

## **INDEPENDENT AUDITORS' REPORT**

**THE SHAREHOLDERS,  
ZYDUS DISCOVERY DMCC,  
DMCC, DUBAI - UNITED ARAB EMIRATES.**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **OPINION**

We have audited the financial **ZYDUS DISCOVERY DMCC, DMCC, DUBAI - UNITED ARAB EMIRATES**, the Company), which comprise the Statement of Financial Position as at 31<sup>st</sup> March 2019, and the Statement of Comprehensive Income, the Statement of Changes in equity and the statement of Cash Flows for the year then ended and Notes to the Financial Statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements and subject to the notes read thereon, present fairly, in all material respects, the financial position of the Company as at 31<sup>st</sup> March 2019, and its financial performance and its cash flows for the year then ended in accordance with Indian Accountant standard (IND-AS).

#### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indian Accountant standard (IND-AS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

## II

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Opinion: In our opinion, to the best of information and according to the explanation given to us the company has, in all material respect, an adequate internal financial control system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31,2019.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

We are not aware of any contraventions during the period of applicable law which may have a material effect on the financial position of the company and the results of its operations for the year then ended.

**For RAO & ROSS**  
**Chartered Accountants**



**Authorized Signatory**  
**Dated: 20th April, 2019.**



**ZYDUS DISCOVERY DMCC**  
**Balance Sheet as at Mar 31,2019**

Particulars	Note No.	USD	
		As at	
		Mar 31,2019	Mar 31,2018
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Property, Plant and Equipment	3 [A]	441,669	458,026
Other Intangible Assets	3 [B]	16,600,000	16,600,000
		-	-
		<b>17,041,669</b>	<b>17,058,026</b>
<b>Current Assets:</b>			
Trade Receivables:	4	4,000	
Cash and Cash Equivalents	5	13,564	65,530
Other Current Assets	6	40,619	31,101
		<b>58,182</b>	<b>96,631</b>
<b>Total</b>		<b>17,099,851</b>	<b>17,154,657</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Equity:</b>			
Equity Share Capital	7	8,013,623	8,013,623
Other Equity	8	(22,584,297)	(11,203,490)
		<b>(14,570,674)</b>	<b>(3,189,867)</b>
<b>Non-Current Liabilities:</b>			
Financial Liabilities:			
Borrowings	9	29,075,000	19,300,000
Provisions	10	41,243	41,243
		<b>29,116,243</b>	<b>19,341,243</b>
<b>Current Liabilities:</b>			
Financial Liabilities:			
Trade Payables	11	2,028,228	743,917
Other Financial Liabilities	12	526,053	259,364
		<b>2,554,281</b>	<b>1,003,281</b>
<b>Total</b>		<b>17,099,851</b>	<b>17,154,658</b>
<b>Significant Accounting Policies</b>	2		
<b>Notes to the Financial Statements</b>	1 to 19		

As per our report of even date  
For Rao & Ross  
Chartered Accountants  
Firm Registration Number: 106

For and on behalf of the Board

Partner  
Place : Dubai  
Dated: 20th April 2019



*Deven Parmar*  
Dr Deven Parmar  
Director



*Ketankumar Bhut*  
Ketankumar Bhut  
Director

**ZYDUS DISCOVERY DMCC**  
**Statement of Profit and Loss for the year ended Mar 31,2019**

Particulars	Note No.	USD	
		Year Ended	
		Mar 31,2019	Mar 31,2018
Employee Benefits Expense	13	364,199	222,857
Finance Costs	14	909,882	406,719
Depreciation, Amortisation and Impairment expense	15	18,209	15,307
Other Expenses	16	10,088,517	6,963,725
<b>Total Expenses</b>		<b>11,380,807</b>	<b>7,608,608</b>
<b>Loss before Exceptional items and Tax</b>		<b>(11,380,807)</b>	<b>(7,608,608)</b>
Less: Exceptional Items		-	-
<b>Loss for the year</b>		<b>(11,380,807)</b>	<b>(7,608,608)</b>
<b>OTHER COMPREHENSIVE INCOME [OCI]:</b>		-	-
<b>Other Comprehensive Income for the year</b>		-	-
<b>Total Comprehensive Income for the year</b>		<b>(11,380,807)</b>	<b>(7,608,608)</b>
<b>Basic &amp; Diluted Earning per Equity Share [EPS]</b>	17	<b>(387.0)</b>	<b>(258.7)</b>

