

Zydus Healthcare SA (Pty) Ltd

(Registration number 1998/014338/07)

**Financial statements
for the year ended 31 December 2021**

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Zydus Healthcare SA (Pty) Ltd

(Registration number: 1998/014338/07)

Trading as Zydus Healthcare SA (Pty) Ltd

Financial Statements for the year ended 31 December 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Pharmaceutical industry
Directors	I F Oliver V Shiva N Y Shah
Registered office	22 Kere Street Southdowns office park Centurion, Gauteng South Africa 0157
Postal address	Postnet Suite 100 Private Bag X32 Highveld Park 0169
Bankers	Standard Chartered Bank Standard Bank ABSA
Auditors	GNR Auditors Chartered Accountants (SA) Registered Auditors
Company registration number	1998/014338/07
Tax reference number	9167004614
Preparer	The financial statements were independently compiled by: ADVA Auditors Incorporated

Handwritten signature and initials, possibly 'ADVA' and 'JL', located below the preparer information.

Zydus Healthcare SA (Pty) Ltd
(Registration number: 1998/014338/07)
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The reports and statements set out below comprise the financial statements presented to the shareholder:

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The following supplementary information does not form part of the financial statements and is unaudited:	
Detailed Income Statement	24 - 25
Level of assurance	

These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008.

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**Chartered Accountants (SA)
Registered Auditors**

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2522

Independent Auditor's Report

To the Shareholder of Zydus Healthcare SA (Pty) Ltd

Opinion

We have audited the financial statements of Zydus Healthcare SA (Pty) Ltd (the company) set out on pages 9 to 23, which comprise the statement of financial position as at 31 December 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Zydus Healthcare SA (Pty) Ltd as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 71 of 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Zydus Healthcare SA (Pty) Ltd financial statements for the year ended 31 December 2021", which includes the Directors' Report as required by the Companies Act of South Africa, 71 of 2008 and the supplementary information as set out on pages 24 to 25, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing 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 financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.



GMR Auditors
CR Rademeyer
Partner
Chartered Accountants (SA)
Registered Auditors

04 April 2022



Practitioner's Compilation Report

To the Management of Zydus Healthcare SA (Pty) Ltd

We have compiled the financial statements of Zydus Healthcare SA (Pty) Ltd, as set out on pages 9 - 23, based on information you have provided. These financial statements comprise the statement of financial position of Zydus Healthcare SA (Pty) Ltd as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

A handwritten signature in black ink, appearing to read 'Corniel de Villiers', is positioned above the printed name of the director.

ADVA Auditors Incorporated
Corniel de Villiers
Director
Chartered Accountants (SA)

04 April 2022

Zydus Healthcare SA (Pty) Ltd

(Registration number: 1998/014338/07)

Trading as Zydus Healthcare SA (Pty) Ltd

Financial Statements for the year ended 31 December 2021

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the financial statements fairly present the state of affairs of the company for the financial year ended 31 December 2021 and the results of its operations and cash flows for the year then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2022 and, in the light of this review and the current financial position, the directors are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.


Approval of financial statements



I F Oliver



N Y Shiva



V Shiva

Monday, 04 April 2022

Zydus Healthcare SA (Pty) Ltd

(Registration number: 1998/014338/07)

Trading as Zydus Healthcare SA (Pty) Ltd

Financial Statements for the year ended 31 December 2021

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Zydus Healthcare SA (Pty) Ltd for the year ended 31 December 2021.

1. Nature of business

Zydus Healthcare SA (Pty) Ltd was incorporated in South Africa with interests in the pharmaceutical industry. The company operates primarily in South Africa.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 71 of 2008. The accounting policies have been applied consistently compared to the prior year, except as mentioned otherwise.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Share capital

Refer to note 10 of the financial statements for detail of the movement in authorised and issued share capital.

4. Directors

The directors in office at the date of this report are as follows:

Directors	Nationality
I F Oliver	RSA
V Shiva	India
N Y Shah	India

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

7. Auditors

GNR Auditors will continue in office in accordance with section 90 of the Companies Act of South Africa, 71 of 2008.

