in order to use novel and adaptive approaches in clinical trials to speed up the approval process of the vaccine program. The Company expects to achieve a rapid breakthrough on the same at par with the other COVID-19 vaccine developers across the world. This will enable the Company to serve the Indian population at the earliest and provide hope and respite from the current crisis of COVID-19.

The second approach deals with development of a live attenuated recombinant measles virus vectored vaccine against COVID-19.

Coming to the development of other vaccines, in terms of clinical development, the Company completed phase II/III clinical trials of Pentavalent vaccine and is awaiting marketing authorization. Hepatitis B vaccine has received the marketing authorization while the Company will be initiating Phase II/III clinical trials for Td vaccine soon. The Company has completed Phase I clinical trials of Inactivated Hepatitis A vaccine during the year while Phase I clinical trials for Recombinant Hepatitis E vaccine is currently under progress. The Company also completed pre-clinical toxicity studies for one more vaccine during the year.

From a business perspective, Vaccines is going to be an integral growth driver with a diverse portfolio of vaccines in the development pipeline. For a couple of vaccine candidates in the portfolio, the Company is also in process of applying for pre-qualification to WHO so as to expand and establish its presence for supply of these vaccines to procurement agencies like GAVI and PAHO.

SPECIALTY AND COMPLEX GENERICS

The Company is developing a specialty product portfolio in select therapy areas of strategic interest to expand and grow the specialty business in the US. The Company has identified Pain Management, Specialty Neurology, Dermatology, Rare Diseases, Specialty Oncology, Gastroenterology and Liver Diseases as the focused therapeutic areas.

In the medium term, the Company aspires to grow specialty business through in-house development efforts and inorganic opportunities. The Company has built a robust pipeline of 505(b)(2) programs aligned to focused therapy areas by leveraging the existing R&D infrastructure and expertise with an aim to address the unmet needs and enhance patient and physician convenience in disease management. The company filed three pre-INDs with the USFDA for in-house 505(b) (2) programs during the year gone by.

The Company is also developing a product pipeline with a focus on life cycle management options for the existing products to enhance the product utility and market position of the product. The company is actively looking forward to explore potential strategic collaboration and licensing opportunities to grow specialty business through in-organic route. From long term perspective, the company has started investments towards disruptive technology platforms which can address the unmet medical needs.

On the Complex Generics front, the Company has made significant investments to expand portfolio. Complex Generics are the products which are either difficult to develop or difficult to manufacture and hence, have a significant entry barrier to the market. Several Complex Generics, such as, modified release oral solids, complex injectables, transdermals and drug-device combinations, first-to-file/first-to-market strategic product opportunities are either under registration and/or under development, for the US market. The Company expects Complex Generics to be one of the key future growth drivers for Company' US business, in near-to-mid-term. Some of the Complex Generics are developed and/or licensed through external partnership efforts.The Company has carefully invested to build strategic partnerships for some of the Complex Generics products as it helps the Company and its strategic partner to reduce development time-lines and optimally manage associated risk and investments.

YEAR 2019-20 FOR THE COMPANY'S BUSINESS OPERATIONS

The year gone by was a year of mixed fortunes for the Company. While the consumer wellness business of the Company successfully completed the integration of the newly acquired entity Heinz India Pvt. Ltd. during the year and India human health business started to show the signs of improvement from the beginning of the financial year on the back of multiple strategic initiatives undertaken to bring back the growth in the business, the Company's specialty business in the US witnessed entry of an additional competitor in the market which adversely impacted both volume and price of the product. However, the US generics business continued to grow during the year even on the high base of the previous year on account of volume share gain in existing products and introduction of new products.

On the regulatory front, the Company successfully completed 6 USFDA inspections at different manufacturing sites during the year without any observations. However, USFDA issued a warning letter to Moraiya formulations facility in the month of November, 2019. This followed the Official Action Indicated (OAI) status assigned by the agency to the facility on 6th August, 2019 after it inspected the facility between 22nd April and 3rd May, 2019. The company submitted an initial response along-with the Corrective and Preventive Action (CAPA) plan it proposes to implement to resolve the warning letter. The Company is also providing the periodic updates to the USFDA to brief them about the actions which have been taken against the commitments made. Recently, in the month of June, the Company gave 5th update to the USFDA with respect to the corrective and preventive actions taken mentioning about completion of majority of the commitments made and has requested the USFDA for a conference call to discuss the way forward and a desk top audit.

IMPACT OF COVID-19 PANDEMIC ON COMPANY'S OPERATIONS

The World Health Organization (WHO) declared COVID-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into lockdown situation all throughout April 2020 and major part of May 2020, impacting business operations across various sectors with severe restrictions on movement of people and goods. The Company has implemented several initiatives across its manufacturing and other business locations including allowing employees to work from homes, keeping social distancing at work places and proper sanitization, at regular intervals, of work places, etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. The Company has created a group of senior management team to monitor the events happening in the external environment and take suitable preventive and corrective measures to ensure continued safety of the employees and continuity of the business. The team has implemented a business continuity plan across the functions to ensure that the operations continue right through the pandemic situation. The Company has also established Liquidity Management Office for monitoring of the Cash Flows with the objectives of managing and controlling costs, preserving liquidity and sustain the business operations. The Company operates in manufacturing and selling of pharmaceutical products, which are classified as essential commodities and hence its operations continued to be run with fewer challenges on people movement and supply chain. At present, all the manufacturing facilities of the Company are operating at a reasonable capacity utilization. The company has strengthened the supply chain to ensure continued and timely delivery of the products to the customers.

The Company has taken several steps to support the Governments and the communities at large in the fight against COVID-19. This includes, among others, supplying Hydroxychloroquine Sulphate tablets to the Govt. of India and other customers across several countries at very reasonable prices, manufacturing Covid testing kits for Indian Council of Medical Research (ICMR), partnering with Gilead Sciences Inc. for manufacturing of Remdesivir for India market, exploring the biologics route to treat the disease with the long-acting biological therapy Pegylated Interferon alpha-2b and working on development of a vaccine for COVID-19 virus.

The Company is exploring newer ways of managing the business and has been working on changes in the business operating model, including the possibilities of using digital technology. While the lock-down impacted the performance of different businesses in India during the months of March and April, they have now started to recover on account of the unlocking strategy adopted by the Government.

CONSOLIDATED FINANCIAL HIGHLIGHTS

The financial statements for the current financial year and the comparative financial statements of previous financial year have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

TOTAL OPERATING REVENUES

The total income from operations grew by

8% to

₹142,531 Mio.

from ₹131,656 Mio., last year.

Performance of the US formulations business, the largest contributor to the consolidated revenues, was almost flat during the year as it registered sales of

₹62,514 Mio.

during the year viz-a-viz ₹62,794 Mio. of sales registered during the previous year.

India formulations business, the second largest contributor to the consolidated revenues, registered sales of

₹37,141 Mio.,

during the year, with a growth of 6%.

PROFITS AND MARGINS

The EBIDTA (Earnings before Interest, Depreciation, Taxation and Amortization) de-grew by 7% to Rs. 27,834 Mio. from Rs. 29,835 Mio., last year, mainly due to decline of high margin US specialty business and additional competition in some of the key generic products sold in the US. The EBIDTA margin as % to total income from operations stood at 19.5% during year.Net profit excluding exceptional items de-grew by 21% to Rs. 14,625 Mio. from Rs. 18,570 Mio., last year. The net profit margin excluding exceptional items as % to total income from operations stood at 10.3% during the year.

Reported net profit margin declined to 8.3% in FY20 viz-a-viz 14% in FY19. Reduction in margin is mainly on account of.

- Reduction in sales and profits of certain key high margin products in the US including Levorphanol.
- Higher exceptional expenses during the year comprising of impairment of Levorphanol related intangibles due to competition, impairment of goodwill on account of sale of investments in Windlas Healthcare Pvt. Ltd. and certain expenses incurred for integration of acquired business of Heinz.
- Higher other operating expenses incurred during the year, mainly legal & professional fees.
- Full year impact of commercialization of operations of Zydus Technologies Limited from February, 2019.
- One-off income of Rs. 664 Mio. in last year on account of sale of 25% stake in BZPPL JV.
- Increase in interest cost due to acquisition of Heinz India Pvt. Ltd. (Heinz).

RETURN ON NET WORTH

Return on net worth has declined to 11.3% during FY20 viz-a-viz 19.3% during FY19 on account of reduction in profits during the year on account of the factors mentioned earlier.

INTEREST COVERAGE RATIO

Interest coverage ratio has gone down to 8.4 in FY20 from 15.8 in FY19. The decline is mainly on account of full year impact of interest cost incurred on the funds borrowed for the acquisition of Heinz.

DEBT

The consolidated net debt (adjusted for cash & bank balances and liquid investments)of the Company as on 31st March, 2020 stood at Rs. 67,400 Mio., against Rs. 70,202 Mio. last year. Net debt-equity ratio was 0.65:1 as on March 31st, 2020 as against 0.68:1 as on March 31st, 2019. Net debt to EBIDTA ratio for the year was 2.42 as against 2.36 in FY19.

FIXED ASSETS AND CAPITAL EXPENDITURE

The consolidated gross block (including capital work in progress) at the end of the year was ₹175.2 bn., up by about ₹9.8 bn., from ₹165.4 bn. last year. Consequent to the entry of a new competitor in "Levorphanol", a product forming part of the US Specialty product segment, the Company assessed the recoverable amount of the product related intangibles and recognized an amount of ₹2,742 mio. as an impairment charge. Net capital expenditure including capital work in progress during the year was ₹7,998 Mio. The capex during the year was incurred mainly for creation of new facilities and up-gradation and capacity expansion of existing facilities.

CAPITAL EMPLOYED AND OPERATING EFFICIENCY

The total Capital Employed (CE), adjusted for deferred expenses, at the end of the year was Rs. 177.2 bn., up from Rs. 175.7 bn. at the end of the previous year. Return on Capital Employed (ROCE = Adjusted earnings before interest net of tax / Average CE) stood at 10% during the year.

An analysis of the performance of different business verticals of the Company is given below.

INDIA GEOGRAPHY

HUMAN HEALTH FORMULATIONS

On the back of multiple strategic initiatives undertaken to bring back the growth in the business, the Company's India human health business started to show signs of improvement from the beginning of the financial year after registering a muted performance during the second half of the previous financial year.

During the year, the Company restructured the product portfolio of its 100% subsidiary Zydus Healthcare Limited, which contributes to over 80% of the India Human Health Formulations business of the group, by bifurcating it into two clusters viz. mass and specialty so as to drive the marketing and promotion efforts in a focused manner. In the case of a mass cluster, the focus will be to improve market penetration by expanding the reach of the products and in the case of a specialty cluster, the focus will be on intensified engagement efforts with Key Opinion Leaders (KOLs).

During the year, efforts were made to create strategic synergy within the divisions and clusters by re-organizing the brand portfolio to consolidate, sustain and build the existing brands.

During the year, the Company successfully completed nation-wide implementation of "new sales force effectiveness initiative" which has been developed for second line sales managers and above. The focus of the initiative is on demand generation by improving the sales planning cycle and also improve the quality of interactions between field business officers and business managers. There is an extensive use of data at the back of newly created digital tools to help improve quality of decision making and customer engagement strategies. The Company also implemented a new model for improving forecast accuracy through consensus planning.

While the performance of the business showed gradual improvement during first three quarters of the financial year on the back of various strategic initiatives and the performance during first two months of the last quarter of the financial year was also as per the expectations, business was adversely impacted in the second half of March on account of the spread of COVID-19 virus and the consequent nation-wide lock-down imposed by the Government of India in the later part of March, resulting into disruption in supply chain and non-availability of channel partners in the initial days of the lock-down. Going forward, the business is likely to be impacted on account of COVID-19 situation during the first half of FY21. However, the eventual outcome of the pandemic may be different from the expectations.

SALES OF RS. 37,141 MIO. DURING THE YEAR, UP 6%

Overall, the Company's formulations business in India posted sales of Rs.37,141 Mio. during the year, up 6%. Branded formulations (i.e. total business excluding generic products) business posted a growth of 7% during the year. Excluding the impact of COVID-19 on sales during March 2020, the growth in branded formulations business would have been approximately 10%. The pillar brands having annual sales in excess of Rs. 500 Mio. each and which constitute 32% of branded formulations sales grew by 9% during the year while the mid sized brands having annual sales between Rs. 250 Mio. and Rs. 500 Mio.and which constitute 24% of branded formulations sales grew in double digits with 14% growth during the year.

The Company is the fourth largest pharmaceutical company in India with **4.2%** market share.

The business grew by **11.9%** during the year 2019-20, outperforming the overall Indian pharmaceutical market growth of **9.8%**.

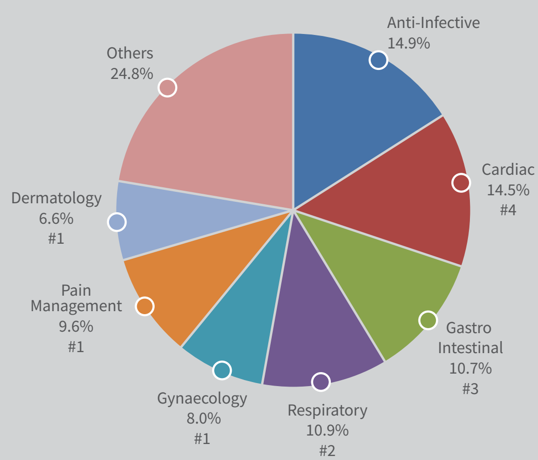
In terms of performance of different therapies, Gynaecological, Gastro Intestinal and Pain Management portfolio grew better than the market.

Getting into specifics, Gynaecological portfolio grew by **12.5%** vs. the market growth of **6.1%**, Gastro Intestinal portfolio registered a growth of **8.6%** viz-a-viz the market growth of **7.9%** while the growth in the Pain Management portfolio was **12.4%** as against the market growth of **9.3%**.

12 of the Company's brands feature amongst the top 300 pharmaceutical brands in India with 9 brands having sales of more than Rs.100 crores.

(Source: AWACS MAT March, 2020)

Therapeutic area-wise break up of formulations sales in India along-with the Company's ranking in the promoted covered market of these therapeutic areas as per AWACS MAT March 20 is as under :



Represents Zydus' ranking in the promoted covered market

CONSUMER WELLNESS

Zydus Wellness Limited (ZWL), the Company's subsidiary, spearheads the group's operations in the consumer wellness space, which has a portfolio of leading brands, built organically over the years as well as acquired through inorganic route.

The financial year gone by was the first full year of transformation as the Company completed end to end integration under various areas which were planned post the acquisition of Heinz India Pvt. Ltd. The integration progressed better than what was planned in the beginning of the year.

During the year, the Company continued to invest behind the Sugar Free brand to drive relevance of the category as well as dialing up safety credentials on the brand through consistent media campaigns. In an endeavor to expand the sugar substitute category, the Company re-launched Sugar Free Green with an improved formulation and new packaging.

The Company also re-launched Sugarlite with a superior product formulation which addresses any questions of taste being a barrier to adoption.

On the Glucon-D front, good summer season coupled with the increased investments on the brand drove the growth of the brand during the year. The brand was supported with competitive consumer and trade offers to gain the market share.

In order to increase the relevance and salience of the Complan brand especially in key markets, the Company continued to invest through media which was supported by timely consumer offers. E-Commerce continues to grow strongly for the brand with new listings and regular investment in search and visibility.

Nycil brand witnessed good growth and market share gain during the year with sustained media presence during the summer season. The brand ended the year with first ever brand extension in the space of hand sanitizers during the month of March, 2020.

Ever-Yuth brand continued to grow on the back of consistent media inputs, consumer offers and on ground promotion. The brand partnered with "Times Fresh Face" – India's largest college activation program to further drive consideration among the young consumers.

In terms of the market share of the brands in their respective categories, Glucon-D® maintained its leadership position in the glucose powder category with 59% market share. Nycil® also maintained its number one position in the prickly heat powder category with a market share of 34.4%, which is a gain of 230 basis points over the same period last year. EverYuth™ maintained its leadership position in the peel off mask and scrub categories with market shares of 77.9% and 32.5% respectively (Source: A.C. Nielsen MAT March 2020 report).

During the year, Zydus Wellness Ltd. registered consolidated sales of Rs. 17,379 Mio., up 116% and consolidated net profit of Rs. 1,417 Mio. Excluding the impact of Heinz acquisition and COVID-19 related disruptions, the growth in sales would have been 10%.

ANIMAL HEALTH

The Animal Healthcare Business (AHB) of the Company consists of Animal Healthcare Established Markets Undertaking (AHESTM, comprising of animal healthcare business carried out primarily in India and rest of the world excluding USA and Europe) and Animal Healthcare Emerging Markets Undertaking (AHEMGM, comprising of animal healthcare business carried out outside India, primarily in USA and Europe). AHESTM is one of India's leading animal healthcare players and a market leader in various therapeutic segments which include anti-bacterial, NSAIDs, anti-mastitis, tonics and poultry vaccines amongst others in India. With a strong presence in the livestock and poultry segments, it has also launched a basket of products specifically for the companion animals to cater to the increasing demands of the pet community. For pursuing opportunities in regulated global markets especially the generics animal healthcare market of the USA, AHEMGM is developing several products and has set up a new manufacturing facility in an SEZ near Ahmedabad from which such products would be manufactured and sold in the USA.

During the year, pursuant to the Definitive Agreement ("DA") entered into by the Company on March 11th, 2020 with its subsidiary Zydus Animal Health and Investments Limited ("ZAHL"), the Company's AHB comprising of the said two undertakings viz. AHESTM and AHEMGM has been transferred to and vested in ZAHL on a going concern basis in exchange of 8% Non-cumulative Non-convertible Redeemable Preference Shares of Rs. 10/- each issued at face value ("ZAHL Preference Shares") on a lump sum basis, without values being assigned to individual assets and liabilities.

This was done to achieve strategic and commercial objectives of

a) having greater focus and accelerated growth of AHB through improved customer focus by catering to changing consumer preferences for value added products and by having greater visibility on and accountability for the performance of AHB

b) exploring more strategic choices by leveraging its product pipeline and new manufacturing facility for global regulated markets and having technical and/or marketing alliances including joint ventures and

c) improving operational efficiency of AHB by enhancing productivity of the resources employed in the AHB and facilitating faster decision making by providing independence for operations and management of the company

Accordingly, ZAHL has issued 220,00,00,000 ZAHL Preference Shares, aggregating to Rs. 22,000.00 Mio. in exchange of the said transfer of AHESTM and 7,33,50,000 ZAHL Preference Shares, aggregating to Rs. 733.50 Mio. in exchange of the said transfer of AHEMGM, to the Company. The said transfer was given effect on May 20th, 2020 being the Closing Date for the transaction.

On the business front, during the year, the Company launched 3 new products in the animal healthcare space in India. The Company received 11 new marketing authorizations for the export of animal health products and entered 6 new markets during the year. For exhibiting spectacular performance in serving the dairy sector, the Company received "India Dairy Awards 2020".

Overall, the Company's animal health business posted a sales of Rs. 5,149 Mio. Excluding the impact of COVID-19 related disruptions, the business would have grown by 5%. Delayed monsoon and drought like situation in some parts of the country during 1st and 2nd quarter impacted the annual growth.

US FORMULATIONS BUSINESS

The US continues to dominate the global pharmaceutical market and pharmaceutical trends, both in terms of consumption and development. The US pharmaceuticals industry, which was approx. US$ 500 bn. in 2019 is expected to cross US$ 600 bn. over next 4 years with an increase in its share in the global pharmaceutical market (Source: Industry Estimates).

Prescription share of generic drugs also known as Off-Label drugs in the US has gone up consistently over the years. In fact the US generic drug market has grown in double digits over the last 5 years and has crossed US$ 100 bn. Generics drugs are significantly cheaper than the branded drugs as they do not require extensive research and testing which led to substantial rise in its consumption over the years. In addition to this, various actions taken by the US Government in the form of regulatory changes such as implementation of Drug Competition Action Plan of the FDA to eliminate the barriers faced by the generic drug manufacturers and enhancement of generic drug development and approval process coupled with introduction of several programs for offering incentives to physicians and pharmacists to promote generic substitution have led to the growth of the generics market in the Country. Introduction of generics drugs has led to improved patient access coupled with generating the savings for taxpayers, employers and insurance providers and in turn, strengthened the healthcare system. Number of branded drugs are going to lose the patent protection in the near future which is likely to have a positive effect on the generics drug market.

The US was the largest contributor to the consolidated revenues of the Company with 45% share. During the year, the generics business grew by 7% on a higher base of previous year despite the increased competition and pricing pressure on the back of increase in volume share of existing products and launch of new products.

The Company is now ranked fourth amongst US generic companies (based on prescriptions), a gain of three positions from last year. The Company gained market share by 0.62% compared to last year and currently has 4.1% market share (Source: IQVIA, NPA Audit, MAT March 2020 TRx). In terms of products currently being sold in the market, the Company is ranked amongst the top 3 players in all of its top 10 products by sales value (Source: IQVIA National Sales Perspective Audit, MAT March 2020 and National Prescription Audit, March 2020).

During the year gone by, the Company launched 30 new products in the US generics market. New launches include Rivastigmine Transdermal Patch, which is the first transdermal patch launched from the Company's own pipeline.

In terms of ANDA filings, 30 additional ANDAs were filed with the USFDA during the year, taking the cumulative number of ANDA filings to 390. The Company received approval for 28 ANDAs during the year (incl. 5 tentative approvals). Cumulative number of ANDA approvals at the end of the year stood at 282.

While the generics business was able to grow during the year, the specialty business saw a decline in revenues on account of an entry of an additional competitor. Overall, the Company's formulations business in the US posted a sales of Rs.62,514 Mio. during the year.

Going forward, the US generics business is likely to continue its growth momentum on the back of new product launches and expansion of overall product offerings as the Company is planning to introduce additional topical, transdermal and injectable products in coming years. The Company will continue to look at the opportunities to expand its presence in the specialty space via additional products in the pain management therapeutic area and expansion into other focused therapy areas.

EMERGING MARKETS OF ASIA, AFRICA AND LATIN AMERICA

The Company operates in different countries of Asia Pacific, Africa, Middle East and Latin America. The Company continued to perform well in different countries of Asia Pacific and Africa region with double digit growth in the business registered in several countries during the year on the back of volume expansion of pillar brands. However, the performance in some of the countries were impacted on account of the challenges in the form of surge in generic competition, rapid price decline in institutional business and the uncertain regulatory environment leading to significant delays in new product approvals. Spread of COVID-19 virus across the globe and the resultant lockdown imposed by the governments of different countries during the last quarter of the financial year led to a muted performance during the quarter.

The Company filed 21 new product dossiers from the new manufacturing site at Myanmar for various countries of Asia Pacific region during the year so as to strengthen the local presence and pursue the regional opportunities in the Asia Pacific region. In order to leverage the market opportunities, the Company strengthened the business development efforts with a strong focus on in-licensing and out-licensing initiatives during the year.

In Latin America, the Company's business is primarily concentrated in Brazil and Mexico, which are two large pharmaceutical markets of the region. During the year gone by, the economic and political conditions in Brazil remained unstable leading to a significant reduction in the value of Brazilian Reals viz-a-viz the other global currencies. Spread of COVID-19 virus is also impacting the already struggling economy. Despite this, the overall pharmaceutical market in Brazil grew by 6% while the Company registered a growth of 8% (Source: IQVIA MAT March 2020 report). The Company launched 7 new products in Brazil market during the year. The Company filed 11 new product dossiers with the regulatory authority ANVISA and received approval for 9 new products during the year.

In Mexico, the Company registered a robust growth during the year with a more focused approach in the CNS segment. The Company launched 3 new products in Mexico market during the year. The Company filed 3 new product dossiers with the regulatory authority COFEPRIS during the year, taking the cumulative number of filings to 50.

Overall, the Company's business in the emerging markets of Asia Pacific, Africa, Middle East and Latin America posted sales of ₹8,753 Mio. during the year, up 5%. Excluding the impact of COVID-19 related disruptions, the growth in sales would have been 11% as the business lost the revenues of approx. ₹470 Mio. on account of COVID-19 related disruptions.

JVs AND ALLIANCES

ZYDUS TAKEDA HEALTHCARE PVT. LTD.

Zydus Takeda is a 50:50 JV between the Company and Takeda Pharmaceuticals Co. Ltd., Japan. The JV manufactures a gamut of generic APIs covering various therapeutic categories and exports exclusively to the JV partner for its generic portfolio. During the year, the JV received the certification of new Environment Management Standards (EMS) viz. ISO45001 and ISO14001. Manufacturing site of the JV successfully completed inspections from CDSCO and local FDA during the year. The JV has been nominated for the "Certificate of Merit" at State Level Award for Energy Conservation and Management in the Drugs & Food Sector from Maharashtra Energy Development Agency for the year 2018-19.

ZYDUS HOSPIRA ONCOLOGY PVT. LTD.

Zydus Hospira is a 50:50 contract manufacturing JV between the Company and Hospira Inc., USA (now part of Pfizer group), which manufactures oncology injectable products for marketing by both the JV partners in the respective markets assigned to them. During the year, the injectable manufacturing facility of the JV, located in Ahmedabad SEZ, successfully completed the inspections by USFDA, SFDA and the regulatory authority of Turkey.

APIS

The Company's APIs and intermediates business continued to grow during the year as it ensured the supply of materials to both the internal and external customers in a timely and cost efficient manner.

The Company added 41 new customers across different countries during the year.

The Company continued its thrust on operational efficiency enhancement through various measures such as process improvement, procurement efficiency, savings in production expenses etc. and in turn, improve the bottom-line.

The Company filed 7 more DMFs with the USFDA during the year, taking the cumulative number of filings to 150.

THE COMPANY'S API BUSINESS POSTED A SALES OF ₹4,530 MIO. DURING THE YEAR, UP 7%.

MANUFACTURING AND QUALITY

The Company has the manufacturing capabilities across the value chain including small molecule formulations, APIs, vaccines, biosimilars, complex products, animal health products as well as wellness products with 36 manufacturing plants worldwide including in India, US, Brazil and Myanmar. These plants are in compliance with the regulatory standards, to satisfy the requirements of different customers across the globe. **Out of the total 36 manufacturing facilities, 30 facilities are for manufacturing of finished dosage human formulations and active pharmaceutical ingredients. 14 of these 30 facilities have been inspected by the USFDA.**

During the year, Oral Solid Dosage (OSD) formulations manufacturing facility located in Ahmedabad SEZ received the Establishment Inspection Report (EIR) from the USFDA with Voluntary Action Indicated (VAI) classification of the facility. The EIR followed the inspection conducted by the USFDA from 25th March to 3rd April, 2019 which concluded with one observation.

During the year, the Company successfully completed 6 USFDA inspections at different other manufacturing sites without any observations in each of these inspections. On the finished formulations front, Baddi formulations facility was inspected twice by the USFDA while oncology injectable facility located in Ahmedabad SEZ and topical formulations facility were also inspected by the USFDA during the year. On the API front, both Dabhasa and Ankleshwar manufacturing facilities successfully completed the USFDA inspections.

The Company also received Establishment Inspection Reports (EIRs) for the inspections conducted at Baddi formulations facility, topical formulations facility and API manufacturing facilities at Ankleshwar and Dabhasa.

The Company constantly evaluates the potential demand of its products in different markets and based on the demand scenario, it takes a call to build the additional capacities for the future. During the year, the Company commenced commercial manufacturing from one more block of Oral Solid Dosage formulations manufacturing facility located in Ahmedabad SEZ. The Company expanded the capacity of pallet based products and added a block for soft gelatin products at Moraiya formulations facility during the year.

During the year, Baddi formulations manufacturing facility won the Gold Award in the category of large pharma business at India Manufacturing Excellence Awards, 2019. Sikkim formulations manufacturing facility was recognized with Silver Certificate at the same event.

In addition to this, Biologics Fill Finish manufacturing facility located at the Zydus Biotech Park in Ahmedabad successfully completed the audits by the regulatory authorities of Sri Lanka, Russia and Mexico while the Vaccines manufacturing facility at Vaccines Technology Center successfully completed the joint inspection by DCGI and Central Drug Laboratory (CDL) Kasauli, India.

The USFDA issued a warning letter to the Company's Moraiya formulations manufacturing facility in the month of November, 2019. This followed the Official Action Indicated (OAI) status assigned by the agency to the facility on 6th August, 2019 after it inspected the facility between 22nd April and 3rd May, 2019. The company submitted an initial response along-with the Corrective and Preventive Action (CAPA) plan it proposes to implement to resolve the warning letter. The Company continues to take all the remediation measures necessary to address the observations raised by the USFDA in the warning letter issued to Moraiya formulations facility and also submits the periodic updates to brief them about the actions which have been taken against the commitments made. In the month of June, 2020, the Company gave the 5th update to the USFDA with respect to the corrective and preventive actions taken mentioning about completion of majority of the commitments made and has requested the USFDA for a conference call to discuss the way forward and a desk top audit.

The Company has already initiated site transfer of all injectable products from Moraiya formulations facility to the injectable formulations facility of Liva near Baroda. In fact, the Company has launched the first site transferred product from the injectable formulations facility of Liva in the month of May, 2020.

SPEND RATIONALIZATION

The Company runs an organization wide program PRISM which aims at optimizing the spends across several categories through multiple levers and in turn, build the operational efficiencies. During the year, multiple ideas were generated and implemented across different expense categories which led to a sizeable rationalization of costs. New expense categories with significant savings potential were also identified during the year which will lead to optimization of spend in those expenses going forward.

The Company also runs an organization wide program SLIM which aims at improving the product yields and increasing efficiency in the manufacturing processes. During the year, various initiatives such as yield improvement through increase in batch size were undertaken to optimize the costs.

DIGITAL INITIATIVES TO DRIVE OPERATIONAL EFFICIENCIES

In today's era, digitization is imperative for all the businesses whether small or large. It refers to the integration of digital technology into all areas of a business, fundamentally changing how the business operates and delivers value to customers. Digital transformation has had a profound impact on businesses, accelerating business activities and processes to fully leverage the opportunities in a strategic way. Keeping itself abreast with the digitization endeavor, the Company has undertaken various initiatives in the digital space to build the operational efficiencies and in turn, drive the performance of various businesses. An overview of the initiatives undertaken by the Company is given below:

PROJECT PACE:

Planning and Collaboration Excellence (PACE) is an initiative to digitize end to end supply chain processes that include system generated sales forecasting with market consensus, manufacturing plan generation and simulation, inventory planning, production scheduling & prioritization, optimal utilization of manufacturing capacity & other resources.

PACE tool captures information from various departments and brings under one umbrella to facilitate effective sales & operations planning and thereby, contributing to the Company's growth journey. New Product Launch (NPL) is a module in PACE tool, designed to capture details of technical development, regulatory update and commercialization of new launches. Long Range Planning (LRP) module facilitates long term strategic planning based on growth plan of the company. The tool also suggests capacity expansion of manufacturing, warehousing and other resources based on growth aspiration. PACE control tower is the collection of various digital dashboards that provides insights on key planning matrices across the board.

This project will be eventually integrated with another project called Integrated Real-time Information System (IRIS), another flagship digitization program run by the Formulations and Development team for New Product Development (NPD) and New Product Launch (NPL) module.

PROJECT IRIS:

Integrated Real-time Information System (IRIS) is a project management technology tool that provides real-time visibility in project milestones. It aims to create, update and track new product development and new product launch activities of different projects across various geographies. It provides management dashboards for tracking the status of various projects and the risks and costs associated with them. IRIS is positioned to enhance the co-ordination among various cross-functional teams. It is a workflow based module with automatic project updates for proactive actions by the users.

During the year, development of New Product Development (NPD) design module along-with the user acceptance test for the NPD module was completed. Initial projects loading for testing NPD module was also completed during the year while the loading of remaining projects in the NPD module is underway. With respect to New Product Launch (NPL) design module, development has been over while the user acceptance test for NPL module is going on at present.

ENVIRONMENT, HEALTH AND SAFETY

Responsibility for environmental protection, health and safety is an integral part of the Company's business philosophy as the Company is committed to conserve the environment and provide a safe and healthy workplace to its employees and stakeholders. The Company is committed to human life, mother earth and environment by preventing and abating pollution through adopting robust environmental management practices and continuous improvement of environment, health and safety aspects. The Company has a dedicated Environment, Health and Safety (EHS) cell which engages with all the stakeholders across the Company in creating a unique culture of EHS as the Company is fully committed to and continuously endeavors to achieve environment, health and safety excellence across all the units. During the year, the EHS cell ran various organization-wide programs that led to zero fatality in the safety area. The Company initiated ETP infrastructure upgradation project at three manufacturing sites during the year. The Company is also engaged in co-processing activity of a few types of wastes. Keeping with the mission of creating healthier communities globally, the Company remains committed towards resource conservation in the areas of energy, fuel, water etc. The Company received various awards in the areas of environment and safety, during the year. At present, eighteen units of the Company are accredited with ISO 14001 and OHSAS 18001.

RISK IDENTIFICATION, RISK MITIGATION AND INTERNAL CONTROLS

The Company is one of the leading pharmaceutical companies in India with presence across the pharmaceutical value chain of research, development, manufacturing, marketing and selling of finished dosage human formulations (generics, branded generics and specialty formulations, including biosimilars and vaccines), active pharmaceutical ingredients (APIs), animal healthcare products and consumer wellness products. The Company has a global presence and sells its products in the United States, India, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa. The variety of business activities being performed and the geographies being served by the Company poses various risks and challenges, which are explained below.

RISK RELATED TO THE OUTBREAK OF PANDEMIC LIKE COVID-19

Pandemics are large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographic area and cause significant economic, social, and political disruption. The case in point is the recent outbreak of coronavirus disease, which is an infectious disease caused by a newly discovered coronavirus. Since the reporting of the first case in the month of December, 2019, the disease has spread across the world infecting millions of people and claiming thousands of lives. Pandemic of such a scale also affects the organizations across the globe irrespective of the sector to which they belong. The Company's operations were also impacted on account of the spread of coronavirus and the resultant lock-down imposed by various governments across the globe to curb the spread of the virus. The business in India and Emerging Markets were hit in the initial few days of the lock-down on account of supply related disruption and the non-availability of channel partners. To overcome the impact of pandemic, the Company has implemented a business continuity plan across the functions to ensure that the operations continue right through the pandemic situation and demand of the customers across the globe is satisfied with minimal interruption. The Company is finding newer ways of managing the business and has been working on changes in the business model including the increased use of digital technology so as to adapt itself to the new normal imposed by the pandemic.

RISK RELATED TO ECONOMIC AND POLITICAL ENVIRONMENT ACROSS THE WORLD

The Company's business operations span across different countries across the globe. Different countries of the world face different political conditions and have different economic environment. Some of the countries are grappled with the risk of political instability e.g. the Governments of some of these countries change frequently which lead to policy uncertainty, some countries have indulged into the tariff wars which may eventually lead to the weakening of the Global economy, some of the countries face civil unrest or a few of the countries are at an increased risk of war with the other countries. In some of the countries, there is an increased economic risk in the form of the Government of these countries making default on its debt or there is a significant movement in the exchange rate of the currencies of these countries. Such political and economic risks put the Company's business in these countries at risk and can affect the operations of the Company adversely. The Company continuously evaluates the political and economic scenario across the globe and take various actions such as capping the overall exposure to the identified countries in terms of various financial parameters, at any given point in time, to a defined threshold, evaluating the possibility of hedging the position to mitigate the currency risk and securing the receivables through letter of credit or through advance payments.

RISK OF COMPETITION, PRICE PRESSURE AND GOVERNMENT CONTROLS ON PRICES

The Company is a global pharmaceutical player which sells generic medications to its customers across the globe. Generic industry is characterized by a presence of large number of players who compete with each-other to grab the market share, which in turn, leads to the reduction in prices of the products. Government of different countries encourage generic competition as it enables them to provide the patients high quality medicines at the affordable prices and in turn, bring the overall healthcare costs down. In addition to this, Governments of some countries, by law, regulate the prices of medicines and periodically revise them downwards to make them affordable to the patients. Such practices put the pressure on the prices which the generic players charge to the customers. The Company tries to mitigate the impact of such price reduction by expanding the volumes of existing products and launching high value added new products. The Company also continuously strives to improve operational efficiencies to rationalize costs and thereby minimize the impact of price erosions in the finished products.

RISK OF REGULATORY ACTIONS DUE TO NON-COMPLIANCE OF QUALITY STANDARDS

Pharmaceutical industry is one of the most dynamic industries across the globe. Changes in regulations by leading regulatory bodies to ensure the quality of the products have compelled the pharmaceutical companies across the globe to modify their quality assurance systems and compliance practices. The Company must comply with all applicable quality standards prescribed by regulatory authorities of countries where it either supplies products or intends to do the same. Applicable regulations are increasingly becoming stringent and the cost for non-compliance can be severe as it can lead to the revocation or suspension of licenses, imposition of fines and criminal sanctions. Any violation of regulatory methods or non-compliance of standards can also tarnish a Company's reputation and thereby, risk its future.

The Company continuously evaluates the quality of its products, their manufacturing and supply chain processes to ensure that all the applicable regulations are complied with at all times by focusing on building a robust quality culture among its employees, simplifying and improving the existing processes and investing the resources towards newer technologies and automation initiatives. The Company also keeps a constant vigil on the regulatory actions initiated by regulatory agencies on other pharmaceutical companies across the world and takes pro-active measures to improve its systems and processes.

RISK OF LITIGATION RELATED TO QUALITY OF PRODUCTS, INTELLECTUAL PROPERTIES AND OTHER LITIGATIONS

Pharmaceutical products manufactured by the Company must comply with the regulatory and quality standards prescribed by the regulatory authorities of the countries where the products will be supplied. If the quality of the products doesn't match the standards laid down by the regulatory authorities, it can lead to penal actions from the regulatory authorities. Such a non-compliance can also lead to the litigations from the customers as well. To mitigate the risk of litigation which may arise due to product quality, the Company takes 'Global Product Liability Insurance' as a safeguard against the potential claims regarding quality of the products.

Innovator companies can also take a legal action against the generic

companies if the products manufactured by generic companies infringe the patents granted to the innovator companies. To mitigate this risk, the Company has put in place a review mechanism to check for possible infringement of intellectual property rights of patent holders before developing and filing product dossiers for global markets.

RISK OF DELAYS IN APPROVAL OF NEW PRODUCT REGISTRATIONS IN VARIOUS MARKETS

In the generic pharmaceutical space, a large number of players manufacture and supply identical products at a price which is substantially lower than that of an innovator. Presence of a large number of players put severe pressure on the price as they compete with each other to gain the volume by reducing the prices of the products. Generic companies try to compensate the loss on account of reduction in prices of existing products by launching the new products in the market which are characterized by relatively less competition. Non-receipt/ significant delay in receipt of approvals for new products from the regulatory authorities can severely affect the growth of the business of the companies.

The Company has established a stringent mechanism to review the new product dossiers submitted with the regulatory authorities to ensure quality of such dossiers. The Company has also established a system of providing speedy response to the queries raised by the regulatory authorities on the product dossiers so as to expedite the approvals.

RISK OF INTERNATIONAL OPERATIONS INCLUDING FOREIGN EXCHANGE RISK

Indian Rupee is the reporting currency of the Company. However, the Company's net revenue from operations for the international business and a portion of the expenditure are denominated in foreign currencies. While, as a result of portions of both expenditures and net revenues from operations being denominated in foreign currencies, the Company has a natural hedge against exchange rate risks, the balance of revenues of the Company are affected by fluctuations in exchange rates. Exchange rate fluctuations could affect the amount of income and expenditure that can be recognized, the Company's ability to service the debt obligations denominated in foreign currencies, and the value of investments in subsidiaries, associates and joint ventures.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Though it is not possible to completely eliminate various risks associated with the business of the Company, efforts are made to minimize the impact of such risks on the operations of the Company. For this, the Company has established a well-defined process of risk management which includes identification, analysis and assessment of various risks, measurement of probable impact of such risks, formulation of risk mitigation strategies and implementation of the same so as to minimize the impact of such risks on the operations of the Company. An enterprise wide risk evaluation and validation process is carried out regularly and the review of the risk management policy is also carried out at regular intervals by the Risk Management Committee and the Board of Directors so as to ensure that new risks which might arise or the impact of existing risks which might have increased are identified and a proper strategy is put in place for mitigating such risks. The Company has put in place various internal controls for different activities so as to minimize the impact of various risks. Also, as mandated by the Companies Act, 2013, the Company has implemented an Internal Financial Control (IFC) framework to ensure proper internal controls over financial reporting. Apart from this, a well-defined system of internal audit is in place so as to independently review and strengthen these internal controls. The Audit Committee of the Company regularly reviews the reports of the internal auditors and recommends steps for further improvement of the internal controls.

Expansion of the Zydus Medical College and Hospital in Dahod

CORPORATE SOCIAL RESPONSIBILITY

Aligning its mission and corporate social responsibility, the Company continues to create healthier, happier communities globally. Zydus Shrishti, the Company's CSR programme focusses on the areas of health, education and research.

MAKING A DIFFERENCE IN THE COMMUNITY AT DAHOD

To serve the needs of the patients and bring world-class medical education to the rural interiors of Gujarat, Zydus Foundation has set up the Zydus Medical College and Hospital at Dahod.

First established in 1947 as a sanatorium, the Hospital at Dahod was adopted by the Company under the Brownfield Health Policy in 2016. Since then, the Hospital has been converted into a full-fledged hospital as per MCI norms. From 150 beds, the hospital now has 363 beds with over 400 professionals including doctors, nurses and paramedics offering medical care. The Hospital provides free treatment including OPD, Indoor, all investigations, surgeries, anaesthesia, oral medicines, injectables and food for patients. A new 750 bed hospital is also nearing completion.

Over the last two years, there has been a significant improvement in the health services extended to the people in the district. Nearly 5 lac patients have availed the medical services at the hospital, free of cost. The hospital's OPD serves 1,400 patients per day and 350-400 indoor patients are admitted. The hospital conducts 20-30 surgeries, 5 blood transfusions and nearly 200 X-rays are taken per day.

ZYDUS MEDICAL COLLEGE

Located in a sprawling 20-acre campus, the Zydus Medical College and Hospital Dahod, is a self-financed brownfield medical college project, set up in a Public Private Partnership (PPP) model of Government of Gujarat. The Zydus Medical College is the first Medical College to be set up in Dahod and the first batch of the MBBS programme commenced in August 2018. 350 students are now enrolled for the MBBS programme. The College would also start postgraduate courses in due course of time.

ZYDUS HOSPITAL, DAHOD IN THE FIGHT AGAINST COVID-19

Zydus Hospital Dahod was converted into a 100 bed COVID19 quarantine centre

In the ongoing fight against Coronavirus, a 100 bed quarantine facility was created at the Zydus Medical Hospital, Dahod. The hospital, located at a vantage point close to the Panchmahal and Chhota Udepur Districts in Gujarat, Jhabua District and Alirajpur district of Madhya Pradesh and Banswara of Rajasthan, Dahod has

Despite suffering from diabetes and blood pressure, 80 year old Batulbibi Pathan has defeated coronavirus. She credits Dr Mohit Desai and his team at Zydus Medical College and Hospital, Dahod for her recovery

been serving as a healthcare hub for needy and underprivileged patients.

The hospital had treated several patients suffering from COVID-19. One amongst them was the 80 year old, Batulbibi Pathan of Dahod. Despite suffering from diabetes and blood pressure, she successfully fought off COVID-19 infection. She thanked the team of doctors led by Dr. Mohit Desai, who closely monitored her condition and provided intensive care treatment round the clock.

SUPPORTING THE GCS MEDICAL COLLEGE, HOSPITAL & RESEARCH CENTRE

The company continues to support the GCS Medical College, Hospital and Research Centre (GCSMCH) at Naroda, Ahmedabad.

300+ DOCTORS

950+ PATIENT BED

438000+ PATIENTS EVERY YEAR

60+BED (ICU & CRITICAL CARE)

1500+ DAILY OUTPATIENTS

13000+ SURGERIES

11 MODULAR OT

Set up in 2011, in a public-private partnership with an aim to provide affordable healthcare coverage and offering quality healthcare services, the GCS Hospital has been catering to the medical needs of the people from underprivileged sections. During the year, GCSMCH received the NABH accreditation for Pre-Entry level accreditation NABH, which is the second in Gujarat in the Private Teaching Hospital Category. It also received the 'Excellence in Healthcare' Award for 2018 in the category of 'Outstanding Teaching Hospital' by the Association of Healthcare Providers (India).

CONTRIBUTING TO THE FOUNDATIONS OF LEARNING AND BUILDING BETTER COMMUNITIES THROUGH EDUCATION

As part of the activities in the field of education, the group has supported the Zydus School for Excellence, which was established as a community initiative of The Ramanbhai Foundation. The school was the brainchild of the Founder Chairman, Late Mr. Ramanbhai Patel, who believed that a school is not just a place where young minds come to learn, but it's an institution where character is built and a fountainhead, where children can constantly seek creative expressions for their endeavours. The school now has two campuses with 2400 students and more than 150 educators. During the year, the students of the school won several awards for academic, co-curricular as well as excellence in sports.

The Ramanbhai Patel College of Pharmacy, RPCP was established in 2004 at Changa in memory of the Late Founder Chairman to promote excellence in pharmacy education and to prepare young men and women to meet the challenges of industrial pharmacy and pharmacy practice. The College offers Bachelors of Pharmacy and Masters of Pharmacy in Pharmaceutical Technology. With an excellent faculty, the college is one of the most reputed institutes in pharmacy education.

AWARDS AND ACCOLADES

Cadila Healthcare Limited received CSIR Diamond Jubilee Technology Award for Discovery & Development of Saroglitazar in June 2019. Chairman, Mr. Pankaj R. Patel, received the award from Dr. Harsh Vardhan, Union Minister of Health and Family Welfare, Government of India.

Saroglitazar Magnesium was launched in India during September 2013 under the brand name 'Lipaglyn', for the treatment of hypertriglyceridemia and diabetic dyslipidemia in patients with Type-2 diabetes not controlled by statins. With the objective to foster technological innovation based on innovative science, CSIR launched an annual Diamond Jubilee Technology Award on 26th September 2002 in commemoration of its Diamond Jubilee celebrations. The award is to encourage scientists, engineers and technologists to develop innovative technologies and products that are amongst the best in the world and enhance India's image.

STATUTORY REPORTS

BUSINESS RESPONSIBILITY REPORT:

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2020.

SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identification Number ("**CIN**") of the Company			L24230GJ1995PLC025878
2.	Name of the Company			Cadila Healthcare Limited
3.	Address of the Registered Office of the Company			Zydus Corporate Park, Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), S G Highway, Ahmedabad – 382481.
4.	Website			www.zyduscadila.com
5.	Email id			dhavalsoni@zyduscadila.com
6.	Financial year reported			2019–2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)			
	Group	Class	Sub Class	Description
	210	2100	21001	Drugs and Pharmaceuticals
8.	Key products / Services			The Company manufactures and markets a wide range of healthcare products.
9.	Locations where business activity is undertaken by the Company			The Company's businesses and operations are spread across different geographies. There are 25 locations in India, where the manufacturing and research and development activities are carried out, details whereof are provided in this annual report. Details of business performance in Indian markets as well as International markets are reported as a part of the Management Discussion and Analysis Report, which forms a part of this Annual Report.
10.	Markets served by the Company–Local / State / National / International			As a global healthcare provider, the Company has a significant presence nationally and globally.

SECTION B : FINANCIAL DETAILS OF THE COMPANY

Paid-up Capital (₹)	1,024 million
Total turnover (sale of products) (₹)	59,677 million
Total profit after taxes (₹)	14,129 million

SECTION C : OTHER DETAILS

List of activities in which expenditure on CSR has been incurred and total spending as a percentage of profits after tax:

The Company has spent ₹ 220.08 million against ₹ 214.97 million towards Corporate Social Responsibility ("**CSR**"), being 2% of the average net profits for previous three years, computed as prescribed under the Companies Act, 2013 ("the **Act**") on education and healthcare, including preventive healthcare and infrastructure development. Annual Report on CSR activities is attached to the Directors' Report.

The Company is a global pharmaceutical Company with subsidiaries in India and across the world. As on date, the Company has 38 subsidiary Companies, including 25 subsidiaries outside India. Names of the subsidiary companies are provided in the statement of salient features of the subsidiary companies under section 129(3) of the Act and Rules made thereunder, which is a part of this Annual Report. Each of the Company's subsidiaries abides by the law of the respective land, where it operates in a responsible manner. The subsidiary companies' Business Responsibility ("**BR**") initiatives are aligned with those of the Company.

SECTION D: BR INFORMATION

1. Details of Director responsible for BR:

a) Details of the Director responsible for implementation of the BR Policy / Policies:

Sr. No.	Particulars	Details
1	DIN (if applicable)	00131852
2	Name	Mr. Pankaj R. Patel
3	Designation	Chairman

b) Details of the BR head:

Sr. No.	Particulars	Details
1	DIN (if applicable)	Not Applicable
2	Name	Mr. Dhaval N. Soni
3	Designation	Company Secretary and Compliance Officer
4	Telephone Number	079–48040338
5	E-mail ID	dhavalsoni@zyduscadila.com

2. Principle-wise (as per NVGs) BR Policy / Policies:

Alignment to National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business ("**NVGs**")

NVG Principle	Chapter in BR Report	Page No.	Details in Annual Report
Business should conduct and govern themselves with Ethics, Transparency and Accountability.	Corporate Governance Structure	40	Yes
Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Manufacturing and Quality	40	Yes
Businesses should promote the well-being of all employees.	Building people to build our business	40-41	Yes
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Zydus' Corporate Social Responsibility	41	Yes
Businesses should respect and promote human rights.	Human Rights	41	Yes
Businesses should respect, protect, and make efforts to restore the environment.	Environment, Health and Safety	41	Yes
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Policy advocacy	41	Yes
Business should support inclusive growth and equitable development.	Zydus Shrishti	42	Yes
Business should engage with and provide value to their customers and consumers in a responsible manner.	The Zydus Way of manufacturing and marketing healthcare products	42	Yes

3. Principle-wise (as per NVGs) BR Policy / Policies:

a) Details of compliance (Reply in Y/N):

Sr. No.	Questions	Business Ethics P1	Product Responsibility P2	Wellbeing of Employees P3	Stakeholder Engagement & CSR P4	Human Rights P5	Environment P6	Public Policy P7	CSR P8	Customer Relations P9
1	Do you have a policy / policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy confirm to any national / international standards?	The Company is abiding by the various laws and while framing the policies, the Company takes into account the best practices and national and international standards.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Y	Y[1]	Y[2]	Y	Y	Y	Y	Y	Y[3]
All statutory policies are approved by the Board of Directors, whereas other policies are signed by the Managing Director or the respective business / unit head.										
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	www.zyduscadila.com http://zydusehs								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, all the policies are communicated to the employees via internal portal, where each employee has an access and the external stakeholders through Company's website. www.zyduscadila.com								
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
The policies are implemented and being reviewed regularly by the respective business / unit head.										
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Yes, respective business / unit heads attend to any grievances pertaining to their department and address the grievances. The Company has formed a Stakeholders' / Investors' Relationship Committee to redress any grievances of shareholders and investors. Product related grievances are also resolved by the respective business heads to which the product pertains to.								
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Company regularly carries out an independent audit on working of policy on environment. CSR expenditure is also audited by the Company's statutory auditors.								

1. The Policy is embedded in the Company's Quality and Environmental Policies, which inter alia relate to safe and sustainable products.

2. The policies for the wellbeing of employees are for internal circulation to the employees and approved by the Managing Director.

3. The Company fulfills the requirements by introducing innovative products and services. The Company has a customer complaint redressal system.

b) If answer to the questions at serial number 1 against any principle, is "No", please explain why:

N.A.

4. Governance related to BR:

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year.

The BR performance of the Company is regularly monitored by the Company and reviewed by the Chairman and respective departmental heads. The Board of Directors reviews BR performance on an annual basis.

b) Does the Company publish BR or sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes BR Report as a part of Annual Report. The Company publishes BR report annually. BR Report is posted on the Company's website–www.zyduscadila.com.

SECTION E : PRINCIPLE-WISE PERFORMANCE

Principle 1:

Business should conduct and govern themselves with Ethics, Transparency and Accountability

The Company firmly believes and adheres to transparent, fair and ethical governance practices.

The Board of Directors has approved a Code of Business Conduct and Ethics, which is applicable to all Board Members and employees of the Company. This is reviewed and reported annually. The company also has a Whistle Blower Policy approved by the Board and is applicable to all employees of the Company. Further, our major suppliers are also required to agree and to confirm to the code of responsible business conduct. The Company has also prescribed a very detailed Code of Ethics for its employees and every employee has to sign and affirm its compliance. Though the Code of Business Conduct and Ethics for Directors and Senior Management Personnel which includes Key Managerial Personnel is posted on the Company's website, the internal code of conduct is available on a portal, which is accessible to all employees.

Details relating to shareholders' complaints are provided in Corporate Governance Report, which is a part of this Annual Report. However, there was no stakeholder complaint during the reporting period with regard to ethics, bribery and corruption.

Principle 2:

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

All our manufacturing facilities are inspected by the leading regulatory agencies of US, Brazil, India, etc. The approvals are given after a thorough audit of standard operating procedures and protocols. Hence, utmost care is taken to ensure that products conform to stringent quality standards and bio-stability of products is submitted during the periodic audits.

The Company produces large number of diverse Formulations and Active Pharmaceutical Ingredients ("**APIs**") at various manufacturing sites and therefore ascertaining consumption of energy, water and raw material, etc. on per unit of product basis is not possible.

The Company has identified approved vendors for procuring materials and a Standard Operating Procedure is in place for sourcing raw materials. This includes sample approvals, performance trials, plant audit and regulatory clearances. Majority of procurement of materials is from the approved manufacturers.

The Company procures goods and services from the local and small producers for its manufacturing premises and offices. It improves operational efficiency and helps save on transportation costs, inventory management and helps in risk mitigation. Adequate guidance and counselling are provided to them about system and procedures for regulated markets.

The waste generated in the Company's operations is either recycled or disposed of safely & scientifically as per applicable rules / laws. Every manufacturing facility has its own Effluent Treatment Plant, which ensures discharge of waste meets the norms prescribed by respective pollution control boards.

Important raw materials and solvents are recovered and recycled. It is a part of operational management. Full-fledged Solvent Recovery Plant at our API manufacturing sites recovers solvents generated during the process of manufacturing & reuses solvents in the manufacturing process.

Principle 3:

Businesses should promote the well-being of all employees

1. **Please indicate the total number of employees and the number of contractual employees, women employees and permanent employees with disabilities:**

   The Company does not discriminate among existing employees or during the process of recruitment on the grounds of religion, race, color, gender and disability. The Company provides equal opportunities to all employees. Key employee data as on March 31, 2020 are provided in the below table.

Sr. No.	Category of Employees	No. of Employees
1	Management staff	5357
2	Marketing field staff	1373
3	Others	6675
4	**Total**	**13405**
5	Contractual employees	2914
6	Permanent Woman employees	303
7	Permanent employees with disabilities	28

2. The Company has a recognised employees association and 2.26% of our permanent employees are members of this association. The Company has not received any complaint relating to child labour, forced labour and involuntary labour in the last financial year. Details regarding complaints on sexual harassment forms a part of the Directors' Report.

3. The permanent and contractual employees at the Company's manufacturing site, Research and Development Centre and other

corporate offices are provided training on relevant Environment, Health and Safety aspects. Further, all other employees are given soft skill up-gradation training to improve their skills as may be relevant to the respective functions. 63.40% employees were imparted training for skill development, EHS, etc. from the total strength.

Principle 4:

Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

The Company has mapped its internal and external stakeholders. We recognize employees, business associates, joint venture partners, suppliers, vendors, NGOs, communities, shareholders / investors, regulatory authorities and other governmental bodies and intermediaries as our key stakeholders.

The Company has also identified disadvantaged, vulnerable and marginalized stakeholders. The Senior Management of the Company also devotes their time and resources to various agencies involved in education and health arena as a part of its CSR. The Company works actively to enhance the employability of youth, leading to income generation and economic empowerment in the marginalized section of the communities.

The shop floor workers in our manufacturing premises are from the economically disadvantaged groups and local communities. The company invests in their skill development and upgradation, health check-ups and ensures other quality of life parameters. We have processes in place to ensure upholding of the rights of our employees and protect them against any form of discrimination.

