INDEPENDENT AUDITOR'S REPORT

To The Members of Zydus Healthcare Limited
Report on the Audit of the financial statements

Opinion

We have audited the accompanying financial statements of Zydus Healthcare Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of 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 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 44 and 45 to the Financial Statements, relating to the schemes of amalgamation of Zydus Healthcare Limited with German Remedies Limited and Biochem Pharmaceuticals Industries Limited with the Company, which have been accounted under the "Purchase Method" as per Standard on Accounting for Amalgamation (AS-14) in compliance with the scheme of Amalgamation pursuant to Section 391 and 394 of Companies Act, 1956 and Section 230 to 232 of Companies Act, 2013 approved by Hon'ble High Court of Gujarat and Hon'ble National Company Law Tribunal, Ahmedabad Bench respectively. Accordingly, Goodwill on Amalgamation recognized pursuant to the Schemes is being amortised over a period of 10 years in accordance with Scheme. The accounting treatment provided in the Scheme prevails over the requirement of IND AS in accordance with the Ministry of Company Affairs notification for IND AS dated February 16, 2015.

Our report is not modified in respect of this matter.

Information Other than the 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 Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained 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.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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 Responsibility for the Audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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 financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins and Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

sd/-

Signature
Gaurav J Shah
Partner
(Membership No. 35701)

Place: Ahmedabad
Date: 4 May, 2019

Report on Internal Financial Controls Over Financial Reporting

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZYDUS HEALTHCARE LIMITED

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019, based on the criteria for internal financial control over financial reporting 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 Deloitte Haskins and Sells LLP
Chartered Accountants
(Firm‘s Registration No. 117366W/W-100018)

sd/-

Gaurav J Shah
Partner
(Membership No. 35701)

Place: Ahmedabad
Date: 4 May, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZYDUS HEALTHCARE LIMITED

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1)

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

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a 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.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date except the following:

Particulars of the land and building	**Gross Block as at 31st March, 2019 (Rs. In millions)**	**Net Block as at 31st March, 2019 (Rs. In millions)**	**Remarks**
Freehold land and building located at Daman	225.95	212.75	The title deeds are in the name of Biochem Pharmaceutical Industries Limited, which was amalgamated with the Company pursuant to the scheme of amalgamation. The Company is in the process of transferring the title in its name.
Freehold building located at Mumbai	185.46	176.20	The title deeds are in the name of Biochem Pharmaceutical Industries Limited, which was amalgamated with the Company pursuant to the scheme of amalgamation. The Company is in the process of transferring the title in its name.
Leasehold land and building at Vatva, Ahmedabad	2.18	2.10	The lease deeds are in the name of Cadila Healthcare Limited, have been transferred and vested to the company under the scheme of arrangement of Indian Human Formulations Undertaking ['IHFU']. The Company is in the process of transferring the lease deeds in its name.

In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

2) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

3) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie,* not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

5) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of provisions of sections 73 to 76 of the Act and the rules framed there under and hence reporting under clause (v) of paragraph 3 of the Order is not applicable.

6) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Customs Duty, cess and other material statutory dues in arrears as at 31 March, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31 March, 2019 on account of disputes are given below:

Name of Statute	**Nature of the dues**	**Forum where Dispute is Pending**	**Period to which the amount relates**	**Amount (Rs. in Millions)**
West Bengal Value Added Tax Act, 2003	Demand for tax and Interest	Joint Commissioner, Siliguri	2015-2016	6.81
	Demand for tax and Interest	West Bengal Sales Tax Appellate- Revisional Board	2014-2015	0.30
Central Sales Tax Act,1956	Demand for tax, interest and Penalty	Deputy Commissioner of commercial tax, Gujarat	2013-14	3.56
The Central Excise Act, 1944	Demand for Tax	Commissioner Appeal, Siliguri	March'17 to june'17	48.90
	Demand for Tax and penalty	CESTAT, Ahmedabad	2004-05 to 2015-16	349.33
	Demand for Tax and penalty	CESTAT, Kolkata	2008-15	30.01
	Demand for Tax, Interest and penalty	CESTAT, Mumbai	2000-01 to 2006-07	3.66
	Demand for Tax	Commissioner (Appeal), Siliguri	2015-16 to 2016-17	167.02
	Demand for Tax and penalty	Commissioner (Appeal), Vapi	2010-11 to 2016-17	14.17
	Demand for Tax and penalty	Supreme Court	1998-99 to 2002-03	7.28

8) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of paragraph 3 of the Order is not applicable to the Company.

9) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of paragraph 3 of the Order is not applicable.

10) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

11) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) The Company is not a Nidhi Company and hence reporting under clause (xii) of the of paragraph 3 of the Order is not applicable.

13) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of paragraph 3 of the Order is not applicable to the Company.

15) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

sd/-

Gaurav J Shah
Partner
(Membership No. 35701)

Place: Ahmedabad
Date: 4 May, 2019

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Balance Sheet as at March 31, 2019

Particulars	Note No.	INR- Million	
		As at March 31	
		2019	2018
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	6,525	5,755
Capital work-in-progress		187	610
Goodwill	3 [B]	31,540	36,141
Other Intangible Assets	3 [B]	4,331	4,890
Financial Assets:			
Investments	4	42	37
Loans	5	3,200	100
Other Financial Assets	6	234	220
Other Non-Current Assets	7	126	221
Deferred Tax Assets [Net]	21	343	1,753
Assets for Current tax [Net]	8	10	9
		46,538	49,736
Current Assets:			
Inventories	9	3,703	3,740
Financial Assets:			
Investments	10	886	1,007
Loans	11	788	-
Trade Receivables	12	2,867	3,015
Cash and Cash Equivalents	13	1,132	4,326
Other Current Financial Assets	14	1,907	1,898
Other Current Assets	15	1,730	1,086
		13,013	15,072
Total		59,551	64,808
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	16	10,282	12,582
Other Equity	17	42,869	45,130
		53,151	57,712
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	18	-	200
Other Financial Liabilities	19	71	67
Provisions	20	541	595
		612	862
Current Liabilities:			
Financial Liabilities:			
Trade Payables due to:			
Micro and Small Enterprises		21	52
Other than Micro and Small Enterprises	22	4,163	4,603
Other Financial Liabilities	23	991	938
Other Current Liabilities	24	349	223
Provisions	25	253	234
Current Tax Liabilities [Net]	26	11	184
		5,788	6,234
Total		59,551	64,808
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 49		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 4, 2019

Sd/-
N V Chalapathi Rao
Chief Financial Officer

Sd/-
Sanjay D Gupta
Company Secretary

Sd/-
Anil Matai
Managing Director

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Statement of Profit and Loss for the year ended March, 31, 2019

Particulars	Note No.	INR- Million	
		Year ended March 31	
		2019	2018
Revenue from Operations	28	31,290	29,986
Other Income	29	389	127
Total Income		31,679	30,113
EXPENSES:			
Cost of Materials Consumed	30	4,966	4,103
Purchases of Stock-in-Trade	31	6,315	7,268
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	32	(217)	159
Excise Duty on Sales		-	272
Employee Benefits Expense	33	5,249	4,811
Finance Costs	34	22	23
Depreciation, Amortisation and Impairment expense	3	5,619	5,533
Other Expenses	35	5,742	5,879
Total Expenses		27,696	28,048
Profit before Tax		3,983	2,065
Less: Tax Expense:			
Current Tax		861	454
Deferred Tax	20	1,410	757
Prior period Tax Adjustment		(4)	(46)
		2,267	1,165
Profit for the year		1,716	900
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses/[gain] on post employment defined benefit plans		34	(31)
Income tax effect		(12)	11
		22	(20)
Net [Loss]/ Gain on Fair Value through OCI [FVTOCI] Equity Securities		(5)	1
Income tax effect		-	-
		(5)	1
Other Comprehensive Income for the year [Net of tax]		17	(19)
Total Comprehensive Income for the year [Net of Tax]		1,733	881
Basic Earning per Equity Share [EPS] [in Rupees]	37	267.65	(136.31)
Diluted Earning per Equity Share [EPS] [in Rupees]	37	651.23	338.55
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 49		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Sd/-

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 4, 2019

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
N V Chalapathi Rao
Chief Financial Officer

Sd/-
Sanjay D Gupta
Company Secretary

Sd/-
Anil Matai
Managing Director

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Statement of Change in Equity for the year ended March 31, 2019

a Equity Share Capital:

