

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

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

BASIS FOR OPINION

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

For RAO & ROSS
Chartered Accountants



Authorized Signatory
Dated: 20th April, 2019.



ZYDUS WORLDWIDE DMCC
Balance Sheet as at March 31, 2019

Particulars	Note No.	CURRENCY USD	
		As at	
		Mar 31, 2019	March 31, 2018
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	2,444,193	2,465,597
Other Intangible Assets	3 [B]	20,860,613	18,478,067
Financial Assets:			
Investments	4	138,322,769	132,572,769
Loans	5	17,358,958	7,361,780
		178,986,532	160,878,213
Current Assets:			
Financial Assets:			
Trade Receivables	6	5,075,599	11,730,503
Cash and Cash Equivalents	7	87,320	398,673
Other Current Assets	8	297,041	303,971
		5,459,960	12,433,147
Total		184,446,492	173,311,360
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	9	23,013,508	23,013,508
Other Equity	10	(55,850,746)	(27,202,651)
		(32,837,238)	(4,189,143)
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	11	190,420,000	29,145,000
Provisions	12	59,297	66,416
		190,479,297	29,211,416
Current Liabilities:			
Financial Liabilities:			
Borrowings	13	8,956,282	10,026,706
Trade Payables	14	7,789,785	21,162,382
Other Financial Liabilities	15	10,037,113	117,090,489
Other Current Liabilities	16	6,174	9,510
Provisions	17	15,080	-
		26,804,434	148,289,087
Total		184,446,493	173,311,360

As per our report of even date

For Rao & Ross

Chartered Accountants

Firm Registration Number: 106

Partner

Place : U.A.E.

Dated : 20th April 2019



For and on behalf of the Board



Mr Ketankumar Bhut
Director

Signature of Mr Malav Shah

Mr Malav Shah
Director

ZYDUS WORLDWIDE DMCC
Statement of Profit and Loss for the period ended March 31, 2019

Particulars	Note No.	CURRENCY USD	
		Period/ Year ended	
		Mar 31, 2019	March 31, 2018
Revenue from Operations	19	14,167,039	15,909,693
Other Income	20	548,403	198,980
Total Income		14,715,442	16,108,673
EXPENSES:			
Purchases of Stock-in-Trade	21	13,103,876	15,490,904
Employee Benefits Expense	22	951,317	1,084,518
Finance Costs	23	5,733,898	3,153,290
Depreciation, Amortisation and Impairment expense	24	67,935	55,645
Other Expenses	25	23,503,552	19,646,622
Total Expenses		43,360,578	39,430,979
Loss before Exceptional items and Tax		(28,645,136)	(23,322,306)
Loss for the year		(28,645,136)	(23,322,306)
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		(2,958)	-
Other Comprehensive Income for the year [Net of tax]		(2,958)	
Total Comprehensive Income for the year [Net of Tax]		(28,648,094)	(23,322,306)
Basic & Diluted Earning per Equity Share [EPS] [in USD]	26	(339.08)	(355.48)
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 28		

As per our report of even date

For Rao & Ross

Chartered Accountants

Firm Registration Number: 106



Partner

Place : U.A.E.

Dated : 20th April 2019



For and on behalf of the Board



Mr Ketankumar Bhut
Director



Mr Malav Shah
Director

ZYDUS WORLDWIDE DMCC
Statement of Change in Equity for the period ended 31st March 2019

	USD	
	As at	
	Mar 31, 2019	March 31, 2019
a Equity Share Capital:	No. of Shares	USD
Equity Shares of AED 1000/- each, Issued, Subscribed and Fully Paid-up:		
As at April 1, 2017	64,280	17,513,000
Issued during the year	20,200	5,500,508
As at March 31, 2018	84,480	23,013,508
Issued during the year	-	-
As at Mar 31, 2019	84,480	23,013,508

	USD	USD
	Reserves and Surplus	Total
	Retained Earnings	
b Other Equity:		
As at April 01, 2017		
Add: Loss for the year	(3,880,345)	(3,880,345)
[Less]: Other Comprehensive income	(23,322,306)	(23,322,306)
Total Comprehensive Income	(23,322,306)	(23,322,306)
As at March 31, 2018	(27,202,651)	(27,202,651)
Add: Loss for the year	(28,645,136)	(28,645,136)
Add [Less]: Other Comprehensive income	(2,958)	(2,958)
Total Comprehensive Income	(28,648,094)	(28,648,094)
As at Mar 31, 2019	(55,850,746)	(55,850,746)

