INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZYDUS TECHNOLOGIES LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **ZYDUS TECHNOLOGIES LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2019, the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory 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 principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit 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 Auditor's 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 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon:

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

Responsibility of Management 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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:

a) 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.

b) 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 Companies Act, 2013, 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) 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.

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

We communicate with 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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable

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 (including other comprehensive income), the Cash Flow Statement and statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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 March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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"**.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company did not have any pending litigations as on the date of financial statements;

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Sd/-

Partner

Chandresh S. Shah
Membership No.: 042132
Place: Ahmedabad
Date: May 04, 2019

“Annexure – A” referred to in the Independent Auditors’ Report of even date to the members of ZYDUS TECHNOLOGIES LIMITED on the Financial Statements for the year ended March 31, 2019

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

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

   (b) Some of the fixed assets were physically verified during the year by the management in accordance with programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

   (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable, having regard to the size of the Company and nature of its business.

   (b) In our opinion and according to the information and explanation given to us, the company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.

3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause (iii) (a) and (iii) (b) of paragraph of the Order are not applicable to the company for the current year.

4. In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees or security or made any investments to which provisions of section 185 and 186 of the Act is applicable, and accordingly paragraph 3 (iv) of the Order is not applicable to the Company.

5. The Company has not accepted any deposits from the Public within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules frames thereunder. Further, according to the information and explanations given to us, no order has been passed by the Company Law Board of National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal, in this regard.

6. In absence of any manufacturing activities carried out by the Company, the requirement of maintenance of cost records pursuant to the Rules made by the Central Government under sub-section 1 of Section 148 of the Companies Act, 2013 is not applicable to the Company.

7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Custom duty, Excise duty, Value added Tax, Cess and any other material statutory dues during the year with the appropriate authorities. Moreover, as at March 31, 2019, there are no such undisputed dues payable for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, there are no such dues as at March 31, 2019 which have not been deposited/paid on account of any dispute.

8. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not defaulted in repayment of loans or borrowings from any financial institution, banks, government or due to debenture holders during the year.

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans raised during the year have been utilized by the company for the purpose for which the same has been taken.

10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11. According to the information and explanations given to us and on the basis of our examination of the books of account, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 (with schedule V) of the Act.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Sd/-

Partner

Chandresh S. Shah
Membership No.: 042132
Place: Ahmedabad
Date: May 4, 2019

"**Annexure B" to the Auditors' Report – March 31, 2019**

Report on the Internal Financial Control clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the act")

We have audited the internal financial controls over financial reporting of **ZYDUS TECHNOLOGIES LIMITED** ("the company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 MUKESH M. SHAH & CO.
Chartered Accountants
Firm Registration No.: 106625W

Sd/-

Partner
Chandresh S. Shah
Membership No.: 042132
Place: Ahmedabad
Date: May 4, 2019

ZYDUS TECHNOLOGIES LIMITED
Balance Sheet as at March 31,2019

Particulars	Note No.	INR-Thousands	
		As at March 31	
		2019	2018
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	9,302,959	128,323
Capital work-in-progress		-	7,879,622
Other Intangible Assets	3 [B]	8,355	59
Financial Assets:			
Other Financial Assets	4	3,709	1,852
Deferred Tax Assets [Net]	5	56,675	-
Other Non-Current Assets	6	1,127	1,978
Assets for Current tax [Net]	7	23	27
Total		9,372,848	8,011,861
Current Assets:			
Inventories	8	122,095	-
Financial Assets:			
Trade Receivables	9	46,183	-
Cash and Cash Equivalents	10	4,946	4,741
Other Current Assets	11	3,814	3,497
		177,038	8,238
Total		9,549,886	8,020,100
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	12	590,000	590,000
Other Equity	13	(250,101)	(141,594)
		339,899	448,406
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	14	7,003,338	4,719,607
Other Financial Liabilities	15	1,552	1,231
Provisions	16	5,109	3,565
		7,009,999	4,724,403
Current Liabilities:			
Financial Liabilities:			
Trade Payables			
Due to Micro, Small and Medium Enterprise	17	302	937
Due to other than Micro, Small and Medium Enterprise	17	89,950	87,186
Other Financial Liabilities	18	2,084,758	2,736,041
Other Current Liabilities	19	22,853	20,313
Provisions	20	2,117	2,788
Current Tax Liabilities [Net]	21	8	25
		2,199,988	2,847,290
Total		9,549,886	8,020,100
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 37		

As per our report of even date
For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration Number:106625W

For and on behalf of the Board

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chandresh S. Shah	Hiranya Deshmukh	Sandip D. Patel	Vishal Shah	Sharvil P. Patel
Partner	Company Secretary	Chief Financial Officer	Whole Time Director	Chairman
Membership Number: 042132				
Ahmedabad, Dated: May 04,2019				

ZYDUS TECHNOLOGIES LIMITED

Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Note No.	INR-Thousands Year ended March 31 2019	2018
Revenue from Operations	22	20,884	-
Other Income	23	32	-
Total Income		20,916	
EXPENSES:			
Cost of Materials Consumed	24	24,964	-
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	25	(36,325)	-
Employee Benefits Expense	26	11,609	325
Finance Costs	27	57,137	1,221
Depreciation, Amortisation and Impairment expense		68,706	117,188
Other Expenses	28	60,216	1,605
Total Expenses		186,307	120,339
Loss before Tax		165,391	120,339
Add: Tax Expense:			
Current Tax	33	(3)	49
Deferred Tax	33	(56,675)	-
Loss for the year		108,713	120,387
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		(206)	-
Other Comprehensive Income for the year		(206)	-
Total Comprehensive Income/Loss for the year [Net of Tax]		108,507	120,387
Basic Earning per Equity Share [EPS] [in Rupees]	29	(2.17)	(2.41)
Diluted Earning per Equity Share [EPS] [in Rupees]		(1.84)	(2.04)
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 37		

As per our report of even date
For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration Number:106625W

For and on behalf of the Board

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chandresh S. Shah	Hiranya Deshmukh	Sandip D. Patel	Vishal Shah	Sharvil P. Patel
Partner	Company Secretary	Chief Financial Officer	Whole Time Director	Chairman