	No. of Shares	INR - Million
Equity Shares of INR 100/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2017	1,938,242	194
Issued during the year - Pursuant to scheme of Amalgamation	223,500	23
As at March 31, 2018	2,161,742	217
As at March 31, 2019	2,161,742	217

b Other Equity:

	INR- Million						
	Reserves and Surplus					Items of OCI	Total
	General Reserve	Share Capital Suspense Account	Securities Premium	Capital Redemption Reserve	Retained Earnings	FVTOCI Reserve	
As at March 31, 2017	37,894	5,564	-	-	872	9	44,339
Add: Profit for the year					900		900
Add [Less]: Other Comprehensive income					(20)	1	(19)
Total Comprehensive Income	37,894	5,564	-	-	1,752	10	45,220
Transfer from [to] Securities Premium Account		(5,541)	5,541				-
Share issued pursuant to scheme of Amalgamation		(23)					(23)
Stamp duty paid on issue of shares	(6)						(6)
Transactions with Owners in their capacity a as owners:							
Dividends					(51)		(51)
Corporate Dividend Tax on Dividend					(10)		(10)
As at March 31, 2018	37,888	-	5,541		1,691	10	45,130
Add: Profit for the year					1,716		1,716
Add [Less]: Other Comprehensive income					22	(5)	17
Total Comprehensive Income	37,888	-	5,541		3,429	5	46,863
Transfer from [to] Capital Redemption Reserve				2,300	(2,300)		-
Transactions with Owners in their capacity a as owners:							
Dividends	(3,143)				(170)		(3,313)
Corporate Dividend Tax on Dividend	(646)				(35)		(681)
As at March 31, 2019	34,099	-	5,541	2,300	924	5	42,869

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 4, 2019

Sd/-
N V Chalapathi Rao
Chief Financial Officer

Sd/-
Sanjay D Gupta
Company Secretary

Sd/-
Anil Matai
Managing Director

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Cash Flow Statement for the year ended March 31, 2019

Particulars	INR-Million		
	Year ended March 31		
	2019		2018
A Cash flows from Operating Activities:			
Profit before Tax		**3,983**	2,065
Adjustments for:			
Depreciation, Impairment and Amortisation expenses	**5,619**		5,533
Loss on disposal of Property, Plant and Equipment [Net]	**1**		1
Profit on Sale of Investments	**(89)**		(6)
Interest Income on Financial Assets measured at Amortised Cost	**(299)**		(92)
Dividend Income	**(1)**		(2)
Interest Expense	**18**		23
Bad Debts Written off	**17**		6
Impairment Allowances for Trade Receivables	**(21)**		(7)
Impairment Allowances for Advances [net of written back]	**-**		1
Provision for Employee Benefits	**(16)**		66
Provisions for probable product expiry claims and return of goods [net of written back]	**15**		3
Total		**5,244**	5,526
Operating profit before working capital changes		**9,227**	7,591
Adjustments for:			
[Increase]/ Decrease in Trade Receivables	**152**		(344)
[Increase]/Decrease in Inventories	**37**		(598)
[Increase] in Financial Assets	**(45)**		(71)
[Increase]/ Decrease in Other Financial Assets	**(15)**		65
[Increase] in Other Current Assets	**(734)**		(336)
Increase/ [Decrease] in Trade Payables	**(389)**		403
Increase/ [Decrease] in Other Current Liabilities	**126**		(45)
Increase/ [Decrease] in Other Financial Liabilities	**(2)**		15
Total		**(870)**	(911)
Cash generated from Operations		**8,357**	6,680
Direct taxes paid [Net of refunds]		**(1,042)**	(312)
Net cash from Operating Activities		**7,315**	6,368
B Cash flows from Investing Activities:			
Purchase of Property, Plant and Equipment	**(744)**		(1,100)
Proceeds from disposal of Property, Plant and Equipment	**5**		(0)
Investment in Subsidiary Companies	**(12)**		(18)
Proceed from Sale of Other Investment [Net]	**3**		-
Proceed from Sale of Investment measured at FVTPL [Net]	**89**		-
Advances to Subsidiary Companies	**(3,821)**		(100)
Interest Received	**231**		92
Dividend Received	**1**		2
Net cash used in Investing Activities		**(4,248)**	(1,124)
C Cash flows from Financing Activities:			
Payment towards Redemption of Optionally Convertible Non-Cumulative Redeemable Preference Shares	**(2,300)**		-
Payment towards Stamp Duty on issue of Equity and Preference Shares	**-**		(6)
Repayment of Long term Debt	**(69)**		-
Repayment of Preference Shares	**-**		(25)
Interest Paid	**(18)**		(23)
Dividend Paid	**(3,313)**		(51)
Tax on Dividend paid	**(681)**		(10)
Net cash used in financing activities		**(6,381)**	(115)
Net [Decrease]/ Increase in Cash and Cash Equivalents		**(3,314)**	5,129
Cash and Cash Equivalents at the beginning of the year		**5,333**	204
Cash and Cash Equivalents at the end of the year		**2,019**	5,333

Notes to the Cash Flow Statement

1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".
2 All figures in brackets are outflows.
3 Previous year's figures have been regrouped wherever necessary.
4 Cash and Cash Equivalents at the end [beginning] of the year include INR 9 [INR 9] Million not available for immediate use.
5 Cash and Cash Equivalents comprise of:

	As at March 31		
	2019	2018	2017
a Cash on Hand	1	2	1
b Balances with Banks	1,132	4,324	203
c Investment in Mutual Funds	886	1,007	-
	2,019	5,333	204

5 Changes in Liability arising from Financing Activities:

	As at March 31		As at March 31		As at March 31
Particulars	2017	Cash Flow	2018	Cash Flow	2019
Borrowing - Current [Refer Note - 18]	200	Nil	200	(68)	132

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Sd/-

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 4, 2019

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
N V Chalapathi Rao
Chief Financial Officer

Sd/-
Sanjay D Gupta
Company Secretary

Sd/-
Anil Matai
Managing Director

Note: 1-Company Information:

Zydus Healthcare Limited ["the Company"], a company limited by shares, incorporated and domiciled in India, operates as an integrated pharmaceutical company with business encompassing the entire value chain in the production, marketing and distribution of pharmaceutical products. The product portfolio of the Company includes human formulations. The registered office of the Company is located at "Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad - 380015.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of directors at its 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 Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]

ii Defined benefit plans

2 Use of Estimates:

The preparation of 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 are provided below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial 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 judgment is involved in determining the estimated stock lying in the market with product shelf life and estimates of likely claims on account of expiry/ breakages of such unsold goods lying with stockiest.

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.

Note: 2-Significant Accounting Policies-Continued:

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 date of transactions.

B Foreign Exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities 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 other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis.

D Investments in foreign subsidiaries and other companies are recorded in INR [functional currency] at the rates of exchange prevailing at the time when the investments were made.

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. When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price [excluding estimates of variable consideration] that is allocated to that performance obligation. Historical experience, specific contractual terms and future expectations of sales returns 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.

b Service Income:

Service income is recognised as per the terms of contracts with the customers when the related services are performed as per the stage of completion or on the achievement of agreed milestones and are net of indirect taxes, wherever applicable.

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 Financial Statement for the year ended on March 31, 2018 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 Dividend:

Dividend income is recognised when the Company’s right to receive the payment is established.

c Other Income:

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

5 Government Grants:

A Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

B Government grants related to revenue are recognised on a systematic and gross basis in the Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.

Note: 2-Significant Accounting Policies-Continued:

6 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

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

B Deferred Tax:

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

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

c Deferred tax assets are recognised for all deductible temporary differences 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 correlation to the underlying transaction either in OCI or directly in equity.

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

h Minimum Alternate Tax [MAT] paid in a year is charged to the Statement of Profit and Loss as current tax.

i The company recognizes MAT credit available as an asset based on historical experience of actual utilisation of such credit and only when and to the extent there is a convincing evidence that the company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. Such asset, if any recognised, is reviewed at each Balance Sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the company will be liable to pay normal tax during the specified period.

7 Property, Plant and Equipment:

A Freehold land is carried at historical cost. All other items of 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. 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 charged to the statement of profit and loss during the reporting period in which they are incurred.

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

B Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognised separately as independent items and are depreciated over their estimated economic useful lives.

C Depreciation on tangible assets is provided on "straight line method" based on the useful lives as prescribed under Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. However, management reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods.

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

E Depreciation on additions/ disposals of the 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. All other repair and maintenance costs are recognised in statement of profit or loss as incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

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.

