

**ZYDUS TECHNOLOGIES LIMITED**

**Regd. Office:** 'Zydus Tower', Satellite Crossroads,  
Sarkhej–Gandhinagar Highway, Ahmedabad–380015.

Phone No.: 079–26868100; (20 lines)

CIN No.: U24230GJ2009PLC056149

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**NOTICE**

**NOTICE** is hereby given that the **Tenth** Annual General Meeting of the Company will be held on Tuesday, August 7, 2018 at 12.30 p.m. at the Registered Office of the Company to transact the following business:

**Ordinary business:**

1. To receive, consider, and adopt the Audited Financial Statements for the ended on March 31, 2018 along with the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Sharvil P. Patel (DIN: 00131995), Director of the Company who retires by rotation and being eligible offered himself for reappointment.

**Special Business**

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

**“RESOLVED THAT** Mr. Vishal Shah (DIN 08005523), who was appointed by the Board of Directors as an Additional Director on the Board of the Company w.e.f. December 1, 2017 and who holds office up to the date of ensuing Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 (“the Act”) and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act together with a deposit of Rs. 1,00,000/- in cash proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

**“RESOLVED THAT** subject to the provisions of sections 2(54), 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, (including any statutory modifications or re-enactment thereof) and Articles of Association of the Company and in compliance of Ministry of Corporate Affairs Notification No. S.O. 2922 (E) dated September 12, 2016 consent of the members of the Company be and is hereby accorded for the appointment of Mr. Vishal Shah (DIN-08005523), as a Whole Time Director and Key

Managerial Personnel (KMP) of the Company in a professional capacity for a period of three years with effect from December 1, 2017 to November 30, 2020 at a total remuneration of Rs. 32.07 lacs p.a., which shall be subject to annual revision based on his performance evaluation, and as may be recommended by the Nomination and Remuneration Committee which shall not exceed the statutory limits as provided under the provisions of the Companies Act, 2013 and Rules made thereunder (herein after referred to as “remuneration”) and other terms and conditions as set out in the draft agreement proposed to be executed between the Company and Mr. Vishal Shah.

**RESOLVED FURTHER THAT** the appointment of Mr. Vishal Shah as a Whole Time Director shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** the remuneration to Mr. Vishal Shah as mentioned in the draft agreement may be altered and varied from time to time by the Board on the recommendation of the Nomination and Remuneration Committee, as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the Whole Time Director, subject to such approvals as may be required.

**RESOLVED FURTHER THAT** the agreement proposed to be entered into between the Company and the Whole Time Director shall be executed in duplicate and shall be signed on behalf of the Company by Dr. Sharvil P. Patel, Chairman of the Company and if the Common Seal of the Company is required to be affixed on the Agreement, the same shall be affixed in the presence of the Company Secretary, who shall affix the Common Seal and put her signature in token thereof.

**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.”

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

**“RESOLVED THAT** pursuant to provisions of section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies [Incorporation] Rules, 2014 [including any statutory modification[s] or re-enactment thereof, for the time being in force], the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

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

By order of the Board of Directors



**Dishita P. Shah**  
Company Secretary

**Date:** May 17, 2018

**Place:** Ahmedabad

**NOTES:**

1. The Explanatory Statement, pursuant to provisions of section 102 of the Companies Act, 2013 and rules made thereunder, in respect of the business under item Nos. 3to5of the Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than ten per cent of the total share capital of the Company.

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

**The Explanatory Statement, pursuant to provisions of section 102 of the Companies Act, 2013 and rules made thereunder:**

**In respect of Item No. 3 and 4:**

Mr. Rajib Baibya resigned as the Director (Operations) of the Company w.e.f. November 8, 2017. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Company is required to appoint a Managing Director / Whole Time Director, who shall be designated as the Key Managerial Personnel the Company.

The Board of Directors of the Company at their meeting held on December 1, 2017, based on the recommendation of Nomination and Remuneration Committee, appointed Mr. Vishal Shah as an Additional Director and a Whole Time Director for a period of three years w.e.f. December 1, 2017 to November 30, 2020.

Mr. Vishal Shah, 39 years, is a Master of Philosophy in Microbiology from School of Science, Gujarat University. Mr. Vishal Shah has an experience of over 15 years in the field of pharmaceutical formulation manufacturing in Zydus Cadila Group.

Mr. Vishal Shah was the plant head of Injectable Plant of Zydus Healthcare Limited, a fellow subsidiary Company.

The draft Agreement describing the other terms and conditions, which will be executed between the Company and Mr. Shah is available for inspection by the members of the Company at the Registered Office between 11.00 a.m. to 1.00 p.m. on any working days upto the date of Annual General Meeting.

Save and except Mr. Shah, none of the Directors and Key Managerial Personnel and their relatives, is concerned or interested in the passing of the resolutions set out at item Nos. 3 and 4.

**Item No. 5:**

The Articles of Association [hereinafter referred to as "AoA"] of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956. The Companies Act, 1956 is no longer in force.

Consequent upon coming into force of the Companies Act, 2013 several regulations of the existing AoA of the Company require alteration or deletion in several articles. It is expedient to replace the existing AoA by a new set of Articles.

The Company cannot alter its AoA without the approval of members by passing a Special Resolution. The new set of AoA is available for inspection at the Registered Office of the Company on any working day during business hours.

None of the Directors of the Company and Key Managerial Personnel and their relatives have any interest, financially or otherwise, in the proposed resolution. Your Directors recommend the Special Resolution set out at item No. 5 of the Notice for approval by the shareholders.

**By order of the Board of Directors**



**Dishita P. Shah**  
**Company Secretary**

**Date:** May 17, 2018

**Place:** Ahmedabad

## ZYDUS TECHNOLOGIES LIMITED

Regd. Office: "Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway,  
Ahmedabad-380015  
Phone: +91-79-2686 8100 (20 Lines) Fax: +91-79-2686 2365  
CIN No.: U24230GJ2009PLC056149

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### Directors' Report to the Members

Your Board of Directors (the Board) is pleased to present the 10<sup>th</sup> Annual Report and the audited financial accounts for the financial year ended on March 31, 2018.

### Results of Operations:

The Company has set up manufacturing facilities for development and manufacture of NDDS products mainly for release of pains, hormones and cardio vascular therapeutic areas.

The Company has yet not commenced commercial operations. Therefore, the expenses incurred are capitalized as pre-operative and project expenses, except the expenses for running the Company.

During the year under review, the Company has incurred losses amounting to Rs. 1203.88 lacs which have been carried forward to the Balance Sheet, making the total carried forward losses to Rs. 1415.94 lacs.

### Dividend:

As the Company has not commenced any commercial operations and has incurred loss during the year, the Board does not recommend any dividend for the year ended on March 31, 2018.

### Related Party Transactions:

All contracts / arrangements / transactions entered by the Company during the financial year with Related Parties were in the ordinary course of business and at an arm's length basis.

As provided under section 134(3)(h) of the Companies Act, 2013 (the Act) and Rules made thereunder, disclosure of particulars of material transactions entered into by the Company with Related Parties in the prescribed format annexed to this report as **Annexure-"A"**. Disclosures on Related Party Transactions are set out in Note No. 25 to the Financial Statements.

### Directors:

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 (DIN: 00131995), Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Rajib Baidya, Director (Operations) resigned as a Director of the Company w.e.f. November 8, 2017.

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on December 1, 2017 appointed Mr. Vishal Shah, as an Additional Director and Whole Time Director for a period of three years with effect from December 1, 2017 to November 30, 2020 subject to the approval of the members at the ensuing Annual General Meeting.

The Board recommends re-appointment of Dr. Sharvil P. Patel and appointment of Mr. Vishal Shah as a Director liable to retire by rotation for approval of the members.

**Key Managerial Personnel:**

The following persons are designated as the Key Managerial Personnel (KMP):

1. Mr. Rajib Baidya, Whole-Time Director, (upto November 8, 2017)
2. Mr. Vishal Shah, Whole-Time Director, (w.e.f. December 1, 2017)
3. Mr. Sandip Patel, Chief Financial officer, and
4. Mrs. Dishita Shah, Company Secretary.

**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 that:

- (a) in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (b) such accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2018 and of the loss of the Company for that period;
- (c) 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) the annual financial statements have been prepared on going concern basis,
- (e) proper internal financial controls are in place and that the financial controls are adequate and operating effectively and
- (f) the systems to ensure compliance with the provisions of all applicable laws were in place and are adequate and operating effectively.

**Board Meetings:**

During the year, five Board Meetings were convened and held on May 15, 2017, July 26, 2017, November 8, 2017, November 30, 2017 and January 30, 2018. The gap between two consecutive meetings was less than one hundred and twenty days as provided in section 173 of the Act.

**Auditors:****i) Statutory Auditors and their Report:**

Mukesh M. Shah & Co., Chartered Accountants, (Firm Registration No. 106625W) Statutory Auditors of the Company were appointed for a period of two years and shall hold office until the conclusion of the Eleventh Annual General Meeting.

The Statutory Auditors have furnished a certificate confirming the eligibility under section 141 of the Act and Rules made thereunder.