Membership Number: 042132
Ahmedabad, Dated: May 04,2019

ZYDUS TECHNOLOGIES LIMITED

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

a Equity Share Capital:

	No. of Shares	INR-Thousands
Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2017	50,000,000	**500,000**
As at March 31, 2018	50,000,000	**500,000**
As at March 31, 2019	50,000,000	**500,000**
8% Optionally Convertible Non-Cumulative Redeemable Preference Shares of INR 100/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2017	900,000	**90,000**
As at March 31, 2018	900,000	**90,000**
As at March 31, 2019	900,000	**90,000**

b Other Equity:

INR-Thousands

	Reserves and Surplus	Total
	Retained Earnings	
As at March 31, 2017	**(21,207)**	**(21,207)**
Add: Loss for the year	(120,387)	**(120,387)**
As at March 31, 2018	**(141,594)**	**(141,594)**
Add: Loss for the year	(108,713)	**(108,713)**
Add [Less]: Other Comprehensive income	206	**206**
Total Comprehensive Income	**(250,101)**	**(250,101)**
As at March 31, 2019	**(250,101)**	**(250,101)**

As per our report of even date

For Mukesh M. Shah & Co.,

Chartered Accountants

Firm Registration Number:106625W

For and on behalf of the Board

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chandresh S. Shah	Hiranya Deshmukh	Sandip D. Patel	Vishal Shah	Sharvil P. Patel
Partner	Company Secretary	Chief Financial Officer	Whole Time Director	Chairman

Membership Number: 042132

Ahmedabad, Dated: May 04,2019

ZYDUS TECHNOLOGIES LIMITED

Note: 1-Company overview:

Zydus Technologies Limited is an India-based pharmaceutical company. The Company has set up a unit in SEZ to develop, patent, manufacture and market non-oral dosage form generic drugs using novel drug delivery system in selected therapeutic areas for regulated developed Global markets. The product selection will focus on easier to formulate products with low IP barriers, as well as on high margin, limited competition products to achieve sustainable margins. The Company has filed and will continue to file ANDAs [Abbreviated New Drug Application] and remain focused on selected therapeutic areas in regulated markets. The marketing strategy will initially focus on ANDAs products. These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 4, 2019.

Note: 2-Significant Accounting Policies:

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

1 Basis of preparation:

A The financial statements are in compliance with the Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.

B For all periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP].

Effective from April 1, 2016, the Company has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013. The adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

C The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- i Defined benefit plans
- ii Long term employment benefits
- iii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial liabilities]

2 Use of Estimates:

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

Critical judgments:

a Taxes on Income:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions and possibility of utilisation of Minimum Alternate Tax [MAT] Credit in future.

b Employee benefits:

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

c Product warranty and expiry claims:

Significant judgments are involved in determining the estimated stock lying in the market with product shelf life and estimates of likely claims on account of expiry of such unsold goods lying with stockists.

d Impairment of property, plant and equipment and investments:

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

e Contingent liabilities:

Significant judgment is involved in determining whether there is a possible obligation, that may, but probably will not require an outflow of resources.

Critical estimates:

a Property, Plant and Equipment:

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

3 Foreign Currency Transactions:

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

A The transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of transactions.

B Foreign Exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities [except as covered in "D" below] denominated in foreign currencies at the year end exchange rates are recognised in the Statement of Profit and Loss.

C Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss within finance costs. All the other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis.

Note: 2-Significant Accounting Policies-Continued:

D The net gain or loss on account of exchange rate differences either on settlement or on translation of long term foreign currency monetary items recognised on or after April 1, 2016 is recognised as income or expense in the Statement of Profit and Loss in the year in which they arise. The net gain or loss on long term foreign currency monetary items recognised in the financial statement for the period ended on March 31, 2016 is recognised under "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], except in case of foreign currency loans taken for funding of Property, Plant and Equipment, where such difference is adjusted to the cost of respective Property, Plant and Equipment. This is as per the exemption given under Ind AS 101 to defer/ capitalize exchange differences arising on long-term foreign currency monetary items. The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.

4 Revenue Recognition:

A The Company has applied Ind AS 115 - Revenue from Contracts with Customers which is effective for an annual period beginning on or after April 1, 2018. The following is the significant accounting policy related to revenue recognition under Ind AS 115.

a Sale of Goods:

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer. The goods are often sold with volume discounts/ pricing incentives and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts, net of discounts. Historical experience, specific contractual terms and future expectations of sales are used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

For the year ended March 31, 2018, the Company was recognising revenue as per the criterias provided in Ind AS 18 "Revenue Recognition". Note 2(4) "Significant accounting policies for Revenue Recognition" can be referred in the financials for the FY 2017-18 of the Company.

B Goods and Service Tax [GST] is not received by the Company on its own account. Rather, it is a tax collected on value added to the goods by the Company on behalf of the government. Accordingly, it is excluded from revenue.

C The specific recognition criteria described below must also be met before revenue is recognised:

a Interest Income:

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

b Other Income:

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

5 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

a Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

b Current tax items are recognised in co-relation to the underlying transaction either in Statement of Profit and Loss, OCI or directly in equity.

B Deferred Tax:

a Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

b Deferred tax liabilities are recognised for all taxable temporary differences.

c Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.

d The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

e Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.

f Deferred tax items are recognised in co-relation to the underlying transaction either in OCI or directly in equity.

g Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

6 Property, Plant and Equipment:

A Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in financial statement for the period ended on March 31, 2016, attributable to Property, Plant and Equipment is adjusted to the cost of respective Property, Plant and Equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment. On transition to Ind AS, the Company has elected to continue with the carrying value of all its Property, Plant and Equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

Note: 2-Significant Accounting Policies-Continued:

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 per technical assessment. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. However, management reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods.

PPE	Useful Life
Building	30 Years
Plant and Equipment	10-15 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Office Equipements	5 Years

D Depreciation on impaired assets is calculated on its reduced value, if any, on a systematic basis over its remaining useful life.

E Depreciation on additions/ disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are used.

F Where the actual cost of purchase of an asset is below INR 10,000/-, the depreciation is provided @ 100%.

G Capital work in progress is stated at cost less accumulated impairment loss, if any.

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

7 Intangible Assets:

A Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation

B Internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

C Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful lives.

D Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life of four years as estimated by the management at the time of capitalisation.

E Intangible assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

F An item of intangible asset initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

8 Capital Work in Progress:

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

9 Borrowing Costs:

A Borrowing costs consist of interest and other borrowing costs that are incurred in connection with the borrowing of funds. Other borrowing costs include ancillary charges at the time of acquisition of a financial liability, which is recognised as per EIR method. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

B Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date the assets are ready for their intended use.

10 Impairment of Assets:

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

11 Cash and Cash Equivalents:

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

12 Inventories:

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

A Raw Materials, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.

B Cost of Raw Materials, Packing Materials, Finished Goods & Stock-in-Trade is determined on Moving Average Method.

C Costs of Finished Goods and Works-in-Progress are determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Write down of inventories to net realisable value is recognised as an expense and included in "Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade" and "Cost of Material Consumed" in the relevant note in the Statement of Profit and Loss.

Note: 2-Significant Accounting Policies-Continued:

13 Leases:

As a lessee:

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

As a lessor:

Lease income from operating leases where the Company is lessor is recognised as income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

14 Provisions, Contingent Liabilities and Contingent Assets:

A Provisions are recognised when the Company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. Contingent assets are not recognised but are disclosed separately in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates. Contingent assets are not recognised but are disclosed separately in financial statements.

B If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

15 Provision for Product Expiry Claims:

Provisions for product expiry related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of product expiry claim related costs is revised annually.

16 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

i Gratuity:

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

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

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

c Defined Contribution Plans - Provident Fund Contribution:

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

C Employee Separation Costs:

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

Note: 2-Significant Accounting Policies-Continued:

17 Financial liabilities:

A Initial recognition and measurement:

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

B Subsequent measurement:

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

Loans and borrowings:

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

C Derecognition:

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

D Embedded derivatives:

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

E Offsetting of financial instruments:

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

F Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model as per Ind AS 109.

18 Segment Reporting

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

19 Research and Development Cost:

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

B Capital expenditure on research and development is given the same treatment as Property, Plant and Equipment.

20 Earnings per Share:

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

Note: 2-Significant Accounting Policies-Continued:

B Standards issued but not yet effective:

The Ministry of Corporate Affairs has issued Companies [Indian Accounting Standards] Amendment Rules, 2019 and Companies [Indian Accounting Standards] Second Amendment Rules on March 30, 2019, which notified the following standards and amendments to Ind AS applicable effective from April 1, 2019:

Ind AS 116 – Leases:

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard introduces a single lease accounting model, requiring lessees to recognize right-of-use assets for granted rights of use and corresponding lease liabilities. However, Ind AS 116 contains the option of exercising exemptions for the recognition of short-term leases and those pertaining to low-value assets.

The Company will adopt Ind AS 116 effective from April 1, 2019, the Company will apply the standard to its leases, retrospectively, without restating the comparative figures. On the date of transition, the Company will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. On the date of initial application, the Company will recognise a lease liability measured at the present value of the remaining lease payments, using the incremental borrowing rate as of that date and right-of-use asset will be measured at the amount equal to lease liability adjusted for accrual and prepayment. Initial direct costs will not be taken into account in the measurement of the right-of-use asset as of the date of first-time application. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value. The Company is in the process of evaluating the impact of Ind AS 116.

Ind AS 12 – Income Taxes:

A The Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit [or loss], tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit [tax loss], tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

a Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and

b Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

B The Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on after April 1, 2019. The Company is in the process of evaluating the impact.

Ind AS 19 – Employee Benefits:

The Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

a To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment; and

b To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is in the process of evaluating the impact.

ZYDUS TECHNOLOGIES LIMITED

Notes to the Financial Statements

Note: 3-Property, Plant and Equipment:

A Property, Plant and Equipment: **INR-Thousands**

	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	**Total**
Gross Block:							
As at March 31, 2017	70,057	18,562	71,191	7,146	6,110	2,186	**175,252**
Additions	-	-	803		2,381	1,406	**4,590**
Disposals	-	-	-	-	(1,068)	-	**(1,068)**
Other adjustments							**-**
As at March 31, 2018	70,057	18,562	71,994	7,146	7,423	3,592	**178,774**
Additions	-	73,740	458,011	7,601	990	6,631	**546,973**
Capitalisation of Capital Wok in Progress	-	1,226,050	7,476,901	-	-	-	**8,702,951**
Disposals							**-**
Other adjustments							**-**
As at March 31, 2019	70,057	1,318,352	8,006,906	14,747	8,413	10,223	**9,428,698**
Depreciation and Impairment:							
As at March 31, 2017	5,000	2,211	29,238	3,921	2,368	921	**43,659**
Depreciation for the year	708	286	4,660	798	776	301	**7,529**
Impairment for the year					(737)		**(737)**
Disposals							**-**
As at March 31, 2018	5,708	2,497	33,898	4,719	2,407	1,222	**50,451**
Depreciation for the year	708	5,360	66,883	924	824	589	**75,288**
Impairment for the year	-						**-**
Disposals							**-**
As at March 31, 2019	6,416	7,857	100,781	5,643	3,231	1,811	**125,739**
Net Block:							
As at March 31, 2018	64,349	16,065	38,096	2,427	5,016	2,370	**128,323**
As at March 31, 2019	63,641	1,310,495	7,906,125	9,104	5,182	8,412	**9,302,959**

B Intangible Assets:

	Other Intangible Assets	
	Computer Software	**Total**
Gross Block:		
As at March 31, 2017	1,704	**1,704**
Additions	67	**67**
As at March 31, 2018	1,771	**1,771**
Additions	8,577	**8,577**
As at March 31, 2019	10,348	**10,348**
Amortisation and Impairment:		
As at March 31, 2017	1,700	**1,700**
Amortisation for the year	12	**12**
As at March 31, 2018	1,712	**1,712**
Amortisation for the year	281	**281**
As at March 31, 2019	1,993	**1,993**
Net Block:		
As at March 31, 2018	59	**59**
As at March 31, 2019	8,355	**8,355**

	INR-Thousands	
	'Year ended March 31	
Depreciation, Amortisation and Impairment expenses:	**2019**	2018
Depreciation	**75,288**	7,529
Amortisation	**281**	12
Total	**75,569**	7,541

ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

	INR-Thousands	
	As at March 31	
	2019	2018
Capital Work in Progress[Net]:		
Opening balance	7,879,622	6,847,858
Addition for the year:		
Salaries and wages	66,190	63,839
Company's contribution to provident & other funds	5,360	4,130
Staff Welfare Expenses	1,829	3,137
Purchase of Stores and spare parts	16,642	13,806
Power & fuel	11,814	11,610
Insurance	1,096	944
Repairs to Buildings	2,338	2,274
Repairs to Plant and Machinery	3,624	4,082
Repairs to Others	5,999	3,688
Rent	14	18
Finance Cost:		
Interest on term Loan	56,558	63,836
Interest others	530,667	446,307
Net loss on foreign currency transactions and translation on ECB loan	146,145	10,834
Whole Time Director's Remuneration	3,267	5,004
Legal and Professional Fees	4,650	6,781
Consumption of Materials for development Products & processes	54,506	126,332
Product/ process Validation and Registration charges	472,658	343,169
Depreciation, Amortisation and Impairment on Property, Plant and Equipment	6,864	7,540
Other Expenses	15,013	19,255
Other Property, Plant and Equipments	-	15,362
Net Loss on foreign currency transactions and translation	4,804	-
	9,289,660	7,999,805
Less:		
Net Gain on foreign currency transactions and translation	-	2,801
Interest on Deposit with UGVCL	123	143
Sale of goods and Inventories of Finished Goods produced during pre-operative period	33,208	-
Sundry Income	84	51
	33,414	2,995
Less:		
Impairment for the Year	-	117,188
Total	9,256,246	7,879,622
Less: Amount Capitalised on Commercialisation of the Project	9,256,246	-
Total	-	7,879,622
Notes:		
[1] Borrowing costs Capitalised on qualifying assets.	733,370	520,976

[2] The above expenses are allocated to respective heads of Property, Plant and Equipment on commencement of commercial operations during the year.

[3] In accordance with the management policy of assessing the impairment loss of property, plant and equipment and development costs incurred on process technologies, the management has carried out detailed review of such costs at the balance sheet date and have assessed an impairment loss of an amount of Rs.1,17,188 [March 31,2018] thousands which is mainly due to the changes in technologies and regulatory environment of the said products in the countries in which they were proposed to be commercially exploited. Such losses included in "Impairment losses " in the statement of Profit and Loss. For the assets of which indications of impairment are identified, the recoverable amounts are estimated, normally as value in use, and impairment losses are calculated as a difference between the carrying amount of the assets and the recoverable amount. Value in use of assets are primarily estimated based on discounted cash flows.

Note: 4-Other Financial Assets:	2019	2018
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	3,709	1,852
Total	3,709	1,852

Note: 5-Deferred Tax:

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

	As at April 01, 2017	Charge for the previous	As at March 31, 2018	Charge for the current year	As at March 31, 2019
Deferred Tax Liabilities:					
Depreciation	-	-	-	178,596	178,596
	-	-	-	178,596	178,596
Deferred Tax Assets:					
Unabsorbed depreciation	-	-	-	171,890	171,890
Others	-	-	-	63,381	63,381
	-	-	-	235,271	235,271
Net Deferred Tax Assets	-	-	-	56,675	56,675

B The Net Deferred Tax Assets has been created of INR 56,675 Thousand [Previous Year NIL] in the Statement of Profit and Loss.

C The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Unabsorbed Depreciation is allowed to be set-off for indefinite period.

ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

	INR-Thousands	
	As at March 31	
	2019	2018
Note: 6-Other Non-Current Assets:		
[Unsecured, Considered Good unless otherwise stated]		
Balances with Statutory Authorities	-	235
Others	1,127	1,743
Total	1,127	1,978
Note: 7-Assets for Current tax [Net]:		
[Unsecured, Considered Good unless otherwise stated]		
Advance payment of Tax [Net of provision for taxation of Rs. Nil {as at March 31, 2018: 119 } Thousands]	23	27
Total	23	27
Note: 8-Inventories:		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	65,544	-
Work-in-progress	2,185	-
Finished Goods (Including Finished Goods manufactured during trial runs during preoperative period)	34,140	-
Others:		
Packing Materials	20,226	-
Total	122,095	-
Note: 9-Trade Receivables:		
Unsecured - Considered good	46,183	-
Total	46,183	-
Note: 10-Cash and Cash Equivalents:		
Balances with Banks	4,944	4,736
Cash on Hand	2	5
Total	4,946	4,741
A Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
B There are no amounts of cash and cash equivalent balances held by the entity that are not available for use	-	-
Note: 11-Other Current Assets:		
[Unsecured, Considered Good]		
Balances with Statutory Authorities	148	139
Advances to Suppliers - Considered Good	1,611	2,585
Export Incentive Receivable	1,348	-
Prepaid Expenses	514	608
Others	193	165
Total	3,814	3,497
Note: 12-Equity Share Capital:		
Authorised:		
50,000,000 [as at March 31, 2018 : 50,000,000] Equity Shares of INR 10/- each	500,000	500,000
1,000,000 [as at March 31, 2018 : 1,000,000] 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares of Rs.100/- each	100,000	100,000
	600,000	600,000
Issued, Subscribed and Paid-up:		
50,000,000 [as at March 31, 2018 : 50,000,000] Equity Shares of INR 10/- each	500,000	500,000
900,000 [as at March 31, 2018 : 900,000] 8% Optionally Convertible Non-Cumulative Redeemable Preference shares of Rs. 100/- each fully paid up	90,000	90,000
	590,000	590,000
A There is no change in the number of shares as at the beginning and end of the year.		
a Number of Equity shares at the beginning and at the end of the year	50,000,000	50,000,000
b Number of Preference shares at the beginning and at the end of the year	900,000	900,000
B The Company has equity shares and preference shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.		
C Optionally Convertible Non-Cumulative Redeemable Preference [OCRPS] shares are redeemable at par. At anytime during the tenure of the OCRPS, the Issuer of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during the tenure of the OCRPS, the Holder of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares.Such conversation shall happen at a pre-determined agreed rate between the parties. The tenure of the OCRPS shall be 10 years from the date of allotment, February 10, 2010. At any time during the tenure of the OCRPS, the Company shall have a right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential right with respect to dividend on the paid up capital in the event of distribution of profits by the company.		

ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

Note: 12-Equity Share Capital-Continued:

			2019	2018
D	Details of share holders holding more than 5% of Shares:			
a	Equity Shares:			
i	Cadila Healthcare Limited and its nominees	[Holding Company]		
	Number of Shares		42,500,000	42,500,000
	% to total share holding		85%	85%
ii	Essgee Enterprises LLC			
	Number of Shares		7,072,122	7,072,122
	% to total share holding		14%	14%
b	Preference shares:			
	Cadila Healthcare Limited	[Holding Company]		
	Number of Shares		900,000	900,000
	% to total share holding		100%	100%

Note: 13-Other Equity:

	2019	2018
Retained Earnings:		
Balance as per last Balance Sheet	(141,594)	(21,207)
Less: Loss for the year	(108,507)	(120,387)
Balance as at the end of the year	(250,101)	(141,594)
Total	(250,101)	(141,594)

Note: 14-Borrowings:

	INR-Thousands			
	Non-current portion		Current Maturities	
	As at March 31		As at March 31	
	2019	2018	2019	2018
A Term Loans from Banks:				
External Commercial Borrowings in Foreign Currency				
a Secured	780,719	1,471,607	780,719	735,804
B From Others [Unsecured]	6,222,619	3,248,000	1,152,466	1,886,221
Total	7,003,338	4,719,607	1,933,185	2,622,025
The above amount includes:				
Secured borrowings			(780,719)	735,804
Unsecured Borrowings			(1,152,466)	1,886,221
Amount disclosed under the head "Other Financial Liabilities" [Note-18]	-	-	(1,933,185)	2,622,025

A Securities and Terms of Repayment for Secured Long Term Borrowings:

a Foreign Currency Loans:

ECB of USD 33.86 Million [as at March 31, 2018 is USD 33.85 Million] is secured by hypothecation of a specific trade mark of the fellow subsidiary Company and pledge to be created on 7,500,000 [as at March 31, 2018 : 7,500,000] equity shares of the company held by non-controlling interest holder and corporate guarantee of the Holding Company. Loan repayment to bank in three yearly equal installments of USD 11,285,330 each.

B Terms of Repayment for Unsecured Long Term Borrowings:

a Rupee Loans:

The Loans from the Holding Company and fellow subsidiary company will be repaid within 1 to 3 years from the date of execution of loan agreements from time to time or as may be decided mutually by both the parties. The applicable interest rate on the loan is SBI Base Rate plus 0.50% p.a.

	INR-Thousands	
	As at March 31	
	2019	2018
Note: 15-Other Financial Liabilities:		
Others	1,552	1,231
Total	1,552	1,231
Note: 16-Provisions:		
Provision for Employee Benefits	5,109	3,565
Total	5,109	3,565

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

Note: 16-Provisions-Continued:

INR-Thousands
As at March 31

		2019			2018	
	Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
B Change in the present value of the defined benefit obligation:						
Opening obligation	117	4,686	6,654	149	4,864	6,453
Interest cost	9	342	456	10	315	423
Current service cost	49	597	1,055	53	581	851
Benefits paid	-	(470)	(267)	-	(654)	(558)
Actuarial [gains]/ losses on obligation	(54)	(137)	119	(95)	(420)	(515)
Closing obligation	121	5,018	8,017	117	4,686	6,654
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	-	5,103	-	-	4,971
Expected return on plan assets	-	-	381	-	-	349
Contributions by employer	-	-	800	-	-	500
Benefits paid	-	-	(267)	-	-	(558)
Return on plan assets excluding amounts included in interest income			(87)			(159)
Closing fair value of plan assets	-	-	5,930	-	-	5,103
Total actuarial [losses]/ gains to be recognised	-	-	(206)	-	-	356
D Actual return on plan assets:						
Expected return on plan assets	-	-	381	-	-	349
Actuarial [losses]/ gains on plan assets	-	-	(87)	-	-	(159)
Actual return on plan assets	-	-	293	-	-	190
E Amount recognised in the balance sheet:						
Liabilities/ [Assets] at the end of the year	121	5,018	8,017	117	4,686	6,654
Fair value of plan assets at the end of the year	-	-	(5,930)	-	-	(5,103)
Difference	121	5,018	2,087	117	4,686	1,551
Liabilities/ [Assets] recognised in the Balance Sheet	121	5,018	2,087	117	4,686	1,551
F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:						
Current service cost	49	597	1,055	53	581	851
Interest cost on benefit obligation	9	342	456	10	315	423
Expected return on plan assets	-	-	(381)	-	-	(349)
Return on plan assets excluding amounts included in interest income	(54)	(137)	206	(95)	(420)	159
Net actuarial [gains]/ losses in the year	-	-	-	-	-	(515)
Amount included in "Employee Benefit Expense"	4	803	1,336	(32)	476	569
Return on plan assets excluding amounts included in interest income						
Net actuarial [gains]/ losses in the year	-	-	206	-	-	-
Amounts recognized in OCI			206			
G Movement in net liabilities recognised in Balance Sheet:						
Opening net liabilities	117	4,686	1,551	149	4,864	1,482
Expenses as above [P & L Charge]	4	803	1,336	(32)	476	569
Employer's contribution	-	(470)	(800)	-	(654)	(500)
Benefits Paid	-	-	-	-		-
Net actuarial [gains]/ losses in the year	-	-	-	-	-	-
Liabilities/ [Assets] recognised in the Balance Sheet	121	5,018	2,087	117	4,686	1,551
H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:						
Discount rate	7.20%	7.20%	7.20%	7.30%	7.30%	7.30%

[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations]

Annual increase in salary cost: 12% for next 2 years & 9% thereafter (2019); 12% for next 3 years & 10% thereafter (2018)

[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

	2019 Med. Leave	2019 Leave Wages	2019 Gratuity	2018 Med. Leave	2018 Leave Wages	2018 Gratuity
I The categories of plan assets as a % of total plan assets are:						
Insurance plan	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%

J Amount recognised in current and previous four years:

	As at March 31				
Gratuity:	2019	2018	2017	2016	2015
Defined benefit obligation	8,017	6,654	6,453	2,797	1,756
Fair value of Plan Assets	5,930	5,103	4,971	3,520	3,464
Deficit/ [Surplus] in the plan	2,087	1,551	1,482	(723)	(1,708)
Actuarial Loss/ [Gain] on Plan Obligation	119	(515)	772	642	(1,456)
Actuarial Loss/ [Gain] on Plan Assets	-	-	-	-	(86)

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2018-19. The Average duration of the Defined Benefit Plan Obligation at the end of reporting period is 29.08 years [As at March 31, 2018: 29.70 years]

ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

Note: 16-Provisions-Continued:

Sensitivity analysis:

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

Assumptions	**INR-Thousands**					
	Medical Leave		**Leave Wages**		**Gratuity**	
	As at March 31					
	2019	2018	**2019**	2018	**2019**	2018
Impact on obligation:						
Discount rate increase by 0.5%	**(7)**	(7)	**(140)**	(118)	**(268)**	(223)
Discount rate decrease by 0.5%	**8**	7	**149**	126	**286**	238
Annual salary cost increase by 0.5%	**8**	7	**145**	121	**279**	229
Annual salary cost decrease by 0.5%	**(7)**	(7)	**(138)**	(115)	**(264)**	(218)

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

	INR-Thousands	
	As at March 31	
	2019	2018
Within the next 12 months [next annual reporting period]	**938**	1,589
Between 2 and 5 years	**3,728**	4866
Between 5 and 10 years	**2,086**	3020
Total expected payments	**6752**	9475

Note: 17-Trade Payables:

Due to Micro, Small and Medium Enterprise [*]	**302**	937
Due to other than Micro, Small and Medium Enterprise	**89,950**	87,186
Total	**90,252**	88,123
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	**302**	937
B Interest due thereon	**-**	-
C Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	**-**	-
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	**2**	1
E Amount of interest accrued and remaining unpaid at the end of the accounting year	**-**	-
F Amount of further interest remaining due and payable in succeeding years	**-**	-

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.

Note: 18-Other Financial Liabilities:

Current Maturities of Long Term Debt [Refer Note- 14]	**1,933,185**	2,622,025
Interest accrued but not due on borrowings	**143,002**	104,853
Accrued Expenses	**8,431**	8,166
Payable for Capital Goods	**140**	997
Total	**2,084,758**	2,736,041

Note: 19-Other Current Liabilities:

Payable to Statutory Authorities	**22,679**	20,162
Others	**174**	151
Total	**22,853**	20,313

Note: 20-Provisions:

Provision for Employee Benefits	**2,117**	2,788
Total	**2,117**	2,788

Note: 21-Current Tax Liabilities [Net]:

Provision for Taxation [Net of advance payment of tax of Rs.155 {as at March 31, 2018:Rs. 73} Thousands]	**8**	25
Total	**8**	25

Note: 22-Revenue from Operations:

Sale of Products	**20,289**	-
Other Operative Revenue:		
Export Incentive	**581**	-
Miscellaneous Income	**14**	-
Total	**20,884**	-

Note: 23-Other Income:

Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	**32**	-
Total	**32**	-

ZYDUS TECHNOLOGIES LIMITED

Notes to the Financial Statements

	INR-Thousands	
	Year ended March 31	
	2019	2018
Note: 24-Cost of Materials Consumed:		
Raw Materials:		
Stock as on commencement of Commercial Production	81,545	-
Add: Purchases	6,068	-
Less: Stock at close	65,544	-
	22,069	-
Packing Materials consumed	2,895	-
Total	24,964	-
Note: 25-Changes in Inventories:		
Stock at commencement:		
Work-in-progress	-	-
Finished Goods	-	-
Stock-in-Trade	-	-
Less: Stock at close:		
Work-in-progress	2,185	-
Finished Goods (Including Finished Goods manufactured during trial runs during preoperative period)	34,140	-
	36,325	-
Total	(36,325)	-
Note: 26- Employee Benefits Expense:		
Salaries and wages	10,789	130
Contribution to provident and other funds [*]	392	7
Staff welfare expenses	428	188
Total	11,609	325
Whole Time Directors' Remuneration	419	-
[*] The Company's contribution towards the defined contribution plan is Rs.392 Thousands. The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees, as specified under the law. The contributions are paid to to the respective Regional Provident Fund Commissioner under the Pension Scheme.	392	7
Note: 27- Finance Cost:		
Interest expense [*]	96,612	1,221
Net [Gain]/ Loss on foreign currency transactions and translation	(39,499)	-
Bank commission & charges	24	-
Total	57,137	1,221
[*] The break up of interest expense into major heads is given below:		
On term loans	10,172	1,221
Others	86,441	-
Total	96,612	1,221
Note: 28 - Other Expenses:		
Research Materials	4,606	-
Analytical Expenses	8,954	-
Consumption of Stores and spare parts	5,658	-
Power & Fuel	1,823	-
Rent	5	-
Repairs to Buildings	361	-
Repairs to Plant and Machinery	158	-
Repairs to Others	1,102	-
Insurance	215	-
Traveling Expenses	154	-
Legal and Professional Fees [*]	2,219	1,605
Net Loss on foreign currency transactions and translation	38	-
Freight and forwarding on sales	540	-
Product Registration Expenses	30,252	-
Directors' fees	100	-
Other Administrative Expenses	1,623	-
Other Manufacturing Expenses	368	-
Other Research Expenses	2,040	-
Total	60,216	1,605
[*] Payment to the auditors as [Excluding GST]:		
i Auditor	350	275
ii For other services	7	56
iii Total	357	331

Note: 29-Calculation of Earnings per Equity Share [EPS]:

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

A	Loss after tax	INR	**(108,713)**	(120,387)
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**50,000,000**	50,000,000
C	Effect of dilution - 8% Optionally Convertible Non-cumulative Redeemable Preference Shares		**9,000,000**	9,000,000
D	Weighted average number of Equity shares adjusted for the effect of dilution		**59000000**	59,000,000
E	Nominal value of equity share	INR	**10.00**	10.00
F	Basic EPS	INR	**(2.17)**	(2.41)
G	Diluted EPS	INR	**(1.84)**	(2.04)