8. Secretary

The company had no secretary during the year.



Zydus Healthcare SA (Pty) Ltd

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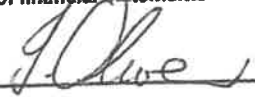
Trading as Zydus Healthcare SA (Pty) Ltd

Financial Statements for the year ended 31 December 2021

Directors' Report

The financial statements set out on pages 9 to 25, which have been prepared on the going concern basis, were approved by the board of directors on 04 April 2022, and were signed on its behalf by:

Approval of financial statements



I F Oliver



V Shiva



N Y Shetty

Zydus Healthcare SA (Pty) Ltd

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Financial Statements for the year ended 31 December 2021

Statement of Financial Position as at 31 December 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	2	194,189	149,101
Investments in subsidiaries	3	63,997,517	63,997,517
Loans to group companies	4	90,117,511	90,117,511
Other assets	5	11,982,531	11,636,531
Deferred tax	6	1,841,948	1,834,029
		<u>168,133,696</u>	<u>167,734,689</u>
Current Assets			
Inventories	7	41,078,352	41,714,241
Trade and other receivables	8	141,546,156	130,909,343
Other assets	5	739,058	26,598
Cash and cash equivalents	9	20,516,297	9,461,390
		<u>203,879,863</u>	<u>182,111,572</u>
Total Assets		<u>372,013,559</u>	<u>349,846,261</u>
Equity and Liabilities			
Equity			
Share capital	10	140,504,149	140,504,149
Reserves	11	(33,217,210)	(33,217,210)
Accumulated Profit		28,388,107	20,987,315
		<u>135,655,046</u>	<u>128,274,254</u>
Liabilities			
Non-Current Liabilities			
Loans from group companies	4	55,107,259	54,640,224
Current Liabilities			
Trade and other payables	12	163,045,151	153,366,740
Other current liabilities	13	15,524,113	11,817,402
Current tax payable		620,244	28,000
Provisions	14	2,061,746	1,719,641
		<u>181,251,254</u>	<u>166,931,783</u>
Total Liabilities		<u>236,358,513</u>	<u>221,572,007</u>
Total Equity and Liabilities		<u>372,013,559</u>	<u>349,846,261</u>

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2021	2020
Revenue	15	355,721,808	324,457,112
Cost of sales	16	(161,311,001)	(150,600,181)
Gross profit		194,410,807	173,856,931
Other income	17	332,312	3,020,088
Operating expenses (Refer to page 24 Detail Income statement)		(184,472,862)	(170,837,593)
Operating profit		10,270,257	6,039,426
Investment revenue	18	785,654	875,188
Finance costs	19	(802,820)	(1,787,293)
Profit before taxation		10,253,091	5,127,321
Taxation	20	(2,872,299)	(1,435,731)
Profit for the year		7,380,792	3,691,590
Other comprehensive income		-	-
Total comprehensive income for the year		7,380,792	3,691,590

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Statement of Changes in Equity

Figures in Rand	Share capital	FCTR Reserve	Accumulated (Loss) / Profit	Total equity
Balance at 31 December 2019	140,504,149	(26,170,138)	17,295,725	131,629,736
Profit for the year	-	-	3,691,590	3,691,590
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	3,691,590	3,691,590
Revaluation of interest on ZIPL loan	-	(7,047,072)	-	(7,047,072)
Total changes	-	(7,047,072)	-	(7,047,072)
Balance at 31 December 2020	140,504,149	(33,217,210)	20,987,315	128,274,254
Profit for the year	-	-	7,380,792	7,380,792
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	7,380,792	7,380,792
Balance at 31 December 2021	140,504,149	(33,217,210)	28,368,107	135,655,046
Note(s)	10	11		



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Statement of Cash Flows

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash receipts from customers		345,084,985	277,476,834
Cash paid to suppliers and employees		(331,590,275)	(306,299,199)
Cash generated from (used in) operations	22	13,494,720	(28,822,365)
Tax paid	23	(2,287,974)	(1,747,262)
Net cash from operating activities		11,206,746	(30,569,627)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(134,675)	(43,213)
Interest income		785,654	875,188
Net cash from investing activities		650,979	831,975
Cash flows from financing activities			
Finance cost		(802,818)	(191,811)
Total cash movement for the year		11,054,907	(29,929,463)
Cash at the beginning of the year		9,461,390	39,390,853
Total cash at end of the year	9	20,516,297	9,461,390

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Financial Statements for the year ended 31 December 2021

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa, 71 of 2008. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period except for otherwise mentioned.