Principle 5:

Businesses should respect and promote human rights

The company is committed to promote human rights and adheres to the same in spirit and deed. This extends to all areas of business operations and various stakeholder groups. The Company is also committed to provide equal opportunities at all levels, safe and healthy workplaces and protecting human health and environment. The Company strives to provide a non-discriminatory and harassment-free workplace for all its employees and contract staff. The Factories Act, 1948 provides the overarching framework for the Company's policy on human rights for the employees working at different factories. The Company provides equal opportunities to all its employees to improve their skills and capabilities. The Company also has a policy in place to foster a professional, open and trusting workplace and safeguard the interests of its women employees. The Company provides help to its neighboring communities to improve their education, cultural, economic and social well-being. There were no stakeholder complaints in the reporting period pertaining to human rights. The Company also has a policy in place for human rights.

Principle 6:

Business should respect, protect, and make efforts to restore environment

The Company is committed towards conservation of the environment and compliance with all requirements related to Environment, Health and Safety ("**EHS**"). We have been looking at these initiatives beyond statutory compliance with a focus on the 4 Rs–Reduce, Reuse, Recycle and Recover for valuable resources. The Company has been engaging and involving every stakeholder across the Company in creating a unique culture in EHS.

The Company continues to invest substantial resources towards sustaining and continuously improving standards of environment, occupational health and safety. Competent EHS cell has been instituted at each facility to cater to the day-to-day EHS related activities.

To gratify the EHS value as a whole with systematic approach, 15 company units are accredited for ISO 14001, 10 Company units are accredited with ISO 45001, 5 Company units are accredited with ISO 18001 and 5 Company units are accredited with OHSAS 45001.

Towards green initiatives, the Company is reusing the hazardous waste by the activity of co-processing, water conservation, solvent recovery, using energy efficient techniques, developing green belt, etc. The Company conducts various programmes on EHS to raise awareness among all employees.

To develop safety culture at work place, the Company has implemented EHS Programs like Internal Audit Campaign & Visible Felt Leadership, Emergency Response Preparedness ("**ERP**"), Process Safety Management ("**PSM**") and Behavior Based Safety Management tools across the units. As a part of Environment Management System and stringent monitoring, the Company has installed online monitoring system at its API units.

To bring the information asymmetry amongst the EHS group members and all employees, the Company has created a dedicated Zysafe Software, EHS portal system updated from time to time documents are posted for internal review and compliance, which include EHS management–SOPs, guidelines, checklists, etc. The Company organizes EHS group discussions at various levels as a part of awareness and updation on regular basis.

The Company is committed to achieve all the norms within the limits for emission and discharge of air and water, as may be laid down by the regulators. The Company complies with pollution and environmental laws.

Principle 7:

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company is a member of following Chambers and Associations:

A. Indian Pharmaceutical Alliance,

B. Federation of Indian Chambers of Commerce and Industry ("**FICCI**"),

C. The Indian Drug Manufacturers Association,

D. Pharmexcil, Hyderabad and

E. Gujarat Chamber of Commerce & Industry ("**GCCI**").

The Company interacts with Government / Regulatory Authorities on any public policy framework through apex industry institutions, like Indian Pharmaceutical Alliance, FICCI. The Indian Drug Manufacturers Association, Pharmexcil and GCCI. The Company puts forth its views on new standards or regulatory developments pertaining to the pharmaceutical manufacturing industry, broadly in the areas concerning access to medicines, best practices, corporate governance, CSR, etc.

Principle 8:

Businesses should support inclusive growth and equitable development

The Company's CSR initiatives are spearheaded by Ramanbhai Foundation and Zydus Foundation. Under its flagship programme, Zydus Shrishti, the Company carries out extensive work in the field of education, health and research. The focus through these programs is to develop communities, it forms a part of, inclusive education and creating knowledge platforms for the research community.

In line with its policy, the Company has contributed towards education, healthcare and social outreach programs and a majority of its CSR spending in the previous financial year has been in these areas. To serve the needs of the patients and bring world class medical education to the rural interiors of Gujarat, the Company manages the Zydus Medical College and Hospital at Dahod. The Hospital provides free treatment including OPD, Indoor, all investigations, surgeries, anesthesia, oral medicines, injectables and food for patients. The Zydus Medical College is the first Medical College to be set up in Dahod and 350 students are currently enrolled in the MBBS programme.

Reaching out to make a difference in the community, the Company also extends support to the School for Deaf-Mutes Society. Established in the year 1908, the School for the Deaf and Mutes Society is one of the oldest organizations working in the field of education and rehabilitation of persons with hearing, speech, and visual impairment.

A report in the prescribed format on CSR activities carried out by the Company forms a part of this Annual Report.

Principle 9:

Businesses should engage with and provide value to their customers and consumers in a responsible manner

There were no customer complaints received in the reporting period. There are no complaints or consumer cases pending as on the end of the financial year. There are no cases filed by any customer or consumer against the Company as at the end of Financial Year 2019-20.

The Company displays all product information on the product label, which is mandatory and as may be required for the use of the products by the consumers.

The Company shall never engage in any unfair trading practices, irresponsible advertising or anti-competitive behavior. The Company has various checks and balances to ensure that the business of the Company is done in a fair and responsible manner. This is the Zydus Way of manufacturing and marketing healthcare products.

The Company carries out the consumer satisfaction survey to measure the satisfaction among its consumers. A full-fledged Pharmacovigilance cell has been set up to track, review and act on any adverse event complaints. Post marketing surveillance is also carried out by the marketing team to track and monitor the efficacy and safety of the products.

BOARD'S REPORT:

Your Directors are pleased to present the Twenty Fifth Annual Report and the Financial Statements for the Financial Year ended on March 31, 2020.

FINANCIAL HIGHLIGHTS:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("**Ind AS**") notified under section 133 of the Companies Act, 2013 ("the **Act**") read with Rule 7 of the Companies (Accounts) Rules, 2014.

The standalone and consolidated financial performance of the Company, for the Financial Year ended on March 31, 2020 is summarized below:

₹ in million

Particulars	Standalone		Consolidated	
	For the year ended on March 31, 2020	For the year ended on March 31, 2019	For the year ended on March 31, 2020	For the year ended on March 31, 2019
Revenue from Operations and other Income	71,968	65,967	1,43,670	1,33,667
Profit before Interest, Depreciation, Amortisation and Impairment Expenses & Tax (PBIDT)	22,205	21,891	25,337	31,742
Less: Finance Cost	2,339	896	3,418	1,935
Less: Depreciation, Amortisation and Impairment Expenses	4,289	3,582	6,965	5,986
Profit Before Tax (PBT)	**15,577**	17,413	**14,954**	23,821
Less: Tax Expenses	2,041	3,015	3,198	5,303
Profit After Tax (PAT)	**13,536**	14,398	**11,756**	18,518
Share of Profit of Joint Ventures (Net of Tax)	-	-	288	469
Profit for the year from continuing operations	**13,536**	14,398	**12,044**	18,987
Less : Loss after tax from discontinued operations	593	459	-	-
Profit for the year	**14,129**	14,857	**12,044**	18,987
Attributable to:				
Owners of the Parent	14,129	14,857	11,766	18,488
Non-Controlling Interests	-	-	278	499
Other Comprehensive (Loss) (Net of Tax)	(220)	(318)	(3,005)	(1,680)
Total Comprehensive Income	**13,909**	14,539	**9,039**	17,307
Attributable to:				
Owners of the Parent	13,909	14,539	8,754	16,808
Non-Controlling Interests	-	-	285	499
Opening balance in Retained Earnings	66,457	58,127	83,334	67,677
Amount available for appropriation	**80,533**	70,049	**94,693**	90,031
Transferred to Debenture Redemption Reserve	-	-	-	2,383
Dividend:				
Dividend	7,166	3,583	7,166	3,583
Corporate Dividend Tax on Dividend (Net of CDT Credit)	7	9	1,403	731
Closing Balance in Retained Earnings	**73,360**	66,457	**86,124**	83,334
Earnings Per Share (EPS) from Continuing Operations (Face Value of shares of ₹ 1/- each)	13.22	14.06	11.49	18.06
Earnings Per Share (EPS) from Continuing and Discontinued Operations (Face Value of shares of ₹ 1/- each)	13.80	14.51	11.49	18.06

The Company proposes to retain an amount of ₹ 73,360 million in the Statement of Profit and Loss.

COVID-19:

The world has been witnessing an unprecedented crisis as a result of Covid-19. In today's trying times for the world in general and our nation in particular, our focus is on ensuring the safety of our employees and all other stakeholders while we continue to work both on treatment and prevention of the pandemic. The saving of lives and protecting livelihood both are of utmost importance to us.

In Zydus, we have created a group of senior management team to monitor the events happening in the external environment and take suitable preventive and corrective measures to ensure continued safety of employees. The team has prepared business continuity plan, disaster management plan and also established liquidity management office.

We are happy to mention that we have been doing whatever possible for the country in terms of fight against Covid-19. This includes, amongst others, selling HCQS to the Govt. of India at very reasonable prices, manufacturing Covid testing kits for ICMR and giving a set of 30000 tests free, partnering with Gilead for Remdesivir, working on Covid vaccines etc.

All our manufacturing facilities are operating at a reasonable capacity utilization and we are ensuring that our medicines are available to patients without interruptions. We have strengthened our supply chain with a specific focus on helping MSME parties in surviving the difficult times.

We have taken several steps aimed at ensuring the safety, which include work from home, social distancing in the office premises, sanitization of our office premises; plant locations and company vehicles, thermal screening for employees working at sites, providing sanitizers, masks, gloves etc. to employees. Apart from following all protocols and guidelines issued by global health organizations like WHO for Covid-19 we have come out with our own advisory for the employees for safety of our employees.

We also find certain near-term and mid-term opportunities including treatment medicines and vaccines. Our India branded formulation business is somewhat affected due to lockdown situation and we remain cautiously optimist about next 2 quarters of the Financial Year 2021. Meanwhile, we are also finding new ways of managing the business and have been working of changes in the business operating model, including the possibilities of using digital technology. Our focus on research and innovations remains intact and we promise to live by our slogan of "Dedicated to Life".

RESULTS OF OPERATIONS:

During the year under review, the consolidated revenue from operations and other income was ₹ 143,670 Million. The Company has achieved consolidated Profit Before Tax of ₹ 14,954 Million and Profit After Tax of ₹ 12,044 Million. The Company achieved a consolidated total Comprehensive Income of ₹ 9,039 Million. The EPS on consolidated financials for the year ended on March 31, 2020 was ₹ 11.49.

DIVIDEND:

During the year under review, your Directors had declared and paid an interim dividend of ₹ 3.50 per equity share of face value ₹ 1/- each to the shareholders holding shares in physical form and whose names were listed on the Register of Members of the Company as on March 24, 2020, being the Record Date fixed for the purpose. Those shareholders holding shares in electronic form were paid dividend as per the beneficiary data provided by the Depositories. Your Directors did not recommend final dividend. The Dividend Payout Ratio for the current year (inclusive of Corporate Dividend Tax on dividend distribution) is 72.85% of profits.

During the year, the unclaimed dividend pertaining to the dividend for the year ended March 31, 2012 was transferred to Investors Education and Protection Fund after giving notice to the members to claim their unpaid / unclaimed dividend.

As per SEBI Notification, the Company has formulated Dividend Distribution Policy, which is approved by the Board of Directors and is uploaded on Company's website www.zyduscadila.com. The link for the same is https://zyduscadila.com/wp-content/uploads/2017/05/Dividend-Distribution-Policy-CHL.pdf.

SECRETARIAL STANDARDS:

The Company is in compliance with Secretarial Standards on Meetings of Board of Directors and General Meetings issued by the Institute of Company Secretaries of India.

MANAGEMENT DISCUSSION AND ANALYSIS ("MDA"):

MDA, for the year under review, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the **Listing Regulations**") is presented in a separate section, which forms a part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with the Ind AS–110 on Consolidation of Financial Statements read with Ind AS–28 on Accounting for Investments in Associates and Joint Ventures and as provided under the provisions of the Act read with Schedule III to the Act and Rules made thereunder and the Listing Regulations, the Audited Consolidated Financial Statements are provided in the Annual Report, which show the financial resources, assets, liabilities, income, profits and other details of the Company, its associate companies and its subsidiaries after elimination of minority interest, as a single entity.

SUBSIDIARY COMPANIES:

i. The Company has incorporated a new company in the name of Alidac Healthcare Limited ("**AHL**"), as a wholly owned subsidiary company, for manufacturing of human formulations in Special Economic Zone ("**Pharmez**"), Matoda, Ahmedabad. Later on, the name of AHL was changed to Zydus Pharmaceuticals Limited.

ii. A partnership firm was formed in the name of Recon Pharmaceuticals and Investments, in which Zydus Healthcare Limited ("**ZHL**") and German Remedies Pharmaceuticals Private Limited (formerly known as Acme Pharmaceuticals Private Limited) ("**GRPPL**") are 90% and 10% partners respectively. The said partnership firm carries on business of trading of pharmaceuticals and holding investments.

iii. The Company acquired 15% equity share capital of Zydus Technologies Limited ("**ZTL**"), in which the Company was already holding 85% equity share capital. In view of the same, ZTL became a wholly owned subsidiary of the Company.

iv. The company acquired 15% common stock of Zydus Noveltech Inc., USA ("**ZNI**"), in which the Company was already holding 85% common stock. In view of the same, ZNI became a wholly owned subsidiary of the Company.

v. 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 Balance Sheet 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 respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

vi. As provided under section 129(3) of the Act and Rules made thereunder, a statement containing the salient features of the financial statements of its subsidiaries in the format prescribed under the rules is attached to the financial statements. The policy relating to material subsidiaries, pursuant to the provisions of the Listing Regulations may be accessed on the Company's website at the link: https://zyduscadila.com/public/pdf/CHL_Policy_on_Material_Subsidiary_Revised_February_7_2019.pdf.

AMALGAMATION AND RESTRUCTURING:

i. Scheme of Amalgamation of Zydus Technologies Limited ("**ZTL**"), Alidac Pharmaceuticals Limited ("**APL**"), Liva Pharmaceuticals Limited ("**LPL**") and Dialforhealth India Limited ("**DHIL**") with Cadila Healthcare Limited ("**CHL**" or "the **Company**") ("**Scheme 1**") was sanctioned by the Hon'ble National Company Law Tribunal, Bench at Ahmedabad ("**NCLT**"), vide its Order dated March 16, 2020. The Scheme was made effective from March 31, 2020. The Appointed Date for the Scheme 1 is April 1, 2019.

Pursuant to the above, ZTL, APL, LPL and DHIL, which were wholly owned subsidiary companies of the Company, were dissolved without being wound up and Equity Shares and Preference Shares held by the Company in each of ZTL, APL, LPL and DHIL got cancelled and stand extinguished. All assets and liabilities of ZTL, APL, LPL and DHIL were transferred to the Company.

Investments of DHIL in its subsidiary companies-Dialforhealth Greencross Limited ("**DHGL**") and Dialforhealth Unity Limited ("**DHUL**") became the investments of the Company. Hence, DHGL and DHUL became the subsidiary companies of the Company.

ii. Scheme of Demerger of Generic and Spectrum Division of Zydus Healthcare Limited ("**ZHL**") into German Remedies Pharmaceuticals Private Limited (formerly known as Acme Pharmaceuticals Private Limited) ("**GRPPL**") and their respective shareholders and creditors ("**Scheme 2**") was sanctioned by NCLT vide its Order dated December 19, 2019. The Scheme was made effective from December 23, 2019. The Appointed Date for the Scheme 2 is April 1, 2019.

Pursuant to the above, Generic and Spectrum Division was demerged from ZHL and transferred and vested into GRPPL in consideration of issue and allotment of 63,32,797, 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares of ₹ 100/- each, fully paid-up, of GRPPL to the Company.

iii. As a part of internal restructuring, Animal Healthcare Business ("**AHB**") of the Company, which comprised of Animal Healthcare Established Markets Undertaking and Animal Healthcare Emerging Markets Undertaking, was transferred to Zydus Animal Health and Investments Limited (formerly known as Violio Pharmaceuticals and Investments Limited) ("**ZAHL**"), a wholly owned subsidiary company, pursuant to a Definitive Agreement entered into between the Company and ZAHL on March 11, 2020, on a going concern basis, without assigning values to individual assets and liabilities.

ZAHL issued the Private Placement Offer and Application Letter ("**PPOAL**") to the Company to subscribe to 8% Non-Convertible Non-Cumulative Redeemable Preference Shares of ₹ 10/- each ("**Preference Shares**"), which was accepted by the company and was issued and allotted 227,33,50,000 Preference Shares at par, in exchange for transfer of AHB.

iv. Pursuant to two Definitive Agreements, one executed on April 16, 2020 and another executed on April 30, 2020, the Company sold 9,44,233 and 2,31,33,717 Equity Shares of ₹ 10/- each fully paid-up, respectively, representing in aggregate 51% of the total paid-up equity share capital of Windlas Healthcare Private Limited ("**WHPL**") to Windlas Biotech Private Limited ("**WBPL**").

Pursuant to the said divestment, the Company ceases to hold any equity shares in WHPL and consequently, ceases to hold interest in the subsidiary company of WHPL in USA-Windlas Inc. and in the JV company of WHPL in USA-US Pharma Windlas LLC.

INSURANCE:

The Company's plant, properties, equipments and stocks are adequately insured against all major risks. The Company has insurance cover for product liability and clinical trials. The Company has also taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

PUBLIC DEPOSITS:

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

COST ACCOUNTS AND RECORDS:

The Company has made and maintained the cost accounts and records as specified by the Central Government under section 148(1) of the Act and rules made thereunder.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

Details of loans, guarantees and investments covered under section 186 of the Act are given in the notes to the financial statements.

FRAUDS:

During the year, no fraud was reported by the statutory auditors under section 143(12) of the Act.

RELATED PARTY TRANSACTIONS:

All contracts / arrangements / transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. As provided under section 134(3)(h) of the Act and Rules made thereunder disclosure of particulars of material transactions with related parties entered into by the Company in the prescribed format is annexed to this report as **Annexure–A.** Disclosures on related party transactions are set out in Note No. 40 to the financial statements.

The Policy on materiality of related party transactions and dealing with related party transactions may be accessed on the Company's website at the link: https://zyduscadila.com/public/pdf/Policy_on_Related_Party_Transactions_and_dealing_with_Material_Related_Party_Transactions_February_7_2019.pdf

DIRECTORS:

i) Appointment / Re-appointment of Directors:

Ms. Dharmishtaben N. Raval (DIN-02792246) was re-appointed as an Independent Director for the second consecutive term of 5 (five) years, by the shareholders, by way of a Special Resolution, at the Twenty Fourth AGM held on August 9, 2019, from the conclusion of Twenty Fourth AGM till the conclusion of Twenty Ninth AGM in the calendar year 2024.

Mr. Bhadresh K. Shah (DIN-00058177) was appointed as an Independent Director for a period of 5 (five) consecutive years w.e.f. December 6, 2018, by the shareholders, by way of an Ordinary Resolution, at the Twenty Fourth AGM held on August 9, 2019.

While appointing Mr. Bhadresh K. Shah and re-appointing Ms. Dharmishtaben N. Raval as IDs, the Board took into account the integrity, expertise and experience of them. They are not required to give online proficiency test as per the MCA circular dated October 22, 2019.

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee, at its meeting held on June 19, 2020, approved the re-appointment of Mr. Ganesh N. Nayak (DIN:00017481) as the Whole Time Director, to be designated as Chief Operating Officer and Executive Director for a further period of one year w.e.f. July 12, 2020, subject to approval of shareholders at the ensuing AGM. His present appointment will expire on July 12, 2020.

ii) Cessation of ID:

As per the provisions of the Listing Regulations, the tenure of Mr. H. Dhanrajgir, ID (DIN-00004006) was extended till July 30, 2019. In view of the same, he ceased to be the Director of the Company after July 30, 2019.

iii) 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, Managing Director (DIN–00131995) and Mr. Pankaj R. Patel, Non-Executive Chairman (DIN-00131852) will retire by rotation at the ensuing AGM and being eligible, offers themselves for re–appointment. The Board recommends their re–appointment.

iv) Declaration of independence:

The Company has received declarations of independence as stipulated under section 149(7) of the Act and regulation 16(b) of the Listing Regulations, as amended, from Independent Directors ("**IDs**") confirming that they are not disqualified for continuing as an ID. There has been no change in the circumstances affecting their status as an ID.

All the Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs ("**IICA**"). Further, as per the declarations received, none of the Directors of the Company are required to give online proficiency test as per the first proviso to Rule 6(4) of the MCA Notification dated October 22, 2019.

v) Profile of Directors seeking appointment / re–appointment:

As required under regulation 36(3) of the Listing Regulations, particulars of Directors seeking appointment / re–appointment at the ensuing AGM are annexed to the notice convening Twenty Fifth AGM.

vi) Key Managerial Personnel:

The following persons are the Key Managerial Personnel ("**KMP**"):

1. Dr. Sharvil P. Patel, Managing Director,
2. Mr. Ganesh N. Nayak, Executive Director*,
3. Mr. Nitin D. Parekh, Chief Financial Officer, and
4. Mr. Dhaval N. Soni, Company Secretary.

* re-ppointed as the Executive Director for a further period of one year w.e.f. July 12, 2020, subject to approval of shareholders at the ensuing AGM.

vii) Board Evaluation:

Pursuant to provisions of the Act and Rules made thereunder and as provided in Schedule IV to the Act and the Listing Regulations, 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. The manner in which the evaluation was carried out has been provided in the Corporate Governance Report, which is a part of this Annual Report.

viii) Nomination and Remuneration Policy:

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy on selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report, which is a part of this Annual Report.

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 Financial Statements, 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, 2020 and of the profit 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 were operating effectively, and

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

TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND ("IEPF"):

In compliance with the provisions of section 124 and 125 of the Act and rules made thereunder, the Company has transferred 1,86,755 equity shares of 143 shareholders whose dividend has remained unclaimed / unpaid for a consecutive period of 7 (seven) years to the Investor Education and Protection Fund ("**IEPF**").

BOARD MEETINGS:

Information of meetings of the Board of Directors is given in Corporate Governance Report, forming a part of this Annual Report.

AUDIT COMMITTEE:

As provided in section 177(8) of the Act, the information about composition of Audit Committee and other details are given in Corporate Governance Report, forming a part of this Annual Report. The Board has accepted the recommendations of the Audit Committee. The Audit Committee comprises of Mr. Nitin R. Desai, Chairman, Mr. Mukesh M. Patel, Ms. Dharmishtaben N. Raval, Mr. Apurva S. Diwanji, and Mr. Bhadresh K. Shah as members.

CORPORATE GOVERNANCE:

The Company has complied with the Corporate Governance requirements under the Act and as stipulated under the Listing Regulations. A separate section on detailed report on the Corporate Governance practices followed by the Company under the Listing Regulations, along with a certificate from Manoj Hurkat & Associates, practicing Company Secretaries, confirming the compliance forms a part of this Annual Report.

AUDITORS:

i) Statutory Auditors and Audit Report:

Deloitte Haskins & Sells LLP, Chartered Accountants ("**Deloitte**"), are appointed as the Statutory Auditors of the Company for a period of 5 (five) years from the conclusion of Twenty Second AGM till the conclusion of Twenty Seventh AGM.

Deloitte have furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non–audit assignments for the Company.

The Board has duly reviewed the Statutory Auditor's Report of Deloitte and 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 as provided under section 134 of the Act.

ii) Cost Auditors:

Pursuant to the provisions of section 148(3) of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of the Drugs and Pharmaceuticals are required to be audited. The Board had, on the recommendation of the Audit Committee, appointed Dalwadi & Associates, Cost Accountants to audit the cost records of the Company for the Financial Year 2020–2021 on a remuneration of ₹ 1.15 million plus applicable GST and out of pocket expenses on actuals. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members in a general meeting for ratification. Accordingly, a resolution seeking ratification by members for the remuneration payable to Dalwadi & Associates is included at Item No. 5 of the Notice convening Twenty Fifth AGM.

iii) Secretarial Auditors 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 Manoj Hurkat and Associates, a firm of Company Secretaries in Whole–time Practice to undertake the Secretarial Audit of the Company for the Financial Year 2019–2020. The Secretarial Audit Report is annexed herewith as **Annexure–B**. The Board has duly reviewed the Secretarial Auditors' Report and 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 as provided under section 134 of the Act.

BUSINESS RESPONSIBILITY REPORTING:

As per regulation 34(2)(f) of the Listing Regulations, a separate section on Business Responsibility Reporting forms a part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY ("CSR"):

Your Company, being a Pharmaceutical Company, having objective as "Dedicated to Life" has contributed for set-up and running of a Medical College and Hospital at Dahod, as a part of initiatives under "Corporate Social Responsibility" for the year under review. Pursuant to section 135 of the Act and the relevant rules, the Board has constituted a Corporate Social Responsibility ("**CSR**") Committee under the Chairmanship of Mr. Pankaj R. Patel. The other members of the Committee are Ms. Dharmishtaben N. Raval and Dr. Sharvil P. Patel. CSR Policy has been framed and placed on the Company's website. Other details of the CSR activities, as required under section 135 of the Act, are given in the CSR Report at **Annexure–C**.

BUSINESS RISK MANAGEMENT:

Pursuant to the provisions of section 134(3)(n) of the Act and requirements under the Listing Regulations, the Company has constituted a Risk

Management Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report, which forms a part of this Annual Report.

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate them. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks. The Company has formally framed a Risk Management Policy to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure.

Discussion on risks and concerns are covered in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

INTERNAL CONTROL SYSTEM 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, 2020, 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 internal controls whenever the effect of such gaps would have a material effect on the Company's operations.

MANAGING THE RISKS OF FRAUD, CORRUPTION AND UNETHICAL BUSINESS PRACTICES:

i) **Vigil Mechanism / Whistle Blower Policy:**

The Company has established vigil mechanism and framed Whistle Blower Policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy and SEBI Insider Trading Regulations. Whistle Blower Policy is disclosed on the website of the Company.

ii) **Zydus Business Conduct Policy:**

The Company has framed "Zydus Business Conduct Policy" and is monitored by the Sr. Vice President-Human Resources. Every employee is required to review and sign the policy at the time of joining and an undertaking shall be given for adherence to the Policy. The objective of the Policy is to conduct the business in an honest, transparent and ethical manner. The policy provides for anti-bribery and avoidance of other corruption practices by the employees of the Company.

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 made thereunder. The Company has constituted an Internal Complaints Committee as required under the said Act.

The Company always endeavors to create and provide an 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 2019–2020, three complaints were received and all of them were resolved and no complaints were pending as on March 31, 2020. Out of the three cases, in two cases the respondents were recommended separation from the organization after the committee hearing and in one case the complainant did not have a case and the said complaint was found malicious and unsubstantiated.

EXTRACT OF ANNUAL RETURN:

As per the provisions of section 92(3) of the Act, an extract of the Annual Return in the prescribed form MGT–9 is attached as **Annexure–D** and the same is also available on the website of the company, the link of which is www.zyduscadila.com.

PARTICULARS OF EMPLOYEES:

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure–E**.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

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 rule 8(3) of the Companies (Accounts) Rules, 2014, is provided in **Annexure–F** and forms a part of this Annual Report.

GENERAL DISCLOSURES:

Your Directors state that the Company has made disclosures in this report for 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.

Apart from what are mentioned in this report, 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.

ACKNOWLEDGMENT:

Your Directors place on record their sincere appreciation for the continued co-operation and support extended to the Company by various Banks. Your Directors also thank the Medical Profession, the Trade and Consumers for their patronage to the Company's products. Your Directors also place on record sincere appreciation of the continued hard work put in by the employees at all levels. The Directors also thank the Company's vendors, investors, business associates, Stock Exchanges, Government of India, State Government and various departments and agencies for their support and co-operation.

On behalf of the Board of Directors

Place : Ahmedabad
Date : June 19, 2020

Pankaj R. Patel
Chairman

ANNEXURE–A

FORM NO. AOC–2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Act, including certain arm's length transactions under third proviso thereto.

A. Details of contracts or arrangements or transactions not on an arm's length basis:

There were no contracts or arrangements or transactions entered into with related parties during the year, which were not on an arm's length basis.

B. Details of material contracts or arrangements or transactions on an arm's length basis:

Sr. No.	Name of the Related Party and Nature of Relationship	Nature of contract / arrangement or transaction	Duration of contract / arrangement or transaction	Salient terms of the contract / arrangement or transaction, including value, if any.	Dates of approval by the Board of Directors	Amount paid as advance, if any.
1.	Zydus Pharmaceuticals USA Inc., USA ("**ZPUI**") (wholly owned subsidiary company)	Supply and Distribution Agreement	On-going	Pricing of supply of products based on relevant guidelines of transfer pricing.	May 12, 2015	Nil

On behalf of the Board of Directors

Place : Ahmedabad
Date : June 19, 2020

Pankaj R. Patel
Chairman

ANNEXURE–B

SECRETARIAL AUDIT REPORT

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members of
CADILA HEALTHCARE LIMITED
(CIN: L24230GJ1995PLC025878)
'Zydus Corporate Park', Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near Vaishnodevi Circle,
Sarkhej - Gandhinagar Highway,
Ahmedabad – 382481

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CADILA HEALTHCARE LIMITED** (hereinafter called the "**Company**"). 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 our 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 authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 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 for the financial year ended on March 31, 2020 according to the provisions of:

I. The Companies Act, 2013 ("the **Act**") and the Rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") 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**") to the extent applicable to the Company:-

   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, 2018;

   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 Act and dealing with client;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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

   I. Secretarial Standards issued by The Institute of Company Secretaries of India, and

   II. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

   We hereby report that during the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

VI. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the provisions of The Drugs and Cosmetics Act, 1940 and Rules made thereunder, as is specifically applicable to the Company.

   We further report that:

a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b) Adequate notice is given to all Directors to schedule the Board Meetings at least seven days in advance. Agenda and detailed notes on agenda were also sent to all Directors 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.

c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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 applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

a) Zydus Healthcare Limited ("**ZHL**"), a wholly owned subsidiary of the Company demerged the business pertaining to Generic & Spectrum Division to German Remedies Pharmaceuticals Private Limited (Earlier known as Acme Pharmaceuticals Private Limited) (a deemed public company), another wholly owned subsidiary of the Company under the Scheme of Arrangement pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 which was approved by the Hon'ble NCLT-Ahmedabad Bench vide its Order dated December 19, 2019.

b) Zydus Technologies Limited ("**ZTL**"), Alidac Pharmaceuticals Limited ("**APL**"), Liva Pharmaceuticals Limited ("**LPL**") and Dialforhealth India Limited ("**DHIL**"), the wholly owned subsidiary companies, were amalgamated into the Company, pursuant to the sanction of Scheme of Amalgamation under Sections 230 to 232 of the Companies Act, 2013, by The Hon'ble NCLT-Ahmedabad Bench, vide its Order dated March 16, 2020. The said Order has been filed by all the concerned companies with the ROC, Gujarat on March 31, 2020.

c) Pursuant to the definitive agreement entered into by the Company on March 11, 2020 with its subsidiary Zydus Animal Health and Investments Limited ("**ZAHL**") (formerly known as Violio Pharmaceuticals and Investments Limited) to achieve certain strategic and commercial objectives, the Company's Animal Healthcare Business ("**AHB**") comprising of two undertakings viz. Animal Healthcare Established Markets Undertaking ("**AHESTM**") and Animal Healthcare Emerging Markets Undertaking ("**AHEMGM**") has been transferred to and vested in ZAHL on a going concern basis in exchange of 8% Non-cumulative Non-convertible Redeemable Preference Shares of ₹ 10/- each issued at face value ("**ZAHL Preference Shares**") on a lump sum basis, without values being assigned to individual assets and liabilities.

Accordingly, ZAHL has issued 220,00,00,000 ZAHL Preference Shares, aggregating to ₹ 22,000.00 million in exchange of the said transfer of AHESTM and 7,33,50,000 ZAHL Preference Shares, aggregating to ₹ 733.50 million in exchange of the said transfer of AHEMGM, to the Company.

The Closing Date for said transfer was March 20, 2020 being the date on which certain conditions precedent specified in the agreement have been fulfilled. The Company and ZAHL are in the process of fulfilment of other conditions including conditions subsequent specified in the agreement.

For, **MANOJ HURKAT AND ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800

MANOJ R HURKAT
Partner
FCS No. 4287; C P No.: 2574
UDIN: F004287B000346057

Place : Ahmedabad
Date : June 19, 2020

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

ANNEXURE A

To,
The Members of
CADILA HEALTHCARE LIMITED
(CIN: L24230GJ1995PLC025878)
'Zydus Corporate Park', Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near Vaishnodevi Circle,
Sarkhej - Gandhinagar Highway,
Ahmedabad – 382481

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 and cost records of the Company.

4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, secretarial records and other factual position which cannot be otherwise verified etc. wherever required or necessary.

5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of the same 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.

For, **MANOJ HURKAT AND ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800

MANOJ R HURKAT
Partner
FCS No. 4287; C P No.: 2574
UDIN: F004287B000346057

Place : Ahmedabad
Date : June 19, 2020

ANNEXURE–C

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 and a reference to a web–link to the CSR Policy and projects or programs.**

   The Company has framed a CSR Policy in compliance with the provisions of section 135 of the Act and is placed on the website of the Company. Visit the web-link https://zyduscadila.com/public/pdf/CSR_Policy.pdf for more information on the CSR Policy.

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

   i) Swasthya–Health, Safety and Environment,

   ii) Shiksha and Sodh–Education, Knowledge Enhancement and Research, and

   iii) Saath–Social care, concern and outreach in times of emergencies.

   The Board of Directors, on the recommendation of CSR Committee, approved the CSR spending, apart from others, on providing financial support for creating additional infrastructure / renovations and other assistance to Zydus Foundation, a section 8 Company, which runs hospital and medical college. The said institution provides hospital services to the patients. The medical college provides education and facilities to the medical students. The objectives of the institution include, amongst others, to help the marginalized and economically weaker section people of the society.

2. **Composition of the CSR Committee.**

   Mr. Pankaj R. Patel – Chairman,

   Dr. Sharvil P. Patel – Member, and

   Ms. Dharmishtaben N. Raval – Member.

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

   ₹ 10,748.00 million

4. **Prescribed CSR expenditure (2% of the amount as in item No. 3 above).**

   ₹ 214.97 million

5. **Details of CSR spent during the financial year.**

   a. Total amount to be spent during the financial year- ₹ 214.97 million

   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 Programs (1) Local area or other, (2) Specify the State and district where project or programs were undertaken.	Amount outlay (Budget) Project or Program-wise ₹ in million	Amt. spent on the Projects or Programs Sub-heads: (1) Direct expenditure on projects or programs, (2) Overheads ₹ in million	Cumulative expenditure upto the reporting period ₹ in million	Amount spent: Direct or through implementing Agency
1.	Healthcare and Education	Promotion of Healthcare and Education	Dahod, Gujarat	219.88	219.88	435.38	Directly to Zydus Foundation[1]
2.	Education	Promotion of Education	Ahmedabad Gujarat	0.2	0.2	0.2	Implementing Agency[2]
Total				220.08	220.08	435.58	

[1] A wholly owned subsidiary, section 8 company, operating and maintaining hospital and medical college at Dahod.

[2] The Company has contributed the amount and monitors the actual spending by Association of Colon and Rectal Surgeons of India.

d. Responsibility Statement:

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

On behalf of the Board of Directors

Place : Ahmedabad
Date : June 19, 2020

Pankaj R. Patel
Chairman–CSR Committee

Sharvil P. Patel
Managing Director

ANNEXURE–D

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on March 31, 2020

(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	L24230GJ1995PLC025878
Registration Date	May 15, 1995
Name of the Company	Cadila Healthcare Limited
Category / Sub-Category of the Company	Public Limited Company, Limited by shares
Address of the Registered Office and Contact details	"Zydus Corporate Park", Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), Sarkhej-Gandhinagar Highway, Ahmedabad–382481 Phone: +91-79-71800000; +91-79-48040000 www.zyduscadila.com
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited 5th Floor, 506 to 508, Amarnath Business Centre–1 (ABC–1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off C. G. Road, Navrangpura, Ahmedabad–380 006. Phone: 079–26465179 Fax No. 079–26465179 Email: ahmedabad@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Pharmaceutical Products	21001	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name of the Company	Address	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Zydus Wellness Limited	Zydus Corporate Park, Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), Sarkhej-Gandhinagar Highway, Ahmedabad-382481.	L15201GJ1994PLC023490	Subsidiary	63.55	2(87)(ii)
2	Zydus Healthcare Limited		U51900GJ1989PLC079501		100	
3	Zydus Animal Health And Investments Limited [1]		U24236GJ2018PLC102269		100	
4	Zydus Wellness Products Limited [2]		U15400GJ2019PLC106866		63.55	
5	Zydus Foundation		U85300GJ2019NPL105919		100	
6	Zydus Pharmaceuticals Limited [3]		U24290GJ2019PLC111689		100	
7	Dialforhealth Unity Limited		U51390GJ2005PLC046314		55	
8	Dialforhealth Greencross Limited		U51397GJ2005PLC061284		100	
9	Liva Investment Limited		U65999GJ2018PLC105763		63.55	
10	Liva Nutritions Limited		U15149GJ2018PLC105736		63.55	
11	Biochem Pharmaceutical Private Limited		U24304GJ2017PTC097977		100	

Sr. No.	Name of the Company	Address	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
12	German Remedies Pharmaceuticals Private Limited [4]	PF 61 and 62, Sanand Industrial Estate, Sanand, Ahmedabad.	U24230GJ2010PTC063425	Subsidiary	100	2(87)(ii)
13	Violio Healthcare Limited	House No. 3, Sigma Commerce Zone, Nr. Iscon Temple, Ahmedabad – 380 015.	U24236GJ2018PLC102269	Subsidiary	100	2(87)(ii)
14	Windlas Healthcare Private Limited	Plot No. 183 & 192, Mohabewala Industrial Area, Dehradun–248110, Uttarakhand.	U85100UR2010PTC033065	Subsidiary	N.A. [5]	2(87)(ii)
15	Zydus International Private Limited, Ireland	FDW House, Blackthorn Business Park, Coes Road, Dundalk, Co. Louth, Ireland.	N.A.	Subsidiary	100	2(87)(ii)
16	Zydus Healthcare SA (Pty.) Ltd., South Africa	Southdowns Office Park, 22, Karee Street, Centurion, Pretoria 0157.	Not Applicable	Subsidiary	100	2(87)(ii)
17	Simayla Pharmaceuticals (Pty) Limited, South Africa	Southdowns Office Park, 22, Karee Street, Centurion, Pretoria 0157.	Not Applicable	Subsidiary	100	2(87)(ii)
18	Script Management Services (Pty.) Limited, South Africa	Southdowns Office Park, 22, Karee Street, Centurion, Pretoria 0157.	Not Applicable	Subsidiary	100	2(87)(ii)
19	Zydus Pharmaceuticals USA Inc., USA	73 Route 31 N, Pennington, NJ 08534.	Not Applicable	Subsidiary	100	2(87)(ii)
20	Zydus Healthcare USA LLC, USA	73 Route 31 N, Pennington, NJ 08534.	Not Applicable	Subsidiary	100	2(87)(ii)
21	Zyvet Animal Health Inc., USA	73 Route 31 N, Pennington, NJ 08534.	Not Applicable	Subsidiary	100	2(87)(ii)
22	Zydus Noveltech Inc., USA	1775, Williston Road, Suite 210, South Burlington, VT 05403.	Not Applicable	Subsidiary	100[6]	2(87)(ii)
23	Nesher Pharmaceuticals (USA) LLC, USA	120, South Central Avenue, Clayton, Missouri-63105, State of Missouri.	Not Applicable	Subsidiary	100	2(87)(ii)
24	Hercon Pharmaceuticals LLC, USA (Sole Member Zydus Noveltech Inc.)	101 Sinking Springs Lane, Emigsville PA 17318, United States of America.	Not Applicable	Subsidiary	100	2(87)(ii)
25	Sentynl Therapeutics Inc., USA	420, Stevens Avenue, Suite 200, Salona Beach, CA 92075.	Not Applicable	Subsidiary	100	2(87)(ii)
26	Windlas Inc., USA	325 Sharon Park Drive PMB # 202, Menlo Park, CA 94025.	Not Applicable	Subsidiary	N.A.[7]	2(87)(ii)
27	Viona Pharmaceuticals Inc., USA	58, Buckthorn Court, Paramus, New Jersey 07652.	Not Applicable	Subsidiary	100	2(87)(ii)
28	Zydus France SAS, France	25, Batiment L, ZAC des Hautes Patures, Rue des Peupliers, 92752 NANTEREE, France.	Not Applicable	Subsidiary	100	2(87)(ii)
29	Zydus Netherlands BV, The Netherlands	Amerika Building, Hoogoorddreef, 15, 1101, BA, Amsterdam, Netherlands.	Not Applicable	Subsidiary	100	2(87)(ii)
30	Zydus Nikkho Farmaceutica Ltda., Brazil	Estrada Governador Chagas Freitas, 340, Ilha do Governador, Rio de Janeiro RJ, CEP 21932-820.	Not Applicable	Subsidiary	100	2(87)(ii)
31	Laboratorios Combix, S. L., Spain	C/ Badajoz, 2, Pozuelo de Alarcon, 28223 Madrid, Spain.	Not Applicable	Subsidiary	100	2(87)(ii)
32	Etna Biotech S.R.L., Italy	Stradale V. Lancia, 57, 95121, Catania-Italy.	Not Applicable	Subsidiary	100	2(87)(ii)

Sr. No.	Name of the Company	Address	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
33	Zydus Lanka (Private) Limited, Sri Lanka	Level 26 & 34, East Tower, World Trade Centre, Echelon Square, Colombo 01, Sri Lanka.	Not Applicable	Subsidiary	100	2(87)(ii)
34	Zydus Healthcare Philippines Inc., Philippines	Unit Nos. 903 & 904, Corner 9th Avenue, 32nd Street, Fort Bonifacio Global City, Taguig, Philippine–1634.			100	
35	Zydus Worldwide DMCC, Dubai	Unit No. 909, Armada Tower 2, Plot No. PH2-P2, Jumeirah Lakes Towers, Dubai, United Arab Emirates.			100	
36	Zydus Discovery DMCC, Dubai	Unit No. 908, Armada Tower 2, Plot No. PH2-P2, Jumeirah Lakes Towers, Dubai, United Arab Emirates.			100	
37	Zydus Wellness International DMCC, Dubai				63.55	
38	Zydus Pharmaceuticals Mexico, S. A. De CV, Mexico	Carretera Picacho Ajusco 154, Oficina 601-B Col. Jardines en la Montana, Del. Tlalpan, C. P. 14210, Mexico D.F.			100	
39	Zydus Pharmaceuticals Mexico Services Company S.A. De CV, Mexico				100	
40	Alidac Healthcare (Myanmar) Limited, Myanmar	Plot No. B 19, Thilawa SEZ Zone A, Yangon Region, Myanmar.			100	
41	Zydus Takeda Healthcare Private Limited	C-4, MIDC, Village: Pawne, Thane Belapur Road, Navi Mumbai–400705.	U24231MH1999PTC119171	Associate	50	2(87)
42	Zydus Hospira Oncology Private Limited	Plot No. 3, Pharmez, Special Economic Zone, Sarkhej-Bavla Highway, Village–Matoda, Taluka–Sanand, Dist. Ahmedabad–382210.	U24230GJ2005PTC046246		50	
43	Bayer Zydus Pharma Private Limited	Bayer House, Central Avenue, Hiranandani Gardens, Powai, Mumbai–400076.	U24233MH2011PTC213118		24.999998	
44	US Pharma Windlas LLC, USA	115 Blue Jay Dr Ste. 101, Liberty Clay County, Missouri, MO 64068	Not Applicable		N.A.[8]	

1 *The Company was incorporated in the name of Violio Pharmaceuticals Limited, whose name was changed to Violio Pharmaceuticals and Investments Limited on February 21, 2020 and lastly name was changed to Zydus Animal Health and Investments Limited on March 9, 2020.*

2 *Name changed from Zydus Nutritions Limited on June 4, 2019.*

3 *Incorporated as a wholly owned subsidiary company of the Company in the name of Alidac Healthcare Limited on December 26, 2019. Later on, the name was changed to Zydus Pharmaceuticals Limited on January 24, 2020.*

4 *Name changed from Acme Pharmaceuticals Private Limited on November 14, 2019.*

5 *Pursuant to two Definitive Agreements, one executed on April 16, 2020 and another executed on April 30, 2020, the Company sold 9,44,233 and 2,31,33,717 Equity Shares of ₹ 10/- each fully paid-up, respectively, representing in aggregate 51% of the total paid-up equity share capital, of Windlas Healthcare Private Limited ("**WHPL**") to Windlas Biotech Private Limited ("**WBPL**"). As on the date of this report, the Company does not hold any shares of WHPL.*

6 *Acquired balance 15% common stock on November 13, 2019 and in view of the same, ZNI became the WOS of the Company.*

7 *Consequent to the divestment as mentioned in point No. 5 above, the Company ceases to hold interest in the subsidiary company of WHPL in USA-Windlas Inc.*

8 *Consequent to the divestment as mentioned in point No. 5 above, the Company ceases to hold interest in the JV company of WHPL in USA-US Pharma Windlas LLC.*

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS A 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	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	765672230	-	765672230	74.79	766516434	-	766516434	74.87	+0.08
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	18000	-	18000	-	18000	-	18000	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	**765690230**	**-**	**765690230**	**74.79**	**766534434**	**-**	**766534434**	**74.87**	**+0.08**
(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)	**765690230**	**-**	**765690230**	**74.79**	**766534434**	**-**	**766534434**	**74.87**	**+0.08**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	54360456	13140	54373596	5.31	75075011	-	75075011	7.33	+2.02
b) Banks / FI	38374697	5415	38380112	3.75	43573469	5415	43578884	4.26	+0.51
c) Central Govt.	1295116	-	1295116	0.13	1475658	-	1475658	0.14	+0.01
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	12559003	-	12559003	1.23	+1.23
g) FIIs / Foreign Portfolio Investor	83087541	-	83087541	8.12	45142529	-	45142529	4.41	-3.71
h) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
i) Alternate Investment Funds	9100	-	9100	-	833041	-	833041	0.08	+0.08
j) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	**177126910**	**18555**	**177145465**	**17.31**	**178658711**	**5415**	**178664126**	**17.45**	**+0.14**
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	13255132	-	13255132	1.29	10498133	-	10498133	1.03	-0.26
ii) Overseas	-	1305	1305	-	-	1305	1305	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto 1 Lakh	41523677	3550697	45074374	4.40	42425883	2889317	45315200	4.43	+0.03
ii) Individual shareholders holding nominal share capital in excess of 1 Lakh	12410991	-	12410991	1.21	11892841	-	11892841	1.16	-0.05

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	
c) Others (specify)									
i) IEPF	1020946	-	1020946	0.10	1203201	-	1203201	0.12	+0.02
ii) Other Foreign Nations	-	-	-	-	-	-	-	-	-
iii) Trust Employees	175	-	175	-	2175	-	2175	-	-
iv) NRI / OCBs	2647316	10200	2657516	0.26	2718128	9450	2727578	0.27	+0.01
v) Clearing Members/ Clearing House	550539	-	550539	0.05	1130933	-	1130933	0.11	+0.06
vi) Trusts	3914623	-	3914623	0.38	3691116	-	3691116	0.36	-0.02
vii) Hindu Undivided Family	1889573	-	1889573	0.18	1975118	-	1975118	0.19	+0.01
viii) Limited Liability Partnership	-	-	-	-	-	-	-	-	-
ix) Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
x) NBFCs registered with RBI	131731	-	131731	0.01	106440	-	106440	0.01	-
Sub-Total (B)(2):	**77344703**	**3562202**	**80906905**	**7.90**	**75643968**	**2900072**	**78544040**	**7.68**	**0.21**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**254471613**	**3580757**	**258052370**	**25.21**	**254302679**	**2905487**	**257208166**	**25.13**	**-0.08**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**1020161843**	**3580757**	**1023742600**	**100.00**	**1020837113**	**2905487**	**1023742600**	**100.00**	**-**

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	
Zydus Family Trust	765537230	74.78	Nil	766381434	74.86	Nil	+0.08%
Pripan Investment Private Limited	18000	0.002	Nil	18000	0.002	Nil	-
Shivani Pankajbhai Patel jointly Pankajbhai Ramanbhai Patel	15000	0.001	Nil	15000	0.001	Nil	-
Pankajbhai Ramanbhai Patel jointly Pritiben Pankajbhai Patel	15000	0.001	Nil	15000	0.001	Nil	-
Pankajbhai Ramanbhai Patel (HUF)	30000	0.002	Nil	30000	0.002	Nil	-
Pritiben Pankajbhai Patel jointly Pankajbhai Ramanbhai Patel	15000	0.001	Nil	15000	0.001	Nil	-
Pankajbhai Ramanbhai Patel jointly Pritiben Pankajbhai Patel (R. B. Patel Will Pankaj Trust)	15000	0.001	Nil	15000	0.001	Nil	-
Pankajbhai Ramanbhai Patel jointly Sharvil Pankajbhai Patel (P. R. Patel Smaller HUF)	15000	0.001	Nil	15000	0.001	Nil	-
Sharvil Pankajbhai Patel	15000	0.001	Nil	15000	0.001	Nil	-
Pankaj Ramanbhai Patel jointly Sharvil Pankajbhai Patel (Taraben Patel Family Will Trust)	15000	0.001	Nil	15000	0.001	Nil	-
Total	**765690230**	**74.79**	**Nil**	**766534434**	**74.87**	**Nil**	**+0.08%**

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
	Zydus Family Trust			
At the beginning of the year	76,55,37,230 – 74.78%			
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	Purchased shares of the Company from Open Market, under creeping acquisition, on various dates as under: 29.08.2019 – 2,08,908 (0.02%) 30.08.2019 – 1,15,225 (0.01%) 03.09.2019 – 2,51,848 (0.02%) 04.09.2019 – 2,68,223 (0.03%) **Total – 8,44,204**			
At the end of the year	76,63,81,434 – 74.86%			

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

Sr. No.	Name of the Shareholder	Date wise increase / decrease: Date	Increase / decrease	% of total share capital	Cumulative shareholding	% of total share capital
1.	**Life Insurance Corporation of India**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**28783606**	**2.81**
		09.08.2019	592819	0.06	29376425	2.87
		16.08.2019	1060154	0.10	30436579	2.97
		23.08.2019	2166555	0.21	32603134	3.18
		30.08.2019	1542755	0.16	34145889	3.34
		06.09.2019	592942	0.05	34738831	3.39
		13.09.2019	350000	0.04	35088831	3.43
		20.09.2019	756214	0.07	35845045	3.50
		27.09.2019	186221	0.01	36031266	3.51
		04.10.2019	248507	0.03	36279773	3.54
		11.10.2019	906816	0.09	37186589	3.63
		18.10.2019	619183	0.06	37805772	3.69
		20.03.2020	248143	0.03	38053915	3.72
		27.032020	33542	-	38087457	3.72
		At the end of the year			**38087457**	**3.72**
2.	**Kotak Standard Multicap Fund**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**10824602**	**1.05**
		05.04.2019	156800	0.02	10981402	1.07
		12.04.2019	-88000	-0.01	10893402	1.06
		19.04.2019	114400	0.02	11007802	1.08
		26.04.2019	75200	0.00	11083002	1.08
		03.05.2019	88000	0.01	11171002	1.09
		10.05.2019	27543	0.00	11198545	1.09
		17.05.2019	161100	0.02	11359645	1.11
		24.05.2019	2099009	0.20	13458654	1.31
		31.05.2019	1059000	0.11	14517654	1.42
		07.06.2019	1731400	0.17	16249054	1.59
		14.06.2019	2324589	0.22	18573643	1.81

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
		21.06.2019	728240	0.08	19301883	1.89
		29.06.2019	209600	0.02	19511483	1.91
		05.07.2019	5957	0.00	19517440	1.91
		12.07.2019	618400	0.06	20135840	1.97
		19.07.2019	-419200	-0.04	19716640	1.93
		26.07.2019	-20700	0.00	19695940	1.93
		02.08.2019	116800	0.01	19812740	1.94
		09.08.2019	-295368	-0.03	19517372	1.91
		16.08.2019	70000	0.00	19587372	1.91
		23.08.2019	83200	0.01	19670572	1.92
		30.08.2019	-140000	-0.01	19530572	1.91
		06.09.2019	-105600	-0.01	19424972	1.90
		13.09.2019	24000	0.00	19448972	1.90
		20.09.2019	-211200	-0.02	19237772	1.88
		27.09.2019	68053	0.00	19305825	1.88
		30.09.2019	90949	0.01	19396774	1.89
		04.10.2019	127702	0.02	19524476	1.91
		11.10.2019	-78100	-0.01	19446376	1.90
		18.10.2019	180800	0.02	19627176	1.92
		25.10.2019	44800	0.00	19671976	1.92
		01.11.2019	-134400	-0.01	19537576	1.91
		08.11.2019	-397600	-0.04	19139976	1.87
		15.11.2019	148400	0.01	19288376	1.88
		22.11.2019	249911	0.03	19538287	1.91
		29.11.2019	195900	0.02	19734187	1.93
		06.12.2019	-165777	-0.02	19568410	1.91
		13.12.2019	-280000	-0.03	19288410	1.88
		20.12.2019	134200	0.01	19422610	1.89
		27.12.2019	62200	0.00	19484810	1.89
		31.12.2019	26400	0.00	19511210	1.89
		03.01.2020	52681	0.00	19563891	1.89
		10.01.2020	47159	0.00	19611050	1.89
		17.01.2020	498364	0.07	20109414	1.96
		24.01.2020	1415319	0.14	21524733	2.10
		31.01.2020	383600	0.04	21908333	2.14
		07.02.2020	426000	0.04	22334333	2.18
		14.02.2020	-8800	0.00	22325533	2.18
		21.02.2020	289400	0.03	22614933	2.21
		28.02.2020	-715400	-0.07	21899533	2.13
		06.03.2020	107542	0.01	22007075	2.14
		13.03.2020	-120300	-0.01	21886775	2.13
		20.03.2020	-194300	-0.02	21692475	2.11
		27.03.2020	348900	0.04	22041375	2.15
		At the end of the year			**22041375**	**2.15**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
3.	**Franklin India Equity Fund**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**16053175**	**1.57**
		05.04.2019	50000	0.00	16103175	1.57
		03.05.2019	20000	0.00	16123175	1.57
		17.05.2019	20000	0.00	16143175	1.57
		31.05.2019	40000	0.01	16183175	1.58
		29.06.2019	570000	0.06	16753175	1.64
		12.07.2019	50000	0.00	16803175	1.64
		19.07.2019	-114295	-0.01	16688880	1.63
		13.09.2019	-385705	-0.04	16303175	1.59
		27.09.2019	-200000	-0.02	16103175	1.57
		08.11.2019	100000	0.01	16203175	1.58
		15.11.2019	-148800	-0.02	16054375	1.56
		22.11.2019	100000	0.01	16154375	1.57
		29.11.2019	300000	0.03	16454375	1.60
		17.01.2020	-170774	-0.02	16283601	1.58
		24.01.2020	-673477	-0.06	15610124	1.52
		31.01.2020	169251	0.02	15779375	1.54
		07.02.2020	-821234	-0.08	14958141	1.46
		14.02.2020	-319251	-0.04	14638890	1.42
		28.02.2020	-180749	-0.03	14458141	1.41
		06.03.2020	100000	0.01	14558141	1.42
		13.03.2020	1066494	0.10	15624635	1.52
		20.03.2020	-892545	-0.09	14732090	1.43
		27.03.2020	-1976344	-0.18	12755746	1.25
		31.03.2020	-150000	-0.02	12605746	1.23
		At the end of the year			**10824602**	**1.06**
4.	**Government Pension Fund Global**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**11528842**	**1.13**
		At the end of the year			**11528842**	**1.13**
5.	**ICICI Prudential Value Discovery Fund**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**3636666**	**0.36**
		05.04.2019	1761	0.00	3638427	0.36
		12.04.2019	2308	0.00	3640735	0.36
		19.04.2019	368	0.00	3641103	0.36
		26.04.2019	2386	0.00	3643489	0.36
		03.05.2019	6454	0.00	3649943	0.36
		10.05.2019	-183	0.00	3649760	0.36
		17.05.2019	19741	0.00	3669501	0.36
		24.05.2019	1210152	0.12	4879653	0.48
		31.05.2019	-198156	-0.02	4681497	0.46
		07.06.2019	-254	0.00	4681243	0.46
		14.06.2019	3055	0.00	4684298	0.46