Note: 2-Significant Accounting Policies-Continued:

8 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 and accumulated impairment losses.

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

C Goodwill arising on Amalgamation is amortised over ten years, as provided in the Scheme of Amalgamation.

D Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated economic life.

E 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.

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

G 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.

9 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.

10 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.

11 Impairment of Assets:

The Property, Plant and Equipment 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.

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, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.

B Cost [Net of Input tax credit availed] of Raw Materials, Stores & Spare Parts, 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.

13 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.

14 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 in 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.

Note: 2-Significant Accounting Policies-Continued:

15 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 current liability.

16 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.

17 Employee Benefits:

A Short term obligations:

Liabilities for wages and salaries, including leave encashments 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 at 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 as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in Statement of profit and loss.

b Defined Benefit Plans:

i Gratuity:

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the Statement of Profit and Loss.

Re-measurement 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 and 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 Company has 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.

18 Dividends :

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

Note: 2-Significant Accounting Policies-Continued:

19 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A Financial assets:

a Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place [regular way trades] are recognised on the settlement date, trade date, i.e., the date that the Company settle commits to purchase or sell the asset.

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

i Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held with an objective of collecting contractual cash flows
- Contractual terms of the asset give rise on specified dates to cash flows that are "solely payments of principal and interest" [SPPI] on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate [EIR] method. 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 in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the statement of profit or loss.

ii Debt instruments at fair value through other comprehensive income [FVTOCI]:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The asset is held with objective of both - for collecting contractual cash flows and selling the financial assets
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii Debt instruments and derivatives at fair value through profit or loss [FVTPL]:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as amortized cost or as FVTOCI, is classified as at FVTPL.

Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv Equity instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income . The Company has made such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

v Investments in subsidiaries:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

c Derecognition:

A financial asset [or, where applicable, a part of a financial asset] is primarily derecognised [i.e. removed from the Company's balance sheet] when:

i The rights to receive cash flows from the asset have expired, or

ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either [a] the Company has transferred substantially all the risks and rewards of the asset, or [b] the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. When the Company has transferred the risk and rewards of ownership of the financial asset, the same is derecognised.

Note: 2-Significant Accounting Policies-Continued:

d Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss [ECL] model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a Financial assets that are debt instruments, and are measured at amortised cost

b Trade receivables or any contractual right to receive cash or another financial asset

For Recognisition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR.

ECL impairment loss allowance [or reversal] recognized during the period is recognized as income/ expense in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance , i.e., as an integral part of the measurement of those assets in the balance sheet, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics.

B 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, using EIR method. Gains and losses are recognised in Statement of profit and 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 and loss.

C 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.

D 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.

Note: 2-Significant Accounting Policies-Continued:

20 Convertible Preference Shares:

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost [net of transaction costs] until it is extinguished on conversion or redemption.

For the part of the convertible preference shares that meets the Ind AS 32 criteria for fixed to fixed classification are recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

21 Fair Value Measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a In the principal market for the asset or liability,

b In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a Level 1 — Quoted [unadjusted] market prices in active markets for identical assets or liabilities

b Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

c Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation [based on the lowest level input that is significant to the fair value measurement as a whole] at the end of each reporting period.

22 Business combinations and Goodwill:

A In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2016. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward without any adjustment.

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

C At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However,

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 "Income Tax" and Ind AS 19 "Employee Benefits" respectively.

D When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

E Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 "Financial Instruments", is measured at fair value with changes in fair value recognised in statement of profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

F Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

G After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

H A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in statement of profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Note: 2-Significant Accounting Policies-Continued:

I Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

J Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ relevant government authority, the business combination is accounted for as per the accounting treatment sanctioned in the Scheme.

K Goodwill arising on Amalgamation is amortised over the period as provided in the Scheme of Amalgamation, as approved by the Hon'ble High Court or relevant government authority.

23 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 reverse 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.

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 lessee 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 HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Notes to the Financial Statements

Note: 3-Property, Plant & Equipment and Intangible Assets:

[A] Property, Plant and Equipment: **INR-Million**

	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	**Total**
Gross Block:								
As at March 31, 2017	1,073	368	1,816	1,798	32	50	29	**5,166**
Additions	-	-	188	680	105	22	170	**1,165**
Disposals	-	-	-	-	-	(4)	-	**(4)**
As at March 31, 2018	1,073	368	2,004	2,478	137	68	199	**6,327**
Additions		141	102	800	12	80	84	**1,219**
Disposals	-	-	-	-	-	(10)	-	**(10)**
As at March 31, 2019	1,073	509	2,106	3,279	149	138	283	**7,536**
Depreciation and Impairment:								
As at March 31, 2017	-	5	19	175	4	4	4	**211**
Depreciation for the year	-	4	47	275	12	8	13	**359**
Other adjustments	-	-	-	-	-	3	-	**3**
Disposals	-	-	-	-	-	(1)	-	**(1)**
As at March 31, 2018	-	9	66	450	16	14	17	**572**
Depreciation for the year	-	5	52	305	19	13	49	**443**
Disposals	-	-	-	(0)	-	(4)	0.00	**(4)**
As at March 31, 2019	-	14	118	755	35	23	66	**1,011**
Net Block:								
As at March 31, 2018	1,073	359	1,938	2,028	121	54	182	**5,755**
As at March 31, 2019	1,073	495	1,988	2,523	114	115	217	**6,525**

[B] Intangible Assets:

	Goodwill	Other Intangible Assets: Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	**Total**
Gross Block:						
As at March 31, 2017	46,008	5,589	27	31	27	**5,674**
Additions	-	14	9	-	-	**23**
Disposals	-	-	-	-	-	**-**
As at March 31, 2018	46,008	5,603	36	31	27	**5,697**
Additions	-	6	11			**17**
Disposals	-	-	-	-	-	**-**
As at March 31, 2019	46,008	5,609	47	31	27	**5,714**
Amortisation and Impairment:						
As at March 31, 2017	5,266	212	14	5	2	**233**
Amortisation for the year	4,601	559	7	5	3	**574**
Impairment for the year	-	-	-	-	-	**-**
As at March 31, 2018	9,867	771	21	10	5	**807**
Amortisation for the year	4,601	560	8	5	3	**576**
Impairment for the year	-	-	-	-	-	**-**
As at March 31, 2019	14,468	1,331	29	15	8	**1,383**
Net Block:						
As at March 31, 2018	36,141	4,832	15	21	22	**4,890**
As at March 31, 2019	31,540	4,278	18	16	19	**4,331**

Impairment of goodwill:

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Cash Generating Unit [CGU], which represents the operating segment of the Company. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level. The Company has only one segment. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU/ groups of CGU over a period of five years. Key assumptions used are as mentioned below. As of March 31, 2019 and March 31, 2018 the estimated recoverable amount of the CGU exceeded its carrying amount. The key assumptions used for the calculations are as follows :

	As at March 31	
	2019	2018
Long Term Growth Rate	**3.00%**	3.00%
Discount Rate	**10.00%**	10.00%

The above discount rate is based on the Weighted Average Cost of Capital [WACC]. These estimates are likely to differ from future actual results of operations and cash flows.

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]

Notes to the Financial Statements

Note: 3-Property, Plant & Equipment and Intangible Assets Continued:

	INR- Million	
	Year ended March 31	
Depreciation, Amortisation and Impairment expenses:	**2019**	2018
Depreciation	**443**	359
Amortisation	**5,176**	5,174
Total	**5,619**	5,533

Notes:

1 Additions of INR 8 Million [Previous Year: INR 26 Million] in research assets during the year are included in "Additions" under the respective heads of Gross Block of Tangible assets as above.

2 Capital expenditure on Research and Development is INR 8 Million [Previous Year: INR 26 Million].

3 Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Biochem Pharmaceutical Industries Limited and acquired pursuant to Scheme of Arrangement of Cadila Healthcare Limited with the Company are in the process of being transferred in the name of the Company.