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

For and on behalf of the Board

Partner
Place : U.A.E.
Dated : 20th April 2019



Mr Ketankumar Bhut
Director

Mr Malav Shah
Director

Zydus Worldwide DMCC
Cash Flow Statement for the period ended March 31, 2019

Particulars	USD	
	Year Ended	
	March 31, 2019	March 31, 2018
A Cash flows from operating activities:		
Loss before tax	(28,650,950)	(23,322,307)
Adjustments for:		
Depreciation, Amortisation and Impairment expense	67,935	55,645
Interest Income	(503,463)	(154,133)
Interest expenses	5,782,526	3,046,191
Provisions for employee benefits	10,919	35,417
Provisions for probable product expiry claims and return of goods [net of written back]	-	-
Total Loss	5,357,917	-
Total Loss	(23,293,033)	(20,339,187)
Operating profit before working capital changes		
Adjustments for:		
Decrease in trade receivables	6,654,904	(2,552,993)
Decrease in Current Asset	1,339	741
Increase in other assets	(1,058)	-
Decrease in trade payables	(13,364,609)	14,669,394
Decrease in other liabilities	(144,916)	1,508,192
Total	(6,854,340)	13,625,334
Cash used in operations	(30,147,373)	(6,713,853)
Net cash used in operating activities	(30,147,373)	(6,713,853)
B Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,430,520)	(6,596,553)
Purchase of non current investments	(5,750,000)	(2,150,000)
Advances to subsidiaries	(9,997,177)	(2,641,709)
Repayment of advances by subsidiary companies/ a joint venture company	-	(13,071)
Interest received	503,463	185,133
Net cash used in investing activities	(17,674,235)	(11,216,200)
C Cash flows from financing activities:		
Proceeds from Issue of Share Capital	-	5,500,000
Proceeds from non current borrowings	54,363,204	13,450,296
Repayment of non current borrowings	-	26,706
Current Borrowings [Net]	(1,070,424)	-
Interest paid	(5,782,526)	(3,046,192)
Net cash from financing activities	47,510,253	15,930,810
Net Decrease in cash and cash equivalents	(311,354)	(1,999,243)
Cash and cash equivalents at the beginning of the year	398,674	2,394,997
Cash and cash equivalents at the end of the year	87,320	398,674

Notes to the Cash Flow Statement

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

	As at	
	Mar 31 2019	Mar 31 2018
a Cash on Hand	2,134	4,481
b Balances with Banks	85,186	394,193
c Investment in Liquid Mutual Funds	-	-
	87,320	398,674

- 5 Change in Liability arising from financing activities:

	As at April 01,	Cash flow	Foreign exchange movement	Total
Borrowing - Non Current [Refer Note 15]	43,412,008	157,025,000		200,437,008
Borrowing - Current [Refer Note 19]	8,956,282	1,070,424		10,026,706
	52,368,290	158,095,424	-	210,463,715



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

Partner
Place : U.A.E.
Dated : 20th April 2019



Mr Ketankumar Bhut
Director

For and on behalf of the Board

Mr Malav Shah
Director

Zydus Worldwide DMCC
Notes to the Financial Statements

Note: 3 : (A) Property, Plant & Equipment and (B) Intangible Assets:

[A] Property, Plant and Equipment:

	<u>Buildings</u>	<u>Plant & Equipment</u>	<u>Furniture and Fixtures</u>	<u>Office Equipment</u>	<u>Total</u>
Gross Block:					
As at March 31, 2017	2,495,108	29,742	30,439	11,686	2,566,975
Additions	-	-	45,082	2,591	47,673
As at March 31, 2018	2,495,108	29,742	75,521	14,277	2,614,648
Additions	-	1,576	44,047	911	46,533
As at March 31, 2019	2,495,108	31,318	119,568	15,188	2,661,181
Depreciation and Impairment:					
As at March 31, 2017	76,408	5,172	1,540	3,654	86,774
Depreciation for the year	47,050	5,064	6,057	4,106	62,277
As at March 31, 2018	123,458	10,236	7,597	7,760	149,051
Depreciation for the year	41,668	6,066	15,767	2,993	66,494
As at March 31, 2019	165,126	16,302	24,805	10,753	216,986
Net Block:					
As at March 31, 2017	2,418,700	24,570	28,899	8,032	2,480,201
As at March 31, 2018	2,371,650	19,506	67,924	6,517	2,465,597
As at March 31, 2019	2,329,981	15,015	94,762	4,435	2,444,193

