

ZYDUS NUTRITIONS LIMITED

Regd. Office: House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple,
Sarkhej-Gandhinagar Highway, Ahmedabad-380015
Phone: +91-79-67775888 (20 Lines) Fax: +91-79-67775888
CIN: U15400GJ2019PLC106866

NOTICE

NOTICE is hereby given that the First Annual General Meeting of the Company will be held on Tuesday, July 30, 2019 at 10.30 a.m. at the Registered Office of the Company situated at House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad – 380015 to transact the following business:

Ordinary business:

1. To receive, consider, and adopt the Audited Financial Statements for the year ended on March 31, 2019 along with the report of the Board of Directors and Auditors thereon.
2. **To appoint the Statutory Auditors and fix their remuneration:**

To consider and if thought fit, to pass with or without modification[s], the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of section 139 of the Companies Act, 2013 read with the Companies [Audit and Auditors] Rules, 2014 and other applicable provisions, if any, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s Dhirubhai Shah & Co LLP [Firm Registration No. 102511W/W100298], be and are hereby appointed as the Statutory Auditors of the company, to hold office for a period of five years from the conclusion of the First Annual General Meeting till the conclusion of the Sixth Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to decide and finalize the terms and conditions of appointment, including the remuneration to the Statutory Auditors.”

Special business:

3. **Shifting of Registered Office of the Company:**

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

“RESOLVED THAT pursuant to the provisions of section 12 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, the Registered Office of the Company be shifted from its present address at “House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad-380015 to “Zydus Corporate Park”, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej-Gandhinagar Highway, Ahmedabad-382481, which is outside the local limits of the city, but within the same state falling under the jurisdiction of Registrar of Companies, Gujarat.

RESOLVED FURTHER THAT Dr. Sharvil P. Patel and Mr. Tarun G. Arora, Directors of the Company be and are hereby severally authorized to file necessary forms and documents, as may be required and do all such acts, deeds and things as may be deemed fit and proper for shifting of registered office of the Company.”

By order of the Board of Directors

**Sd/-
Tarun G. Arora
Director**

Date: May 28, 2019

Place: Ahmedabad

Registered Office:

House No. 6 & 7, Sigma Commerce Zone,
Near Iscon Temple, Sarkhej – Gandhinagar Highway,
Ahmedabad – 380015

NOTE:

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.

Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013:

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

In respect of Item No 3:

As per provisions of section 12 of the Companies Act, 2013 read with the relevant Rules, for shifting of Registered Office of the Company outside the local limits of any city or town requires approval of the members by way of Special Resolution. The Company's existing Registered Office is located at House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej–Gandhinagar Highway, Ahmedabad–380015, which is within the local limits of Ahmedabad. The Company has set up new office premises in the name of “Zydus Corporate Park”, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej – Gandhinagar Highway, Ahmedabad–382481. The new office is most likely to be ready in near future and all employees will be shifted to the new office.

In view of the same, the Board recommends the Special Resolution as set out at Item No. 3 of this Notice for the approval of the members of the Company.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives is in any way, concerned or interested, financially or otherwise, in the said resolution.

By order of the Board of Directors

**Sd/-
Tarun G. Arora
Director**

Date: May 28, 2019

Place: Ahmedabad

Registered Office:

House No. 6 & 7, Sigma Commerce Zone,
Near Iscon Temple, Sarkhej – Gandhinagar Highway,
Ahmedabad – 380015

ZYDUS NUTRITIONS LIMITED

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Phone: +91-79-67775888 (20 Lines) Fax: +91-79-67775888
CIN: U15400GJ2019PLC106866

Boards' Report

Your Directors are pleased to present the First Annual Report and the Audited Financial Statements for the Financial Year ended on March 31, 2019.

Brief on the Company:

The Company was incorporated on February 28, 2019 consequent upon conversion of an existing partnership firm in the name of M/s. Zydus Wellness, Sikkim [ZWS], pursuant to the provisions of section 366 and Chapter XXI of the Companies Act, 2013.

Financial Results:

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

The financial performance of the Company, for the Financial Year ended on March 31, 2019 are summarized below:

(Rs. In Lakh)	
Particulars	March 31, 2019
Revenue from Operations and other Income	22,207
Profit before Interest, Depreciation, Amortization and Impairment Expenses & Tax [PBIDT]	5,445
Less: Finance Cost	869
Less: Depreciation, Amortization and Impairment Expenses	3,434
Profit Before Tax [PBT]	1,142
Less: Tax Expenses	-2,035
Profit After Tax [PAT]	3,176
Closing Balance in Retained Earnings	3,70,296
Earnings Per Share [EPS] [Face Value of shares of Re. 10/- each]	
Basic	29.40
Diluted	29.40

Results of operations (Consolidated):

This was the first year of the Company and during the year under review, your Company has achieved the sales revenue of Rs. 21,448 Lakh and the profit before tax is Rs. 1,142 Lakh. Profit after tax for the year ended on March 31, 2019 was Rs. 3,176 Lakh.

Dividend:

The Board does not recommend any dividend for the year ended on March 31, 2019 to meet with the future prospects.

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.

Disclosures on Related Party Transactions are set out in Note No. 29 to the Financial Statements.

Fixed Deposits:

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

Alteration of Memorandum of Association (MOA):

During the year under review the authorised share capital of the Company was reclassified from Rs. 500,00,00,000 (Rupees Five Hundred Crores Only) divided into 50,00,00,000 (Fifty Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 425,00,00,000 (Four Hundred and Twenty Five Crores Only) divided into 42,50,00,000 (Forty Two Crores Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and Rs. 75,00,00,000 (Seventy Five Crores Only) divided into 7,50,00,000 (Seven Crores Fifty Lakhs) 7% Optionally Convertible Non-cumulative Redeemable Preference shares of Rs. 10/- (Rupees Ten Only) each.

Issue of Equity Shares of the Company:

During the year under review, your Company had issued and allotted 1,04,39,560 (One Crore Four Lakhs Thirty Nine Thousand Five Hundred Sixty) Equity shares of Rs.10/- (Rupees Ten Only) each issued at a premium of Rs. 354/- (Rupees Three Hundred Fifty Four Only) each against the conversion of existing unsecured Loan of Rs. 380,00,00,000 (Rupees Three Hundred Eighty Crores Only) of Zydus Wellness Limited (herein after referred to as Lender).

Issue of Compulsory Convertible Debentures (CCDs):

During the year under review, your Company has also allotted 20,00,00,000 (Twenty Crore) CCDs of Rs 10/- (Rupees Ten Only) each to Zydus Wellness Limited by converting the existing unsecured loan of Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only) availed from its parent Company Zydus Wellness Limited. The CCDs are compulsorily convertible within a period of ten years.

Merger of Heinz India Private limited with the Company:

During the year under review, a Scheme of Amalgamation of Heinz India Private Limited (HIPL) with the Company was filed with the Hon'ble National Company Law Tribunal, Bench at Ahmedabad (NCLT) and the same was approved on May 10, 2019. In view of the same, HIPL has been amalgamated with the Company from the Appointed Date i.e. March 1, 2019. The order

of the NCLT was filed by the Company on May 24, 2019 with the Registrar of Companies, Gujarat and hence became effective from that date.