The Board has duly reviewed the Statutory Auditor's Report on the Financial Statements. The observations and comments, appearing in the Auditor's 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) Secretarial Auditor and Secretarial Audit Report:**

The Board has appointed Tushar Vora & Associates, Company Secretaries in Whole-Time Practice to undertake the Secretarial Audit of the Company for the Financial Year 2017-2018. The Secretarial Audit Report is annexed herewith as **Annexure-"B"**. The Board has duly reviewed the Secretarial Auditor's Report and there are no observations and comments appearing in the said report which requires any further explanations / clarifications by the Board as provided under section 134 of the Act.

**Corporate Social Responsibility (CSR):**

The Company does not fall in any of the criteria laid down in section 135(1) of the Act and Rules made thereunder and therefore is not required to comply with the relevant provisions of the said section during the year under review.

**Internal control systems and its adequacy:**

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



**Extract of annual return:**

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

**Audit Committee:**

Audit Committee of the Company comprises of Mr. Gunwant K. Barot as the Chairman, Dr. Sharvil P. Patel and Mr. Kshitish M. Shah as the members.

**Nomination and Remuneration Committee:**

Nomination and Remuneration Committee of the Company comprises of Mr. Gunwant K. Barot, as the Chairman and Mr. Ganesh N. Nayak, Mr. Kshitish M. Shah and Dr. Sharvil P. Patel as the members.

**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 the Companies (Accounts) Rules, 2014, are provided in the Annexure-“D” and forms part of this Report.

**General Disclosures:**

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

**Particulars of Employees:**

No employee of the Company was in receipt of remuneration in excess of the amount specified in section 197 of the Companies Act, 2013 read with rule-5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the year under review.

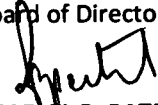
**Independent Directors:**

The Independent Directors have submitted the declaration of independence, as required pursuant to provisions of section 149(7) of the Act, stating that they meet the criteria of independence as provided in sub-section(6).

**Appreciation:**

Your Directors also take this opportunity to place on record the valuable cooperation and continuous support extended by its holding Company, Bank, Government / SEZ authorities for their continued confidence reposed in the Company and look forward to having the same support in all its future endeavors.

On behalf of the Board of Directors



**SHARVIL P. PATEL**  
**CHAIRMAN**

Place : Ahmedabad

Date : May 17, 2018

**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)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties preferred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**A. Details of contracts or arrangements or transactions not at arm's length basis:**

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

**B. Details of material contracts or arrangements or transactions at 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	Amt. paid as advance, if any.
1	Hercon Pharmaceuticals Inc. Fellow subsidiary	Purchase of goods and availing of services	On - going	Availing of services for product development and scale-up	03.04.2014 & 11.10.2014	Nil
2	Zydus Noveltch Inc., Fellow subsidiary	Availing of Services	On-going	Reimbursement of expenses and service charges.	03.04.2014 & 11.10.2014	Nil

On behalf of the Board of Directors

  
**SHARVIL P. PATEL**  
CHAIRMAN

Place : Ahmedabad  
Date : May 17, 2018

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Personnel) Rules, 2014]

To,  
The Members,  
**Zydus Technologies Limited**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ZYDUS TECHNOLOGIES LIMITED (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliance and expressing our opinion thereon.

Based on our verification of the Company’s 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 read with Annexure attached herewith and forming part of this report, the Company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) Foreign Exchange Management Act, 1999 and the Rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

As informed to us by the Company, the following laws have specific applicability to the Company:

- (i) Drugs and Cosmetics Act, 1940
- (ii) Petroleum Act, 1934

The Company’s securities are not listed on any stock exchanges in India and, hence, the provisions of the following laws, rules etc. are not applicable to the Company.

- (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

Further, as the Company is not listed on any Stock Exchanges in India, the Company is not required to comply with the provisions of Listing Regulations, 2015 of any Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

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.

Adequate notice is given at least seven days in advance to all Directors to schedule the Board Meetings. As informed to us, the Company has also provided agenda and detailed notes on agenda to the 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.

As explained to us, majority decision is carried through while the dissenting members' views are captured and recorded, wherever applicable, 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, there was no major event that took place under the Companies Act, 2013 having bearing on the Company's affairs.

Date: May 17, 2018  
Place: Ahmedabad

For, **TUSHAR VORA & ASSOCIATES**  
**Company Secretaries**

**TUSHAR M VORA**  
Proprietor  
FCS No. 3459  
C P No. 1745

## **“Annexure to Secretarial Audit Report”**

To  
The Members  
**Zydus Technologies Limited**

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 process as considered appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification as done on test basis is to reasonably 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. In respect of other laws, Rules and regulations other than those specifically mentioned in our report above, we have limited our review, analysis and reporting up to process and system adopted by the Company for compliance with the same and have not verified detailed compliance, submissions, reporting under such laws etc. nor verified correctness and appropriateness thereof including financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, Rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to compliance in totality or the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: May 17, 2018  
Place: Ahmedabad

For, **TUSHAR VORA & ASSOCIATES**  
**Company Secretaries**

**TUSHAR M VORA**  
Proprietor  
FCS No. 3459  
C P No. 1745

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

<b>I. Registration and other details</b>	
CIN	U24230GJ2009PLC0056149
Registration Date	February 16, 2009
Name of the Company	Zydus Technologies Limited
Category / Sub-Category of the Company	Public Limited Company Limited by shares
Address of the Registered Office and Contact details	“Zydus Tower”, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380015. Phone +91-79-26868100 (20 lines) Fax +91-79-26868337
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any	Not Applicable

<b>II. Principal Business Activities of the Company</b>		
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
NDDS Products	2100	Production not yet commenced

<b>III. Particulars of holding, subsidiary and Associate Companies:</b>					
Sr. No.	Name and Address of the Company	CIN No.	Holding/Subsidiary/Associate	% of Shares held	Applicable Section
1.	Cadila Healthcare Limited Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380015.	L24230GJ1995PLC025878	Holding	85	2(46)

<b>IV. SHAREHOLDING PATTERN (Equity share Capital Breakup as percentage of Total Equity)</b>
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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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	42500000	42500000	85%	-	42500000	42500000	85%	-
e) Bank / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):</b>	-	<b>42500000</b>	<b>42500000</b>	<b>85%</b>	-	<b>42500000</b>	<b>42500000</b>	<b>85%</b>	-





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. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>50000000</b>	<b>50000000</b>	<b>100%</b>	-	<b>50000000</b>	<b>50000000</b>	<b>100%</b>	-

## ii) Shareholding of Promoters:

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	
Mr. Pankaj Ramanbhai Patel	*5,000	-	Nil	*5000	-	Nil	-
Dr. Sharvil Pankajbhai Patel	*5,000	-	Nil	*5000	-	Nil	-
Cadila Healthcare Limited	42,489,950	85%	Nil	42,489,950	85%	Nil	-
Mrs. Taraben Ramanbhai Patel Jtly with Cadila Healthcare Limited	*10	-	Nil	*10	-	Nil	-
Mrs. Pritiben Pankajbhai Patel Jtly with Cadila Healthcare Limited	*10	-	Nil	*10	-	Nil	-
Mrs. Shivani Pranav Patel Jtly with Cadila Healthcare Limited	*10	-	Nil	*10	-	Nil	-
Dr. Rita Yatinbhai Desai Jtly with Cadila Healthcare Limited	*10	-x	Nil	*10	-	Nil	-
Mrs. Arati Rajivbhai Mehta Jtly with Cadila Healthcare Limited	*10	-	Nil	*10	-	Nil	-
Dr. Sharad Govil	427,878	00.86%	00.86%	427,878	00.86%	00.86%	-
Essgee Enterprises LLC	7,072,122	14.14%	14.14%	7,072,122	14.14%	14.14%	-
<b>Total</b>	<b>50,000,000</b>	<b>100.00%</b>	<b>15%</b>	<b>50,000,000</b>	<b>100.00%</b>	<b>15%</b>	-

\* Shares held as nominees of Cadila Healthcare Limited

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	<b>No change during the year</b>			
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
At the end of the year				

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

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

**v) Shareholding of Directors and Key Managerial Personnel (KMP):**

**A. Directors (Other than KMP)**

Particulars	Dr. Sharvil P. Patel	Mr. Ganesh N. Nayak	Mr. Kshitish M. Shah	Mr. Gunwant K. Barot	Dr. Sharad G. Govil
At the beginning of the year: Number of Shares % of total shares held	*5,000 -	Nil -	Nil -	Nil -	4,27,878 - 00.86%
Date wise increase / decrease in shareholding:	Nil	Nil	Nil	Nil	Nil
At the end of the year: Number of Shares % of total shares held * Shares held as nominee of Cadila Healthcare Limited	*5,000 -	Nil -	Nil -	Nil -	4,27,878 - 00.86%

**B. Key Managerial Personnel:**

Particulars	Mr. Vishal Shah Whole Time Director	Mr. Sandip Patel Chief Financial Officer	Mrs. Dishita Shah Company Secretary
At the beginning of the year: Number of Shares % of total shares held	Nil	Nil	Nil
Date wise increase / decrease in shareholding Date:	Nil	Nil	Nil
At the end of the year: Number of Shares % of total shares held	Nil	Nil	Nil