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
		21.06.2019	632799	0.06	5317097	0.52
		29.06.2019	969882	0.09	6286979	0.61
		05.07.2019	-5214	0.00	6281765	0.61
		12.07.2019	-13388	0.00	6268377	0.61
		19.07.2019	1210	0.00	6269587	0.61
		26.07.2019	2013	0.00	6271600	0.61
		02.08.2019	3243	0.00	6274843	0.61
		09.08.2019	33148	0.00	6307991	0.61
		16.08.2019	100562	0.01	6408553	0.62
		23.08.2019	3625	0.00	6412178	0.62
		30.08.2019	-652	0.00	6411526	0.62
		06.09.2019	101920	0.01	6513446	0.63
		13.09.2019	-4576	0.00	6508870	0.63
		20.09.2019	-17091	0.00	6491779	0.63
		27.09.2019	14068	0.00	6505847	0.63
		30.09.2019	-9303	0.00	6496544	0.63
		04.10.2019	9505	0.00	6506049	0.63
		11.10.2019	-7409	0.00	6498640	0.63
		18.10.2019	78451	0.01	6577091	0.64
		25.10.2019	-2165	0.00	6574926	0.64
		01.11.2019	-251110	-0.02	6323816	0.62
		08.11.2019	-13154	0.00	6310662	0.62
		15.11.2019	-3573	0.00	6307089	0.62
		22.11.2019	-332032	-0.04	5975057	0.58
		29.11.2019	-15981	0.00	5959076	0.58
		06.12.2019	4536871	0.45	10495947	1.03
		13.12.2019	1463011	0.14	11958958	1.17
		20.12.2019	1503	0.00	11960461	1.17
		27.12.2019	-5105	0.00	11955356	1.17
		31.12.2019	400	0.00	11955756	1.17
		03.01.2020	-3239	0.00	11952517	1.17
		10.01.2020	255140	0.02	12207657	1.19
		17.01.2020	-334358	-0.03	11873299	1.16
		24.01.2020	-623338	-0.06	11249961	1.10
		31.01.2020	-770270	-0.08	10479691	1.02
		07.02.2020	-182310	-0.01	10297381	1.01
		14.02.2020	2630	0.00	10300011	1.01
		21.02.2020	1874	0.00	10301885	1.01
		28.02.2020	-634027	-0.07	9667858	0.94
		06.03.2020	3258	0.00	9671116	0.94
		13.03.2020	74397	0.01	9745513	0.95
		20.03.2020	434262	0.5	10179775	1.00
		27.03.2020	6621	0.00	10186396	1.00
		31.03.2020	594	0.00	10186990	1.00
		At the end of the year			**10186990**	**1.00**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
6.	UTI – Equity Fund					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**7535328**	**0.74**
		05.04.2019	104247	0.01	7639575	0.75
		12.04.2019	4983	0.00	7644558	0.75
		19.04.2019	1634	0.00	7646192	0.75
		26.04.2019	4435	0.00	7650627	0.75
		03.05.2019	451	0.00	7651078	0.75
		10.05.2019	73177	0.00	7724255	0.75
		17.05.2019	11241	0.00	7735496	0.75
		24.05.2019	1294910	0.13	9030406	0.88
		31.05.2019	663640	0.06	9694046	0.94
		07.06.2019	174581	0.02	9868627	0.96
		14.06.2019	183039	0.02	10051666	0.98
		21.06.2019	177059	0.02	10228725	1.00
		29.06.2019	173273	0.02	10401998	1.02
		05.07.2019	7839	0.00	10409837	1.02
		12.07.2019	8136	0.00	10417973	1.02
		19.07.2019	3295	0.00	10421268	1.02
		26.07.2019	91887	0.01	10513155	1.03
		02.08.2019	-6317	0.00	10506838	1.03
		09.08.2019	991	0.00	10507829	1.03
		16.08.2019	584	0.00	10508413	1.03
		23.08.2019	32757	0.00	10541170	1.03
		30.08.2019	218224	0.02	10759394	1.05
		06.09.2019	-211398	-0.02	10547996	1.03
		13.09.2019	-149691	-0.02	10398305	1.01
		20.09.2019	-17998	0.00	10380307	1.01
		27.09.2019	-1697	0.00	10378610	1.01
		30.09.2019	4834	0.00	10383444	1.01
		04.10.2019	-143664	-0.01	10239780	1.00
		11.10.2019	6995	0.00	10246775	1.00
		18.10.2019	3267	0.00	10250042	1.00
		25.10.2019	758	0.00	10250800	1.00
		01.11.2019	16403	0.00	10267203	1.00
		08.11.2019	-166	0.00	10267037	1.00
		15.11.2019	-39696	0.00	10227341	1.00
		22.11.2019	1361	0.00	10228702	1.00
		29.11.2019	-7	0.00	10228695	1.00
		06.12.2019	1614	0.00	10230309	1.00
		13.12.2019	1843	0.00	10232152	1.00
		20.12.2019	-38966	0.00	10193186	1.00
		27.12.2019	-12543	0.00	10180643	1.00
		31.12.2019	-444	0.00	10180199	1.00
		03.01.2020	-4023	0.00	10176176	1.00
		10.01.2020	1828	0.00	10178004	1.00
		17.01.2020	-179335	-0.02	9998669	0.98
		24.01.2020	-267287	-0.03	9731382	0.95

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
		31.01.2020	-11622	0.00	9719760	0.95
		07.02.2020	-168986	-0.02	9550774	0.93
		14.02.2020	475	0.00	9551249	0.93
		21.02.2020	660	0.00	9551909	0.93
		28.02.2020	-547341	-0.05	9004568	0.88
		06.03.2020	10027	0.00	9014595	0.88
		13.03.2020	6848	0.00	9021443	0.88
		20.03.2020	-13134	0.00	9008309	0.88
		27.03.2020	-125687	-0.01	8882622	0.87
		31.03.2020	-293964	-0.03	8588658	0.84
		At the end of the year			**8588658**	**0.84**
7.	**Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Midcap Fund**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**1442027**	**0.14**
		05.04.2019	-2077	0.00	1439950	0.14
		12.04.2019	408	0.00	1440358	0.14
		26.04.2019	-306	0.00	1440052	0.14
		24.05.2019	102	0.00	1440154	0.14
		31.05.2019	717000	0.07	2157154	0.21
		07.06.2019	287658	0.03	2444812	0.24
		14.06.2019	75000	0.01	2519812	0.25
		29.06.2019	200000	0.02	2719812	0.27
		19.07.2019	755800	0.07	3475612	0.34
		26.07.2019	100100	0.01	3575712	0.35
		02.08.2019	45600	0.00	3621312	0.35
		09.08.2019	200	0.00	3621512	0.35
		16.08.2019	-200600	-0.02	3420912	0.33
		06.09.2019	3500	0.00	3424412	0.33
		13.09.2019	499172	0.05	3923584	0.38
		20.09.2019	99	0.00	3923683	0.38
		27.09.2019	215048	0.02	4138731	0.40
		11.10.2019	-895	0.00	4137836	0.40
		22.11.2019	291585	0.03	4429421	0.43
		29.11.2019	-7655	0.00	4421766	0.43
		06.12.2019	-40	0.00	4421726	0.43
		17.01.2020	95	0.00	4421821	0.43
		24.01.2020	-696	0.00	4421125	0.43
		31.01.2020	118000	0.01	4539125	0.44
		07.02.2020	279	0.00	4539404	0.44
		14.02.2020	827982	0.08	5367386	0.52
		28.02.2020	482438	0.05	5849824	0.57
		06.03.2020	100000	0.01	5949824	0.58
		13.03.2020	300000	0.03	6249824	0.61
		20.03.2020	200000	0.02	6449824	0.63
		31.03.2020	505	0.00	6450329	0.63
		At the end of the year			**6450329**	**0.63**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
8.	**Bajaj Allianz Life Insurance Company Ltd.**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**287000**	**0.03**
		09.08.2019	63000	0.00	350000	0.03
		30.08.2019	25000	0.00	375000	0.03
		13.09.2019	200000	0.02	575000	0.05
		20.09.2019	210000	0.03	785000	0.08
		27.09.2019	50000	0.00	835000	0.08
		11.10.2019	10000	0.00	845000	0.08
		25.10.2019	400000	0.04	1245000	0.12
		01.11.2019	200000	0.02	1445000	0.14
		08.11.2019	400000	0.04	1845000	0.18
		22.11.2019	1100000	0.11	2945000	0.29
		29.11.2019	900000	0.09	3845000	0.38
		06.12.2019	100000	0.01	3945000	0.39
		13.12.2019	100000	0.01	4045000	0.40
		20.12.2019	20000	0.00	4065000	0.40
		27.12.2019	30000	0.00	4095000	0.40
		03.01.2020	100000	0.01	4195000	0.41
		10.01.2020	300000	0.03	4495000	0.44
		24.01.2020	125000	0.01	4620000	0.45
		31.01.2020	165000	0.02	4785000	0.47
		07.02.2020	115000	0.01	4900000	0.48
		14.02.2020	250000	0.02	5150000	0.50
		28.02.2020	45000	0.00	5195000	0.50
		06.03.2020	324200	0.03	5519200	0.53
		13.03.2020	144600	0.02	5663800	0.55
		20.03.2020	310000	0.03	5973800	0.58
		27.03.2020	-747536	-0.07	5226264	0.51
		At the end of the year			**5226264**	**0.51**
9.	**General Insurance Corporation of India**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**4900000**	**0.48**
		19.04.2019	100000	0.01	5000000	0.49
		At the end of the year			**5000000**	**0.49**
10.	**Kotak Funds – India Midcap Fund**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**5543270**	**0.54**
		12.04.2019	-15000	0.00	5528270	0.54
		05.07.2019	-128270	-0.02	5400000	0.52
		12.07.2019	-38365	0.00	5361635	0.52
		19.07.2019	-398663	-0.04	4962972	0.48
		09.08.2019	-100000	-0.01	4862972	0.47
		16.08.2019	-75000	0.00	4787972	0.47
		24.01.2020	-331907	-0.03	4456065	0.44
		14.02.2020	-89593	-0.01	4366472	0.43
		27.03.2020	-50000	-0.01	4316472	0.42
		At the end of the year			**4316472**	**0.42**

V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL ("KMP"):

A. Directors (Other than KMP):

Particulars	Mr. Nitin R. Desai	Mr. Mukesh M. Patel	Ms. Dharmishtaben N. Raval	Mr. Apurva S. Diwanji	Mr. Bhadresh K. Shah
At the beginning of the year:					
• Number of Shares	442,000 [1]	12,000	Nil	Nil	Nil
• % of total shares held	0.04	0.001	-	-	-
Date wise increase / decrease in shareholding	Nil	Nil	Nil	Nil	
At the end of the year:					
• Number of Shares	442,000 [1]	12,000	Nil	Nil	Nil
• % of total shares held	0.04	0.001	-	-	-

[1] *Including shares held by HUF and as a trustee of a trust.*

B. Key Managerial Personnel:

Particulars	Dr. Sharvil P. Patel Managing Director	Mr. Ganesh N. Nayak Executive Director	Mr. Nitin D. Parekh Chief Financial Officer	Mr. Dhaval N. Soni Company Secretary
At the beginning of the year:				
• Number of Shares	15,000	251,120	40,000	Nil
• % of total shares held	0.001	0.025	0.003	-
Date wise increase / decrease in shareholding	Nil	Nil	Nil	Nil
At the end of the year:				
• Number of Shares	15,000	251,120	40,000	Nil
• % of total shares held	0.001	0.025	0.003	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

₹ in million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,195	32,638	-	35,833
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	88	-	88
Total (i+ii+iii)	**3,195**	**32,726**	**-**	**35,921**
Change in Indebtedness during the financial year				
Addition	1,776	27,990	-	29,766
Reduction	(1,400)	(27,235)	-	(28,635)
Net Change	**376**	**755**		**1,131**
Indebtedness at the end of the financial year				
i) Principal Amount	3,569	33,379	-	36,948
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2	102	-	104
Total (i+ii+iii)	**3,571**	**33,481**	**-**	**37,052**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ in million

Sr. No.		Particulars of Remuneration	Dr. Sharvil P. Patel Managing Director	Mr. Ganesh N. Nayak Executive Director	Total
	Gross Salary				
1	a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	246.95	278.90	525.85
	b)	Value of perquisites under section 17(2) Income Tax Act, 1961	3.05	0.04	3.09
	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			
	-	Others, specify….			
5	Other, please specify				
	i.	Deferred bonus			
	ii.	Retirement benefits			
	Total (A)		**250.00**	**278.94**	**528.94**
	Ceiling as per the Act		770.00		

B. Remuneration to other Directors:

1. Independent Directors:

₹ in million

Particulars of Remuneration	Name of the Director				Total
	Mr. Nitin R. Desai	Ms. Dharmishtaben N. Raval	Mr. Apurva S. Diwanji	Mr. Bhadresh K. Shah	
Fees for attending Board / Committee Meetings	1.20	1.80	1.40	0.40	4.80
Commission	3.05	2.75	2.75	2.75	11.30
Others, please specify	-	-	-	-	-
Total (B)(1)	**4.25**	**4.55**	**4.15**	**3.15**	**16.10**

2. Other Non-Executive Directors:

₹ in million

Particulars of Remuneration	Name of the Director		Total
	Mr. Pankaj R. Patel	Mr. Mukesh M. Patel	
Fees for attending Board / Committee Meetings	1.70	1.90	3.60
Commission	-	2.75	2.75
Others, please specify	-	-	-
Total (B)(2)	**1.70**	**4.65**	**6.35**
Total (B)=(B)(1)+(B)(2)			**22.45**

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

₹ in million

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Nitin D. Parekh Chief Financial Officer	Mr. Dhaval N. Soni Company Secretary	
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	54.28	2.06	56.34
	b) Value of perquisites under section 17(2) Income Tax Act, 1961	0.03	0.03	0.06
	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 – Retrial	-	-	
	Total (C)	**54.31**	**2.09**	**56.40**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty / Punishment Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		

On behalf of the Board of Directors

Place : Ahmedabad
Date : June 19, 2020

Pankaj R. Patel
Chairman

ANNEXURE-E

Particulars of remuneration as per section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

a. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Name of the Director	Ratio of each Director to the median remuneration of the employee
Mr. Pankaj R. Patel	--
Mr. Nitin R. Desai	7.04
Mr. Mukesh M. Patel	6.35
Ms. Dharmishthaben N. Raval	6.35
Mr. Apurva S. Diwanji	6.35
Mr. Bhadresh K. Shah	6.35
Dr. Sharvil P. Patel	577.37
Mr. Ganesh N. Nayak	644.11

b. The percentage increase in remuneration of each Director, the Chief Financial Officer and the Company Secretary in the financial year:

Name of the Director, the Chief Financial Officer and the Company Secretary	% increase in the remuneration in the financial year
Mr. Pankaj R. Patel	--
Mr. Nitin R. Desai	7.02
Mr. Mukesh M. Patel	--
Ms. Dharmishtaben N. Raval	--
Mr. Apurva S. Diwanji	(6.78)
Mr. Bhadresh K. Shah	--
Dr. Sharvil P. Patel	--
Mr. Ganesh N. Nayak	8.73
Mr. Nitin D. Parekh Chief Financial Officer	15.90
Mr. Dhaval N. Soni Company Secretary	23.60

c. The percentage increase in the median remuneration of employees in the financial year was 5.20%.

d. There were 13,405 permanent employees on the rolls of the Company as on March 31, 2020.

e. The profit after tax for the financial year ended on March 31, 2020 decreased by 36.57% and the average increase in remuneration of employees was 12.03%.

f. The remuneration of Key Managerial Personnel, viz. (1) the Managing Director, (2) the Executive Director, (3) the Chief Financial Officer and (4) the Company Secretary increased by Nil%, 9.09%, 12% and 29% respectively.

g. The average annual increase in the salaries of the employees, other than managerial personnel was 12.03 %, whereas the weightage average increase in the managerial remuneration was 10.25 % for the financial year. The increase in remuneration was on the recommendation of Nomination and Remuneration Committee considering the performance of the managerial personnel and the Company.

h. The members have, at the Annual General Meeting of the Company held on August 3, 2016, approved the payment of commission to the Non-Executive Directors within the ceiling of 1% of the Net Profits of the Company, subject to maximum of ₹ 30 million in aggregate, as computed under the applicable provisions of the Act. The performance of the Company in terms of sales and profitability are the key parameters, apart from size of the Company and contributions of the Directors at the Board and Committee meetings.

i. There is no employee who is in receipt of remuneration in excess of the highest paid Director during the year.

j. The Company affirms remuneration is as per the Nomination and Remuneration Policy of the Company.

k. The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this Annual Report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any member interested in obtaining a copy of the same may write to the Company Secretary.

On behalf of the Board of Directors

Place : Ahmedabad
Date : June 19, 2020

Pankaj R. Patel
Chairman

ANNEXURE-F

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 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:

₹ in million

Sr. No.	Steps taken by installing following equipment / fittings	Capital Investments
i.	Replaced LED lights (API-Ahmedabad)	0.46
ii.	New heat pump installed for CCRV facility (Moraiya)	7.50
iii.	Centralized UPS installed (Dabhasa)	3.30
iv.	Replaced old designed OTL pumps with energy efficient screw pumps (Dabhasa)	2.33
v.	Installed LED lights (Dabhasa)	0.43
vi.	Auto Tube brushing system installed (Dabhasa)	0.61
vii.	Switch over from VAHP to screw chiller (Dabhasa)	4.10
viii.	Installed VFD for chiller pumps, motion sensors for lights and servo stabilizer (Baddi)	0.51
ix.	Installed high efficiency air-compressor (VTC-Biologics)	10.00
x.	Commissioned 66KV substation (VTC-Boilogics)	60.00
xi.	Installed solid fire boiler (VTC-Biologics)	100.00
xii.	Installed Ackley laser drilling machine (SEZ)	40.00
xiii.	Installed tablet inspection machine (SEZ)	36.00
xiv.	Installed Bin Blender (SEZ)	1.90
xv.	Installed integrated extruder and spherodizer (SEZ)	7.80
xvi.	Power trading through IEX (Ankleshwar Unit I)	Nil
xvii.	Installed de-shooter in coal fired boiler (Ankleshwar Unit II)	0.61
xviii.	Installed energy efficient chiller 413 TR (Goa)	8.50
xix.	Installed new chiller (Alidac)	7.00
	Total	**291.05**

b. Impact on conservation of energy:

- Saving in power consumption
- Reduction in frequent power failure and able to use renewable energy through open access on 66KV line which resulted in saving in per unit of electricity bill
- Reduction in steam generation cost
- Reduction in water, HSD and power consumption
- Improvement in environment
- Minimization of steam losses
- Minimization of compressed air losses
- Power trading through IEX

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

- Open access done for 3.5MW from Abellon C-gen, the rate of which is lower than Uttar Gujarat Vij Company Limited. It is beneficial for Renewable Power Obligation
- Installed back pressure turbine for power generation
- Started using alternate refrigerant for reduction in specific power
- Reuse of RO reject water of new pre-treatment plant for urinal flush
- Reuse of steam condensate water as feed water for boiler to improve steam to fuel ratio
- Reuse of reject water of purified water generation plant in cooling tower
- Use of treated water which is free of cost from Zydus Infrastructure Private Limited in cooling tower instead of portable water.

B. TECHNOLOGY ABSORPTION:

1. Efforts made towards technology absorption:

- Elimination of boiler feed water treatment chemicals by adopting new technology

- QC enclave building controller installed for schedule on / off of VRV system as well as environment temperature control for a particular area
- Installed chiller manager software for day-to-day monitoring and control on energy
- ETP capacity enhancement-utilized PBA-GEL & MBR membrane to treat more ETP water
- SCADA with 21CFR compliance installed for water system, GE Akta process system
- Manufactured complex products like wruster coated products
- Serialization
- Used laser drilling technology for printing on tablets
- Used granurex 125 for powder layering on pellets
- High speed compression machines with mups facility
- High speed capsule filling machines
- Single pot processor (roto qube 300) from IMA for granulation
- Installed lights with moving sensor for technical areas

2. Benefits derived:

- Blowdown water free from chemicals and saving in water treatment chemical
- Reduction in power consumption for QC building as nonworking hours office area VRV system are off
- Capacity enhancement
- Strengthening quality standards
- Maintained high primary ETP standards

3. Details of technology imported in last three years:

The Company has imported the following technology:

A. Moraiya:

- Online real time digital energy monitoring of energy management system installed

B. Biologics Unit:

- 2 Lyophilizers – 25 sq. mtrs. for capacity enhancement
- 1 High speed automatic leak testing machine
- 1 high speed automatic inspection machine
- 1 high speed plunger insertion and labelling machine
- 1 high speed preventies insertion and labeling machine
- 1 automatic loading and unloading system for Lyophiliser
- 1 centrifugal chiller of 1000 and 750 ton each
- 1 Glass ware washer
- 1 UTM machine
- 1 beckman coulter centrifuge
- 1 screw type air-compressor with permanent magnet motor
- Glove box with 20%RH

C. SEZ:

- IMA single pot processor (roto cube 300)
- GEA compression machine with Mup facility
- Fette compression machine
- Ackley laser drilling machine
- Granurex 125
- MG2 high speed capsule filling machine
- ACG wruster coater machine
- Viswill, Encloy and Sensum tablet inspection machines
- Glat FBP machine
- CVC bulk packing line
- Countee bulk packing line
- Fitzpatrick toll compactor
- IMA bulk packing line
- Trane chiller
- Trane heat pump
- IR centrifugal air compressor
- Atlas copco air compressor

The technologies / machines were imported during the years 2017-2019 and were fully absorbed.

D. Goa:

- Capsule filling ADAPTA m/c purchased for 100% check weighing

4. Expenditure incurred on Research and Development:

The Company has incurred expenditure of ₹ 8,501 million under the head Research and Development.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, the foreign exchange earned in terms of actual inflows was ₹ 52,752 million, whereas the foreign exchange in terms of actual outflows was ₹ 14,504 million.

On behalf of the Board of Directors

Place : Ahmedabad
Date : June 19, 2020

Pankaj R. Patel
Chairman

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE CODE:

Cadila Healthcare Limited ("the **Company**") believes in continuous good corporate governance and always strives to improve performance at all levels by adhering to corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("the **Listing Regulations**").

1. GOVERNANCE STRUCTURE:

Governance structure of the Company comprises of the Board of Directors ("the **Board**") and the Committees of the Board at the top level and the internal governance structure at the operational level. The responsibility of the Board is to determine the overall corporate objectives and give direction and freedom to the management to achieve those objectives within a given framework. The organizational governance structure enables an environment for value creation through sustainable and profitable growth.

The governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibilities.

The primary role of the Board is to protect the interest and enhance the value for all the stakeholders. It conducts the overall strategic supervision and control by setting policies, reporting mechanism and accountability and decision making process to be followed.

The Chairman and the Managing Director are in overall control and responsible for the overall working of the Company. They give strategic directions, lay down the policy guidelines and ensure the implementation of the decisions of the Board and its committees.

The governance system encourages the entrepreneurship, risk taking and growth orientation with an objective to lead full accountability enabled by appropriate empowerment.

2. BOARD OF DIRECTORS:

The Managing Director and the Executive Director look after the day-to-day business affairs of the Company. The Board of Directors reviews the overall business operations at least once in a quarter based on updates on the Company's performance provided by the Managing Director.

A) Composition of the Board:

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirements of the Code of Corporate Governance. The Board is headed by Non–Executive Chairman, Mr. Pankaj R. Patel, who is also the promoter Director. As on March 31, 2020, your Company's Board comprised of 8 (eight) Directors; which include 2 (two) Executive Directors and 6 (six) (i.e. 75%) Non–Executive Directors, including 4 (four) (i.e. 50%) Independent Directors ("**IDs**"), who have considerable experience in their respective fields. As required under the provisions of section 149(1) of the Companies Act, 2013 ("the **Act**") and Rules made thereunder and regulation 17 of the Listing Regulations, the constitution of Board meets with the requirements stated therein. Non–Executive Directors and IDs have expert knowledge in the fields of finance, taxation, legal and industry. Thus, the Board represents a balanced mix of entrepreneurs and professionals, who bring the benefits of their knowledge and expertise.

IDs are non-executive directors as defined under regulation 16(1)(b) of the Listing Regulations read with section 149(6) of the Act along with rules framed thereunder. In terms of regulation 25(8) of the Listing Regulations, the IDs have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impact or impair their ability to discharge their duties. Based on the declarations received from the IDs, the Board has confirmed that they meet the criteria of independence as mentioned under regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

The Board of Directors has identified the below mentioned core skills / expertise / competencies in the context of the business and the sector in which the Company is operating, for the Company to function effectively:

- Knowledge and/or expertise in one or more of areas like pharmaceuticals (including medical, pharmacology and research), manufacturing, accounts, finance, taxation, banking, HR, IT, marketing, law, business and management.

The above core skills / expertise / competencies identified by the Company are also actually available with the Board as under:

Sr. No.	Name of the Director	Skills actually available with the Directors
1.	Mr. Pankaj R. Patel	Knowledge and expertise in pharmaceuticals (including medical, pharmacology and research), manufacturing and marketing, business and management
2.	Dr. Sharvil P. Patel	
3.	Mr. Mukesh M. Patel	Knowledge and expertise in taxation
4.	Mr. Apurva S. Diwanji	Knowledge and expertise in law
5.	Mr. Nitin R. Desai	Knowledge and expertise in business and management
6.	Ms. Dharmishtaben N. Raval	Knowledge and expertise in law
7.	Mr. Bhadresh Shah	Knowledge and expertise in manufacturing and marketing, business and management
8.	Mr. Ganesh Nayak	Knowledge and expertise in pharmaceuticals marketing, business and management

The eligibility of a person to be appointed as a Director of the Company is dependent on possession of the requisite skills, as identified by the Board.

B) Board Meetings / Directors' Particulars:

In compliance with regulation 17 of the Listing Regulations and as required under the Act, the Board meets at least once in each quarter and the gap between any two Board Meetings was not more than 120 (one hundred twenty) days. During the year under review, 7 (seven) board meetings were held on May 29, 2019, August 9, 2019, November 13, 2019, December 2, 2019, February 5, 2020, March 11, 2020 and March 16, 2020.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly / half yearly unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure and ensures compliance of applicable laws and regulations. It monitors overall performance of the Company and reviews performance of its subsidiaries and joint ventures. The Agenda for the board meeting covers items set out as guidelines in regulation 17 of the Listing Regulations to the extent the same are applicable and relevant. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

The meetings of the Board of Directors are scheduled well in advance and usually held in Ahmedabad, where the Registered Office of the Company is situated. The Chief Financial Officer and the Company Secretary, in consultation with the Chairman and the Managing Director, prepare detailed agenda for the meetings. Directors are also free to bring up any other matter for discussion at the Board Meetings with the permission of the Chairman.

Video conferencing facilities are also used to facilitate Directors residing at other locations to participate in the meetings.

The draft minutes of the meeting approved by the Chairman is circulated to all the Directors within 15 (fifteen) days after the conclusion of the meetings. Decisions taken at Board / Committee meetings are communicated to the concerned departments promptly for actions and an Action Taken Report on the status of the decisions taken at the Board / Committee meetings is placed, for the information, to the Board / Committee members.

The Board of Directors has complete access to the information within the Company, which *inter alia* includes –

1. Annual revenue and capital expenditure plans / budgets,
2. Quarterly results and results of operations of Company, its subsidiaries and joint ventures,
3. All borrowings, investments, loans and guarantees,
4. Minutes of the meetings of the Board of Directors, Committees of the Board and the summary of minutes of the subsidiary Companies,
5. Details of any joint ventures, acquisitions of brands, trademarks or companies or any collaboration agreements,
6. Quarterly report on any fatal or serious accidents or dangerous occurrences and material effluent or pollution problems,
7. Materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any,
8. Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company,
9. Compliance or non-compliance of any regulatory, statutory nature or listing requirements and matters related to investors' service such as non-payment of dividend, delay in transfer of shares, etc.

The IDs play an important role in the deliberations in Board Meetings and bring with them rich expertise in the field of industry, marketing, accountancy, finance, taxation and other areas.

While constituting the Committee of Directors, the requirements that a Director shall not be a member of more than 10 (ten) committees and Chairman of not more than 5 (five) committees have been ensured and complied with. None of the IDs serves as an ID in more than 7 (seven) listed companies.

The following table gives the attendance of the Directors at the Board meetings of the Company and also the number of other

Directorships held in Indian Public Limited Companies (other than the Company) and Chairmanship / Membership in Board Committees of Public Limited Companies as at March 31, 2020.

Name of the Director	Category and Position	No. of Board Meetings held during the year	No. of Board Meetings attended	Whether attended last AGM	Member (Chairman)[1] of Board Committees [2]	No. of other Directorships held
Mr. Pankaj R. Patel [3]	Chairman	7	7	Yes	3 (2)	4
Mr. Nitin R. Desai	Non-executive and Independent Director		6	Yes	3 (1)	3
Mr. Mukesh M. Patel	Non-executive Director		7	Yes	7 (4)	5
Ms. Dharmishtaben N. Raval	Non-Executive and Independent Woman Director		7	Yes	4 (2)	7
Mr. Apurva S. Diwanji	Non-executive and Independent Director		6	Yes	2	1
Mr. Bhadresh K. Shah	Non-Executive and Independent Director		5	Yes	6	2
Dr. Sharvil P. Patel [4]	Managing Director		7	Yes	1	6
Mr. Ganesh N. Nayak	Executive Director		6	Yes	2 (1)	1

1 *Figures in ( ) indicate the number of Board Committees of which a Director is a Chairman.*

2 *Other committee means Audit Committee and Investors' / Stakeholders' Relationship Committee.*

3 *Promoter Director and father of Dr. Sharvil P. Patel.*

4 *Son of Mr. Pankaj R. Patel.*

The following table gives the names of the listed entities where the Directors of the Company are Directors and the category of their respective directorships:

Sr. No.	Name of the Director of the Company	Name of the listed companies in which the Director of the Company is a Director	Category of Directorship in the listed companies
1.	Mr. Pankaj R. Patel	Bayer Cropscience Limited	Independent Director
		Torrent Power Limited	Independent Director
2	Mr. Nitin R. Desai	Force Motors Limited	Independent Director
3.	Mr. Mukesh M. Patel	The Sandesh Limited	Independent Director
		Johnson Controls–Hitachi Air Conditioning India Limited	Independent Director
4.	Ms. Dharmishtaben N. Raval	Zydus Wellness Limited	Independent Director
		NOCIL Limited	Independent Director
		Torrent Power Limited	Independent Director
5.	Mr. Apurva S. Diwanji	None	N.A.
6.	Mr. Bhadresh K. Shah	AIA Engineering Limited	Managing Director
		Welcast Steels Limited	Non–Executive and Non–Independent Director
7.	Dr. Sharvil P. Patel	Zydus Wellness Limited	Non–Executive and Non–Independent Director
8.	Mr. Ganesh N. Nayak	Zydus Wellness Limited	Non–Executive and Non–Independent Director

C) Familiarization Programme:

At the time of appointment of an ID, a formal letter of appointment is given to him / her, which *inter alia* explains the role, functions, duties and responsibilities expected from him / her as a Director of the Company. All our Directors are aware and also updated, whenever required, of their role, responsibilities, liabilities and obligations under the provisions of the Act and Rules made thereunder and regulation 25 of the Listing Regulations.

Familiarization programme is posted on the website of the Company and any member can visit the Company's website by clicking the link–http://www.zyduscadila.com/wp-content/uploads/2015/05/Familiarization-programmeMar15.pdf.

D) Evaluation:

During the year, the Nomination and Remuneration Committee / Board have carried out evaluation of its own performance and the performance of the committees of the Board of Directors, individual Directors and the Chairman of the Board. The Board has evaluated the composition of Board, its committees, experience and expertise, performance of specific duties and obligations, governance matters, etc. Performance evaluation of individual Directors and the Board Chairman was also carried out in terms of their respective attendance at Board / Committee meetings, contributions at the meetings, circulation of sufficient documents and information to the Directors, timely availability of the agenda, etc. Directors were satisfied with the evaluation on different criteria.

Further, the Board of Directors have carried out the evaluation of the IDs, which included the performance of the IDs and fulfilment of the independence criteria as specified in the Listing Regulations and their independence from the management. The Directors who were subject to evaluation did not participate in the proceedings of the meeting.

3. COMMITTEES OF THE BOARD:

The Board currently has the following committees:

A) Audit Committee;

B) Share Transfer Committee;

C) Investors' / Stakeholders' Relationship Committee;

D) Nomination and Remuneration Committee;

E) Risk Management Committee;

F) Corporate Social Responsibility ("**CSR**") Committee; and

G) Committee of Directors.

The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of the Board Committees are convened by the Chairman of the respective Committee.

A) Audit Committee:

I. Terms of Reference:

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible,

2. Reviewing with the management the quarterly / half–yearly / annual, unaudited / audited financial statements and Limited Review Report / Audit Reports of the Statutory Auditors before recommending for approval by the Board of Directors,

3. Reviewing changes in the accounting policies, major accounting estimates based on exercise of judgment by the management, significant adjustments made in the financial statements, etc.

4. Review of Management Discussion and Analysis of financial and operational performance,

5. Review of inter-corporate loans and investments,

6. Review the adequacy and effectiveness of internal financial controls and systems,

7. Review and discuss with the management major financial risk exposures and steps taken to monitor and control them,

8. Oversee and review the functioning of vigil mechanism (implemented by the Company as a Whistle Blower Policy),

9. Review the scope of the Internal Auditors and Audit Plan to ensure reasonable coverage of different areas of operations,

10. Review, discuss and monitor the observations reported by Statutory / Internal Auditors and their compliance,

11. Review and recommend to the Board the appointment / re-appointment of the Statutory and Cost Auditors after due consideration of their independence and effectiveness,

12. Approve the payment towards additional services rendered by the Statutory Auditors except those enumerated in section 144 of the Act,

13. Recommend to the Board the remuneration of the Statutory and Cost Auditors,

14. Review of Cost Audit Report submitted by the Cost Auditors,

15. Approve the appointment, removal and terms of remuneration of Internal Auditors,

16. Approve the Related Party Transactions and grant omnibus approvals for certain related party transactions, which are in the ordinary course of business and on an arm's length basis,

17. Review utilization of loans and / or advances from / investment by the company in subsidiary company in excess of ₹ 100 crore or 10% of asset size of the subsidiary, whichever is lower, and

18. To supervise implementation of Insider Trading Code and policies relating thereto.

II. Composition, meetings held and attendance at the meetings during the year:

The Audit Committee held 5 (five) meetings during Financial Year 2019–2020 on May 29, 2019, August 9, 2019, November 13, 2019, February 5, 2020 and March 11, 2020. The time gap between any two meetings was less than 120 (one hundred twenty) days. The composition of the Audit Committee as at March 31, 2020 and details of the attendance of its members are as under:

Name of the Member	Category	No. of Meetings held	No. of Meetings Attended
Mr. Nitin R. Desai, Chairman	Non–Executive and Independent	5	4
Mr. Mukesh M. Patel	Non–Executive		5
Ms. Dharmishtaben N. Raval	Non–Executive and Independent		5
Mr. Apurva S. Diwanji	Non–Executive and Independent		5
Mr. Bhadresh K. Shah	Non–Executive and Independent		5

All the members of the Audit Committee have the requisite qualifications for appointment on the Committee and possess sound knowledge of accounting practices as well as financial and internal controls.

The Chairman of the Audit Committee attended the AGM of the Company held on August 9, 2019 to respond to shareholders' queries.

III. Invitees at the Audit Committee Meetings:

The representative of the Statutory Auditors is regularly invited and he has attended all the Audit Committee meetings held during the year where the financial results are considered. The representative of the Cost Auditors attends the Audit Committee meeting, where the Cost Audit Report is tabled for discussion. The Managing Director, the Chief Financial Officer and the Management Auditor are invited to attend and participate in these meetings. The Company Secretary acts as the Secretary to the Committee.

The Company continues to derive benefits from the deliberations of the Audit committee meetings as the members are experienced in the areas of finance, accounts, taxation, corporate laws and industry. It ensures accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

B) Share Transfer Committee:

I. Terms of reference:

The Committee is empowered to perform all the functions of the Board in relation to approval and monitoring of transfers, transmission, dematerialization, rematerialization, issue of duplicate share certificates, splitting and consolidation of shares issued by the Company. The Committee also oversees the functions of the Registrar and Share Transfer Agent. The Board has delegated the powers to approve the transfer of shares to the Committee.

II. Composition:

As on March 31, 2020, the Share Transfer Committee comprises of the following members:

1. Mr. Pankaj R. Patel–Chairman,
2. Mr. Mukesh M. Patel, and
3. Dr. Sharvil P. Patel.

The Company Secretary acts as the Secretary to the Committee.

III. Meetings held and the attendance of members at the meetings:

The Committee meets on a need basis to ensure the regular process of transfers / transmission of shares, split, consolidation, demat / remat and issuance of duplicate Share Certificates.

C) Investors' / Stakeholders' Relationship Committee:

In compliance with the provisions of section 178 of the Act and regulation 20 of the Listing Regulations, the Board has formed an "Investors' / Stakeholders' Relationship Committee".

I. Terms of reference:

The Investors' / Stakeholders' Relationship Committee reviews the redressal of grievances of stakeholders pertaining to the requests / complaints of the shareholders related to transfer of shares, dematerialization of shares, non-receipt of annual accounts, non-receipt of dividend or revalidation of expired dividend warrants, recording the change of address, nomination, etc.

The role of the Investors' / Stakeholders' Relationship Committee has been specified in Part D of the Schedule II of the Listing Regulations.

The Chairman of the Committee attended the AGM of the Company held on August 9, 2019.

II. Composition:

The composition of the Committee as at March 31, 2020 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met four times during the year.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Mukesh M. Patel, Chairman	4	4
Mr. Pankaj R. Patel		4
Mr. Bhadresh K. Shah		4
Dr. Sharvil P. Patel		4

The Company Secretary acts as the Secretary to the Committee, who is designated as a Compliance Officer pursuant to regulation 6 of the Listing Regulations.

The Committee ensures that the shareholders' / investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 19 investor grievances were received and all of them have been resolved. There was no investor grievance remaining unattended and pending as on March 31, 2020.

11,30,933 equity shares remained in the in-transit account with National Securities Depository Limited and Central Depository Services (India) Limited as at March 31, 2020.

III. Number of requests / complaints:

During the year, the Company has resolved investor grievances expeditiously. The Company and / or its Registrar and Transfer Agents have received the following requests / complaints from SEBI / Stock Exchanges and also directly from the shareholders, which were resolved within the time frames laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending
Complaints: SEBI / Stock Exchange	0	5	5	0
From Shareholders	0	14	14	0
Shareholder queries / requests:				
Dividend Related	0	103	103	0
Transfer / Transmission	0	58	58	0
Demat / Remat	0	276	276	0
Changes (address / bank mandates)	0	159	159	0
Procedure for Duplicate share	0	155	155	0
Exchange of share certificates	0	93	93	0

D) Nomination and Remuneration Committee:

In compliance with the provisions of section 178 of the Act and regulation 19 of the Listing Regulations, the Board has constituted a Nomination and Remuneration Committee (**"NRC"**). The Terms of reference of the NRC are specified in clause A of Part D of Schedule II of the Listing Regulations which are mentioned hereunder:

I. Terms of reference:

The functions of Nomination and Remuneration Committee, *inter alia*, include the following:

1. To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management,
2. To recommend to the Board, appointment and removal of the Director(s) and evaluation of each Director's performance,
3. To formulate criteria for determining qualifications, positive attributes and independence of a Director,
4. To review on annual basis the compensation to the Non-Executive Directors and Senior Management Personnel, which includes KMP, (in whatever form) and recommend to the Board the remuneration and incentive payable to each of them,
5. To ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear and meets appropriate performance benchmarks, and
6. To develop and review the succession plan for the Board.

II. Composition and Meetings:

The composition of the Committee as on March 31, 2020 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met twice during the year. All members of the Committee are Non-Executive Directors and except Mr. Pankaj R. Patel and Mr. Mukesh M. Patel, other members are IDs.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Nitin R. Desai, Chairman	2	1
Mr. Pankaj R. Patel		2
Mr. Mukesh M. Patel		2
Ms. Dharmishtaben N. Raval		2
Mr. Apurva S. Diwanji		2
Mr. Bhadresh K. Shah		2

The Company Secretary acts as the Secretary to the Committee. The Chairman of the NRC attended the AGM of the Company held on August 9, 2019.

III. Nomination and Remuneration Policy and details of remuneration paid / payable to the Directors for the year ended March 31, 2020:

The Board of Directors approved the Nomination and Remuneration Policy on the recommendation of Nomination and Remuneration Committee. The salient aspects of the Policy are outlined below:

a) Objectives:

1. To guide the Board in relation to appointment and removal of Directors and Senior Management Personnel, which includes KMP,
2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board, and
3. To recommend to the Board on remuneration payable to the Directors and Senior Management Personnel which includes KMP.

The Company follows a policy on remuneration of Directors and Senior Management Personnel.

b) Remuneration to Non-Executive Directors:

1. Non-Executive Director is paid sitting fees for each meeting of the Board or Committee of the Board attended by him/her, of such sum as may be approved by

the Board of Directors within the overall limits prescribed under the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Board of Directors has approved the payment of sitting fees at ₹ 0.10 million to each Non–Executive Director towards each of the Board / Committee meetings attended by them.

2. A Non-Executive Director is also paid commission on an annual basis, of such sum as may be approved by the Board. The total commission payable to the Non–Executive Directors shall not exceed 1% of the net profit of the Company and subject to the limits approved by the members.

3. In determining the quantum of commission payable to Non–Executive Directors, the NRC considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Non–Executive Directors.

4. A Non–Executive Director is also reimbursed the expenses incurred by him / her for attending the Board and / or Committee meetings and shareholders meetings.

5. Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on March 31, 2020.

c) Remuneration to the Managing Director and the Executive Director:

Dr. Sharvil P. Patel is the Managing Director of the Company and Mr. Ganesh N. Nayak is the Executive Director of the Company.

On the recommendation of the NRC, the Board decides and approves the remuneration payable to the Managing Director and the Executive Director within the ceiling fixed by shareholders.

As per the recommendation of the NRC, Dr. Sharvil P. Patel, Managing Director was paid remuneration of ₹ 250.00 million by way of salary and allowances for the financial year ended on March 31, 2020. Further, NRC recommended a remuneration of ₹ 278.94 million to Mr. Ganesh N. Nayak, Executive Director for the financial year ended on March 31, 2020.

The Company has entered into agreements with Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak for their respective employment for a period of 5 (five) years and 3 (three) years respectively. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 months' or 6 months' notice in writing to the other party in case of Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak respectively.

d) Remuneration to Senior Management Personnel:

The Managing Director and the Executive Director, with the help of the Sr. Vice President (Human Resources and Corporate Communication), carry out the individual performance review based on the standard appraisal matrix and after taking into account the appraisal score card and other factors like–Key Performance Area v/s Initiatives, balance between fixed and variable pay, fixed components and perquisites and retirement benefits, criticality of roles and responsibilities, industry benchmarks and current compensation trends in the market. Further, any promotion at a senior level management is approved by the Management based on a predetermined process and after assessing the candidate's capability to shoulder higher responsibility.

IV. Details of the commission / sitting fees paid to the Non-Executive Directors for the year 2019–2020 are given below:

₹ in million

Name of the Non-Executive Directors	Commission[1]	Sitting fees						Total
		Board Meetings	Audit Committee Meetings	CSR Committee Meetings	NRC Meetings	Investors'/ stakeholders' Relationship Committee	Other Meetings [2]	
Mr. Pankaj R. Patel	--	0.70	--	0.30	0.20	0.40	0.10	1.70
Mr. Nitin R. Desai	3.05	0.60	0.40	--	0.10	--	0.10	4.25
Mr. Mukesh M. Patel	2.75	0.70	0.50	--	0.20	0.40	0.10	4.65
Ms. Dharmishtaben N. Raval	2.75	0.70	0.50	0.30	0.20	--	0.10	4.55
Mr. Apurva S. Diwanji	2.75	0.60	0.50	--	0.20	--	0.10	4.15
Mr. Bhadresh K. Shah [3]	2.75	0.10	0.10	--	0.10	0.10	--	3.15

1 *The Board of Directors, based on the performance of the Company and on the recommendation of NRC, has decided the payment of Commission to the Non-Executive Directors.*

2 *Other meetings include separate meeting of IDs and Risk Management Committee meeting.*

3 *During the year, Mr. Bhadresh Shah expressed not to take sitting fees. Hence, the sitting fees shown in above table will differ from the data pertaining to his attendance in board and committee meetings held and attended by him.*

V. Stock Option:

The Company does not have any stock option scheme for its Directors or employees. Moreover, there is no separate provision for payment of severance fees to the Directors.

E) Risk Management Committee:

In compliance with the provisions of regulation 21 of the Listing Regulations, the Company has constituted a Risk Management Committee and majority of the members of the Committee are Directors. The Company has a well-defined risk management framework to identify, recognize, monitor and mitigate risks as also identify business opportunities. Business risk evaluation and its management is a continuous process within the organization.

The Committee reviewed the risks and extent of exposure and potential impact analysis was carried out by the Management. It was confirmed by the Managing Director and the Chief Financial Officer that the mitigation actions are monitored.

The Committee is headed by Mr. Pankaj R. Patel, Chairman. Mr. Mukesh M. Patel, Dr. Sharvil P. Patel, and Mr. Nitin D. Parekh are the members of the Committee. The Committee met once during the year.

The Company Secretary acts as the secretary to the Committee.

F) Corporate Social Responsibility Committee: ("CSR Committee")

The terms of reference of CSR Committee includes, to frame the CSR Policy and review it from time to time to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in schedule VII of the Act and Rules made thereunder and to provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

The composition of the CSR Committee as at March 31, 2020 and the details of members' participation at the meetings of the CSR Committee are as under.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Pankaj R. Patel, Chairman	3	3
Ms. Dharmishtaben N. Raval		3
Dr. Sharvil P. Patel		3

G) Committee of Directors:

Committee of Directors comprises of three members namely; Mr. Pankaj R. Patel, Chairman, Mr. Mukesh M. Patel and Dr. Sharvil P. Patel as members. The Committee looks after the businesses, which are administrative in nature and within the overall board approved directions and framework. No meeting was held during the year. The Company Secretary acts as the Secretary to the Committee.

4. INDEPENDENT DIRECTORS' MEETING:

During the year under review, a separate meeting of IDs was held on February 5, 2020, *inter alia*, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole,
2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors,
3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary to effectively and reasonably perform its duties.

All the IDs were present at the meeting.

5. SUBSIDIARY COMPANIES:

Zydus Healthcare Limited is the only material non-listed Indian subsidiary company. The financial statements of subsidiaries, in particular, the investments made by subsidiaries, if any, during the quarter are reviewed by the Audit Committee of the Board of Directors. The policy relating to material subsidiaries and dealing with related party transactions, as approved by the Board may be accessed on the Company's website at the link: https://www.zyduscadila.com/public/pdf/Policyon_Related_Party_Transactions_and_dealing_with_Material_Related_Party_Transactions_February_7_2019.pdf.

Zydus Pharmaceuticals USA Inc., USA, a wholly owned subsidiary company of the Company in US, is also the material subsidiary of the Company.

The Board Minutes of Indian unlisted Indian subsidiary companies along with a report on significant developments of the unlisted subsidiary companies are periodically placed at the Board Meeting of the Company, for information of the Board of Directors.

6. DISCLOSURES:

A) Related Party Transactions:

All transactions entered into with Related Parties as defined under the Act and regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of section 188 of the Act. There were no materially significant transactions with related parties during the financial year which were in conflict of interest of the Company. Suitable disclosures, as required by the Ind AS 24, have been made in the notes to the Financial Statements.

The Board approved policy on related party transactions, which includes the clear threshold limits, beyond which a transaction will be considered as a material related party transactions, has been uploaded on the website of the Company. The link for the same is https://www.zyduscadila.com/public/pdf/Policyon_Related_Party_Transactions_and_dealing_with_Material_Related_Party_Transactions_February_7_2019.pdf.

During the year, the Company has paid an amount of ₹ 5,361.72 million towards dividend declared by the Company, to Zydus Family Trust, one of the promoter groups of the Company. Out of the above, ₹ 2,679.38 million is towards the final dividend for the financial year ended on March 31, 2019 and ₹ 2,682.34 million is towards the interim dividend for the financial year ended on March 31, 2020.

B) Code of Conduct:

The Company has laid down a Code of Conduct for all the Board members and Senior Management Personnel. The Code of Conduct is available on the website of the Company www.zyduscadila.com. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review. The declaration of the Managing Director is given below:

To the shareholders of **Cadila Healthcare Limited**

Sub.: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Place : Ahmedabad
Date : June 19, 2020

Sharvil P. Patel
Managing Director

C) Prohibition of Insider Trading:

In compliance with the SEBI Regulations on Prevention of Insider Trading, as amended, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the promoters, directors, designated persons and their immediate relatives, connected persons and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

We have purchased a software to monitor the trading in the equity shares of the Company mainly during the trading window closure and the reversal of the transactions, by the designated persons. We also have initiated to obtain necessary information, as per the SEBI Insider Trading Regulations, of the designated persons and their immediate relatives. We have received details from certain designated persons. The Company gets the half-monthly report from the service provider, about the details of trading in the equity shares of the company by the designated persons, during the trading window closure.

Shares held by the Directors as at March 31, 2020:

Name of the Directors	No. of shares held as at March 31, 2020	Details of shares bought (+) / sold (-) during 2019–2020
Mr. Pankaj R. Patel[1]	76,63,81,434	8,44,204
Mr. Nitin R. Desai[2]	4,42,000	Nil
Mr. Mukesh M. Patel	12,000	Nil
Ms. Dharmishtaben N. Raval	Nil	Nil
Mr. Apurva S. Diwanji	Nil	Nil
Mr. Bhadresh K. Shah	Nil	Nil
Dr. Sharvil P. Patel	15,000	Nil
Mr. Ganesh N. Nayak	2,51,120	Nil

[1] Held also as a Karta of HUF and Trustee of the Family Trusts.

[2] Held also as a Karta of HUF.

D) Whistle Blower Policy:

The Company has a whistle blower policy to deal with any instance of fraud, mismanagement and to report instances of leakage of unpublished price sensitive information. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination is done with any person for a genuinely raised concern.

E) Management:

i) **Management Discussion and Analysis Report:**

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Annual Report.

ii) **Disclosure of material financial and commercial transactions:**

As per the disclosures received from senior management, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the year under report.

F) Disclosure regarding appointment / re–appointment of Directors:

The particulars about the brief resume and other information for the Directors seeking appointment / re–appointment as required to be disclosed under this section are provided as an annexure to the notice convening the Twenty Fifth AGM.

G) Compliance by the Company:

The Company has complied with all the mandatory requirements of the Listing Regulations, regulations and guidelines of SEBI. Further, during last three years, no penalties or strictures are imposed on the Company by any Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

H) CEO/CFO Certification:

The requisite certification from the Managing Director and the Chief Financial Officer required to be given under regulation 17(8) read with Part B of Schedule II of the Listing Regulations was placed before the Board of Directors of the Company.

I) Transfer of unclaimed / unpaid amount to Investor Education and Protection Fund ("IEPF"):

As per the provisions of sections 124 and 125 of the Act read with the Rules framed thereunder, dividend, if not claimed for period of 7 (seven) consecutive years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to IEPF.

Further, all the shares in respect of which dividend has remained unclaimed for 7 (seven) consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

In the interest of shareholders, the Company had sent reminder to the shareholders to claim their dividend before transfer of dividend / shares to IEPF Authority. Notice in this regard was also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to IEPF Authority, are uploaded on the website of the Company.

In light of the aforesaid provisions, 1,86,755 equity shares held by 143 equity shareholders were transferred to IEPF Suspense Account for which the company has complied with the necessary requirements.

J) Credit Rating:

The Company has not obtained any fresh credit rating during the year for any debt instruments or fixed deposit programme. During the year, CRISIL Limited gave CRISIL AA+ / Stable and CRISIL A1+ (Reaffirmed) rating for long term and short term bank loan facilities respectively.

K) Utilization of funds:

The Company has not raised any funds through preferential allotment or qualified institutional placement as specified in the Listing Regulations.

L) Certificate from a Practicing Company Secretary:

The Company has obtained a certificate from Manoj Hurkat & Associates, Company Secretary in practice, that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The said certificate is enclosed to this Corporate Governance Report.

M) Fees paid to the statutory auditors:

During the financial year 2019–2020, Deloitte Haskins & Sells LLP, the Statutory Auditors of the Company and also of Zydus Healthcare Limited, a wholly owned material subsidiary company, were paid fees for audit and providing other services as per below details:

₹ in million

Sr. No.	Name of the Company	Fees paid		Total
		For Statutory Audit	For providing other services	
1.	Cadila Healthcare Limited	8.00	0.72	8.72
2.	Zydus Healthcare Limited	2.50	0.20	2.70
Total		**10.50**	**0.92**	**11.42**

N) Recommendation of the Committees:

The Board of Directors of the Company has accepted the recommendations of the Committees of the Board.

O) Disclosure regarding Sexual Harassment of Women at Workplace:

The Company has adopted a policy on Sexual Harassment of Women at Workplace for prevention, prohibition and redressal of sexual harassment at workplace pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder.

During the year 2019-2020, the Company received 3 (three) complaints on sexual harassment and all of them were resolved with appropriate actions taken and no complaints were pending as on March 31, 2020.

7. MEANS OF COMMUNICATION:

i) The Company has 1,30,106 shareholders as on March 31, 2020. The main channel of communication to the shareholders is through Annual Report, which includes *inter alia*, the Directors' Report, Management Discussion and Analysis Report, Corporate Governance Report and Audited Financial Results.

ii) The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Managing Director makes presentation on the performance, operating and financial results of the Company. The Chairman, the Managing Director and other Key Managerial Personnel also respond to the specific queries of the shareholders.

iii) The Company intimates to the Stock Exchanges all price sensitive matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on such matters, wherever necessary.

iv) The quarterly and half yearly results are published in widely circulating national and local daily 'Financial Express', in English and Gujarati. The results are also posted on the website of the Company www.zyduscadila.com, and the same are not sent individually to the shareholders.

v) The Company's results and official news releases are displayed on the Company's website www.zyduscadila.com. The Company holds meetings and makes presentations to the institutional investors and analysts. The copies of such presentations and the transcripts of the phone calls are also made available on the Company's website. Information to the Stock Exchanges is now being filed online on NEAPS for NSE and online listing portal of BSE.

8. GENERAL BODY MEETINGS:

i) Details of last three Annual General Meetings ("AGMs") held are provided hereunder:

Year	Date and Time	Venue
2018-2019	Twenty Fourth AGM on August 9, 2019 at 10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.
2017–2018	Twenty Third AGM on August 13, 2018 at 10:00 a.m.	
2016–2017	Twenty Second AGM on August 11, 2017 at 1:00 p.m.	

ii) Special Resolutions passed in the previous three AGMs:

Sr. No.	Nature of Special Resolutions passed	Relevant provisions of the Act	AGM details
1.	Issue of securities through Qualified Institutional Placement / Foreign Currency Convertible Bonds, etc.	Sections 23, 41, 42, 62 and 71 of the Act	Twenty Second AGM held on August 11, 2017
2.	Issue of Secured / Unsecured Redeemable Non–Convertible Debentures / Bonds	Section 42 of the Act	
3.	Issue of securities through Qualified Institutional Placement / Foreign Currency Convertible Bonds, etc.	Sections 23, 41, 42, 62 and 71 of the Act	Twenty Third AGM held on August 13, 2018
4.	Issue of Secured / Unsecured Redeemable Non–Convertible Debentures / Bonds	Section 42 of the Act	
5.	Re-appointment of Ms. Dharmishtaben N. Raval, as an ID for the second term of 5 (five) consecutive years	Sections 149, 150 and 152 of the Act	Twenty Fourth AGM held on August 9, 2019
6.	Shifting of registered office of the company outside the local limits of the city	Section 12 of the Act	

iii) Approval of members through Postal Ballot:

During the year, the Company has not sought or passed any resolution through Postal Ballot.