[B] Intangible Assets:

	<u>Other Intangible Assets</u>		
	<u>Commercial Rights</u>	<u>Technical Know-how</u>	<u>Total</u>
Gross Block:			
As at March 31, 2017	1,500,000	14,710,409	16,210,409
Additions	-	2,267,658	2,267,658
As at March 31, 2018	1,500,000	16,978,067	18,478,067
Additions	-	2,382,546	2,382,546
As at March 31, 2019	1,500,000	19,360,613	20,860,613
Amortisation and Impairment:			
As at March 31, 2017	-	-	-
Amortisation for the year	-	-	-
As at March 31, 2018	-	-	-
Amortisation for the year	-	-	-
As at March 31, 2019	-	-	-
Net Block:			
As at April 01, 2017	1,500,000	14,710,409	16,210,409
As at March 31, 2018	1,500,000	16,978,067	18,478,067
As at March 31, 2019	1,500,000	19,360,613	20,860,613



ZYDUS WORLDWIDE DMCC
Notes to the Financial Statements

	Face Value [*]	Nos. [**] Previous Year []	USD	
			As at	
			Mar 31, 2019	March 31, 2018
Note: 4-Investments [Non-Current]:				
Investments in Subsidiaries and Joint Ventures:		Previous Year []		
Investments in Equity Instruments			129,804,343	123,604,343
Investment in Share application money - Alidac Healthcare (Myanmar) Limited,			1,700,000	2,150,000
Investments in Preference Shares			6,818,426	6,818,426
			138,322,769	132,572,769
Details of Investments :				
A Details of Investments in Subsidiaries and Joint Ventures:				
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Netherlands BV, Netherlands	€ 100.00	855804 [855804]	92,362,741	92,362,741
Zydus France , SAS , France	€ 4.00	1944134 [1944134]	9,835,746	9,835,746
ETNA Bio Tech - ITALY	€ 100.00	900 [900]	107,925	107,925
Alidac Healthcare (Myanmar) Limited, Myanmar	MMK 1000	18440190 [4112500]	13,780,030	7,580,030
Zydus Healthcare SA (Pty.) Limited, South Africa	With No Par Value	57704149 [57704149]	5,704,277	5,704,277
Zydus Discovery DMCC, Dubai	AED 1000	29410 [29410]	8,013,623	8,013,623
Share application Pending Allotment : Alidac Healthcare (Myanmar) Limited, Myanmar			1,700,000	2,150,000
			131,504,343	125,754,343
Redeemable Preference Shares [Valued at cost]:				
Subsidiary Companies:				
Zydus Healthcare SA (Pty.) Limited, South Africa	With No Par Value	5877000 [5877000]	6,818,426	6,818,426
			138,322,769	132,572,769
Total [Aggregate Book Value of Investments]			138,322,769	132,572,769
B a Aggregate book value of unquoted investments			138,322,769	132,572,769
C Explanations:				
a In "Face Value [*]", figures in US \$ unless stated otherwise.				
b In "Nos. [**]" figures of previous year are same unless stated in [] .				
Note: 5-Loans:				
[Unsecured, Considered Good unless otherwise stated]				
Loans and Advances to Related Parties [*]				
			17,358,958	7,361,780
Total			17,358,958	7,361,780
[*] Details of Loans and Advances to related parties are as under:				
Name of the party and relationship with the party to whom loan given:				
Subsidiary Company:				
a Zydus Discovery DMCCC			17,288,296	7,293,286
b Zydus Netherland B.V.			70,661	68,495
Notes:				
a All the above loans have been given for business purposes.				
b All the loans are interest bearing .				
c All the above loans are repayable within a period of 1 to 5 years.				
Note: 6-Trade Receivables:				
Unsecured - Considered good				
			5,075,599	11,730,503
Total			5,075,599	11,730,503
Note: 7-Cash and Cash Equivalents:				
Balances with Banks				
			85,186	394,193
Cash on Hand				
			2,134	4,481
Total			87,320	398,673