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment: **Rs. in Lacs**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	21,966	40,312	0	62,278
ii) Interest due but not paid				0
iii) Interest accrued but not due		916		916
<b>Total (i+ii+iii)</b>	<b>21,966</b>	<b>41,228</b>	<b>0</b>	<b>63,194</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	767	15,047		15,813
Reduction	-651	-3,892		-4,542
<b>-Net Change</b>	<b>116</b>	<b>11,155</b>	<b>0</b>	<b>11,271</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	22,074	51,342		73,416
ii) Interest due but not paid				0
iii) Interest accrued but not due	8	1,041		1,049
<b>Total (i+ii+iii)</b>	<b>22,082</b>	<b>52,383</b>	<b>0</b>	<b>74,465</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sr. No.	Particulars of Remuneration	Mr. Rajib Baidya Whole Time Director (from 01.04.2017 to 08.11.2017)	Mr. Vishal Shah Whole Time Director (from 01.12.2017 to 31.03.2018)	Amt. (Rs. In Lakhs)
	Gross Salary			
1	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961			
	b) Value of perquisites under section 17(2) Income Tax Act, 1961	40.28	10.54	50.82
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961			
2	Stock Options	Nil		
3	Sweat Equity			
4	Commission			
	- As % of profit			
	- Others specify....			
5	Other, please specify i. Deferred bonus			Nil
	<b>Total (A)</b>	<b>40.28</b>	<b>10.54</b>	<b>50.82</b>
	Ceiling as per the Act			

**B. Remuneration to other Director:****1. Independent Directors:****(Amount Rs. in lacs)**

Particulars of Remuneration	Name of Director		Total
	Mr. Kshitish M. Shah	Mr. Gunwant K. Barot	
- Fee for attending Board / Committee Meetings	2.25	2.25	4.50
- Commission	Nil	Nil	Nil
- Others, please specify	Nil	Nil	Nil
<b>Total (B)(1)</b>	<b>2.25</b>	<b>2.25</b>	<b>4.50</b>

**2. Other Non-Executive Directors:****(Amount Rs. in lacs)**

Particulars of Remuneration	Name of Director			Total
	Dr. Sharvil P. Patel	Mr. Ganesh N. Nayak	Dr. Sharad G. Govil	
- Fee for attending Board / Committee Meetings	2.25	1.25	0.25	3.75
- Commission	Nil	Nil	Nil	Nil
- Others, please specify	Nil	Nil	Nil	Nil
<b>Total (B)(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total (B)=(B)(1)+(B)(2)</b>	<b>2.25</b>	<b>1.25</b>	<b>0.25</b>	<b>3.75</b>

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount Rs. in Lakhs
		Mr. Sandip Patel-CFO	Mrs. Dishita Shah-CS	
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	14.43	1.20	15.63
	b) Value of perquisites under section 17(2) Income Tax Act, 1961			
	c) Profit in lieu of salary under section 17(3) Income Tax Act, 1961			
2.	Stock Options	Nil	Nil	Nil
3.	Sweat Equity			
4.	Commission	Nil	Nil	Nil
	- as % of profit			
	- Others, specify.....			
5	Others, please specify – Retrials	Nil	Nil	Nil
	<b>Total (C)</b>	<b>14.43</b>	<b>1.20</b>	<b>15.63</b>

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		

On behalf of the Board of Directors

  
**SHARVIL P. PATEL**  
**CHAIRMAN**

Place : Ahmedabad  
Date : May 17, 2018

## Annexure–“D”

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

### **A. Conservation of Energy:**

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

- a. The project of the Company was under development stage during the year and hence, there were no material capital investment for energy conservation.

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

The products of the Company are under development stage. The Company has yet not commenced the commercial operations. The Company shall take suitable steps for utilizing alternate sources of energy depending upon the feasibility.

### **B. Technology Absorption:**

1. Efforts made towards technology absorption:

All technologies are being developing in-house.

2. Benefits derived:

Since all technologies being developed in-house, it will be easy to absorb in production without dependability on others.

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

4. Expenditure incurred on Research and Development:

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

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

During the year, actual outflows for foreign exchange in terms were as under:

1. CIF value of imports of Research Materials	Rs. 280.24 lacs
---	-----------------

2.	Expenditure in foreign currency:	
a.	Professional Fees	Rs. 54.88 lacs
b.	Others (incl. travelling, Bio study, R & D etc.)	<u>Rs. 3143.08 lacs</u>
	Total (2a + 2b)	<u>Rs. 3197.96 lacs</u>
	Total (1 + 2)	<u>Rs. 3748.20 lacs</u>

On behalf of the Board of Directors

  
SHARVIL P. PATEL  
CHAIRMAN

Place : Ahmedabad  
Date : May 17, 2018



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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **ZYDUS TECHNOLOGIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

### **Management's Responsibility for the Financial Statements**

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

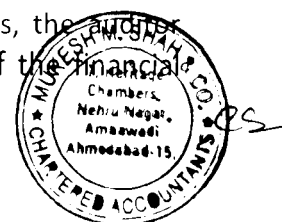
### **Auditor's Responsibility**

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

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

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

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



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

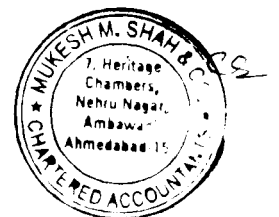
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including IND-AS, of the financial position, of the Company as at 31<sup>st</sup> March, 2018, and its financial performance (including other comprehensive income); and its cash flows and the changes in equity for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018, from being appointed as a director in terms of section 164(2) of the Act.



- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company did not have any pending litigations as on the date of financial statements;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

*C.S. Shah*

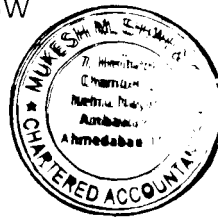
**Partner**

Chandresh S. Shah

Membership No.: 042132

Place: Ahmedabad

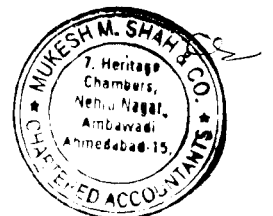
Date: 16<sup>th</sup> May, 2018



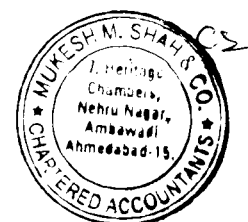
**“Annexure – A” referred to in the Independent Auditors’ Report of even date to the members of ZYDUS TECHNOLOGIES LIMITED on the Financial Statements for the year ended 31<sup>st</sup> March, 2018**

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

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



6. In absence of any manufacturing activities carried out by the Company, the requirement of maintenance of cost records pursuant to the Rules made by the Central Government under sub-section 1 of Section 148 of the Companies Act, 2013 is not applicable to the Company.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Custom duty, Excise duty, Value added Tax, Cess and any other material statutory dues during the year with the appropriate authorities. Moreover, as at 31<sup>st</sup> March, 2018, there are no such undisputed dues payable for a period of more than six months from the date they became payable.  
  
(b) According to the information and explanations given to us, there are no such dues as at 31<sup>st</sup> March, 2018 which have not been deposited/paid on account of any dispute.
8. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not defaulted in repayment of loans or borrowings from any financial institution, banks, government or due to debenture holders during the year.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans raised during the year have been utilized by the company for the purpose for which the same has been taken.
10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and on the basis of our examination of the books of account, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 (with schedule V) of the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

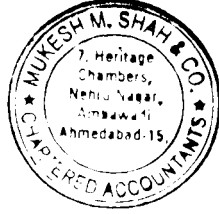


14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

*C S Shah*

**Partner**  
Chandresh S. Shah  
Membership No.: 042132  
Place: Ahmedabad  
Date: 16<sup>th</sup> May, 2018



**“Annexure B” to the Auditors’ Report – March 31, 2018**  
**Report on the Internal Financial Control clause (i) of sub-section 3 of section 143 of the**  
**Companies Act, 2013 (“the act”)**

We have audited the internal financial controls over financial reporting of **ZYDUS TECHNOLOGIES LIMITED** (“the company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management Responsibility for Internal Financial Controls**

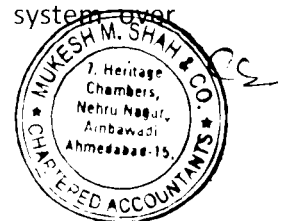
The company’s management is responsible for establishing and maintaining internal financial control based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial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

**Auditors’ Responsibility**

As per Section 143(3)(i) our responsibility is to express an opinion on the company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