	Face Value [*]	Nos. [**]	INR- Million	
			Year ended March 31	
			2019	2018
Note: 4-Investments [Non-Current]:				
Investments in Subsidiaries and Others:				
Investments in a Subsidiary Companies			**31**	18
Investments in Equity Instruments			**11**	19
			42	37
A Details of Investments in Subsidiaries:				
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Acme Pharmaceuticals Pvt. Ltd.	10	3,500,000	**31**	18
Violio Healthcare Limited [INR: 5,00,000]	10	50,000	**-**	-
[50,000 shares subscribed during the year]				
			31	18
B Details of Investments - Others [Valued at fair value through OCI]:				
Investment in Equity Instruments [Quoted]:				
In fully paid-up Equity Shares of:				
Reliance Industries Limited [INR: 4,74,341]	10	348	**-**	1
Vedanta Limited	10	57,750	**11**	16
Tanla Solutions Limited [INR: 74,962, March 31, 2018: 62,097]	1	2,026	**-**	-
In fully paid-up Preference Shares of:				
Vedanta Limited	10	0 [2,31,000]	**-**	2
[2,31,000 shares redeemed during the year]				
Total [Aggregate Book Value of Investments]			**11**	19
B a i Aggregate amount of quoted investments			**11**	19
ii Market value of quoted investments			**11**	19
b Aggregate amount of unquoted investments			**11**	18
C Explanations:				
a In "Face Value [*]", figures in Indian Rupees unless stated otherwise.				
b In "Nos. [**]" figures of previous year are same unless stated in [ ]{ }.				
c [ ]^ Figures in bracket denote amount in Rupees.				

Note: 5-Loans:

	2019	2018
[Unsecured, Considered Good unless otherwise stated]		
Loans and Advances to Related Parties [*]	**3,200**	100
Total	**3,200**	100
[*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):		
Name of the party and relationship with the party to whom loan given:		
A Subsidiary Company of Holding Company:		
a Zydus Technologies Limited	**3,200**	100
Total	**3,200**	100
(#) Loans which are outstanding at the end of the respective financial year.		
Notes:		
a The above loan has been given for business purposes.		
b The loan is interest bearing		
c The above loan is repayable within a period upto 3 years		

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2019	2018
Note: 6-Other Financial Assets:		
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	216	201
Others	18	19
Total	234	220
Note: 7-Other Non-Current Assets:		
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	37	178
Balances with Statutory Authorities	25	6
Others	64	37
Total	126	221
Note: 8-Current Tax Assets [Net]:		
Advance payment of Tax [Net of provision for taxation of INR 873 {as at March 31, 2018 INR 1,758} Million]	10	9
Total	10	9
Note: 9-Inventories:		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	1,019	1,265
Work-in-progress	196	102
Finished Goods	1,616	1,327
Stock-in-Trade	616	782
Others:		
Packing Materials	256	264
Total	3,703	3,740
The above includes Goods in transit as under:		
Raw Materials	39	110
Stock-in-Trade	10	-
Packing Materials	-	23
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories		
Net of reversal of write-down	(26)	55

Note: 10-Investments [Current]:

	Nos. [**]	2019	2018
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss]: [*]			
Kotak Liquid Fund - Direct Plan - Growth	2,34,247.25 [0]	886	-
Reliance Liquidity Fund - Direct Plan - Growth	0 [2,617.69]	-	505
DSP Black Rock Liquidity Fund - Direct Plan - Growth	0 [2,485.63]	-	502
Total		886	1,007
A a i Aggregate amount of quoted investments		886	1,007
ii Market value of quoted investments		886	1,007
B Explanations:			
a In "Nos. [**]" figures of previous year are same unless stated in [ ].			
[*] Considered as cash and cash equivalents for Cash Flow Statement			

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]

Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2019	2018
Note: 11-Loans:		
[Unsecured, Considered Good]		
Loans and advances to related parties [*]	688	-
Others [**]	100	-
	788	-
[*] Loans and advances to		
Zydus Technologies Limited [Interest Receivable on loan]	61	-
Acme Pharmaceuticals Private Limited [including Interest Receivable on Loan]	599	-
Liva Nutritions Limited [including Interest Receivable on Loan]	28	-
	688	-
[**] Loan given to Genesys Biologics Private Limited against personal guarantee and corporate guarantee of Directors Amicus Formulations (India) Pvt. Ltd. with interest rate 12.00% p.a.		
Note: 12-Trade Receivables:		
Unsecured - Considered good	2,867	3,015
Unsecured - Credit Impaired	27	48
	2,894	3,063
Less: Allowances for Credit Losses	27	48
Total	2,867	3,015
Note: 13-Cash and Cash Equivalents:		
Balances with Banks [*]		
In Current Accounts	117	702
In Fixed Deposits [including Interest Receivable]	1,014	3,622
Cash on Hand	1	2
Total	1,132	4,326
[*] Earmarked balances with banks:		
A Balances with Banks include:		
i Balances to the extent held as margin money deposits against Guarantee	9	9
B Bank deposits with maturity of more than 12 months	-	-
C Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
D There are no amounts of cash and cash equivalent balances held by the entity that are not available for use by the Company.		
Note: 14-Other Current Financial Assets:		
[Unsecured, Considered Good]		
Receivable from Holding Company	1,892	1,892
Others	15	6
Total	1,907	1,898
Note: 15-Other Current Assets:		
[Unsecured, Considered Good]		
Balances with Statutory Authorities	1,530	847
Advances to Suppliers - Considerred Good	128	209
Advances to Suppliers - Considerred Doubtful	-	1
	128	210
Less : Impairment Allowance	-	1
	128	209
Export Incentive Receivables	11	13
Prepaid Expenses	58	14
Others	3	3
Total	1,730	1,086

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2019	2018
Note: 16-Equity Share Capital:		
Authorised:		
3,100,000 [as at March 31, 2018: 3,100,000] Equity Shares of INR 100/- each	310	310
2,000,000 [as at March 31, 2018: 2,000,000] Redeemable Preference Shares of INR 10/- each	20	20
132,600,000 [as at March 31, 2018: 132,600,000]		
8% Optionally Convertible Non-Cumulative Redeemable Preference Shares of INR 100/- each	13,260	13,260
300,000 [as at March 31, 2018: 3,00,000] 8% Non-Cumulative Redeemable Preference Shares of INR 100/- each	30	30
	13,620	13,620
Issued, Subscribed and Paid-up:		
Equity Share Capital [21,61,742 { as at March 31, 2018: 21,61,742} Equity Shares of Rs. 100 each] fully paid up	217	217
Preference Share Capital [100,650,000 { as at March 31, 2018: 123,650,000} Optionally Convertible Non Cumulative Redeemable Preference Shares of Rs. 100 each, fully paid up]	10,065	12,365
Total	10,282	12,582
A The reconciliation in number of Equity shares is as under:		
Number of shares at the beginning of the year	2,161,742	1,938,242
Add: Issued pursuant to Scheme of Amalgamation	-	223,500
Number of shares at the end of the year	2,161,742	2,161,742
The reconciliation in number of 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares is as under:		
Number of shares at the beginning of the year	123,650,000	123,650,000
Less: Shares redeemed during the year	23,000,000	-
Number of shares at the end of the year	100,650,000	123,650,000

B The Company has only one class of equity shares having a par value of INR 100/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.

C Optionally Convertible Non-Cumulative Redeemable Preference [OCRPS] Shares are redeemable at par. At anytime during tenure of OCRPS, the Issuer of OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during tenure of OCRPS, the Holder of OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. Such conversion shall happen at 1 equity shares for 249 OCRPS. The tenure of the OCRPS shall be 20 years from date of allotment. At any time during the tenure of the OCRPS, the company shall have right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential rights with respect to dividend on the paid up capital in the event of distribution of profits by the Company

D Details of Share holders holding more than 5% of Shares:

	2019	2018
a Equity Shares:		
All Equity Shares are held by holding company, Cadila Healthcare Limited and its nominees		
Number of Shares	2,161,742	2,161,742
% to total share holding	100.00%	100.00%
b Preference Shares:		
All Preference Shares are held by holding company, Cadila Healthcare Limited		
Number of Shares	100,650,000	123,650,000
% to total share holding	100.00%	100.00%

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2019	2018
Note: 17-Other Equity:		
Capital Redumption Reserve:		
Balance as per last Balance Sheet	-	-
Add: Transfer from Retained Earnings	2,300	-
	2,300	-
Securities Premium Reserve:		
Balance as per last Balance Sheet	5,541	-
Add: Transfer from Share Capital Suspense Account	-	5,541
	5,541	5,541
Other Reserves:		
General Reserve: [*]		
Balance as per last Balance Sheet -	37,888	37,894
Less: Amount paid for stamp duty on Issue of Shares	-	(6)
Dividends	(3,143)	-
Corporate Dividend Tax on Dividend	(646)	-
	(3,789)	-
Balance as at the end of the year	34,099	37,888
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	10	9
Add: [Debited]/ Credited during the year	(5)	1
	5	10
Share Capital Suspense Account		
Balance as per last Balance Sheet	-	5,564
Less: Shares issued pursuant Scheme of Amalgamation	-	(5,564)
	-	-
Retained Earnings:		
Balance as per last Balance Sheet	1,691	872
Add: Profit for the year	1,716	900
	3,407	1,772
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	22	(20)
Transfer to Captial Redemption Reserve	(2,300)	
Less: Dividends:		
Dividends	170	51
Corporate Dividend Tax on Dividend	35	10
	205	61
Balance as at the end of the year	924	1,691
Total	42,869	45,130

[*] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.