1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Leasehold property	Straight line	3 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
IT equipment	Straight line	3 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.2 Investments in subsidiaries

Investments in subsidiaries are measured at cost less any accumulated impairment losses.

Zydus Healthcare SA (Pty) Ltd

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Financial Statements for the year ended 31 December 2021

Accounting Policies

1.3 Financial Instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Effective from 1st January 2021, the Company has amended accounting policy of restating financial instruments at each reporting date and accordingly booked a profit or loss into "Statement of Comprehensive Income" under finance cost for the year ended 31 December 2021.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax asset is recognised for the carry forward of unused tax losses..

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

1.6 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

Zydus Healthcare SA (Pty) Ltd

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Financial Statements for the year ended 31 December 2021

Accounting Policies

1.6 Impairment of assets (continued)

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.8 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.9 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding VAT.

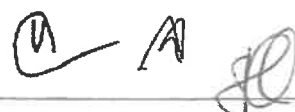
Interest is recognised, in profit or loss, using the effective interest rate method.

1.10 Other liability

Zydus Healthcare SA (Pty) Ltd (Distributor) has entered into supply and distribution agreement with Cadila Healthcare Limited (ultimate holding company) (Principal).

The agreement stipulates that the price of the products supplied to the distributor by the principal shall be readjusted on a quarterly basis to bring the EBITA of the distributor in line with the arm's length margin earned by comparable uncontrolled companies in the territory of the distributor.

The adjustment to be made in the form of overall price (True up) will be worked out mutually in order to maintain the EBITA outcome for the distributor to be within the range of comparable companies in a manner which satisfies the arm's length criteria under the transfer pricing regulations of both India and South Africa.



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Notes to the Financial Statements

Figures in Rand

2021 2020

2. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Leasehold improvements	389,177	(389,177)	-	389,177	(389,177)	-
Furniture and fixtures	567,170	(518,819)	48,351	567,170	(483,139)	84,031
Motor vehicles	475,161	(475,161)	-	475,161	(475,161)	-
Office equipment	185,416	(172,610)	12,806	185,416	(166,812)	18,604
IT equipment	505,422	(372,390)	133,032	449,181	(402,715)	46,466
Total	2,122,346	(1,928,157)	194,189	2,066,105	(1,917,004)	149,101

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	84,031	-	(35,680)	48,351
Office equipment	18,604	-	(5,798)	12,806
IT equipment	46,466	134,675	(48,109)	133,032
	149,101	134,675	(89,587)	194,189

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Leasehold improvements	8,400	-	(8,400)	-
Furniture and fixtures	122,273	-	(38,242)	84,031
Motor vehicles	21,277	-	(21,277)	-
Office equipment	25,990	-	(7,386)	18,604
IT equipment	53,806	43,213	(50,553)	46,466
	231,746	43,213	(125,858)	149,101

3. Investments in subsidiaries

Name of subsidiary	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
Unlisted investment - Simayia Pharmaceuticals (Pty) Ltd	100.00 %	100.00 %	63,697,517	63,697,517
Unlisted investment - Script Management Services (Pty) Ltd	100.00 %	100.00 %	300,000	300,000
			63,997,517	63,997,517