### **Meaning of Internal Financial Controls over Financial Reporting**

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

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

### **Inherent limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For MUKESH M. SHAH & CO.**

**Chartered Accountants**

**Firm Registration No.: 106625W**

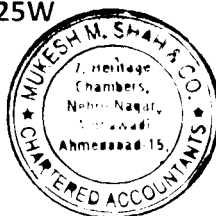
*C S Shah*  
**Partner**

Chandresh S. Shah

Membership No.: 042132

Place: Ahmedabad

Date: 16<sup>th</sup> May, 2018





**ZYDUS TECHNOLOGIES LIMITED**  
Balance Sheet as at March 31, 2018

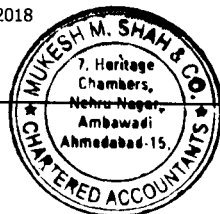
Particulars	Note No.	INR-Thousands	
		As at March 31	
		2018	2017
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Property, Plant and Equipment	3 [A]	128,322	131,592
Other Intangible Assets	3 [B]	59	4
Capital work-in-progress	4	7,879,623	6,847,858
Financial Assets:			
Other Financial Assets	5	1,852	1,852
Other Non-Current Assets	6	1,978	3,781
Assets for Current tax [Net]	7	27	4
<b>Total</b>		<b>8,011,861</b>	6,985,091
<b>Current Assets:</b>			
Financial Assets:			
Cash and Cash Equivalents	8	4,741	4,807
Other Current Assets	9	3,497	8,103
<b>Total</b>		<b>8,238</b>	12,910
<b>EQUITY AND LIABILITIES:</b>			
<b>Equity:</b>			
Equity Share Capital	10	590,000	590,000
Other Equity	11	(141,594)	(21,206)
<b>Non-Current Liabilities:</b>			
Financial Liabilities:			
Borrowings	12	4,719,607	6,227,798
Other Financial Liabilities	13	1,231	1,139
Provisions	14	3,565	4,450
<b>Current Liabilities:</b>			
Financial Liabilities:			
Trade Payables	15	88,123	77,230
Other Financial Liabilities	16	2,736,041	99,380
Other Current Liabilities	17	20,313	17,147
Provisions	18	2,788	2,044
Current Tax Liabilities [Net]	19	25	19
<b>Total</b>		<b>2,847,290</b>	195,820
<b>Significant Accounting Policies</b>	2	<b>8,020,099</b>	6,998,001
<b>Notes to the Financial Statements</b>	1 to 30		

As per our report of even date

For Mukesh M. Shah & Co.,  
Chartered Accountants  
Firm Registration Number:106625W

*C.S. Shah*  
Chandresh S. Shah  
Partner

Membership Number: 042132  
Ahmedabad, Dated: May 17, 2018



*Dishita Shah*  
Dishita Shah  
Company Secretary

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

*Vishal Shah*  
Vishal Shah  
Whole Time Director

*Sharvil P. Patel*  
Sharvil P. Patel  
Chairman

For and on behalf of the Board

**ZYDUS TECHNOLOGIES LIMITED**  
**Statement of Profit and Loss for the year ended March 31, 2018**

Particulars	Note No.	INR-Thousands	
		Year ended March 31	
		2018	2017
<b>EXPENSES:</b>			
Employee Benefits Expense	21	325	210
Finance Costs	22	1,221	1,179
Other Expenses	23	1,605	1,138
Impairment Expenses	4	117,188	-
<b>Loss before Tax</b>		<b>120,339</b>	2,527
Add: Tax Expense:			
Current Tax		49	127
<b>Loss for the year</b>		<b>120,388</b>	2,654
Other Comprehensive Income		-	-
<b>Total Comprehensive Income/ Loss for the year Net of Tax</b>		<b>120,388</b>	2,654
<b>Basic Earning per Equity Share [EPS] [in Rupees]</b>	24	<b>(2.41)</b>	(0.05)
<b>Diluted Earning per Equity Share [EPS] [in Rupees]</b>		<b>(2.04)</b>	(0.04)
<b>Significant Accounting Policies</b>	2		
<b>Notes to the Financial Statements</b>	1 to 30		

As per our report of even date

For Mukesh M. Shah & Co.,  
Chartered Accountants  
Firm Registration Number:106625W

*C.S. Shah*

Chandresh S. Shah  
Partner

Membership Number: 042132  
Ahmedabad, Dated: May 17, 2018

For and on behalf of the Board

*Dishita Shah*

Dishita Shah  
Company Secretary

*S. D. Patel*

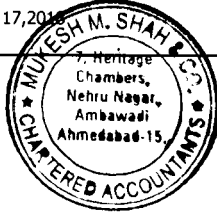
Sandip D. Patel  
Chief Financial Officer

*Vishal Shah*

Vishal Shah  
Whole Time Director

*Sharvil P. Patel*

Sharvil P. Patel  
Chairman



**Zydus Technologies Limited**  
**Cash Flow Statement for the period ended on March 31, 2018**

Particulars	INR- Thousands	
	Year ended March 31	
	2018	2017
<b>A Cash flows from operating activities:</b>		
Loss Before Tax	(120,339)	(2,527)
Adjustments for:		
Interest expenses	1,221	1,179
Operating profit before working capital changes	(119,118)	(1,348)
Adjustments for:		
[Increase]/ Decrease in Other Current Assets	(39)	1,175
[Increase]/ Decrease in Other Non Current Assets	(214)	25,631
[Increase]/ Decrease in Other Current Assets	(95)	3,863
Increase/ [Decrease] in Trade Payables	17,486	(258)
Increase/ [Decrease] in Other Current Liabilities	4,512	(24,398)
Increase/ [Decrease] in Provisions	(141)	3,079
Increase/ [Decrease] in Other Non Current Liabilities	92	215
Total	21,602	9,307
Cash generated from operations	(97,516)	7,958
Direct taxes paid [Net of refunds]	(66)	(119)
Net cash from operating activities	(97,582)	7,839
<b>B Cash flows from investing activities:</b>		
Purchase of Property, Plant and Equipment	(4,493)	(3,369)
Proceeds from Sale of assets	215	
Capital Work-in-progress	(513,966)	(1,469,990)
Net cash used in investing activities	(518,244)	(1,473,359)
<b>C Cash flows from financing activities:</b>		
Proceeds from Non current borrowings	1,113,834	1,013,102
Interest paid	(498,074)	450,337
Net cash used in financing activities	615,760	1,463,439
<b>Net increase/(-) decrease in cash and cash equivalents</b>	<b>(66)</b>	<b>(2,082)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,807</b>	<b>6,888</b>
<b>Cash and cash equivalents at the close of the period</b>	<b>4,741</b>	<b>4,807</b>

**Notes to the cash flow statement**

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

	As at	
	March 31, 2018	April 1, 2017
a Cash on Hand	5	40
b Balances with Banks	4,736	4,767
c <b>Total</b>	4,741	4,807

- 5 Change in Liability arising from financing activities:

	As at April 1,2017	Cash Flow	foreign Exchange movement	As at March 31,2018
<b>Borrowing- Non Current [Refer Note 12]</b>	6227798	1,103,000	10,834	7,341,632

As per our report of even date

For Mukesh M. Shah & Co.,  
Chartered Accountants  
Firm Registration Number. 106625W

*C.S. Shah*

Chandresh S. Shah  
Partner  
Membership Number: 042132  
Ahmedabad, Dated: May 17, 2018

*Dishita*

Dishita Shah  
Company Secretary

*S.D. Patel*

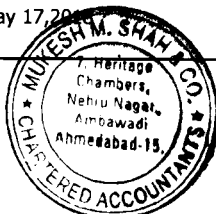
Sandip D. Patel  
Chief Financial Officer

*Vishal*

Vishal Shah  
Whole Time Director

*Sharvil*

Sharvil P. Patel  
Chairman



**ZYDUS TECHNOLOGIES LIMITED**  
**Statement of Change in Equity for the year ended March 31, 2018**

**a Equity Share Capital:**

	No. of Shares	INR-Thousands
<b>Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:</b>		
As at March 31, 2016	50,000,000	<b>50,000,000</b>
As at March 31, 2017	50,000,000	<b>50,000,000</b>
As at March 31, 2018	50,000,000	<b>50,000,000</b>
<b>8% Optionally Convertible Non-Cumulative Redeemable Preference Shares of INR 100/- each, Issued, Subscribed and Fully Paid-up:</b>		
As at March 31, 2016	900,000	<b>900,000</b>
As at March 31, 2017	900,000	<b>900,000</b>
As at March 31, 2018	900,000	<b>900,000</b>

**b Other Equity:**

	INR-Thousands	
	Reserves and Surplus Retained Earnings	Total
<b>As at March 31, 2016</b>	<b>(18,552)</b>	<b>(18,552)</b>
Add: Loss for the year	(2,654)	<b>(2,654)</b>
Add [Less]: Other Comprehensive income	-	-
<b>Total Comprehensive Income</b>	<b>(21,206)</b>	<b>(21,206)</b>
<b>As at March 31, 2017</b>	<b>(21,206)</b>	<b>(21,206)</b>
Add: Loss for the year	(120,388)	<b>(120,388)</b>
Add [Less]: Other Comprehensive income	-	-
<b>Total Comprehensive Income</b>	<b>(141,594)</b>	<b>(141,594)</b>
<b>As at March 31, 2018</b>	<b>(141,594)</b>	<b>(141,594)</b>

As per our report of even date

For Mukesh M. Shah & Co.,  
Chartered Accountants  
Firm Registration Number:106625W

For and on behalf of the Board

*C.S. Shah*

Chandresh S. Shah  
Partner

Membership Number: 042132

Ahmedabad, Dated: May 17, 2018

*Dishita Shah*

Dishita Shah  
Company Secretary

*S. D. Patel*

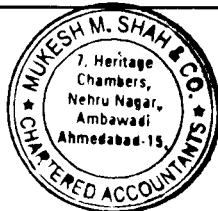
Sandip D. Patel  
Chief Financial Officer

*Vishal Shah*

Vishal Shah  
Whole Time Director

*Sharvin P. Patel*

Sharvin P. Patel  
Chairman



**Note: 1-Company overview:**

Zydus Technologies Limited is an India-based pharmaceutical company. The Company has set up a unit in SEZ to develop, patent, manufacture and market non-oral dosage form generic drugs using novel drug delivery system in selected therapeutic areas for regulated developed Global markets. The product selection will focus on easier to formulate products with low IP barriers, as well as on high margin, limited competition products to achieve sustainable margins. The Company has filed and will continue to file ANDAs [Abbreviated New Drug Application] and remain focused on selected therapeutic areas in regulated markets. The marketing strategy will initially focus on ANDAs products. These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 17, 2018.