As per our report of even date

For Rao & Ross  
 Chartered Accountants  
 Firm Registration Number: 106

Partner  
 Place : Dubai  
 Dated: 20th April 2018



For and on behalf of the Board

*Deven Parmar*  
 Dr Deven Parmar  
 Director

*Ketankumar Bhut*  
 Ketankumar Bhut  
 Director



ZYDUS DISCOVERY DMCC

Statement of Change in Equity for the period ended March 31, 2019

a Equity Share Capital:	No. of Shares	USD
<b>Equity Shares of AED 1000/- each, Issued, Subscribed and Fully Paid-up:</b>		
As at March 31, 2017	29,410	8,013,623
Issued during the year	-	-
As at March 31, 2018	29,410	8,013,623
Issued during the year	-	-
As at Mar 31,2019	29,410	8,013,623
<b>b Other Equity:</b>		USD
		Reserves and Surplus
		Retained Earnings
<b>As at March 31, 2017</b>		(3,594,882)
Add: Loss for the year		(7,608,608)
<b>Total Comprehensive Income</b>		(11,203,490)
<b>As at March 31, 2018</b>		(11,203,490)
Add: Loss for the year		(11,380,807)
<b>Total Comprehensive Income</b>		(22,584,297)
<b>As at Mar 31,2019</b>		(22,584,297)

As per our report of even date

For and on behalf of the Board

For Rao & Ross

Chartered Accountants

Firm Registration Number: 106



Partner

Place : Dubai

Dated: 20th April 2018




Dr Deven Parmar

Director




Ketankumar Bhut

Director

**ZYDUS DISCOVERY DMCC**  
Cash Flow Statement for the year ended

Particulars	USD	
	Year Ended	
	March 31, 2019	March 31, 2018
<b>A Cash flows from operating activities:</b>		
Loss before tax	(11,380,807)	(7,608,608)
Adjustments for:		
Depreciation, Impairment and Amortisation expenses	18,209	15,307
Interest expenses	901,823	404,498
Provisions for employee benefits	-	9,538
Total Loss	920,032	429,343
Operating profit before working capital changes	(10,460,775)	(7,179,265)
Adjustments for:		
[Increase] in trade receivables	(4,000)	-
[Increase] in other assets	(11,632)	(19,943)
Increase in trade payables	1,284,855	515,504
[Decrease] in other liabilities	(20,000)	(44,948)
Total	1,249,224	450,614
Cash used in operations	(9,211,550)	(6,728,652)
Net cash used in operating activities	<b>(9,211,550)</b>	<b>(6,728,652)</b>
<b>B Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(280)	(38,634)
Net cash used in investing activities	<b>(280)</b>	<b>(38,634)</b>
<b>C Cash flows from financing activities:</b>		
Proceeds from non current borrowings	9,775,000	5,986,929
Interest paid	(615,134)	(291,517)
Net cash from financing activities	<b>9,159,866</b>	<b>5,695,412</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(51,965)</b>	<b>(1,071,873)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	65,530	1,137,403
<b>Cash and cash equivalents at the end of the year</b>	13,564	65,530

**Notes to the Cash Flow Statement**

- All figures in brackets are outflows.
- Previous year's figures have been regrouped wherever necessary.
- Cash and cash equivalents comprise of:

	As at	
	Mar 31 2019	Mar 31 2018
a Cash on Hand	2,043	3,064
b Balances with Banks	11,521	62,466
c Investment in Liquid Mutual Funds	-	-
	<u>13,564</u>	<u>65,530</u>

- Change in Liability arising from financing activities:

	As at April 01,	Cash flow	Foreign exchange movement	Total
Borrowing - Non Current	19,300,000	9,775,000	-	29,075,000
Borrowing - Current			-	0
	<u>19,300,000</u>	<u>9,775,000</u>	<u>-</u>	<u>29,075,000</u>

**As per our report of even date**  
**For Rao & Ross**  
**Chartered Accountants**  
**Firm Registration Number: 106**

*Servant*

**Partner**  
**Place : Dubai**  
**Dated: 20th April 2018**



*Dr Deven Parmar*

**Dr Deven Parmar**  
**Director**

**For and on behalf of the Board**

*Ketankumar Bhut*  
(KETANK BHUT)



**Ketankumar Bhut**  
**Director**

**ZYDUS DISCOVERY DMCC**  
**Notes to the Financial Statements**

**Note: 3[A]-Property, Plant & Equipment & [B] Intangible Assets**

[A] Property, Plant and Equipment:					USD
	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Total
Gross Block:					
As at March 1, 2017	417,143	3,310	34,474	11,386	466,313
Additions		6,644	33,828	-	40,472
As at March 31, 2018	417,143	9,954	68,302	11,386	506,785
Additions		280		-	280
<b>As at Mar 31, 2019</b>	<b>417,143</b>	<b>10,234</b>	<b>68,302</b>	<b>11,386</b>	<b>507,065</b>
Depreciation and Impairment:					
As at March 1, 2017	18,346	1,291	6,566	5,412	31,615
Depreciation for the year	7,787	1,689	3,469	2,362	15,307
As at March 31, 2018	26,133	2,980	10,035	7,774	46,922
Depreciation for the year	6,967	4,411	6,830	-	18,209
<b>As at Mar 31, 2019</b>	<b>33,101</b>	<b>7,391</b>	<b>16,865</b>	<b>7,774</b>	<b>65,131</b>
Net Block:					
As at March 31, 2017	398,797	2,019	27,908	5,974	434,698
As at March 31, 2018	391,010	6,974	58,267	1,775	458,025
<b>As at Mar 31, 2019</b>	<b>384,042</b>	<b>2,843</b>	<b>51,437</b>	<b>3,347</b>	<b>441,669</b>

**[B] Intangible Assets:**

	Other Intangible Assets	
	Commercial Rights/ Licenses	Total
Gross Block:		
As at March 1, 2017	16,600,000	16,600,000
Additions	-	-
As at March 31, 2018	16,600,000	16,600,000
Additions	-	-
<b>As at Mar 31, 2019</b>	<b>16,600,000</b>	<b>16,600,000</b>
Amortisation and Impairment:		
As at March 1, 2017	-	-
Amortisation for the year	-	-
As at March 31, 2018	-	-
Amortisation for the year	-	-
As at Mar 31, 2019	-	-
Net Block:		
As at March 31, 2018	16,600,000	16,600,000
<b>As at Mar 31, 2019</b>	<b>16,600,000</b>	<b>16,600,000</b>