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Figures in Rand	2021	2020
4. Loans to (from) group companies		
Simayla Pharmaceuticals (Pty) Ltd No fixed terms of repayment exists at year end.	90,117,511	90,117,511
Zydus International PVT Ltd The loan has no fixed repayment terms and interest rates are linked to EURO LIBOR.	(55,107,259)	(54,640,224)
	35,010,252	35,477,287
Net Loans to (from) group companies		
Non-current assets	90,117,511	90,117,511
Non-current liabilities	(55,107,259)	(54,640,224)
	35,010,252	35,477,287
5. Other assets		
Other non-current assets		
Deposits	703,850	357,850
Interest receivable	10,953,681	10,953,681
Loan - BEE Compliance	325,000	325,000
	11,982,531	11,636,531
Other current assets		
Customs VAT	580,718	-
Prepaid expense	159,340	-
Cash claim liability	-	26,598
	739,058	26,598
Total other assets	12,721,589	11,663,129
6. Deferred tax		
The major components of the deferred tax balance are as follows:		
Reconciliation of deferred tax asset/(liability)		
At beginning of year	1,834,029	1,189,760
Recognised in profit or loss:		
Movement in temporary differences on inventory provision	(87,871)	145,014
Movement in temporary differences on salary related provisions	95,790	499,255
	7,919	644,269
At end of year	1,841,948	1,834,029

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Figures in Rand

	2021	2020
7. Inventories		
Finished goods	45,519,992	46,469,704
Inventories (write-downs)	45,519,992 (4,441,640)	46,469,704 (4,765,463)
	41,078,352	41,714,241
8. Trade and other receivables		
Trade receivables	140,597,533	130,486,846
Other receivables	948,623	422,497
	141,546,156	130,999,343
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	20,516,297	9,461,390
10. Share capital		
Authorised number of shares		
Ordinary shares	70,000,000	70,000,000
Preference shares	10,000,000	10,000,000
	80,000,000	80,000,000
Issued number of shares		
Ordinary shares	57,704,149	57,704,149
Preference shares	5,877,000	5,877,000
	63,581,149	63,581,149
Issued		
Ordinary	57,704,149	57,704,149
Preference	82,800,000	82,800,000
	140,504,149	140,504,149
11. FCTR Reserve		
Reported as at 31 December	(33,217,210)	(26,170,138)
Revaluation and exchange rate adjustment to Zydus International PVT Ltd loan.	-	(7,047,072)
Effective from 1st January 2021, the Company has amended accounting policy of restating financial instruments at each reporting date and accordingly booked a loss of R 565 185 into "Statement of Comprehensive Income" under finance cost for the year ended 31 December 2021.		
	(33,217,210)	(33,217,210)
12. Trade and other payables		
Trade payables	118,028,890	106,010,028
Other payables	45,016,261	47,356,712
	163,045,151	153,366,740

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Figures in Rand 2021 2020

13. Other current liabilities

VAT payable	3,933,978	682,428
Interest payable	11,183,993	10,969,739
Other	338,892	126,735
Advance received from customer	67,250	36,500
	15,524,113	11,817,402

14. Provisions

Reconciliation of provisions - 2021

	Opening balance	Created/(reversed) during the year	Total
Provision for leave pay	214,641	(164,895)	49,746
Provision for annual bonus and incentives	1,505,000	507,000	2,012,000
	1,719,641	342,105	2,061,746

Reconciliation of provisions - 2020

	Opening balance	Created/(reversed) during the year	Total
Provisions for leave pay	301,773	(87,132)	214,641
Provision for annual bonus and incentives	900,000	605,000	1,505,000
	1,201,773	517,868	1,719,641

15. Revenue

Sale of goods	280,048,784	218,782,155
Out-Licensing	86,795,889	87,882,083
Tender sales	8,658,364	12,509,643
Other	220,991	5,483,251
	355,721,808	324,457,112

16. Cost of sales

Cost of goods sold	161,311,001	150,600,181
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17. Other income

Profit/(loss) on sale of fixed assets	500	14,853
Recoveries	311,298	192,487
Interest received from SARS	-	4,738
SETA Refund	43,331	989
Sundry balances written back/ (off)	(22,817)	2,807,011
	332,312	3,020,088

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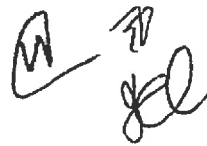
Notes to the Financial Statements