Directors:

Dr. Sharvil P. Patel (DIN: 00131995), Mr. Ashish Bhargava (DIN: 02574919), Ms. Dharmishtaben N. Raval (DIN: 02792246) and Mr. Tarun G. Arora (DIN: 07185311) were appointed as the first Directors of the Company.

The Board recommends the appointment of Mr. Tarun G. Arora as a Director of the Company liable to retire by rotation.

Key Managerial Personnel:

Mr. Tarun G. Arora was appointed as Whole Time Director of the Company w.e.f. May 10, 2019. Mr. Umesh V. Parikh was appointed as the Chief Financial Officer of the Company and Mr. Dhanraj P. Dagar was appointed as the Company Secretary of the Company, w.e.f. May 27, 2019 respectively.

All of the above are designated as the Key Managerial Personnel of the Company.

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 the 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, 2019 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, three Board Meetings were held, two meetings on February 28, 2019 and one

on March 31, 2019. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. The Directors remained present in the meetings.

Auditors:

i) Statutory Auditors and their Report:

M/s. Dhirubhai Shah & Co. LLP, Chartered Accountants, Ahmedabad (Firm Registration No. 102511W/W100298) were appointed as the first auditors by the board of directors in their meeting held on February 28, 2019 to hold the office of statutory auditors until the conclusion of the ensuing annual general meeting of the members of the Company.

The Company has received a certificate from the Statutory Auditors to the effect that their appointment, if made, will be within the limits defined under section 139 of the Companies Act, 2013.

The Board recommends the appointment of and fixing remuneration M/s. Dhirubhai Shah & Co. LLP, Chartered Accountants, Ahmedabad (Firm Registration No. 102511W/W100298) as the Statutory Auditors of the Company for a period of five years from the conclusion of the first annual general meeting until the conclusion of sixth annual general meeting.

The Board has duly reviewed the Statutory Auditor's Report furnished by M/s. Dhirubhai Shah & Co. LLP, Chartered Accountants for the period ended on March 31, 2019. The observations & comments, appearing in the said report are self-explanatory and do not call for any further explanation/clarification by the Board in its Report as provided under section 134 of the Act.

ii) Secretarial Auditor and Secretarial Audit Report:

The Board has appointed Hitesh Buch & Associates, Practicing Company Secretaries in Whole Time Practice to undertake the Secretarial Audit of the Company for the Financial Year 2018–2019. The Secretarial Audit Report is annexed herewith as **Annexure–“A”**. 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 was incorporated on February 28, 2019 consequent upon conversion of a partnership firm into a company pursuant to the provisions of the Companies Act, 2013. Net profit of the Company for the year ended on March 31, 2019 is in excess of Rs. 5 crores and in view of the same, provisions of section 135 of the Companies Act, 2013 pertaining to Corporate Social Responsibility is applicable to the Company. As this is the first year of incorporation, the Company shall constitute a CSR Committee and frame a CSR Policy and start making contribution towards CSR.

Vigil Mechanism:

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

Particulars of Loans, Guarantees or Investments:

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

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, 2019, 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-"B"**.

Secretarial Standards:

The Company has complied with the provisions of the applicable Secretarial Standards.

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-"C"** 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.

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

Particulars of Employees:

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.

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

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace

in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

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

During the Financial Year 2018–2019, the Company has not received any complaint of sexual harassment.

Acknowledgment:

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

On behalf of the Board of Directors

Place : Ahmedabad
Date : May 27, 2019

**Sd/-
SHARVIL P. PATEL
CHAIRMAN**

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2019

*[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 Nutritions Limited
House No. 6 & 7, Sigma Commerce Zone,
Nr. Iscon Temple, Sarkhej Gandhinagar Road
Satellite Cross Roads,
Ahmedabad – 380015

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

Based on our verification of the 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, the Company has, during the audit period covering the financial year ended on 31st March 2019 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:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Zydus Nutritions Limited (“the Company”) for the financial year ended on 31st March 2019 according to the provisions of:
 - (i) The Companies Act, 2013 (“the Act”) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
2. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations as applicable to the Company.
3. The Company has complied with following specific laws applicable to the Company:
 - (i) Food Safety and Standards Act, 2006
 - (ii) Legal Metrology Act, 2009

4. We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India

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

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

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

We further report that during the audit period:

- (a) The loan of Rs. 380 crore granted by Zydus Wellness Limited was converted into equity share capital by allotment of 1,04,39,560 equity shares of Rs. 10/- each at a premium of Rs. 354/- per share.
- (b) The loan of Rs. 200 crore granted by Zydus Wellness Limited was converted into 20 crore Compulsorily Convertible Debentures of Rs. 10/- each.
- (c) The board of directors passed a resolution approving the scheme of amalgamation between the Company and Heinz India Private Limited under section 230 and 232 of the Act, whereby it was proposed to amalgamate the later with the Company subject to the sanction of the scheme by National Company Law Tribunal, Ahmedabad Bench. The Application seeking directions for convening/dispensing with the meetings of the members and creditors of the Company for their approval to the proposed amalgamation was filed before the National Company Law Tribunal, Ahmedabad Bench.

Place: Ahmedabad
Date: May 27, 2019

Sd/-

Hitesh Buch
Proprietor
For, Hitesh Buch & Associates
FCS No.: 3145
C P No.: 8195

To,
The Members
Zydus Nutritions Limited
House No. 6 & 7, Sigma Commerce Zone,
Nr. Iscon Temple,
Sarkhej Gandhinagar Road
Satellite Cross Roads,
Ahmedabad – 380015

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. 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 and standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: May 27, 2019

Sd/-
Hitesh Buch
Proprietor
For, Hitesh Buch & Associates
FCS No.: 3145
C P No.: 8195

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2019

(Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014)

I. Registration and other details	
CIN	U15400GJ2019PLC106866
Registration Date	February 28, 2019
Name of the Company	Zydus Nutritions Limited
Category / Sub-Category of the Company	Public Limited Company Limited by shares
Address of the Registered Office and Contact details	House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, 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	Link Intime India Private Limited 506 to 508, 5th floor, Amarnath Business Center-I, Beside Gala Business Center, Nr. St. Xavier's College Corner, Ahmedabad - 380006 Phone: 079-26465179 E-mail: ahmedabad@linkintime.co.in

II. Principal Business Activities of the Company

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

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Table Spread	1517	100%

III. Particulars of holding, subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Zydus Wellness Limited House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad-380015	L15201GJ1994PLC023490	Holding	98.16%	2[46]

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	
viii) Foreign Portfolio Investor (Corporate)	-	-	-	-	-	-	-	-	-
ix) Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	12,72,21,968	12,72,21,968	100%	-	12,72,21,968	12,72,21,968	100%	-

ii) Shareholding of Promoters:

Shareholders Name	Shareholding at the beginning of the year (28.02.2019)			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	
Zydus Wellness Limited	11,44,46,710	98.00	Nil	12,48,86,270	98.16	Nil	-
Liva Nutritions Limited	23,29,933	2.00	Nil	23,29,933	1.84	Nil	-
Mr. Pankaj Ramanbhai Patel	*1,153	0.00%	Nil	*1,153	0.00%	Nil	-
Dr. Sharvil Pankajbhai Patel	*1,153	0.00%	Nil	*1,153	0.00%	Nil	-
Mr. Tarun G. Arora*	*1,153	0.00%	Nil	*1,153	0.00%	Nil	-
Mr. Umesh V. Parikh*	*1,153	0.00%	Nil	*1,153	0.00%	Nil	-
Mr. Vishal J. Gor*	*1,153	0.00%	Nil	*1,153	0.00%	Nil	-
Total	11,67,82,408	100.00 %	Nil	12,72,21,968	100.00 %	Nil	-

* Shares held as nominees of Liva Nutritions 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	11,44,46,710	98.00	11,44,46,710	98.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): Zydus Wellness Limited Date: 28.02.2019	1,04,39,560		1,04,39,560	
At the end of the year	12,48,86,270	98.16	12,48,86,270	98.16

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 Patel	Mr. Ashish Bhargava	Ms. Dharmishtaben N. Raval
At the beginning of the year: Number of Shares % of total shares held	**1,153 0.00%	Nil -	Nil -
Date wise increase / decrease in shareholding:	Nil	Nil	Nil
At the end of the year: Number of Shares % of total shares held	**1,153 0.00%	Nil -	Nil -

*Shares held as nominee of Liva Nutritions Limited

B. Key Managerial Personnel:

Particulars	Mr. Tarun G. Arora* Whole Time Director	Mr. Umesh V. Parikh* Chief Financial Officer	Mr. Dhanraj Dagar Company Secretary
At the beginning of the year: Number of Shares % of total shares held	1,153 0.00%	1,153 0.00%	Nil
Date wise increase / decrease in shareholding:	Nil	Nil	Nil
At the end of the year: Number of Shares % of total shares held	1,153 0.00%	1,153 0.00%	Nil

*Shares held as nominee of Liva Nutritions Limited

V. INDEBTEDNESS

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

Particulars	Rs. in Lakh			
	Secured Loans excluding deposits	Unsecured Loans	Depos- its	Total Indebted- ness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)		-	-	-
Change in Indebtedness during the financial year	-	-	-	-
Addition	-	112,000	-	112,000
Reduction	-	-	-	-
Net Change	-	112,000	-	112,000
Indebtedness at the end of the financial year				
i) Principal Amount	-	112,000	-	112,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	2,489	-	2,489
Total (i+ii+iii)	-	114,489	-	114,489

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Rs. in Lakh
		Mr. Tarun G. Arora# Whole Time Director
	Gross Salary	
1	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	Nil
	b) Value of perquisites under section 17(2) Income Tax Act, 1961	
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	
2	Stock Options	Nil
3	Sweat Equity	Nil
4	Commission	
	- As % of profit	Nil
	- Others specify	
5	Other, please specify i. Deferred bonus	Nil
	Total (A)	Nil
	Ceiling as per the Act	

Remuneration is drawn from the parent Company ZyduS Wellness Limited.

B. Remuneration to other Director:**1. Independent Directors: Nil****2. Other Non-Executive Directors:****(Rs. in Lakh)**

Particulars of Remuneration	Name of Director			Total
	Dr. Sharvil P. Patel	Mr. Ashish Bhargava	Ms. Dharmishtaben N. Raval	
- Fee for attending Board / Committee Meetings	Nil	Nil	Nil	Nil
- Commission	Nil	Nil	Nil	Nil
- Others, please specify	Nil	Nil	Nil	Nil
Total (B)(2)	Nil	Nil	Nil	Nil
Total (B)=(B)(1)+(B)(2)	Nil	Nil	Nil	Nil

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:**(Rs. In Lakh)**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Umesh V. Parikh (CFO) *	Mr. Dhanraj P. Dagar (CS)*
1.	Gross Salary		
	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	Nil	Nil
	c) Profit in lieu of salary under section 17(3) Income Tax Act, 1961		
2.	Stock Options	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
	- as % of profit	Nil	Nil
	- Others, specify	Nil	Nil
5	Others, please specify – Retrials	Nil	Nil
	Total (C)	Nil	Nil

* Appointed w.e.f. May 27, 2019 and remuneration is drawn from the parent Company – Zydus Wellness Limited

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors

Place : Ahmedabad
Date : May 27, 2019

Sd/-
SHARVIL P. PATEL
CHAIRMAN

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 or impact on conservation of energy	No
2.	Steps taken for utilization of alternate sources of energy	No
3.	Capital Investment on energy conservation equipments	Nil
B. Technology absorption:		
1.	Efforts made towards technology absorption	Not Applicable
2.	Benefits derived	Not Applicable
3.	Details of technology imported in last three years	
	a. Details of technology imported	Nil
	b. Year of import	Not Applicable
	c. Whether the technology been fully absorbed	Not Applicable
	d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable
4.	Expenditure incurred on Research and Development	Rs. 81.40 Lakhs

C. Foreign exchange earnings and outgo:

During the year, the foreign exchange earned in terms of actual inflows was Rs. 217.10 Lakhs, whereas the foreign exchange in terms of actual outflows was Rs. 88.24 Lakhs.

On behalf of the Board of Directors

Place : Ahmedabad
Date : May 27, 2019

**Sd/-
SHARVIL P. PATEL
CHAIRMAN**

Independent Auditors' Report

To the Members of Zydus Nutritions Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Zydus Nutritions Limited ("the Company"), which comprises of the balance sheet as at 31st March 2019, and the statement of Profit and Loss, and 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 information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, ("AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

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

Key Audit Matter Description	Response to Key Audit Matter
<p>A. Inventory valuation</p> <p>Reference may be made to note 6 of significant accounting policies and note 14 to the financial statements of the Company.</p> <p>Under AS 2 Valuation of Inventories, the valuation of raw material and other supplies have been an area of our focus being prime cost centre of the Company. The valuation of finished goods has also been focused upon being of a material amount.</p> <p>Valuation of Inventory in accordance with AS 2 has thus been considered as a key audit matter.</p>	<p><u>Principal Audit Procedures</u></p> <p>Our audit procedures comprised of the following:</p> <ol style="list-style-type: none"> 1. We have verified the maintenance of Stock Records with respect to Raw materials and Finished Goods and Inventory has being verified physically by management at year end and no material discrepancies have reported that need to be dealt with the books of accounts. 2. We have selected a sample of items of Raw materials and other supplies to check whether Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realizable value. Further, we have ensured that Cost of Finished Goods and Works-in-Progress are determined by taking material cost [Net of CENVAT and Input tax credit availed], labour and relevant appropriate overheads. <p><u>Conclusion:</u></p> <p>Based on the procedures performed above, we have concluded that management has complied with the requirements of AS 2 “Valuation of Inventories”.</p>
<p>B. Business Combination owing to acquisition of Heinz India Pvt. Ltd.</p> <p>The Scheme of Amalgamation of Heinz India Private Limited (Transferor Company) with Zydus Nutritions Limited was approved by the National Company law Tribunal, Ahmedabad Bench, vide its Order dated 10th May, 2019. The said Order has been filed with the Office of the Registrar of Companies, Ahmedabad, Gujarat on 24th</p>	<p><u>Principal Audit Procedures</u></p> <p>Our procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design and testing the operating effectiveness of the Company's controls over review of carrying value of investments in subsidiary; • In respect of investment in HIPL:

<p>May 2019 and accordingly, as the Scheme envisaged and as approved by the National Company Law Tribunal, the Amalgamation is effective from the Appointed Date 1st March, 2019.</p> <p>In terms of the Scheme, all assets, liabilities of Heinz India Private Limited have been vested with the Company with effect from 01st March 2019 and have been recorded at their respective fair values under the Purchase Accounting Method based on the Purchase Price Allocation report obtained from the Registered Valuer.</p> <p>Goodwill amounting to INR 377654 Lakhs arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.</p> <p>We considered this as a key audit matter due to the brevity and significance of the value of investment made by the Company.</p>	<p>(i) Considered the work of external independent valuation expert(s) engaged by the Company;</p> <p>(ii) Assessed the independent valuation expert's methods, competency and objectivity;</p> <p>(iii) Verified the Scheme of Merger and the order of NCLT including the accounting treatment and ensured that accounting principles have been correctly applied.</p> <p>Based on the above procedures performed, we noted that the Management's assessment of accounting of value of Investments and Goodwill are in consonance with the Accounting Norms and are aligned with the Accounting Standard norms.</p>
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Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' 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, a statement on the matters specified in the paragraph 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 and the cash flow statement dealt with by this Report are in agreement with the books of account;

- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 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”; and
- g. With respect to the other matters to be included in the Auditors’ 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:
 - i. the Company has disclosed the impact, wherever necessary, of pending litigations on its financial position in its financial statements;
 - ii. the Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For, Dhirubhai Shah & Co LLP

Chartered Accountants

Firm’s registration number: 102511W/W100298

Sd/-

Harish B Patel

Partner

Membership number: 014427

Place: Ahmedabad

Date: 27th May 2019

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2019, we report that:

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular program of physical verification of its fixed assets. In accordance with this program, fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification 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.
- (ii) The inventory has been physically verified at reasonable intervals. No material discrepancies were noticed on such verification.
- (iii) 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, and therefore, the provisions of clauses (iii)(a) & (iii)(b) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has prescribed maintenance of cost records under section 148(1) of the Act but as the Company has been incorporated w.e.f 1st March, 2019, and hence maintaining such cost records is not mandatory for the current financial year covered under the audit.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, Goods and Service Tax and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, in our opinion no undisputed amounts payable in respect of statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, Central Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, Goods and Service Tax and other statutory dues applicable to it were in arrears as at the balance sheet date for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the company examined by us, the following dues of income tax and duty of excise as at March 31, 2019 which have not been deposited by the Company on account of any disputes.

Financial period to which it relates	Act	Nature of Dues	Forum where dispute is pending	Amount under dispute not yet deposited
				(Rs. In Lakhs)
2007-08 to 2011-12	Income Tax Act	Income Tax	High court	7,911
2012-13 to 2014-15	Income Tax Act	Income Tax	Commissioner of Income Tax (Appeals)	3,715
2011-12, 2012-13, 2015-16 to 2017-18	Central Sales Tax Act, Local Sales Tax Act(including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Supreme Court	603
1994-95, 1996-97, 1997-98, 1999-2000 to 2001-02, 2007-08 to 2010-11, 2013-14	Central Sales Tax Act, Local Sales Tax Act(including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	High Court	557
1996-97, 1998-99, 2004-05 to 2017-18	Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Appellate Tribunal	2,858
1195-96, 1997-98, 1999-00 to 2017-18	Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Appellate Authority upto Commissioner's Level	12,265
2013-14 2015-16	Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales tax and Entry Tax	Revisional Board	543
1994-95	Indian Stamp Act	Stamp Duty	Supreme Court	1,863
2000-01 to 2003-	Haryana Land	Local area	Supreme Court	166

04	Development Act	development tax		
2014-15	Central Excise Act	CENVAT Credit	CESTAT	846
2010-11, 2011-12, 2013-14, 2014-15, 2017-18	Central Excise Act	CENVAT Credit	Additional Commissioner & Commissioner	491

- (viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans to bank and debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) 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.
- (xi) During the reporting period, the Company has not paid / provided for any managerial remuneration hence reporting under this clause is not applicable.
- (xii) 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.
- (xiii) 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 sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records, the Company has issued non-convertible debenture to following party given in the table below:

Name of the subscriber for private placement
Zydus Wellness Limited

Also, as per the information and explanation given to us and based on our further examination of the records, the amount so raised have been used for the purpose for which the funds were raised.

- (xv) According to the information and explanations given to us and based on our examination of the records, 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.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm's registration number: 102511W/W100298

Sd/-

Harish B Patel

Partner

Membership number: 014427

Place: Ahmedabad

Date: 27th May 2019

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Zydus Nutritions Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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 31 March 2019, 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 Dhirubhai Shah & Co LLP

Chartered Accountants

Firm's registration number: 102511W/W100298

Sd/-

Harish B Patel

Partner

Membership number: 014427

Place: Ahmedabad

Date: 27th May 2019

Zydus Nutritions Limited
Balance Sheet as at March 31, 2019

Particulars	Note No.	INR - Lakhs
		As at
		March 31, 2019
EQUITY AND LIABILITIES:		
Equity:		
Equity Share Capital	1	12,723
Reserve and Surplus	2	357,573
		370,296
Non-Current Liabilities:		
Long-term Borrowings	3	112,000
Deferred Tax Liabilities [Net]	4	-
Other Long Term Liabilities	5	258
Long Term Provisions	6	2,256
		114,514
Current Liabilities:		
Trade Payables	7	37,807
Other Current Liabilities	8	6,780
Short Term Provisions	9	478
		45,065
Total		529,874
ASSETS:		
Non - Current Assets:		
Fixed Assets:		
Tangible Assets	10	19,301
Intangible Assets	10	428,532
Capital work-in-progress		917
		448,750
Deferred Tax Asset[Net]	4	5
Long Term Loans and Advances	11	17,712
		466,467
Current Assets:		
Current Investment	12	4,611
Inventories	13	22,738
Trade Receivables	14	9,434
Cash and Bank Balances	15	12,078
Short Term Loans and Advances	16	13,389
Other Current Assets	17	1,157
		63,407
Total		529,874
Significant Accounting Policies		
Notes to the Financial Statements		
		II
		1 to 33
<u>As per our report of even date</u>		For and on behalf of the Board
For Dhirubhai Shah & Co LLP		
Chartered Accountants		Sd/-
Firm Registration Number: 102511W/W100298		Dr Sharvil P. Patel
		Director
Sd/-	Sd/-	Sd/-
Harish B. Patel	Umesh V. Parikh	Tarun G. Arora
Partner	Chief Financial Officer	Wholetime Director
Membership Number: 014427		
Ahmedabad, Dated: May 27, 2019		
	Sd/-	
	Dhanraj Dagar	
	Company Secretary	