ZYDUS WORLDWIDE DMCC
Notes to the Financial Statements

	USD			
	As at			
	Mar 31, 2019		March 31, 2018	
Note: 8-Other Current Assets:				
[Unsecured, Considered Good]				
Other Advances		1,251		2,870
Advances to Suppliers		250,000		257,988
Balances with Statutory Authorities		24,821		22,144
Prepaid Expenses		20,969		20,969
Total		297,041		303,971
Note: 9-Equity Share Capital:				
Authorised:				
84480 Equity Shares [as at 31-Mar-2018: 84480] Equity Shares of 1000 AED /- each		23,013,508		23,013,508
		23,013,508		23,013,508
Issued, Subscribed and Paid-up:				
84480 Equity Shares [as at 30-Mar-2018: 84480] Equity Shares of 1000 AED /- each		23,013,508		23,013,508
Total		23,013,508		23,013,508
A The reconciliation in number of shares is as under:				
Number of shares at the beginning of the year		84,480		64,280
Add: Issued during the year		-		20,200
Number of shares at the end of the year		84,480		84,480
B The Company has only one class of equity shares having a par value of AED 1000 /- per share.				
Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend.				
In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.				
Note: 10-Other Equity:				
Retained Earnings:				
Balance as per last Balance Sheet		(27,202,651)		(3,880,345)
Add: Loss for the year		(28,645,136)		(23,322,306)
		(55,847,787)		(27,202,651)
Less: Items of other Comprehensive income recognised directly in Retained Earnings:				
Re-measurement gains/ [losses] on defined benefit plans [net of tax]		(2,958)		-
Balance as at the end of the year		(55,850,746)		(27,202,651)
Total		(55,850,746)		(27,202,651)
Note: 11-Borrowings:				
		Non-current portion		Current Maturities
		As at		As at
		March 31, 2019	March 31, 2018	March 31, 2019
				March 31, 2018
A Term loan [From Related Party]				
Unsecured		190,420,000	29,145,000	77,496,484
Total		190,420,000	29,145,000	115,450,296
The above amount includes:				
ZyduS International Private Limited		120,420,000	29,145,000	
The Loan is bearing interest of 6 month USD libor plus Spread				
The tenure of the loan shall be 3 years from the disbursement date, which can be further renewed on yearly basis however the total tenure of the loan shall not exceed 5 years from the date of first disbursement.				
Sentynl Therapeutics Inc.				70,000,000
The Loan was bearing interest of 1 month USD libor plus Spread				
The tenure of the loan shall be 1 years from the disbursement date, which can be further renewed for one more year on mutual agreement.				
Cadila Healthcare Limited				7,496,484
The Loan was bearing interest of 6 month USD libor plus 50 Spread				
The tenure of the loan shall be 1 years from the disbursement date, which can be further renewed for one more year on mutual agreement.				
Net amount		120,420,000	29,145,000	77,496,484
				115,450,296



ZYDUS WORLDWIDE DMCC
Notes to the Financial Statements

	USD	
	As at	
	Mar 31, 2019	March 31, 2018
Note: 12-Provisions:		
Provision for Employee Benefits	59,297	66,417
Total	59,297	66,417
Note: 13-Borrowings:		
Working Capital Loans from Banks [Unsecured] from BNP Paribas, UAE	8,956,282	10,026,706
Total	8,956,282	10,026,706
The Loan is bearing interest at rate of 80 bps over the USD 1 Month LIBOR		
Note: 14-Trade Payables:		
Trade Payable	7,789,785	21,162,382
Total	7,789,785	21,162,382
Note: 15-Other Financial Liabilities:		
Current Maturity of Long term borrowing	10,017,008	116,928,804
Accrued Expenses	20,105	161,685
Total	10,037,113	117,090,489
Note: 16-Other Current Liabilities:		
Other Current Liabilities	6,174	9,510
Total	6,174	9,510
Note: 17-Provisions:		
Provision for Employee Benefits- Current	15,080	-
Total	15,080	-
Note: 18-Contingent Liabilities & Commitments (to the extent not provided for)		
Contingent Liabilities & Commitments (to the extent not provided for)	-	-