**Note: 2-Significant Accounting Policies:**

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

**1 Basis of Accounting:**

- A** The financial statements have been prepared in accordance with Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015 and with the applicable provisions of the Companies Act, 2013.
- B** For all periods up to and including the year ended March 31, 2016, the Company 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 Defined benefit plans
  - ii Long term employment benefits
  - iii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial liabilities]

**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 revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**Critical estimates and judgments**

**a Income Taxes:**

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

**b Property, plant and equipment:**

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

**c Employee Benefits:**

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

**d Impairment of assets and investments:**

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

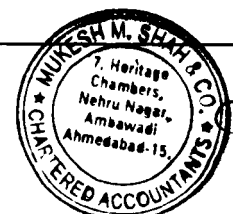
**3 Foreign Currency Transactions:**

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

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

**4 Revenue Recognition:**

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



**Note: 2-Significant Accounting Policies-Continued:**

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

**a Interest Income:**

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

**b Other Income:**

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

**5 Taxes on Income:**

Tax expenses comprise of current and deferred tax.

**A Current Tax:**

- a Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- b Current tax items are recognised in correlation to the underlying transaction either in statement of profit and loss, OCI or directly in equity.

**B Deferred Tax:**

- a Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
- b Deferred tax liabilities are recognised for all taxable temporary differences.
- c Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.
- d The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
- e Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.
- f Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.
- g Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

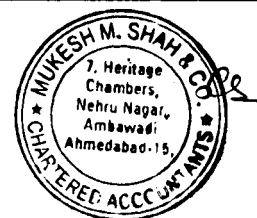
**6 Property, Plant and Equipment:**

**A** Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain on long term foreign currency loans recognised upto March 31, 2016 attributable to Property, Plant and Equipment is adjusted to the cost of respective property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

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

- B** Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognised separately as independent items and are depreciated over their estimated economic useful lives.
- C** Depreciation on tangible assets is provided on "straight line method" based on the useful lives as prescribed under Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. However, management reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods.
- D** Depreciation on impaired assets is calculated on its reduced value, if any, on a systematic basis over its remaining useful life.
- E** Depreciation on additions/ disposals of the Property, Plant and Equipment during the year is provided on pro-rata basis according to the period during which assets are used.
- F** Where the actual cost of purchase of an asset is below INR 10,000/-, the depreciation is provided @ 100%.
- G** Capital work in progress is stated at cost less accumulated impairment loss, if any. All other repair and maintenance costs are recognised in statement of profit or loss as incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.



**Note: 2-Significant Accounting Policies-Continued:**

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

**a Interest Income:**

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

**b Other Income:**

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

**5 Taxes on Income:**

Tax expenses comprise of current and deferred tax.

**A Current Tax:**

- a Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- b Current tax items are recognised in correlation to the underlying transaction either in statement of profit and loss, OCI or directly in equity.

**B Deferred Tax:**

- a Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
- b Deferred tax liabilities are recognised for all taxable temporary differences.
- c Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.
- d The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
- e Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.
- f Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.
- g Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

**6 Property, Plant and Equipment:**

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

Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain on long term foreign currency loans recognised upto March 31, 2016 attributable to Property, Plant and Equipment is adjusted to the cost of respective property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

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

- B** Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognised separately as independent items and are depreciated over their estimated economic useful lives.
- C** Depreciation on tangible assets is provided on "straight line method" based on the useful lives as prescribed under Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. However, management reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods.
- D** Depreciation on impaired assets is calculated on its reduced value, if any, on a systematic basis over its remaining useful life.
- E** Depreciation on additions/ disposals of the Property, Plant and Equipment during the year is provided on pro-rata basis according to the period during which assets are used.
- F** Where the actual cost of purchase of an asset is below INR 10,000/-, the depreciation is provided @ 100%.
- G** Capital work in progress is stated at cost less accumulated impairment loss, if any. All other repair and maintenance costs are recognised in statement of profit or loss as incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.



**Note: 2-Significant Accounting Policies-Continued:**

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

**7 Intangible Assets:**

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

**8 Capital Work in Progress:**

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

**9 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.

**10 Impairment of Assets:**

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

**11 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.

**12 Leases:****As a lessee:**

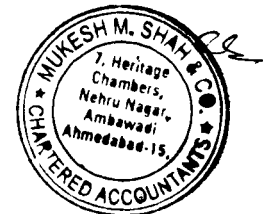
The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease. Lease under which the Company assumes potentially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalised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

**13 Provisions, Contingent Liabilities and Contingent Assets:**

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

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

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





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

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

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

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

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

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

**c Defined Contribution Plans - Provident Fund Contribution:**

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

**15 Financial Liabilities:****A Initial recognition and measurement:**

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

**B Subsequent measurement:**

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

**Loans and borrowings:**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**C Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**D Embedded derivatives:**

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

**E Offsetting of financial instruments:**

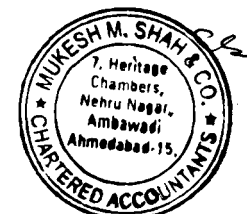
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Segment Reporting**

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

**16 Earnings per Share:**

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



**Note: 2-Significant Accounting Policies-Continued:**

**B Standards issued but not yet effective:**

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

**Ind AS 115:**

On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

a) Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

b) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch – up approach)

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

**Appendix B to Ind AS 21:**

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

**Notes to the Financial Statements**

**Note: 3-Property, Plant and Equipment:**

**A Property, Plant and Equipment:**

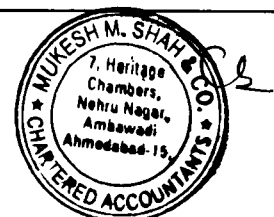
INR-Thousands

	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
<b>Gross Block:</b>							
As at March 31, 2016	70,057	18,562	70,540	6,773	3,628	839	<b>170,399</b>
Additions	-	-	652	373	2,481	1,347	<b>4,853</b>
Disposals	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
As at March 31, 2017	70,057	18,562	71,192	7,146	6,109	2,186	<b>175,252</b>
Additions	-	-	803	-	2,381	1,406	<b>4,590</b>
Disposals	-	-	-	-	(1,068)	-	<b>(1,068)</b>
Other adjustments	-	-	-	-	-	-	-
As at March 31, 2018	70,057	18,562	71,995	7,146	7,422	3,592	<b>178,774</b>
<b>Depreciation and Impairment:</b>							
As at March 31, 2016	4,292	1,927	24,521	3,157	1,712	791	<b>36,400</b>
Depreciation for the year	708	286	4,718	764	655	129	<b>7,260</b>
Impairment for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
As at March 31, 2017	5,000	2,213	29,239	3,921	2,367	920	<b>43,660</b>
Depreciation for the year	708	286	4,660	798	776	301	<b>7,529</b>
Impairment for the year	-	-	-	-	(737)	-	<b>(737)</b>
Disposals	-	-	-	-	-	-	-
As at March 31, 2018	5,708	2,499	33,899	4,719	2,406	1,221	<b>50,452</b>
<b>Net Block:</b>							
As at March 31, 2016	65,765	16,635	46,019	3,616	1,916	48	<b>133,999</b>
As at March 31, 2017	65,057	16,349	41,953	3,225	3,742	1,266	<b>131,592</b>
As at March 31, 2018	64,349	16,063	38,096	2,427	5,016	2,371	<b>128,322</b>

**B Intangible Assets:**

Other Intangible Assets

	Computer Software	Total
<b>Gross Block:</b>		
As at March 31, 2016	1,704	<b>1,704</b>
As at March 31, 2017	1,704	<b>1,704</b>
Additions	67	<b>67</b>
As at March 31, 2018	1,771	<b>1,771</b>
<b>Amortisation and Impairment:</b>		
As at March 31, 2016	1,696	<b>1,696</b>
Amortisation for the year	4	<b>4</b>
As at March 31, 2017	1,700	<b>1,700</b>
Amortisation for the year	12	<b>12</b>
As at March 31, 2018	1,712	<b>1,712</b>
<b>Net Block:</b>		
As at March 31, 2016	8	<b>8</b>
As at March 31, 2017	4	<b>4</b>
As at March 31, 2018	59	<b>59</b>



**ZYDUS TECHNOLOGIES LIMITED**  
**Notes to the Financial Statements**

**Note: 3-Property, Plant and Equipment-Continued:**

	INR-Thousands	
	Year ended March 31	
	2018	2017
<b>Depreciation, Amortisation:</b>		
Depreciation	7,528	7,260
Amortisation	12	4
<b>Total</b>	<b>7,540</b>	<b>7,264</b>