[#] The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Note: 18-Borrowings:

	INR- Million			
	Non-current portion		Current Maturities	
	As at March 31		2019	
	2019	2018	2019	2018
From Related Parties [Unsecured] [*]	-	200	132	-
	-	200	132	-
[*] Details of Borrowings from Related Parties [Refer Note No. 39 A for relationship] are as under:				
a Dialforhealth India Limited		200	132	

[*] Borrowings from Related Parties carry interest at SBI bank rate + 0.50% on quarterly basis and have tenure of 3 years from the expiry of original agreement with an option to the Company to prepay the loan at any time during the tenure of loan without any penalty.

	INR- Million	
	As at March 31	
	2019	2018
Note: 19-Other Financial Liabilities- Non Current:		
Trade Deposits	49	48
Others	22	19
Total	71	67

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Notes to the Financial Statements

Note: 20-Provisions- Non Current:

Provision for Employee Benefits	**541**	595
Total	**541**	595

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.

The plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary increment risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

INR- Million
As at March 31

	2019			2018		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B Change in the present value of the defined benefit obligation:						
Opening defined benefit obligation	**85**	**451**	**712**	71	359	634
Interest cost	**6**	**33**	**48**	5	19	44
Current service cost	**9**	**61**	**79**	3	28	57
Benefits paid		**(57)**	**(63)**	-	(32)	(36)
Actuarial losses/ (gain) on obligation	**(10)**	**12**	**(18)**	6	77	13
Closing defined benefit obligation	**90**	**500**	**758**	85	451	712
C Change in the fair value of plan assets:						
Opening fair value of plan assets	**-**	**66**	**441**		65	391
Expected return on plan assets		**5**	**31**		5	27
Return of plan assets excluding amounts included in interest income		**(1)**	**16**		(4)	(17)
Contributions by employer			**162**		-	76
Benefits paid			**(63)**		(0)	(36)
Closing fair value of plan assets	**-**	**70**	**587**	-	66	441
Total actuarial [losses]/ gains to be recognised	**10**	**(12)**	**18**	(6)	(77)	(13)
D Actual return on plan assets:						
Expected return on plan assets	**-**	**5**	**31**	-	5	27
Actuarial [losses]/ gains on plan assets	**-**	**-**	**-**	-	-	-
Actual return on plan assets	**-**	**5**	**31**	-	5	27
E Amount recognised in the balance sheet:						
Liabilities/ [Assets] at the end of the year	**90**	**500**	**758**	85	451	712
Fair value of plan assets at the end of the year	**-**	**(70)**	**(587)**	-	(66)	(441)
Difference	**90**	**430**	**172**	85	385	271
Liabilities/ [Assets] recognised in the Balance Sheet	**90**	**430**	**172**	85	385	271
F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:						
Current service cost	**9**	**61**	**79**	3	28	57
Interest cost on benefit obligation	**6**	**33**	**48**	5	19	44
Expected return on plan assets	**-**	**(5)**	**(31)**	-	(5)	(27)
Return of plan assets excluding amounts included in interest incom	**-**	**1**	**-**	-	4	-
Net actuarial [gains]/ losses in the year	**(10)**	**12**	**-**	6	77	-
Amount Included in "Employee Benefit Expense	**5**	**102**	**96**	14	123	74

Note: 20-Provisions- Non Current - Continued:

INR- Million

	As at March 31					
	2019			2018		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
Return of plan assets excluding amounts included in interest income			(16)			17
Net actuarial [gains]/ losses in the year			(18)			14
Amounts recognized in OCI	-	-	(34)	-	-	31
G Movement in net liabilities recognised in Balance Sheet:						
Opening net liabilities	85	385	272	71	294	243
Expenses as above [P & L Charge]	5	102	96	14	123	74
Employer's contribution	-	-	(162)	-		(76)
Amount recognised in OCI	-	-	(34)	-	-	31
Benefits Paid	-	(57)	-	-	(32)	-
Liabilities/ [Assets] recognised in the Balance Sheet	90	430	172	85	385	272
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%
Annual increase in salary cost [#]	12% for next two years and 9% thereafter			12% for next three years and 10% thereafter		

[*] 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.

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

I The categories of plan assets as a % of total plan assets are:	2019 Medical Leave	2019 Leave Wages	2019 Gratuity	2018 Medical Leave	2018 Leave Wages	2018 Gratuity
Insurance plan	0.00%	100.00%	99.00%	0.00%	100.00%	98.00%
Bank Balance	0.00%	0.00%	1.00%	0.00%	0.00%	2.00%

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

	As at March 31			
Gratuity:	**2019**	**2018**	**2017**	**2016**
Defined benefit obligation	758	712	634	60
Fair value of Plan Assets	587	441	391	49
Deficit/ [Surplus] in the plan	171	271	243	11
Actuarial Loss/ [Gain] on Plan Obligation	(18)	13	110	1
Actuarial Loss/ [Gain] on Plan Assets	-	-	(1)	-

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 the reporting period is 13.80 years [as at March 31, 2018: 9.0 years]

[**] Not applicable for fifth year due to absence of the eligible employees.

Sensitivity analysis:

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

A Medical Leave:

	As at March 31			
	2019		2018	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(5)	5	(3)	4
Assumption	Annual increase in salary cost			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	5	(5)	3	(3)

B Leave Wages:

	As at March 31			
	2019		2018	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(48)	49	(12)	13
Assumption	Annual increase in salary cost			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	49	(48)	12	(12)

Note: 20-Provisions- Non Current - Continued:

C Gratuity:

	As at March 31			
	2019		2018	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(45)	48	(21)	23
Assumption	Annual increase in salary cost			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	48	(45)	22	(21)

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

	INR-Million	
	As at March 31	
	2019	2018
Within the next 12 months [next annual reporting period]	102	202
Between 2 and 5 years	346	560
Between 6 and 10 years	329	506
Total expected payments	777	1,268

Note: 21-Deferred Tax:

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

INR-Million

	As at March 31 2017	Charge for the previous year	As at March 31 2018	Charge for the current year	As at March 31 2019
Deferred Tax Liabilities:					
Depreciation	4,019	1,290	5,309	490	5,799
	4,019	1,290	5,309	490	5,799
Deferred Tax Assets:					
Retirement benefits	247	15	262	(37)	225
Provision for Bad and Doubtful Debts	19	(2)	17	(7)	10
Provision for Expiry and Breakages	29	2	31	4	35
Unabsorbed depreciation	3,098	514	3,612	(878)	2,734
Others	1	4	5	(2)	3
Total	3,394	533	3,927	(920)	3,007
Net Deferred Tax Liabilities	625	757	1,382	1,410	2,792
MAT credit recognised in books	(3,135)		(3,135)		(3,135)
Net Deferred Tax Assets	2,510		1,753		343

B The Net Deferred Tax Liabilities of INR 1,410 [Previous Year: INR 757] Million for the year has been provided in the Statement of Profit and Loss.

C The Company has tax losses which arose in India of Rs. 7,824 Million [PY :10,386 Million] that are available for off setting against future taxable profits of the Company. Unabsorbed Depreciation is allowed to be set off for indefinite period. MAT Credit not recognised as at March 31, 2019 is Rs.2,004 Million. [Previous Year Rs. 1,141 Million]

Note: 22-Trade Payables:

	INR- Million	
	As at March 31	
	2019	2018
Micro, Small and Medium Enterprises [*]	21	52
Due to other than Micro, Small and Medium Enterprise	4,163	4,603
Total	4,184	4,655

[*] Disclosure in respect of Micro, Small and Medium Enterprises:

	2019	2018
A Principal amount remaining unpaid to any supplier as at year end	21	52
B Interest due thereon	-	2
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	2	2
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	-	-
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.