9. GENERAL SHAREHOLDER INFORMATION

i) General Information:

Date and Time of Twenty Fifth AGM	August 27, 2020 at 11.00 a.m.
Venue of Twenty Fifth AGM	The venue shall be deemed to be the Registered Office of the Company, as the Twenty Fifth AGM will be held through Video Conference / Other Audio Visual Means ("**VC** / "**OAVM**")
Financial Year	April 1, 2019 to March 31, 2020
Book Closure Date	August 14, 2020 to August 21, 2020
Registered Office Address	Zydus Corporate Park, Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), S G Highway, Ahmedabad – 382481
Dividend Payment Date	Not Applicable
Compliance Officer	Mr. Dhaval N. Soni, Company Secretary
Website Address	www.zyduscadila.com

ii) Tentative financial calendar:

First Quarter Results	On or before August 14, 2020
Half Yearly Results	On or before November 14, 2020
Third Quarter Results	On or before February 14, 2021
Audited Results for the year 2020-2021	On or before May 30, 2021

iii) Listing of shares:

The equity shares of the Company are listed on BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**").

iv) Listing fees:

The Company has paid the annual listing fees for the Financial Year 2020–2021 to the above Stock Exchanges.

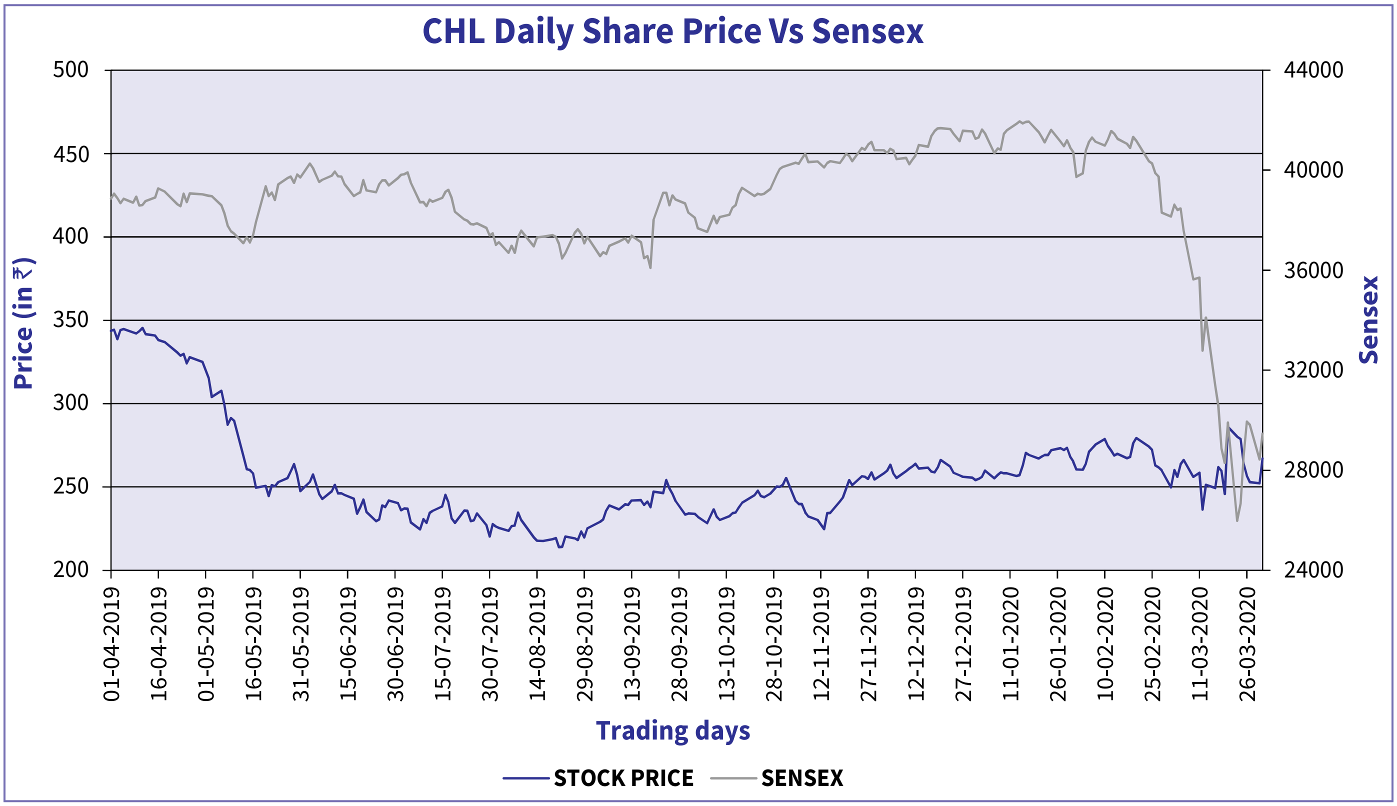
v) Stock Code and closing price:

Name of the Stock Exchange	Stock Code	Closing Price as on March 31, 2020 (₹)
The National Stock Exchange of India Limited	CADILAHC	267.25
BSE Limited	532321	267.10

vi) Stock price and BSE Sensex data:

Month	BSE Sensex	BSE Limited			National Stock Exchange of India Limited		
		High (₹)	Low (₹)	Av. Volume (In Nos.)	High (₹)	Low (₹)	Av. Volume (In Nos.)
April, 19	39031.55	352.30	320.90	32848	352.60	320.50	849783
May, 19	39714.20	325.00	241.55	235179	324.30	241.75	4620189
June, 19	39394.64	259.80	223.65	81529	260.25	223.15	2454057
July, 19	37481.12	247.40	216.30	59444	247.40	216.30	1284912
August, 19	37332.79	236.00	206.45	89635	236.10	206.50	1868033
September, 19	38667.33	256.80	223.25	60230	255.20	223.05	1412764
October, 19	40129.05	261.55	224.30	54706	261.70	223.95	850424
November, 19	40793.81	265.50	219.00	95109	265.60	220.00	1894424
December, 19	41253.74	270.80	251.85	82679	271.00	251.75	1696552
January, 20	40723.49	279.00	253.55	40343	279.00	253.05	1486064
February, 20	38297.29	288.40	254.10	53819	288.60	254.25	1725421
March, 20	29468.49	306.90	247.50	95911	305.90	202.00	2901789

vii) Chart 'A' Stock Performance: Cadila Healthcare Limited ("CHL"):



viii) Registrar and Share Transfer Agents ("RTA"):

Link Intime India Private Limited is the RTA of the Company.

For lodgment of transfer deeds and other documents or any grievances / complaints, investors may contact the Company's RTA at the following address:

Link Intime India Private Limited

(Unit: Cadila Healthcare Limited)

506–508, Amarnath Business Centre–1, Beside Gala Business Centre, Near St. Xavier's College Corner, Off. CG Road, Navrangpura, Ahmedabad–380006.

Telephone: 079–2646 5179 | Fax: 079 - 2646 5179

Email: ahmedabad@linkintime.co.in

ix) Share transfer system:

A Committee of Directors has been constituted to approve the transfers, transmission, issue of duplicate shares, etc. The Company's RTA has adequate infrastructure to process the above matters.

A predetermined process cycle at regular interval ensures the transfer of shares (in physical form) within the stipulated time limit.

As per the requirements of regulation 40(9) of the Listing Regulations, a Company Secretary in Practice has certified due compliance of share transfer formalities on half yearly basis.

x) Reconciliation of Share Capital Audit:

A practicing Chartered Accountant carried out audit in respect of each of the quarters in the financial year 2019–2020, to reconcile the total admitted capital with National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**") and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with depositories.

xi) Distribution of shareholding of equity shares as at March 31, 2020:

No. of Equity Shares	No. of Folios	% to total folios	No. of Shares	% of Shareholding
1 to 500	110393	84.85	10193886	0.99
501 to 1000	10218	7.85	7764382	0.76
1001 to 2000	4634	3.56	6818392	0.67
2001 to 3000	1784	1.37	4504106	0.44
3001 to 4000	774	0.59	2736183	0.27
4001 to 5000	634	0.49	2914217	0.28
5001 to 10000	900	0.69	6202632	0.61
10001 to 20000	769	0.59	982608802	95.98
Grand Total	**130106**	**100.00**	**1023742600**	**100.00**
Shareholders in Physical Mode	2275	1.87	2905487	0.28
Shareholders in Electronic Mode	127831	98.13	1020837113	99.72
Grand Total	**130106**	**100.00**	**1023742600**	**100.00**

xii) Categories of shareholders as at March 31, 2020:

Category	No. of Shares Held		Total Shares	% of Shareholding
	Physical	Electronic		
Promoters' holding	0	766534434	766534434	74.88
Mutual Funds	0	75075011	75075011	7.33
Banks, FIs and Insurance Companies	5415	56132472	56137887	5.48
Foreign Institutional Investors / Foreign Venture Capital Investors	0	225780	225780	0.02
NRIs / OCBs / Foreign Portfolio Investor	10755	47634877	47645632	4.65
Other Corporate Bodies	0	11629066	11629066	1.14
Central and State Government	0	1475658	1475658	0.14
Indian public	2889317	54318724	57208041	5.59
Others	0	7811091	7811091	0.77
Total	**2905487**	**1020837113**	**1023742600**	**100.00**

xiii) Top ten equity shareholders of the Company as on March 31, 2020:

Sr. No.	Name of the shareholder	No. of equity shares held	Percentage of holding
1	Zydus Family Trust	766381434	74.86
2	Life Insurance Corporation Of India	31645195	3.09
3	Kotak Standard Multicap Fund	12000000	1.17
4	Government Pension Fund Global	11528842	1.13
5	ICICI Prudential Value Discovery Fund	5955624	0.58
6	Franklin India Equity Fund	5800000	0.57
7	Kotak Emerging Equity Scheme	5230765	0.51
8	Bajaj Allianz Life Insurance Company Ltd.	5226264	0.51
9	General Insurance Corporation Of India	5000000	0.49
10	Vanguard Total International Stock Index Fund	4681491	0.46
Total		**853449615**	**83.37**

xiv) Dematerialization of shares and liquidity:

The Company's equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialized form. Approximately 99.72% of the equity shares have been dematerialized. ISIN number for dematerialization of the equity shares of the Company is INE010B01027.

xv) Location of the company's manufacturing plants:

The details of the locations of the plants of the Company are mentioned on the inside cover page of the Annual Report.

xvi) Address for correspondence:

Shareholders' correspondence should be addressed to the Company's RTA at the address mentioned above.

Shareholders may also contact the Company Secretary, at the Registered Office of the Company for any assistance.

Mr. Dhaval N. Soni, Company Secretary and Compliance Officer
Telephone: 079 – 48040000; Ext: 338
Email: investor.grievance@zyduscadila.com

Shareholders holding shares in the electronic mode should address all their correspondence to their respective depository participants.

xvii) Outstanding GDRs / ADRs / Warrants, its conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs / warrants or any convertible instruments.

xviii) Details of non-compliance:

There was no non-compliance during the year and no penalties were imposed or strictures passed on the Company by any Stock Exchange, SEBI or any other statutory authority. A practicing company secretary has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Directors' Report and sent the same to all the shareholders of the Company. The certificate shall also be sent to all the concerned Stock Exchanges along with the annual reports to be filed by the Company.

xix) Commodity price risk or foreign exchange risk and hedging activities:

The company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

10. NON-MANDATORY REQUIREMENTS OF REGULATION 27 (1) & PART E OF SCHEDULE II OF THE LISTING REGULATIONS:

i) The Company has a Non–Executive Chairman.

ii) The quarterly / half yearly results are not sent to the shareholders. However, the same are published in the newspapers and are also posted on the Company's website.

iii) The Company's financial statements for the financial year 2019–2020 do not contain any audit qualification.

iv) The internal auditors report to the Audit Committee and they make quarterly presentations on their reports.

v) The auditors' report on financial statements of the Company are unqualified.

MANAGING DIRECTOR (MD) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To
The Board of Directors,
Cadila Healthcare Limited

As required under the Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**") read with Schedule II part B of the Listing Regulations, we hereby certify that;

(A) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief;

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

(C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.

(D) We have indicated to the auditors and the Audit committee:

1. significant changes in internal control over financial reporting during the year;
2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Ahmedabad
Date : June 19, 2020

Sharvil P. Patel
Managing Director

Nitin D. Parekh
Chief Financial Officer

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members of
CADILA HEALTHCARE LIMITED
(CIN: L24230GJ1995PLC025878)
"Zydus Corporate Park", Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near Vaishnodevi Circle, Sarkhej - Gandhinagar Highway,
Ahmedabad – 382481

We have examined all relevant records of **CADILA HEALTHCARE LIMITED** ("**Company**") for the purpose of certifying compliance of the conditions of Corporate Governance as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**") for the financial year ended March 31, 2020. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the Corporate Governance, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and Paragraphs C, D and E of Schedule V of the Listing Regulations, during the year ended March 31, 2020.

This certificate 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.

For, **MANOJ HURKAT AND ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800

MANOJ R HURKAT
Partner
FCS No. 4287; C P No.: 2574
UDIN: F004287B000346057

Place : Ahmedabad
Date : June 19, 2020

CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) read with Clause 10(i) of Part C of Schedule V of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members of
CADILA HEALTHCARE LIMITED
(CIN: L24230GJ1995PLC025878)
"Zydus Corporate Park", Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near Vaishnodevi Circle, Sarkhej - Gandhinagar Highway,
Ahmedabad – 382481

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CADILA HEALTHCARE LIMITED** ("**Company**") produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Clause 10(i) of Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**") for the financial year ended March 31, 2020.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company, our responsibility is to express an opinion on these based on our verification.

In our opinion and to the best of our information and according to the verifications as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that for the financial year ended on March 31, 2020, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the Company by the Securities and Exchange Board of India/Ministry of Corporate Affairs or such other statutory Authority.

For, **MANOJ HURKAT AND ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800

MANOJ R HURKAT
Partner
FCS No. 4287; C P No.: 2574
UDIN: F004287B000346057

Place : Ahmedabad
Date : June 19, 2020

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Cadila Healthcare Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of Cadila Healthcare Limited ("**the Company**"), which comprise the Balance Sheet as at March 31, 2020, 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 significant accounting policies and other explanatory information in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the Company's branch located at Philippines.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the branch auditor on separate financial statements of the branch referred to in the Other Matters section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("**the Act**") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("**Ind AS**") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ("**SAs**"). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("**ICAI**") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor in terms of their report referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Carrying value of non-current investments in equity shares / common stock of, unsecured loans given to and corporate guarantees given on behalf of Zydus International Private Limited and Zydus Worldwide DMCC, both subsidiaries, as at March 31, 2020, amounting to ₹ 8,023 million, ₹ 2,983 million and ₹ 7,560 million respectively. [refer Notes 2A.2, 4A, 5, 12 and 41 to the standalone financial statements]** As at March 31, 2020, the net worth of these two subsidiaries has significantly eroded. The Company has accordingly tested the carrying value of investments in and loans to these subsidiaries for impairment. The Company's evaluation of impairment of its investments in and expected credit loss of the loans to these entities involves comparison of their carrying amounts to their corresponding recoverable amounts. Estimating the recoverable amounts involve inherent uncertainties associated with forecasting and discounting future cash flows. Further the Company's evaluation of expected loss, if any, arising out of the corporate guarantees given on behalf of the said entities involves judgement in determining the probability of defaults by the said entities in fulfilling their contractual obligations. This area has been identified as a key audit matter due to the size / materiality of the balances involved and because the Management applies significant judgement, assumptions and uses significant unobservable inputs to determine the recoverable amounts.	The audit procedures performed by us included the following: • Assessed the appropriateness of the accounting policy in respect of impairment by comparing with applicable accounting standards. • Evaluated the design, tested the implementation and operating effectiveness of the internal controls over impairment assessment process, including those over the forecast of future revenues, operating margins, growth rate and terminal values and the selection of the appropriate discount rate. • Evaluated the reasonableness of the Management's estimates and judgements by comparing the forecasts to historical revenues, margins, growth rate, and internal communications to the Board of Directors etc. • With the assistance of our internal fair value specialists, evaluated the reasonableness of the valuation methodology and discount rate used in the assessment. • Tested the mathematical accuracy of the calculations. • Performed sensitivity analysis around these key estimates to ascertain the extent of change in those assumptions that either individually or collectively would be required for the investments and loans tested to be impaired.

Sr. No.	Key Audit Matter	Auditor's Response
2	**Non-recognition of deferred tax asset in respect of unused Minimum Alternate Tax (MAT) credits under the Income Tax Act, 1961 [as described in Notes 2A.2 and 20 to the Standalone Financial Statements]** The Company has unused MAT credits aggregating ₹ 5,764 million as at March 31, 2020 under the Income Tax Act, 1961, on which deferred tax asset has not been recognized in the books of account. The recognition of deferred tax asset on account of MAT credit involves significant judgement by the management with regard to the forecasted profitability and also for ensuring that there is convincing evidence that sufficient taxable profit will be available under the normal provisions of the Income Tax Act against which the unused tax credits can be utilized by the entity within the time limits available under the applicable Income Tax laws. Accordingly, non-recognition of MAT Credit has been identified as a key audit matter.	The audit procedures performed by us included the following: • Assessed the appropriateness of the accounting policy in respect of recognition of deferred tax assets with reference to MAT Credit by comparing with applicable accounting standards. • Obtained an understanding of the management process for estimation of future profitability and computation of expected tax payable under MAT and under normal provisions of the Income Tax Act, 1961, having specific regard to various eligible benefits and deductions available under the Income Tax Act. • Evaluated the design, tested the implementation and operating effectiveness of the internal controls over the said estimation, judgement applied and computations. • Obtained the computations of forecasted profitability, taxes thereon under the provision of MAT and normal Income Tax. Tested the mathematical accuracy of the calculations. • Performed retrospective review of the projections, including allowability of the deductions and benefits by the Income Tax authorities and made inquiries with the management to understand and assess impact of any significant deviations on the projections. • Performed sensitivity analysis around key estimates. • Evaluated adequacy of disclosures given in Note 20 to standalone financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and Directors' Report, but does not include the consolidated financial statements, the standalone financial statements and our audit reports thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 Ind AS 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its branch to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the entity and its business activities included in the standalone financial statements of which we are the independent auditors. For the other entity and its business activities included in the standalone financial statements, which have been audited by the branch auditor, such branch auditor remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

OTHER MATTERS

- Due to COVID-19 related lockdown, we were unable to observe physical verification of inventory carried out by the Management subsequent to the year-end. We have performed alternate procedures to audit the existence and condition of inventory as per the guidance provided in the Standard on Auditing 501 "Audit Evidence – Specific Considerations for Selected Items", which includes inspection of supporting documentation, on test check basis, relating to purchases, production, sales, results of cyclical counts performed by the Management through the year and such other third party evidences as applicable, and have obtained sufficient appropriate audit evidence to issue an unmodified opinion on these Standalone Financial Statements.
- As stated in Note 47 to the standalone financial statements, pursuant to the Scheme of Amalgamation of certain wholly owned subsidiaries, as stated in the said Note (collectively, "**the Transferor Companies**"), into the Company becoming effective during the year ended March 31, 2020, the corresponding financial information for the year ended March 31, 2019 has been restated.

  The financial information of the Transferor Companies for the year ended March 31, 2019, included in restated corresponding financial information of the Company for the year so ended, is based solely on the financial statements for the year ended March 31, 2019 of those companies which have not been audited by us. Those financial statements were audited by other auditors on which they had issued an unmodified audit opinion.

- We did not audit the financial statements of the branch included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 15.15 million as at December 31, 2019 and total revenue of ₹ 0.02 million for the year ended on that date, as considered in the standalone financial statements. The financial statements of this branch have been audited by the branch auditor whose report has been furnished to us. The reporting date of the branch at December 31, 2019 is different from the reporting date of the Company. No adjustments have been made by the Management of the Company in respect of financial information of the branch for the periods from January 1, 2019 to March 31, 2019 and January 1, 2020 to March 31, 2020 as the amounts are insignificant. Our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the branch auditor on the separate financial statements of the branch, referred to in the Other Matters section above, we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The report on the accounts of the branch office of the Company audited under section 143(8) of the Act by the branch auditor has been sent to us and has been properly dealt with by us in preparing this report.

   d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

   e) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164(2) of the Act.

   g) 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.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   i) 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 standalone 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 has been no delay in transferring amounts, 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 & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 20036920AAAABP1560)

Place: Mumbai
Date: June 19, 2020

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) 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 Cadila Healthcare Limited ("**the Company**") as at March 31, 2020 in conjunction with our audit of the standalone 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 ("**ICAI**"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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 ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, 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 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, 2020, 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 ICAI.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 20036920AAAABP1560)

Place: Mumbai
Date: June 19, 2020

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S 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 / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold and leasehold, are held in the name of the Company as at the balance sheet date, except the following:

(₹ In Million)

Particulars of the land and building	Area	Gross Block (as at March 31, 2020)	Net Block (as at March 31, 2020)	Remarks
Leasehold Land	20,057 Sq. mtr.	29.07	25.32	The title deed is in the name of Alidac Pharmaceuticals Limited, which was amalgamated with the Company pursuant to scheme of amalgamation. The company is in the process of transferring the title in its name.
Freehold Building	7,457.59 Sq. mtr.	150.11	121.35	The title deed is in the name of Alidac Pharmaceuticals Limited, which was amalgamated with the Company pursuant to scheme of amalgamation. The company is in the process of transferring the title in its name.
Leasehold Land	18,435.97 Sq. mtr.	70.06	62.93	The title deed is in the name of Zydus Technologies Limited, which was amalgamated with the Company pursuant to scheme of amalgamation. The company is in the process of transferring the title in its name.
Freehold Building	4,802 Sq. mtr.	1,318.35	1269.05	The title deed is in the name of Zydus Technologies Limited, which was amalgamated with the Company pursuant to scheme of amalgamation. The company is in the process of transferring the title in its name.
Freehold Building	8,320 Sq. mtr.	250.14	227.14	The title deeds are in the name of Liva Pharmaceuticals Limited, which was amalgamated with the Company pursuant to scheme of amalgamation. The company is in the process of transferring the title in its name.

(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) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(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 Act 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 and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provision of the clause 3(v) of the Order are not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. 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 Act 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.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities, considering the relief provided to taxpayers by the government vide Notification No. 31/2020 dated April 3, 2020.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2020 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, 2020 on account of disputes are given below:

(₹ In million)

Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the amount Relates	Amount Involved	Amount Unpaid
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2009-10, 2011-12,	15.55	4.45
		Income Tax Appellate Tribunal	AY 2012-13, 2013-14, 2014-15, 2015-16	188.80	175.18
Finance Act, 1994	Service Tax	Customs Excise and Service Tax Appellate Tribunal	2008-09 to 2014-15	59.77	57.37
Central Excise Act, 1944	Excise Duty	Supreme Court	2006-07 & 2007-08	4.14	4.14
		Customs Excise and Service Tax Appellate Tribunal	1994-95 & 1995-96, 2004-05 to 2016-17	1,581.74	1,524.26
		Appellate Authority upto Commissioner's level	2008-09 to 2017-18	15.91	15.22
Customs Act, 1962	Custom Duty	Customs Excise and Service Tax Appellate Tribunal	2008-09, 2015-16 & 2018-19	97.01	90.65
Sales Tax Act and VAT Laws	Value Added Tax	Supreme Court	2009-10 to 2013-14 & 2015-16	51.31	-
		Tribunal	2006-07, 2012-13 to 2014-15 & 2016-17	23.44	18.81
		Appellate Authority upto Commissioner's level	2009-10 to 2015-16	74.58	65.85
	Sales Tax	Tribunal	2001-02	10.03	8.60
		Appellate Authority upto Commissioner's level	1998-99, 2005 to 2008	43.50	32.34
	Central Sales Tax	Tribunal	1997-98, 2006-07,2012-13 & 2013-14	2.07	1.54
		Appellate Authority upto Commissioner's level	2002-03, 2006-07, 2008-09 to 2010-11, 2012-13 to 2013-14 & 2015-16	10.26	4.78

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government. The Company has not taken any loans or borrowing from financial institutions and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds. The Company has not raised money by way of further public offer (including debt instruments).

(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 managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(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 Act, where applicable, for all transactions with the related parties and the details of related party transaction have been disclosed in the financial statements 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 subsidiary companies or persons connected with them and hence provisions of section 192 of the Act 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 & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 20036920AAAABP1560)

Place: Mumbai
Date: June 19, 2020

BALANCE SHEET

as at March 31, 2020

₹ Million

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019*
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	**40,644**	38,012
Capital work-in-progress		**5,526**	6,749
Goodwill	3 [B]	**-**	18
Other Intangible Assets	3 [B]	**446**	1,295
Financial Assets:			
Investments	4 [A]	**64,041**	41,905
Loans	5	**2,963**	2,013
Other Financial Assets	6	**1,947**	1,500
Other Non-Current Assets	7	**1,319**	2,022
Current Tax Assets [Net]	8	**702**	577
		117,588	94,091
Current Assets:			
Inventories	9	**13,947**	14,725
Financial Assets:			
Investments	4 [B]	**-**	47
Trade Receivables	10	**24,567**	21,121
Cash and Cash Equivalents	11	**3,748**	1,046
Bank balance other than cash and cash equivalents	11	**105**	75
Loans	12	**185**	43
Other Current Financial Assets	13	**1,165**	1,097
Other Current Assets	14	**4,210**	4,466
		47,927	42,620
Total		**165,515**	136,711
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	15	**1,024**	1,024
Other Equity	16	**111,578**	84,668
		112,602	85,692
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	17	**15,110**	20,249
Other Financial Liabilities	18	**120**	93
Provisions	19	**1,207**	1,052
Deferred Tax Liabilities [Net]	20	**1,983**	1,566
		18,420	22,960
Current Liabilities:			
Financial Liabilities:			
Borrowings	21	**14,434**	13,179
Trade Payables:			
Due to Micro and Small Enterprises	22	**87**	99
Due to other than Micro and Small Enterprises	22	**8,540**	6,911
Other Financial Liabilities	23	**10,032**	6,360
Other Current Liabilities	24	**695**	614
Provisions	25	**470**	403
Current Tax Liabilities [Net]	26	**235**	493
		34,493	28,059
Total		**165,515**	136,711
Significant Accounting Policies	**2**		
Notes to the Financial Statements	**1 to 51**		
[*] Refer Notes-47 & 48			

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman

Rajesh K. Hiranandani
Partner
Mumbai
June 19, 2020

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
Ahmedabad
June 19, 2020

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

₹ Million

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019*
Revenue from Operations	29	**63,474**	60,374
Other Income	30	**8,494**	5,593
Total Income		**71,968**	65,967
EXPENSES:			
Cost of Materials Consumed	31	**18,383**	17,558
Purchases of Stock-in-Trade	32	**979**	1,944
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	33	**155**	(860)
Employee Benefits Expense	34	**10,774**	9,612
Finance Costs	35	**2,339**	896
Depreciation and Amortisation expense	3	**4,289**	3,582
Other Expenses	36	**18,952**	15,822
Total Expenses		**55,871**	48,554
Profit before Exceptional items and Tax		**16,097**	17,413
Less: Exceptional items	45	**520**	-
Profit before Tax		**15,577**	17,413
Less: Tax Expense:			
Current Tax	37	**1,641**	3,354
Deferred Tax	37	**400**	(339)
		2,041	3,015
Profit for the year from Continuing Operations		**13,536**	14,398
Profit before tax from discontinued operations		**682**	552
Tax expense of discontinued operations		**89**	93
Profit after tax from Discontinued operations		**593**	459
Profit for the year		**14,129**	14,857
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		**(59)**	(46)
Income tax effect		**6**	8
		(53)	(38)
Net Loss on Fair Value through OCI [FVTOCI] Equity Securities		**(167)**	(280)
Income tax effect		**-**	-
		(167)	(280)
Other Comprehensive Income for the year [Net of Tax]		**(220)**	(318)
Total Comprehensive Income for the year [Net of Tax]		**13,909**	14,539
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]:	38		
Continuing Operations		**13.22**	14.06
Discontinued Operations		**0.58**	0.45
Continuing and Discontinued Operations		**13.80**	14.51
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 51		
[*] Refer Notes-47 & 48			

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman

Rajesh K. Hiranandani
Partner
Mumbai
June 19, 2020

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
Ahmedabad
June 19, 2020

CASH FLOW STATEMENT

for the year ended March 31, 2020

₹ Million

Particulars	Year ended March 31, 2020		Year ended March 31, 2019*
A CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax:			
Continuing operations	**15,577**		17,413
Discontinued operations	**682**		552
		16,259	17,965
Adjustments for:			
Depreciation and Amortisation expense	**4,448**		3,745
Exceptional Items	**520**		-
Loss on sale of property, plant and equipment [Net]	**88**		73
FVTPL gain/ profit on sale of investments [Net]	**(58)**		(828)
Interest income	**(172)**		(337)
Gain on valuation of Forward Contract value related to investment in a Joint Venture	**(464)**		(266)
Dividend income	**(7,417)**		(3,868)
Interest expenses [including effect of foreign exchange movement in borrowings] [Refer Note-6 below]	**3,640**		625
Trade receivables written off	**12**		-
Expected credit loss on trade receivables [net]	**(1)**		(14)
Doubtful advances written off	**5**		6
Allowance for doubtful advances [net of written back]	**68**		(6)
Provision for employee benefits	**318**		348
Other provisions	**20**		5
Total		**1,007**	(517)
Operating profit before working capital changes		**17,266**	17,448
Adjustments for:			
[Increase] in trade receivables	**(4,178)**		(8,401)
[Increase] in inventories	**(100)**		(882)
Decrease in other assets	**347**		2,101
Increase/ [Decrease] in trade payables	**2,180**		(1,347)
[Decrease]/ Increase in other liabilities	**(1,678)**		9
Total		**(3,429)**	(8,520)
Cash generated from operations		**13,837**	8,928
Direct taxes paid [Net of refunds]		**(2,018)**	(3,122)
Foreign Currency Monetary items Translation Difference Account written off		**6**	1
Net cash from operating activities		**11,825**	5,807
B CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	**(5,969)**		(7,252)
Proceeds from sale of property, plant and equipment	**54**		49
Purchase of non current investments in subsidiaries	**(112)**		(13,726)
Purchase of non current investments in others	**-**		(136)
Proceeds from sale/ redemption of non current investments in subsidiaries/ joint ventures	**-**		3,298
Proceeds from sale/ redemption of non current investments in others	**27**		-
FVTPL gain/ profit [net] on sale of investments which are considered as part of cash and cash equivalents	**53**		92
Advances to subsidiaries	**(954)**		(1,865)
Repayment of advances by subsidiaries	**-**		7,848
Interest received	**34**		372
Dividend received	**7,417**		3,868
Net cash from/ [used in] investing activities		**550**	(7,452)

CASH FLOW STATEMENT
for the year ended March 31, 2020

₹ Million

Particulars	Year ended March 31, 2020		Year ended March 31, 2019*
C CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from non current borrowings	**1,799**		6,772
Repayment of non current borrowings	**(3,606)**		(1,704)
Current Borrowings [Net]	**689**		(3)
Interest paid	**(1,395)**		(824)
Dividends paid	**(7,166)**		(3,583)
Tax on dividends paid	**(7)**		(9)
Net cash [used in]/ from financing activities		**(9,686)**	649
Net Increase/ [Decrease] in cash and cash equivalents		**2,689**	(996)
Cash and cash equivalents at the beginning of the year		**1,168**	1,838
Cash and cash equivalents adjusted pursuant to merger [Refer Note-47]		**-**	326
Cash and cash equivalents adjusted pursuant to slump exchange [Refer Note-48]		**(4)**	-
Cash and cash equivalents at the end of the year		**3,853**	1,168

Notes to the Cash Flow Statement

1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".

2 All figures in brackets are outflows.

3 Previous year's figures have been regrouped wherever necessary.

4 Cash and cash equivalents at the end [beginning] of the year include ₹ 63 [₹ 44] Millions not available for immediate use.

5 Cash and cash equivalents comprise of:

		As at March 31, 2020	As at March 31, 2019*	As at March 31, 2018
a	Cash on Hand	**2**	4	3
b	Balances with Banks	**3,851**	1,117	1,835
c	Investment in Liquid Mutual Funds	**-**	47	-
d	Total	**3,853**	1,168	1,838

6 Change in liability arising from financing activities:

	Borrowings		
	Non-Current [Note-17]	Current [Note-21]	Total
As at March 31, 2018	15,716	13,009	28,725
Acquired under merger	2,308	-	2,308
Cash flow	5,067	(3)	5,064
Foreign exchange movement	(437)	173	(264)
As at March 31, 2019	22,654	13,179	35,833
Cash flow	(1,807)	689	(1,118)
Foreign exchange movement	1,666	566	2,232
As at March 31, 2020	**22,513**	**14,434**	**36,947**

[*] Refer Notes-47 & 48

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

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Partner
Mumbai
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Managing Director
Ahmedabad
June 19, 2020

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

A EQUITY SHARE CAPITAL:

	No. of Shares	₹ Million
Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2018	1,023,742,600	1,024
As at March 31, 2019	1,023,742,600	1,024
As at March 31, 2020	**1,023,742,600**	**1,024**

B OTHER EQUITY:

₹ Million

	Reserves and Surplus					Items of OCI	Total
	Capital Reserve	International Business Development Reserve	General Reserve	Foreign Currency Monetary Items Translation Difference Account [FCMITDA]	Retained Earnings	FVTOCI Reserve	Total
As at March 31, 2018	**-**	**2,000**	**15,550**	**(7)**	**58,127**	**761**	**76,431**
Add/ [Less]: Adjusted pursuant to merger [Refer Note-47]	211	-	(25)	-	(2,897)	-	**(2,711)**
Adjusted balance	211	2,000	15,525	(7)	55,230	761	**73,720**
Add: Profit for the year	-	-	-	-	14,857	-	**14,857**
Less: Other Comprehensive Income	-	-	-	-	(38)	(280)	**(318)**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**14,819**	**(280)**	**14,539**
Net movement in FCMITDA	-	-	-	1	-	-	**1**
Transactions with Owners in their capacity as owners:							
Dividends	-	-	-	-	(3,583)	-	**(3,583)**
Corporate Dividend Tax on Dividend [Net of CDT Credit]	-	-	-	-	(9)	-	**(9)**
As at March 31, 2019	**211**	**2,000**	**15,525**	**(6)**	**66,457**	**481**	**84,668**
Add: Adjusted pursuant to merger/ slump exchange [Refer Notes-47 & 48]	20,168	-	-	-	-	-	**20,168**
Adjusted balance	20,379	2,000	15,525	(6)	66,457	481	**104,836**
Add: Profit for the year	-	-	-	-	14,129	-	**14,129**
Less: Other Comprehensive Income	-	-	-	-	(53)	(167)	**(220)**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**14,076**	**(167)**	**13,909**
Net movement in FCMITDA	-	-	-	6	-	-	**6**
Transactions with Owners in their capacity as owners:							
Dividends	-	-	-	-	(7,166)	-	**(7,166)**
Corporate Dividend Tax on Dividend [Net of CDT Credit]	-	-	-	-	(7)	-	**(7)**
As at March 31, 2020	**20,379**	**2,000**	**15,525**	**-**	**73,360**	**314**	**111,578**

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

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Chairman

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Partner
Mumbai
June 19, 2020

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Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
Ahmedabad
June 19, 2020

NOTES TO FINANCIAL STATEMENTS

NOTE: 1-COMPANY OVERVIEW:

Cadila 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 research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Company includes Active Pharmaceutical Ingredients [API] and human formulations. The Company's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited. The registered office of the Company is located at "Zydus Corporate Park", Sarkhej-Gandhinagar Highway, Near Vaishnodevi Circle, Ahmedabad - 382481.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on June 19, 2020.

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.

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 Derivative financial instruments

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

iii Defined benefit plans

iv Contingent consideration

2 Use of Estimates:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions.

These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of income 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 probability 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 judgments are involved in determining the estimated stock lying in the market with product shelf life and estimates of likely claims on account of expiry of such unsold goods lying with stockists.

d Impairment of property, plant and equipment, goodwill and investments:

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

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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

Critical estimates:

a **Property, Plant and Equipment:**

Property, Plant and Equipment represent a large 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 lives, such as changes in technology.

b **Leases:**

When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

3 Foreign Currency Transactions:

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

A The transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of transactions.

B Foreign Exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities [except as covered in "E" below] 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 adjustments 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 ₹ [functional currency] at the rates of exchange prevailing at the time when the investments were made.

E The net gain or loss on account of exchange rate differences either on settlement or on translation of long term foreign currency monetary items recognised on or after April 1, 2016 is recognised as income or expense in the Statement of Profit and Loss in the year in which they arise. The net gain or loss on long term foreign currency monetary items recognised in the financial statement for the period ended on March 31, 2016 is recognised under "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], except in case of foreign currency loans taken for funding of Property, Plant and Equipment, where such difference is adjusted to the cost of respective Property, Plant and Equipment. This is as per the exemption given under Ind AS 101 to defer/ capitalize exchange differences arising on long-term foreign currency monetary items.

The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.

4 Revenue Recognition:

A The Company has applied Ind AS 115 - Revenue from Contracts with Customers which is effective for an annual period beginning on or after April 1, 2018. The following is the significant accounting policy related to revenue recognition under Ind AS 115.

a **Sale of Goods:**

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer.

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, net of discounts. When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price [excluding estimates of variable consideration] that is allocated to that performance obligation. Historical experience, specific contractual terms and future expectations of sales returns are 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

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

achievement of agreed milestones and are net of indirect taxes, wherever applicable.

B Goods and Service Tax [GST] is not received by the Company on its own account. Rather, it is a tax collected on value added to the goods and services by the Company on behalf of the government. Accordingly, it is excluded from revenue.

C The specific recognition criteria described below must also be met before revenue is recognised:

a Interest Income:

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

b Dividend:

Dividend income is recognised when the Company's right to receive the payment is established.

c 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.

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1 2015, the Company uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of the loan.

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 co-relation 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 including 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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

f Deferred tax items are recognised in co-relation to the underlying transaction either in Statement of Profit and Loss, 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.

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

i The Company recognizes MAT credit available as an asset only when and to the extent there is a convincing evidence of actual utilisation of such credit and also based on historical experience 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 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 less impairment, if any. 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. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in the financial statements for the period ended on March 31, 2016, attributable to Property, Plant and Equipment is adjusted to the cost of respective Property, Plant and Equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

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

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

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

D Depreciation on impaired assets is calculated on the reduced values, if any, on a systematic basis over their remaining useful lives.

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 ₹ 10,000/-, the depreciation is provided @ 100%.

G Capital work in progress is stated at cost less accumulated impairment loss, if any.

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

8 Intangible Assets:

A Intangible assets acquired separately are measured on initial recognition at cost. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

B Internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

C Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful lives.

D Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life of four years as estimated by the management at the time of capitalisation.

E Intangible assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

F An item of intangible asset initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

9 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 Non Financial Assets:

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

12 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 Work-in-Progress are valued at lower of cost and net realisable value.

B Cost [Net of 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 Work-in-Progress are determined by taking material cost [Net of 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 expense and included in "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:

The Company has adopted Ind AS 116 "Leases" which is effective for an annual period beginning on or after from April 1, 2019. The following is the significant accounting policy related to Ind AS 116.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. For contracts in place at the date of initial application, the Company has elected to apply the definition of lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.

As a lessee:

For any new contracts entered into on or after April 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset [the underlying asset] for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee:

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date [net of any incentives received].

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments [including in substance fixed], variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in other financial liabilities.

As a lessor:

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

For the year ended March 31, 2019, the Company was recognising revenue as per the criteria provided in Ind AS 17 "Leases" as under:.

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 expense on straight line basis 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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

As a lessor:

Lease income from operating leases where the Company is lessor is recognised as 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.

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

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 as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in Statement of profit and loss.

b Defined Benefit Plans:

i Gratuity:

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The present value of the defined benefit obligation denominated in ₹ 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 or loss in subsequent periods.

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

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and

ii Net interest expense or income.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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.

Contributions to such provident fund are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

c **Defined Contribution Plans - Provident Fund Contribution:**

Employees of the Company, other than covered in point (ii) above, 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 their monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits 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 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 transaction costs, in the case of financial assets not recorded at fair value through profit or loss, 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, i.e., the date that the Company settles to purchase or sell the asset.

b **Subsequent measurement:**

For purposes of subsequent measurement, financial assets are classified in five 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 and loss.

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

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

- The asset is held with objectives of both 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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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 at 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.

v **Investments in subsidiaries and joint ventures:**

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint ventures, the differences between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries and joint ventures at the Previous GAAP carrying amounts as their deemed costs on the date of transition to Ind AS i.e., April 1, 2015.

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 risks and rewards of ownership of the financial asset, the same is derecognised.

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:

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

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

iii Financial assets that are debt instruments and are measured as at FVTOCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point d above.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it requires the Company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition 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] is recognized as expense/ income 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, using EIR method. Gains and losses are recognised in Statement of profit and 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.

d Embedded derivatives:

An embedded derivative is a component of a hybrid [combined] instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of profit and loss, unless designated as effective hedging instruments.

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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.

20 Derivative Financial Instruments and Hedge Accounting:

Derivatives are recognised initially at fair value and subsequently at fair value through profit and loss.

Fair value hedges:

The Company applies fair value hedge accounting for changes in fair value of trade receivables [non-derivative financial assets] attributable to foreign currency risk. The Company designates certain non-derivative foreign currency financial liabilities [hedging instrument] to hedge the risks of changes in fair value of trade receivables attributable to the movement in foreign exchange rates. The Company documents at the time of designation the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking such hedging transactions. The Company also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the risk management objectives are met with the hedging relationship.

Changes in fair values of both hedging instruments and hedged items are recognised in foreign exchange gains / losses as a part of other income or other expenses as the case may be. If the hedge no longer meets the criteria for hedge accounting, this accounting treatment is discontinued.

21 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, or

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.

22 Non-Current Assets held for Sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale of asset and disposal group is highly probable. The Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification.

Non-current assets [and disposal groups] classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss before tax from discontinued operations in the statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

23 Earnings per Share:

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

For the purpose of calculating diluted earnings per share, the net profit or loss [excluding other comprehensive income] for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable effective from April 1, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS:

[A] Property, Plant and Equipment:

₹ Million

	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2018	1,941	443	6,807	30,943	645	641	467	**41,887**
Adjusted pursuant to merger [$]	-	99	419	1,939	60	12	17	**2,546**
Additions	44	-	1,606	12,007	52	119	87	**13,915**
Disposals	-	-	(6)	(393)	-	(81)	(3)	**(483)**
Other adjustments	-	-	26	67	(3)	2	(9)	**83**
As at March 31, 2019	1,985	542	8,852	44,563	754	693	559	**57,948**
Right of use assets on transition date	-	-	72	-	-	-	-	**72**
Additions	19	258	3,363	2,680	720	86	472	**7,598**
Disposals	-	-	(79)	(249)	(25)	(69)	(7)	**(429)**
Adjusted due to slump exchange [$$]	(1)	(335)	(162)	(410)	(1)	(31)	(7)	**(947)**
Other adjustments	-	-	4	22	-	-	-	**26**
As at March 31, 2020	2,003	465	12,050	46,606	1,448	679	1,017	**64,268**
Depreciation and Impairment:								
As at March 31, 2018	-	35	1,687	13,713	443	332	223	**16,433**
Adjusted pursuant to merger [$]		10	30	308	25	5	6	**384**
Depreciation for the year	-	5	231	3,068	35	66	76	**3,481**
Disposals	-	-	(2)	(311)	-	(46)	(2)	**(361)**
Other adjustments	-	-	(1)	9	(2)	-	(7)	**(1)**
As at March 31, 2019	-	50	1,945	16,787	501	357	296	**19,936**
Depreciation for the year	-	9	327	3,553	71	63	120	**4,143**
Disposals	-	-	(19)	(201)	(18)	(43)	(6)	**(287)**
Adjusted due to slump exchange [$$]	-	(7)	(14)	(129)	(1)	(15)	(2)	**(168)**
Other adjustments	-	-	3	-	(3)	-	-	**-**
As at March 31, 2020	-	52	2,242	20,010	550	362	408	**23,624**
Net Block:								
As at March 31, 2019	1,985	492	6,907	27,776	253	336	263	**38,012**
As at March 31, 2020	2,003	413	9,808	26,596	898	317	609	**40,644**

NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS: (Contd...)

[B] Intangible Assets:

₹ Million

	Goodwill	Other Intangible Assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2018	**120**	1,665	620	362	503	**3,150**
Adjusted pursuant to merger [$]	**-**	10	7	-	57	**74**
Additions	**-**	-	175	-	-	**175**
Disposals	**-**	-	-	-	-	**-**
Other adjustments	**-**	-	57	(1)	-	**56**
As at March 31, 2019	**120**	1,675	859	361	560	**3,455**
Additions	**-**	-	262	-	20	**282**
Disposals	**-**	-	-	-	-	**-**
Adjusted due to slump exchange [$$]	**(18)**	(1,665)	(16)	(348)	(436)	**(2,465)**
Other adjustments	**-**	-	-	-	-	**-**
As at March 31, 2020	**102**	10	1,105	13	144	**1,272**
Amortisation and Impairment:						
As at March 31, 2018	**102**	788	400	237	395	**1,820**
Adjusted pursuant to merger [$]		10	3		55	**68**
Amortisation for the year	**-**	111	123	16	14	**264**
Disposals	**-**	-	-	-	-	**-**
Other adjustments	**-**	-	8	-		**8**
As at March 31, 2019	**102**	909	534	253	464	**2,160**
Amortisation for the year	**2**	108	165	16	14	**303**
Disposals	**-**	-	-	-	-	**-**
Adjusted due to slump exchange [$$]	**(2)**	(1,007)	(15)	(261)	(354)	**(1,637)**
Other adjustments	**-**	-	-	-	-	**-**
As at March 31, 2020	**102**	10	684	8	124	**826**
Net Block:						
As at March 31, 2019	**18**	766	325	108	96	**1,295**
As at March 31, 2020	**-**	-	421	5	20	**446**

NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS: (Contd...)

₹ Million

	As at March 31, 2020	As at March 31, 2019
Depreciation and Amortisation expenses:		
Depreciation	**4,143**	3,481
Amortisation	**305**	264
Less: Depreciation charge pertaining discontinued operations	**(159)**	(163)
Total	**4,289**	3,582

Notes:

1 Buildings include ₹ 0.02 [As at March 31, 2019: ₹ 0.02] Million being the value of unquoted shares held in cooperative societies.

2 Additions of ₹ 472 [Previous Year: ₹ 333] Million in research assets during the year are included in "Additions" under the respective heads of Gross Block of Tangible assets as above.

3 Other adjustments include adjustments on account of exchange rate differences.

4 For details of assets pledged as security refer Note 17.

5 Legal titles of the immovable properties acquired pursuant to Scheme of Amalgamation of Zydus Technologies Limited, Alidac Pharmaceutical Limited, Liva Pharmaceutical Limited and Dialforhealth India Limited with the Company are in the process of being transferred in the name of the Company.

6 Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Liva Healthcare Limited, Zydus Animal Health Limited and Zydus Pharmaceuticals Limited with the Company are in the process of being transferred in the name of the Company.

[$] Refer Note-47

[$$] Refer Note-48

NOTE: 4 [A]-INVESTMENTS [NON-CURRENT]:

₹ Million

	Face Value [*]	Nos. [**]	As at March 31, 2020	As at March 31, 2019
Investments in Subsidiaries and Joint Ventures:				
Investments in Equity Instruments			**29,755**	30,796
Investments in Preference Shares			**22,825**	91
Investments in Equity Instruments via Optionally Convertible Preference Shares			**10,712**	10,079
			63,292	40,966
Investments - Others:				
Investments in Equity Instruments			**626**	794
Investments in Preference Shares			**9**	9
Investments in Bonds			**114**	136
			749	939
Total			**64,041**	41,905
A Details of Investments in Subsidiaries and Joint Ventures:				
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Quoted]:				
In fully paid-up equity shares of Zydus Wellness Limited [#]	10	36,647,509	**12,320**	12,320

NOTES TO FINANCIAL STATEMENTS

NOTE: 4 [A]-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

	Face Value [*]	Nos. [**]	As at March 31, 2020	As at March 31, 2019
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Technologies Limited [^]	10	[0] 42,500,000	**-**	-
Dialforhealth India Limited [^]	10	[0] 5,000,000	**-**	-
Zydus Healthcare Limited [Refer Note-49]	100	2,161,742	**4,709**	5,342
Liva Pharmaceuticals Limited [^]	10	[0] 2,000,000	**-**	-
Alidac Pharmaceuticals Limited [^]	10	[0] 22,330,000	**-**	-
Zydus Animal Health and Investments Limited [Formerly known as Violio Pharmaceuticals and Investments Limited]	10	900,000	**9**	9
Windlas Healthcare Private Limited [Note-45]	10	24,077,950	**1,556**	1,556
Zydus Foundation	10	50,000	**1**	1
Zydus International Private Limited [$]	€ 1.462843	62,340,456	**6,518**	6,518
Zydus Lanka (Private) Limited [2,609,304 shares subscribed during the year]	LKR 10	3,706,304 [1,097,000]	**15**	5
Zydus Healthcare Philippines Inc.	PHP 10	24,965,120	**351**	351
Zydus Worldwide DMCC [$]	AED 1,000	84,480	**1,505**	1,505
Sentynl Therapeutics Inc	$0.0001	100	**2,038**	2,038
Zydus Healthcare (USA) LLC	$1	200,000	**12**	12
Zydus Pharmaceuticals Limited [Formerly known as Alidac Healthcare Limited] [10,000,000 shares subscribed during the year]	10	10,000,000 [0]	**100**	-
Dialforhealth Unity Limited [₹ 275,000] [^^]	10	27,500 [0]	**-**	-
Dialforhealth Greencross Limited [^^]	10	250,000 [0]	**3**	3
			16,817	17,340
Less: Provision for impairment [Note-45]			**(523)**	(3)
			16,294	17,337
In fully paid-up Common Stock of:				
Zydus Pharmaceuticals (USA) Inc.	$1	2,300,000	**519**	519
Zydus Noveltech Inc. [USA] [150 common stock acquired during the year]	No par value	1,000 [850]	**209**	207
			728	726
Joint Venture Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Hospira Oncology Private Limited	10	7,500,000	**75**	75
Zydus Takeda Healthcare Private Limited	10	10,000,000	**100**	100
Bayer Zydus Pharma Private Limited	10	12,499,999	**125**	125
			300	300
Deemed investment:				
Equity Component of Bayer Zydus Pharma Private Limited			**113**	113
			29,755	30,796
Investment in Preference Shares [Carried at amortised cost]:				
Joint Venture Company [Unquoted]:				
In fully paid-up, 5%, Redeemable Non-Cumulative				
Preference Shares of Bayer Zydus Pharma Private Limited	10	10,000,000	**91**	91

NOTES TO FINANCIAL STATEMENTS

NOTE: 4 [A]-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

	Face Value [*]	Nos. [**]	As at March 31, 2020	As at March 31, 2019
Investment in Equity Instruments via Optionally Convertible Redeemable Preference Shares [Valued at cost]:				
Subsidiary Companies:				
Zydus Technologies Limited [^]	100	0 [900,000]	**-**	-
Dialforhealth India Limited [^]	100	0 [2,000,000]	**-**	-
Zydus Healthcare Limited	100	100,650,000	**10,065**	10,065
German Remedies Pharmaceuticals Private Limited [Formerly known as Acme Pharmaceuticals Private Limited] [Acquired pursuant the Scheme of Arrangement] [Scheme-1] [Refer Note-49]	100	6,332,797 [0]	**633**	-
Alidac Pharmaceuticals Limited [^]	100	0 [7,300,000]	**-**	-
Zydus Healthcare Philippines Inc.	PHP 10	983,180	**14**	14
Liva Pharmaceuticals Limited [^]	100	0 [36,500,000]	**-**	-
			10,712	10,079
Investment in 8% Non-Convertible Non-Cumulative Redeemable Preference Shares of a Subsidiary Company:[Valued at cost]:				
Zydus Animal Health and Investments Limited [Formerly known as Violio Pharmaceuticals and Investments Limited][Acquired pursuant to transfer of Animal Healthcare division] [Refer Note-48]	10	2,273,350,000 [0]	**22,734**	-
B Details of Investments - Others [Valued at fair value through OCI]:				
Investment in Equity Instruments [Quoted]:				
In fully paid-up Common Stock of:				
Onconova Therapeutic Inc. USA [₹ 98,356/-]	$0.01	4,341	**-**	1
Pieris Pharmaceuticals Inc., USA	$0.001	1,415,539	**244**	328
			244	329
In fully paid-up Equity Shares of:				
Housing Development Finance Corporation Limited	2	219,500	**358**	432
HDFC Bank Limited	1 [2]	8,000 [4,000]	**7**	9
Kokuyo Camlin Limited	1	72,090	**3**	7
Camlin Fine Sciences Limited	1	152,000	**6**	8
Accelya Kale Consultants Limited [₹ 325,052/-]	10	383	**-**	1
			374	457
Investment in Equity Instruments [Unquoted]:				
In fully paid-up Equity Shares of:				
Bharuch Enviro Infrastructure Limited [₹ 12,140/-]	10	1,214	**-**	-
Narmada Clean Tech	10	625,813	**6**	6
Enviro Infrastructure Company Limited	10	50,000	**1**	1
GVFL Limited [Formerly known as Gujarat Venture Finance Limited]	10	50,000	**1**	1
Saraswat Co-Op Bank Limited [₹ 20,350/-]	10	2,500	**-**	-
The Shamrao Vithal Co-Op Bank Limited [₹ 2,500/-]	25	100	**-**	-
The Green Environment Co-operative Society Limited [₹ 5,000/-]	100	50	**-**	-
Shivalik Solid Waste Management Limited [₹ 2,00,000/-]	10	20,000	**-**	-
			8	8
			626	794

NOTES TO FINANCIAL STATEMENTS

NOTE: 4 [A]-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

			Face Value [*]	Nos. [**]	As at March 31, 2020	As at March 31, 2019
	Investment in Preference Shares [Unquoted]:					
	[Carried at amortised cost]:					
		In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited	10	900,000	**9**	9
C	**Investment in Bonds [Valued at amortised cost] [Quoted]:**					
	In fully paid-up Bonds of:					
		8.23% Karnataka State Financial Corporation	1,000,000	0 [5]	**-**	4
		9.90% Tamil Nadu Generation and Distribution Corporation Limited	1,000,000	3.5 [5]	**3**	4
		10.00% Krishna Bhagya Jala Nigam Limited	1,000,000	12	**12**	12
		8.95% IDBI Bonds	1,000,000	[0] 14	**-**	13
		8.90% IDBI Upper Tier II Bonds	1,000,000	[0] 4	**-**	3
		9.10% PNB Housing Finance Limited	1,000,000	25	**24**	25
		9.75% Piramal Enterprises Limited	1,000,000	35	**35**	35
		9.00% Indiabulls Housing Finance Limited	1,000	40,000	**40**	40
					114	136
	Total				**64,041**	41,905
D	a	i Aggregate book value of quoted investments			**13,052**	13,242
		ii Market value of quoted investments			**48,350**	48,720
	b	Aggregate book value of unquoted investments			**50,989**	28,663
E	**Explanations:**					
	a	In "Face Value [*]", figures in Indian Rupees unless stated otherwise.				
	b	In "Nos. [**]" figures of previous year are same unless stated in [ ].				

[#] Pursuant to Securities and Exchange Board of India [Issue of Capital and Disclosure Requirements] Regulations, 2018, 8,483,754 equity shares have lock-in period till February 24, 2022.

[$] The net worth of these subsidiaries as on March 31, 2020 is negative. However, in view of the strategic nature of the investment in these companies and also considering the future business and cash flow projections of these companies, the same are valued at Cost and no impairment allowance is required to be provided for.

[^] Merged with Cadila Healthcare Limited w.e.f. April 1, 2019. [Refer Note-47]

[^^] Upon merger of Dialforhealth India Limited with Cadila Healthcare Limited, the subsidiaries of Dialforhealth India Limited became the direct subsidiaries of Cadila Healthcare Limited.