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

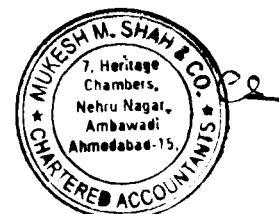
	INR-Thousands	
	As at March 31	
	2018	2017
Opening balance	6,847,858	5,806,028
<b>Addition for the year:</b>		
Salaries and wages	63,839	37,174
Company's contribution to provident & other funds [Refer Note 21]	4,130	4,629
Staff Welfare Expenses	3,137	1,930
Purchase of Stores and spare parts	13,806	10,058
Power & fuel	11,610	8,091
Insurance	944	5,353
Repairs to Buildings	2,274	2,874
Repairs to Plant and Machinery	4,082	2,966
Repairs to Others	3,688	2,205
Rent	18	18
Finance Cost:		
Interest on term Loan	63,836	48,999
Interest others	446,307	386,424
Net (Gain)/loss on foreign currency transactions and translation on ECB loan	10,834	(47,398)
Whole Time Director's Remuneration	5,004	5,218
Legal and Professional Fees	6,781	9,636
Consumption of Materials for development Products & processes	126,332	108,513
Product/ process Validation and Registration charges	343,169	409,964
Depreciation, Amortisation and Impairment on Property, Plant and Equipment	7,540	7,264
Other Expenses	19,255	16,581
Other Property, Plant and Equipments	15,362	21,496
Net Loss on foreign currency transactions and translation	-	317
	<b>7,999,806</b>	<b>6,848,340</b>
Less:		
Net Gain on foreign currency transactions and translation	2,801	-
Interest on Deposit with UGVCL	143	397
Sundry Income	51	85
	<b>2,995</b>	<b>482</b>
Less:		
Impairment for the Year	117,188	-
<b>Total</b>	<b>7,879,623</b>	<b>6,847,858</b>
<b>Notes:</b>		
[1] Borrowing costs Capitalised on qualifying assets.	520,977	388,025
[2] The above expenses will be allocated to respective items of fixed assets upon successful implementation of process technologies developed and commencement of its commercial exploitation/ operations.		
In accordance with the management policy of assessing the impairment loss of property, plant and equipment and development costs incurred on process technologies, the management has carried out detailed review of such costs at the balance sheet date and have assessed an impairment loss of an amount of Rs. 1,17,188 thousands which is mainly due to the changes in technologies and regulatory environment of the said products in the countries in which they were proposed to be commercially exploited. Such losses included in "Impairment losses " in the statement of Profit and Loss. For the assets of which indications of impairment are identified, the recoverable amounts are estimated, normally as value in use, and impairment losses are calculated as a difference between the carrying amount of the assets and the recoverable amount. Value in use of assets are primarily estimated based on discounted cash flows.		

**Note: 5-Other Financial Assets:**

[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	1,852	1,852
<b>Total</b>	<b>1,852</b>	<b>1,852</b>

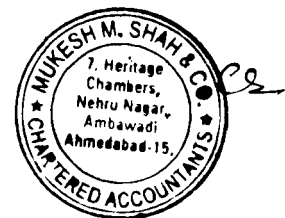
**Note: 6-Other Non-Current Assets:**

[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	-	2,017
Balances with Statutory Authorities	235	1,111
Others	1,743	653
<b>Total</b>	<b>1,978</b>	<b>3,781</b>



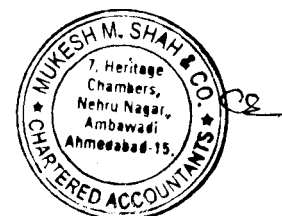
**ZYDUS TECHNOLOGIES LIMITED**  
**Notes to the Financial Statements**

	INR-Thousands	
	As at March 31	
	2018	2017
<b>Note: 7-Assets for Current tax [Net]:</b>		
[Unsecured, Considered Good unless otherwise stated]		
Advance payment of Tax [Net of provision for taxation of INR 119 {as at March 31, 2017: 875} Thousands]	27	4
<b>Total</b>	<b>27</b>	<b>4</b>
<b>Note: 8-Cash and Cash Equivalents:</b>		
Balances with Banks	4,736	4,767
Cash on Hand	5	40
<b>Total</b>	<b>4,741</b>	<b>4,807</b>
<b>Note: 9-Other Current Assets:</b>		
[Unsecured, Considered Good]		
Balances with Statutory Authorities	139	100
Advances to Suppliers	2,585	7,325
Prepaid Expenses	608	513
Others	165	165
<b>Total</b>	<b>3,497</b>	<b>8,103</b>
<b>Note: 10-Equity Share Capital:</b>		
<b>Authorised:</b>		
50,000,000 [as at March 31, 2017 : 50,000,000]		
Equity Shares of INR 10/- each	500,000	500,000
1,000,000 [as at March 31, 2017 : 1,000,000]		
Preference Shares of Rs.100/- each	100,000	100,000
	<b>600,000</b>	<b>600,000</b>
<b>Issued, Subscribed and Paid-up:</b>		
50,000,000 [as at March 31, 2017 : 50,000,000]		
Equity Shares of INR 10/- each fully paid up	500,000	500,000
900,000 [as at March 31, 2017 : 900,000] 8% Optionally Convertible Non-Cumulative Redeemable Preference shares of Rs. 100/- each fully paid up	90,000	90,000
	<b>590,000</b>	<b>590,000</b>
A There is no change in the number of shares as at the beginning and end of the year.		
a Number of Equity shares at the beginning and at the end of the year	50,000,000	50,000,000
b Number of Preference shares at the beginning and at the end of the year	900,000	900,000
B The Company has equity shares and preference shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.		
C Optionally Convertible Non-Cumulative Redeemable Preference [OCRPS] shares are redeemable at par. At anytime during the tenure of the OCRPS, the Issuer of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during the tenure of the OCRPS, the Holder of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. Such conversion shall happen at a pre-determined agreed rate between the parties. The tenure of the OCRPS shall be 10 years from the date of allotment, February 10, 2010. At any time during the tenure of the OCRPS, the Company shall have a right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential right with respect to dividend on the paid up capital in the event of distribution of profits by the company.		



**ZYDUS TECHNOLOGIES LIMITED**  
**Notes to the Financial Statements**

	INR-Thousands			
	As at March 31			
	2018	2017		
<b>Note: 10-Equity Share Capital-Continued:</b>				
D Details of share holders holding more than 5% of Shares:				
a Equity Shares:				
i Cadila Healthcare Limited and its nominees [ Holding Company ]				
Number of Shares	<b>42,500,000</b>	42,500,000		
% to total share holding	<b>85.00%</b>	85%		
ii Essgee Enterprises LLC				
Number of Shares	<b>7,072,122</b>	7,072,122		
% to total share holding	<b>14.14%</b>	14%		
b Preference shares:				
Cadila Healthcare Limited [ Holding Company ]				
Number of Shares	<b>900,000</b>	900,000		
% to total share holding	<b>100%</b>	100%		
<b>Note: 11-Other Equity:</b>				
<b>Retained Earnings:</b>				
Balance as per last Balance Sheet	<b>(21,206)</b>	(18,552)		
Less: Loss for the year	<b>(120,388)</b>	(2,654)		
Balance as at the end of the year	<b>(141,594)</b>	(21,206)		
<b>Total</b>	<b>(141,594)</b>	(21,206)		
<b>Note: 12-Borrowings:</b>				
	INR-Thousands			
	Non-current portion		Current Maturities	
	As at March 31		As at March 31	
	2018	2017	2018	2017
A Term Loans from Banks:				
External Commercial Borrowings in Foreign Currency [Secured]	<b>1,471,607</b>	2,196,577	<b>735,804</b>	-
B Form Others [Unsecured]	<b>3,248,000</b>	4,031,221	<b>1,886,221</b>	-
<b>Total</b>	<b>4,719,607</b>	6,227,798	<b>2,622,025</b>	-
The above amount includes:				
Secured borrowings		(2,196,577)	<b>(735,804)</b>	-
Amount disclosed under the head "Other Financial Liabilities" [Note-16]	-	(2,196,577)	<b>(1,886,221)</b>	-
			<b>(2,622,025)</b>	-
<b>A Securities and Terms of Repayment for Secured Long Term Borrowings:</b>				
<b>Foreign Currency Loans:</b>				
ECB of USD 33.86 Million is secured by hypothecation of a specific trade mark of the Holding Company and pledge to be created on 7,500,000 [as at March 31, 2017 : 7,500,000] equity shares of the company held by non-controlling interest holder and corporate guarantee of the Holding Company. Loan repayment to bank will start from May 15, 2018 in three yearly equal installments of USD 11,285,330 each.				
<b>B Terms of Repayment for Unsecured Long Term Borrowings:</b>				
<b>Rupee Loans:</b>				
The Loans from the Holding Company will be repaid within 1 to 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.				
	INR-Thousands			
	As at March 31			
	2018	2017		
<b>Note: 13-Other Financial Liabilities:</b>				
Others:Car Deposits from Employees	<b>1,231</b>	1,139		
<b>Total</b>	<b>1,231</b>	1,139		
<b>Note: 14-Provisions:</b>				
Provision for Employee Benefits	<b>3,565</b>	4,450		
<b>Total</b>	<b>3,565</b>	4,450		