Zydus Nutritions Limited
Statement of Profit and Loss for the period ended March 31, 2019

Particulars	Note No.	INR - Lakhs
		From 1st Mar-31st Mar 19
REVENUE:		
Revenue from Operations:		
Sale of Products		21,448
Other Operating Revenues	19	703
Net Revenue from Operations		22,152
Other Income	20	54
Total Revenue		22,207
EXPENSES:		
Cost of Materials Consumed	21	5,704
Purchases of Stock-in-Trade	22	1,342
Changes in Inventories of Finished goods, Works-in-progress and Stock-in-Trade	23	(173)
Employee Benefits Expense	24	1,121
Finance Costs	25	869
Depreciation	10	3,434
Other Expenses	26	8,768
Total Expenses		21,065
Profit before Tax		1,142
Less/ [Add]: Tax Expenses:		
Current Tax [Net of AMT Credit Entitlement]		24
Deferred Tax	4	(2,059)
		(2,035)
Profit for the year		3,176
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	27	29.40
Significant Accounting Policies	II	
Notes to the Financial Statements	1 to 33	

As per our report of even date

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-

Dr Sharvil P. Patel
Director

Sd/-

Harish B. Patel
Partner

Membership Number: 014427

Ahmedabad, Dated: May 27, 2019

Sd/-

Umesh V. Parikh
Chief Financial Officer

Sd/-

Dhanraj Dagar
Company Secretary

Sd/-

Tarun G. Arora
Wholetime Director

ZYDUS NUTRITIONS LIMITED

Cash Flow Statement for the period ended March 31, 2019

Particulars	INR - Lakhs	
	Period ended March 31	
	2019	
A Cash flows from operating activities:		
Profit before Tax		1,142
Adjustments for:		
Depreciation, Impairment and Amortisation expenses	3,434	
Profit on sale of investments [Net]	(27)	
Interest income	(27)	
Interest expenses	869	
Total		4,249
Operating profit before working capital changes		5,391
Adjustments for:		
[Increase] in trade receivables	(332)	
Decrease/ [Increase] in other assets and Liabilities including acquired business	(21,878)	
[Increase] / Decrease in inventories	35	
Increase in trade payables	2,531	
Total		(19,644)
Cash generated from operations		(14,253)
Direct taxes paid [Net of refunds]		(2,517)
Net cash from operating activities		(16,770)
B Cash flows from investing activities:		
Purchase of fixed assets	9,926	
Purchase of non current investment in subsidiary[Net of Cash and Cash Equivalents of acquired subsidiary]	(462,251)	
Proceeds from sale of Current Investments	(4,611)	
[Profit]/Loss on sale of assets [Net]	27	
Interest received	27	
Net cash used in investing activities		(456,882)
C Cash flows from financing activities:		
Long Term borrowing	112,550	
Interest paid	(869)	
Reserves & Surplus	354,396	
Equity Share Capital:	12,723	
Net cash used in financing activities		478,800
Net increase in cash and Bank Balance		5,148
Cash and Bank Balance at the beginning of the year		-
Cash and cash equivalents of the acquired subsidiaries		6,930
Cash and Bank Balance at the end of the year		12,078

ZYDUS NUTRITIONS LIMITED

Cash Flow Statement for the period ended March 31, 2019

Notes to the Cash Flow Statement

1 All figures in brackets are outflows.

2 Cash and Bank Balance comprise of:

As at March 31

2019

a	Cash on Hand		2
b	Balances with Banks		12,076
c	Total		<u>12,078</u>

As per our report of even date

For and on behalf of the Board

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm Registration Number: 102511W/W100298

Sd/-

Dr. Sharvil P. Patel

Chairman

Sd/-

Harish B. Patel

Partner

Membership Number: 014427

Ahmedabad, Dated: May 27, 2019

Sd/-

Umesh V. Parikh

Chief Financial Officer

Sd/-

Dhanraj P. Dagar

Company Secretary

Sd/-

Tarun G. Arora

Whole Time Director

Zydus Nutritions Limited

I-Company overview:

M/s Zydus Nutritions Limited ["the Company"] operates as an integrated consumer company with business encompassing the entire value chain in the production, marketing and distribution of health and wellness products. The product portfolio of the Company includes brands like Sugar free, Everyuth, Nycil, Glucon-D, Complan and Sampri Ghee. The registered office of the Parent is located at House no. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad, Gujarat - 380015. These financial statements were authorised for issue in accordance with a resolution passed by Board of the Directors at its meeting held on May 27, 2019.

II-Significant Accounting Policies:

1 Basis of Accounting:

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and they comply with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies [Accounts] Rules, 2014 and other pronouncements issued by the Institute of Chartered Accountants of India [ICAI], to the extent applicable, and with the applicable provisions of the Companies Act, 2013.

2 Use of Estimates:

The preparation of Financial Statements in conformity with the Accounting Standards generally accepted in India requires, 'the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses for the year while actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3 Fixed Assets and Depreciation :

- A** Fixed Assets are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. 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 put to use.
- 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.
- D** Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life.
- E** Depreciation on additions/ disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are put to use.
- F** 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.
- G** Goodwill arising on Amalgamation is amortised over Ten years, as provided in the Scheme of Amalgamation.
- H** Leasehold land is amortized over the period of the lease.
- I** Where the actual cost of purchase of an asset does not exceed Rs.10,000/-, the depreciation is provided @ 100%.

4 Impairment of Assets:

The Company, at each balance sheet date, assesses whether there is any indication of impairment of any asset and/ or cash generating unit. If such indication exists, assets are impaired by comparing carrying amount of each asset and/ or cash generating unit to the recoverable amount being higher of the net selling price or value in use. Value in use is determined from the present value of the estimated future cash flows from the continuing use of the assets.

5 Expenditure during the Construction Period :

The expenditure incidental to the expansion/ new project are allocated to Fixed Assets in the year of commencement of the commercial production.

6 Inventories:

- A** Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.
- B** Cost [Net of CENVAT and Input tax credit availed] of Raw Materials, Packing Materials & Finished Goods is determined on Moving Average Method.
- C** Cost of Finished Goods and Works-in-Progress are determined by taking material cost [Net of CENVAT and Input tax credit availed], labour and relevant appropriate overheads.

7 Revenue Recognition:

- A** Revenue from Sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer.
- B** Service income is recognised as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax, GST wherever applicable.
- C** Interest income is recognised on time proportionate method.
- D** Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.
- E** Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

8 Foreign Currency Transactions:

- A** The transactions in foreign currencies are stated at the rates of exchange prevailing on the dates of transactions.
- B** The net gain or loss on account of exchange differences either on settlement or on translation are recognised in the statement of Profit and Loss.
- C** The foreign currency assets and liabilities are restated at the prevailing exchange rates at the reporting period end.