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2019	2018
Note: 23-Other Financial Liabilities:		
Current Maturities of Long Term Debt [Refer Note No.: 18]	132	0
Book Overdraft	315	291
Accrued Expenses	513	544
Payable for Capital Goods	31	103
Total	991	938
Note: 24-Other Current Liabilities:		
Advances from customers	42	42
Payable to Statutory Authorities	302	173
Others	5	8
Total	349	223
Note: 25-Provisions:		
Provision for Employee Benefits [Refer Note No.: 20]	151	148
Provision for claims for product expiry and return of goods [*]	102	86
Total	253	234
[*] Provision for claims for product expiry and return of goods:		
a Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.		
b The movement in such provision is stated as under:		
i Carrying amount at the beginning of the year	86	84
ii Additional provision made during the year	16	2
iii Carrying amount at the end of the year	102	86
Note: 26-Current Tax Liabilities [Net]:		
Provision for Taxation [Net of advance payment of tax of INR 829 {as at March 31, 2018: INR 654} Million]	11	184
Total	11	184
Note: 27-Contingent Liabilities and Commitments [to the extent not provided for]:		
A Contingent Liabilities:		
a Claims against the Company not acknowledged as debts	28	29
- Net of advance of [PY - Rs. 84,931]	1	0
b Other money for which the company is contingently liable:		
i In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	620	629
- Net of advance of	38	40
ii In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts [CY - Rs. 3,80,890]	-	-
- Net of advance of [CY - Rs. 3,80,890]	-	-
iii In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts	11	30
- Net of advance of	1	-
iv The Company has imported certain capital equipment at concessional rate of custom duty under "Export promotion of Capital Goods Scheme" of the Central Government. The Company has undertaken an incremental export obligation to the		
- extent of US $ Million	1	2
- equivalent to INR Million approx.	64	112
to be fulfilled during a specified period as applicable from the date of imports. The unprovided liability towards custom duty payable thereon in respect of unfulfilled export obligations	-	106
B Commitments:		
a Estimated amount of contracts remaining to be executed on capital account and not provided for	88	33
- Net of advance of	11	6

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]

Notes to the Financial Statements

	INR- Million	
	Year ended March 31	
	2019	2018
Note: 28-Revenue from Operations:		
Sale of Products	31,060	29,926
Other Operating Revenues:		
Export Incentives	4	1
Net Gain on foreign currency transactions and translation	3	9
Miscellaneous Income	223	50
	230	60
Total	31,290	29,986
Note: 29-Other Income:		
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	299	92
Dividend Income:		
From FVTOCI Investments	1	2
Gain on Investments mandatorily measured at FVTPL	89	33
Total	389	127
Note: 30-Cost of Materials Consumed:		
Raw Materials:		
Stock at commencement	1,265	642
Add: Purchases	3,574	3,804
	4,839	4,446
Less: Stock at close	1,019	1,265
	3,820	3,181
Packing Materials consumed	1,146	922
Total	4,966	4,103
Note: 31-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	6,315	7,268
Total	6,315	7,268
Note: 32-Changes in Inventories:		
Stock at commencement:		
Work-in-progress	102	59
Finished Goods	1,327	1,312
Stock-in-Trade	782	999
	2,211	2,370
Less: Stock at close:		
Work-in-progress	196	102
Finished Goods	1,616	1,327
Stock-in-Trade	616	782
	2,428	2,211
Total	(217)	159

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Notes to the Financial Statements

	INR- Million	
	Year ended March 31	
	2019	2018
Note: 33-Employee Benefits Expense:		
Salaries and wages	4,846	4,454
Contribution to provident and other funds [*]	341	306
Staff welfare expenses	62	51
Total	5,249	4,811
Above expenses includes Research related expenses as follows:		
Salaries and wages	53	34
Contribution to provident and other funds	4	3
Staff welfare expenses	2	2
Total	59	39
Managing Directors' Remuneration	49	49
[*] The Company's contribution towards defined contribution plan		
a Contribution to provident and other funds	224	203
The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees, as specified under the law. The contributions are paid to the respective Regional Provident Fund Commissioner under the Pension Scheme.		
Note: 34-Finance Cost:		
Interest expense [*]	18	19
Bank commission & charges	4	4
Total	22	23
[*] The break up of interest expense into major heads is given below:		
On term loans	16	19
On working capital loans [Rs. 12,100 for March 31, 2019 { Rs. 2,31,330 for March 31, 2018}]	0	0
Others	2	-
Total	18	19
Note: 35-Other Expenses:		
Research Materials	4	23
Analytical Expenses	5	3
Consumption of Stores and spare parts	240	220
Power & fuel	310	295
Rent [*]	76	72
Repairs to Buildings	30	22
Repairs to Plant and Machinery	76	48
Repairs to Others	29	16
Insurance	105	91
Rates and Taxes [excluding taxes on income]	8	14
Processing Charges	421	234
Commission to Directors	1	1
Traveling Expenses	515	489
Legal and Professional Fees [**]	162	132
Commission on sales	308	309
Freight and forwarding on sales	230	228
Representative Allowances	854	826
Royalty Expenses	95	133
Other marketing expenses	1,549	2,138
Bad Debts:		
Bad debts written off	17	6
Impairment allowances	-	-
	17	6
Less: Transferred from impairment allowances	(21)	(7)
	(4)	(1)
Doubtful Advances:		
Doubtful advances written off	1	-
Impairment allowances	(1)	1
	-	1
Directors' fees	3	2
Net Loss on Sale of Investments [Net of gain of INR 89 {Previous Year: INR Nil}]	0	-
Net Loss on disposal of Property, Plant and Equipment [Net of gain of INR 0 {Previous Year: INR 2} Million]	1	1
Donations [***]	6	11
Miscellaneous Expenses [#]	718	571
Total	5,742	5,879

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Notes to the Financial Statements

	INR- Million	
	Year ended March 31	
	2019	2018
Note: 35-Other Expenses-Continued:		
Above expenses includes Research related expenses as follows:		
Research Materials	4	23
Analytical expenses	1	3
Consumption of Stores and spare parts	65	47
Rent	23	14
Power & Fuel	8	6
Repairs to Buildings	0	1
Repairs to Plant and Machinery	7	0
Repairs to Others	0	0
Traveling Expenses	2	1
Legal and Professional fees	1	3
Net Loss on foreign currency transactions and translation	-	0
Miscellaneous Expenses [excluding Depreciation of INR 18 {Previous Year 17} Million]	18	12
Total	129	110
[*] The Company has taken various residential/ office premises/ godowns under operating lease or leave and license agreement with no restrictions and are renewable/ cancellable at the option of either of the parties. There are no sub-leases. The lease payments recognised under "Rent Expenses" are:	76	72
[**] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding GST]:		
i - As Auditor	2	2
- For Other Services [PY - Rs. 2,00,000]	-	0
- Total	2	2
ii Cost Auditor's Remuneration including fees for other services [excluding GST]	1	1
[***] Donations include political donations through Electoral Bonds	-	5
[#] Miscellaneous Expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	28	16
Note: 36-Tax Expenses::		
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	861	454
Adjustments in respect of current income tax of previous year	(4)	(46)
	857	408
Deferred tax:		
Relating to origination and reversal of temporary differences [Refer Note-21]	1,410	757
Tax expense reported in the statement of profit and loss	2,267	1,165
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss/ (gain) on remeasurements of defined benefit plans	12	(11)
Tax charged to/(credited) OCI	12	(11)
B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Profit before tax	3,983	2,065
Enacted Tax Rate (%) of the Country	34.94%	34.61%
Expected Tax Expenses	1,391	715
Adjustments for:		
Tax effect due to non-taxable income for tax purposes	1	(3)
Effect of unrecognized deferred tax assets/ liabilities	(65)	(12)
Effect of non-deductible expenses	101	93
Effect of additional deductions in taxable income	(30)	(31)
Rate difference due to provision as per Minimum Alternate Tax [MAT]	863	432
Others (including Prior Period Tax Adjustment)	5	(29)
Total	876	450
Tax Expenses as per Statement of Profit and Loss	2,267	1,165

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]

Notes to the Financial Statements

Note: 37-Calculation of Earnings per Equity Share [EPS]:

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

A	Profit for the year	INR-Million	**1,716**	900
B	Less: Preference Dividend (including CDT)	INR-Million	**(1,137)**	(1,195)
C	Profit attributable to Equity Share Holders	INR-Million	**579**	(295)
D	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**2,161,742**	2,161,742
E	Effect of dilution - Optionally Convertible Preference Shares	Numbers	**473,557**	496,586
F	Weighted average number of Equity Shares outstanding during the year	Numbers	**2,635,299**	2,658,328
G	Nominal value of equity share	INR	**100**	100
H	Basic EPS	INR	**267.65**	(136.31)
I	Diluted EPS - [Anti-Dilutive]	INR	**651.23**	338.55

Note: 38-Segment Information:

Segment Information has been given in the Consolidated Financial Statements of the Holding Company. Hence, as per Ind AS-108 "Operating Segments" issued by the Institute of Chartered Accountants of India, no separate disclosure on segment information is given in these financial statements.