**ZYDUS TECHNOLOGIES LIMITED**  
**Notes to the Financial Statements**

**Note: 14-Provisions-Continued:**

**Defined benefit plan and long term employment benefit**

**A General description:**

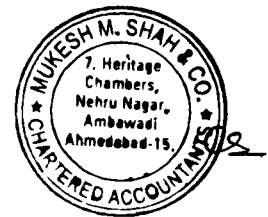
**Leave wages [Long term employment benefit]:**

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

**Gratuity [Defined benefit plan]:**

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

	<b>INR-Thousands</b>					
	<b>As at March 31</b>					
	<b>2018</b>			<b>2017</b>		
	<u>Med. Leave</u>	<u>Leave Wages</u>	<u>Gratuity</u>	<u>Med. Leave</u>	<u>Leave Wages</u>	<u>Gratuity</u>
<b>B Change in the present value of the defined benefit obligation:</b>						
Opening obligation	149	4,864	6,453	103	3,313	2,797
Interest cost	10	315	423	8	250	212
Current service cost	53	581	851	18	310	608
Benefits paid	-	(654)	(558)	-	(160)	(147)
Past Service Cost	-	-	-	-	-	2,211
Actuarial [gains]/ losses on obligation	(95)	(420)	(515)	19	1,151	772
Closing obligation	<b>117</b>	<b>4,686</b>	<b>6,654</b>	<b>149</b>	<b>4,864</b>	<b>6,453</b>
<b>C Change in the fair value of plan assets:</b>						
Opening fair value of plan assets	-	-	4,971	-	-	3,520
Expected return on plan assets	-	-	-	-	-	-
Interest Income	-	-	349	-	-	295
Contributions by employer	-	-	500	-	-	1,245
Benefits paid	-	-	(558)	-	-	(147)
Return on plan assets excluding amounts included in interest income	-	-	(159)	-	-	58
Closing fair value of plan assets	-	-	<b>5,103</b>	-	-	<b>4,971</b>
<b>D Actual return on plan assets:</b>						
Interest Income	-	-	349	-	-	295
Actuarial [losses]/ gains on plan assets	-	-	-	-	-	-
Actual return on plan assets	-	-	<b>349</b>	-	-	<b>295</b>
<b>E Amount recognised in the balance sheet:</b>						
Liabilities/ [Assets] at the end of the year	<b>117</b>	<b>4,686</b>	<b>6,654</b>	<b>149</b>	<b>4,864</b>	<b>6,453</b>
Fair value of plan assets at the end of the year	-	-	<b>(5,103)</b>	-	-	<b>(4,971)</b>
Difference	<b>117</b>	<b>4,686</b>	<b>1,551</b>	<b>149</b>	<b>4,864</b>	<b>1,482</b>
Liabilities/ [Assets] recognised in the Balance Sheet	<b>117</b>	<b>4,686</b>	<b>1,551</b>	<b>149</b>	<b>4,864</b>	<b>1,482</b>



**ZYDUS TECHNOLOGIES LIMITED**  
**Notes to the Financial Statements**

**Note: 14-Provisions-Continued:**

**F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**

Current service cost	53	581	851	18	310	608
Interest cost on benefit obligation	10	315	423	8	250	212
Interest Income on plan assets	-	-	(349)	-	-	(295)
Past Service Cost	-	-	-	-	-	2,211
Return on plan assets excluding amounts included in interest income	-	-	159	-	-	(58)
Net actuarial [gains]/ losses in the year	(95)	(420)	(515)	19	1,151	772
Amount included in "Employee Benefit Expense"	(32)	476	569	46	1,711	3,450

**G Movement in net liabilities recognised in Balance Sheet:**

Opening net liabilities	149	4,864	1,482	103	3,313	(723)
Expenses as above [P & L Charge]	(32)	476	569	46	1,711	3,450
Employer's contribution	-	(654)	(500)	-	(160)	(1,245)
Benefits Paid	-	-	-	-	-	-
Net actuarial [gains]/ losses in the year	-	-	-	-	-	-
Liabilities/ [Assets] recognised in the Balance Sheet	117	4,686	1,551	149	4,864	1,482

**As at March 31**

	2018			2017		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
<b>H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:</b>						
Discount rate	7.30%	7.30%	7.30%	6.95%	6.95%	6.95%
[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 3 years & 10% thereafter			12% for 1st 4 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%	0.00%	99.00%	0.00%	0.00%	100.00%
----------------	-------	-------	--------	-------	-------	---------

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

	As at March 31				
	2018	2017	2016	2015	2014
<b>Gratuity:</b>					
Defined benefit obligation	6,654	6,453	2,797	1,756	2,448
Fair value of Plan Assets	5,103	4,971	3,520	3,464	3,367
Deficit/ [Surplus] in the plan	1,551	1,482	(723)	(1,708)	(919)
Actuarial Loss/ [Gain] on Plan Obligation	(515)	772	642	(1,456)	(17)
Actuarial Loss/ [Gain] on Plan Assets	-	-	-	(86)	(29)

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

The Average duration of the Defined Benefit Plan Obligation at the end of reporting period is 29.70 years [As at March 31, 2017: 29.36 years]

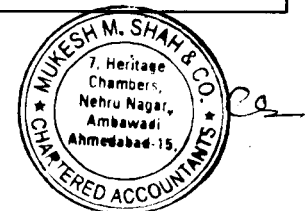
**Sensitivity analysis:**

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

Assumptions	INR-Thousands					
	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2018	2017	2018	2017	2018	2017
Impact on obligation:						
Discount rate increase by 0.5%	(6)	(6)	(119)	(131)	(223)	(228)
Discount rate decrease by 0.5%	8	9	125	140	238	242
Annual salary cost increase by 0.5%	8	9	121	135	230	234
Annual salary cost decrease by 0.5%	(6)	(6)	(116)	(128)	(217)	(223)

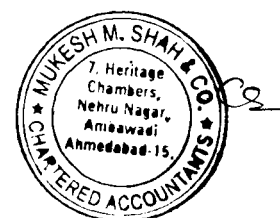
**The following payments are expected contributions to the defined benefit plan in future years:**

	INR-Thousands	
	As at March 31	
	2018	2017
Within the next 12 months [next annual reporting period]	1,589	746
Between 2 and 5 years	4,866	2286
Between 5 and 10 years	3,020	1727
<b>Total expected payments</b>	<b>9475</b>	<b>4759</b>



**ZYDUS TECHNOLOGIES LIMITED**  
**Notes to the Financial Statements**

	INR-Thousands	
	As at March 31	
	2018	2017
<b>Note: 15-Trade Payables:</b>		
Micro, Small and Medium Enterprises [*]	937	191
Others	87,186	77,039
<b>Total</b>	<b>88,123</b>	<b>77,230</b>
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	937	191
B Interest due thereon	-	-
C Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	1	-
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.		
<b>Note: 16-Other Financial Liabilities:</b>		
Current Maturities of Long Term Debt [Refer Note- 12]	2,622,025	-
Interest accrued but not due on borrowings	104,853	91,563
Accrued Expenses	8,166	4,966
Payable for Capital Goods	997	2,851
<b>Total</b>	<b>2,736,041</b>	<b>99,380</b>
<b>Note: 17-Other Current Liabilities:</b>		
Payable to Statutory Authorities	20,162	17,084
Others	151	63
<b>Total</b>	<b>20,313</b>	<b>17,147</b>
<b>Note: 18-Provisions:</b>		
Provision for Employee Benefits	2,788	2,044
<b>Total</b>	<b>2,788</b>	<b>2,044</b>
<b>Note: 19-Current Tax Liabilities [Net]:</b>		
Provision for Taxation [Net of advance payment of tax of INR 73 {as at March 31, 2017: INR 119} Thousands]	25	19
<b>Total</b>	<b>25</b>	<b>19</b>
<b>Note: 20-Contingent Liabilities and Commitments [to the extent not provided for]:</b>		
<b>A Contingent Liabilities:</b>		
Service Tax Refund claim Demand By Principal Commissioner of Service tax	-	2,895
<b>B Commitments:</b>		
a Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	54,647	120,591
<b>Note: 21- Employee Benefits Expense:</b>		
Salaries and wages	130	121
Contribution to provident and other funds	7	7
Staff Welfare Expenses	188	82
	<b>325</b>	<b>210</b>





**ZYDUS TECHNOLOGIES LIMITED**  
**Notes to the Financial Statements**

**INR-Thousands**

**Year ended March 31**

**2018**                      2017

**Note: 22- Finance Cost:**

Interest expense - term loans	<b>1,221</b>	1,179
	<b>1,221</b>	1,179

**Note: 23 - Other Expenses:**

Legal & Professional Expenses [*]	<b>1,605</b>	1,138
	<b>1,605</b>	1,138
[*] Payment to the auditors as [Excluding Service Tax]:		
i Auditor	<b>275</b>	250
ii For other services	<b>56</b>	64
iii Total	<b>331</b>	314