II-Significant Accounting Policies-Continued

9 Employee Benefits:

A Defined Contribution Plans:

The Company contributes on a defined contribution basis to Employees' Provident Fund towards post employment benefits which is expensed in the year to which it pertains.

B Defined Benefit Plans:

The gratuity scheme is administered through the Life Insurance Corporation of India [LIC]. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the statement of Profit and Loss.

C Leave Liability:

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 period 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.

D Employee Separation Costs:

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

10 Taxes on Income:

A Tax expense comprises of Current [Net of MAT Credit Entitlement] and Deferred tax.

B Current tax is measured at the amount expected to be paid in accordance with the provisions of the Income Tax Act, 1961.

C Deferred tax reflects the impact of current year's timing differences between book and tax profits and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

D Minimum Alternative Tax ["MAT"] credit is recognized, as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward. MAT Credit is carried forward and set off against the normal tax liability in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India. The said asset is created by way of a credit to the statement of Profit and Loss and shown as MAT credit entitlement. The company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no convincing evidence that the Company will pay normal Income Tax during the specified period.

11 Provision for Product Expiry Claims:

Provision for product expiry claims in respect of products sold during the year is made based on the Management estimates.

12 Leases:

Leases are classified as operating leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets. Operating lease payments are recognised as expenses in the statement of Profit and Loss as and when paid.

13 Research and Development Cost:

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

B Capital expenditure on research and development is given the same treatment as Fixed Assets.

14 Provisions, Contingent Liabilities and Contingent Assets:

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. Contingent assets are not recognised in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

15 Business combinations and Goodwill:

A Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate Value of the consideration transferred at acquisition date at fair value.

B At the acquisition date, the identifiable assets acquired and the liabilities taken over are recognised at their acquisition date fair values pursuant to the Scheme of Amalgamation

C When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

D Goodwill is initially measured at the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

E A cash generating unit to which Goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any Goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for Goodwill is recognised in Statement of Profit and Loss.

F Wherever any business combination is governed by the Scheme approved by the Hon'able High Court/ National Company Law Tribunal [NCLT], the business combination is accounted for as per the accounting treatment sanctioned in the Scheme. Goodwill arising on such business combination is amortised over the period, as provided in the Scheme, as approved by the Hon'able High Court or NCLT.

Zydus Nutritions Limited
Notes to the Financial Statements

INR - Lakhs
As at
March 31, 2019

Note: 1 - Equity Share Capital:

Authorised:	
42,50,00,000 shares Equity Shares of INR 10/- each	42,500
7,50,00,000 7% Optionally convertible Non cumulative redeemable preference shares of INR 10/- each	7500
Issued, Subscribed and Paid-up:	
12,72,21,968 Equity Shares of Rs.10/- each fully paid up Equity Shares of INR 10/- each fully paid up	12723
A The Reconciliation in number of Equity Share is as under:	
Number of shares at the beginning of the year	-
Add: Shares issued during the year	127,221,968
Number of shares at the end of the year	127,221,968
B The Company has only one class of shares i.e. equity shares. All equity shares 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 remaining after distribution of all preferential amounts.	
C Details of Shareholders holding more than 5% of Equity Shares of Rs. 10/- each, fully paid-up:	
Zydus Wellness Limited	
Number of Shares	124,886,270
% to total share holding	98.16%
E Number of Shares held by Holding Company Zydus Wellness Limited	124,886,270

Note: 2 - Reserves and Surplus

Share Premium [*]	36,956
Shares Suspense Account[Refer Note no : 32]	317,427
Capital Reserves:	13
	13
Retained Earnings:	
Surplus in statement of Profit and Loss:	
Opening Balance	-
Add: Profit for the reporting period	3,176
Balance as at the end of reporting period	3,176
Total	357,573
[*] Share Premium Reserve is created due to premium on issue of shares. These reserve is utilised in accordance with the provisions of the Companies Act 2013.	

Note: 3 - Long-term Borrowings :

[Unsecured , considered good]	
Loan from Zydus Wellness Limited -Inter company Loan [*]	92,000
9.14% Compulsorily Convertible Debentures [**]	20,000
[*] The Company has borrowed interest bearing unsecured loan from Zydus Wellness Limited. The servicing of repayment of the loans will be made as per terms of loan agreement	
[**] The Company has borrowed Compulsorily Convertible Debentures from Zydus Wellness Limited at 9.14 % coupon rate. These debentures are compulsorily convertible into equity shares within a period of 10 years.	
Total	112,000

Zydus Nutritions Limited
Notes to the Financial Statements

Note: 4 - Deferred Tax:

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

INR-Lakhs			
	As at March 1 2019	Charge for the current Period	As at March 31, 2019
Deferred Tax Liabilities:			
Depreciation	3,173	13,094	16,267
Surplus on fair valuation of security deposit	3	(3)	-
Surplus on fair valuation of Mutual Funds	3	(3)	-
Total	3,179	13,088	16,267
Deferred Tax Assets:			
Retirement benefits	96	(17)	79
Provision for Bad and Doubtful debts	223	(17)	205
Provision for Expiry and Breakages	0	17	17
Provision for GST	244	37	281
Provision for Vat Liability	34	0	34
Disallowance under sec 40(a)(ia)	550	(156)	394
Rent Equalisation as per IND AS	3	(3)	-
Unabsorbed Depreciation	0	15,263	15,263
Total	1,149	15,122	16,272
MAT	1,600	24	1,624
Net Deferred Tax Assets	430	-2,059	(1,629)

B The Net Deferred Tax Income of INR (2059) Lakhs for the year has been credited in the Statement of Profit and Loss.

INR - Lakhs
As at
March 31, 2019

Note : 5 - Other Long Term Liabilities:

Defered Grant	252
Others	6
Total	258

Note: 6 - Long Term Provisions:

Provision for employee benefits	922
Provision for VAT accruals	1,334
Total	2,256

Note : 7 - Trade Payables:

Micro, Small and Medium Enterprises [*]	972
Others	36,830
Total	37,807
[*] Disclosure in respect of Micro, Small and Medium Enterprises:	
A Principal amount remaining unpaid to any supplier as at the year end	972
B Interest due thereon	149
C Amount of interest paid by the firm in terms of section 16 of the MSMED, 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 period of delay in making payment [which have been paid but beyond the appointed day during the period] but without adding the interest specified under the MSMED	-
E Amount of interest accrued and remaining unpaid at the end of the accounting year	149
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 Company.	