**ZYDUS DISCOVERY DMCC**  
**Notes to the Financial Statements**

Note: 4-Trade Receivables:	USD	
	As at	
	Mar 31, 2019	March 31, 2018
Unsecured : Considered good	4,000	-
<b>Total</b>	<b>4,000</b>	<b>-</b>
<b>Note: 5-Cash and Cash Equivalents:</b>		
Balances with Banks	11,521	62,466
Cash on Hand	2,043	3,064
<b>Total</b>	<b>13,564</b>	<b>65,530</b>
<b>Note: 6-Other Current Assets:</b>		
[Unsecured, Considered Good]		
Advances to Suppliers	1,089	1,634
Balances with Statutory Authorities	5,751	1,910
Prepaid Expenses	33,778	27,557
<b>Total</b>	<b>40,619</b>	<b>31,101</b>
<b>Note: 7-Equity Share Capital:</b>		
<b>Authorised:</b>		
29410 [as at 31-March-2018: 29410 ] Equity Shares of 1000 AED /- each	8,013,623	8,013,623
	<b>8,013,623</b>	<b>8,013,623</b>
<b>Issued, Subscribed and Paid-up:</b>		
29410 [as at 31-March-2018: 29410 ] Equity Shares of 1000 AED /- each fully paid	8,013,623	8,013,623
<b>Total</b>	<b>8,013,623</b>	<b>8,013,623</b>
A There is no change in the number of shares as at the beginning and end of the year. Number of shares at the beginning of the year and end of the year	29,410	29,410
B Details of Shareholder holding more than 5% of aggregate Equity Shares of AED 1000/- each, fully paid:		
Name of Share holder <b>Zydus Worldwide DMCC</b>		
Number of Shares	<b>29,410</b>	<b>29,410</b>
% to total share holding	<b>100.00%</b>	<b>100.00%</b>
C The Company has only one class of equity shares having a par value of AED 1000 /- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
<b>Note: 8-Other Equity:</b>		
<b>Retained Earnings:</b>		
Balance as per last Balance Sheet	(11,203,490)	(3,594,882)
Add: Loss for the year	(11,380,807)	(7,608,608)
<b>Total</b>	<b>(22,584,297)</b>	<b>(11,203,490)</b>



**ZYDUS DISCOVERY DMCC**

**Notes to the Financial Statements**

**Note: 9-Borrowings:**

	USD			
	Non-current portion		Current Maturities	
	As at		As at	
	Mar 31, 2019	March 31, 2018	Mar 31, 2019	March 31, 2018
A Term loan [From Related Party] Unsecured	29,075,000	19,300,000	-	-
<b>Total</b>	<b>29,075,000</b>	<b>19,300,000</b>	-	-
The above amount includes:				
<b>Zydus International Private Limited</b> The Loan is bearing interest of 6 month USD libor plus 75 Spread. The tenure of the loan shall be 3 years from the disbursement date, which can be further renewed on yearly basis however the total tenure of the loan shall not exceed 5 years from the date of first disbursement.	12,100,000	12,100,000	-	-
<b>Zydus Worldwide DMCC</b> The Loan was bearing interest of 6 month USD libor plus 50 spread. The tenure of the loan shall be 3 years from the disbursement date, which can be further renewed on yearly basis however the total tenure of the loan shall not exceed 5 years from the date of first disbursement.	16,975,000	7,200,000	-	-
<b>Net amount</b>	<b>29,075,000</b>	<b>19,300,000</b>	-	-

**Note: 10-Provisions:**

Provision for Employee Benefits	41,243	41,243
<b>Total</b>	<b>41,243</b>	<b>41,243</b>

**Note: 11-Trade Payables:**

Trade Payables	2,028,228	743,918
<b>Total</b>	<b>2,028,228</b>	<b>743,918</b>

**Note: 12-Other Financial Liabilities:**

Interest accrued but not due on borrowings	517,612	230,923
Provision for Expenses	8,442	16,179
Others	-	12,263
<b>Total</b>	<b>526,053</b>	<b>259,364</b>