NOTES TO FINANCIAL STATEMENTS

NOTE: 5-LOANS:

₹ Million

		As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]			
Loans to Related Parties [*]		**2,963**	2,013
Total		**2,963**	2,013
[*] 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	Zydus Healthcare Limited	**-**	131
b	Zydus Animal Health and Investments Limited [Formerly known as Violio Pharmaceuticals and Investments Limited]	**29**	26
c	Zydus Worldwide DMCC	**566**	518
d	Zydus International Private Limited	**2,368**	1,338
Total		**2,963**	2,013

(#) Loans which are outstanding at the end of the respective financial year.

Notes:

a All the above loans have been given for business purposes.

b All the above loans are repayable within a period of 3 years.

NOTE: 6-OTHER FINANCIAL ASSETS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**76**	93
Forward Contract value related to investment in a Joint Venture	**1,866**	1,402
Others	**5**	5
Total	**1,947**	1,500

NOTE: 7-OTHER NON-CURRENT ASSETS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances - Considered Good [*]	**540**	1,166
Capital Advances - Credit impaired	**66**	2
	606	1,168
Less: Allowances for credit impaired	**66**	2
	540	1,166
Balances with Statutory Authorities	**763**	841
Others	**16**	15
Total	**1,319**	2,022
[*] includes advances to Related parties	**-**	247

NOTES TO FINANCIAL STATEMENTS

NOTE: 8-CURRENT TAX ASSETS [NET]:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Advance payment of Tax [Net of provision for taxation of ₹ 11,006 {as at March 31, 2019: ₹ 10,899} Million]	**702**	577
Total	**702**	577

NOTE: 9-INVENTORIES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	**6,257**	6,857
Work-in-progress	**2,725**	2,248
Finished Goods	**3,482**	3,771
Stock-in-Trade	**590**	933
Stores and Spares	**-**	6
Others:		
Packing Materials	**893**	910
Total	**13,947**	14,725
The above includes Goods in transit as under:		
Raw Materials	**118**	147
Stock-in-Trade	**1**	4
Packing Materials	**15**	45
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories Net of reversal of write-down	**67**	55

For details of inventories pledged as security, refer Note 21.

NOTE: 4 [B]-INVESTMENT [CURRENT]:

₹ Million

	Nos. [**]	As at March 31, 2020	As at March 31, 2019
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss][*]			
Kotak Liquid Fund - Direct Plan - Growth	0 [12,422.838]	**-**	47
Total		**-**	47

[*] Considered as cash and cash equivalents for Cash Flow Statement

[**] In "Nos." figures of previous year are stated in [ ].

NOTES TO FINANCIAL STATEMENTS

NOTE: 10-TRADE RECEIVABLES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Secured - Considered good	**752**	894
Unsecured - Considered good	**23,815**	20,227
Unsecured - Credit impaired	**33**	40
	24,600	21,161
Less: Allowances for credit losses	**33**	40
Total	**24,567**	21,121

NOTE: 11-CASH AND BANK BALANCES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
A Cash and Cash Equivalents:		
Balances with Banks	**3,746**	1,042
Cash on Hand	**2**	4
Total	**3,748**	1,046
A Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
B There are no amounts of cash and cash equivalent balances held by the entity that are not available for use		
B Bank balances other than cash and cash equivalents:		
Balances with Banks [*]	**105**	75
Total	**105**	75
[*] Earmarked balances with banks:		
A Balances with Banks include Balances in unclaimed dividend accounts	**63**	44

NOTE: 12-LOANS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good]		
Loans to related parties [*]	**185**	43
Total	**185**	43
[*] Details of Loans to Related Parties [Refer Note-40 for relationship] are as under:		
a Zydus Healthcare Limited	**134**	-
b Zydus Animal Health and Investments Limited [Formerly known as Violio Pharmaceuticals and Investments Limited] [Interest Receivable on loan]	**2**	2
c Zydus International Private Limited [Interest Receivable on loan]	**24**	33
d Zydus Worldwide DMCC [Interest Receivable on loan]	**25**	8

NOTE: 13-OTHER CURRENT FINANCIAL ASSETS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good]		
Others	**1,165**	1,097
Total	**1,165**	1,097

NOTES TO FINANCIAL STATEMENTS

NOTE: 14-OTHER CURRENT ASSETS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good, unless otherwise stated]		
Balances with Statutory Authorities	**2,177**	2,253
Advances to Suppliers - Considered Good	**487**	512
Advances to Suppliers - Credit impaired	**21**	17
	508	529
Less: Allowances for credit impaired	**21**	17
	487	512
Export Incentive Receivables	**1,254**	1,393
Prepaid Expenses	**291**	305
Others	**1**	3
Total	**4,210**	4,466

NOTE: 15-EQUITY SHARE CAPITAL:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Authorised:		
1,725,000,000 [as at March 31, 2019: 1,725,000,000] Equity Shares of ₹ 1/- each	**1,725**	1,725
	1,725	1,725
Issued, Subscribed and Paid-up:		
1,023,742,600 [as at March 31, 2019: 1,023,742,600] Equity Shares of ₹ 1/- each, fully paid-up	**1,024**	1,024
Total	**1,024**	1,024
A There is no change in the number of shares as at the beginning and end of the year.		
Number of shares at the beginning and at the end of the year	**1,023,742,600**	1,023,742,600
B The Company has only one class of equity shares having a par value of ₹ 1/- 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 ₹ 1/- each		
Zydus Family Trust		
Number of Shares	**766,381,434**	765,537,230
% to total share holding	**74.86%**	74.78%

NOTES TO FINANCIAL STATEMENTS

NOTE: 16-OTHER EQUITY:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Capital Reserve:		
Balance as per last Balance Sheet	**211**	-
Add: Adjusted pursuant to merger/ slump exchange [Refer Note-47 & 48]	**20,168**	211
	20,379	211
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	**2,000**	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	**15,525**	15,550
[Less]: Adjusted pursuant to merger[Refer Note-48]	**-**	(25)
	15,525	15,525
Foreign Currency Monetary Items Translation Difference Account: [***]		
Balance as per last Balance Sheet	**(6)**	(7)
Add/ [Less]: Credited/ [Debited] during the year	**6**	1
	-	(6)
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**481**	761
[Less]/ Add: [Debited]/ Credited during the year	**(167)**	(280)
	314	481
Retained Earnings:		
Balance as per last Balance Sheet	**66,457**	58,127
Less: Adjusted pursuant to merger[Refer Note-47]	**-**	(2,897)
Add: Profit for the year	**14,129**	14,857
	80,586	70,087
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	**(53)**	(38)
Less: Dividends:		
Dividends	**(7,166)**	(3,583)
Corporate Dividend Tax on Dividend [Net of CDT Credit]	**(7)**	(9)
	(7,173)	(3,592)
Balance as at the end of the year	**73,360**	66,457
Total	**111,578**	84,668

[*] *International Business Development Reserve was created pursuant to Composite Scheme of Amalgamation approved by the Hon'ble High Court of Gujarat and its utilization shall be as provided in the scheme.*

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

[***] *The Company had opted for accounting the exchange rate differences arising on the Long Term Foreign Currency Monetary Items [LTFCMI] in accordance with the notification dated March 31, 2009 and amended on December 29, 2011 under the Companies [Accounting Standards] Amendment Rules, 2009 on Accounting Standard 11 relating to "the effects of changes in foreign exchange rates". Accordingly, the effects of exchange rate differences arising on translation or settlement of long term foreign currency loans availed for funding acquisition of Property, Plant and Equipment have been adjusted to the cost of respective items of Property, Plant and Equipment. In other cases, such exchange rate difference on the LTFCMI is transferred to "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA]. The option of transferring exchange rate differences to FCMITDA is available on LTFCMI outstanding as on March 31, 2016 only. The FCMITDA is amortised during the tenure of the respective LTFCMI but not beyond March 31, 2020.*

[#] *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 FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.*

NOTES TO FINANCIAL STATEMENTS

NOTE: 17-BORROWINGS:

₹ Million

	Non-current portion		Current Maturities	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
A Term Loans from Banks:				
a Term Loans:				
i Secured	**-**	100	**-**	-
b External Commercial Borrowings in Foreign Currency				
i Secured	**-**	781	**853**	1,241
ii Unsecured	**12,600**	16,142	**5,040**	1,153
	12,600	16,923	**5,893**	2,394
B From Others [Unsecured]	**2,510**	3,226	**1,510**	11
Total	**15,110**	20,249	**7,403**	2,405
The above amount includes:				
Secured borrowings	**-**	881	**853**	1,241
Unsecured borrowings	**15,110**	19,368	**6,550**	1,164
Amount disclosed under the head				
"Other Current Financial Liabilities" [Note-23]	**-**	-	**(7,403)**	(2,405)
Net amount	**15,110**	20,249	**-**	-

A Securities and Terms of Repayment for Secured Long Term Borrowings:

a Foreign Currency Loans:

i ECB of USD 33.86 Million is secured by hypothecation of a specific trade mark of one of the Subsidiary Companies. The Loan is repayable in three equal yearly installments starting from May 15, 2018 of USD 11,285,330 each. The loan was originally availed of by one of the subsidiary companies, which got merged with the Company w.e.f. April 1, 2019. The outstanding amount of loan as at March 31, 2020 is ₹ 853 Million [as at March 31, 2019: ₹ 1,561 Million].

B Terms of Repayment for Unsecured Long Term Borrowings:

a Foreign Currency Loans:

i ECB of USD 30 Million is repayable in three yearly installments starting from January 17, 2020 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 1,512 [as at March 31, 2019: ₹ 2,075] Million.

ii ECB of USD 20 Million is repayable in three yearly installments starting from March 1, 2020 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 1,008 [as at March 31, 2019: ₹ 1,384] Million.

iii ECB of USD 100 Million is repayable in three yearly installments starting from March 27, 2021 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 7,560 [as at March 31, 2019: ₹ 6,918] Million.

iv ECB of USD 30 Million is repayable in three yearly installments starting from April 26, 2020 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 2,268 [as at March 31, 2019: ₹ 2,075] Million.

v ECB of USD 20 Million is repayable in three yearly installments starting from September 18, 2020 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 1,512 [as at March 31, 2019: ₹ 1,384] Million.

vi ECB of USD 20 Million is repayable in three yearly installments starting from September 7, 2021 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 1,512 [as at March 31, 2019: ₹ 1,384] Million.

vii ECB of USD 30 Million is repayable in three yearly installments starting from January 23, 2022 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 2,268 [as at March 31, 2019: ₹ 2,075] Million.

b Rupee Loans:

i Loan from Department of Science and Technology is repayable in ten yearly equal installments starting from November 1, 2012. The outstanding amount as at March 31, 2020 is ₹ 20 [as at March 31, 2019: ₹ 31] Million.

ii The loan from one of the subsidiary companies will be repaid within 3 years from the date of execution of loan agreements from time to time or as may be decided mutually by both the parties. The applicable interest rate on the loan is SBI Base Rate plus 0.50% p.a. The loan was originally availed of by one of the subsidiary companies, which got merged with the Company w.e.f. April 1, 2019. The outstanding amount as at March 31, 2020 is ₹ 4,000 [as at March 31, 2019: ₹ 3,200] Million.

NOTES TO FINANCIAL STATEMENTS

NOTE: 18-OTHER FINANCIAL LIABILITIES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Trade Deposits	**83**	93
Lease obligations	**37**	-
Total	**120**	93

NOTE: 19-PROVISIONS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits	**1,207**	1,052
Total	**1,207**	1,052

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.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2020			As at March 31, 2019		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening obligation	**94**	**918**	**1,212**	81	575	1,014
	Adjusted pursuant to merger [Note-47]	**-**	**-**	**-**	1	19	17
	Adjusted pursuant to slump exchange [Note-48]	**(18)**	**(57)**	**(111)**			
	Interest cost	**7**	**60**	**81**	6	44	69
	Current service cost	**7**	**200**	**156**	7	174	147
	Benefits paid	**(1)**	**(133)**	**(76)**	(3)	(125)	(79)
	Actuarial [gains]/ losses on obligation due to:						
	Experience adjustments	**9**	**52**	**(15)**	5	262	97
	Change in financial assumptions	**4**	**42**	**69**	(3)	(31)	(53)
	Closing obligation	**102**	**1,082**	**1,316**	94	918	1,212
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	**-**	**112**	**709**	-	105	588
	Adjusted pursuant to merger [Note-47]	**-**	**-**	**-**	-	-	7
	Adjusted pursuant to slump exchange [Note-48]	**-**	**(6)**	**(66)**			
	Expected return on plan assets	**-**	**10**	**51**	-	8	43
	Return on plan assets excluding amounts included in interest income	**-**	**(3)**	**(5)**	-	(1)	(2)
	Contributions by employer	**-**	**1**	**170**	-	-	151
	Benefits paid	**-**	**-**	**(74)**	-	-	(78)
	Actuarial [losses]/ gains	**-**	**-**		-	-	-
	Closing fair value of plan assets	**-**	**114**	**785**	-	112	709
	Total actuarial [losses]/ gains to be recognised	**(13)**	**(94)**	**(54)**	(2)	(231)	(44)
D	**Actual return on plan assets:**						
	Expected return on plan assets	**-**	**10**	**51**	-	8	43
	Actuarial [losses]/ gains on plan assets	**-**	**-**	**-**	-	-	-
	Actual return on plan assets	**-**	**10**	**51**	-	8	43
E	**Amount recognised in the balance sheet:**						
	Liabilities/ [Assets] at the end of the year	**102**	**1,082**	**1,316**	94	918	1,212
	Fair value of plan assets at the end of the year	**-**	**(114)**	**(785)**	-	(112)	(709)
	Difference	**102**	**968**	**531**	94	806	503
	Unrecognised past service cost	**-**	**-**	**-**	-	-	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**102**	**968**	**531**	94	806	503
F	**Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	**7**	**200**	**156**	7	174	147
	Interest cost on benefit obligation	**7**	**60**	**81**	6	44	69
	Expected return on plan assets	**-**	**(10)**	**(51)**	-	(8)	(43)
	Return on plan assets excluding amounts included in interest income	**-**	**3**	**-**	-	1	-
	Net actuarial [gains]/ losses in the year	**13**	**94**	**-**	2	231	-
	Amount included in "Employee Benefit Expense"	**27**	**347**	**186**	15	442	173
	Return on plan assets excluding amounts included in interest income	**-**	**-**	**5**	-	-	2
	Net actuarial [gains]/ losses in the year	**-**	**-**	**54**	-	-	44
	Amounts recognized in OCI	**-**	**-**	**59**	-	-	46

NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2020			As at March 31, 2019		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	**94**	**806**	**503**	81	470	426
	Adjusted pursuant to merger [Note-47]	**-**	**-**	**-**	1	19	10
	Adjusted pursuant to slump exchange [Note-48]	**(18)**	**(57)**	**(177)**	-	-	-
	Expenses as above [P & L Charge]	**27**	**347**	**186**	15	442	173
	Employer's contribution	**-**	**(1)**	**(170)**	-	-	(151)
	Amount recognised in OCI	**-**	**-**	**59**	-	-	46
	Benefits Paid	**(1)**	**(133)**	**-**	(3)	(125)	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**102**	**968**	**531**	94	806	503
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate	**6.45%**	**6.45%**	**6.45%**	7.20%	7.20%	7.20%
	[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]						
	Annual increase in salary cost	**12% for next 1 year, 9% thereafter**			12% for next 2 years & 9% thereafter		
	[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]						
I	**The categories of plan assets as a % of total plan assets are:**						
	Insurance plan	**0.00%**	**100.00%**	**100.00%**	0.00%	100.00%	99.00%
	Bank Balance	**0.00%**	**0.00%**	**0.00%**	0.00%	0.00%	1.00%

J Amount recognised in current and previous four years:

Gratuity:	**As at March 31**				
	2020	2019	2018	2017	2016
Defined benefit obligation	1,316	1,212	1,030	842	1,080
Fair value of Plan Assets	785	709	594	515	758
Deficit/ [Surplus] in the plan	531	503	436	327	313
Actuarial Loss/ [Gain] on Plan Obligation	54	44	113	99	207
Actuarial Loss/ [Gain] on Plan Assets	-	-	-	-	-

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2019-20.

The average duration of the defined benefit plan obligation at the end of the reporting period is 26.83 years [as at March 31, 2019: 27.23 years]

NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumptions is shown below:

₹ Million

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2020	2019	**2020**	2019	**2020**	2019
Impact on obligation:						
Discount rate increase by 0.5%	**(3)**	(2)	**(28)**	(23)	**(46)**	(37)
Discount rate decrease by 0.5%	**3**	4	**30**	23	**49**	38
Annual salary cost increase by 0.5%	**3**	4	**29**	22	**49**	37
Annual salary cost decrease by 0.5%	**(3)**	(2)	**(28)**	(23)	**(46)**	(36)

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

₹ Million

	As at March 31, 2020	As at March 31, 2019
Within the next 12 months [next annual reporting period]	**393**	324
Between 2 and 5 years	**1,009**	1,034
Between 6 and 10 years	**928**	870
Total expected payments	**2,330**	2,228

NOTE: 20-DEFERRED TAX:

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

₹ Million

	As at March 31, 2018	Adjusted pursuant to merger	Impact for the previous year	As at March 31, 2019	Impact for the current year	**As at March 31, 2020**
Deferred Tax Liabilities:						
Depreciation	2,281	151	209	2,641	100	**2,741**
Fair Value Adjustment - Financial Instruments	325	-	(161)	164	-	**164**
	2,606	151	48	2,805	100	**2,905**
Deferred Tax Assets:						
Employee benefits/ Payable to Statutory Authorities	642	8	52	702	183	**885**
Receivables	28	-	(16)	12	25	**37**
Unabsorbed depreciation and business loss	-	109	351	460	(460)	**-**
Mat credit entitlement	-	65	-	65	(65)	**-**
	670	182	387	1,239	(317)	**922**
Net Deferred Tax Liabilities	1,936	(31)	(339)	1,566	417	**1,983**

B The Net Deferred Tax of ₹ 417 Million for the year has been charged [Previous Year ₹ 339 Million has been reversed] in the Statement of Profit and Loss.

C The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Unabsorbed Depreciation is allowed to be set-off for indefinite period.

D MAT Credit not recognised as at March 31, 2020 is ₹ 5,764 [as at March 31, 2019: ₹ 4,871] Million. Such MAT credit has not been recognised and included as a component of deferred tax asset in the balance sheet, as, on the basis of the assessment made by the Company's management of the profitability and operational plans in the foreseeable future, the Company's management is of the view that presently, there is no convincing evidence that the Company would be liable to pay income tax under the normal provisions of the Income-tax Act for the periods up to which the Company is eligible to utilise the unused MAT credit.

Further, and notwithstanding the foregoing, the Company can elect to exercise the option permitted u/s 115BAA of the Income- tax Act, 1961 consequent to which the entire MAT credit would no longer be allowed for utilisation.

NOTES TO FINANCIAL STATEMENTS

NOTE: 21-BORROWINGS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured] [*]	**2,716**	1,072
Working Capital Loans from Banks [Unsecured] [**]	**11,718**	12,107
Total	**14,434**	13,179

[*] *Working Capital Loans which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares relating to plant and machineries [consumable stores and spares], including goods in transit, bills receivables and book debts. The value of such current assets is ₹ 38,514 [as at March 31, 2019 ₹ 34,983 {excluding value of merged entities (Refer Note-47)}] Million. The PCFC loans are repayable during April, 2020 to August, 2020.*

[**] *PCFC loans are payable during April, 2020 to September, 2020.*

NOTE: 22-TRADE PAYABLES:

₹ Million

		As at March 31, 2020	As at March 31, 2019
Due to Micro and Small Enterprises [*]		**87**	99
Due to other than Micro and Small Enterprises		**8,540**	6,911
Total		**8,627**	7,010
[*]	**Disclosure in respect of Micro and Small Enterprises:**		
A	Principal amount remaining unpaid to any supplier as at year end	**87**	99
B	Interest due thereon	**-**	-
C	Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	**3**	4
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: 23-OTHER FINANCIAL LIABILITIES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Current Maturities of Long Term Debt [Refer Note-17]	**7,403**	2,405
Current Maturities of Lease Liabilities	**22**	-
Interest accrued but not due on borrowings	**96**	83
Accrued Expenses	**1,206**	1,211
Payable for Capital Goods	**1,062**	725
Unpaid Dividends [*]	**63**	44
Others	**180**	1,892
Total	**10,032**	6,360

[*] *There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.*

NOTES TO FINANCIAL STATEMENTS

NOTE: 24-OTHER CURRENT LIABILITIES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Advances from Customers	**298**	351
Payable to Statutory Authorities	**392**	258
Others	**5**	5
Total	**695**	614

NOTE: 25-PROVISIONS:

₹ Million

			As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits			**417**	370
Provision for claims for product expiry and return of goods [*]			**53**	33
Total			**470**	403
[*]	**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	**33**	28
	ii	Additional provision made during the year	**62**	5
	iii	Adjusted pursuant to slump exchange [Refer Note-48]	**(42)**	-
	iv	Carrying amount at the end of the year	**53**	33

NOTE: 26-CURRENT TAX LIABILITIES [NET]:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Provision for Taxation [Net of advance payment of tax of ₹ 5,034 {as at March 31, 2019: ₹ 3,133} Million]	**235**	493
Total	**235**	493

NOTES TO FINANCIAL STATEMENTS

NOTE: 27-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]:

₹ Million

			As at March 31, 2020	As at March 31, 2019
A	**Contingent Liabilities:**			
	a	Claims against the Company not acknowledged as debts	**135**	126
	-	Net of advance of	**2**	-
	-	Includes in respect of Amalgamated {*} Companies	**2**	2
	b	In respect of corporate guarantees given by the Company to Banks for the outstanding dues of loans availed by some of the subsidiary companies	**34,526**	29,990
	c	Other money for which the company is contingently liable:		
	i	In respect of the demands raised by the Central Excise, State Excise, Customs & Service Tax Authority	**1,664**	415
		- Net of advance of	**67**	22
		- Includes in respect of Amalgamated {*} Companies	**-**	10
	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 expects to succeed based on the legal advice	**108**	104
		- Net of advance of	**68**	65
		- Includes in respect of Amalgamated {*} Companies	**25**	25
	iii	In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts	**180**	204
		- Net of advance of	**25**	12
	iv	In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts	**132**	123
		- Net of advance of	**32**	36
	v	Letters of Credit for Imports	**158**	41
	vi	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 $ Million 35 [Previous Year: 37]		
		- equivalent to INR Million approx.2,346 [Previous Year: 2,580] 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 where the specified period to fulfill the obligation has not expired	**381**	407
B	**Commitments:**			
	a	Estimated amount of contracts remaining to be executed on capital account and not provided for	**3,625**	4,516
	-	Net of advance of	**602**	812

[*] represents contingent liabilities taken over by the Company under the Scheme of Arrangement and Amalgamation of Cadila Laboratories Limited and erstwhile Cadila Chemicals Limited, Cadila Antibiotics Limited, Cadila Exports Limited and Cadila Veterinary Private Limited with the Company w.e.f. June 1, 1995.

NOTE: 28-INTERIM DIVIDENDS:

The Board of Directors, at its meeting held on March 16, 2020, recommended and paid the interim dividend of ₹ 3.50 per equity share of ₹ 1/- each.

NOTES TO FINANCIAL STATEMENTS

NOTE: 29-REVENUE FROM OPERATIONS:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of Products	**59,677**	57,466
Other Operating Revenues:		
Export Incentives	**1,743**	1,706
Net Gain on foreign currency transactions and translation [*]	**182**	36
Contract manufacturing and processing income	**713**	323
Miscellaneous Income	**1,159**	843
	3,797	2,908
Total	**63,474**	60,374
[*] includes research related Net Loss on foreign currency transactions and translation	**20**	35

NOTE: 30-OTHER INCOME:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	**172**	337
Gain on valuation of Forward Contract value related to investment in a Joint Venture	**464**	266
	636	603
Dividend Income:		
From FVTOCI Investments	**4**	5
From Other Investments [*]	**7,413**	3,863
	7,417	3,868
Gain on Investments mandatorily measured at FVTPL	**53**	105
Gain on Investments mandatorily measured at amortised cost	**5**	723
Other Non-operating Income	**383**	294
Total	**8,494**	5,593
[*] Includes dividend from subsidiary companies	**7,163**	3,538

NOTE: 31-COST OF MATERIALS CONSUMED:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Raw Materials:		
Stock at commencement	**6,857**	6,272
Add: Adjusted pursuant to merger [Refer Note-47]	**-**	555
Add: Purchases	**14,829**	14,431
	21,686	21,258
Less: Stock at close	**6,257**	6,857
	15,429	14,401
Packing Materials consumed	**2,954**	3,157
Total	**18,383**	17,558

NOTE: 32-PURCHASES OF STOCK-IN-TRADE:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Purchases of Stock-in-Trade	**979**	1,944
Total	**979**	1,944

NOTES TO FINANCIAL STATEMENTS

NOTE: 33-CHANGES IN INVENTORIES:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Stock at commencement:		
Work-in-progress	**2,248**	2,201
Finished Goods	**3,771**	2,694
Stock-in-Trade	**933**	1,140
Adjusted pursuant to merger [Refer Note-47]	**-**	57
	6,952	6,092
Less: Stock at close:		
Work-in-progress	**2,725**	2,248
Finished Goods	**3,482**	3,771
Stock-in-Trade	**590**	933
	6,797	6,952
Total	**155**	(860)

NOTE: 34-EMPLOYEE BENEFITS EXPENSE:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	**9,773**	8,703
Contribution to provident and other funds [*]	**682**	597
Staff welfare expenses	**319**	312
Total	**10,774**	9,612
Above expenses include:		
Research related expenses:		
Salaries and wages	**1,645**	1,464
Contribution to provident and other funds	**119**	106
Staff welfare expenses	**39**	35
Total	**1,803**	1,605
Managing Directors' Remuneration	**247**	247
[*] The Company's contribution towards defined contribution plan	**487**	423
The Company makes Provident Fund contributions to defined contribution 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: 35-FINANCE COST:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense [*]	**1,408**	890
Other Borrowing Costs	**-**	1
Net Loss on foreign currency transactions and translation	**897**	(21)
Bank commission & charges	**34**	26
Total	**2,339**	896
[*] The break up of interest expense into major heads is given below:		
On term loans	**616**	568
On working capital loans	**322**	290
On lease	**7**	-
Others	**463**	32
Total	**1,408**	890

NOTES TO FINANCIAL STATEMENTS

NOTE: 36-OTHER EXPENSES:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Research Materials	**911**	1,290
Analytical Expenses	**1,179**	749
Consumption of Stores and spare parts	**1,938**	2,011
Power & fuel	**2,084**	2,002
Rent	**28**	47
Repairs to Buildings	**226**	233
Repairs to Plant and Machinery	**769**	700
Repairs to Others	**164**	119
Insurance	**296**	206
Rates and Taxes [excluding taxes on income]	**16**	26
Processing Charges	**176**	407
Commission to Directors	**14**	17
Traveling Expenses	**474**	505
Legal and Professional Fees [*]	**2,691**	1,730
Commission on sales	**283**	245
Freight and forwarding on sales	**1,900**	1,398
Representative Allowances	**108**	118
Other marketing expenses	**1,335**	1,185
Allowances of credit losses:		
Trade receivables written off	**12**	-
Expected credit loss	**24**	14
	36	14
Less: Transferred from expected credit loss	**(25)**	(28)
	11	(14)
Allowances for Doubtful Advances:		
Doubtful advances written off	**5**	6
Allowances for credit impaired	**75**	17
	80	23
Less: Transferred from allowances for credit impaired	**(7)**	(23)
	73	-
Directors' fees	**8**	9
Net Loss on disposal of Property, Plant and Equipment [Net of gain of ₹ 1 {Previous Year: ₹ 4} Million]	**88**	73
Donations [**]	**200**	232
Miscellaneous Expenses [#]	**3,980**	2,534
Total	**18,952**	15,822
Above expenses include Research related expenses as follows:		
Research Materials	**911**	1,285
Analytical expenses	**1,027**	737
Consumption of Stores and spare parts	**683**	864
Power & Fuel	**151**	144
Repairs to Buildings	**22**	12
Repairs to Plant and Machinery	**106**	130
Repairs to Others	**21**	16
Insurance	**12**	6
Traveling Expenses	**59**	55
Legal and Professional fees	**1,621**	1,104
Net Loss on disposal of Property, Plant and Equipment	**3**	9
Miscellaneous Expenses [excluding Depreciation of ₹ 333 {Previous Year: ₹ 324} Million]	**1,585**	1,143
Total	**6,201**	5,505

NOTES TO FINANCIAL STATEMENTS

NOTE: 36-OTHER EXPENSES: (Contd...)

₹ Million

			Year ended March 31, 2020	Year ended March 31, 2019
[*]	Legal and Professional Fees include:			
	Payment to the Statutory Auditors [excluding GST]:			
	i	- As Auditor	8	6
		- For Other Services	1	1
		- Reimbursement of expenses [₹ 349,291 {Previous Year: ₹ 52,091}]	-	-
		- Total	**9**	7
	ii	Cost Auditor's Remuneration including fees for other services [excluding GST]	1	1
[**]	Donations include political donations through Electoral Bonds		140	220
[#]	Miscellaneous Expenses include:			
	a	Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	220	272

NOTE: 37-TAX EXPENSES:

The major components of income tax expense are:

₹ Million

		Year ended March 31, 2020	Year ended March 31, 2019
A	**Statement of profit and loss:**		
	Profit or loss section:		
	Current income tax:		
	Current income tax charge	1,646	3,349
	Adjustments in respect of current income tax of previous year	(5)	5
		1,641	3,354
	Deferred tax:		
	Relating to origination and reversal of temporary differences [Refer Note-20]	400	(339)
	Tax expense on discontinued operations:		
	Current Tax	72	93
	Deferred Tax	17	-
		89	93
	Tax expense reported in the statement of profit and loss	2,130	3,108
	OCI Section:		
	Tax related to items recognised in OCI during in the year:		
	Net loss on remeasurements of defined benefit plans	6	8
	Tax charged to OCI	6	8
B	**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:**		
	Profit before tax	16,259	17,965
	Enacted Tax Rate in India (%)	34.94%	34.94%
	Expected Tax Expenses	5,681	6,277
	Adjustments for:		
	Tax effect due to non-taxable income for tax purposes	(2,592)	(1,354)
	Effect of deferred tax assets/ liabilities recognised in earlier years	(222)	3
	Effect of non-deductible expenses	305	232
	Effect of additional deductions in taxable income	(1,530)	(1,420)
	Effect of differences in tax rates	-	246
	Effect of MAT Credit available on which deferred tax asset is not created	956	-
	Effect of MAT Credit utilised on which deferred tax asset is not created	-	(688)
	Effect of utilisation of previously unrecognised tax losses of merged entities	(471)	-
	Others	3	(188)
	Total	(3,551)	(3,169)
	Tax Expenses as per Statement of Profit and Loss	2,130	3,108

NOTES TO FINANCIAL STATEMENTS

NOTE: 38-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:

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

₹ Million

			Year ended March 31, 2020	Year ended March 31, 2019
Continuing Operations:				
A	Profit attributable to Shareholders	₹ Million	**13,536**	14,398
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**13.22**	14.06
Discontinued Operations:				
A	Profit attributable to Shareholders	₹ Million	**593**	459
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**0.58**	0.45
Continuing & Discontinued Operations:				
A	Profit attributable to Shareholders	₹ Million	**14,129**	14,857
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**13.80**	14.51

NOTE: 39-SEGMENT INFORMATION:

Segment Information has been given in the Consolidated Financial Statements of the Company. Hence, as per Ind AS-108 "Operating Segments" issued by the Institute of Chartered Accountants of India, no separate disclosure on segment information is given in these financial statements.

NOTE: 40-RELATED PARTY TRANSACTIONS:

A	**Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:**		
a	**Entity having control over the Company :**	Zydus Family Trust [Holding 74.86 % in the Company]	
b	**Subsidiary Companies/ entities:**		
	Dialforhealth India Limited [*]	Zydus Healthcare Philippines Inc. [Philippines]	
	Dialforhealth Unity Limited	Zydus International Private Limited [Ireland]	
	Dialforhealth Greencross Limited	Zydus Netherlands B.V. [the Netherlands]	
	Zydus Healthcare Limited	Zydus Lanka (Private) Limited [Sri Lanka]	
	Zydus Wellness Limited	Etna Biotech S.R.L. [Italy]	
	M/s. Zydus Wellness-Sikkim, a Partnership Firm [#]	Zydus Pharmaceuticals (USA) Inc. [USA]	
	Zydus Wellness Products Limited [Formerly known as	Nesher Pharmaceuticals (USA) LLC [USA]	
	Zydus Nutritions Limited] [#]	Zydus Healthcare (USA) LLC [USA]	
	Liva Pharmaceuticals Limited [*]	Sentynl Therapeutics Inc. [USA]	
	Liva Nutritions Limited	Zydus Noveltech Inc. [USA]	
	Liva Investment Limited	Hercon Pharmaceuticals LLC [USA]	
	Zydus Technologies Limited [*]	Viona Pharmaceuticals Inc. [USA]	
	German Remedies Pharmaceuticals Private Limited [Formerly known as Acme Pharmaceuticals Private Limited]	Windlas Inc [USA]	
	Alidac Pharmaceuticals Limited [*]	ZyVet Animal Health Inc. [USA]	
	Violio Healthcare Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]	
	Zydus Animal Health and Investments Limited [Formerly known	Simayla Pharmaceuticals (Pty) Ltd [South Africa]	
	as Violio Pharmaceuticals and Investments Limited]	Script Management Services (Pty) Ltd [South Africa]	
	Windlas Healthcare Private Limited	Zydus France, SAS [France]	
	Zydus Pharmaceuticals Limited [Formerly known as Alidac Healthcare Limited]	Laboratorios Combix S.L. [Spain]	
	Biochem Pharmaceutical Private Limited	Zydus Nikkho Farmaceutica Ltda. [Brazil]	

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

A	**Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:**		
	b	**Subsidiary Companies/ entities:**	
		M/s. Recon Pharmaceuticals and Investments, a Partnership Firm	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
		Zydus Foundation	Zydus Worldwide DMCC [Dubai]
		Alidac Healthcare (Myanmar) Limited [Myanmar]	Zydus Discovery DMCC [Dubai]
		Zydus Pharmaceuticals Mexico SA De CV [Mexico]	Zydus Wellness International DMCC [Dubai]
	c	**Joint Venture Companies:**	
		Zydus Hospira Oncology Private Limited	Bayer Zydus Pharma Private Limited
		Zydus Takeda Healthcare Private Limited	US Pharma Windlas LLC
	d	**Key Managerial Personnel:**	
		Mr. Pankaj R. Patel	Chairman
		Dr. Sharvil P. Patel	Managing Director & son of Chairman
		Mr. Ganesh N. Nayak	Executive Director
		Mr. Mukesh M. Patel	Non-Executive Director
		Mr. H. Dhanrajgir	Independent Director [Upto July 30, 2019]
		Mr. Apurva S. Diwanji	Independent Director
		Mr. Nitin R. Desai	Independent Director
		Ms. Dharmishtaben N. Raval	Independent Director
		Mr. Bhadresh K. Shah	Independent Director
		Mr. Nitin D. Parekh	Executive Officer [Chief Financial Officer]
		Mr. Upen H. Shah	Executive Officer [Company Secretary] [Upto February 7, 2019]
		Mr. Dhaval N. Soni	Executive Officer [Company Secretary] [with effect from February 7, 2019]
	e	**Enterprises significantly influenced by Directors and/or their relatives:**	
		Cadmach Machinery Company Private Limited	Cadila Laboratories Private Limited
		Zydus Hospitals and Healthcare Research Private Limited	M/s. C. M. C. Machinery
		Zydus Hospitals (Vadodra) Private Limited	Mukesh M. Patel & Co.
		Zydus Infrastructure Private Limited	M/s. International Tax and Investments Consultants
	f	**Post Employment Benefits Plans:**	
		Cadila Healthcare Limited Employees Group Gratuity Scheme	Liva Pharmaceuticals Limited Employees Group Gratuity Scheme
		Cadila Healthcare Ltd. Managerial Cadre EPF	Zydus Technologies Limited Employees Group Gratuity Fund
		Dialforhealth India Limited Employees Group Gratuity Scheme	

[*] Merged with the Company w.e.f. April 1, 2019.

[#] M/s. Zydus Wellness- Sikkim, a partnership firm, was converted into a public limited company, in the name of Zydus Nutritions Limited, w.e.f. February 28, 2019 and subsequently, name changed to Zydus Wellness Products Limited.

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

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 40-A [b, c & e]

Nature of Transactions	Value of the Transactions [₹ Million]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2020	2019	**2020**	2019	**2020**	2019
Purchases:						
Goods:						
Zydus Healthcare Limited	**331**	436		-		-
Others	**34**	7	**41**	43	**7**	5
Total	**365**	443	**41**	43	**7**	5
Property, Plant and Equipment:						
Cadmach Machinery Company Private Limited		-		-	**39**	4
Zydus Infrastructure Private Limited				**-**	**258**	1
Others	**3**	3		**-**		
Total	**3**	3	**-**	-	**297**	5
Reimbursement of Expenses paid:						
Zydus Pharmaceuticals (USA) Inc.	**2,212**	1,499	**-**	-	**-**	-
Others	**1,078**	675	**-**	-	**-**	1
Total	**3,290**	2,174	**-**	-	**-**	1
Services:						
Etna Biotech S.R.L.	**48**		**-**	-		-
Zydus Hospira Oncology Private Limited			**70**	**-**		-
Zydus Infrastructure Private Limited		-	**-**	-	**99**	79
Others	**47**	179	**-**	-	**18**	11
Total	**95**	179	**70**	-	**117**	90
Sales:						
Goods:						
Zydus Pharmaceuticals (USA) Inc.	**37,992**	36,540	**-**	-	**-**	-
Others	**4,447**	5,527	**190**	201	**2**	-
Total	**42,439**	42,067	**190**	201	**2**	-
Property, Plant and Equipment:						
Zydus Healthcare Limited	**10**	21	**-**	-	**-**	-
German Remedies Pharmaceuticals Private Limited	**5**	2	**-**	-	**-**	-
Total	**15**	23	**-**	-	**-**	-
Reimbursement of Expenses Recovered:						
Zydus Wellness Products Limited	**8**	1		-	**-**	-
Zydus Worldwide DMCC	**53**	75		-	**-**	-
Others	**4**	28	**1**	1	**-**	-
Total	**65**	104	**1**	1	**-**	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

Nature of Transactions	Value of the Transactions [₹ Million]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2020	2019	**2020**	2019	**2020**	2019
Services:						
Zydus Pharmaceuticals (USA) Inc.	**177**	153	**-**	-	**-**	-
Zydus Worldwide DMCC	**222**	287	**-**	-	**-**	-
Zydus Healthcare Limited	**480**	152	**-**	-	**-**	-
Others	**212**	216	**-**	-	**-**	-
Total	**1,091**	808	**-**	-	**-**	-
CSR Expenses:						
Zydus Foundation	**220**	216	**-**	-	**-**	-
Investments:						
Subscription to Share Capital:						
Zydus Animal Health and Investments Limited [Note-48]	**22,734**		**-**	-	**-**	-
Others	**112**	13,315	**-**	-	**-**	-
Total	**22,846**	13,315	**-**	-	**-**	-
Redemption of Investments:						
Zydus Healthcare Limited		2,300		**-**		-
Others		-		225		-
	-	2,300	**-**	225	**-**	-
Dividend Received:						
Zydus Healthcare Limited	**6,796**	3,313		-	**-**	-
Others	**366**	225	**250**	325	**-**	-
Total	**7,162**	3,538	**250**	325	**-**	-
Finance:						
Inter Corporate Loans given:						
Zydus International Private Limited	**859**	1,020	**-**	-	**-**	-
Others	**2**	26	**-**	-	**-**	-
Total	**861**	1,046	**-**	-	**-**	-
Inter Corporate Loans repaid by:						
Zydus Worldwide DMCC		7,771	**-**	-	**-**	-
Others		77	**-**	-	**-**	-
Total	**-**	7,848	**-**	-	**-**	-
Inter Corporate Loans accepted:						
Zydus Healthcare Limited	**1,800**	3,200	**-**	-	**-**	-
Inter Corporate Loans repaid to:						
Zydus Healthcare Limited	**1,000**		**-**	-	**-**	-
Interest Income:						
Zydus International Private Limited	**47**	33		-	**-**	-
Zydus Worldwide DMCC	**17**	192		-	**-**	-
Zydus Healthcare Limited	**12**	16				
Others	**3**	1		11	**-**	-
Total	**79**	242	**-**	11	**-**	-
Interest Expense:						
Zydus Healthcare Limited	**464**	62		-	**-**	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

Nature of Transactions	Value of the Transactions [₹ Million]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	As at March 31					
	2020	2019	**2020**	2019	**2020**	2019
Outstanding:						
Payable:						
Zydus Pharmaceuticals (USA) Inc.	**787**	352		-		-
Zydus Healthcare Limited	**4,080**	3,255		-		-
Others	**1,054**	410	**21**	14	**46**	22
Total	**5,921**	4,017	**21**	14	**46**	22
Receivable:						
Zydus International Private Limited	**2,392**	1,370	**-**	-	**-**	-
Zydus Pharmaceuticals (USA) Inc.	**15,943**	15,334	**-**	-	**-**	-
Others	**4,406**	2,490	**42**	60	**1**	252
Total	**22,741**	19,194	**42**	60	**1**	252
Guarantees:						
Zydus Pharmaceuticals (USA) Inc.	**17,403**	14,078	**-**	-	**-**	-
Zydus International Private Limited	**7,560**	4,843				
Sentynl Therapeutics Inc.	**6,048**	8,302	**-**	-	**-**	-
Others	**3,515**	2,767	**-**	-	**-**	-
Total	**34,526**	29,990	**-**	-	**-**	-

b Details relating to persons referred to in Note 40-A [a] above:

₹ Million

		Year ended March 31, 2020	Year ended March 31, 2019
[i]	Dividend paid	**5,362**	2,679

c Details relating to persons referred to in Note 40-A [d] above:

₹ Million

		Year ended March 31, 2020	Year ended March 31, 2019
[i]	Salaries and other employee benefits to Chairman, Managing Director, Executive Director and other executive officers	**585**	558
[ii]	Commission and Sitting Fees to Non Executive/ Independent Directors	**22**	26
[iii]	Outstanding payable to above (i) and (ii)	**327**	261

d Details relating to persons referred to in Note 40-A [f] above:

₹ Million

		Year ended March 31, 2020	Year ended March 31, 2019
[i]	Contributions [including Employees' share and contribution]	**676**	723

NOTES TO FINANCIAL STATEMENTS

NOTE: 41-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 Corporate guarantees given by the Company [#]:

₹ Million

		As at March 31, 2020	As at March 31, 2019
Subsidiary Company:			
a	Zydus Pharmaceuticals (USA) Inc.	**17,403**	14,078
b	Zydus International Private Limited	**7,560**	4,843
c	Zydus Noveltech Inc.	**2,986**	2,248
d	Sentynl Therapeutic Inc.	**6,048**	8,302
e	Alidac Healthcare (Myanmar) Limited	**529**	519
Total		**34,526**	29,990

[#] Corporate guarantees which are outstanding at the end of the respective financial year, given for business purpose.

NOTE: 42-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:

₹ Million

	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture			**1,866**	**1,866**
Financial Investments at FVOCI:				
Quoted equity instruments	**618**			**618**
Unquoted equity instruments		**8**		**8**
Total financial assets	**618**	**8**	**1,866**	**2,492**
Financial liabilities	**-**	**-**	**-**	**-**

₹ Million

	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	47			47
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,402	1,402
Financial Investments at FVOCI:				
Quoted equity instruments	786	-	-	786
Unquoted equity instruments	-	8	-	8
Total financial assets	833	8	1,402	2,243
Financial liabilities	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 42-FINANCIAL INSTRUMENTS: (Contd...)

C Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed:

₹ Million

	Carrying Value	As at March 31, 2020			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Investment in preference shares	100	-	100	-	100
Bonds	114	114	-	-	114
Loans to related parties	2,963	-	-	2,961	2,961
		As at March 31, 2019			
Financial assets:					
Investment in preference shares	100	-	100	-	100
Bonds	136	136	-	-	136
Loans to related parties	2,013	-	-	2,011	2,011

Financial Assets:

The carrying amounts of trade receivables, loans and advances to related parties and other financial assets [other than investment in preference shares], 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.

D Valuation process and technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

a The use of quoted market prices for similar instruments.

b Fair value of Forward Contract value related to investment in a Joint Venture has been determined considering the estimated exercise price and value of the underlying entity. The valuation has been derived using the Present Value technique under Income Approach. The valuation includes significant unobservable inputs like Weighted Average Cost of Capital [WACC], revenue forecast, etc.

Significant unobservable inputs:

Budgeted Sales growth rate : 6% - 7% per annum

Weighted Average Cost of Capital : 15.45% per annum

For recurring fair value measurements using significant unobservable inputs [Level 3], the effect of the measurement on profit or loss or other comprehensive income for the period is provided below:

Movement in Forward Contract value related to investment in a Joint Venture:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Value as at beginning of the year	**1,402**	2,560
Add : Gain on valuation of Forward Contract value related to investment in a Joint Venture	**464**	266
Less : Amount realised from Tranche I of Forward Contract	**-**	(1,423)
Value as at end of the year	**1,866**	1,402
Out of above, amount disclosed under-		
Other Non-Current Financial Assets [Note-6]	**1,866**	1,402

NOTES TO FINANCIAL STATEMENTS

NOTE: 42-FINANCIAL INSTRUMENTS: (Contd...)

Sensitivity analysis for valuation of Forward Contract value related to investment in a Joint Venture:

a Sensitivity in value for 50 basis points change in Weighted Average Cost of Capital [WACC]-

₹ Million

	As at March 31, 2020		As at March 31, 2019	
	-0.50%	+0.50%	-0.50%	+0.50%
Impact on value of the contract	8	(8)	20	(20)

b Sensitivity in the value for 200 basis point change in Revenue -

₹ Million

	As at March 31, 2020		As at March 31, 2019	
	-2.00%	+2.00%	-2.00%	+2.00%
Impact on value of the contract	(52)	52	(44)	44

NOTE: 43-FINANCIAL RISK MANAGEMENT:

A Financial instruments by category:

₹ Million

	As at March 31, 2020			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]	-	626	-	626
Preference shares	-	-	100	100
Mutual funds	-	-	-	-
Bonds	-	-	114	114
Non Current Loans	-	-	2,963	2,963
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	-	-	81	81
Trade receivables	-	-	24,567	24,567
Forward Contract value related to investment in a JV	1,866	-	-	1,866
Cash and Cash Equivalents	-	-	3,853	3,853
Current Loans	-	-	185	185
Other Current Financial Assets	-	-	1,165	1,165
Total	1,866	626	33,028	35,520
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	37,043	37,043
Trade payables	-	-	8,627	8,627
Non Current Other Financial Liabilities	-	-	120	120
Payable for Capital Goods	-	-	1,062	1,062
Other Current Financial Liabilities	-	-	1,471	1,471
Total	-	-	48,323	48,323

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

₹ Million

	As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]	-	794	-	794
Preference shares	-	-	100	100
Mutual funds	47	-	-	47
Bonds	-	-	136	136
Non Current Loans	-	-	2,013	2,013
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	-	-	98	98
Trade receivables	-	-	21,121	21,121
Forward Contract value related to investment in a JV	1,402	-	-	1,402
Cash and Cash Equivalents	-	-	1,121	1,121
Current Loans	-	-	43	43
Other Current Financial Assets	-	-	1,097	1,097
Total	1,449	794	25,729	27,972
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	35,916	35,916
Trade payables	-	-	7,010	7,010
Non Current Other Financial Liabilities	-	-	93	93
Payable for Capital Goods	-	-	725	725
Other Current Financial Liabilities	-	-	3,147	3,147
Total	-	-	46,891	46,891

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 its obligations as agreed. The Company is exposed to credit risk from investment in preference shares measured at amortised cost, 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 Loans to related parties : They are given for business purposes. The Company reassesses the recoverability of loans periodically. Interest recoveries from these loans are regular and there is no event of defaults.

iv The counter party to the forward contract value related to the Investment in a Joint Venture is the associate entity of co-venturer of one of Joint Ventures. The contract is governed by a shareholders' agreement which has the needful representations by the counter party. The Company is exposed to insignificant credit risk in relation to the same.

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

v 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 credit losses is not significant.

vi 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. No single third party customer contributes to more than 10% of outstanding accounts receivable [excluding outstanding from subsidiaries] as at March 31, 2020 and March 31, 2019.

The Company has used expected credit loss [ECL] model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

Financial assets for which loss allowances is measured using the expected credit loss:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Trade Receivables:		
Less than 180 days	**23,560**	20,510
180 - 365 days	**663**	526
Above 365 days	**344**	85
Total	**24,567**	21,121
Movement in the expected credit loss allowance on trade receivables:		
Balance at the beginning of the year	**40**	52
Adjusted pursuant to merger [Refer Note-47]	**-**	2
Addition	**24**	14
Recoveries	**(25)**	(28)
Transfer under the slump exchange [Refer Note-48]	**(6)**	-
Balance at the end of the year	**33**	40

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

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.

₹ Million

	As at March 31, 2020				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	22,498	9,247	5,263	1,378	38,386
Other non current financial liabilities		41	13	66	120
Trade payable	8,627				8,627
Accrued Expenses	1,206				1,206
Payable for Capital Goods	1,062				1,062
Other Current Financial Liabilities	243				243
	33,636	9,288	5,276	1,444	49,644
Corporate Guarantees	17,176	16,330	491	529	34,526
Total	50,812	25,618	5,767	1,973	84,170

₹ Million

	As at March 31, 2019				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	17,882	6,852	7,938	7,292	39,964
Other non current financial liabilities				93	93
Trade payable	7,010				7,010
Accrued Expenses	1,211				1,211
Payable for Capital Goods	725				725
Other Current Financial Liabilities	1,936				1,936
	28,764	6,852	7,938	7,385	50,939
Corporate Guarantees	19,059	6,780	3,217	934	29,990
Total	47,823	13,632	11,155	8,319	80,929

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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

Foreign currency risk exposure:

Sensitivity:

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

₹ Million

	As at March 31, 2020			As at March 31, 2019		
	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	9.00%	(595)	22	7.00%	(517)	23
USD	-9.00%	595	(22)	-7.00%	517	(23)
EUR	7.00%	2	7.00%	(8)		
EUR	-7.00%	(2)	-7.00%	8		
Others	5.00%	(0)	5.00%	(1)		
Others	-5.00%	0	-5.00%	1		

** Holding all other variables constant*

d Interest rate risk:

Liabilities:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2020, 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:

₹ Million

	Movement in Rate	As at March 31, 2020	As at March 31, 2019
Interest rates	+0.50%	(108)	(107)
Interest rates	-0.50%	108	107

** Holding all other variables constant*

e Price risk:

Exposure:

The Company's exposure to price risk arises from investments in equity and mutual funds 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 funds, 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.

₹ Million

	Movement in Rate	As at March 31, 2020		As at March 31, 2019	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%	-	62	-	79
Decrease	-10.00%	-	(62)	-	(79)
Mutual Funds [Quoted]					
Increase	+2.00%	-		1	
Decrease	-2.00%	-		(1)	

** Holding all other variables constant*

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

C **Hedge:**

Disclosure of effects of hedge accounting on financial position:

Hedged item - Changes in fair value of trade receivables attributable to changes in foreign exchange rates

Hedging instrument - Changes in fair value of certain foreign currency borrowings attributable to foreign exchange rates

As at March 31, 2020

Type of hedged risk	Carrying amount of hedging instrument (USD Million)		Carrying amount of hedging instrument (₹ Million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	185	-	13,986	Range - Within 6 months	1:1	Borrowings	677
Hedged item: Certain foreign currency receivables	-	185	13,986	-	Range - Within 6 months		Trade receivables	677

As at March 31, 2019

Type of hedged risk	Carrying amount of hedging instrument (USD Million)		Carrying amount of hedging instrument (₹ Million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	175	-	12,107	Range - Within 6 months	1:1	Borrowings	393
Hedged item: Certain foreign currency receivables	175	-	12,107	-	Range - Within 6 months		Trade receivables	393

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the dollar offset method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.

NOTE: 44-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.

₹ Million

	As at March 31, 2020	As at March 31, 2019
Gross debts	**36,947**	35,833
Total equity	**112,602**	85,692
Gross debt to equity ratio [No. of times]	**0.33**	0.42

NOTES TO FINANCIAL STATEMENTS

NOTE: 44-CAPITAL MANAGEMENT: (Contd...)

Loan covenants:

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

- Gross Debt to Equity must be less than 2:1

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

NOTE: 45-EXCEPTIONAL ITEMS:

After the end of the reporting period for the financial statements [i.e. March 31, 2020] but before the date of approval of the financial statements by the Board of Directors of the Company [i.e. June 19, 2020], the Company has sold 24,077,950 equity shares of ₹ 10/- each fully paid-up, representing the entire stake of 51% held by the Company of the total paid-up share capital of Windlas Healthcare Private Limited ["WHPL"], a subsidiary company to Windlas Biotech Private Limited ["WBPL"] for an aggregate consideration of ₹ 1,035 Million in two tranches pursuant to two separate definitive agreements entered into by the Company with WBPL. Pursuant to that, WHPL has ceased to be a subsidiary of the Company on April 16, 2020 after the first tranche of the sale of equity shares representing 2% of the total paid-up share capital of WHPL was executed. Remaining equity shares representing 49% of the total paid-up share capital of WHPL were sold in the 2nd tranche which was executed on April 30, 2020.

As the value of aggregate consideration was less than the carrying value of investment in the equity shares of WHPL on March 31, 2020, an impairment of ₹ 520 Million has been created for diminution in the value of investment in the equity shares of WHPL, which is recognised under the head "Exceptional items".

NOTE: 46-LEASES:

Lessee:

A Relating to statement of financial position:

1 The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all risk and rewards of ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right to use assets and lease liabilities for most leases.

Right of use assets are part of financial statement caption "Property plant and equipment'. Depreciation and impairment is similar to measurement of owned assets. Lease liabilities are part of financial statement captions non-current "financial liabilities" and current "financial liabilities". Interest is part of financial statement caption " Finance expense".

Right of use assets	Land	Buildings	Total
Balance as at April 1, 2019	-	72	72
Reclassified on account of adoption of Ind AS 116 [Net]	492	-	492
Additions during the year	258	-	258
Depreciation charge for the year	9	17	26
Adjustment pursunat to Slump Exchange [Refer Note : 48]	(328)	-	(328)
Balance as at March 31, 2020 [Net]	413	55	468

The Company leases assets which include office buildings and warehouse spaces.

2 **Movement in lease liabilities:**

	₹ Million
Lease liability recognised as on April 1 ,2019	72
Additions	7
Redemptions	(20)
Lease liability as at March 31, 2020	**59**
of which:	
Current portion	22
Non current portion	37

NOTES TO FINANCIAL STATEMENTS

NOTE: 46-LEASES: (Contd...)

2.1 Maturity analysis of lease liabilities:

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at March 31, 2020 is as follows:

Minimum lease payments due	₹ Million
Within 1 year	27
1-5 years	41

Lessor:

The Company leases out certain properties and classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Lease payments due to be received:	₹ Million
Within 1 year	22
1-5 years	87
Total undiscounted lease payments	**109**

Description of lease activities:

Real estate lease:

The Company leases buildings for it's offices and warehouse space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 3- 10 years and may include extension options which provide operational flexibility. Majority of the leases are cancellable by either parties by serving notice period.