ZYDUS WORLDWIDE DMCC
Notes to the Financial Statements

	Year ended	
	Mar 31, 2019	March 31, 2018
Note: 19-Revenue from Operations:		
Sale of Products	14,072,541	15,524,063
Other Operating Revenues:		
Net Gain on foreign currency transactions and translation [*]	94,498	385,630
Total	14,167,039	15,909,693
Note: 20-Other Income:		
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	503,463	154,133
Other Non-operating Income	44,940	44,847
Total	548,403	198,980
Note: 21-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	13,103,876	15,490,904
Total	13,103,876	15,490,904
Note: 22-Employee Benefits Expense:		
Salaries and wages	889,437	1,008,751
Contribution to provident and other funds	(2,839)	26,998
Staff welfare expenses	64,719	48,769
Total	951,317	1,084,518
Note: 23-Finance Cost:		
Interest expense [*]	5,782,526	3,046,192
Net Loss on foreign currency transactions and translation	(58,378)	94,228
Bank commission & charges	9,750	12,870
Total	5,733,898	3,153,290
[*] The break up of interest expense into major heads is given below:		
On term loans	5,590,494	2,837,885
On working capital loans	192,032	208,306
Total	5,782,526	3,046,192
Note: 24-Depreciation		
Depreciation, Amortisation and Impairment expenses:		
Depreciation	66,494	52,128
Amortisation	1,441	3,517
Total	67,935	55,645
Note: 25-Other Expenses:		
Power & fuel	3,001	6,545
Repairs to Buildings	11,598	20,954
Repairs to Others	13,793	13,271
Insurance	41,053	41,527
Rates and Taxes [excluding taxes on income]	958	50,535
Traveling Expenses	98,216	93,246
Legal and Professional Fees	7,526	382,676
Commission on sales	288,364	1,584,660
Freight and forwarding on sales		-
Other marketing expenses	114,943	1,040,630
Miscellaneous Expenses [***]	22,924,100	16,412,579
Total	23,503,552	19,646,622
[***]Above expenses includes Research related expenses as follows:		
Product Development Expense	22,904,185	16,296,984
Note: 26-Calculation of Earnings per Equity Share [EPS]:		
The numerators and denominators used to calculate the basic and diluted EPS are as follows:		
A Profit attributable to Shareholders	USD (28,645,136)	(23,322,307)
B Basic and weighted average number of Equity shares outstanding during the year	Numbers 84,480	84,480
C Nominal value of equity share	AED 1,000	1,000
D Basic & Diluted EPS	USD (339.08)	(276.07)



ZYDUS WORLDWIDE DMCC
Notes to the Financial Statements

Note: 27-Segment Information:

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

Note: 28-Related Party Transactions:

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

a Holding Company :

Cadila Healthcare Limited

b Subsidiary Company:

Zydus Discovery DMCC [Dubai]

Alidac Healthcare (Myanmar) Limited [Myanmar]

Zydus Netherlands B.V. [the Netherlands]

Zydus Healthcare S.A. (Pty) Ltd [South Africa]

Zydus France, SAS [France]

Etna Biotech S.R.L. [Italy]

c Fellow Subsidiaries :

Dialforhealth India Limited

Zydus Noveltech Inc. [USA]

Dialforhealth Unity Limited

Hercon Pharmaceuticals LLC [USA]

Dialforhealth Greencross Limited

Simayla Pharmaceuticals (Pty) Ltd [South Africa]

Zydus Wellness Limited

Script Management Services (Pty) Ltd [South Africa]

Zydus Nutritions Limited , formerly known as M/s. Zydus Wellness-Sikkim, a Partnership Firm

Z AHL B.V. [the Netherlands]

Zydus Healthcare Limited

Z AHL Europe B.V. [the Netherlands]

Zydus Technologies Limited

Violio Healthcare Limited

Liva Pharmaceuticals Limited

Violio Pharmaceuticals Limited

Liva Nutritions Limited

Viona Pharmaceuticals Inc. [USA]

Liva Investment Limited

Bremer Pharma GmbH [Germany]

Alidac Pharmaceuticals Limited

Zydus International Private Limited [Ireland]

Sentyln Therapeutics Inc. [USA]

Zydus Lanka (Private) Limited [Sri Lanka]

Nesher Pharmaceuticals (USA) LLC [USA]

Zydus Nikkho Farmaceutica Ltda. [Brazil]

Zydus Healthcare (USA) LLC [USA]

Windlas Healthcare Private Limited

Zydus Pharmaceuticals (USA) Inc. [USA]

Windlas Inc [USA]

Zydus Healthcare Philippines Inc. [Philippines]