**Note: 24-Calculation of Earnings per Equity Share [EPS]:**

The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
A Loss after tax	INR	<b>(120,388)</b>	(2,654)
B Basic and weighted average number of Equity shares outstanding during the year	Numbers	<b>50,000,000</b>	50,000,000
C Effect of dilution - Optionally Convertible Non-cumulative Redeemable Preference Shares		<b>9,000,000</b>	9,000,000
D Weighted average number of Equity shares adjusted for the effect of dilution		<b>59,000,000</b>	59,000,000
E Nominal value of equity share	INR	<b>10.00</b>	10.00
F Basic EPS	INR	<b>(2.41)</b>	(0.05)
G Diluted EPS	INR	<b>(2.04)</b>	(0.04)

**Note: 25-Related Party Transactions:**

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

**a Holding Company:**

Cadila Healthcare Limited

**b Fellow Subsidiaries/ Concerns:**

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

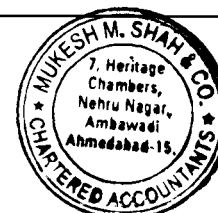
\* ceased to be subsidiary w.e.f. April 17, 2018

**c Directors and their relatives:**

Dr. Sharvil P. Patel	Director	Dr. Sharad Kumar Govil	Director
Shri Ganesh Nayak	Director	Shri Gurnvant K. Barot	Independent Director
Shri Rajib Baidya	Whole Time Director (upto November 8, 2017)	Shri Kshitish Madanmohan Shah	Independent Director
		Shri Vishal Shah	Whole Time Director (w.e.f. December 1, 2017)

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

Zydu Infrastructure Private Limited



**ZYDUS TECHNOLOGIES LIMITED**  
**Notes to the Financial Statements**

**Note: 25-Related Party Transactions-Continued:**

**B Transactions with Related Parties:**

The following transactions were carried out with the related parties in the ordinary course of business :

a Details relating to parties referred to in items 25- A[a, b & d]

Nature of Transactions	Value of the Transactions [INR] Thousands					
	Holding Company Year ended March 31		Fellow subsidiaries		Enterprises significantly influenced by Directors and/or their relatives	
	2018	2017	2018	2017	2018	2017
<b>Purchases:</b>						
<b>Goods:</b>						
Cadila Healthcare Limited	23693	9,200				
Hercon Pharmaceutical Inc.			21,454	275		
<b>Property, Plant and Equipment:</b>						
Cadila Healthcare Limited	-	10				
<b>Services:</b>						
Cadila Healthcare Limited	25,991	26,787				
Zydus Noveltech Inc.			-	91,062		
Zydus Infrastructure Private Limited					2,366	2,053
Hercon Pharmaceutical Inc.			126,258	155,719		
<b>Total</b>	<b>25,991</b>	<b>26,787</b>	<b>126,258</b>	<b>246,781</b>	<b>2,366</b>	<b>2,053</b>
<b>Sales:</b>						
<b>Goods:</b>						
Cadila Healthcare Limited	3,508					
<b>Finance:</b>						
<b>Inter Corporate Loans accepted:</b>						
Cadila Healthcare Limited	1,103,000	1,060,500				
<b>Interest on Loan :</b>						
Cadila Healthcare Limited	446,307	386,424				
			<u>As at March 31</u>			
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Outstanding:</b>						
<b>Payable :</b>						
Cadila Healthcare Limited	5,244,817	4,130,853				
Hercon Pharmaceutical Inc.			40,090	29,403		
Zydus Noveltech Inc.			26,629	27,516		
<b>Total</b>	<b>5,244,817</b>	<b>4,130,853</b>	<b>66,719</b>	<b>56,919</b>		
					INR- Thousands Year ended March 31	
					<b>2018</b>	<b>2017</b>
b Details relating to persons referred to in item 25- A[c] above:						
<b>Remuneration:</b>						
(i) Salaries and other employee benefits Whole Time Director & other executive officers					8,990	10,085
(ii) Sitting Fees to Chairman & Non Executive/ Independent Directors					825	125
(iii) Outstanding payable to above (i) and (ii)					2,648	4,160

**Note: 26:**

The Company's contribution towards the defined contribution plan is Rs. 4137 Thousands. The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees, as specified under the law. The contributions are paid to the Provident Fund Trust set up by the Company or to the respective Regional Provident Fund Commissioner under the Pension Scheme. The Company is generally liable for annual contribution and any shortfall in the trust fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year it is incurred.

**Note: 27-Financial Instruments:**

**A Fair values hierarchy:**

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

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

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

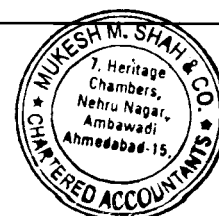
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**Financial Assets:**

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

**Financial Liabilities:**

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



**ZYDUS TECHNOLOGIES LIMITED**

**Notes to the Financial Statements**

**Note: 28-Financial Risk Management:**

**A Financial instruments by category:**

	INR-Thousands			
	As at March 31, 2018			
	FVTPL	FVOCI	Amortised Cost	Total
<b>Financial assets:</b>				
Non Current Other Financial Assets			7,879,623	<b>7,879,623</b>
Other Non-Current Assets			1,978	<b>1,978</b>
Cash and Cash Equivalents			4,741	<b>4,741</b>
<b>Total</b>			<b>7,886,342</b>	<b>7,886,342</b>
<b>Financial liabilities:</b>				
Borrowings [including current maturities and interest accrued but not due]			7,446,485	<b>7,446,485</b>
Non Current Other Financial Liabilities			1,231	<b>1,231</b>
Trade payables			88,123	<b>88,123</b>
Other Current Financial Liabilities			9,163	<b>9,163</b>
<b>Total</b>			<b>7,545,002</b>	<b>7,545,002</b>
	As at March 31, 2017			
<b>Financial assets:</b>				
Non Current Other Financial Assets			1,847	<b>1,847</b>
Other Non-Current Assets			3,133	<b>3,133</b>
Cash and Cash Equivalents			4,807	<b>4,807</b>
Current Loans			653	<b>653</b>
Other Current Financial Assets			165	<b>165</b>
<b>Total</b>			<b>10,605</b>	<b>10,605</b>
<b>Financial liabilities:</b>				
Borrowings [including current maturities and interest accrued but not due]			6,319,361	<b>6,319,361</b>
Non Current Other Financial Liabilities			1,139	<b>1,139</b>
Trade payables			74,854	<b>74,854</b>
Other Current Financial Liabilities			91,563	<b>91,563</b>
<b>Total</b>			<b>6,486,917</b>	<b>6,486,917</b>

**B Risk Management:**

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

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

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

**a Credit risk:**

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

**b Liquidity risk:**

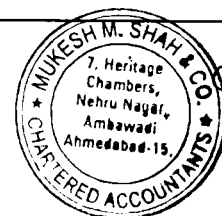
a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

b Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet its obligations.

**Maturities of financial liabilities:**

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

	INR-Thousands				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As at March 31, 2018				
<b>Non-derivatives:</b>					
Borrowings (including current maturities and interest accrued)	3,192,016	3,349,262	1,575,891	90,568	8,207,737
Trade payable	88,123				88,123
Accrued Expenses	104,853				104,853
<b>Total</b>	<b>3,384,992</b>	<b>3,349,262</b>	<b>1,575,891</b>	<b>90,568</b>	<b>8,400,713</b>
	As at March 31, 2017				
<b>Non-derivatives:</b>					
Borrowings (including current maturities and interest accrued)	540,095	2,949,153	3,050,908	734,395	7,274,551
Trade payable	77,230				77,230
Accrued Expenses	99,380				99,380
<b>Total</b>	<b>716,705</b>	<b>2,949,153</b>	<b>3,050,908</b>	<b>734,395</b>	<b>7,451,161</b>



**ZYDUS TECHNOLOGIES LIMITED**  
**Notes to the Financial Statements**

**Note: 28-Financial Risk Management:-Continued:**

**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.

**Foreign currency risk exposure:**

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

	INR- Thousands					
	As at March 31, 2018			As at March 31, 2017		
	Movement in Rate	Impact on Balancesheet [*]	Impact on Other Equity [*]	Movement in Rate	Impact on Balancesheet [*]	Impact on Other Equity [*]
USD	4.00%	93,031	-	4.00%	89,910	-
USD	-4.00%	(93,031)	-	-4.00%	(89,910)	-
EUR	7.00%	31	-	8.00%	25	-
EUR	7.00%	31	-	-8.00%	(25)	-

\* Holding all other variables constant

**d Interest rate risk:**

**Liabilities:**

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

**Interest rate risk exposure:**

Below is the overall exposure of the Company to interest rate risk:

	Movement in Rate	INR-Thousands	
		As at March 31	
		2018	2017
Interest rates	+0.50%	23,598	31,139
Interest rates	-0.50%	(23,598)	(31,139)

\* Holding all other variables constant

**Note: 29-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.

**Loan covenants:**

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

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

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

**Note: 30**

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

**Signatures to Significant Accounting Policies and Notes 1 to 30 to the Financial Statements**

As per our report of even date

For Mukesh M. Shah & Co.,  
Chartered Accountants  
Balances with Statutory Authorities

For and on behalf of the Board

*C S Shah*

Chandresh S. Shah

Partner

Membership Number: 042132

Ahmedabad, Dated: May 17, 2018

*Dishita Shah*  
Dishita Shah  
Company Secretary

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

*Vishal Shah*  
Vishal Shah  
Whole Time Director

*Sharvil P. Patel*  
Sharvil P. Patel  
Chairman