Note : 8 - Other Current Liabilities:

Advances from Debtors	714
Others Payables :	
Interest Accrued but not due	2,489
Payable to Employees	676
Deferred Revenue	54
Payable to statutory Authorities	1,975
Other Liabilities	872
Total	6,066
	6,780

Zydus Nutritions Limited
Notes to the Financial Statements

	INR - Lakhs
	As at
	March 31, 2019
Note : 9- Short Term Provisions:	
Provision for Employee Benefits	153
Others:	
Provision for Taxation [Net of advance payment of tax]	278
Provision for claims for product expiry and return of goods [*]	47
	325
Total	478
[*] Provision for claims for product expiry and return of goods:	
A Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.	
B The movement in such provision is stated as under:	
a Carrying amount at the beginning of the year	54
b Additional provision made during the year	(7)
c Amount used	-
d Carrying amount at the end of the year	47
Note : 10-Fixed Assets:	
Tangible Assets:	
	Freehold Land Leasehold Land Buildings Plant and Equipment Furniture and Fixtures Vehicles Office Equipment Total
Gross Block:	
As at March 1, 2019	4,288 1,605 8,897 14,781 362 166 92 30,192
Additions	0 0 0 94 1 0 1 95
Disposals	0 0 0 (1) 0 0 0 (1)
Other adjustments	0 0 0 0 0 0 0 -
As at March 31, 2019	4,288 1,605 8,897 14,875 363 166 93 30,285
Depreciation and Impairment:	
As at March 1, 2019	0 87 1,478 8,808 202 68 61 10,704
Depreciation for the year	0 0 35 237 5 2 1 280
Impairment for the year	0 0 0 0 0 0 0 -
Disposals	0 0 0 0 0 0 0 -
As at March 31, 2019	0 87 1,513 9,045 207 70 62 10,985
Net Block:	
As at March 31, 2019	4,288 1,518 7,384 5,830 156 96 31 19,301
Intangible Assets:	
	Computer Software Trademark Goodwill Total
Gross Block:	
As at March 1, 2019	386 53,869 377,654 431,909
Additions	- - - -
Disposals	- - - -
Other adjustments	- - - -
As at March 31, 2019	386 53,869 377,654 431,909
Amortisation and Impairment:	
As at March 1, 2019	223 - - 223
Amortisation for the year	7 - 3,147 3,154
Impairment for the year	- - - 0
Disposals	- - - 0
As at March 31, 2019	230 - 3,147 3,377
Net Block:	
As at March 31, 2019	156 53,869 374,507 428,532
Note : 11 - Long Term Loans and Advances:	
[Unsecured, Considered Good]	
Capital Advances	140
Advance payment of Tax [Net of provision for taxation]	2,771
Balances with Statutory Authorities	177
MAT Credit Entitlement	10,511
Other Deposits	4,114
Total	17,712
Note : 12-Current Investment:	
Investment in Mutual Funds [Quoted] [Valued at cost]:	4,611
Axis Liquid Fund-Direct Growth[3,01,727.29 Unit]	
Total	4,611

Zydus Nutritions Limited
Notes to the Financial Statements

	INR - Lakhs
	As at
	March 31, 2019
Note : 13 - Inventories:	
[The Inventory is valued at lower of cost and net realisable value]	
Classification of Inventories:	
Raw Materials	3,021
Work-in-progress	6,796
Finished Goods	9,635
Stock-in-Trade	1,100
Others :	
Stores & Spares	770
Packing Material	1,416
Total	22,738
Note : 14 - Trade Receivables:	
[Unsecured, Considered good]	
Outstanding for a period exceeding six months from the date they are due for payment	608
Others	8,826
Total	9,434
Note : 15 - Cash and Bank Balances:	
Balances with Banks	12,076
Cash on Hand	2
Total	12,078
Note : 16 - Short Term Loans and Advances:	
[Unsecured, Considered Good]	
Balances with Statutory Authorities	13,183
Advances to Suppliers	30
Advances recoverable in cash or in kind or for value to be received	176
Total	13,389
Note : 17 - Other Current Assets:	
[Unsecured, Considered Good]	
Other Receivables	866
Export Incentives and Duty Drawback	12
Prepaid Expenses	250
Security Deposit	28
Total	1,157
Note : 18 - Contingent Liabilities and commitments [to the extent not provided for]:	
A Contingent Liabilities:	
a Guarantees given by a bank and counter guarantees given by the firm	258
b Other money for which the Company is contingently liable:	
i In respect of Sales Tax matters pending before appellate authorities	5,373
ii In respect of demand raised by the Central Excise, State Excise & Service tax Authority	1,337
iii In respect of income tax matter of which appeals are pending	13,431
iv In respect of Stampduty	1,863
B Commitments:	
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	511

Zydus Nutritions Limited
Notes to the Financial Statements

	INR - Lakhs
	From 1st Mar- 31st Mar 19
Note : 19 - Other Operating Revenues:	
Net Gain on foreign currency transactions and translation	10
Miscellaneous Income	694
Total	703
Note : 20 - Other Income:	
Interest Income	27
Net Gain on sale of Mutual Fund	27
Total	54
Note : 21 - Cost of Materials Consumed:	
Raw Materials:	
Stock at commencement	3,500
Add : Purchases	3,698
	7,197
Less : Stock at close	3,021
	4,176
Packing Materials consumed	1,527
Total	5,704
Note : 22 - Purchase of Stock-in-Trade	
Purchase of Stock-in-Trade	1,342
Total	1,342
Note : 23 - Changes in Inventories:	
Stock at commencement:	
Work-in-progress	6,773
Finished Goods	9,393
Stock-in-Trade	1,194
	17,358
Less: Stock at close:	
Work-in-progress	6,796
Finished Goods	9,635
Stock-in-Trade	1,100
	17,531
	(173)
Total	(173)
Note : 24 - Employee Benefit Expense:	
Salaries and wages	1,037
Contribution to provident and other funds [*]	54
Staff welfare expenses	30
Total	1,121
[*] The Company's contribution towards the defined contribution plan	54

Zydus Nutritions Limited
Notes to the Financial Statements

INR - Lakhs

**From 1st Mar-
31st Mar 19**

Note : 25 - Finance Cost:

Interest Expenses	869
Total	869

Note : 26 - Other Expenses:

Consumption of Stores and spare parts	26
Power & fuel	157
Labour charges	72
Rent	76
Repairs to Buildings	19
Repairs to Plant and Machineries	95
Others Repairs	20
Insurance	20
Rates and Taxes	231
Commission on sales	149
Traveling Expenses	129
Legal and Professional Fees	314
Freight and forwarding on sales	632
Advertisement & Sales Promotion expenses	6,322
Other marketing expenses	135
Donations	38
Bank commission & charges	2
Miscellaneous Expenses	330
Total	8,768

Note: 27 - Calculation of Earning per Equity Share [EPS]:

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

A	Profit attributable to Shareholders	INR - Lakhs	3,176
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	10,805,153
C	Nominal value of equity share	INR	10
D	Basic & Diluted EPS	INR	29.40

Note : 28 - Segment Information:

The Company operates in one segment only, namely "Consumer Products." The Company also exports its products to other countries. However the value being below threshold limit prescribed under Accounting Standard [AS]-17-"Segment Reporting", the reporting is not required.