Note: 39-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 Subsidiary Companies:
Acme Pharmaceuticals Private Limited
Violio Healthcare Limited

c Fellow Subsidiary Companies/ concerns:

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

[#] 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.

d Joint Venture Companies of Holding Company:

Zydus Hospira Oncology Private Limited	Bayer Zydus Pharma Private Limited
Zydus Takeda Healthcare Private Limited	US Pharma Windlas LLC

e Key Management Personnel:

Dr. Sharvil P. Patel	Chairman
Mr. Anil Matai	Managing Director
Mr. Nitin D. Parekh	Non-Executive Director
Mr. Deevyesh J. Radia	Independent Director
Dr. Bhavana S. Doshi	Independent Director
Dharmistha N Raval	Independent Director
Mr. P A Padmanabhan	Executive Officer [Chief Financial Officer] [upto August 9, 2018]
Mr. N V Chalapathi Rao Neti	Executive Officer [Chief Financial Officer] [from August 9, 2018]
Mr. Sanjay Kumar Gupta	Company Secretary [Executive Officer]

f Enterprises significantly influenced by Directors and their relatives of company and its Holding Company

Cadmach Machinery Company Private Limited
Zydus Hospitals and Healthcare Research Private Limited

g Post Employment Benefits Plans:

Zydus Healthcare Limited Employees Group Gratuity Scheme
German Remedis Limited Employees Group Gratuity Scheme

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]

Notes to the Financial Statements

Note: 39-Related Party Transactions-Continued:

B Transactions with Related Parties:

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

a Details relating to parties referred to in Note 39-A [a, b, c, d, f & g]

Nature of Transactions	Holding Company Subsidiary Companies Fellow Subsidiary Companies		Joint Venture Companies of Holding Company		Enterprises significantly influenced by Directors and/ or their relatives	
	Value of the Transactions [INR-Million] Year ended March 31					
	2019	2018	**2019**	2018	**2019**	2018
Purchases:						
Goods:						
Cadila Healthcare Limited	**2,831**	3,736				
Zydus Wellness - Sikkim	**4**	8				
Total	**2,835**	3,744	**-**	-	**-**	-
Property Plant and Equipments:						
Cadila Healthcare Limited	**16**	4				
Acme Pharmaceuticals Pvt. Ltd.	**1**	-				
Cadmach Machinery Company Private Limited					**4**	82
Total	**17**	4	**-**	-	**4**	82
Reimbursement of Expenses paid:						
Cadila Healthcare Limited	**5**	13				
Zydus Wellness Limited [PY - Rs.49,919]		0				
Laboratorios Combix S.L. [PY - Rs.1,09,059]		0				
Total	**5**	13	**-**	-	**-**	-
Services Received:						
Cadila Healthcare Limited	**154**	48				
Acme Pharmaceuticals Pvt. Ltd.	**75**	-				
Zydus Wellness - Sikkim	**2**	-				
	231	48				
Sales:						
Goods:						
Cadila Healthcare Limited	**436**	918				
Bayer Zydus Pharma Private Limited			**39**	45		
Zydus Hospitals and Healthcare Research Private Limited					**14**	5
Total	**436**	918	**39**	45	**14**	5
Property Plant and Equipments:						
Cadila Healthcare Limited	**3**	-				
Services Provided:						
Cadila Healthcare Limited	**2**	-				
Finance:						
Dividend paid:						
Cadila Healthcare Limited	**3,313**	51				
Interest Expense:						
Dialforhealth India Limited	**16**	19				
Total	**16**	19	**-**	-	**-**	-
Interest Income:						
Acme Pharmaceuticals Pvt. Ltd.	**51**	0				
Zydus Technologies Limited	**61**	-				
Others	**1**	-				
Total	**113**	0				
CSR Expense:						
Zydus Foundation	**27**	-				
Inter Corporate Loans Given:						
Acme Pharmaceuticals Pvt. Ltd.	**493**	50				
Liva Nutritions Limited	**28**	-				
Zydus Technologies Limited	**3,200**	-				
Total	**3,721**	50				
Inter Corporate Loans Repaid:						
Dialforhealth India Limited	**69**	-				

Note: 39-Related Party Transactions-Continued:

Nature of Transactions	Holding Company / Subsidiary Companies / Fellow Subsidiary Companies 2019	2018	Joint Venture Companies of Holding Company 2019	2018	Enterprises significantly influenced by Directors and/ or their relatives 2019	2018
	Value of the Transactions [INR-Million] As at March 31					
Outstanding:						
Payable:						
Cadmach Machinery Company Private Limited [CY - Rs. 80,246, PY - 1,16,280]					**0**	0
Acme Pharmaceuticals Pvt. Ltd.	**1**	-				
Dialforhealth India Limited	**132**	200				
	133	200				
Receivable:						
Bayer Zydus Pharma Private Limited			**5**	5		
Cadila Healthcare Limited	**1,812**	1,980				
Acme Pharmaceuticals Pvt. Ltd.	**599**	105				
Zydus Technologies Limited	**3,261**					
Liva Nutrition Limited	**28**					
Zydus Hospitals and Healthcare Research Private Limited					**2**	2
	5,700	2,085			**2**	2

c Details relating to persons referred to in Note 39-A [e & g] above:

	INR- Million Year ended March 31 2019	2018
(i) Salaries and other employee benefits to Managing Director and other executive officers	**65**	62
(ii) Commission and Sitting Fees to Non Executive/ Independent Directors	**4**	3
(iii) Outstanding payable to above (i) and (ii)	**3**	-

d Details relating to persons referred to in Note 40-A [g] above:

	2019	2018
[i] Contributions to group gratuity scheme	**162**	76

Note: 40-Details of Loans given, Investments made and guarantee given covered u/s 186(4) of the Companies Act, 2013:

A Details of loans and investments are given under the respective heads.

B Loan given by the Company:

	INR-Million As at 2019	2018
Subsidiary/ Fellow Subsidiary Companies:		
a Acme Pharmaceuticals Private Limited	**593**	100
b Zydus Technologies Limited	**3,200**	-
c Liva Nutritions Limited	**28**	-
Total	**3,821**	100

Note: 41-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 relying 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.

B Financial assets and liabilities measured at fair value - recurring fair value measurements:

	As at March 31 2019 Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	886			**886**
Financial Investments at FVOCI:				
Quoted equity instruments	11			**11**
Total financial assets	**897**	**-**	**-**	**897**
Financial liabilities	-	-	-	**-**

Note: 41-Financial Instruments Continued:

	As at March 31 2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	1,007			**1,007**
Financial Investments at FVOCI:				
Quoted equity instruments	19			**19**
Total financial assets	**1,026**	**-**	**-**	**1,026**
Financial liabilities	-	-	-	-

Financial Assets:

The carrying amounts of trade receivables, loans and advances to related parties and other financial assets [other than investment in preference shares], cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities:

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

Note: 42-Financial Risk Management:

A Financial instruments by category:

	INR- Million			
	As at March 31 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries]		11		**11**
Mutual funds	886			**886**
Non Current Loans			3,200	**3,200**
Other Non Current Financial Assets			234	**234**
Trade receivables			2,867	**2,867**
Cash and Cash Equivalents			1,132	**1,132**
Other Current Financial Assets			1,907	**1,907**
Total	**886**	**11**	**9,340**	**10,237**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			132	**132**
Trade payables			4,184	**4,184**
Other Non Current Financial Liabilities			71	**71**
Other Current Financial Liabilities			991	**991**
Total	**-**	**-**	**5,378**	**5,378**

	INR- Million			
	As at March 31 2018			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries]		19		**19**
Mutual funds	1,007			**1,007**
Non Current Loans			100	**100**
Other Non Current Financial Assets			220	**220**
Trade receivables			3,015	**3,015**
Cash and Cash Equivalents			4,326	**4,326**
Other Current Financial Liabilities			1,898	**1,898**
Total	**1,007**	**19**	**9,559**	**10,585**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			200	**200**
Trade payables			4,655	**4,655**
Other Non Current Financial Liabilities			67	**67**
Other Current Financial Liabilities			938	**938**
Total	**-**	**-**	**5,860**	**5,860**

Note: 42-Financial Risk Management:-Continued:

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 done in close co-ordination 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. Long-term financial investments are managed to generate lasting returns. 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 investment in, loans and advances to related parties, trade receivables, bank deposits 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 bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

i **Bank deposits** : The Company maintains its Cash and cash equivalents and Bank deposits with reputed and highly rated banks. Hence, there is no significant credit risk on such deposits.

ii **Trade Receivable**: The Company trades with recognized and credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

iii There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Adequate expected credit losses are recognized as per the assessments.