**ZYDUS DISCOVERY DMCC**  
**Notes to the Financial Statements**

	USD	
	Year Ended	
	Mar 31,2019	Mar 31,2018
<b>Note: 13-Employee Benefits Expense:</b>		
Salaries and wages	364,199	217,407
Contribution to provident and other funds	-	5,450
<b>Total</b>	<b>364,199</b>	<b>222,857</b>
<b>Note: 14-Finance Cost:</b>		
Interest expense [*]	901,823	404,498
Net [Gain]/ Loss on foreign currency transactions and translation	4,751	(48)
Bank commission & charges	3,308	2,269
<b>Total</b>	<b>909,882</b>	<b>406,719</b>
<b>Note: 15- Depreciation</b>		
Depreciation	18,209	15,307
Amortisation	-	-
<b>Total</b>	<b>18,209</b>	<b>15,307</b>
<b>Note: 16-Other Expenses:</b>		
Clinical Trial Expense	9,966,701	6,867,076
Power & fuel	939	986
Insurance	3,094	14,164
Rates and Taxes [excluding taxes on income]	15,583	20,547
Directors' Remuneration	-	12,263
Traveling Expenses	66,722	11,401
Legal and Professional Fees	5,185	4000
Payment to the Statutory Auditors [excluding Service Tax]:		
- As Auditor	3,540	3,131
- For Other Services	-	-
Miscellaneous Expenses [***]	26,754	30,157
<b>Total</b>	<b>10,088,517</b>	<b>6,963,725</b>
Above expenses includes Research related expenses as follows:		
<b>Clinical Trial Expenses</b>	<b>9,966,701</b>	<b>6,867,076</b>
Total	<b>9,966,701</b>	<b>6,867,076</b>
<b>Note: 17-Calculation of Earnings per Equity Share [EPS]:</b>		
The numerators and denominators used to calculate the basic and diluted EPS are as follows:		
A Loss attributable to Shareholders	USD (11,380,807)	(7,608,608)
B Basic and weighted average number of Equity shares outstanding during the year	Numbers 29,410	29,410
C Nominal value of equity share	AED 1,000	1,000
D Basic & Diluted EPS	USD (386.97)	(258.71)



**ZYDUS DISCOVERY DMCC**  
**Notes to the Financial Statements**

**Note: 18-Segment Information:**

The Chief operating Decision maker [CODM] reviews the Company as a single segment namely "Pharmaceutical Segment"  
Therefore the segment reporting is not required.

**Note: 19-Related Party Transactions:**

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

**a Holding Company :**

Zydus Worldwide DMCC [Dubai]

**b Fellow Subsidiaries :**

Dialforhealth India Limited	Zydus Pharmaceuticals (USA) Inc. [USA]
Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Dialforhealth Greencross Limited	Zydus Healthcare (USA) LLC [USA]
Zydus Healthcare Limited	Sentynl Therapeutics Inc. [USA]
Zydus Wellness Limited	Zydus Noveltech Inc. [USA]
Zydus Nutritions Limited- formerly known as M/s. Zydus Wellness-Sikkim, a Partnership Firm	Hercon Pharmaceuticals LLC [USA]
Liva Pharmaceuticals Limited	Viona Pharmaceuticals Inc. [USA]
Liva Nutritions Limited	Z AHL B.V. [the Netherlands]
Liva Investment Limited	Z AHL Europe B.V. [the Netherlands]
Zydus Technologies Limited	Bremer Pharma GmbH [Germany] [Refer Note-45]
Acme Pharmaceuticals Private Limited	Windlas Inc [USA]
Alidac Pharmaceuticals Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Violo Healthcare Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Violo Pharmaceuticals Limited	Script Management Services (Pty) Ltd [South Africa]
Windlas Healthcare Private Limited	Zydus France, SAS [France]
Zydus Lanka (Private) Limited [Sri Lanka]	Laboratorios Combix S.L. [Spain]
Zydus Healthcare Philippines Inc. [Philippines]	Zydus Nikkho Farmaceutica Ltda. [Brazil]
Zydus International Private Limited [Ireland]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Zydus Netherlands B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Etna Biotech S.R.L. [Italy]	Alidac Healthcare (Myanmar) Limited [Myanmar]

**c Directors :**

Dr. Sharvil P. Patel  
Mr. Ketankumar Bhut  
Mr. Pradeep Agihotri

Dr. Deven Parmar (with effect from 6th Jul 2018)  
Mr. Malav Shah (with effect from 7th Feb 2019)