Zydus Nutritions Limited
Notes to the Financial Statements

Note : 29 - Related Party Transactions:

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

- a** Holding Company: Zydus Wellness Limited
b Ultimate Holding Company: Cadila Healthcare Limited
c Fellow Subsidiaries/ Concerns:
 Liva Investment Limited
 Liva Nutritions Limited
 Heinz India Private Limited [Note: Refer Note No -29 [f]
 Zydus Noveltech Inc., USA
 Hercon Pharmaceutical USA LLC, USA
 Neshor Pharmaceuticals (USA) LLC, USA
 Zydus Healthcare SA Pty Limited, South Africa
 Simayla Pharmaceuticals Pty Limited, South Africa
 Script Management Services Pty Limited, South Africa
 Violio Healthcare Limited
 Acme Pharmaceuticals Private Limited
 Etna Biotech SRL, Italy
 Zydus France SAS, France
 Laboratorios Combig S.L., Spain
 Zydus Nikkho Pharmaceutica Limitada, Brasil
 Zydus Pharmaceuticals Mexico SA de CV, Mexico
 Zydus Pharmaceuticals Mexico Services SA de CV, Mexico
 Zydus Technologies Limited
 Zydus Healthcare Limited
 Zydus Worldwide DMCC, Dubai
 Zydus Discovery DMCC, Dubai
 ZAHL Europe B. V., the Netherlands
 Alidac Pharmaceuticals (Myanmar) Limited, Myanmar
 Dialforhealth India Limited
 Dialforhealth Unity Limited
 Dialforhealth Greencross Limited
 Liva Pharmaceuticals Limited
 Alidac Pharmaceuticals Limited
 Zydus Foundation
 Windlas Healthcare Private Limited
 Zydus International Private Limited, Ireland
 Zydus Netherlands B. V., the Netherlands
 Zydus Lanka (Private) Limited, Sri Lanka
 Zydus Healthcare Philippines Inc., Philippines
 ZAHL B. V., the Netherlands
 Sentyln Therapeutics Inc., USA
 ZyVet Animal Health Inc., USA
 Zydus Pharmaceuticals USA Inc., USA
 Violio Pharmaceuticals Limited
 Zydus Healthcare USA LLC, USA
 Viona Pharmaceuticals Inc., USA
 Windlas, Inc., USA
 US Pharma Windlas LLC, USA
- d** Director
 Dr. Sharvil P. Patel
 Mr. Ashish Bhargava
 Ms. Dharmishtaben N. Raval
 Mr. Tarun G. Arora
 Director
 Director
 Director
 Director
- e Post Employment Benefits Plan-**
 Zydus Wellness Sikkim Employee Group Gratuity Scheme
 Heinz India Private Limited Provident Fund [w.e.f January 30, 2019]
 Heinz India Private Limited Employee Provident Fund [w.e.f. January 30, 2019]

f [*] M/s. Zydus Wellness - Sikkim, a partnership firm, was converted into a company, namely Zydus Nutritions Limited [ZNL], with effect from February 28, 2019, pursuant to which, it became a subsidiary of the company. Pursuant to the Scheme of Amalgamation between two subsidiaries of the company i.e. ZNL and HIPL which was sanctioned by the Hon'able National Company Law Tribunal [NCLT] vide its order dated May 10, 2019 and effective date being May 24, 2019, HIPL has been merged with ZNL w.e.f. the appointed date of March 1, 2019.

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 29 - A [a , b, & c]

Nature of Transactions	INR - Lakhs		
	Holding Company	Fellow Subsidiaries	Ultimate Holding Company
Sales:	2019	2019	2019
Zydus Healthcare Limited		9	
Reimbursement of Expenses:			
Cadila Health Care Limited			7

Zydus Nutritions Limited
Notes to the Financial Statements

Note : 29 - Related Party Transactions - Continued:

Nature of Transactions	Holding Company	Post Employment Benefit Plan		Ultimate Holding Company
		Fellow Subsidiary	2019	
	2019	2019	2019	2019
Services:				
Zydus Healthcare (PTY) Ltd	-	6		-
Cadila Health Care Limited	-	-		6
Borrowing:				
Zydus Wellness Limited	112,000			
Interest on Borrowings:				
Zydus Wellness Limited	2,522			
Contributions during the year (includes Employee's share and contribution)				
Heinz India Private Limited Provident Fund [w.e.f January 30, 2019]			73	
Heinz India Private Limited Employee Provident Fund [w.e.f. January 30, 2019]			54	
Closing balances Payable:				
Zydus Wellness Limited	114,489			
Zydus Healthcare (PTY) Ltd		117		
Closing balances Receivable:				
Zydus Healthcare Limited		5		

Note : 30 - Value of Imports calculated on CIF basis:

	INR - Lakhs
	Year ended March 31
Materials	113
Total	113

Note : 31 - Earning in Foreign Exchange:

Export of goods calculated on F.O.B. basis	24
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Note : 32 Amalgamation Scheme :

Pursuant to the Scheme of Amalgamation between Heinz India Private Limited (Heinz) (Transferor Company) and Zydus Nutritions Limited (the Company), both 100% subsidiaries of the Parent Company Zydus Wellness Limited, which was sanctioned by the National Company Law Tribunal, Ahmedabad Bench, vide its Order dated 10th May, 2019 and effective date being 24th May, 2019, Heinz has been amalgamated with the Company with effect from the appointed date being March 1, 2019.

In consideration for the amalgamation, the Company is required to issue 43,602,665 equity shares of face value of Rs 10/- each issued at premium of Rs 354/- each and 43,602,665 7% Optionally Convertible Non Cumulative Redeemable Preference Shares of face value of Rs 10/- each issued at premium of Rs 354/- each. Pending issue of such shares as on 31st March 2019, the face value of such shares to be issued and related premium has been accounted under the Shares Suspense Account.

Balance Consideration is discharged through cancellation of the equity shares held by the Company in Heinz pursuant to amalgamation. In terms of the Scheme, the authorised share capital of the Company has been increased by the authorised share capital of Heinz upon the Scheme being effective.

In terms of the Scheme, all assets and liabilities of Heinz have been vested in the Company with effect from 01st March 2019, The same have been recorded at their respective fair values as per the Purchase Accounting Method as per AS-14 ["Amalgamation Accounting"]. The fair value have been derived based on the Purchase Price Allocation report obtained from an Independent Valuer.

All inter-company balances / transactions between the Company and Heinz India Private Limited stands cancelled from 01st March 2019. In view of the same, the Company has recognized Goodwill [being excess of purchase consideration paid over the fair value of the assets and liabilities vested in the Company] of INR 377,654 Lakhs.

The Financial Statement includes the income/expenditure of the Transferor Company earned/incurred from 1st March, 2019 till 31st March, 2019.

Note : 33 This being first year of incorporation w.e.f. 1st March, 2019, hence previous year's figures are not applicable.

Signatures to Significant Accounting Policies and Notes 1 to 33 to the Financial Statements

As per our report of even date		For and on behalf of the Board	
For Dhirubhai Shah & Co LLP		Sd/-	
Chartered Accountants		Dr Sharvil P. Patel	
Firm Registration Number: 102511W/W100298		Director	
Sd/-	Sd/-	Sd/-	Sd/-
Harish B. Patel	Umesh V. Parikh	Dhanraj Dagar	Tarun G. Arora
Partner	Chief Financial Officer	Company Secretary	Wholtime Director
Membership Number: 014427			
Ahmedabad, Dated: May 27, 2019			