Figures in Rand	2021	2020
18. Investment revenue		
Interest revenue		
Interest income	785,654	875,188
19. Finance costs		
Bank charges	115,209	84,924
ERF (gain)/loss	565,185	1,374,897
Interest expense - ZIPL	116,125	220,585
Bank interest	6,321	5,190
Corporate guarantee fees	-	101,697
	802,820	1,787,293
20. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - year	2,879,000	2,080,000
South African normal tax - prior period (over) under provision	1,218	-
	2,880,218	2,080,000
Deferred taxation		
South African deferred tax - current year	(7,919)	(644,269)
	2,872,299	1,435,731
21. Auditor's remuneration		
Audit Fees	363,750	362,000
Consulting	9,710	11,850
	373,460	373,850
22. Cash generated from (used in) operations		
Profit before taxation	10,253,091	5,127,321
Adjustments for:		
Depreciation and amortisation	89,587	125,858
Interest received	(785,654)	(875,188)
Finance costs	121,529	191,811
Finance cost : Non-cash	681,289	1,595,482
Movement in loans to or from group companies	467,035	-
Interest received from SARS	-	(4,738)
Changes in working capital:		
Inventories	635,889	(3,331,877)
Trade and other receivables	(10,636,813)	(46,980,278)
Provisions	342,108	517,868
Movement in Other current assets	(1,058,460)	1,035,068
Movement in Other current Liabilities	3,706,711	531,560
Trade and other payables	9,676,410	13,569,748
Movement in other non current asset	-	(325,000)
	13,494,720	(28,822,365)

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Notes to the Financial Statements

Figures in Rand	2021	2020
23. Tax paid		
Balance at beginning of the year	(28,000)	300,000
Current tax for the year recognised in statement of comprehensive income	(2,880,218)	(2,080,000)
Adjustment	-	4,738
Balance at end of the year	620,244	28,000
	<u>(2,287,974)</u>	<u>(1,747,262)</u>



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Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
24. Related parties		
Relationships		
Ultimate holding company	Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited)	
Holding company	Zydus Worldwide DMCC	
Subsidiaries	Simayla Pharmaceuticals (Pty) Ltd Script Management Services (Pty) Ltd Zydus International Pvt. Ltd. Zydus Wellness International DMCC Zydus Hospira Oncology Pvt. Ltd.	
Other group companies		
Related party balances and transactions with entities over which the company has control, joint control or significant influence		
Related party balances		
Loan accounts - Owing (to) by related parties		
Simayla Pharmaceuticals (Pty) Ltd	90,117,511	90,117,511
Zydus International PVT Ltd	(55,107,259)	(54,640,224)
Amounts included in Trade Receivable (Trade Payable) regarding related parties		
Zydus Lifesciences Limited	(40,388,522)	(31,543,718)
Zydus Lifesciences Limited - Regulatory cost	4,724,484	1,877,014
Zydus Wellness International DMCC	-	(734,563)
Zydus Hospira Oncology Pvt. Ltd.	(1,174,963)	-
Script Management Services (Pty) Ltd	(3,176,631)	(572,385)
True up adjustment (payable)/receivable		
Zydus Lifesciences Limited	(57,413,987)	(50,857,725)
Zydus Lifesciences Limited - True up Receivable	24,214,534	22,151,480
Zydus Hospira Oncology Pvt. Ltd.	(1,239,580)	-
Amounts included in Interest Receivable (Interest Payable) regarding related parties		
Simayla Pharmaceuticals (Pty) Ltd	10,953,681	10,953,681
Zydus International PVT Ltd	(11,183,993)	(10,969,739)
Investments in subsidiaries		
Script Management Services (Pty) Ltd	300,000	300,000
Simayla Pharmaceuticals (Pty) Ltd	63,697,517	63,697,517
Share capital		
Zydus Worldwide DMCC	(140,504,149)	(140,504,149)
Related party transactions		
Interest expense to related parties		
Zydus International PVT Ltd	116,125	220,565
Purchases from (sales to) related parties		
Zydus Hospira Oncology Pvt. Ltd.	1,156,381	-
Zydus Lifesciences Limited	85,245,529	90,479,635
Zydus Wellness International DMCC	-	4,639,047