NOTE: 47-MERGER:

A Merger:

i Pursuant to the Scheme of Amalgamation u/s 230 to 232 of the Companies Act, 2013 ["Scheme-2"] of Zydus Technologies Limited [ZTL], Alidac Pharmaceuticals Limited [APL], Liva Pharmaceuticals Limited [LPL] and Dialforhealth India Limited [DIL] [all 100% subsidiary companies of the Company, collectively referred to as "Amalgamating Companies"] with the Company, which was sanctioned by the Ahmedabad bench of the Hon'ble National Company Law Tribunal [NCLT] vide its order dated March 16, 2020, all the businesses, undertakings, activities, properties, investments and liabilities of each of the Amalgamating Companies were transferred to and vested in the Company with effect from April 01, 2019, being the appointed date. The certified copy of order was filed with Registrar of Companies, Gujarat [ROC] at Ahmedabad on March 31, 2020, being the effective date. The Scheme-2 has accordingly been given effect to in these financial statements.

ii The Scheme-2 has been accounted for in the books of the Company using Pooling of Interest method as prescribed in Appendix C to Ind AS-103 ["Business combinations of entities under common control"]. Accordingly,

a The assets and liabilities pertaining to the Amalgamating Companies vested in the Company have been accounted for at their respective carrying values as appearing in their respective books on the close of business on March 31, 2019 being the day immediately preceding the Appointed Date.

b The inter-corporate deposits/ loans and advances outstanding between the Amalgamating Companies and the Company inter-se have been cancelled.

c The surplus/deficit of the share capital of the Amalgamating Companies over the value of investments in the shares of these companies appearing in the books of the Company and cancelled pursuant to the Scheme-2 has been adjusted in the "Capital Reserve Account" of the Company. Accordingly, the resultant difference amounting to INR 211 Million was credited to the "Capital Reserve Account". Further, in compliance of Ind AS, certain inter-company transactions were eliminated as a result of which the difference amounting to INR 2,897 Million was debited to the retained earnings.

d The financial statements of the Company for the previous financial year i.e. 2018-19 have been restated as if this business combination had occurred from the beginning of the financial year 2018-19 as prescribed in the Appendix C to Ind AS-103.

iii Upon the Scheme-2 becoming effective, Amalgamating Companies have been dissolved without winding up pursuant to the provisions of Section 302 of the Companies Act, 2013.

B The Company has acquired remaining 15% stake of Zydus Technologies Limited on November 13, 2019. The resultant difference amounting to INR 15 Million has been debited to "Capital Reserve Account".

NOTES TO FINANCIAL STATEMENTS

NOTE: 48-SLUMP EXCHANGE:

i Pursuant to the Definitive Agreement ["DA"] entered into by the Company on March 11, 2020 with its subsidiary Zydus Animal Health and Investments Limited ["ZAHL"] [formerly known as Violio Pharmaceuticals and Investments Limited] to achieve certain strategic and commercial objectives, the Company's Animal Healthcare Business ["AHB"] comprising of two undertakings viz. Animal Healthcare Established Markets Undertaking [AHESTM] and Animal Healthcare Emerging Markets Undertaking [AHEMGM] has been transferred to and vested in ZAHL on a going concern basis in exchange of 8% Non-cumulative Non-convertible Redeemable Preference Shares of ₹ 10/- each issued at face value ["ZAHL Preference Shares"] on a lump sum basis, without values being assigned to individual assets and liabilities.

ii AHESTM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals, carried out primarily within India and rest of the world excluding USA and Europe along with the embedded goodwill and includes certain assets and liabilities pertaining to such business.

iii AHEMGM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals carried out outside India, primarily in USA and Europe along with the embedded goodwill and includes certain assets and liabilities pertaining to such business.

iv Accordingly, ZAHL has issued 2,200,000,000 ZAHL Preference Shares, aggregating to ₹ 22,000 Million in exchange of the said transfer of AHESTM and 73,350,000 ZAHL Preference Shares, aggregating to ₹ 733.50 Million in exchange of the said transfer of AHEMGM, to the Company.

v The said transfer has been given effect to in the books of the Company on March 20, 2020 being the Closing Date for the transaction. Accordingly,

a The carrying value of the assets and liabilities pertaining to AHESTM and AHEMGM vested in ZAHL have been reduced from the carrying value of assets and liabilities as appearing in the books of the Company on the Closing Date.

b ZAHL Preference Shares issued to the Company by ZAHL in exchange of transfer of AHESTM and AHEMGM have been recorded as investment at their face value.

c The difference between the aggregate value of ZAHL Preference Shares [₹ 22,734 Million] and the net book value of the assets vested [i.e. the excess of book value of assets vested over the book value of liabilities vested] [₹ 2,551 Million], has been accounted for as a "Capital Reserve" [₹ 20,183 Million].

d The financial performance and cash flow information of discontinued operations are as under:

₹ Million

			Year ended March 31, 2020	Year ended March 31, 2019
A	**Financial performance:**			
	1	Total Revenue	**5,023**	5,100
	2	Total expenses	**4,341**	4,548
	3	Profit before tax	**682**	552
	4	Tax Expense	**89**	93
	5	Profit after tax	**593**	459
	6	Other comprehensive income from discontinued operations	**-**	-
B	**Cash flow information**			
	1	Net cash inflow [outflow] from operating activities	**593**	459
	2	Net cash inflow [outflow] from investing activities	**(548)**	(11)
	3	Net cash inflow [outflow] from financing activities	**-**	-
	4	Net increase in cash generated from discontinued operations	**45**	448

NOTE: 49:

i Pursuant to the Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 between Zydus Healthcare Ltd. ["ZHL"], a 100% subsidiary of the Company and German Remedies Pharmaceuticals Private Ltd. ["GRPPL"] [earlier known as Acme Pharmaceuticals Private Ltd., a 100% subsidiary of ZHL] and their respective shareholders and creditors ["Scheme-1"], which was sanctioned by the Ahmedabad bench of Hon'ble National Company Law Tribunal ["NCLT"] vide its order dated December 19, 2019, one of the business divisions of ZHL viz. Generic and Spectrum Division ["Demerged Undertaking"] comprising all the businesses, undertakings, activities, properties and liabilities pertaining to the Generic and Spectrum Division was transferred and vested in GRPPL with effect from the appointed date of April 1, 2019. The certified true copy of the order was filed with Registrar of Companies, Gujarat at Ahmedabad on December 23, 2019, being the effective date.

NOTES TO FINANCIAL STATEMENTS

NOTE: 49: (Contd...)

ii In consideration of the transfer and vesting of the Demerged Undertaking, GRPPL issued and allotted 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares having face value of ₹ 100/- each ["GRPPL Preference Shares"] to the Company [being the shareholder of ZHL] as under:

a 53,35,188 GRPPL Preference Shares, credited as fully paid up, for the entire paid-up equity shares held by the Company in ZHL; and

b 9,97,609 GRPPL Preference Shares, credited as fully paid up, for the entire paid-up 8% Non-Cumulative Optionally Convertible Redeemable Preference Shares held by the Company in ZHL.

c Total 63,32,797 GRPPL Preference Shares were issued by GRPPL to the Company, at a total value of ₹ 633 Million. The same has been accounted in terms of IND AS 27 "Separate Financial Statements".

NOTE: 50-COVID 19 IMPACT:

The World Health Organisation [WHO] declared Covid-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into lockdown situation all throughout April 2020 and major part of May 2020, impacting business operations across various sectors with severe restrictions on movement of people and goods.

The Company has implemented several initiatives across its manufacturing and other business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. The Company operates in manufacturing and selling of pharmaceutical products, which are classified as essential commodities and hence its operations continued to be run with fewer challenges on people movement and supply chain.

As per the current assessment of the situation based on the internal and external information available up to the date of approval of these financial statements by the Board of Directors, the Company believes that the impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

NOTE: 51:

Figures of previous reporting year have been regrouped/ reclassified to conform to current year's classification.

Signatures to Significant Accounting Policies and Notes 1 to 51 to the Financial Statements

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner
Mumbai
June 19, 2020

For and on behalf of the Board

Pankaj R. Patel
Chairman

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
Ahmedabad
June 19, 2020

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Cadila Healthcare Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Cadila Healthcare Limited ("**the Parent**") and its subsidiaries, (the Parent and its subsidiaries together referred to as "**the Group**") which includes the Group's share of profit in its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the branch of the Group located at Philippines.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the branch auditor and the other auditors on separate financial statements of the branches and subsidiaries and joint ventures referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("**the Act**") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('**Ind AS**'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act ("**SAs**"). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("**ICAI**") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor and the other auditors in terms of their reports referred to in sub-paragraphs (b) and (c) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>1.</td><td>Assessment of impairment of goodwill and other intangible assets in respect of certain subsidiaries, namely, Zydus Wellness Products Limited, Zydus Nikkho Farmaceutica Ltda, Sentynl Therapeutics Inc and Zydus Worldwide DMCC, as applicable, not audited by us, having aggregate carrying values in the consolidated financial statements of ₹ 45,908 million and ₹ 8,419 million, respectively, as at March 31, 2020. [Refer Notes 2.3, 2.6d and 3B to the Consolidated Financial Statements]

The Group's evaluation of impairment of goodwill and other intangible assets involves comparison of its recoverable amount to its carrying amount.

The recoverable amount is determined based on value in use, which represents the present value of the estimated future cash flows expected to arise from the use of the asset group comprising each cash generating unit or group of cash generating units. There is a risk that the goodwill / intangible assets will be impaired if these cash flows do not meet the Group's expectations.

In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the forecasted cash flows, principally relating to long-term revenue growth rates, terminal values, margins, external market conditions and the discount rate used.

Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, this area has been identified as a key audit matter.</td><td>Our audit procedures and procedures that the component auditors have reported to have been applied in this area, as applicable, among others to obtain sufficient appropriate audit evidence, included the following:

• Assessed the appropriateness of the accounting policies in respect of impairment by comparing with applicable accounting standards.

• Evaluated the design, tested the implementation and operating effectiveness of the internal controls over impairment assessment process, including those over the forecast of future revenues, operating margins, growth rate and terminal values, external market conditions and the selection of the appropriate discount rate.

• Evaluated the reasonableness of the key estimates by comparing the forecasts to historical revenues, margins, growth rate, including those of comparable companies, etc.

• With the assistance of our internal fair value specialists, evaluated the reasonableness of the valuation methodology and discount rate used in the assessment.

• Performed sensitivity analysis around the key estimates to ascertain the extent of change in those assumptions that either individually or collectively would be required for the Goodwill and Other Intangible assets tested to be impaired.</td></tr>
<tr><td>2.</td><td>Chargebacks, price adjustment, product returns, rebates, medicaids, discounts and other related accruals by Zydus Pharmaceuticals (USA) Inc., a subsidiary, not audited by us [as described in Notes 2.8 and 32 to the Consolidated Financial Statements]

The subsidiary makes sales to customers in the United States of America ("USA") that fall under certain reimbursement schemes and mandated contracts of which the most significant are chargebacks, price adjustment, rebates, medicaids, discounts and other adjustments and related accruals. The entity also provides a right of return to its customers for its products. These arrangements result in deductions to gross sales and give rise to obligations for the Subsidiary, which for unsettled amounts are recognised as an accrual.

This area has been identified as a key audit matter because arrangements are complex and determining appropriate accruals requires significant estimation by the management.</td><td>This has been identified as a key audit matter by the US component (i.e. US subsidiary) auditor. The US component auditor has reported that the following audit procedures in this area were applied, among others to obtain sufficient appropriate audit evidence:

• Assessed the appropriateness of the policies in respect of revenue recognition by comparing with applicable accounting standards.

• Obtained an understanding of the management process for estimation and accounting treatment of transactions arising from various schemes, mandated contracts, etc.

• Evaluated the design, tested the implementation and operating effectiveness of the internal controls over recognition and measurement of said accruals.

• Obtained the calculations for accruals under respective contractual arrangements / reimbursement schemes and test checked the calculations by reference to the commercial policies, the terms of applicable contracts, stock levels at wholesalers, historical levels of product returns, actual sales, claim settlements etc. Tested the mathematical accuracy of the calculations.

• Performed retrospective reviews of the accruals recorded during the previous year.

• Test checked subsequent settlements / payments made to customers under various schemes and arrangements to determine adequacy of the accruals made at year end.</td></tr>
</table>

Sr. No.	Key Audit Matter	Auditor's Response
3.	**Contingencies and litigations [as described in Notes 2.6E, 2.19 and 29B to the Consolidated Financial Statements]** The Group operates in multiple jurisdictions in the pharmaceutical industry which is heavily regulated, resulting in increased exposure to litigation risk. Certain subsidiaries of the Group are involved in disputes, lawsuits, claims, anti-trust, investigations and proceedings, including in respect of tax and commercial matters. Most of the claims involve complex issues. The entities in the Group, assisted by their external legal counsel assesses the need to make provision or disclose a contingency (unless the possibility of an outflow of resources embodying economic benefits is considered remote) on a case-to-case basis considering the underlying facts of each litigation. This area has been identified as a key audit matter because the assessment, accounting and disclosure is complex and judgemental (due to the difficulty in predicting the outcome of the matter and also estimating the potential impact if the outcome is unfavourable), and the amounts involved are, or can be, material to the consolidated financial statements.	Our audit procedures and procedures that the component auditors, overseas and India both, have reported to have been applied in this area, as applicable, among others to obtain sufficient appropriate audit evidence, included the following: • Evaluated the design, tested the implementation and operating effectiveness of the internal controls over identification, evaluation of litigations, the recording / re-assessment of the related liabilities, provisions and disclosures. • Obtained a list of litigations from the in-house legal counsel; identified material litigations from the aforementioned list and performed inquiries with the said counsel; obtained and read the underlying documents to assess the assumptions used by management in arriving at the conclusions. • Solicited legal letters from the external legal counsels where considered relevant. For responses received, read their assessment to corroborate the assessment made by the management. • Obtained the details of uncertain tax positions as at the year end. Involved internal specialists in assessing the nature and amount of the tax exposures and assessed management's conclusions on whether exposures are probable, contingent or remote. Where exposures are assessed as probable, evaluated the amounts provided with respect to those exposures. • Evaluated adequacy of disclosures given in Note 29B to consolidated financial statements.
4.	**Non-recognition of deferred tax asset in respect of unused Minimum Alternate Tax (MAT) credits under the Income Tax Act, 1961 [as described in Note 2.10B and 7 to the Consolidated Financial Statements]** The Group has unused MAT credits under the Income Tax Act, 1961 of ₹ 8,484 million as at March 31, 2020 on which deferred tax asset has not been recognized in the respective books of account. The recognition of deferred tax asset on account of MAT credit involves significant judgement by the management of the respective entities with regard to the forecasted profitability and also for ensuring that there is convincing other evidence that sufficient taxable profit will be available under the normal provisions of the Income-tax act against which the unused tax credits can be utilized by the respective entities within the time limits available under the applicable Income tax laws. Accordingly, non-recognition of MAT Credit has been identified as a key audit matter.	The audit procedures performed by us included the following: • Assessed the appropriateness of the accounting policy in respect of recognition of deferred tax assets in respect of MAT Credit by comparing with applicable accounting standard. • Obtained an understanding of the management process for estimation of future profitability and computation of expected tax payable under MAT and under normal provisions of the Income-tax Act, 1961, having specific regard to various eligible benefits and deductions available under the Income-tax Act. • Evaluated the design, tested the implementation and operating effectiveness of the internal controls over the said estimation, judgement applied and computations. • Obtained the computations of forecasted profitability, taxes thereon under the provisions of MAT and normal Income-tax. Tested the mathematical accuracy of the calculations. • Performed retrospective review of the projections, including allowability of the deductions and benefits by the Income-tax authorities and made inquiries with the management to understand and assess impact of any significant deviations on the projections. • Performed sensitivity analysis around key estimates. • Evaluated adequacy of disclosures given in Note 7 to consolidated financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and Directors' Report, but does not include the consolidated financial statements, the standalone financial statements and our audit reports thereon.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the branch, subsidiaries and joint ventures audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the branch auditor and the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the branch, subsidiaries and joint ventures, is traced from their financial statements audited by the branch auditor and the other auditors.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the branch, entities and its business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities and its business activities included in the consolidated financial statements of which we are the independent auditors. For the branch or entities and their business activities included in the consolidated financial statements, which have been audited by the branch auditor or the other auditors, such branch auditor and the other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

OTHER MATTERS

a) Due to COVID-19 related lockdown, we were unable to observe physical verification of inventory carried out by the Management of the Parent and a subsidiary, audited by us, subsequent to the year-end. We have performed alternate procedures to audit the existence and condition of inventory as per the guidance provided in the Standard on Auditing 501 "Audit Evidence – Specific Considerations for Selected Items", which includes inspection of supporting documentation, on test check basis, relating to purchases, production, sales, results of cyclical counts performed by the Management through the year and such other third party evidences as applicable, and have obtained sufficient appropriate audit evidence to issue an unmodified opinion on these Consolidated Financial Statements.

b) We did not audit the financial statements of the branch included in the standalone financial statements of the Parent whose financial statements reflect total assets of ₹ 15.15 million as at December 31, 2019 and total revenue of ₹ 0.02 million for the year ended on that date, as considered in the standalone financial statements of the Parent. The financial statements of this branch have been audited by the branch auditor whose report has been furnished to us. The reporting date of the branch at December 31, 2019 is different from the reporting date of the Parent. No adjustments have been made by the Management of the Parent in respect of financial information of the branch for the periods from January 1, 2019 to March 31, 2019 and January 1, 2020 to March 31, 2020 as the amounts are insignificant. Our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

c) We did not audit the financial statements of 23 subsidiaries, whose financial statements reflect total assets of ₹ 219,473 million as at March 31, 2020, total revenues of ₹ 92,182 million and net cash inflows amounting to ₹ 1,056 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 250 million for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of 2 joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the reports of the other auditors.

d) We did not audit the financial statements of 16 subsidiaries, whose financial statements reflect total assets of ₹ 30,062 million as at March 31, 2020, total revenues of ₹ 3,960 million and net cash inflows amounting to ₹ 41 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 2 million for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the branch auditor and the other auditors and the financial statements certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the branch auditor and the other auditors on the separate financial statements of the branch, subsidiaries and joint ventures referred to in the Other Matters section above we report, to the extent applicable 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 of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept, so far as it appears from our examination of those books, and the reports of the branch auditor and the other auditors.

c) The report on the accounts of the branch office of the Parent, audited under section 143(8) of the Act by the branch auditor has been sent to us and has been properly dealt with by us in preparing this report.

d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

e) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

f) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies and joint venture companies incorporated in India, none of the directors of the Group companies, and its joint venture companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in the Annexure which is based on the auditors' reports of the Parent, subsidiary companies and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

i) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint ventures.

   ii) The Group and its joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies and joint venture companies incorporated in India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 20036920AAAABQ6317)

Place: Mumbai
Date: June 19, 2020

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) 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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Cadila Healthcare Limited (hereinafter referred to as "**Parent**") and its subsidiary companies and its joint ventures, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Parent, its subsidiary companies and its joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("**ICAI**"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its joint ventures, which are companies incorporated in India, 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 ICAI and the Standards on Auditing, prescribed under section 143(10) of the Act, 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 and the audit evidence obtained by the other auditors of the subsidiary companies and joint ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and its joint ventures, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, the Parent, its subsidiary companies and its joint ventures, which are companies incorporated in India, have, 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, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

OTHER MATTER

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 14 subsidiary companies, and 2 joint ventures, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani

Partner
(Membership No. 36920)
(UDIN: 20036920AAAABQ6317)

Place: Mumbai
Date: June 19, 2020

CONSOLIDATED BALANCE SHEET

as at March 31, 2020

₹ Million

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	**54,522**	51,059
Capital work-in-progress		**7,415**	8,372
Goodwill	3 [B]	**53,915**	52,890
Other Intangible Assets	3 [B]	**13,868**	17,688
Investments in Joint Ventures	4	**3,516**	3,484
Financial Assets:			
Investments	5	**2,006**	952
Other Financial Assets	6	**2,860**	2,239
Other Financial Assets	7	**8,529**	9,703
Other Non-Current Assets	8	**1,575**	2,398
Current Tax Assets [Net]	9	**1,506**	1,065
		149,712	149,850
Current Assets:			
Inventories	10	**27,890**	26,880
Financial Assets:			
Investments	11	**2,128**	2,299
Trade Receivables	12	**36,632**	39,508
Cash and Cash Equivalents	13	**8,453**	4,207
Bank balance other than cash and cash equivalents	13	**1,196**	1,282
Loans	14	**-**	100
Other Current Financial Assets	15	**2,306**	2,216
Other Current Assets	16	**8,549**	8,489
		87,154	84,981
Total		**236,866**	234,831
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	17	**1,024**	1,024
Other Equity	18	**102,733**	102,839
Equity attributable to equity holders of the Parent		**103,757**	103,863
Non-Controlling Interests		**13,347**	12,929
		117,104	116,792
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	19	**32,146**	39,497
Other Financial Liabilities	20	**454**	727
Provisions	21	**2,352**	1,841
Deferred Tax Liabilities [Net]	7	**2,099**	2,523
Other Non-Current Liabilities	22	**17**	26
		37,068	44,614
Current Liabilities:			
Financial Liabilities:			
Borrowings	23	**38,265**	31,969
Trade Payables:			
Due to Micro and Small Enterprises	24	**170**	121
Due to other than Micro and Small Enterprises	24	**20,140**	19,105
Other Financial Liabilities	25	**19,492**	18,623
Other Current Liabilities	26	**1,904**	1,713
Provisions	27	**2,432**	1,357
Current Tax Liabilities [Net]	28	**291**	537
		82,694	73,425
Total		**236,866**	234,831
Significant Accounting Policies	**2**		
Notes to the Consolidated Financial Statements	**1 to 55**		

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman

Rajesh K. Hiranandani
Partner
Mumbai
June 19, 2020

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
Ahmedabad
June 19, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

₹ Million

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Operations	32	**142,531**	131,656
Other Income	33	**1,139**	2,011
Total Income		**143,670**	133,667
EXPENSES:			
Cost of Materials Consumed	34	**34,596**	26,741
Purchases of Stock-in-Trade	35	**15,542**	21,520
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	36	**(938)**	(1,097)
Employee Benefits Expense	37	**24,145**	21,241
Finance Costs	38	**3,418**	1,935
Depreciation and Amortisation expense	39	**6,965**	5,986
Other Expenses	40	**41,352**	33,416
Total Expenses		**125,080**	109,742
Profit before Exceptional items and Tax		**18,590**	23,925
Less: Exceptional items	47	**3,636**	104
Profit before Tax		**14,954**	23,821
Less: Tax Expense:			
Current Tax	41	**2,377**	6,073
Deferred Tax	41	**821**	(770)
		3,198	5,303
Profit for the year before share of profit of Joint Ventures		**11,756**	18,518
Add: Share of profit of Joint Ventures [Net of Tax]	4	**288**	469
Profit for the year		**12,044**	18,987
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		**(135)**	(13)
Income tax effect		**39**	(3)
		(96)	(16)
Net Loss on Fair Value through OCI [FVTOCI] Equity Instruments		**(174)**	(287)
Income tax effect		**-**	-
		(174)	(287)
Share of Joint Ventures	4	**(7)**	(4)
Income tax effect		**-**	-
		(7)	(4)
Total		**(277)**	(307)
Items that will be reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(2,728)**	(1,373)
Income tax effect		**-**	-
Total		**(2,728)**	(1,373)
Other Comprehensive Income for the year [Net of Tax]		**(3,005)**	(1,680)
Total Comprehensive Income for the year [Net of Tax]		**9,039**	17,307
Profit for the year		**12,044**	18,987
Attributable to:			
Owners of the Parent		**11,766**	18,488
Non-Controlling Interests		**278**	499
OCI for the year		**(3,005)**	(1,680)
Attributable to:			
Owners of the Parent		**(3,012)**	(1,680)
Non-Controlling Interests		**7**	-
Total Comprehensive Income for the year		**9,039**	**17,307**
Attributable to:			
Owners of the Parent		**8,754**	16,808
Non-Controlling Interests		**285**	499
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	42	**11.49**	18.06
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 55		

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman

Rajesh K. Hiranandani
Partner
Mumbai
June 19, 2020

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
Ahmedabad
June 19, 2020

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2020

₹ Million

Particulars		Year ended March 31, 2020		Year ended March 31, 2019
A	**CASH FLOWS FROM OPERATING ACTIVITIES:**			
	Profit before tax and share of profit of joint ventures		**14,954**	23,821
	Adjustments for:			
	Depreciation and Amortisation expense	**6,965**		5,986
	Exceptional Items	**3,636**		-
	Loss on sale of property, plant and equipment [Net]	**147**		77
	FVTPL gain/ profit on sale of investments [Net]	**(261)**		(1,128)
	Interest income	**(325)**		(530)
	Dividend income	**(5)**		(6)
	Gain on valuation of Forward Contract value related to investment in a Joint Venture	**(464)**		(266)
	Interest expenses [including effect of foreign exchange movement in borrowings] [Refer Note-6 below]	**3,236**		1,905
	Exchange Rate Fluctuation and other adjustments arising on Consolidation	**(2,819)**		(1,252)
	Trade receivables written off	**14**		39
	Expected credit loss on trade receivables [net]	**26**		(12)
	Doubtful advances written off	**50**		6
	Allowance for doubtful advances [net of written back]	**176**		(7)
	Provision for employee benefits	**436**		395
	Provision for probable product expiry claims and return of goods [net of written back]	**1,015**		184
	Total		**11,827**	5,391
	Operating profit before working capital changes		**26,781**	29,212
	Adjustments for:			
	Decrease/ [Increase] in trade receivables	**2,824**		(6,428)
	[Increase] in inventories	**(1,010)**		(1,004)
	Decrease/ [Increase] in other assets	**435**		(264)
	Increase/ [Decrease] in trade payables	**564**		(2,259)
	[Decrease]/ Increase in other liabilities	**(1,519)**		238
	Total		**1,294**	(9,717)
	Cash generated from operations		**28,075**	19,495
	Direct taxes paid [Net of refunds]		**(3,025)**	(6,754)
	Foreign Currency Monetary items Translation Difference Account written off		**4**	78
	Net cash from operating activities		**25,054**	12,819
B	**CASH FLOWS FROM INVESTING ACTIVITIES:**			
	Purchase of property, plant and equipment	**(9,041)**		(10,574)
	Proceeds from sale of property, plant and equipment	**153**		110
	Purchase of non current investments in subsidiaries [Refer foot note ^ to Note 5]	**(1,850)**		-
	Purchase of non current investments in others	-		(48,813)
	Proceeds from sale of non current investments	**29**		890
	Proceeds from stake dilution in a subsidiary	**-**		15,000
	FVTPL gain/ profit [net] on sale of investments which are considered as part of cash and cash equivalents	**256**		464
	Interest received	**325**		530
	Dividend received	**5**		6
	Net cash used in investing activities		**(10,123)**	(42,387)

CASH FLOW STATEMENT

for the year ended March 31, 2020

₹ Million

Particulars	Year ended March 31, 2020		Year ended March 31, 2019
C CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from non current borrowings	-		20,727
Repayment of non current borrowings	(7,855)		(2,646)
Current Borrowings [Net]	4,366		5,874
Interest paid	1,116		(795)
Dividends paid	(7,166)		(3,583)
Tax on dividends paid	(1,403)		(731)
Net cash [used in]/ from financing activities		(10,942)	18,846
Net incease/ [decrease] in cash and cash equivalents		3,989	(10,722)
Cash and cash equivalents at the beginning of the year		7,788	15,897
Cash and cash equivalents of the acquired subsidiaries		-	2,613
Cash and cash equivalents at the end of the year		11,777	7,788

Notes to the Cash Flow Statement

1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".

2 All figures in brackets are outflows.

3 Previous year's figures have been regrouped wherever necessary.

4 Cash and cash equivalents at the end [beginning] of the year include ₹ 358 [₹ 532] Millions not available for immediate use.

5 Cash and cash equivalents comprise of:

		As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
a	Cash on Hand	8	8	11
b	Balances with Banks	9,641	5,481	13,138
c	Investment in Liquid Mutual Funds	2,128	2,299	2,748
	Total	11,777	7,788	15,897

6 Change in liability arising from financing activities:

	Borrowings		
	Non-Current [Note-19]	Current [Note-23]	Total
As at March 31, 2018	28,492	25,575	54,067
Acquired subsidiaries	170	25	195
Cash flow	18,081	5,874	23,955
Foreign exchange movement	282	495	777
As at March 31, 2019	47,025	31,969	78,994
Acquired subsidiaries	-	-	-
Cash flow	(7,855)	4,366	(3,489)
Foreign exchange movement	2,429	1,930	4,359
As at March 31, 2020	**41,599**	**38,265**	**79,864**

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman

Rajesh K. Hiranandani
Partner
Mumbai
June 19, 2020

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
Ahmedabad
June 19, 2020

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

for the year ended March 31, 2020

A EQUITY SHARE CAPITAL:

	No. of Shares	₹ Million
Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2018	1,023,742,600	1,024
As at March 31, 2019	1,023,742,600	1,024
As at March 31, 2020	**1,023,742,600**	**1,024**

B OTHER EQUITY:

₹ Million

	Attributable to the equity holders of the parent										
	Reserves and Surplus						Items of OCI				
	Capital Reserve	Debenture Redemption Reserve	International Business Development Reserve	General Reserve	Foreign Currency Monetary Items Translation Difference Account [FCMITDA]	Retained Earnings	FVTOCI Reserve	Foreign Currency Translation Reserve	Total	Non-Controlling Interests	Total Equity
As at March 31, 2018	**279**	**-**	**2,000**	**15,963**	**(82)**	**67,677**	**770**	**(186)**	**86,421**	**1,910**	**88,331**
Add: Profit for the year	-	-	-	-	-	18,488	-	-	18,488	499	**18,987**
Less: Other Comprehensive Income	-	-	-	-	-	(20)	(287)	(1,373)	(1,680)	-	**(1,680)**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**18,468**	**(287)**	**(1,373)**	**16,808**	**499**	**17,307**
Less: Capital Reserve arising due to consolidation	(1)	-	-	-	-	-	-	-	(1)	-	**(1)**
Add: Transferred from Retained Earnings	-	2,383	-	-	-	-	-	-	2,383	-	**2,383**
Net movement in FCMITDA	-	-	-	-	78	-	-	-	78	-	**78**
Transactions with Owners in their capacity as owners:											
Dividends	-	-	-	-	-	(3,583)	-	-	(3,583)	-	**(3,583)**
Corporate Dividend Tax on Dividend [Net of CDT Credit]	-	-	-	-	-	(731)	-	-	(731)	-	**(731)**
Less: Transferred to Debenture Redemption Reserve	-	-	-	-	-	(2,383)	-	-	(2,383)	-	**(2,383)**
Less: Adjustment pursuant to sale of shares of a joint venture	-	-	-	-	-	(225)	-	-	(225)	-	**(225)**
[Less]/ Add: Adjustment pursuant to stake increase/ dilution and acquisition of subsidiaries	-	-	-	(39)	-	4,111	-	-	4,072	10,520	**14,592**
As at March 31, 2019	**278**	**2,383**	**2,000**	**15,924**	**(4)**	**83,334**	**483**	**(1,559)**	**102,839**	**12,929**	**115,768**

B OTHER EQUITY: (Contd...)

₹ Million

	Attributable to the equity holders of the parent									Non-Controlling Interests	Total Equity
	Reserves and Surplus						Items of OCI		Total		
	Capital Reserve	Debenture Redemption Reserve	International Business Development Reserve	General Reserve	Foreign Currency Monetary Items Translation Difference Account [FCMITDA]	Retained Earnings	FVTOCI Reserve	Foreign Currency Translation Reserve			
As at March 31, 2019	**278**	**2,383**	**2,000**	**15,924**	**(4)**	**83,334**	**483**	**(1,559)**	**102,839**	**12,929**	**115,768**
Add: Profit for the year	-	-	-	-	-	11,766	-	-	11,766	278	**12,044**
Less: Other Comprehensive Income	-	-	-	-	-	(103)	(174)	(2,728)	(3,005)	-	**(3,005)**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**11,663**	**(174)**	**(2,728)**	**8,761**	**278**	**9,039**
Add: Capital Reserve arising due to consolidation	2	-	-	-	-	-	-	-	2	-	**2**
Net movement in FCMITDA	-	-	-	-	4	-	-	-	4	-	**4**
Transactions with Owners in their capacity as owners:											
Dividends	-	-	-	-	-	(7,166)	-	-	(7,166)	-	**(7,166)**
Corporate Dividend Tax on Dividend [Net of CDT Credit]	-	-	-	-	-	(1,403)	-	-	(1,403)	-	**(1,403)**
[Less]/ Add: Adjustment pursuant to stake increase/ dilution and acquisition of subsidiaries	-	-	-	-	-	(304)	-	-	(304)	140	**(164)**
As at March 31, 2020	**280**	**2,383**	**2,000**	**15,924**	**-**	**86,124**	**309**	**(4,287)**	**102,733**	**13,347**	**116,080**

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman

Rajesh K. Hiranandani
Partner
Mumbai
June 19, 2020

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
Ahmedabad
June 19, 2020

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 1-GROUP OVERVIEW:

The consolidated financial statements comprise financial statements of Cadila Healthcare Limited ["the Parent"] and its subsidiaries [collectively, "the Group"] and the jointly controlled entities for the year ended March 31, 2020. The Group is in the business of integrated pharmaceutical operations with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Group includes Active Pharmaceutical Ingredients [API], human formulations, animal health & veterinary, health and wellness products. The Parent's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited. The registered office of the Parent is located at "Zydus Corporate Park", Sarkhej-Gandhinagar Highway, Near Vaishnodevi Circle, Ahmedabad - 382481.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on June 19, 2020.

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 Group 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 Group 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.

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 Derivative financial instruments

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

iii Defined benefit plans

2 Basis of Consolidation:

A The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at March 31, 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a Power over the investee [i.e. existing rights that give it the current ability to direct the relevant activities of the investee]

b Exposure, or rights, to variable returns from its involvement with the investee, and

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

a The contractual arrangement with the other vote holders of the investee.

b Rights arising from other contractual arrangements.

c The Group's voting rights and potential voting rights.

d The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

3 Business combinations and Goodwill:

A In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward. The same first time adoption exemption is also used for joint ventures.

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

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 date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the Deferred tax assets or liabilities and the assets or liabilities related to employee benefit arrangements acquired in a business combination are recognised and measured in accordance with Ind AS-12 “Income Tax” and Ind AS-19 “Employee Benefits” respectively.

D When the Group 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 and 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 subsequently its settlement is accounted for within equity.

F Goodwill is initially measured at 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 Group 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 not amortised. Goodwill is accordingly recognised at original value less any accumulated impairment. For the purpose of impairment testing, Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’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 and loss. An impairment loss recognised for Goodwill is not reversed in subsequent periods.

I If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through Goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

J Wherever any business combination is governed by the Scheme approved by the Hon’ble High Court/ National Company Law

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

Tribunal [NCLT], the business combination is accounted for as per the accounting treatment sanctioned in the Scheme. Goodwill arising on such business combination is amortised over the period, as provided in the Scheme approved by the Hon'ble High Court or NCLT.

4 Common Control Transactions:

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

a The assets and liabilities of the combining entities are reflected at their carrying amounts.

b No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

c The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against General Reserve.

d The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

e The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of Share Capital of the transferor is transferred to Capital Reserve and is presented separately from other Capital Reserves.

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

5 Investment in joint ventures:

A The Group's investments in its joint ventures are accounted for using the equity method. Under the equity method, the investment in joint ventures is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint ventures since the acquisition date.

B The Statement of profit and loss reflects the Group's share of the results of operations of the joint ventures. Any change in OCI of those investees is presented as a part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of any changes, when applicable, in the Statement of changes in equity.

C If an entity's share of losses of joint ventures equals or exceeds its interest in the joint ventures [which includes any long term interest that, in substance, forms part of the Group's net investment in the joint ventures], the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

E After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value, and then recognises the loss as "Share of profit/ [loss] of joint ventures" in the Statement of profit and loss.

6 Use of Estimates:

The preparation of the consolidated 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 income 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 consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated 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 probability of utilisation of Minimum Alternate Tax [MAT] Credit in future.

b Employee benefits:

Significant judgments are involved in making estimates about the life expectancy, discounting rate, salary increase, etc. which

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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, expiry claims and chargebacks:**

Significant judgments are involved in determining the estimated stock lying in the market with product shelf life and estimates of likely claims on account of expiry of such unsold goods lying with stockists. Significant judgments are involved in determining the value of chargebacks on the basis of terms of agreement with the customers and Government schemes in USA.

d **Impairment of property, plant and equipment, goodwill and investments:**

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

e **Contingent liabilities and litigations:**

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 large proportion of the asset base of the Group. 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 lives, such as changes in technology.

b **Leases:**

When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

7 Foreign Currency Transactions:

The Group's consolidated financial statements are presented in Indian Rupees [₹], which is the functional currency of the Parent Company.

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

A The transactions in foreign currencies are translated into functional currency by the Groups' entities at their respective functional currency rates of exchange prevailing on the dates of transactions.

B Foreign Exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities [except as covered in "E" below] 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 adjustments 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 companies are recorded in functional currency of the entity at the rates of exchange prevailing at the time when the investments were made.

E The net gain or loss on account of exchange rate differences either on settlement or on translation of long term foreign currency monetary items recognised on or after April 1, 2016 is recognised as income or expense in the Statement of Profit and Loss in the year in which they arise. The net gain or loss on long term foreign currency monetary items recognised in the financial statement for the period ended on March 31, 2016 is recognised under "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], except in case of foreign currency loans taken for funding of Property, Plant and Equipment, where such difference is adjusted to the cost of respective Property, Plant and Equipment. This is as per the exemption given under Ind AS 101 to defer/ capitalize exchange differences arising on long-term foreign currency monetary items. The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.

F **Group Companies:**

a On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their Statements of profit and loss are translated at average exchange rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

b Any Goodwill arising in the acquisition/ business combination of a foreign operation on or after April 1, 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the reporting date.

c Any Goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS [April 1, 2015], are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation.

Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the Parent and no further translation differences occur.

d Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., April 1, 2015.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

8 Revenue Recognition:

A The Group has applied Ind AS 115 - "Revenue from Contracts with Customers" which is effective for an annual period beginning on or after April 1, 2018. The following is the significant accounting policy related to revenue recognition under Ind AS 115.

a Sale of Goods:

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer.

The goods are often sold with volume discounts/ pricing incentives/ chargebacks/ rebates 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, chargebacks and other similar allowances. When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price [excluding estimates of variable consideration] that is allocated to that performance obligation. These are calculated on the basis of historical experience and the specific terms in the individual contracts.

Historical experience, specific contractual terms and future expectations of sales are 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 Group.

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 indirect taxes, wherever applicable.

B Goods and Service Tax [GST] is not received by the Group on its own account. Rather, it is a tax collected on value added to the goods and service by the Group on behalf of the government. Accordingly, it is excluded from revenue.

C The specific recognition criteria described below must also be met before revenue is recognised:

a Interest Income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate [EIR]. EIR is the rate that 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 Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

b Dividend:

Dividend income is recognised when the Group's right to receive the payment is established.

c Other Income:

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

9 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1, 2015, the Group uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of loan.

10 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 for Indian entities or provisions of respective countries where the group operates and generates taxable income. 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 co-relation 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 including 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 co-relation to the underlying transaction either in Statement of Profit and Loss, 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.

h Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangement where the group is able to control the timing of reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangement where it is not probable that the group is able to control the timing of reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

j The Group recognizes MAT credit available as an asset only when and to the extent there is a convincing evidence of actual utilisation of such credit and also based on historical experience 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 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 Group will be liable to pay normal tax during the specified period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

11 Property, Plant and Equipment:

A Freehold land is carried at historical cost less impairment, if any. 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. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in the financial statements for the period ended on March 31, 2016, attributable to Property, Plant and Equipment is adjusted to the cost of respective Property, Plant and Equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the Statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

On transition to Ind AS, the Group 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 which may be different for foreign entities. 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 the reduced values, if any, on a systematic basis over its remaining useful lives.

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

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

G Capital work in progress is stated at cost less accumulated impairment loss, if any.

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.

12 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 Statement of profit and loss in the period in which the expenditure is incurred.

C Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful lives.

D Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life as estimated by the management at the time of capitalisation.

E Intangible assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

F An item of intangible asset initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

13 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.

14 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.

15 Impairment of Non Financial Assets:

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

16 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 Work-in-Progress are valued at lower of cost and net realisable value.

B Cost [Net of 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 Work-in-Progress are determined by taking material cost [Net of 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 expense and included in "Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade" and "Cost of Materials Consumed" in the relevant note in the Statement of Profit and Loss.

17 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.

18 Leases:

The Group has adopted Ind AS 116 "Leases" which is effective for an annual period beginning on or after from April 1, 2019. The following is the significant accounting policy related to Ind AS 116.

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.

As a lessee:

For any new contracts entered into on or after April 1, 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset [the underlying asset] for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee:

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date [net of any incentives received].

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments [including in substance fixed], variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in other financial liabilities.

As a lessor:

The Group's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

For the year ended March 31, 2019, the Group was recognising revenue as per the criteria provided in Ind AS 17 "Leases" as under:

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 Group 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 expense on straight line basis 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 Group is lessor as 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.

19 Provisions, Contingent Liabilities and Contingent Assets:

A Provisions are recognised when the Group 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 of 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

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NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. 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.

20 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.

21 Employee Benefits:

A Short term obligations:

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

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, as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in Statement of profit and loss.

b Defined Benefit Plans:

i Gratuity:

The Group provides for gratuity, a defined benefit plan covering eligible employees of the Parent, its subsidiaries in India and few overseas subsidiaries. The gratuity contributions of the Parent and its Indian subsidiaries are to be made to 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 the end of the reporting period 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 or loss in subsequent periods.

The Group 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; and

ii Net interest expense or income.

ii Group administered Provident Fund:

In case of a specified class of employees of the Parent, who are eligible to receive benefits of Group administered provident fund, the contributions are deposited to 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 Group has an obligation to

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NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Contributions to such provident fund are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

c **Defined Contribution Plans - Provident Fund Contribution:**

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

For details of significant post employment benefit plans refer Note 20.

C **Employee Separation Costs:**

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

22 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 Parent's Board of Directors.

23 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 transaction costs, in the case of financial assets not recorded at fair value through profit or loss, 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, i.e., the date that the Group settles 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 and loss.

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

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

- The asset is held with objectives of both 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 Group 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

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NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

criteria for categorization as at 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 Group may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income . The Group has made such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at 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 Group 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 Group's balance sheet] when:

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

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

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

d Impairment of financial assets:

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

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

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

iii Financial assets that are debt instruments and are measured as at FVTOCI

The Group follows 'simplified approach' for recognition of impairment loss allowance on Point d above.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it requires the Group to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group 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 Group 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] is recognized as expense/ income in the Statement of profit and loss.

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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 Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group 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, using EIR method. Gains and losses are recognised in Statement of profit and 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.

d Embedded derivatives:

An embedded derivative is a component of a hybrid [combined] instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of profit and loss, unless designated as effective hedging instruments.

C Reclassification of financial assets:

The Group 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 Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group 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.

24 Derivative Financial Instruments and Hedge Accounting:

Derivatives are recognised initially at fair value and subsequently at fair value through profit and loss.

Fair value hedges:

The Group applies fair value hedge accounting for changes in fair value of trade receivables [non-derivative financial assets] attributable to foreign currency risk. The Group designates certain non-derivative foreign currency financial liabilities [hedging instrument] to hedge the risks of changes in fair value of trade receivables attributable to the movement in foreign exchange rates. The Group documents at the time of designation the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking such hedging transactions. The Group also documents its assessment, both at the

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inception of the hedge and on an ongoing basis, of whether the risk management objectives are met with the hedging relationship.

Changes in fair values of both hedging instruments and hedged items are recognised in foreign exchange gains / losses as a part of other income or other expenses as the case may be. If the hedge no longer meets the criteria for hedge accounting, this accounting treatment is discontinued.

Net Investment hedges:

The Group applies net investment hedge for hedges of adjustments arising from translating the functional currency financial statements of foreign operations (hedges of net investments) into functional currency of the Parent. The effective portion of change in the fair value of non-derivative financial liabilities is recorded as a foreign currency translation adjustment in other comprehensive income in Group's Consolidated Statement of Comprehensive Income. The change in fair value of the hedging instrument relating to the effective portion of the hedge are subsequently recognised in Group's Consolidated Income Statement on disposal of the foreign operation(s). The ineffective portion of the change in fair value of the non-derivative financial liabilities is recognised in Group's Consolidated Income Statement.

25 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, or

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 Group.

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 Group 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 Group 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.

26 Non-Current assets and disposal group held for sale:

Assets and liabilities of disposal groups held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less cost to sell includes use of management estimates and assumptions. The fair value of the disposal groups has been estimated using valuation techniques [including income and market approach] which includes unobservable inputs.

27 Segment Reporting:

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

28 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 shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable effective from April 1, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS:

[A] Property, Plant and Equipment:

₹ Million

	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2018	3,196	1,027	12,310	39,970	1,186	789	779	**59,257**
Acquired Subsidiaries	445	103	736	1,353	40	8	6	**2,691**
Additions	165	141	1,813	13,008	91	275	180	**15,673**
Disposals			(6)	(421)	(2)	(94)	(9)	**(532)**
Other adjustments	14	1	143	81	(36)	(3)	7	**207**
As at March 31, 2019	3,820	1,272	14,996	53,991	1,279	975	963	**77,296**
Right of use assets			250			108		**358**
Additions	24	260	3,428	3,355	732	127	481	**8,407**
Disposals			(80)	(641)	(37)	(82)	(8)	**(848)**
Other adjustments	28	2	247	347	8	(76)	11	**567**
As at March 31, 2020	3,872	1,534	18,841	57,052	1,982	1,052	1,447	**85,780**
Depreciation and Impairment:								
As at March 31, 2018	-	72	2,436	17,155	696	394	316	**21,069**
Acquired Subsidiaries		4	190	922	27	3	5	**1,151**
Depreciation for the year		17	391	3,829	76	96	134	**4,543**
Disposals			(2)	(322)	(2)	(53)	(8)	**(387)**
Other adjustments			(25)	(79)	(35)	(1)	1	**(139)**
As at March 31, 2019	-	93	2,990	21,505	762	439	448	**26,237**
Depreciation for the year	-	23	584	4,370	113	147	184	**5,421**
Disposals	-	-	(20)	(445)	(28)	(73)	(6)	**(572)**
Other adjustments	-	1	47	120	5	(5)	4	**172**
As at March 31, 2020	-	117	3,601	25,550	852	508	630	**31,258**
Net Block:								
As at March 31, 2019	3,820	1,179	12,006	32,486	517	536	515	**51,059**
As at March 31, 2020	3,872	1,417	15,240	31,502	1,130	544	817	**54,522**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS: (Contd...)

[B] Intangible Assets:

₹ Million

	Goodwill	Other Intangible Assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2018	13,996	10,347	933	6,601	2,357	20,238
Acquired Subsidiaries		5,562	52			5,614
Additions	38,701	12	280		167	459
Disposals	-	(87)	(1)			(88)
Other adjustments	294	19	87	346	61	513
As at March 31, 2019	52,991	15,853	1,351	6,947	2,585	26,736
Additions	1,003	3	468	-	215	686
Disposals	-	(95)	-	-	-	(95)
Other adjustments	476	59	21	602	(444)	238
As at March 31, 2020	54,470	15,820	1,840	7,549	2,356	27,565
Amortisation and Impairment:						
As at March 31, 2018	143	4,627	601	1,157	1,068	7,453
Acquired Subsidiaries	-	158	32			190
Amortisation for the year	-	640	168	651	17	1,476
Disposals	-	(45)	(1)			(46)
Other adjustments	(42)	(78)	9	44		(25)
As at March 31, 2019	101	5,302	809	1,852	1,085	9,048
Amortisation for the year	2	701	240	584	17	1,542
Impairment for the year	452 *	25		2,717 **		2,742
Disposals	-	(71)				(71)
Other adjustments		63	14	359		436
As at March 31, 2020	555	6,020	1,063	5,512	1,102	13,697
Net Block:						
As at March 31, 2019	52,890	10,551	542	5,095	1,500	17,688
As at March 31, 2020	53,915	9,800	777	2,037	1,254	13,868

* Refer Note - 52

** Refer Note - 47 [^]

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS: (Contd...)

Goodwill:

1 Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units [CGUs] those are expected to get benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Consumer Wellness	**39,441**	38,438
US Specialty Business	**5,586**	5,112
India Human Formulations	**5,296**	5,296
US Generics	**1,472**	1,472
Brazil Formulations	**1,350**	1,350
US Generics - Windlas Healthcare	**269**	721
South Africa Formulations	**324**	324
Europe Generics	**144**	144
Others	**33**	33
Total	**53,915**	52,890

2 **Below is the reconciliation of the carrying amount of Goodwill:**

₹ Million

	As at March 31, 2020	As at March 31, 2019
Gross Carrying Value:		
Opening Balance	**52,991**	13,996
Additions	**1,003**	38,701
Disposals	**-**	-
Effect of changes in foreign exchange rates	**476**	294
Closing Balance	**54,470**	52,991
Amortisation and Impairment:		
Opening Balance	**101**	143
Impairment for the year	**452**	-
Others	**2**	-
Effect of changes in foreign exchange rates	**-**	(42)
Closing Balance	**555**	101
Net Carrying Value	**53,915**	52,890

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU/ groups of CGU over a period of five years. An average of the range of key assumptions used is mentioned below. As of March 31, 2020 and March 31, 2019 the estimated recoverable amount of the CGU exceeded its carrying amount. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows :

₹ Million

	As at March 31, 2020	As at March 31, 2019
Long Term Growth Rate	1.2% - 6.5%	3.0% - 4.0%
Discount Rate	9.8% - 10.0%	10.36%

The above discounted rate is based on the Weighted Average Cost of Capital [WACC] of the Parent. These estimates are likely to differ from future actual results of operations and cash flows.

Notes:

1 Other adjustments include adjustments on account of borrowing costs and exchange rate difference.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS: (Contd...)

2 Legal titles of the immovable properties acquired pursuant to Scheme of Amalgamation of Zydus Technologies Limited, Alidac Pharmaceutical Limited, Liva Pharmaceutical Limited and Dialforhealth India Limited with the Company are in the process of being transferred in the name of the Parent.

3 Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Liva Healthcare Limited, Zydus Animal Health Limited and Zydus Pharmaceuticals Limited with the Parent are in the process of being transferred in the name of the Parent.

4 For details of assets pledged as security refer Note 19.

Summarised statement for movement in Capital work-in-progress:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	**8,372**	15,272
Add: Expenditure incurred during the year	**8,195**	8,064
Add: Borrowing costs	**23**	280
Add: Other directly attributable costs	**23**	763
Less: Capitalized during the yea	**(9,198)**	(16,007)
Balance as at the end of the year	**7,415**	8,372

NOTE: 4-INTEREST IN JOINT VENTURES:

The Group has 50% interest in Zydus Takeda Healthcare Private Limited and Zydus Hospira Oncology Private Limited, 25% interest in Bayer Zydus Pharma Private Limited and 25.50% in US Pharma Windlas LLC. The Group's interest in all the four entities is accounted using the "equity method" in the CFS. None of them individually contribute materially to the Group's revenues and assets. Summarised financial information of the Joint Ventures, based on its Ind AS financial statements, is as under:

₹ Million

			As at March 31, 2020	As at March 31, 2019
A	**Summarised Balance Sheet of four entities:**			
		Non-Current Assets	**2,643**	2,715
		Current Assets	**6,537**	6,596
		Non-Current Liabilities	**(293)**	(537)
		Current Liabilities	**(1,142)**	(1,157)
		Equity	**7,745**	7,617
		Carrying amount of investment in Joint Ventures	**3,516**	3,484
B	**Summarised Statement of Profit and Loss of four entities for the year ended March 31:**			
		Revenue	**8,250**	8,514
		Profit before tax	**1,171**	1,473
		Profit after Tax	**654**	1,030
		Other Comprehensive Income for the year, net of tax	**(31)**	(17)
		Total Comprehensive Income for the year, net of Tax	**623**	1,013
		Group's share in Profit after Tax for the year	**288**	469
		Group's share in OCI for the year	**(7)**	(4)
C	**Summarised Contingent Liabilities and Commitments [to the extent not provided for] of four entities:**			
	a	**Contingent liabilities:**		
		i. In respect of the demands raised by the Central Excise, State Excise and Customs Authorities	**4**	5
		ii. In respect of Sales Tax matters pending before appellate authorities	**2**	2
		iii. In respect of Income Tax matters pending before appellate authorities	**934**	1,499
	b	Commitments:		
		Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	**54**	31
D	**Dividend declared by the Joint Ventures during the year**		**250**	325

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 5-INVESTMENTS [NON-CURRENT]:

₹ Million

	Nos. [*]	Face Value [**]	As at March 31, 2020	As at March 31, 2019
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Foundation [^]	50,000	10	**1**	1
Investment in Non-convertible Debentures [Valued at amortised cost]:				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Foundation [^]	18,500,000 [0]	100	**1,252**	-
Investments [Valued at fair value through OCI]:				
In fully paid-up Common Stock of:				
Onconova Therapeutic Inc. USA [₹ 98,356/-]	4,341	$0.01	**-**	1
Pieris Pharmaceuticals Inc., USA	1,415,539	$0.001	**244**	328
			244	329
Investments in Equity Instruments, fully paid-up:				
Quoted:				
Housing Development Finance Corporation Limited	219,500	2	**358**	432
HDFC Bank Limited	8,000 [4,000]	1 [2]	**7**	9
Kokuyo Camlin Limited	72,090	1	**3**	7
Camlin Fine Sciences Limited	152,000	1	**6**	8
Accelya Kale Consultants Limited [₹ 325,052/-]	383	10	**-**	1
Reliance Industries Limited [₹:387,133 {as at March 31, 2019: ₹ 474,341}]	174	10	**-**	-
Vedanta Limited	57,750	10	**4**	10
Tanla Solution Limited [₹ 98,261 {As at March 31, 2019:₹ 74,962}]	2,026	1	**-**	-
			378	467
Unquoted				
Bharuch Enviro Infrastructure Limited [₹ 12,140/-]	1,214	10	**-**	-
Narmada Clean Tech	625,813	10	**6**	6
Enviro Infrastructure Company Limited	50,000	10	**1**	1
GVFL Limited [Formerly known as Gujarat Venture Finance Limited]	50,000	10	**1**	1
Saraswat Co-Op Bank Limited [₹ 20,350/-]	2,500	10	**-**	-
The Shamrao Vithal Co-Op Bank Limited [₹ 2,500/-]	100	25	**-**	-
The Green Environment Co-operative Society Limited [₹ 5,000/-]	50	100	**-**	-
Shivalik Solid Waste Management Limited [₹ 2,00,000/-]	20,000	10	**-**	-
The Kalupur Commercial Co-Op. Bank Ltd.	0 [88,500]	25	**-**	2
			8	10
			386	477

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 5-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

	Nos. [*]	Face Value [**]	As at March 31, 2020	As at March 31, 2019
Investment in Preference Shares:				
[Carried at amortised cost] [Unquoted]:				
In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited	900,000	10	**9**	9
			9	9
Investment in Bonds				
[Valued at amortised cost] [Quoted]:				
In fully paid-up Bonds of:				
8.23% Karnataka State Financial Corporation	0 [5]	1,000,000	**-**	4
9.90% Tamil Nadu Generation and Distribution Corporation Limited	3.5 [5]	1,000,000	**3**	4
10.00% Krishna Bhagya Jala Nigam Limited	12	1,000,000	**12**	12
8.95% IDBI Bond	[0] 14	1,000,000	**-**	13
8.90% IDBI Upper Tier II Bonds	[0] 4	1,000,000	**-**	3
9.10% PNB Housing Finance Limited	25	1,000,000	**24**	25
9.75% Piramal Enterprises Limited	35	1,000,000	**35**	35
9.00% Indiabulls Housing Finance Limited	40,000	1,000	**40**	40
			114	136
Total [Aggregate Book Value of Investments]			**2,006**	952
a i Aggregate book value of quoted investments			**1,988**	932
ii Market value of quoted investments			**1,988**	932
b Aggregate book value of unquoted investments			**18**	20
Explanations:				
a In "Nos. [*]" figures of previous year are same unless stated in [ ].				
b In "Face Value [**]", figures in Indian Rupees unless stated otherwise.				

[^] Zydus Foundation is a company incorporated under Section 8 of the Companies Act, 2013 and this company is prohibited to give any right over their profits to its members. In view of restrictions on Section 8 companies, the parent Company's share in Zydus Foundation has not been considered in consolidated financial statements.