The history of trade receivables shows an allowance for bad and doubtful debts of INR 27 Million as at March 31, 2019 [INR 48 Million as at March 31, 2018]. against trade receivables of INR 2,894 Million [Previous year - INR 3,063 Million].

iv Trade Receivable: The Company trades with recognized and credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

v There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Adequate expected credit losses are recognized as per the assessments. No single third party customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2019 and March 31, 2018.

The Company has used expected credit loss [ECL] model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

Financial assets for which loss allowances is measured using the expected credit loss:

	INR- Million	
	As at March 31	
	2019	2018
Trade Receivables:		
Less than 180 days	2,784	2,890
180 - 365 days	23	58
Above 365 days	60	67
Total	2,867	3,015

Movement in the expected credit loss allowance on trade receivables:

	2019	2018
Balance at the beginning of the year	48	53
Recoveries	(21)	(5)
Balance at the end of the year	27	48

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.

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. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

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 it operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

c **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.

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Notes to the Financial Statements

Note: 42-Financial Risk Management:-Continued:

	INR- Million				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
	2019				
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest	132	-	-		132
Other non current financial liabilities	-	-	-	71	71
Trade payable	4,184	-	-	-	4,184
Other Current Financial Liabilities	991	-	-	-	991
Total	**5,307**	**-**	**-**	**71**	**5,378**
	2018				
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest	19	-	-	200	219
Other non current financial liabilities	-	-	-	67	67
Trade payable	4,655	-	-	-	4,655
Other Current Financial Liabilities	938	-	-	-	938
Total	**5,612**	**-**	**-**	**267**	**5,879**

c **Foreign currency risk:**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's operations in foreign currency creates natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Company.

Sensitivity:

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

	INR- Million					
	2019			2018		
	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	7.00%	0	0	4.00%	0	0
USD	-7.00%	(0)	(0)	-4.00%	(0)	(0)
EUR	7.00%	-	-	7.00%	-	-
EUR	-7.00%	-	-	-7.00%	-	-
Others	5.00%	(0)	(0)	5.00%	0	0
Others	-5.00%	0	0	-5.00%	(0)	(0)

* 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 March 31, 2019, the Company is exposed to changes in market interest rates through related party at variable interest rates. The Company's investments in Fixed Deposits are at fixed interest rates.

Sensitivity *:

Below is the sensitivity of profit or loss and equity changes in interest rates:

	Movement in Rate	INR- Million	
		As at March 31	
		2019	2018
Interest rates	+0.50%	0	1
Interest rates	-0.50%	(0)	(1)

* Holding all other variables constant

e **Price risk:**

Exposure:

The Company's exposure to price risk arises from investments in equity and mutual fund held by the Company and classified in the balance sheet as fair value through OCI and at fair value through profit or loss respectively. To manage its price risk arising from investments in equity securities and mutual fund, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Sensitivity *:

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the year.

	Movement in Rate	INR- Million			
		2019		2018	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%	-	3	-	2
Decrease	-10.00%	-	(3)	-	(2)
Mutual Funds [Quoted]					
Increase	+2.00%	18	-	20	-
Decrease	-2.00%	(18)	-	(20)	-

* Holding all other variables constant

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Notes to the Financial Statements

Note: 43-Capital Management:

The Company' s capital management objectives are:

a to ensure the Company's ability to continue as a going concern
b to provide an adequate return to shareholders
c maintain an optimal capital structure to reduce the cost of capital.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	INR- Million	
	As at March 31	
	2019	2018
Net debts	**132**	200
Total equity	**53,151**	57,712
Net debt to equity ratio	**0.00**	0.00

Note: 44:

Pursuant to the Scheme of Amalgamation u/s. 391 to 394 of the Companies Act, 1956 ("the Scheme") for amalgamation of Zydus Healthcare Limited ("ZHL") with German Remedies Limited ("the Company"), as sanctioned by the Hon'ble High Court of Gujarat vide its order dated March 23, 2016 (Effective date), all the assets and liabilities of ZHL were transferred to and vested in the Company with effect from February 2, 2016 (Appointed date). As per the Scheme, the amalgamation had been accounted for under the "Purchase Method" as prescribed under Accounting Standard 14 - "Accounting for Amalgamations" (AS 14) and resulting goodwill of Rs. 41,149 Million, is being amortized over a period of 10 years. The accounting treatment provided in the Scheme prevails over the requirements of Ind AS in accordance with the Ministry of Corporate Affairs notification for Ind AS dated February 16, 2015.

Note: 45:

Pursuant to the Scheme of Amalgamation u/s. 230 to 232 of the Companies Act, 2013 ("the Scheme-1") for amalgamation of Biochem Pharmaceutical Industries Limited ("Biochem"), with Zydus Healthcare Limited ("the Company"), as sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT") vide its order dated March 15, 2017 (Effective date), all the assets and liabilities of Biochem were transferred to and vested in the Company with effect from March 31, 2016 (Appointed date). As per the Scheme-1, the amalgamation had been accounted for under the "Purchase Method" as prescribed under Accounting Standard 14 - "Accounting for Amalgamations" (AS 14) and resulting goodwill of Rs. 4,859 Million, is being amortized over a period of 10 years. The accounting treatment provided in the Scheme-1 prevails over the requirements of Ind AS in accordance with the Ministry of Corporate Affairs notification for Ind AS dated February 16, 2015.

Note: 46:

Pursuant to the Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 between Zydus Healthcare Limited ['the Company'], Cadila Healthcare Ltd., the holding company of the Company ['CHL'] and their respective shareholders and creditors as sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench ['NCLT'] vide its order dated May 18, 2017['Scheme-2'], the India Human Formulations Undertaking ['IHFU'] of CHL comprising of all the businesses, undertakings, activities, properties and liabilities as specified in the Scheme-2 pertaining to the India Human Formulations Business of CHL was transferred to and vested in the Company on a going concern basis by way of a Slump Sale for a lump sum cash consideration with effect from April 1, 2016, the appointed date. The certified true copy of the order was filed with the Registrar of Companies, Gujarat at Ahmedabad on May 19, 2017 making Scheme – 2 effective.

The Scheme 2 has been accounted for using the "Pooling of Interest Method" as prescribed in Appendix C to Ind AS 103 ["Business combinations"], as notified under the Companies [Indian Accounting Standards] Rules, 2015. Accordingly in compliance of the Scheme-2, the Company has recorded all the assets and liabilities transferred as a part of the IHFU from CHL at their respective book values appearing in the books of CHL as on the close of business hours on March 31, 2016, being the date immediately preceding the appointed date. The financial statement of the previous financial year includes the figures pertaining to the IHFU of CHL. The outstanding receivables and payables from CHL, due to implementation of the Scheme 2, are included in the respective balances in Note 14.

Note: 47: Dividends proposed to be distributed:

The Board of Directors, at its meeting held on May 4, 2019, recommended the final dividend of INR 1,150 per equity share of INR 100/- each. The Board of Directors has also recommended dividend of Rs. 8 per share to 8% Optionally Convertible Non cumulative Redeemable Preference Shares for the year. The recommended dividend is subject to the approval of the respective shareholders at the ensuing Annual General Meeting.

Note: 48:

The Company is exempt u/s 129(3) of Companies Act, 2013 as its holding company Cadila Healthcare Limited is presenting consolidated financial statements which is available for review on its website.

Note: 49:

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classifications/ disclosure.

Signatures to Significant Accounting Policies and Notes 1 to 49 to the Financial Statements

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 4, 2019

Sd/-
N V Chalapathi Rao
Chief Financial Officer

Sd/-
Sanjay D Gupta
Company Secretary

Sd/-
Anil Matai
Managing Director