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Notes to the Financial Statements

Figures in Rand

	2021	2020
24. Related parties (continued)		
Guarantee fees expense to related parties		
Zydus Lifesciences Limited	-	101,697
Data fees expense to related parties		
Script Management Services (Pty) Ltd	68,502,656	56,981,489
Administration fee expense to related parties		
Script Management Services (Pty) Ltd	51,640	48,400
True up expense (Income)		
Zydus Lifesciences Limited	22,114,824	3,498,588
Zydus Hospira Oncology Pvt. Ltd.	1,239,580	-
Directors' remuneration		
V Shiva	2,623,626	1,923,132
N Y Shah	1,083,756	1,018,705
	3,707,382	2,941,837



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Detailed Income Statement

Figures in Rand	Note(s)	2021	2020
Revenue			
Sale of goods			
Other		260,046,764	218,782,155
Out-Licensing		220,991	5,483,251
Tender sales		86,795,689	87,682,063
		8,658,364	12,509,643
	15	<u>355,721,808</u>	<u>324,457,112</u>
Cost of sales			
Opening stock		(41,714,241)	(38,382,364)
Purchases and adjustments		(160,675,112)	(153,932,058)
Closing stock		41,078,352	41,714,241
	16	<u>(161,311,001)</u>	<u>(150,600,181)</u>
Gross profit		194,410,807	173,856,931
Other income and investment revenue			
Recoveries			
Interest received from SARS		311,298	192,467
Seta Refund		-	4,738
Sundry balances written back		43,331	999
Profit/(loss) on disposal of fixed assets		(22,817)	2,807,011
		500	14,853
		<u>332,312</u>	<u>3,020,088</u>

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Detailed Income Statement

Figures in Rand	Note(s)	2021	2020
Operating expenses			
Administration and management fees			
Auditors remuneration	21	(51,640)	(48,400)
Cash Discounts: Consumer business		(373,460)	(373,850)
Consulting and professional fees		(1,350,000)	(1,001,381)
Consulting fees - BEE		(443,108)	(41,145)
Delivery expenses		(2,469,240)	(1,720,169)
Depreciation, amortisation and impairments		(27,884,395)	(23,793,145)
Distribution fees		(89,587)	(125,858)
Employee Benefits		(9,487,429)	(9,128,417)
Employee Cost - Stipend /Leamer		(544,201)	(282,705)
Employee costs		(349,996)	(486,892)
HR Admin Fees		(36,692,333)	(35,256,553)
IT expenses		(752,304)	(804,842)
Insurance		(1,858,816)	(1,870,187)
Lease rentals on operating lease		(230,488)	(217,516)
Market research : IMS Data fees		(1,263,234)	(1,225,146)
Market research : Other expenses		(1,738,750)	(1,436,149)
Marketing expenses : CRM		(68,966,002)	(59,437,745)
Marketing expenses : Product Information		(186,784)	(247,515)
Marketing expenses : Sales Promotion		(2,528,357)	(1,758,721)
Marketing expenses : Seminar & Conference		(5,567,399)	(4,587,635)
Marketing expenses : Sponsorship		(744,779)	(409,992)
Other expenses		(752,019)	(527,022)
Profit/(loss) on exchange differences		(685,593)	(690,196)
Regulatory and lab testing		(6,341,528)	(14,747,241)
Repairs and maintenance		(1,934,461)	(1,623,776)
Sales Incentives		(98,478)	(139,915)
Staff welfare		(5,315,683)	(3,421,082)
Subscriptions and membership fees		(548,525)	(269,338)
Telephone and fax		(347,269)	(279,801)
Travel - local - Employees		(820,677)	(1,031,919)
		(6,068,306)	(3,853,540)
		(184,472,862)	(170,837,593)
Operating profit		10,270,257	8,039,426
Investment income	18	785,654	875,188
Finance costs	19	(802,820)	(1,787,293)
		(17,166)	(912,105)
Profit before taxation		10,253,091	5,127,321
Taxation	20	(2,872,299)	(1,435,731)
Profit for the year		7,380,792	3,691,590