ZYDUS DISCOVERY DMCC

Notes to the Financial Statements

**B Transactions with Related Parties:**

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

**a** Details relating to parties referred to in Note 18-A [a, b, & c]

Nature of Transactions	USD	
	As at	
	<b>Mar 31, 2019</b>	<b>Mar 31, 2018</b>
<b>Purchase:</b>		
<b>Services:</b>		
Zydus Healthcare (USA) LLC	510,432	350,361
<b>Services:</b>		
Director Fees	-	12,263
<b>Finance:</b>		
<b>Inter Corporate Loans given/Received :</b>		
Zydus Worldwide DMCC - Received	9,775,000	2,500,000
Zydus International Pvt Ltd - Received	-	3,500,000
<b>Finance:</b>		
<b>Interest Paid / Accrued</b>		
Zydus International Pvt. Ltd. (Int accrued)	400,527	251,325
Zydus Worldwide DMCC (Int accrued)	501,296	153,173
<b>Outstanding:</b>		
<b>Payable: (Loan Outstanding)</b>		
Zydus International Pvt. Ltd. (Loan)	12,100,000	12,100,000
Zydus Worldwide DMCC (Loan)	16,975,000	5,400,000
<b>Payable: (Interest &amp; Other)</b>		
Zydus Healthcare (USA) LLC (Other)	149,634	-
Zydus International Pvt. Ltd. (Interest)	204,315	137,638
Zydus Worldwide DMCC (Interest)	313,296	93,285
<b>Receivable:</b>		



**Zydus Discovery DMCC**

**I-Company overview:**

**Description of Business:**

Zydus Discovery DMCC [the Company] is formed as a company with Limited Liability and under the provisions of law no. (4) Of 2001 in respect of establishing Dubai Multi Commodities Center [DMCC], Dubai (U.A.E.) vide Registration no. DMCC 00001, with Limited Liability. The company is engaged in the business of Pharmaceutical Researches, Marketing Management and studies and training in pharmaceutical products (outside UAE) [DMCC] vide License no. DMCC-061719 and DMCC-061720. The company has not commenced commercial activities till the year ended 31st March 2019

**II-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 are in compliance with the Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.
- B** The financial statements have been prepared on historical cost basis

**2 Use of Estimates:**

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

**a Property Plant & 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.

**b Impairment of assets and investments:**

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

**3 Property Plant & Equipment**

- a** Property Plant & Equipment are stated at historical cost less accumulated depreciation and impairment loss.
- b** Cost of each asset is depreciated over the estimated useful lives on straight line method, based on useful lives as below:

Assets	Useful life
Building	60 Years
Furniture and Fixtures	10 Years
Plant & Machinery	5 Years
Office Equipment	5 Years

- c** 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.
- d** Tangible fixed assets are depreciated over the estimated useful life which is periodically reviewed to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefit
- e** Repairs and renewals are recognised in profit or loss when the expenditure incurred.

**4 Impairment**

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 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.

**5 Employee Benefits**

**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' service up to the end of the reporting period and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current.



**6 Revenue recognition:**

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 is shown net of returns, trade allowances, rebates, value added taxes and volume discounts.

**7 Foreign Currency [Currency other than company's functional currency] Transactions:**

Foreign currency transactions are recorded in USD at the approximate rate of exchange prevailing on the date of transactions. Foreign currency balances of monetary assets and liabilities are translated to USD at the rate of exchange prevailing at the date of the reporting date. Gains or losses on exchange are recognised in statement of profit and loss.

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

- a Provision is 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. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates. Contingent assets are not recognised in the financial statements.
- b If the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability

**9 Borrowing Cost:**

- a Borrowing costs consists of Interest and other borrowing cost that are incurred in connection with the borrowing of the 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, if any, to the extent 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 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 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.
- C 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.
- D 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.

**11 Research and Development Cost:**

- A Expenditure on research and development is charged to the Statement of Profit and Loss of the year in which it is incurred.
- B Capital expenditure on research and development is given the same treatment as Property, Plant and Equipment.

**12 Cash and Cash Equivalents:**

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

**13 Going Concern:**

The Financial Statements have been prepared on a going concern basis. The management made a review of the going concern assessment and considered the same. The management believes that, on the date of report, establishment has sufficient financial resources to meet the committed financial liabilities and therefore the financial statements for the current reporting period are prepared on a going concern basis.

**14 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.