Note: 30-Related Party Transactions:

A Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:

a Holding Company:

Cadila Healthcare Limited

b Fellow Subsidiaries/ Concerns:

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

[#] M/s. Zydus Wellness- Sikkim, a partnership firm, was converted into a public limited company, in the name of Zydus Nutritions Limited, w.e.f. February 28, 2019.

c Directors and Key Managerial Personnel:

Dr. Sharvil P. Patel	Chairman	Shri Vishal Shah	Whole Time Director
Shri Ganesh Nayak	Director	Shri Gunvant K. Barot	Independent Director
Dr. Sharad Kumar Govil	Director	Shri Kshitish Shah	Independent Director
Ms. Hiranya Deshmukh	Company Secretary w.e.f Oct 23, 2018	Mr. Sandip Patel	Chief Financial Officer
Ms. Dishita Shah	Company Secretary w.e.f Oct 23, 2018		

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

Zydus Infrastructure Private Limited

e Post Employment Benefits Plans:

Zydus Technologies Employees Group Gratuity Fund

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 30- A[a, b & d]

Value of the Transactions [INR] Thousands

Nature of Transactions	Holding Company		Fellow subsidiaries		Enterprises significantly influenced by Directors and/or their relatives	
	Year ended March 31					
	2019	2018	**2019**	2018	**2019**	2018
Purchases:						
Goods:						
Cadila Healthcare Limited	**14,728**	23,693				
Hercon Pharmaceutical Inc.			**165,766**	21,454		
Services:						
Cadila Healthcare Limited	**18,386**	25,991				
Zydus Noveltech Inc.			**126,152**	109,893		
Zydus Infrastructure Private Limited					**2,704**	2,366
Hercon Pharmaceutical Inc.			**147,355**	126,258		
Total	**18,386**	25,991	**273,507**	236,152	**2,704**	2,366
Sales:						
Goods:						
Cadila Healthcare Limited	**557**	3,508				
Zydus Pharmaceuticals (USA) Inc.			**46,662**	-		
Property, Plant and Equipment:						
Cadila Healthcare Limited	**274**	-				

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Notes to the Financial Statements

Note: 30-Related Party Transactions-Continued:

Nature of Transactions	2019	2018	2019	2018	2019	2018
	Year ended March 31					
Finance:						
Inter Corporate Loans accepted:						
Cadila Healthcare Limited	**2,124,119**	1,103,000				
Zydus Healthcare Limited			**3,200,000**	-		
Inter Corporate Loans paid:						
Cadila Healthcare Limited	**3,083,255**	-				
Interest on Loan :						
Cadila Healthcare Limited	**555,202**	446,307				
Zydus Healthcare Limited			**61905**	-		
	As at March 31					
	2019	2018	**2019**	2018	**2019**	2018
Outstanding:						
Payable :						
Cadila Healthcare Limited	**4,264,786**	5,244,817				
Zydus Healthcare Limited			**3,255,126**	-		
Hercon Pharmaceutical Inc.			**33,131**	40,090		
Zydus Noveltech Inc.			**31,061**	26,629		
Total	**4,264,786**	5,244,817	**3,319,317**	66,719		
Receivable:						
Cadila Healthcare Limited	**557**	-				
Zydus Pharmaceuticals (USA) Inc.			**46,662**	-		
Total	**557**	-	**46,662**	-	**-**	-

INR- Thousands

	Year ended March 31	
	2019	2018
b Details relating to persons referred to in item 30- A[c] above:		
Remuneration:		
(i) Salaries and other employee benefits Whole Time Director & other executive officers	**5,092**	8,990
(ii) Sitting Fees to Chairman & Non Executive/ Independent Directors	**950**	825
(iii) Outstanding payable to above (i) and (ii)	**264**	2,648
c Details relating to persons referred to in Note 30-A [e] above:		
[i] Contributions [including Employees' share and contribution]	**800**	500

Note: 31-Financial Instruments:

A Fair values hierarchy:

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

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

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

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

Financial Assets:

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

Financial Liabilities:

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

Note: 32-Financial Risk Management:

A Financial instruments by category:

	INR-Thousands			
	As at March 31, 2019			
	FVTPL	**FVOCI**	**Amortised Cost**	**Total**
Financial assets:				
Non Current Other Financial Assets			3,709	**3,709**
Other Non-Current Assets			1,127	**1,127**
Cash and Cash Equivalents			4,946	**4,946**
Total			**9,782**	**9,782**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	9,079,525		-	**9,079,525**
Non Current Other Financial Liabilities			1,552	**1,552**
Trade payables			90,252	**90,252**
Other Current Financial Liabilities			8,571	**8,571**
Total	**9,079,525**		**100,375**	**9,179,900**

Note: 32-Financial Risk Management-Continued:

	INR-Thousands			
	As at March 31, 2018			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Non Current Other Financial Assets			7,879,623	7,879,623
Other Non-Current Assets			1,978	1,978
Cash and Cash Equivalents			4,741	4,741
Total			**7,886,342**	**7,886,342**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	7,446,485		-	7,446,485
Non Current Other Financial Liabilities			1,231	1,231
Trade payables			88,123	88,123
Other Current Financial Liabilities			9,163	9,163
Total	**7,446,485**		**98,517**	**7,545,002**

B Risk Management:

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements. The Company's risk management is managed in close coordination with the board of directors and focuses on actively securing the Company's short, medium and long term cash flows by minimizing the exposure to volatile financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

a Credit risk:

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

b Liquidity risk:

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

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

Maturities of financial liabilities:

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

	INR-Thousands				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As at March 31, 2019				
Non-derivatives:					
Borrowings (including current maturities and interest accrued)	2,207,224	4,263,316	4,093,629	-	10,564,169
Trade payable	90,252				90,252
Accrued Expenses	143,002				143,002
Total	**2,440,478**	**4,263,316**	**4,093,629**	**-**	**10,797,423**
	As at March 31, 2018				
Non-derivatives:					
Borrowings (including current maturities and interest accrued)	3,192,016	3,349,262	1,575,891	90,568	8,207,737
Trade payable	88,123				88,123
Accrued Expenses	104,853				104,853
Total	**3,384,992**	**3,349,262**	**1,575,891**	**90,568**	**8,400,713**

ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

Note: 32-Financial Risk Management:-Continued:

c Foreign currency risk:

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

Foreign currency risk exposure:

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

	March 31, 2019			March 31, 2018		
	Movement in Rate	Impact on Balancesheet [*]	Impact on Other Equity [*]	Movement in Rate	Impact on Balancesheet [*]	Impact on Other Equity [*]
USD	7.00%	114,212	-	4.00%	93,031	-
USD	-7.00%	(114,212)	-	-4.00%	(93,031)	-
EUR	7.00%	-	-	7.00%	31	-
EUR	7.00%	-	-	7.00%	31	-

* Holding all other variables constant

d Interest rate risk:

Liabilities:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31 March 31, 2019, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

Interest rate risk exposure:

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

	Movement in Rate	INR-Thousands	
		As at	
		2019	2018
Interest rates	+0.50%	35,017	23,598
Interest rates	-0.50%	(35,017)	(23,598)

* Holding all other variables constant

Note: 33-Tax Expenses:

	2019	2018
The major components of income tax expense are:		
A Statement of profit and loss:		
Profit or loss section:		
Current income tax:		
Current income tax charge	3	-
	3	-
Deferred tax:		
Relating to origination and reversal of temporary differences [Refer Note-5]	56,675	-
Tax expense reported in the statement of profit and loss	56,678	-
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss/ (gain) on remeasurements of defined benefit plans	(206)	-
Tax charged to OCI	(206)	-
B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Loss before tax	165,391	-
Enacted Tax Rate in India (%)	26.00%	
Expected Tax Expenses	43,001	-
Adjustments for:		
Others	(1)	-
Effect of unrecognized deferred tax assets/ liabilities	13,678	
Total	13,677	-
Tax Expenses as per Statement of Profit and Loss	56,678	-

Note: 34-Contingent Liabilities and Commitments [to the extent not provided for]:

	2019	2018
A Commitments:		
a Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	42,003	54,647

ZYDUS TECHNOLOGIES LIMITED

Notes to the Financial Statements

Note: 35-Capital Management:

The Company' s capital management objectives are:

a to ensure the Company's ability to continue as a going concern

b to provide an adequate return to shareholders

c maintain an optimal capital structure to reduce the cost of capital.

Loan covenants:

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

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

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

Note: 36

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

Note: 37

Figures of previous reporting periods have been regrouped/ reclassified to conform to current period's classification.

Signatures to Significant Accounting Policies and Notes 1 to 37 to the Financial Statements

As per our report of even date

For Mukesh M. Shah & Co.,

Chartered Accountants

Firm Registration Number:106625W

For and on behalf of the Board

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chandresh S. Shah	Hiranya Deshmukh	Sandip D. Patel	Vishal Shah	Sharvil P. Patel
Partner	Company Secretary	Chief Financial Officer	Whole Time Director	Chairman
Membership Number: 042132				
Ahmedabad, Dated: May 04,2019				

Zydus Technologies Limited

Cash Flow Statement for the period ended on Mar 31, 2019

Particulars		INR- Thousands	
	Year ended March 31		
	2019		2018
A **Cash flows from operating activities:**			
Loss Before Tax		**(165,391)**	(120,339)
Adjustments for:			
Interest expenses		**96,612**	1,221
Depreciation, Amortisation and Impairment expense		**68,706**	
Operating profit before working capital changes		**(73)**	(119,118)
Adjustments for:			
[Increase] in Other Financial Assets	**(1,857)**		(39)
[Increase] in other non current assets	**(2,749)**		(214)
[Increase]/ Decrease in other current assets	**452**		(95)
[Increase] in trade receivables	**(46,183)**		-
[Increase] in Inventories	**(122,095)**		-
Increase in trade payables	**3,103**		17,486
Increase in other current liabilities	**3,126**		4,512
Increase/ [Decrease] in provisions	**1,079**		(141)
Increase in other non current liabilities	**-**		92
Total		**(165,123)**	21,602
Cash generated from operations		**(165,196)**	**(97,516)**
Direct taxes paid [Net of refunds]		**(11)**	(66)
Net cash from operating activities		**(165,207)**	**(97,582)**
B **Cash flows from investing activities:**			
Purchase of Property, Plant and Equipment	**(1,256)**		(4,494)
Proceeds from sale of assets	**-**		216
Capital Work-in-progress	**(782,535)**		(513,965)
Net cash used in investing activities		**(783,791)**	(518,244)
C **Cash flows from financing activities:**			
Proceeds from Long Term Borrowings	**1,594,891**		1,113,834
Interest paid	**(645,688)**		(498,074)
Net cash used in financing activities		**949,203**	615,760
Net increase / (-) decrease in cash and cash equivalents		**205**	**(66)**
Cash and cash equivalents at the beginning of the period		**4,741**	4,807
Cash and cash equivalents at the close of the period		**4,946**	**4,741**

Notes to the cash flow statement

1 All figures in brackets are outflows.

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

3 Cash and cash equivalent at the close [beginning] of the reporting period is Rs. Nil

4 Cash and cash equivalents comprise of:

	As at March 31		
	2019	2018	2017
a Cash on Hand	2	5	40
b Balances with Banks	4,944	4,736	4,767
c **Total**	4,946	4,741	4,807

5 Change in Liability arising from financing activities:

	Borrowings		
	Non-Current [Note-15]	Current [Note-19]	Total
As at March 31, 2017	6,227,798	-	6,227,798
Cash flow	(1,519,025)	2,622,025	1,103,000
Foreign exchange movement	10,834	-	10,834
As at March 31, 2018	4,719,607	2,622,025	7,341,632
Cash flow	2,323,230	(688,840)	1,634,390
Foreign exchange movement	(39,499)	-	(39,499)
As at March 31, 2019	7,003,338	1,933,185	8,936,523

As per our report of even date

For Mukesh M. Shah & Co.,

Chartered Accountants

Firm Registration Number. 106625W

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chandresh S. Shah	Hiranya Deshmukh	Sandip D. Patel	Vishal Shah	Sharvil P. Patel
Partner	Company Secretary	Chief Financial Officer	Whole Time Director	Chairman

Membership Number: 042132

Ahmedabad, Dated: May 04,2019