NOTE: 6-OTHER FINANCIAL ASSETS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**335**	730
Forward Contract value related to investment in a Joint Venture	**1,866**	1,402
Others	**659**	107
Total	**2,860**	2,239

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 7-DEFERRED TAX:

₹ Million

	Consolidated Balance Sheet As at March 31		Statement of Profit and Loss Year ended March 31	
	2020	2019	**2020**	2019
Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under:				
Deferred Tax Liabilities:				
Depreciation	**3,901**	5,341	**(1,440)**	2,830
Fair Value Adjustment - Financial Instruments	**164**	164	**-**	(161)
Amortisation of stepped-up basis for intangible assets	**351**	1,045	**(694)**	(65)
Others	**-**	-	**-**	(89)
	4,416	6,550	**(2,134)**	2,515
Deferred Tax Assets:				
Employee benefits/ Payable to Statutory Authorities	**1,578**	1,370	**208**	409
Receivables	**105**	768	**(663)**	(540)
Unabsorbed depreciation	**1,336**	4,636	**(3,300)**	939
MAT Credit Entitlement	**4,687**	4,251	**436**	283
Others	**3,140**	2,705	**435**	2,178
Total	**10,846**	13,730	**(2,884)**	3,269
Net Deferred Tax [Assets]/ Liabilities	**(6,430)**	(7,180)	**750**	(754)
Out of above:				
a. Disclosed as Deferred Tax Assets	**8,529**	9,703		
b. Disclosed as Deferred Tax Liabilities	**2,099**	2,523		
c. Deferred Tax Asset acquired in business combination	**-**	257		
d. Charged to Statement of Profit and Loss			**821**	(770)
e. Included in OCI			**(71)**	16

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

The Group has tax losses which arose in India of ₹ 18,829 Million [March 31, 2019: ₹ 15,503 Million] that are available for offsetting for indefinite period, except losses of ₹ 619 Million which are available for offset for eight years against future taxable profits of the companies in which the losses arose. Out of ₹ 606 Million, majority of these losses will expire in March 2028.

In India, unabsorbed depreciation is allowed to be set-off for indefinite period. MAT Credit not recognised as at March 31, 2020 is ₹ 8,484 Million. Such MAT credit has not been recognised and included as a component of deferred tax asset in the balance sheet, as, on the basis of the assessment made by the management of the respective Company's profitability and operational plans in the foreseeable future, the management is of the view that presently, there is no convincing evidence that the respective Company would be liable to pay income tax under the normal provisions of the Income-tax Act for the periods up to which the Company is eligible to utilise the unused MAT credit.

Further, and notwithstanding the foregoing, the respective Company can elect to exercise the option permitted u/s 115BAA of the Income- tax Act, 1961 consequent to which the entire MAT credit would no longer be allowed for utilisation.

The deferred tax assets have not been recognised in respect of unabsorbed losses of subsidiaries ₹ 2,147 [as at March 31, 2019 - ₹ 3,500] Million as they may not be used to offset taxable profits and there are no other tax planning opportunities or other evidence of recoverability in the near future.

NOTE: 8-OTHER NON-CURRENT ASSETS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	**644**	1,275
Balances with Statutory Authorities	**835**	1,034
Others	**96**	89
Total	**1,575**	2,398

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 9-CURRENT TAX ASSETS [NET]:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]		
Advance payment of Tax [Net of provision for taxation]	**1,506**	1,065
Total	**1,506**	1,065

NOTE: 10-INVENTORIES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	**8,887**	9,045
Work-in-progress	**4,099**	3,247
Finished Goods	**5,430**	4,882
Stock-in-Trade	**7,793**	8,255
Stores and Spares	**154**	84
Others:		
Packing Materials	**1,527**	1,367
Total	**27,890**	26,880
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories		
Net of reversal of write-down	**112**	29

For details of inventories pledged as security, refer Note 23.

NOTE: 11-INVESTMENT [CURRENT]:

	Nos. [**]	As at March 31, 2020	As at March 31, 2019
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss][*]			
L&T Liquid Fund - Direct Plan - Growth	0 [352,985.851]	**-**	904
Kotak Liquid Fund - Direct Plan - Growth	0 [368,475.460]	**-**	1,395
HDFC Overnight Fund - Direct Plan - Growth	344,856.126 [0]	**1,024**	-
ICICI Prudential Overnight Fund - Direct Plan - Growth	10,247,307.105 [0]	**1,104**	-
Total		**2,128**	2,299

[*] Considered as cash and cash equivalents for Cash Flow Statement

[**] In "Nos." figures of previous year are stated in [ ].

NOTE: 12-TRADE RECEIVABLES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Secured - Considered good	**752**	894
Unsecured - Considered good	**35,880**	38,614
Unsecured - Credit impaired	**217**	146
	36,849	39,654
Less: Allowances for credit losses	**217**	146
Total	**36,632**	39,508

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 13-CASH AND BANK BALANCES:

₹ Million

		As at March 31, 2020	As at March 31, 2019
A	**Cash and Cash Equivalents:**		
	Balances with Banks	**8,445**	4,199
	Cash on Hand	**8**	8
	Total	**8,453**	4,207
B	**Bank balances other than cash and cash equivalents:**		
	Balances with Banks	**1,196**	1,282
	Total	**1,196**	1,282

NOTE: 14-LOANS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good]		
Loan to others - Considered good	**-**	100
Loan to others - Credit impaired	**100**	-
	100	100
Less: Allowances for credit impaired	**(100)**	-
Total	**-**	100

NOTE: 15-OTHER CURRENT FINANCIAL ASSETS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good]		
Deposits other than Banks [*]	**687**	1,004
Others	**1,619**	1,212
Total	**2,306**	2,216

[*] Considered as cash and cash equivalents for Cash Flow Statement

NOTE: 16-OTHER CURRENT ASSETS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good]		
Balances with Statutory Authorities	**5,583**	4,967
Advances to Suppliers	**856**	778
Export Incentive Receivables	**1,260**	1,405
Prepaid Expenses	**761**	805
Others	**89**	534
Total	**8,549**	8,489

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 17-EQUITY SHARE CAPITAL:

₹ Million

		As at March 31, 2020	As at March 31, 2019
Authorised:			
	1,725,000,000 [as at March 31, 2019: 1,725,000,000] Equity Shares of ₹ 1/- each	**1,725**	1,725
		1,725	1,725
Issued, Subscribed and Paid-up:			
	1,023,742,600 [as at March 31, 2019: 1,023,742,600] Equity Shares of ₹ 1/- each, fully paid-up	**1,024**	1,024
Total		**1,024**	1,024
A	There is no change in the number of shares as at the beginning and end of the year.		
	Number of shares at the beginning and at the end of the year	**1,023,742,600**	1,023,742,600
B	The Parent has only one class of equity shares having a par value of ₹ 1/- 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 parent 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 ₹ 1/- each, fully paid:		
	Zydus Family Trust		
	Number of Shares	**766,381,434**	765,537,230
	% to total share holding	**74.86%**	74.78%

NOTE: 18-OTHER EQUITY:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Capital Reserve:		
Balance as per last Balance Sheet	**278**	279
[Less]: Capital Reserve arising due to consolidation	**2**	(1)
	280	278
Debenture Redemption Reserve:		
Balance as per last Balance Sheet	**2,383**	-
Add: Transferred from Retained Earnings	**-**	2,383
	2,383	2,383
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	**2,000**	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	**15,924**	15,963
Less: Adjustment pursuant to stake dilution in Zydus Wellness Limited	**-**	(39)
	15,924	15,924
Foreign Currency Monetary Items Translation Difference Account: [***]		
Balance as per last Balance Sheet	**(4)**	(82)
Add/[Less] : Credited / [Debited] during the year	**4**	78
	-	(4)
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**483**	770
[Less]/ Add: [Debited] / Credited during the year	**(174)**	(287)
	309	483
Foreign Currency Translation Reserve:		
Balance as per last Balance Sheet	**(1,559)**	(186)
Less : Exchange differences on consolidation	**(2,728)**	(1,373)
	(4,287)	(1,559)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 18-OTHER EQUITY: (Contd...)

₹ Million

	As at March 31, 2020	As at March 31, 2019
Retained Earnings:		
Balance as per last Balance Sheet	**83,334**	67,677
Add: Profit for the year	**11,766**	18,488
	95,100	86,165
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	**(96)**	(16)
Share of Other Comprehensive Income of Joint Ventures [net of tax]	**(7)**	(4)
Less: Dividends:		
Dividends	**(7,166)**	(3,583)
Corporate Dividend Tax on Dividend [Net of CDT Credit]	**(1,403)**	(731)
	(8,569)	(4,314)
Less: Transferred to Debenture Redemption Reserve	**-**	(2,383)
Less: Adjustment pursuant to sale of shares of a joint venture	**-**	(225)
[Less]/ Add: Adjustment pursuant to stake increase/ dilution and acquisition of subsidiaries	**(304)**	4,111
Balance as at the end of the year	**86,124**	83,334
Total	**102,733**	102,839

[*] *International Business Development Reserve was created pursuant to Composite Scheme of Amalgamation approved by the Hon'ble High Court of Gujarat and its utilization shall be as provided in the scheme.*

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

[***] *The Group had opted for accounting the exchange rate differences arising on the Long Term Foreign Currency Monetary Items [LTFCMI] in accordance with the notification dated March 31, 2009 and amended on December 29, 2011 under the Companies [Accounting Standards] Amendment Rules, 2009 on Accounting Standard 11 relating to "the effects of changes in foreign exchange rates". Accordingly, the effects of exchange rate differences arising on translation or settlement of long term foreign currency loans availed for funding acquisition of Property, Plant and Equipment have been adjusted to the cost of respective items of Property, Plant and Equipment. In other cases, such exchange rate difference on the LTFCMI is transferred to "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA]. The option of transferring exchange rate differences to FCMITDA is available on LTFCMI outstanding as on March 31, 2016 only. The FCMITDA is amortised during the tenure of the respective LTFCMI but not beyond March 31, 2020.*

[#] *The Group 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 FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.*

NOTE: 19-BORROWINGS:

₹ Million

	Non-current portion		Current Maturities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
A Term Loans from Banks:				
a Term Loans:				
i Secured	**4,536**	7,548	**3,550**	5,122
b External Commercial Borrowings in Foreign Currency				
i Secured	**-**	780	**853**	1,242
ii Unsecured	**12,600**	16,143	**5,040**	1,153
	12,600	16,923	**5,893**	2,395
B Term Loans from Others [Unsecured]	**10**	26	**10**	11
C Non-Convertible Debentures [Secured]	**15,000**	15,000	**-**	-
Total	**32,146**	39,497	**9,453**	7,528
The above amount includes:				
Secured borrowings	**15,000**	15,780	**853**	1,242
Unsecured borrowings	**17,146**	23,717	**8,600**	6,286
Amount disclosed under the head				
"Other Current Financial Liabilities" [Note-25]	**-**	-	**(9,453)**	(7,528)
Net amount	**32,146**	39,497	**-**	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 19-BORROWINGS: (Contd...)

A Securities and Terms of Repayment for Secured Borrowings:

a External Commercial Borrowings [ECB] in Foreign Currency Loans:

i ECB of USD 33.86 Million is secured by hypothecation of a specific trade mark of the Group. The Loan is repayable in three equal yearly installments starting from May 15, 2018 of USD 11,285,330 each. The loan was originally availed of by one of the subsidiary companies, which got merged with the Company w.e.f. April 1, 2019. The outstanding amount of loan as at March 31, 2020 is ₹ 853 Million [as at March 31, 2019: ₹ 1,561 Million].

B Terms of Repayment for Unsecured Borrowings:

a Term Loans:

i Loan of USD 7.50 Million availed by one of the subsidiary companies is repayable at the end of three years from respective drawdown dates starting from December 19, 2019 along with accrued interest for the period. The outstanding amount of loan as at March 31, 2020 is ₹ 528 [as at March 31, 2019: ₹ 568] Million.

ii Term loan of USD 120 Million of one of the subsidiary companies is repayable in three yearly installments starting from January 18, 2020 along with interest for the period. The outstanding amount of loan as at March 31, 2020 is ₹ 6,047 [as at March 31, 2019: ₹ 8,301] Million.

iii Term loan of USD 20 Million of one of the subsidiary companies is repayable in three yearly installments starting from March 29, 2022 along with interest for the period. The outstanding amount of loan as at March 31, 2020 is ₹ 1,511 [as at March 31, 2019: ₹ 1,384] Million.

b ECB in Foreign Currency Loans:

i ECB of USD 30 Million is repayable in three yearly installments starting from January 17, 2020 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 1,512 [as at March 31, 2019: ₹ 2,075] Million.

ii ECB of USD 20 Million is repayable in three yearly installments starting from March 1, 2020 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 1,008 [as at March 31, 2019: ₹ 1,384] Million.

iii ECB of USD 100 Million is repayable in three yearly installments starting from March 27, 2021 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 7,560 [as at March 31, 2019: ₹ 6,918] Million.

iv ECB of USD 30 Million is repayable in three yearly installments starting from April 26, 2020 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 2,268 [as at March 31, 2019: ₹ 2,075] Million.

v ECB of USD 20 Million is repayable in three yearly installments starting from September 18, 2020 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 1,512 [as at March 31, 2019: ₹ 1,384] Million.

vi ECB of USD 20 Million is repayable in three yearly installments starting from September 7, 2021 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 1,512 [as at March 31, 2019: ₹ 1,384] Million.

vii ECB of USD 30 Million is repayable in three yearly installments starting from January 23, 2022 along with interest for the period. The outstanding amount as at March 31, 2020 is ₹ 2,268 [as at March 31, 2019: ₹ 2,076] Million.

c Rupee Loans:

i Loan from Department of Science and Technology is repayable in ten yearly equal installments starting from November 1, 2012. The outstanding amount as at March 31, 2020 is ₹ 20 [as at March 31, 2019: ₹ 31] Million.

C Securities and Terms of Repayment for Secured Non-Convertible Debentures [NCDs]:

i 9.14% Secured NCDs [with semi-annually interest payout] have been issued by one of the subsidiaries by creating a charge on brands of the subsidiary company. The NCDs are repayable in three equal yearly installments starting from January 16, 2022 along with accrued interest for the period. The outstanding amount of NCDs as at March 31, 2020 is ₹ 15,000 [as at March 31, 2019 : ₹ 15,000] Million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 20-OTHER FINANCIAL LIABILITIES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Trade Deposits	**76**	67
Lease obligations	**145**	-
Others	**233**	660
Total	**454**	727

NOTE: 21-PROVISIONS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits	**2,352**	1,841
Total	**2,352**	1,841

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 by Parent Company and major Indian subsidiaries. The eligible employees of the Group 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 Parent and major Indian subsidiaries have 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 Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary increment risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 21-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2020			As at March 31, 2019		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening obligation	**189**	**1,536**	**2,204**	172	1,072	1,777
	Acquired subsidiaries				1	84	188
	Transfer in/ [out]	**18**	**(18)**				
	Interest cost	**15**	**101**	**148**	12	79	122
	Current service cost	**20**	**284**	**266**	16	244	235
	Benefits paid	**(13)**	**(198)**	**(154)**	(3)	(190)	(147)
	Actuarial [gains]/ losses on obligation due to:						
	Experience adjustments	**9**	**139**	**(2)**	-	291	112
	Change in financial assumptions	**17**	**74**	**124**	(9)	(44)	(83)
	Closing obligation	**255**	**1,918**	**2,586**	189	1,536	2,204
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	**-**	**200**	**1,500**	-	187	1,064
	Acquired subsidiaries						168
	Expected return on plan assets		**14**	**106**		14	76
	Return on plan assets excluding amounts included in interest income		**(2)**	**(13)**		(1)	13
	Contributions by employer		**2**	**261**			321
	Benefits paid			**(145)**			(145)
	Actuarial [losses]/ gains						3
	Closing fair value of plan assets	**-**	**214**	**1,709**	-	200	1,500
	Total actuarial [losses]/ gains to be recognised	**(26)**	**(213)**	**(122)**	9	(247)	(26)
D	**Actual return on plan assets:**						
	Expected return on plan assets	**-**	**14**	**106**	-	14	76
	Actuarial [losses]/ gains on plan assets	**-**	**-**	**-**	-	-	3
	Actual return on plan assets	**-**	**14**	**106**	-	14	79
E	**Amount recognised in the balance sheet:**						
	Liabilities/ [Assets] at the end of the year	**255**	**1,918**	**2,586**	189	1,536	2,204
	Fair value of plan assets at the end of the year	**-**	**(214)**	**(1,709)**	-	(200)	(1,500)
	Difference	**255**	**1,704**	**877**	189	1,336	704
	Unrecognised past service cost	**-**	**-**	**-**	-	-	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**255**	**1,704**	**877**	189	1,336	704
F	**Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	**20**	**284**	**266**	16	244	235
	Interest cost on benefit obligation	**15**	**101**	**148**	12	79	122
	Expected return on plan assets	**-**	**(14)**	**(106)**	-	(14)	(76)
	Return on plan assets excluding amounts included in interest income	**-**	**2**		-	1	
	Net actuarial [gains]/ losses in the year	**26**	**213**		(9)	247	
	Amount included in "Employee Benefit Expense"	**61**	**586**	**308**	19	557	281
	Return on plan assets excluding amounts included in interest income			**13**			(13)
	Net actuarial [gains]/ losses in the year			**122**			26
	Amounts recognized in OCI	**-**	**-**	**135**	-	-	13

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 21-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2020			As at March 31, 2019		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	**189**	**1,336**	**704**	172	885	713
	Acquired subsidiaries	**-**	**-**	**-**	1	84	20
	Transfer in/ [out]	**18**	**(18)**	**-**	-	-	-
	Expenses as above [P & L Charge]	**61**	**586**	**308**	19	557	281
	Amount recognised in OCI			**135**			13
	Employer's contribution	**-**	**(2)**	**(261)**	-	84	(303)
	Benefits Paid	**(13)**	**(198)**	**(9)**	(3)	(190)	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**255**	**1,704**	**877**	189	1,336	704
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate	**6.45% - 6.70%**	**6.45% - 6.70%**	**6.45% - 6.70%**	7.20%	7.20%	7.20%
	[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]						
	Annual increase in salary cost	**12% for next 1 year, 9% thereafter**			12% for next 2 years & 9% thereafter		
	[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						
I	**The categories of plan assets [India] as a % of total plan assets are:**						
	Insurance plan	**0.00%**	**100.00%**	**100.00%**	0.00%	100.00%	100.00%

J Amount recognised in current and previous four years:

Gratuity:	**As at March 31**				
	2020	2019	2018	2017	2016
Defined benefit obligation	2,586	2,204	1,777	1,503	1,165
Fair value of Plan Assets	1,709	1,500	1,064	931	828
Deficit/ [Surplus] in the plan	877	704	713	572	337
Actuarial Loss/ [Gain] on Plan Obligation	122	29	124	208	211
Actuarial Loss/ [Gain] on Plan Assets	-	3	-	(1)	-

The average duration of defined benefit plan obligation at the end of the year is 23.34 to 29.92 years [as at March 31, 2019 : 21.47 to 29.99 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumptions is shown below:

₹ Million

Assumptions	**Medical Leave**		**Leave Wages**		**Gratuity**	
	As at March 31					
	2020	2019	**2020**	2019	**2020**	2019
Impact on obligation:						
Discount rate increase by 0.5%	**(15)**	(10)	**(50)**	(45)	**(86)**	(72)
Discount rate decrease by 0.5%	**16**	7	**53**	46	**92**	77
Annual salary cost increase by 0.5%	**16**	7	**52**	45	**89**	74
Annual salary cost decrease by 0.5%	**(15)**	(10)	**(50)**	(45)	**(84)**	(70)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 21-PROVISIONS: (Contd...)

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

₹ Million

	As at March 31, 2020	As at March 31, 2019
Within the next 12 months [next annual reporting period]	**748**	574
Between 2 and 5 years	**1,763**	1,840
Between 6 and 10 years	**1,891**	1,557
Total expected payments	**4,402**	3,971

NOTE: 22-OTHER NON-CURRENT LIABILITIES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Others	**17**	26
Total	**17**	26

NOTE: 23-BORROWINGS:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured]	**2,879**	1,287
Working Capital Loans from Banks [Unsecured]	**35,386**	30,682
Total	**38,265**	31,969

A Securities and Terms of Repayment for Secured Borrowings:

i Working Capital Loans of the Parent, which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares not relating to plant and machineries (consumable stores), including goods in transit, bills receivables and book debts. The value of such current assets as at March 31, 2020 is ₹ 38,514 [as at March 31, 2019: ₹ 35,846] Million. The PCFC loans of the Parent are repayable during April, 2020 to August, 2020. The outstanding amount of loans as at March 31, 2020 is ₹ 2,716 [as at March 31, 2019: ₹ 1,072] Million.

ii Working Capital Loans of one of the subsidiary companies, which are repayable on demand, are secured by fixed deposits of the subsidiary. The value of such fixed deposits as at March 31, 2020 is ₹ 271 [as at March 31, 2019: ₹ 238] Million. The outstanding amount of loan as at March 31, 2020 is ₹ 163 [as at March 31, 2019: ₹ 215] Million.

B Terms of Repayment for Unsecured Borrowings:

i PCFC loans of the Parent are payable during April, 2020 to September, 2020. The outstanding amount of loans as at March 31, 2020 is ₹ 11,718 [as at March 31, 2019: ₹ 12,107] Million.

ii Working capital loans of some of the subsidiary companies are repayable on demand. The outstanding amount of loan as at March 31, 2020 is ₹ 23,668 [as at March 31, 2019: ₹ 18,575] Million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 24-TRADE PAYABLES:

₹ Million

		As at March 31, 2020	As at March 31, 2019
Due to Micro and Small Enterprises [*]		**170**	121
Due to other than Micro and Small Enterprises		**20,140**	19,105
Total		**20,310**	19,226
[*]	**Disclosure in respect of Micro and Small Enterprises:**		
A	Principal amount remaining unpaid to any supplier as at year end	**170**	121
B	Interest due thereon	**-**	-
C	Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	**4**	6
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: 25-OTHER FINANCIAL LIABILITIES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Current Maturities of Long Term Debt [Refer Note- 19]	**9,453**	7,528
Current Maturities of Lease Liabilities	**129**	-
Interest accrued but not due on borrowings	**341**	348
Book overdraft	**-**	315
Accrued Expenses	**8,317**	9,590
Payable for Capital Goods	**1,181**	790
Unpaid Dividends	**71**	52
Total	**19,492**	18,623

NOTE: 26-OTHER CURRENT LIABILITIES:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Advances from Customers	**487**	499
Payable to Statutory Authorities	**1,253**	1,011
Others	**164**	203
Total	**1,904**	1,713

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 27-PROVISIONS:

₹ Million

			As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits			685	625
Provision for claims for product expiry and return of goods [*]			1,747	732
Total			**2,432**	1,357
[*]	**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 Group 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	732	337
		ii Additional provision made during the year	1,015	395
		iii Carrying amount at the end of the year	1,747	732

NOTE: 28-CURRENT TAX LIABILITIES [NET]:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Provision for Taxation [Net of advance payment of tax]	291	537
Total	**291**	537

NOTE: 29-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]:

₹ Million

			As at March 31, 2020	As at March 31, 2019
A.	**Contingent Liabilities:**			
	a	Claims against the Group not acknowledged as debts	613	341
	b	Other money for which the Group is contingently liable:		
		i In respect of the demands raised by the Central Excise, Customs, State Excise & Service Tax Authority	2,522	1,192
		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 Group, which the Group expects to succeed based on the legal advice	108	104
		iii In respect of Income Tax matters pending before appellate authorities	1,864	1,550
		iv In respect of Sales Tax matters pending before appellate authorities	830	738
		v In respect of custom duty liability under EPCG scheme	407	471
		vi In respect of letters of credit for Imports	158	14
		vii In respect of other matters [Employees Indemnity on retirement/ guaranteed severance package]	236	189
B.	**Legal proceedings:**			
	The Group is involved in various legal proceedings which include claims pursuant to contracts with third parties, claims related to product liabilities, employment claims, anti-trust and other regulatory matters relating to conduct of its business.			
	Since these legal proceedings involve complex issues, which are specific to the case and most of them don't have any precedents or benchmarks and hence it is not possible, for majority of these proceedings to make a reasonable estimate of their expected outcome and financial effect, if any, that will result from ultimate resolution of such proceedings. This is due to several factors, including the size and extent of the claims, the stage of the proceedings and the overall length and the discovery process; the entitlement of the parties to go for an appeal against a decision; the need for further legal proceedings to establish the appropriate amount of damages, if any; the settlement approach of the other parties to the litigation etc.			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 29-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]: (Contd...)

₹ Million

			As at March 31, 2020	As at March 31, 2019
	The Group makes its assessment of likely outcome of the legal proceedings based on the assessment done by its internal legal counsel and in consultation with external legal advisors representing the Group. Some of the legal claims, if decided against the Group may result into significant impact on its results of operations of a given period during which the claim is settled.			
	Some of the significant litigations which the Group is involved in are described below:			
	1	Zydus Pharmaceuticals USA Inc. ["ZPUI"], a wholly owned subsidiary of the Company is involved in a qui tam case in the U.S. District Court of the Eastern District of Texas for alleged "false and misleading" price for its prescription drugs, thereby causing State and Federal government of the United States of America ["the US"] to pay inflated reimbursements to participating pharmacies in the Medicaid program. Following the transfer of the case to the District of New Jersey, the case entered fact discovery. In October 2018, the parties agreed to mediation. On April 30, 2019, the parties reached an agreement to settle all remaining claims in the case. Following approval by the U.S. Department of Justice, the Court entered an order dismissing all remaining claims on July 17, 2019.		
	2	ZPUI along with other pharmaceutical companies ["Defendants"] are involved in two putative class action cases in the US filed on behalf of putative classes of third-party payers and individual consumers in December 2015 [a federal and state case]. In the complaints, plaintiffs have alleged that Defendants reported "false" prices for their prescription drugs in violation of Pennsylvania state law. The state case was stayed pending resolution of the federal case. The federal case claims were dismissed in September 2017. The plaintiffs have yet to move the state case forward. However, ZPUI is currently waiting to see how they proceed. ZPUI [as well as the Company] believe that it has meritorious defense to the lawsuit.		
	3	In late 2016, a union health and welfare fund filed two actions against ZPUI along with other generic drug companies in the US District Court for the Eastern District of Pennsylvania. These actions alleged conspiracies to fix prices or allocate markets for two drugs in violation of federal and state antitrust laws.		
		Subsequently, these and the other actions have been coordinated in a multi-district litigation in the Eastern District of Pennsylvania. Ultimately, putative classes of direct purchasers, end payors, and indirect resellers each filed multiple actions alleging conspiracies to fix prices or allocate markets for specific products [including three products for ZPUI] as well as an overarching, industry-wide conspiracy, in which ZPUI is named as one of the several defendants.		
		Several opt-out plaintiffs have filed complaint as well, and the claims in these complaints track the claims outlined above. In May 2019, Connecticut and other states filed a second complaint against ZPUI and other defendants. That complaint alleges a number of individual-drug conspiracies [including eight drugs for ZPUI] as well as an "overarching" conspiracy.		
		Beginning in October 2019, putative classes of direct purchasers, indirect resellers, and end payors as well as several opt-out plaintiffs and a group of New York counties filed additional complaints against ZPUI and other defendants with substantially similar claims. In October 2019, the Court entered a case management order setting a preliminary schedule and the cases are now proceeding through fact discovery. ZPUI [as well as the Company] believe that it has meritorious defenses to these lawsuits.		
		The Company and/or its subsidiaries believe that they have meritorious defenses to the lawsuits and are vigorously defending themselves with respect to these matters.		
		Future cash outflows in respect of the above legal proceedings, if any, are determinable only upon receipt of judgement/decisions pending with the relevant authorities.		
C.	**Commitments:**			
	a	Estimated amount of contracts remaining to be executed on capital account and not provided for	**3,799**	4,701

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 30- LEASE:

Lessee:

A Relating to statement of financial position:

1 The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all risk and rewards of ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognises right to use assets and lease liabilities for most leases;

Right of use assets are part of financial statement caption "Property plant and equipment'. Depreciation and impairment is similar to measurement of owned assets. Lease liabilities are part of financial statement captions "Non-current financial liabilities" and "current financial liabilities". Interest is part of financial statement caption " Finance expense".

Right of use assets: ₹ Million

	Land	Buildings	Vehicles	Total
Balance as at April 1, 2019	**-**	**250**	**108**	**358**
Reclassified on account of adoption of Ind AS 116 [Net]	1,179	-	-	1,179
Additions	260	15	-	275
Depreciation charge for the year	23	80	36	139
Exchange rate impact on translation of foreign operations	1	7	(17)	(9)
Balance as at March 31, 2020	**1,417**	**192**	**55**	**1,664**

The Group leases assets which include office buildings, warehouse spaces and vehicles.

2 **Movement in lease liabilities:**

	₹ Million
Lease liability recognised as on April 1 ,2019	358
Additions	48
Redemptions	(132)
Lease liability as at March 31, 2020 of which:	274
Current portion	129
Non current portion	145

2.1 **Maturity analysis of lease liabilities:**

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at March 31, 2020 is as follows:

Minimum lease payments due	₹ Million
Within 1 year	129
1-5 years	174

Lessor:

The Group leases out certain properties and classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Lease payments due to be received:	₹ Million
Within 1 year	19
1-5 years	79
Total undiscounted lease payments	98

Description of lease activities:

Real estate lease:

The Group leases buildings for it's offices and warehouse space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 3- 10 years and may include extension options which provide operational flexibility. Majority of the leases are cancellable by either parties by serving notice period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 31-INTERIM DIVIDENDS:

The Board of Directors, at its meeting held on March 16, 2020, recommended and paid the interim dividend of ₹ 3.50 per equity share of ₹ 1/- each.

NOTE: 32-REVENUE FROM OPERATIONS:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of Products	**138,121**	127,484
Other Operating Revenues:		
Export Incentives	**1,748**	1,713
Net Gain on foreign currency transactions and translation [*]	**512**	654
Miscellaneous Income	**2,150**	1,805
	4,410	4,172
Total	**142,531**	131,656
[*] includes research related Net Loss on foreign currency transactions and translation	**19**	35

NOTE: 33-OTHER INCOME:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	**325**	530
Gain on valuation of Forward Contract value related to investment in a Joint Venture	**464**	266
	789	796
Dividend Income:		
From FVTOCI Investments	**5**	6
Gain on Investments mandatorily measured at FVTPL	**256**	464
Gain on Investments mandatorily measured at amortised cost	**5**	664
Other Non-operating Income	**84**	81
Total	**1,139**	2,011

NOTE: 34-COST OF MATERIALS CONSUMED:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Raw Materials:		
Stock at commencement	**9,045**	8,728
Add: Acquired subsidiaries	**-**	254
Add: Purchases	**27,671**	21,053
	36,716	30,035
Less: Stock at close	**8,887**	9,045
	27,829	20,990
Packing Materials consumed	**6,767**	5,751
Total	**34,596**	26,741

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 35-PURCHASES OF STOCK-IN-TRADE:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Purchases of Stock-in-Trade	**15,542**	21,520
Total	**15,542**	21,520

NOTE: 36-CHANGES IN INVENTORIES:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Stock at commencement:		
Work-in-progress	**3,247**	2,794
Finished Goods	**4,882**	5,152
Stock-in-Trade	**8,255**	5,932
Acquired subsidiaries	**-**	1,409
	16,384	15,287
Less: Stock at close:		
Work-in-progress	**4,099**	3,247
Finished Goods	**5,430**	4,882
Stock-in-Trade	**7,793**	8,255
	17,322	16,384
Total	**(938)**	(1,097)

NOTE: 37-EMPLOYEE BENEFITS EXPENSE:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	**21,951**	19,175
Contribution to provident and other funds	**1,514**	1,435
Staff welfare expenses	**680**	631
Total	**24,145**	21,241
Above expenses include:		
Research related expenses:		
Salaries and wages	**1,837**	1,792
Contribution to provident and other funds	**133**	128
Staff welfare expenses	**43**	42
Total	**2,013**	1,962
Managing Directors' Remuneration	**247**	247

NOTE: 38-FINANCE COST:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense [*]	**3,236**	1,905
Other Borrowing Costs	**-**	1
Net Gain on foreign currency transactions and translation	**92**	(23)
Bank commission & charges	**90**	52
Total	**3,418**	1,935
[*] The break up of interest expense into major heads is given below:		
On term loans	**1,212**	1,045
On non convertible debentures	**1,375**	282
On working capital loans	**606**	549
On Lease Liabilities	**33**	-
Others	**10**	29
Total	**3,236**	1,905

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 39-DEPRECIATION AND AMORTISATION EXPENSE:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation expenses	**5,421**	4,510
Amortisation expense	**1,544**	1,476
Total	**6,965**	5,986

NOTE: 40-OTHER EXPENSES:

₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Research Materials	**897**	1,079
Analytical Expenses	**1,751**	1,463
Consumption of Stores and spare parts	**2,294**	2,335
Power & fuel	**2,688**	2,472
Rent	**285**	306
Repairs to Buildings	**321**	305
Repairs to Plant and Machinery	**1,017**	871
Repairs to Others	**266**	234
Insurance	**684**	638
Rates and Taxes [excluding taxes on income]	**296**	317
Processing Charges	**1,367**	1,309
Commission to Directors	**15**	48
Traveling Expenses	**1,545**	1,559
Legal and Professional Fees [*]	**4,755**	2,674
Advertisement Expenses	**2,459**	1,626
Commission on sales	**1,247**	1,208
Freight and forwarding on sales	**3,459**	2,417
Representative Allowances	**1,155**	1,187
Other marketing expenses	**6,177**	5,103
Allowances of credit losses:		
Trade receivables written off	**14**	39
Expected credit loss	**51**	16
	65	55
Less: Transferred from expected credit loss	**(25)**	(28)
	40	27
Allowances for Doubtful Advances:		
Doubtful advances written off	**50**	6
Allowances for credit impaired	**183**	16
	233	22
Less: Transferred from allowances for credit impaired	**(7)**	(23)
	226	(1)
Directors' fees	**18**	18
Net Loss on disposal of Property, Plant and Equipment [Net of gain]	**147**	77
Donations	**200**	242
Miscellaneous Expenses [**]	**8,043**	5,902
Total	**41,352**	33,416

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 40-OTHER EXPENSES: (Contd...)

₹ Million

			Year ended March 31, 2020	Year ended March 31, 2019
Above expenses include Research related expenses as follows:				
	Research Materials		**897**	1,079
	Analytical expenses		**1,565**	1,426
	Consumption of Stores and spare parts		**739**	958
	Power & Fuel		**159**	156
	Repairs to Buildings		**22**	12
	Repairs to Plant and Machinery		**110**	141
	Repairs to Others		**21**	16
	Insurance		**29**	34
	Traveling Expenses		**62**	59
	Legal and Professional fees		**1,928**	1,088
	Net Loss on disposal of Property, Plant and Equipment		**8**	9
	Miscellaneous Expenses [excluding Depreciation]		**3,421**	2,577
	Total		**8,961**	7,555
[*]	**Legal and Professional fees include:**			
	Payment to the Statutory Auditors [excluding GST]:			
	i	- As Auditor	**54**	49
		- For Other Services	**15**	8
		- Reimbursement of expenses	**1**	1
		- Total	**70**	58
	ii	Cost Auditor's Remuneration including fees for other services [excluding GST]	**2**	2
[**]	**Miscellaneous Expenses include:**			
	a	Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	**305**	332

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 41-TAX EXPENSES:

The major components of income tax expense are:

₹ Million

		Year ended March 31, 2020	Year ended March 31, 2019
A	**Statement of profit and loss:**		
	Profit or loss section:		
	Current income tax:		
	Current income tax charge	**2,380**	6,075
	Adjustments in respect of current income tax of previous year	**(3)**	(2)
		2,377	6,073
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**821**	(770)
	Tax expense reported in the statement of profit and loss	**3,198**	5,303
	OCI Section:		
	Tax related to items recognised in OCI during in the year:		
	Net loss/ (gain) on remeasurements of defined benefit plans	**39**	(3)
	Tax charged to OCI	**39**	(3)
B	**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:**		
	Profit before tax from continuing operations	**14,954**	23,821
	Enacted Tax Rate in India (%)	**34.94%**	34.94%
	Expected Tax Expenses	**5,225**	8,323
	Adjustments for:		
	Tax effect due to non-taxable income for Indian tax purposes	**(1)**	(2)
	Effect of unrecognized/ excess deferred tax assets / liabilities	**(349)**	(248)
	Effect of non-deductible expenses/ losses	**1,467**	1,252
	Effect of additional deductions in taxable income	**(4,382)**	(3,728)
	Effect of difference between Indian and Foreign tax rates [including impact of different tax rate in India]	**123**	(508)
	Effect of MAT/ AMT Tax Credit not recognised	**1,128**	175
	Others	**(13)**	39
	Total	**(2,027)**	(3,020)
	Tax Expenses as per Statement of Profit and Loss	**3,198**	5,303

NOTE: 42-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:

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

₹ Million

			Year ended March 31, 2020	Year ended March 31, 2019
Continuing Operations:				
A	Profit attributable to Shareholders	₹ Million	**11,766**	18,488
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**11.49**	18.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 43-SEGMENT INFORMATION:

A The Chief Operating Decision Maker [CODM] reviews the Group as "Pharmaceuticals" and "Consumer Products" segment.

The CODM reviews revenue, results, total assets and total liabilities as the performance indicator of an operating segment.

1 Pharmaceuticals:

This segment represents the business of integrated pharmaceutical operations with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Group includes Active Pharmaceutical Ingredients [API], human formulations and animal health & veterinary.

2 Consumer products:

This segment represents the business of development, production, marketing and distribution of differentiated health and wellness products.

₹ Million

				Year ended March 31, 2020	Year ended March 31, 2019
a	**Segment revenue:**				
	i	Pharmaceuticals		**124,863**	123,228
	ii	Consumer Products		**17,668**	8,428
	iii	Total revenue from operations		**142,531**	131,656
b	**Segment results:**				
	i	Pharmaceuticals		**16,935**	22,114
	ii	Consumer Products		**1,655**	1,811
	iii	Total profit before exceptional items and tax		**18,590**	23,925
c	**Segment assets:**				
	Pharmaceuticals			**180,969**	180,246
	Consumer Products			**55,897**	54,585
	Total assets			**236,866**	234,831
d	**Segment liabilities:**				
	Pharmaceuticals			**98,472**	97,317
	Consumer Products			**21,290**	20,722
	Total liabilities			**119,762**	118,039
B	**Geographical market:**				
	a	**Revenue [*]:**			
		i	India	**64,419**	53,096
		ii	US	**63,044**	63,792
		iii	Others	**15,068**	14,768
		iv	**Total**	**142,531**	131,656
	b	**Non-current operating assets [**]:**			
		i	India	**111,305**	109,147
		ii	US	**13,442**	15,698
		iii	Others	**4,973**	5,164
		iv	**Total**	**129,720**	130,009
C	Revenues derived from single external customer which amount to 10% or more of the Group's revenue			**14,514**	-

[*] The revenue information above is based on the locations of the customers.

[**] Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 44-GROUP INFORMATION:

Consolidated Financial Statements as at March 31, 2020 comprise the Financial Statements [FS] of Cadila Healthcare Limited [CHL] and its subsidiaries as well as its interest in Joint Ventures, which are as under:

No.	Name	Principal activities	Country of incorporation	Status of FS at March 31, 2020	% equity Interest as at March 31 2020	2019
A	**Indian subsidiaries:**					
1	Zydus Healthcare Limited	Human Pharmaceutical Formulations	India	Audited	**100.00**	100.00
2	Zydus Wellness Limited	Consumer Health & Wellness	India	Audited	**63.55**	63.55
3	Liva Pharmaceuticals Limited	Human Pharmaceutical Formulations	India	Note - 1	**0.00**	100.00
4	Zydus Technologies Limited	Human Pharmaceutical Formulations	India	Note - 1	**0.00**	85.00
5	Alidac Pharmaceuticals Limited	Human Pharmaceutical Formulations	India	Note - 1	**0.00**	100.00
6	Dialforhealth India Limited	Retail Pharmacy	India	Note - 1	**0.00**	100.00
7	Dialforhealth Greencross Limited	Retail Pharmacy	India	Audited	**100.00**	100.00
8	Dialforhealth Unity Limited	Retail Pharmacy	India	Audited	**55.00**	55.00
9	Violio Healthcare Limited	Human Pharmaceutical Formulations	India	Audited	**100.00**	100.00
10	German Remedies Pharmaceuticals Private Limited [Formerly known as Acme Pharmaceuticals Private Limited]	Human Pharmaceutical Formulations	India	Audited	**100.00**	100.00
11	Zydus Wellness Products Limited [Formerly known as Zydus Nutritions Limited]	Consumer Health & Wellness	India	Audited	**63.55**	63.55
12	Liva Investment Limited	Investment	India	Audited	**63.55**	63.55
13	Liva Nutritions Limited	Consumer Health & Wellness	India	Audited	**63.55**	63.55
14	Heinz India Private Limited	Consumer Health & Wellness	India	Note - 2	**0.00**	63.55
15	Zydus Pharmaceuticals Limited [Formerly known as Alidac Healthcare Limited]	Human Pharmaceutical Formulations	India	Audited	**100.00**	Note - 3
16	Windlas Healthcare Private Limited *	Human Pharmaceutical Formulations	India	Audited	**51.00**	51.00
17	Zydus Animal Health and Investments Limited [Formerly known as Violio Pharmaceuticals and Investments Limited]	Investment and Holding, Animal Health and Veterinary	India	Audited	**100.00**	100.00
18	Biochem Pharmaceutical Private Limited	Human Pharmaceutical Formulations	India	Audited	**100.00**	Note - 4
B	**Foreign subsidiaries:**					
1	Zydus Lanka (Private) Limited	Human Pharmaceutical Formulations	Sri Lanka	Unaudited	**100.00**	100.00
2	Zydus International Private Limited	Investment and Holding	Ireland	Unaudited	**100.00**	100.00
3	Zydus Netherlands B.V.	Investment and Holding	Netherlands	Unaudited	**100.00**	100.00
4	Zydus France, SAS	Human Pharmaceutical Formulations	France	Audited	**100.00**	100.00
5	Laboratorios Combix S.L.	Human Pharmaceutical Formulations	Spain	Unaudited	**100.00**	100.00
6	Etna Biotech S.R.L.	Research and Development	Italy	Unaudited	**100.00**	100.00
7	Zydus Healthcare (USA) LLC	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**100.00**	100.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 44-GROUP INFORMATION: (Contd...)

No.	Name	Principal activities	Country of incorporation	Status of FS at March 31, 2020	% equity Interest as at March 31	
					2020	**2019**
8	Zydus Pharmaceuticals (USA) Inc.	Human Pharmaceutical Formulations	U. S. A.	Audited	**100.00**	100.00
9	Nesher Pharmaceuticals (USA) LLC	Human Pharmaceutical Formulations	U. S. A.	Audited	**100.00**	100.00
10	Sentynl Therapeutics, Inc	Human Pharmaceutical Formulations	U. S. A.	Audited	**100.00**	100.00
11	Zydus Noveltech Inc., USA ^	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**100.00**	85.00
12	Hercon Pharmaceuticals, LLC ^	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**100.00**	85.00
13	ZyVet Animal Health Inc.	Animal Health and Veterinary	U. S. A.	Audited	**100.00**	Note - 5
14	Windlas INC *	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**51.00**	51.00
15	Viona Pharmaceuticals Inc.	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**100.00**	100.00
16	Zydus Worldwide DMCC	Human Pharmaceutical Formulations	Dubai	Audited	**100.00**	100.00
17	Zydus Discovery DMCC	Human Pharmaceutical Formulations	Dubai	Audited	**100.00**	100.00
18	Zydus Wellness International DMCC	Consumer Health & Wellness	Dubai	Audited	**63.55**	Note - 6
19	Zydus Nikkho Farmaceutica Ltda.	Human Pharmaceutical Formulations	Brazil	Unaudited	**100.00**	100.00
20	Zydus Healthcare SA (Pty) Ltd.	Human Pharmaceutical Formulations	South Africa	Audited	**100.00**	100.00
21	Simayla Pharmaceuticals (Pty) Ltd	Human Pharmaceutical Formulations	South Africa	Unaudited	**100.00**	100.00
22	Script Management Services (Pty) Ltd.	Human Pharmaceutical Formulations	South Africa	Unaudited	**100.00**	100.00
23	Zydus Healthcare Philippines Inc.	Human Pharmaceutical Formulations	Philippines	Unaudited	**100.00**	100.00
24	Alidac Healthcare (Myanmar) Limited	Human Pharmaceutical Formulations	Myanmar	Unaudited	**100.00**	100.00
25	Zydus Pharmaceuticals Mexico SA De CV	Human Pharmaceutical Formulations	Mexico	Unaudited	**100.00**	100.00
26	Zydus Pharmaceuticals Mexico Service Company SA De CV.	Manpower Supply & Administration	Mexico	Unaudited	**100.00**	100.00
C	**Partnership firm:**					
1	M/s. Zydus Wellness- Sikkim	Consumer Health & Wellness	India	Note - 2	**0.00**	98.00
2	M/s. Recon Pharmaceuticals and Investments	Human Pharmaceutical Formulations and Investments	India	Audited	**100.00**	Note - 7
D	**Joint Ventures:**					
1	Zydus Takeda Healthcare Private Limited	API	India	Audited	**50.00**	50.00
2	Zydus Hospira Oncology Private Limited	Human Pharmaceutical Formulations	India	Audited	**50.00**	50.00
3	Bayer Zydus Pharma Private Limited	Human Pharmaceutical Formulations	India	Audited	**24.999998**	25.00
4	US Pharma Windlas LLC *	Human Pharmaceutical Formulations	India	Unaudited	**25.50**	25.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 44-GROUP INFORMATION: (Contd...)

Notes:

1 Liva Pharmaceuticals Limited, Zydus Technologies Limited, Alidac Pharmaceuticals Limited and Dialforhealth India Limited were merged with CHL w.e.f. April 1, 2019. [Refer Note-53 B]

2 M/s. Zydus Wellness- Sikkim, a partnership firm, was converted into a company, in the name of Zydus Nutritions Limited [ZNL], w.e.f. February 28, 2019, pursuant to which, it had become a subsidiary of the Zydus Wellness Limited [ZWL]. The Group has acquired Heinz India Private Limited [HIPL] in India on January 30, 2019. Pursuant to the Scheme of Amalgamation between ZNL and HIPL, which was sanctioned by the Hon'ble National Company Law Tribunal [NCLT] vide its order dated May 10, 2019 and effective date being May 24, 2019, HIPL has been merged with ZNL w.e.f. the appointed date being, March 1, 2019. Subsequently, the name of the ZNL was changed to Zydus Wellness Products Limited.

3 The Group has incorporated Alidac Healthcare Limited in India on December 26, 2019. Subsequently, the name of the Company was changed to Zydus Pharmaceuticals Limited w.e.f. January 24, 2020.

4 The Group has acquired Biochem Pharmaceutical Private Limited in India on November 27, 2019.

5 The Group has incorporated ZyVet Animal Health Inc. in U. S. A. on April 9, 2019.

6 The Group has incorporated Zydus Wellness International DMCC in Dubai on May 28, 2019.

7 The Group has incorporated a partnership firm, namely Recon Pharmaceuticals and Investments in India on December 11, 2019.

^ The Group has acquired remaining 15% stake on November 13, 2019.

** Refer Note-52*

NOTE: 45-STATUTORY GROUP INFORMATION:

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

	Net Assets i.e. total assets minus total liabilities		Share in Profit / [Loss]		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of Consolidated Net Assets	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million
Parent:								
Cadila Healthcare Limited	108.52	112,601	120.09	14,129	7.31	(220)	158.89	13,909
Subsidiaries:								
Indian:								
Zydus Healthcare Limited	44.43	46,103	15.67	1,844	2.12	(64)	20.33	1,780
Zydus Wellness Limited	30.98	32,147	(3.46)	(407)	0.10	(3)	(4.69)	(410)
Zydus Wellness Products Limited	32.92	34,161	(10.77)	(1,267)	(0.77)	23	(14.21)	(1,244)
Liva Investment Limited	0.00	2	(0.00)	(0)	-	-	(0.00)	(0)
Liva Nutritions Limited	(0.00)	(4)	(0.02)	(3)	-	-	(0.03)	(3)
Dialforhealth Unity Limited	(0.00)	(2)	(0.00)	(0)	-	-	(0.00)	(0)
Dialforhealth Greencross Limited	0.00	0	(0.00)	(0)	-	-	(0.00)	(0)
Violio Healthcare Limited	0.00	0	(0.00)	(0)	-	-	(0.00)	(0)
Zydus Animal Health and Investments Limited	21.91	22,729	(0.10)	(12)	-	-	(0.13)	(12)
Windlas Healthcare Private Limited	1.45	1,500	(1.23)	(144)	0.01	(0)	(1.65)	(145)
German Remedies Pharmaceuticals Private Limited	0.89	923	3.55	418	0.01	(0)	4.77	417
Zydus Pharmaceuticals Limited	0.09	98	(0.01)	(2)	-	-	(0.02)	(2)
Biochem Pharmaceutical Private Limited	0.00	0	(0.00)	(0)	-	-	(0.00)	(0)
Recon Pharmaceuticals and Investments	1.78	1,851	0.00	0	-	-	0.00	0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 45-STATUTORY GROUP INFORMATION: (Contd...)

	Net Assets i.e. total assets minus total liabilities		Share in Profit / [Loss]		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of Consolidated Net Assets	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million
Foreign:								
Zydus Lanka (Private) Limited	0.01	14	0.02	3	-	-	0.03	3
Zydus International Private Limited	5.27	5,469	0.97	114	-	-	1.31	114
Zydus Netherlands B.V.	6.15	6,385	(0.08)	(10)	-	-	(0.11)	(10)
Zydus France, SAS	0.37	380	(0.64)	(75)	-	-	(0.86)	(75)
Laboratorios Combix S.L.	0.23	234	0.00	0	-	-	0.00	0
Etna Biotech S.R.L.	0.00	0	0.27	32	-	-	0.37	32
Zydus Healthcare (USA) LLC	0.03	35	0.04	5	-	-	0.06	5
Zydus Pharmaceuticals (USA) Inc.	11.98	12,427	17.66	2,078	-	-	23.74	2,078
Nesher Pharmaceuticals (USA) LLC	(3.31)	(3,437)	(8.28)	(974)	-	-	(11.13)	(974)
Sentynl Therapeutics, Inc	5.23	5,430	(18.36)	(2,160)	-	-	(24.67)	(2,160)
Zydus Noveltech Inc., USA	(0.04)	(44)	0.08	9	-	-	0.11	9
Hercon Pharmaceuticals, LLC	(2.17)	(2,246)	(3.10)	(365)	-	-	(4.17)	(365)
ZyVet Animal Health Inc.	0.01	10	(0.22)	(26)	-	-	(0.30)	(26)
Viona Pharmaceuticals INC [USA]	(0.05)	(54)	0.06	7	-	-	0.08	7
Windlas INC [USA]	0.00	2	(0.01)	(2)	-	-	(0.02)	(2)
Zydus Worldwide DMCC	(4.74)	(4,915)	(19.38)	(2,280)	0.04	(1)	(26.05)	(2,281)
Zydus Discovery DMCC	(1.80)	(1,873)	(6.15)	(723)	-	-	(8.26)	(723)
Zydus Wellness International DMCC	0.02	25	0.16	19	-	-	0.22	19
Zydus Nikkho Farmaceutica Ltda.	0.72	743	(7.11)	(836)	-	-	(9.56)	(836)
Zydus Healthcare SA (Pty) Ltd.	0.48	500	(0.77)	(91)	-	-	(1.04)	(91)
Simayla Pharmaceuticals (Pty) Ltd	(0.41)	(431)	(0.00)	(0)	-	-	(0.00)	(0)
Script Management Services (Pty) Ltd.	0.00	3	-	-	-	-	-	-
Zydus Healthcare Philippines Inc.	0.36	377	0.18	21	0.16	(5)	0.19	16
Alidac Healthcare (Myanmar) Limited	0.65	673	(2.47)	(291)	-	-	(3.32)	(291)
Zydus Pharmaceuticals Mexico SA De CV	(0.17)	(175)	(0.99)	(117)	-	-	(1.34)	(117)
Zydus Pharmaceuticals Mexico Service Company SA De CV.	0.00	0	0.00	0	-	-	0.00	0
Minority Interests in all subsidiaries	(12.86)	(13,347)	(2.36)	(278)	9.23	(278)	(6.35)	(556)
Share of Joint Ventures [as per equity method]	-		2.45	288	0.23	(7)	3.21	281
Total Eliminations/ Consolidation Adjustments	(148.94)	(154,538)	24.31	2,860	81.56	(2,457)	4.61	403
Grand Total	**100.00**	**103,757**	**100.00**	**11,766**	**100.00**	**(3,012)**	**100.00**	**8,754**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 46-RELATED PARTY TRANSACTIONS:

A	**Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:**		
	a	**Entity having control over the Parent:**	
		Zydus Family Trust [Holding 74.86 % in the Parent]	
	b	**Subsidiary Companies/ concerns:**	
		Zydus Foundation - Refer Note 5 [^]	
	c	**Joint Venture Companies:**	
		Zydus Hospira Oncology Private Limited	Bayer Zydus Pharma Private Limited
		Zydus Takeda Healthcare Private Limited	US Pharma Windlas LLC
	d	**Key Managerial Personnel:**	
		Mr. Pankaj R. Patel	Chairman
		Dr. Sharvil P. Patel	Managing Director & son of Chairman
		Mr. Ganesh N. Nayak	Executive Director
		Mr. Mukesh M. Patel	Non-Executive Director
		Mr. H. Dhanrajgir	Independent Director [Upto July 30, 2019]
		Mr. Apurva S. Diwanji	Independent Director
		Mr. Nitin R. Desai	Independent Director
		Ms. Dharmishtaben N. Raval	Independent Director
		Mr. Bhadresh K. Shah	Independent Director
		Mr. Nitin D. Parekh	Executive Officer [Chief Financial Officer]
		Mr. Upen H. Shah	Executive Officer [Company Secretary] [Upto February 7, 2019]
		Mr. Dhaval N. Soni	Executive Officer [Company Secretary] [with effect from February 7, 2019]
	e	**Enterprises significantly influenced by Directors and/or their relatives:**	
		Cadmach Machinery Company Private Limited	Cadila Laboratories Private Limited
		Zydus Hospitals and Healthcare Research Private Limited	M/s. C. M. C. Machinery
		Zydus Hospitals (Vadodra) Private Limited	Mukesh M. Patel & Co.
		Zydus Infrastructure Private Limited	M/s. International Tax and Investments Consultants
	f	**Post Employment Benefits Plans:**	
		Cadila Healthcare Limited Employees Group Gratuity Scheme	Zydus Wellness Limited Employees Group Gratuity Scheme
		Cadila Healthcare Ltd. Managerial Cadre EPF	Zydus Wellness Sikkim Employees Group Gratuity Scheme
		Dialforhealth India Limited Employees Group Gratuity Scheme	Heinz India Private Limited Provident Fund
		Liva Pharmaceuticals Limited Employees Group Gratuity Scheme	Heinz India Private Limited Employee Provident Fund
		Zydus Healthcare Limited Employees Group Gratuity Scheme	Heinz India Private Limited Gratuity Fund
		Zydus Technologies Limited Employees Group Gratuity Fund	Heinz India Private Limited Pension Fund
		Zydus Healthcare Ltd, German Remedies Division Employees Group Gratuity Assurance Scheme	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 46-RELATED PARTY TRANSACTIONS: (Contd...)

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 46-A [a & b]

Nature of Transactions	Value of the Transactions [₹ Million]			
	Entity holding control over the Parent		Subsidiary Company	
	Year ended March 31			
	2020	2019	2020	2019
Issue of Shares:				
Zydus Family Trust	-	3,000	-	-
Investments in Shares:				
Zydus Foundation	-	-	1,850	1
Dividend Paid				
Zydus Family Trust	5,362	2,679	-	-
CSR Expenses:				
Zydus Foundation	-	-	295	266

b Details relating to parties referred to in Note 46-A [c & e]

Nature of Transactions	Value of the Transactions [₹ Million]			
	Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31			
	2020	2019	2020	2019
Purchases:				
Goods:				
Zydus Hospira Oncology Private Limited	41	43		
Cadmach Machinery Company Private Limited			7	5
Total	41	43	7	5
Property, Plant and Equipment:				
Cadmach Machinery Company Private Limited			71	25
Zydus Infrastructure Private Limited			258	1
Total	-	-	329	26
Reimbursement of Expenses paid:				
Cadila Laboratories Private Limited				1
Services:				
Zydus Hospira Oncology Private Limited	70			
Zydus Infrastructure Private Limited		-	99	90
Others			21	10
Total	70	-	120	100
Sales:				
Goods:				
Bayer Zydus Pharma Private Limited	193	228		
Zydus Takeda Healthcare Private Limited	30	11		
Others		2	20	14
Total	223	241	20	14
Reimbursement of Expenses Recovered:				
US Pharma Windlas LLC	13			
Others	1	1		
Total	14	1		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 46-RELATED PARTY TRANSACTIONS: (Contd...)