Acme Pharmaceuticals Private Limited

Zydus Pharmaceuticals Mexico SA De CV [Mexico]

Laboratorios Combix S.L. [Spain]

Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]

d Directors :

Mr. Jay Kothari

Dr. Sharvil P. Patel

Mr. Ketankumar Bhut

Mr. Aditya Nawab

Mr. Pradeep Agihotri

Mr. Malav Shah (with effect from 7th Feb 2019)



B Transactions with Related Parties:

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

a Details relating to parties referred to in Note 26-A [a, b, c, & d]

Nature of Transactions	USD	
	As at	
	Mar 31, 2019	Mar 31, 2018
Purchases:		
Goods:		
Cadila Healthcare Limited	7,951,713	4,772,185
Services:		
Cadila healthcare Limited (Royalty)	106,870	497,489
Alidac Pharmaceuticals Limited - CMO Service	158,411	746,929
Zydus Pharmaceuticals (USA) Inc - Product Liability Insurance	22,934	18,564
Zydus Healthcare (USA) LLC	118,220	-
Cadila healthcare Limited - Lab Development Service & PT	4,905,078	3,438,005
Cadila healthcare Limited - Exhibit batch Manufacturing	4,193,374	-
Sales:		
Goods:		
Zydus Pharmaceuticals (USA) Inc	11,830,967	5,042,906
Services:		
Director Fees	3,268	12,263
Investments:		
Purchases/ Subscription to Share		
Capital:		
Alidac Healthcare (Myanmar) Limited, Myanmar	5,750,000	2,150,000
Finance: - Share Capital Subscription		
Cadila Healthcare Limited	-	5,500,000
Finance:		
Inter Corporate Loans given/(Received)		
Zydus Discovery DMCC (Loan given)	9,775,000	2,500,000
Zydus International Pvt Ltd (Loan recd)	(91,275,000)	(17,950,000)
Sentyln Therapeutics Inc.	(70,000,000)	-
Cadila Healthcare Limited (Loan recd)	-	4,500,000
Deposit to Cadila healthcare Limited	-	250,000
Finance:		
Inter Corporate Loans (repaid):		
Zydus Discovery DMCC	-	(13,071)
Cadila Healthcare Limited	107,953,812	-
Interest Received / (Paid):		
Zydus International Pvt. Ltd.	(2,629,289)	(598,848)
Sentyln Therapeutics Inc.	(448,651)	-
Cadila Healthcare Limited	(2,512,554)	(2,239,038)
Zydus Discovery DMCC	501,296	153,173
ZNBV, Netherland	2,167	960
Outstanding:		
Payable: (Loan Outstanding)		
Zydus International Pvt. Ltd. (Loan)	120,420,000	29,145,000
Cadila Healthcare Limited (Loan)	7,496,484	115,450,296
Payable: (Other)		
Zydus International Pvt. Ltd. - Interest	1,954,367	336,821
Sentyln Therapeutics Inc.	448,651	-
Zydus Healthcare (USA) LLC	6,272	-
Alidac Pharmaceuticals Ltd - Import of Service	1,998	346,882
Cadila healthcare Limited - Royalty	-	777,839
Cadila healthcare Limited - Interest	117,506	1,141,686
Cadila healthcare Limited - Import of Goods	1,947,901	4,772,185
Cadila healthcare Limited - Lab Development & PT	698,659	-
Cadila healthcare Limited - Exhibit Batch Mfg	2,952,973	3,438,005
Receivable:		
Zydus Discovery DMCC - Loan	16,975,000	5,400,000
ZNBV, Netherland - Loan	67,535	67,535
Zydus Discovery DMCC - Interest	313,296	93,285
ZNBV, Netherland - Interest	3,126	521
Zydus Pharmaceuticals USA Inc	1,903,060	141,956
Deposit with Cadila healthcare Limited	250,000	250,000



Zydus Worldwide DMCC

I-Company overview:

Description of Business:

Zydus Worldwide DMCC is formed as a company with Limited Liability and under the provisions of law no. (4) Of 2001 in respect of establishing Dubai Multi Commodities Center [DMCC], Dubai (U.A.E.) vide Registration no. DMCC5173, with Limited Liability. The company is licensed to perform activities such as - Pharmaceutical researches and studies, Marketing Management, Trading in pharmaceutical products (outside UAE), Investment in commercial enterprise and management, as per the licenses granted by DMCC vide License No. DMCC - 34079, 34080, 34081, 34082.

II-Significant Accounting Policies:

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

1 Basis of Accounting:

- A** The financial statements of the Company are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with Indian Accounting Standards [Ind AS]
- B** The financial statements have been prepared on historical cost basis

2 Use of Estimates:

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

a Property Plant & Equipment

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

b Impairment of assets and investments:

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

3 Property Plant & Equipment

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

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

- c** Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognised separately as independent items and are depreciated over their estimated economic useful lives.
- d** Tangible fixed assets are depreciated over the estimated useful life which is periodically reviewed to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefit
- e** Repairs and renewals are recognised in profit or loss when the expenditure incurred.

4 Impairment

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

5 Employee Benefits

Short term Obligations :

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

Long term employee benefit obligations :

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

- i** Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and
- ii** Net Interest expense



6 Revenue recognition:

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

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

a Sale of Goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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/MRP, net of discounts. Historical experience is 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 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.

c Other Income:

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

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

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

8 Provisions, Contingent Liabilities and Contingent Assets:

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

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

9 Borrowing Cost:

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

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

10 Intangible Assets:

A Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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

C 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.

D 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.

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

11 Research and Development Cost:

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

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

12 Cash and Cash Equivalents:

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

13 Going Concern:

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

14 Earnings per Share:

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



Zydus Worldwide DMCC
Defined Benefit Obligations as on 31st March 2019

	USD'000		USD'000
	As March 31,		As March 31,
	2019		2019
	Gratuity		Leaves
A Change in the present value of the defined benefit obligation:			
Opening defined benefit obligation	57		50
Interest cost	4		4
Current service cost	19		27
Benefits paid	(36)		(53)
Actuarial [gains]/ losses on obligation	3		41
Closing defined benefit obligation	48		69
B Change in the fair value of plan assets:			
	-		-
C Actual return on plan assets:			
	-		-
D Amount recognised in the balance sheet:			
Liabilities/ [Assets] at the end of the year	48		69
Fair value of plan assets at the end of the year	-		-
Difference	48		69
	48		69
E Expenses/ [Incomes] recognised in the Statement of Profit and Loss:			
Current service cost	57		50
Interest cost on benefit obligation	4		4
Amount Included in "Employee Benefit Expense"	61		54
amounts included in interest income	-		-
Net actuarial [gains]/ losses in the year	3		-
Amounts recognized in OCI	(3)		-
F Movement in net liabilities recognised in Balance Sheet:			
Opening net liabilities	43		58
Expenses as above [P & L Charge]	61		54
Employer's contribution	(58)		(54)
Amount recognised in OCI	(3)		-
Balance Sheet	43		57

Zydus Worldwide DMCC

G Principal actuarial assumptions as at Balance sheet date:	Gratuity 31.3.2019	Leaves 31.3.2019
Discount rate [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]	7.20%	7.20%
Expected rate of return on plan Assets [The expected rate of return assumed by the Insurance company is generally based on its Investment pattern as stipulated by the Government of India]	Not applicable	Not applicable
Annual increase in salary cost [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]	12.00% p.a for next 2 years & 9.00% p.a thereafter	12.00% p.a for next 2 years & 9.00% p.a thereafter

H The categories of plan assets as a % of total plan assets are:

Insurance plan

0.00%

0.00%

I Amount recognised in current and previous four years:

	Gratuity	Leaves
	As at March 31 2019	As at March 31 2019
Defined benefit obligation	48	68
Fair value of Plan Assets	-	-
Deficit/ [Surplus] in the plan	48	68
Actuarial Loss/ [Gain] on Plan Obligation	-	-
Actuarial Loss/ [Gain] on Plan Assets	-	-

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2018-19

J Gratuity & Leaves:

	Gratuity		Leaves	
	2019		2019	
Assumption	Discount rate		Discount rate	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation (in USD '000)	(1.59)	1.71	(1.06)	3.08
Assumption	Annual increase in salary cost		Annual increase in salary cost	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation (in USD '000)	1.66	(1.56)	(1.01)	3.01
Assumption	Expected rate of return on plan Assets		Expected rate of return on plan Assets	
Sensitivity Level	__% increase	__% decrease	__% increase	__% decrease
Impact on defined benefit obligation (in USD '000)				