Nature of Transactions	Value of the Transactions [₹ Million]			
	Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31			
	2020	2019	2020	2019
Finance:				
Inter Corporate Loans repaid:				
US Pharma Windlas LLC	1			
Interest Income:				
Bayer Zydus Pharma Private Limited		11		
Outstanding:				
Payable:				
Zydus Hospira Oncology Private Limited	**21**	15		
Zydus Infrastructure Private Limited			**20**	
Cadila Laboratories Private Limited			**22**	22
Others			**4**	
Total	**21**	15	**46**	22
Receivable:				
Bayer Zydus Pharma Private Limited	**46**	62	**-**	-
Zydus Infrastructure Private Limited				247
Others	**3**	4	**8**	7
Total	**49**	66	**8**	254

c **Details relating to persons referred to in Note 40-A [d] above:**

₹ Million

		Year ended March 31, 2020	Year ended March 31, 2019
[i]	Salaries and other employee benefits to Chairman, Managing Director, Executive Director and other executive officers	**585**	560
[ii]	Commission and Sitting Fees	**27**	33
[iii]	Outstanding payable to above [i] and [ii]	**327**	263

d **Details relating to persons referred to in Note 40-A [e] above:**

₹ Million

		Year ended March 31, 2020	Year ended March 31, 2019
[i]	Contributions [including Employee's share and contribution]	**918**	905

NOTE: 47-EXCEPTIONAL ITEMS:

₹ Million

		Year ended March 31, 2020	Year ended March 31, 2019
1	Impairment charge on "Levorphanol", a product forming part of the US Specialty product segment [^] and other products	**2,742**	-
2	Impairment provision for Goodwill in Windlas Healthcare Private Limited, a subsidiary company [Refer Note-52]	**452**	-
3	Expenses pursuant to acquisitions	**442**	104
4	**Total**	**3,636**	104

[^] Consequent to the entry of a new competitor in "Levorphanol", a product forming part of the US Specialty business, the group assessed the recoverable amount related to intangibles of Sentynl Therapeutics Inc. ["STI"], a 100% subsidiary of the Company. Accordingly, STI has recognised an amount of ₹ 2,717 Million as an impairment charge during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 48-MATERIAL PARTLY-OWNED SUBSIDIARIES:

	Profit allocated to non-controlling interests ₹-Million Year ended March 31		Accumulated non-controlling interests ₹-Million As at March 31	
	2020	2019	**2020**	2019
Zydus Wellness Limited *	**525**	509	**12,614**	12,343
Individually immaterial subsidiaries with non-controlling interests	**(247)**	(10)	**733**	586
Total	**278**	499	**13,347**	12,929

Financial information of a subsidiary that have material non-controlling interests [NCI] is provided below:

Name of Subsidiary - Zydus Wellness Limited*

Place of Incorporation and operations : India

₹ Million

	As at March 31,2020	As at March 31, 2019
% of Ownership	**63.55%**	63.55%
Summarised balance sheet:		
Current assets	**7,758**	6,977
Current liabilities	**6,018**	5,463
Net current assets	**1,740**	1,514
Non-current assets	**48,139**	47,608
Non-current liabilities	**15,272**	15,260
Net non-current assets	**32,867**	32,348
Net assets	**34,607**	33,862
Accumulated NCI	**12,614**	12,343

₹ Million

	Year ended March 31,2020	Year ended March 31, 2019
Summarised statement of profit and loss:		
Revenue	**17,775**	8,817
Expenses	**16,121**	1,811
Profit after Tax	**1,417**	1,712
Other Comprehensive Income	**22**	-
Total comprehensive income	**1,439**	1,692
Profit allocated to NCI	**525**	509
Dividends paid to NCI	**210**	87
Summarised Cash Flow Statement:		
Net cash inflow from operating activities	**2,592**	1,494
Net cash (outflow) from investing activities	**(832)**	(41,616)
Net cash inflow (outflow) from financing activities	**(2,597)**	40,515

** Consolidated financial information of Zydus Wellness Limited*

NOTE: 49-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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 49-FINANCIAL INSTRUMENTS: (Contd...)

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

₹ Million

	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial Assets at FVTPL:				
Mutual funds	**2,128**			**2,128**
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture			**1,866**	**1,866**
Financial Investments at FVOCI:				
Quoted equity instruments	**622**			**622**
Unquoted equity instruments		**8**		**8**
Total financial assets	**2,750**	**8**	**1,866**	**4,624**
Financial liabilities	**-**	**-**	**-**	**-**

₹ Million

	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial Assets at FVTPL:				
Mutual funds	2,299			2,299
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture			1,402	1,402
Financial Investments at FVOCI:				
Quoted equity instruments	796			796
Unquoted equity instruments		10		10
Total financial assets	3,095	10	1,402	4,507
Financial liabilities	-	-	-	-

C Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed:

₹ Million

	Carrying Value	As at March 31, 2020			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Investment in preference shares	9		9		9
Bonds	114	114			114
		As at March 31, 2019			
Financial assets:					
Investment in preference shares	9		9		9
Bonds	136	136			136

Financial Assets:

The carrying amounts of trade receivables, Loans and advances to related parties and other financial assets [other than derivatives], 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 49-FINANCIAL INSTRUMENTS: (Contd...)

D Valuation process and technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

a The use of quoted market prices for similar instruments.

b Fair value of Forward Contract value related to investment in a Joint Venture has been determined considering the estimated exercise price and value of the underlying entity. The valuation has been derived using the Present Value technique under Income Approach. The valuation includes significant unobservable inputs like Weighted Average Cost of Capital [WACC], revenue forecast, etc.

Significant unobservable inputs:

Budgeted Sales growth rate : 6% - 7% per annum

Weighted Average Cost of Capital : 15.45% per annum

For recurring fair value measurements using significant unobservable inputs [Level 3], the effect of the measurement on profit or loss or other comprehensive income for the period is provided below:

Movement in Forward Contract value related to investment in a Joint Venture:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Value as at beginning of the year	**1,402**	2,560
Add : Gain on valuation of Forward Contract value related to investment in a Joint Venture	**464**	266
Less : Amount realised from Tranche I of Forward Contract	**-**	(1,424)
Value as at end of the year	**1,866**	1,402
Out of above, amount disclosed under-		
Other Non-Current Financial Assets [Note-6]	**1,866**	1,402
Other Current Financial Assets [Note-15]	**-**	-

Sensitivity analysis for valuation of Forward Contract value related to investment in a Joint Venture:

a Sensitivity in value for 50 basis points change in Weighted Average Cost of Capital [WACC]-

₹ Million

	As at March 31, 2020		As at March 31, 2019	
	-0.50%	**+0.50%**	-0.50%	+0.50%
Impact on value of the contract	**8**	**(8)**	20	(20)

b Sensitivity in the value for 200 basis point change in Revenue -

₹ Million

	As at March 31, 2020		As at March 31, 2019	
	-2.00%	**+2.00%**	-2.00%	+2.00%
Impact on value of the contract	**(52)**	**52**	(44)	44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT:

A Financial instruments by category:

₹ Million

	As at March 31, 2020			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments	-	630	1	631
Preference shares			9	9
Debentures	-	-	1,252	1,252
Bonds	-	-	114	114
Mutual funds	2,128			2,128
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	-	-	994	994
Forward Contract value related to investment in a Joint Venture	1,866	-	-	1,866
Trade receivables	-	-	36,632	36,632
Cash and Cash Equivalents	-	-	9,649	9,649
Other Current Financial Assets	-	-	2,306	2,306
Total	**3,994**	**630**	**50,957**	**55,581**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	80,205	80,205
Non Current Other Financial Liabilities	-	-	454	454
Trade payables	-	-	20,310	20,310
Payable for Capital Goods	-	-	1,181	1,181
Other Current Financial Liabilities	-	-	110,667	110,667
Total				

₹ Million

	As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments		806	1	807
Preference shares			9	9
Bonds			136	136
Mutual funds	2,299			2,299
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]			837	837
Forward Contract value related to investment in a Joint Venture	1,402			1,402
Trade receivables			39,508	39,508
Cash and Cash Equivalents			5,489	5,489
Loans			100	100
Other Current Financial Assets			2,216	2,216
Total	**3,701**	**806**	**48,296**	**52,803**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			79,342	79,342
Non Current Other Financial Liabilities			727	727
Trade payables			19,226	19,226
Payable for Capital Goods			790	790
Book Overdraft			315	315
Other Current Financial Liabilities			9,642	9,642
Total	**-**	**-**	**110,042**	**110,042**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

B Risk Management:

The Group'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 Group's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Group'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 Group 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 Group is exposed are described below:

a Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle its obligations as agreed. The Group is exposed to credit risk from investment in preference shares measured at amortised cost, loans and advances to related parties, trade receivables, bank deposits and other financial assets. The Group 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 Group. The Group closely monitors the performance of these Companies.

ii Bank deposits : The Group 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 The counter party to the forward contract value related to the Investment in a Joint Venture is the associate entity of co-venturer of one of Joint Ventures. The contract is governed by a shareholders' agreement which has the needful representations by the counter party. The Group is exposed to insignificant credit risk in relation to the same.

iv Trade Receivable: The Group trades with recognized and credit worthy third parties. It is the Group'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 Group's exposure to credit losses is not significant.

v The Group 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 Group's large customer base. Adequate expected credit losses are recognized as per the assessments. As at March 31, 2020, there are two major customers [all are wholesalers based in USA] whose outstanding balance exceed 10% of the total receivables.

The Group has used expected credit loss [ECL] model for assessing the impairment loss. For the purpose, the Group uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

Financial assets for which loss allowances is measured using the expected credit loss:

₹ Million

	As at March 31, 2020	As at March 31, 2019
Trade Receivables:		
Less than 180 days	**35,580**	38,648
180 - 365 days	**572**	566
Above 365 days	**480**	294
Total	**36,632**	39,508
Movement in the expected credit loss allowance on trade receivables:		
Balance at the beginning of the year	**146**	157
Addition	**51**	16
Recoveries	**(25)**	(28)
Exchange rate differences	**45**	1
Balance at the end of the year	**217**	146

Other than trade receivables, the Group has no significant class of financial assets that is past due but not impaired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

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 Group maintains flexibility in funding by maintaining availability under committed facilities.

b Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates. In addition, the Group'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.

Maturities of financial liabilities:

The tables below analyse the group'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.

₹ Million

	As at March 31, 2020				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	**50,156**	**16,661**	**11,702**	**7,381**	**85,900**
Other non current financial liabilities		**174**	**47**	**233**	**454**
Trade payable	**20,310**				**20,310**
Accrued Expenses	**8,317**				**8,317**
Payable for Capital Goods	**1,181**				**1,181**
Unpaid dividend	**71**				**71**
Total	**80,035**	**16,835**	**11,749**	**7,614**	**116,233**

₹ Million

	As at March 31, 2019				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	41,933	23,695	11,958	9,400	86,986
Other non current financial liabilities				727	727
Trade payable	19,226				19,226
Accrued Expenses	9,590				9,590
Payable for Capital Goods	790				790
Unpaid dividend	52				52
Other Current Financial Liabilities	315				315
Total	71,906	23,695	11,958	10,127	117,686

c Foreign currency risk:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

Foreign currency risk exposure:

Sensitivity:

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

₹ Million

	As at March 31, 2020			As at March 31, 2019		
	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	**9.00%**	**(1,345)**	**22**	7.00%	(859)	23
USD	**-9.00%**	**1,345**	**(22)**	-7.00%	859	(23)
EUR	**7.00%**	**2**		7.00%	(8)	
EUR	**-7.00%**	**(2)**		-7.00%	8	
Others	**5.00%**	**(0)**		5.00%	(0)	
Others	**-5.00%**	**0**		-5.00%	0	

** Holding all other variables constant*

d Interest rate risk:

Liabilities:

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2020, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group'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:

₹ Million

	Movement in Rate	As at March 31, 2020	As at March 31, 2019
Interest rates	+0.50%	**(261)**	(258)
Interest rates	-0.50%	**261**	258

** Holding all other variables constant*

e Price risk:

Exposure:

The group's exposure to price risk arises from investments in equity and mutual funds held by the group 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 funds, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

Sensitivity *:

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

₹ Million

	Movement in Rate	As at March 31, 2020		As at March 31, 2019	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%		**62**		80
Decrease	-10.00%		**(62)**		(80)
Mutual Funds [Quoted]					
Increase	+2.00%	**43**		46	
Decrease	-2.00%	**(43)**		(46)	

** Holding all other variables constant*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

C Hedge:

Disclosure of effects of hedge accounting on financial position:

Fair Value Hedge:

Hedged item - Changes in fair value of trade receivables attributable to changes in foreign exchange rates

Hedging instrument - Changes in fair value of certain foreign currency borrowings attributable to foreign exchange rates

Net Investment Hedge:

Hedged item - Changes towards translation adjustments resulting from translating the functional currency financial statements of foreign operations

Hedging instrument - Changes in fair value of certain foreign currency borrowings attributable to foreign exchange rates

As at March 31, 2020

Type of hedged risk	Carrying amount of hedging instrument (USD Million)		Carrying amount of hedging instrument (₹ Million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	185	-	13,986	Range-Within 6 months	1:1	Borrowings	677
Hedged item: Certain foreign currency receivables	185	-	13,986	-	Range-Within 6 months		Trade receivables	677
Net Investment Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	233	-	17,640	Range - upto 5 years		Borrowings	978
Hedged item: Net investment in certain foreign subsidiaries	233	-	17,640	-	N.A.		Net Investment in certain foreign subsidiaries	978

As at March 31, 2019

Type of hedged risk	Carrying amount of hedging instrument (USD Million)		Carrying amount of hedging instrument (₹ Million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	175	-	12,107	Range-Within 6 months	1:1	Borrowings	393
Hedged item: Certain foreign currency receivables	175	-	12,107	-	Range-Within 6 months		Trade receivables	393
Net Investment Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	250	-	17,295	Range - upto 5 years		Borrowings	155
Hedged item: Net investment in certain foreign subsidiaries	250	-	17,295	-	N.A.		Net Investment in certain foreign subsidiaries	155

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the dollar offset method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 51-CAPITAL MANAGEMENT:

The Group' s capital management objectives are:

a to ensure the Group's ability to continue as a going concern

b to provide an adequate return to shareholders

c to maintain an optimal capital structure to reduce the cost of capital.

Management assesses the Group'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 Group's various classes of debt. The Group 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.

₹ Million

	As at March 31, 2020	As at March 31, 2019
Gross debts	**79,864**	78,994
Total equity	**103,757**	103,863
Gross debt to equity ratio [No. of times]	**0.77**	0.76

Loan covenants:

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenant:

- Gross Debt to Equity must be less than 2:1

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

NOTE: 52- EVENTS AFTER BALANCE SHEET DATE:

After the end of the reporting period for the financial statements [i.e. March 31, 2020] but before the date of approval of the financial statements by the Board of Directors of the Company [i.e. June 19, 2020], the Company has sold 2,40,77,950 equity shares of ₹ 10/- each fully paid-up, representing the entire stake of 51% held by the Company of the total paid-up share capital of Windlas Healthcare Private Limited ["WHPL"], a subsidiary company to Windlas Biotech Private Limited ["WBPL"] for an aggregate consideration of ₹ 1,035 Million in two tranches pursuant to two separate definitive agreements entered into by the Company with WBPL. Pursuant to that, WHPL has ceased to be a subsidiary of the Company on April 16, 2020 after the first tranche of the sale of equity shares representing 2% of the total paid-up share capital of WHPL was executed. Remaining equity shares representing 49% of the total paid-up share capital of WHPL were sold in the 2nd tranche which was executed on April 30, 2020.

As the value of aggregate consideration was less than the carrying value of the net assets [including Goodwill] of WHPL in the consolidated financial statements of the group on March 31, 2020, a provision of ₹ 452 Million has been created for impairment in the value of the net assets and goodwill of WHPL, which is recognised under the head "Exceptional items".

NOTE: 53-COMMON CONTROL TRANSACTIONS:

A De-merger of Generics Divisions:

i Pursuant to the Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 between Zydus Healthcare Limited ["ZHL"], a 100% subsidiary of the Company and German Remedies Pharmaceuticals Private Limited ["GRPPL"] [earlier known as Acme Pharmaceuticals Private Limited, a 100% subsidiary of ZHL] and their respective shareholders and creditors ["Scheme-1"], which was sanctioned by the Ahmedabad bench of Hon'ble National Company Law Tribunal ["NCLT"] vide its order dated December 19, 2019, one of the business divisions of ZHL viz. Generic and Spectrum Division ["Demerged Undertaking"] comprising all the businesses, undertakings, activities, properties and liabilities pertaining to the Generic and Spectrum Division was transferred and vested in GRPPL with effect from the appointed date of April 1, 2019. The certified true copy of the order was filed with Registrar of Companies, Gujarat at Ahmedabad on December 23, 2019, being the effective date.

ii This being a common control business combination as per Appendix C of Ind AS 103 – Business Combinations, did not have any impact on the consolidated financial statements of the group.

B Merger:

i Pursuant to the Scheme of Amalgamation u/s 230 to 232 of the Companies Act, 2013 ["Scheme-2"] of Zydus Technologies Limited [ZTL], Alidac Pharmaceuticals Limited [APL], Liva Pharmaceuticals Limited [LPL] and Dialforhealth India Limited [DIL] [all 100% subsidiary companies of the Company, collectively referred to as "Amalgamating Companies"] with the Company, which was sanctioned by the Ahmedabad bench of the Hon'ble National Company Law Tribunal [NCLT] vide its order dated March 16, 2020, all the businesses, undertakings, activities, properties, investments and liabilities of the Amalgamating Companies were transferred to and vested in the Company with effect from April

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 53-COMMON CONTROL TRANSACTIONS: (Contd...)

01, 2019, being the appointed date. The certified copy of order was filed with Registrar of Companies, Gujarat [ROC] at Ahmedabad on March 31, 2020, being the effective date.

ii This being a common control business combination as per Appendix C of Ind AS 103 – Business Combinations, did not have any impact on the consolidated financial statements of the group.

C Slump exchange of Animal Health Business:

i Pursuant to the Definitive Agreement ["DA"] entered into by the Company on March 11, 2020 with its subsidiary Zydus Animal Health and Investments Limited ["ZAHL"] [formerly known as Violio Pharmaceuticals and Investments Limited] to achieve certain strategic and commercial objectives, the Company's Animal Healthcare Business ["AHB"] comprising of two undertakings viz. Animal Healthcare Established Markets Undertaking [AHESTM] and Animal Healthcare Emerging Markets Undertaking [AHEMGM] have been transferred to and vested in ZAHL on a going concern basis in exchange of 8% Non-cumulative Non-convertible Redeemable Preference Shares of ₹ 10/- each issued at face value ["ZAHL Preference Shares"] on a lump sum basis, without values being assigned to individual assets and liabilities.

ii AHESTM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals, carried out primarily within India and rest of the world excluding USA and Europe along with the embedded goodwill and includes certain assets and liabilities pertaining to such business.

iii AHEMGM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals carried out outside India, primarily in USA and Europe along with the embedded goodwill and includes certain assets and liabilities pertaining to such business.

iv Accordingly, ZAHL has issued 2,200,000,000 ZAHL Preference Shares, aggregating to ₹ 22,000 Million in exchange of the said transfer of AHESTM and 73,350,000 ZAHL Preference Shares, aggregating to ₹ 733.50 Million in exchange of the said transfer of AHEMGM, to the Company.

v The said transfer has been given effect in the books of the Company and ZAHL on March 20, 2020 being the Closing Date for the transaction. This transaction did not have any impact on the consolidated financial statements of the group.

NOTE: 54-COVID 19 IMPACT:

The World Health Organisation [WHO] declared Covid-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into lockdown situation all throughout April 2020 and major part of May 2020, impacting business operations across various sectors with severe restrictions on movement of people and goods.

The Group has implemented several initiatives across its manufacturing and other business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. The Group operates in manufacturing and selling of pharmaceutical products, which are classified as essential commodities and hence its operations continued to be run with fewer challenges on people movement and supply chain.

As per the current assessment of the situation based on the internal and external information available up to the date of approval of these financial statements by the Board of Directors, the Group believes that the impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Group will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

NOTE: 55:

Figures of previous reporting year have been regrouped/ reclassified to conform to current year's classification.

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman

Rajesh K. Hiranandani
Partner
Mumbai
June 19, 2020

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
Ahmedabad
June 19, 2020

STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014]

PART: "A" - SUBSIDIARIES:

₹ - Million

Sr. No.	Name of the Subsidiary	Reporting year ended	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiaries	Turnover & Other income from Operations *	Profit/ [Loss] before Taxation *	Provision for Taxation *	Profit/ [Loss] after taxation *	Proposed Dividend	% of shareholding
1	Zydus Wellness Limited	March 31, 2020	INR	1.00	576.60	31,570.40	48,027.60	15,880.60	-	1,534.30	(549.40)	(142.10)	(407.30)	-	63.55%
2	Zydus Wellness Products Limited [Formerly known as Zydus Nutritions Limited]	March 31, 2020	INR	1.00	2,144.30	32,017.10	51,024.90	16,863.50	1,104.10	16,099.50	(2,058.00)	(790.90)	(1,267.10)	-	63.55%
3	Zydus Healthcare Limited	March 31, 2020	INR	1.00	10,282.00	35,821.00	53,505.00	7,402.00	1,855.00	28,668.00	3,206.00	1,362.00	1,844.00	-	100.00%
4	German Remedies Pharmaceuticals Private Limited [Formerly known as Acme Pharmaceuticals Private Limited]	March 31, 2020	INR	1.00	668.28	254.82	1,873.59	950.49	-	3,790.77	554.08	136.55	417.53	-	100.00%
5	Zydus Animal Health and Investments Limited [Formerly known as Violio Pharmaceuticals and Investments Limited]	March 31, 2020	INR	1.00	22,743.70	(14.50)	23,659.50	930.30	-	90.00	(50.80)	(39.00)	(11.80)	-	100.00%
6	Windlas Healthcare Private Limited	March 31, 2020	INR	1.00	472.12	1,447.78	1,962.45	42.55	1,023.92	140.15	(144.25)	-	(144.25)	-	51.00%
7	Dialforhealth Greencross Limited	March 31, 2020	INR	1.00	2.50	(2.06)	0.46	0.02	-	-	(0.05)	-	(0.05)	-	100.00%
8	Dialforhealth Unity Limited	March 31, 2020	INR	1.00	0.50	(2.79)	0.09	2.38	-	-	(0.09)	-	(0.09)	-	55.00%
9	Liva Investment Limited	March 31, 2020	INR	1.00	2.50	(0.60)	1.90	-	-	-	(0.05)	-	(0.05)	-	63.55%
10	Liva Nutritions Limited	March 31, 2020	INR	1.00	0.50	(4.90)	23.70	28.10	-	-	(2.60)	-	(2.60)	-	63.55%
11	Violio Healthcare Limited (#)	March 31, 2020	INR	1.00	0.50	(0.03)	0.48	0.01	-	-	(0.02)	-	(0.02)	-	100.00%
12	Zydus Pharmaceuticals Limited [Formerly known as Alidac Healthcare Limited] [Note 1] (#)	March 31, 2020	INR	1.00	100.00	(1.75)	103.33	5.08	-	-	(1.75)		(1.75)	-	100.00%
13	Biochem Pharmaceutical Private Limited [Note 2] (#)	March 31, 2020	INR	1.00	0.10	(0.03)	0.09	0.01		-	(0.02)	-	(0.02)	-	100.00%
14	Zydus Lanka (Private) Limited	March 31, 2020	LKR	0.42	15.57	(1.62)	14.35	0.40	-	12.86	2.55	-	2.55	-	100.00%
15	Zydus Healthcare Philippines Inc.	December 31, 2019	PHP	1.43	372.09	(29.99)	559.64	217.55	-	669.77	19.80	15.11	4.69	-	100.00%
16	Zydus International Private Limited	December 31, 2019	Euro	80.08	7,302.82	(2,116.06)	14,280.50	9,093.74	-	423.42	110.97	-	110.97	-	100.00%
17	Zydus Netherlands B.V.	December 31, 2019	Euro	80.08	6,853.28	(721.08)	6,329.57	197.37	-	-	(10.09)	-	(10.09)	-	100.00%
18	Zydus France, SAS	December 31, 2019	Euro	80.08	622.75	(252.09)	1,139.53	768.88	-	1,251.97	(146.55)	-	(146.55)	-	100.00%

₹ - Million

Sr. No.	Name of the Subsidiary	Reporting year ended	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiaries	Turnover & Other income from Operations *	Profit/ [Loss] before Taxation *	Provision for Taxation *	Profit/ [Loss] after taxation *	Proposed Dividend	% of shareholding
19	Laboratorios Combix S.L.	December 31, 2019	Euro	80.08	599.18	(340.11)	725.85	466.78	-	833.66	6.34	(0.26)	6.61	-	100.00%
20	Etna Biotech S.R.L.	December 31, 2019	Euro	80.08	7.21	(17.06)	177.30	187.15	-	47.51	23.48	-	23.48	-	100.00%
21	Zydus Pharmaceuticals (USA) Inc. ($)	December 31, 2019	USD	71.41	214.23	5,480.72	36,887.55	31,192.60	-	56,505.15	1,244.67	260.48	984.19	-	100.00%
22	Viona Pharmaceuticals (USA) Inc.	December 31, 2019	USD	71.41	35.71	(85.23)	265.09	314.61	-	43.56	(44.12)	(7.72)	(36.39)	-	100.00%
23	Zydus Healthcare (USA) LLC	December 31, 2019	USD	71.41	14.28	17.28	213.44	181.88	-	1.41	4.65	1.76	2.89	-	100.00%
24	Zydus Noveltech Inc. [Note 3]	December 31, 2019	USD	71.41	357.05	(398.47)	2,948.52	2,989.94	-	119.68	10.56	0.07	10.49	-	100.00%
25	Hercon Pharmaceuticals LLC [Note 3]	December 31, 2019	USD	71.41	7.14	(2,040.90)	1,347.51	3,381.26	-	108.42	(366.78)	0.05	(366.84)	-	100.00%
26	Sentynl Therapeutics, Inc.	March 31, 2020	USD	75.60	2,268.76	3,162.35	13,806.07	8,374.97	-	2,490.72	(2,820.32)	(649.97)	(2,170.35)	-	100.00%
28	Windlas Inc.	March 31, 2020	USD	75.60	0.38	1.66	3.25	1.21	-	-	(1.49)	-	(1.49)	-	51.00%
27	Zydus Worldwide DMCC	March 31, 2020	USD	75.60	1,739.56	(6,655.07)	15,135.88	20,051.39	-	1,601.22	(2,279.50)	-	(2,279.50)	-	100.00%
29	Zydus Discovery DMCC	March 31, 2020	USD	75.60	605.56	(2,478.92)	1,307.12	3,180.49	-	-	(722.98)	-	(722.98)	-	100.00%
30	Zydus Wellness International DMCC [Note 4]	March 31, 2020	USD	75.60	5.15	20.31	57.43	31.97	-	100.40	19.04	-	19.04	-	100.00%
31	Zydus Healthcare S.A. (Pty) Ltd	December 31, 2019	ZAR	5.12	719.36	(45.41)	1,689.45	1,015.50	-	1,534.73	27.03	7.40	19.63	-	100.00%
32	Simayla Pharmaceuticals (Pty) Ltd	December 31, 2019	ZAR	5.12	0.00	(517.51)	-	517.50	-	-	(0.02)	-	(0.02)	-	100.00%
33	Script Management Services (Pty) Ltd	December 31, 2019	ZAR	5.12	0.00	3.23	5.99	2.76	-	277.00	0.02	0.00	0.01	-	100.00%
34	Zydus Nikkho Farmaceutica Ltda.	December 31, 2019	BRL	17.78	2,590.90	(1,370.13)	2,613.48	1,392.71	-	2,545.23	(292.55)	(1.12)	(291.43)	-	100.00%
35	Alidac Healthcare (Myanmar) Limited (#)	September 30, 2019 ^	MMK	0.05	1,185.45	(597.50)	1,183.90	595.95	-	-	(155.05)^	-	(155.05)^	-	100.00%
36	Zydus Pharmaceuticals Mexico SA De CV	December 31, 2019	MXN	3.79	641.72	(705.55)	459.08	522.91	-	538.13	(26.10)	(1.02)	(25.07)	-	100.00%
37	Zydus Pharmaceuticals Mexico Services Company SA De C.V.	December 31, 2019	MXN	3.79	21.22	(21.75)	40.44	40.97	-	181.44	5.33	3.43	1.90	-	100.00%

Notes:

1 The Group has incorporated Alidac Healthcare Limited in India on December 26, 2019. Subsequently, the name of the Company was changed to Zydus Pharmaceuticals Limited w.e.f. January 24, 2020.

2 The Group has acquired Biochem Pharmaceutical Private Limited in India on November 27, 2019.

3 The Group has acquired 15% stake on November 13, 2019.

4 The Group has incorporated Zydus Wellness International DMCC in Dubai on May 28, 2019.

* Converted using average exchange rates prevailing during the year.

(#) Subsidiaries are yet to commence commercial operations.

($) Consolidated accounts of Zydus Pharmaceuticals (USA) Inc. including Nesher Pharmaceuticals (USA) LLC and ZyVet Animal Health Inc. [incorporated in U. S. A. on April 9, 2019].

^ Change in financial year enacted by the Myanmar government hence the figures are for the six months ended September 30, 2019.

For and on behalf of the Board

Nitin D. Parekh
Chief Financial Officer
Ahmedabad
June 19, 2020

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Pankaj R. Patel
Chairman

STATEMENT PURSUANT TO SECTION 129[3] OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES

PART: “B” - JOINT VENTURES:

Sr. No.	Name of the Joint Venture	Latest Audited Balance Sheet Date	Shares held by the Company			Description of how there is significant influence	Reason why the Joint Venture is not consolidated	Net worth attributable to Shareholding as per latest audited balance sheet [₹-Million]	Profit / [Loss] for the year	
			No. of Shares	Amount invested [₹-Million]	Extent of holding [%]				Considered in consolidation [₹-Million]	Not considered in consolidation [₹-Million]
1	Zydus Hospira Oncology Private Limited	March 31, 2020	75,00,000	75	50.00%	N.A.	N.A.	2,086	62	-
2	Zydus Takeda Healthcare Private Limited	March 31, 2020	1,00,00,000	100	50.00%	N.A.	N.A.	1,073	189	-
3	Bayer Zydus Pharma Private Limited	March 31, 2020	1,24,99,999	125	24.999998%	N.A.	N.A.	359	39	-
4	US Pharma Windlas LLC	Note 1	500	0	25.50%	N.A.	N.A.	(2)*	(2)*	-

Note:

1 Unaudited numbers as at March 31, 2020, audit is not mandatory in terms of local reporting requirements in U.S.A.

* Converted using average exchange rates prevailing during the year.

For and on behalf of the Board

Nitin D. Parekh
Chief Financial Officer
Ahmedabad
June 19, 2020

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Pankaj R. Patel
Chairman

NOTICE

Zydus dedicated to life

CADILA HEALTHCARE LIMITED

(CIN L24230GJ1995PLC025878)
Regd. Office: "Zydus Corporate Park", Scheme No. 63, Survey No. 536,
Near Vaishnodevi Circle, Khoraj (Gandhinagar)
Sarkhej–Gandhinagar Highway, Ahmedabad–382481.
Email: investor.grievance@zyduscadila.com | Website: www.zyduscadila.com
Phone Number: +91 79 48040000; +91 79 71800000

Notice is hereby given that the Twenty Fifth Annual General Meeting ("**AGM**") of the members of the Company will be held on Thursday, August 27, 2020 at 11.00 a.m. (IST) through Video Conference ("**VC**") / Other Audio Visual Means ("**OAVM**"). The venue of the AGM shall be deemed to be the Registered Office of the Company. The following businesses will be transacted at the AGM :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including consolidated financial statements) of the Company for the Financial Year ended on March 31, 2020 and the reports of the Board of Directors and the Auditors thereon.
2. To confirm the payment of Interim Dividend of ₹ 3.50/- per equity share of ₹ 1/- each as a final dividend for the Financial Year 2019–2020.
3. To consider the re-appointment of Dr. Sharvil P. Patel (DIN-00131995) as Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider the re-appointment of Mr. Pankaj R. Patel (DIN-00131852) as Director, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. **To ratify remuneration of the Cost Auditors:**

   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 section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 ("the **Act**") and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies the remuneration of ₹ 1.15 million plus applicable GST and out of pocket expenses at actuals for the Financial Year ending on March 31, 2021 to Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), who were appointed as Cost Auditors to conduct the audit of cost records maintained by the Company pertaining to Drugs and Pharmaceuticals manufactured by the Company for the Financial Year 2020–2021.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

6. **To re-appoint Mr. Ganesh N. Nayak as the Whole Time Director, to be designated as Chief Operating Officer and Executive Director:**

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

   "RESOLVED THAT subject to the provisions of sections 2(51), 196, 197, 203 and other applicable provisions of the Companies Act, 2013, ("the **Act**") read with Schedule V of the Act and Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, consent of the members be and is hereby accorded to re-appoint Mr. Ganesh N. Nayak (DIN–00017481) as a Whole Time Director of the Company, to be designated as Chief Operating Officer and Executive Director, for a further period of one year with effect from July 12, 2020 and payment of salary and perquisites (herein after referred to as "**remuneration**") upon terms and conditions as set out in the draft agreement proposed to be executed between the Company and the appointee, with an authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such a manner as may be agreed to between the Board of Directors and the appointee.

   RESOLVED FURTHER THAT the remuneration payable to Mr. Ganesh N. Nayak, in each financial year during the currency of his tenure of appointment shall be as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors based on his performance evaluation, which shall not exceed the overall ceiling of the total managerial remuneration of 5% of the net profits as provided under the provisions of section 197 and Schedule V of the Act or such other limits as may be prescribed from time to time.

   RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, wherein in any financial year during the currency of his tenure, the Company has no profits or the profits are inadequate, the Whole Time Director will be paid Minimum

Remuneration within the ceiling limit prescribed under section II of part II of Schedule V of the Act or any modification(s) or re-enactment(s) thereof.

RESOLVED FURTHER THAT the Whole Time Director shall be entitled to benefits of leave during the year as per the Company policy from time to time and any earned leave not enjoyed by the Whole Time Director shall be encased either at the end of completion of each year of the service or at the end of the tenure, as may be mutually decided between the Whole Time Director and the Managing Director.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, consider necessary, expedient or desirable in order to give effect to this resolution or otherwise considered by the Board in the best interest of the Company, as it may deem fit."

By order of the Board of Directors

Dhaval N. Soni
Company Secretary
Membership No. F7063

Place : Ahmedabad
Date : June 19, 2020

NOTES:

1. The Explanatory Statement pursuant to the provisions of section 102 of the Companies Act, 2013 ("the **Act**"), in respect of the special businesses under Item Nos. 5 and 6 of the Notice is annexed hereto. The Board of Directors have considered and decided to include Item Nos. 5 and 6 given above as special businesses in the Twenty Fifth Annual General Meeting ("**AGM**"), as they are unavoidable in nature.

2. The Register of Members and Share Transfer Books will be closed from Friday, August 14, 2020 to Friday August 21, 2020 (both days inclusive) for the purpose of AGM.

3. **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 a proxy on behalf of members not exceeding 50 (fifty) and holding in aggregate not more than 10% (ten percent) of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% (ten percent) of the total share capital of the Company, then such proxy shall not act as a proxy for any other person or member.

   In view of the Covid-19 pandemic, the Ministry of Corporate Affairs vide its circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 ("**MCA Circulars for General Meetings**"), permitted the holding of the General Meetings through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**") and the MCA Circulars for General Meetings, the AGM of the Company is being held through VC / OAVM.

   As this AGM is being held pursuant to the MCA Circulars for General Meeting through VC / OAVM, the facility to appoint proxy will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, a Body Corporate is entitled to appoint authorised representative to attend the AGM through VC / OAVM, and participate thereat and cast their votes through e-voting.

   As this AGM is will be held through VC / OAVM, the Route Map is not annexed to this Notice.

4. Institutional / Corporate Shareholders (i.e. other than individual / HUF, NRI etc.) are required to send a scanned copy of (PDF / JPG format) of its Board or governing body Resolution / Authorization etc. authorizing the representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorization shall be sent to the Scrutinizer by email through its registered email address to manojhurkat@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.

5. Those members who have not encashed their dividend warrants pertaining to the following financial years are requested to approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund ("**IEPF**") on the respective dates mentioned there against, pursuant to provisions of section 125 of the Act and the Rules made thereunder. Members are requested to note that after such date, they may apply for refund of any unclaimed dividend which has been transferred to the Fund, under sub-section (4) of section 125 or under proviso to sub-section (3) of section 125, as the case may be, to the authority by making an online application in the prescribed Form available on website www.iepf.gov.in along with fee as may be decided by the IEPF authority.

Accounting Year ended	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF Account
March 31, 2014	July 30, 2014	180%	September 6, 2021
March 31, 2015	August 12, 2015	240%	September 19, 2022
March 31, 2016	March 8, 2016	@320%	April 15, 2023
March 31, 2017	March 7, 2017	@320%	April 14, 2024
March 31, 2018	August 13, 2018	350%	September 19, 2025
March 31, 2019	August 9, 2019	350%	September 15, 2026
March 31, 2020	March 16, 2020	@350%	April 22, 2027

@ Interim dividend

   In compliance with the provisions of section 124(6) of the Act read with The Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016 dated September 5, 2016 and as amended from time to time (hereinafter referred to as "**the said Rules**"), during the year the Company has transferred 1,86,755 Equity Shares of Re. 1/- each of 143 shareholders whose dividend remained unclaimed or unpaid for a consecutive period of seven years or more to IEPF authority constituted by the Ministry of Corporate Affairs.

   Any shareholder who wishes to claim their shares or unclaimed dividend may apply to the authority by making an online application in the prescribed Form available on website www.iepf.gov.in along with the prescribed documents and fees.

Pursuant to the IEPF (Uploading of information regarding unpaid and unclaimed amount lying with the Companies) Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the Twenty Fourth Annual General Meeting held on August 9, 2019 on its website–www.zyduscadila.com and on the website of Ministry of Corporate Affairs-www.mca.gov.in.

6. Members holding shares in physical form are requested to intimate the Registrar and Transfer Agent ("**RTA**") of the Company viz., Link Intime India Private Limited (Unit: Cadila Healthcare Limited), 5th Floor, 506 to 508, Amarnath Business Centre–1 (ABC–1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off. C. G. Road, Navrangpura, Ahmedabad–380006, changes, if any, in their names, registered address along with pin code number, email address, telephone / mobile number, Permanent Account Number ("**PAN**"), mandates, nominations, power of attorneys, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc. and relevant evidences. Members holding shares in electronic form shall update such details with their respective Depository Participant ("**DP**").

   As per the provisions of section 72 of the Act, the facility of making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to the DP in case the shares are held by them in electronic form and to the Company / RTA, in case the shares are held in physical form.

   Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company / RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such members after making requisite changes.

   In case of joint holders, the Members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

7. The information of the Directors seeking appointment / re-appointment at the ensuing AGM is provided at **Annexure–A** to this Notice as prescribed under regulation 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India.

8. In compliance with the MCA Circulars on General Meetings and SEBI Circular dated May 12, 2020, Notice of the AGM of the Company, *inter alia*, indicating the process and manner of e–voting is being sent only through electronic mode to those Members whose email addresses are registered with the Company / DP.

9. SEBI vide its circular dated June 8, 2018 amended regulation 40 of the Listing Regulations pursuant to which requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form, except for transmission or transposition. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider to dematerialise their holdings at the earliest, as it will not be possible to transfer shares held in a physical mode.

10. **SEBI vide its circular dated April 20, 2018, directed all the listed companies to record the Income Tax PAN and Bank Account Details of all their shareholders holding shares in physical form. All those shareholders who are yet to update their details with the Company are requested to do so at the earliest. This will help the shareholders to receive the dividend declared by the Company, directly in their respective bank accounts.**

11. **Members who have not registered their e–mail address so far are requested to register their e–mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.**

    The email addresses can be registered with the DP in case the shares are held in electronic form and with the RTA in case the shares are held in physical form.

    Members may also note that the Notice of the AGM and the Annual Report 2019-2020 will also be available on the Company's website, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and Central Depository Services (India) Limited ("**CDSL**") at www.zyduscadila.com, www.bseindia.com, www.nseindia.com and www.cdslindia.com respectively. The physical copies of the documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e–communication, members are entitled to receive such communication in physical form, upon making a request for the same free of cost. For any communication, the members may also send requests to the Company's investor email id investor.grievance@zyduscadila.com.

12. **E–Voting (voting through electronic means):**

i. The businesses as set out in the Notice may be transacted through electronic voting system. In compliance with the provisions of section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, Standard 8 of the Secretarial Standards on General Meetings, in compliance with regulation 44 of the Listing Regulations and pursuant to the MCA Circulars for General Meetings, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with CDSL to facilitate the members to cast their votes from a place other than venue of the AGM ("**remote e–voting**"). The facility for voting shall be made available during the AGM through electronic voting and the members participating in the AGM who have not cast their vote by remote e–voting shall be able to exercise their right during the AGM. Please note that the voting through electronic means is optional for the members. The facility of casting votes by a member using remote e-voting as well as venue voting system on the date of the AGM will be provided by CDSL.

ii. In view of the massive outbreak of the Covid-19 pandemic, social distancing is a norm to be followed and pursuant to the MCA Circulars on General Meetings, physical attendance of the Members at the AGM venue is not required and AGM can be held through VC / OAVM Accordingly, Members can attend and participate in the ensuing AGM through VC / OAVM.

iii. The Members can join the AGM in the VC / OAVM mode 15 minutes before the AGM and within 15 minutes after the scheduled time of the commencement of the AGM by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on first come first served basis. This will not include large shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

iv. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Act.

v. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut–off date shall be entitled to avail the facility of remote e–voting or voting during the AGM. Persons who are not members as on the cut–off date should treat this notice for information purpose only.

The members who have cast their vote by remote e–voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again.

The Members whose names appear in the Register of Members / List of Beneficial Owners as on Thursday, August 20, 2020 shall be entitled to vote on Resolutions set forth in the Notice of AGM. Members who have acquired shares after sending the Annual Report electronically and holding shares as on the cut–off date may approach the Company for issuance of the User Id and Password for exercising their right to vote by electronic means.

vi. **Process for those Members whose email ids are not registered with the Depositories for obtaining login credentials for e-voting:**

I. Members holding shares in physical form-please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.

II. Members holding shares in demat form-please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to **Company / RTA email id**.

vii. **Instructions for Members for remote e-voting are as under:**

(i) The remote e–voting period commences at 9:00 a.m. on Monday, August 24, 2020 and ends at 5:00 p.m. on Wednesday, August 26, 2020. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut–off date i.e. August 20, 2020, may cast their vote by remote e–voting. The remote e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The Members who have already voted prior to the AGM date would not be entitled to vote at the meeting venue.

(iii) The Members should log on to the remote e–voting website www.evotingindia.com.

(iv) Click on Shareholders.

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

or

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at https://www.cdslindia.com from login myeasi using your login credentials. Once you successfully login to CDSL's **EASI/EASIEST** e-services, click on e-voting option and proceed directly to cast your vote electronically.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in both Demat and Physical Form
PAN	Enter your 10 digit alpha–numeric PAN issued by Income Tax Department (applicable for both, members holding shares in demat mode and members holding shares in physical mode).
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank details or Date of Birth (DOB) (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for CADILA HEALTHCARE LIMITED on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the vote cast by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while remote e-voting on your mobile.

(xx) Note for Non-Individual Members and Custodians

- Non-Individual members (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance Users would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney ("**POA**") which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non-Individual members are required to send the relevant Board Resolution/Authority Letter etc. together with attested speciman signature of the duly authorised signatory who are authorised to vote, to the scrutinizer and to the Company, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinzer to verify the same.

(xxi) If you have any queries or issues regarding attending AGM & e-voting from the e-voting system, you may refer the Frequently Asked Questions ("**FAQs**") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai-400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

A member can opt for only one mode of voting i.e. either through remote e-voting or e-voting during the AGM. If a member casts votes by both modes, then voting done through remote e-voting shall prevail.

The Company has appointed Mr. Manoj Hurkat, Practicing Company Secretary (Membership No. 4287), to act as the Scrutinizer for conducting the voting and remote e-voting process in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorised by him immediately after the results are declared.

The results declared along with the Scrutinizer's Report, will be posted on the website of the Company www.zyduscadila.com and on the website of the CDSL www.cdslindia.com and will be displayed on the Notice Board of the Company at its Registered Office immediately after the declaration of the results by the Chairman or any other person authorised by him and communicated to the Stock Exchanges.

vii. **Instructions for Members voting on the day of AGM on e-voting system are as under:**

1. The procedure for e-Voting on the day of AGM is same as the instructions mentioned above for Remote e-voting.

2. Only those Members, who will be present in AGM through VC/ OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in AGM.

3. If any votes are cast by the members through the e-Voting available during AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.

4. Members who have voted through Remote e-Voting will be eligible to attend AGM. However, they will not be eligible to vote at AGM.

viii. **Instructions for Members for attending AGM through VC/OAVM are as under:**

1. Member will be provided with a facility to attend AGM through VC / OAVM or view the live webcast through the CDSL e-Voting system. Members may access the same at https://www.evotingindia.com under member's login by using the remote e-voting credentials. The link for VC or OAVM will be available in member's login where the EVSN of Company will be displayed.

2. Members are encouraged to join AGM through laptops for better experience.

3. Further, Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio / video loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

5. Members who would like to express their views / ask questions during the meeting may register themselves as speakers and may send their request **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at company's email id.

6. Members who would like to express their views / have questions may send their questions in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id and mobile number at company's email id. The same will be replied by the company suitably.

7. Members who have registered themselves as speakers will only be allowed to express their views/ask questions during the meeting.

Request to the members:

Members desiring any relevant information on the audited financial statements during the AGM are requested to write to the Company at least 7 days in advance of the date of AGM at its Registered Office, so as to enable the Company to keep the information ready.

Zydus dedicated to life

CADILA HEALTHCARE LIMITED
(CIN L24230GJ1995PLC025878)
Regd. Office: "Zydus Corporate Park", Scheme No. 63, Survey No. 536,
Near Vaishnodevi Circle, Khoraj (Gandhinagar)
Sarkhej–Gandhinagar Highway, Ahmedabad–382481.
Email: investor.grievance@zyduscadila.com | Website: www.zyduscadila.com
Phone Number: +91 79 48040000; +91 79 71800000

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:

The following statement sets out all material facts relating to the special businesses under Item Nos. 5 and 6 of the accompanying notice dated June 19, 2020.

ITEM NO. 5:

In accordance with the provisions of section 148 of the Act and Companies (Audit and Auditors) Rules, 2014 ("the **Rules**"), the Company is required to appoint a Cost Auditor to audit the cost records of the Company pertaining to Drugs and Pharmaceuticals manufactured by the Company.

On the recommendation of the Audit Committee, the Board of Directors had approved the appointment of Dalwadi & Associates, Cost Accountants (Firm Registration Number 000338) as the Cost Auditors of the Company to conduct audit of cost records of the Company for the Financial Year 2020–2021, at a remuneration of ₹ 1.15 million plus applicable GST and out of pocket expenses at actuals.

Dalwadi & Associates, Cost Accountants have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. As per the provisions of section 148(3) of the Act, read with the Rules, the remuneration payable to the Cost Auditors shall be ratified by the members of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the passing of the resolution as on Ordinary Resolution as set out at Item No. 5 in the Notice.

ITEM NO. 6:

Mr. Ganesh N. Nayak (DIN:00017481) was appointed as the Whole Time Director, designated as Chief Operating Officer and Executive Director, of the Company for a period of three years w.e.f. July 12, 2017. His appointment will expire on July 12, 2020.

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee, at its meeting held on June 19, 2020, re-appointed Mr. Ganesh N. Nayak, as the Whole Time Director for a further period of one year w.e.f. July 12, 2020.

Mr. Ganesh N. Nayak has furnished his consent / declaration for his re-appointment as required under the Act and the Rules made thereunder.

In the opinion of the Board of Directors, Mr. Ganesh N. Nayak fullfills the conditions specified in the Act and Rules framed thereunder and the Listing Regulations. In terms of Section 160 of the Act, the Company has received a notice in wiriting from a member proposing the candidature of Mr. Ganesh N. Nayak to be re-appointed as the Whole Time Director.

Considering the vast experience and knowledge in the field of marketing and pharmaceutical business, and his strategic leadership and marketing acumen, it would be in the interest of the Company that Mr. Ganesh N. Nayak be re-appointed as a Whole Time Director of the Company for a further period of one year w.e.f. July 12, 2020.

Mr. Nayak fulfills all the conditions prescribed Part I of Schedule V of the Act. Mr. Nayak will be paid salary and perquisites in each financial year during the currency of his tenure of appointment based on his performance evaluation by the Nomination and Remuneration Committee which shall not exceed the overall ceiling of the total managerial remuneration of 5% of the net profits as provided under the provisions of section 197 of the Act or such other limits as may be prescribed from time to time.

Mr. Nayak shall be paid Minimum Remuneration in any financial year, where the profits of the Company are inadequate or the Company does not earn profits as provided in Part II of Schedule V of the Act.

Your Directors recommend resolution No. 6 of the Notice, for the re-appointment of Mr. Ganesh N. Nayak as a Whole Time Director, to be designated as Chief Operating Officer and Executive Director and who shall be liable to retire by rotation, as set forth in this Notice of AGM.

Save and except Mr. Ganesh N. Nayak, none of the other Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution at Item No. 6.

By order of the Board of Directors

Dhaval N. Soni
Company Secretary
Membership No. F7063

Place : Ahmedabad
Date : June 19, 2020

Annexure–A

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting

(Pursuant to the the Listing Regulations)

Name of the Director	**Dr. Sharvil P. Patel**
Age	42 years
Date of Appointment on the Board	August 1, 1997
Brief resume and nature of expertise in functional areas	Dr. Sharvil Patel is the Managing Director of Cadila Healthcare Ltd., one of the leading global healthcare providers and the 4th largest pharmaceutical company in India. With a specialisation in Chemical and Pharmaceutical Sciences from the University of Sunderland, U.K., and a doctorate also from the same university for his research work in Breast Cancer at Johns Hopkins, Bayview Medical Centre, USA, Dr. Sharvil combines both pharma and research expertise. Young and astute with a natural bias for leading new streams of thoughts and initiatives, Dr. Sharvil Patel combines 'big picture' thinking with a fine eye for detail. His leadership inspires people to look at an expansive canvas of thoughts and ideas while focusing on a well-defined implementation roadmap. Dr. Sharvil Patel has also brought in a new dimension to the consumer business – giving it a much larger positioning in the wellness domain. He officiates as the Chairman on the Board of Zydus Wellness Ltd. The company is creating several novel experiences for the health conscious consumers and has a basket of niche products and iconic brands such as Sugar Free, Everyuth and Nutralite. In 2019, Zydus Wellness acquired Heinz India's entire business of the brands Complan, Glucon D, Nycil and Sampriti Ghee in nearly 100 countries across the globe, the two large manufacturing facilities in Aligarh and Sitarganj, and teams devoted to operations, research, sales, marketing and support Dr. Patel was conferred the '40 Under 40 Most Influential Asians' Award by the Asian Business & Social Forum 2018 (ABSF) and the Young Business Leader '40 under Forty' Award by ET Now in 2017.
Relationship between Directors inter-se	Mr. Pankaj R. Patel, Chairman is the father of Dr. Sharvil P. Patel
Name of the listed companies in which Dr. Sharvil P. Patel holds Directorships and Memberships of Committees of the Board	**Other Directorships:** Zydus Wellness Limited **Committees**: **Stakeholders' / Investors' Relationship Committee**: Cadila Healthcare Limited - Member
Number of shares held in the Company	15,000

Name of the Director	Mr. Pankaj R. Patel
Age	67 years
Date of Appointment on the Board	May 15, 1995
Brief resume and nature of expertise in functional areas	Mr. Pankaj Patel is the Chairman of Zydus Cadila, an innovation-driven, global healthcare company with operations in more than 50 countries worldwide. With an experience spanning over 40 years in the Indian pharmaceutical industry, Mr. Patel combines both research and techno-commercial expertise. Mr. Patel has been nominated as a Member of the Mission Steering Group (MSG), the highest policy making and steering body constituted under National Health Mission (NHM) and of the Drug Technical Advisory Board by Ministry of Health & Family Welfare, Govt. of India, New Delhi. He has also been nominated on the reconstituted Court of the Indian Institute of Science for the period 2018-2021. Mr. Patel is also on the Board of Invest India. Mr. Patel is a Past President of the Federation of Indian Chamber of Commerce & Industry (FICCI). He is also a Member on the Board of Management at The Indian Institute of Foreign Trade (IIFT). He is a Member of the Board of Governors of the Indian Institute of Management (IIM), Ahmedabad. He is also the Chairman of the Board of Governors and Society, IIM, Udaipur. Mr. Patel is currently on the Governing Board of The Ahmedabad University, CEPT and the Chairman of the School of Life Sciences - Ahmedabad University. He is also a Member of the Board of Management of the Narsee Monjee Institute of Management Studies and a Member on the Governing Board of the Gujarat Law Society, Nirma University and the Anant National University, Ahmedabad. Mr. Pankaj Patel is the Executive Chairman, Vice President and Trustee of the Gujarat Cancer Society and Chairman of the Gujarat Cancer and Research Institute, a Regional Cancer Centre and one of the largest cancer centres of India, reaching out to the needy and underprivileged cancer patients. He also officiates as the Chairman of the Deaf and Mute School, Ahmedabad.
Relationship between Directors inter-se	Dr. Sharvil P. Patel, Managing Director is the son of Mr. Pankaj R. Patel
Name of the listed companies in which Mr. Pankaj R. Patel holds Directorships and Memberships of Committees of the Board	**Other Directorships:** 1. Torrent Power Limited 2. Bayer Cropscience Limited **Committees**: **A. Stakeholders' / Investors' Relationship Committee**: **Chairman** 1. Bayer Cropscience Limited 2. Torrent Power Limited **Member** Cadila Healthcare Limited
Number of shares held in the Company	76,64,71,434*

** Including shares held as a Trustee of Trust and Karta of HUFs.*

Name of the Director	**Mr. Ganesh N. Nayak**
Age	65 years
Date of Appointment on the Board	July 12, 2017
Brief resume and nature of expertise in functional areas	Mr. Ganesh N. Nayak, a graduate in Bachelor of Science and an MBA from Newport University, California, USA has done General Management Programme from Harvard Business School, Boston, USA. He is the Chief Operating Officer and Whole Time Director of the Company, designated as an Executive Director. He spearheads the business of the Zydus Cadila Group, including its Joint Ventures and Alliances. Mr. Ganesh N. Nayak joined Zydus Cadila Group in 1977. With experience of more than 42 years, he has contributed significantly to the growth of the Company over the years. The Company has successfully undertaken several expansion plans during his association. With strategic insight and business acumen, Mr. Ganesh N. Nayak has played a key role in several M&A deals and alliances. Strategic management skills, long standing expertise in sales and marketing and new insights from the Harvard Business School have catapulted Mr. Ganesh N. Nayak to the global league of marketing professionals.
Relationship between Directors inter-se	None
Name of the listed companies in which Mr. Ganesh N. Nayak holds Directorships and Memberships of Committees of the Board	**Other Directorships:** Zydus Wellness Limited **Committees**: **A. Stakeholders' / Investors' Relationship Committee**: Zydus Wellness Limited-Chairman **B. Audit Committee:** Zydus Wellness Limited-Member
Number of shares held in the Company	2,51,120

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We are committed to the core behaviours that define
the Zydan Way of Life and are our **Pride and Passion**. These are the guiding principles that we live by, in the quest to make our vision a reality – in the way we behave and in everything that we do.

Core Behaviours

The Zydus Way of Being

ZYDUS GROWS
ZYDUS FIRST
I GROW WE GROW

Cadila Healthcare Ltd.

Zydus Corporate Park, Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle,
Khoraj (Gandhinagar) S.G. Highway, Ahmedabad - 382481.Gujarat, India.

www.zyduscadila.com

CIN : L24230GJ1995PLC025878