

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BIOCHEM PHARMACEUTICALS PRIVATE LIMITED**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of **BIOCHEM PHARMACEUTICALS PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2020, the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "the financial statements").

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 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<sup>st</sup> March, 2020, its loss, total comprehensive income and changes in equity and its cash flows 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 ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("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 opinion on the financial statements.

##### **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 Director's Report including Annexures to Board's Report and Shareholders Information, 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, changes in equity and cash flows 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:

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

- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Ahmedabad  
Date: 17<sup>th</sup> June, 2020  
UDIN : 20129675AAAAIM1777

Sd/-

**Karnik K. Shah**  
Partner  
Membership No.: 129675

**“Annexure A” referred to in the Independent Auditors’ Report of even date to the members of BIOCHEM PHARMACEUTICALS PRIVATE LIMITED on the Financial Statements for the year ended 31<sup>st</sup> March, 2020.**

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

1. The Company does not hold any fixed assets hence clause (i)(a), (i)(b) and (i)(c) of paragraph 3 of the Order are not applicable to the Company for the year under review.
2. The Company does not deal in any inventory hence this clause is not applicable to the Company for the year under review.
3. The Company has not granted any loan, secured or unsecured, to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees or security or made any investments to which provisions of section 185 and 186 of the Act is applicable, and accordingly paragraph 3 (iv) of the Order is not applicable to the Company.
5. According to the information and explanation given to us, the Company has not accepted any deposit from the Public within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Further, we are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Court or Tribunal, in this regard.
6. In absence of any manufacturing activity carried out by the company, the requirement of maintenance of cost records under sub section 1 of section 148 of the Companies Act, 2013 are not applicable to the Company during the year under audit.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income-tax, Sales-tax, Goods and Services tax, Service tax, Custom duty, Excise duty, Value added Tax, Cess and any other material statutory dues, wherever payable have been paid during the year with the appropriate authorities. Moreover, as at 31<sup>st</sup> March, 2020, there are no such undisputed dues payable for a period of more than six months from the date they became payable.  
  
(b) (b) According to the information and explanations given to us, there is no due under dispute for the Income Tax, Sales Tax, Value added Tax, Excise Duty and Service Tax, GST and other material statutory dues as at 31<sup>st</sup> March, 2020.
8. In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not defaulted in repayment of loans or borrowings from any financial institution, banks, government or due to debenture holders during the year.

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The Company has not availed any term loans during the year.
10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and on the basis of our examination of the books of account, no managerial remuneration has been paid or provided by the Company during the year.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
16. In our opinion and according to the information & explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Ahmedabad  
Date: 17<sup>th</sup> June, 2020  
UDIN: 20129675AAAAIM1777

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

Sd/-

**Karnik K. Shah**  
Partner  
Membership No.: 129675

## **“ANNEXURE B” TO THE AUDITORS’ REPORT**

### **Report on the Internal Financial Control clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **BIOCHEM PHARMACEUTICALS PRIVATE LIMITED** (“the company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management Responsibility for Internal Financial Controls**

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

#### **Auditors’ Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

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

### **Inherent limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.

Place: Ahmedabad

Date: 17<sup>th</sup> June, 2020

UDIN: 20129675AAAAIM1777

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

Sd/-

**Karnik K. Shah**  
Partner  
Membership No.: 129675

**Biochem Pharmaceuticals Private Limited**  
**Balance Sheet as at March 31, 2020**

Particulars	Note No.	INR	
		As at March 31	
		2020	2019
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Financial Assets:			
Cash and Cash Equivalents	3	88,634	93,064
<b>Total</b>		88,634	93,064
<b>EQUITY AND LIABILITIES:</b>			
<b>Equity:</b>			
Equity Share Capital	4	100,000	100,000
Other Equity	5	(25,526)	(8,116)
		74,474	91,884
<b>Current Liabilities:</b>			
Financial Liabilities:			
Other Financial Liabilities	6	14,160	1,180
<b>Total</b>		88,634	93,064
<b>Significant Accounting Policies</b>	2		
<b>Notes to the Financial Statements</b>	1 to 17		

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

For and on behalf of the Board

Sd/-  
Karnik K Shah  
Partner  
Membership Number:129675  
Ahmedabad, Dated: June 17,2020

Sd/-  
Mukund Thakkar  
Director

Sd/-  
Upen H. Shah  
Director

**Biochem Pharmaceuticals Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2020**

Particulars	Note No.	INR	
		Year ended March 31	
		2020	2019
<b>EXPENSES:</b>			
Finance Costs	7	455	59
Other Expenses	8	16,955	2,080
<b>Total Expenses</b>		<b>17,410</b>	2,139
<b>Loss before Tax</b>		<b>(17,410)</b>	(2,139)
Less: Tax Expense	14	-	-
<b>Loss for the year</b>		<b>(17,410)</b>	(2,139)
Other Comprehensive Income for the period [Net of tax]		-	-
<b>Total Comprehensive Income for the period [Net of Tax]</b>		<b>(17,410)</b>	(2,139)
<b>Basic &amp; Diluted Earning per Equity Share [EPS] [in Rupees]</b>	9	<b>(1.74)</b>	(0.21)
<b>Significant Accounting Policies</b>	2		
<b>Notes to the Financial Statements</b>	1 to 17		

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

For and on behalf of the Board

Sd/-  
Karnik K Shah  
Partner

Sd/-  
Mukund Thakkar  
Director

Sd/-  
Upen H. Shah  
Director

Membership Number: 129675  
Ahmedabad, Dated: June 17, 2020

**Biochem Pharmaceuticals Private Limited**  
**Statement of Changes in Equity for the year ended March 31, 2020**

**a Equity Share Capital:**

	No. of Shares	INR
<b>Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:</b>		
As at March 31, 2018	10,000	100,000
As at March 31, 2019	10,000	100,000
As at March 31, 2020	10,000	100,000

**b Other Equity:**

**Retained Earning**

As at March 31, 2018	(5,977)
Add: Loss for the year	(2,139)
As at March 19, 2019	(8,116)
Add: Loss for the year	(17,410)
As at March 31, 2020	(25,526)

As per our report of even date

For and on behalf of the Board

For Mukesh M. Shah & Co.  
Chartered Accountants  
Firm Registration Number: 106625W

Sd/-  
Karnik K Shah  
Partner

Sd/-  
Mukund Thakkar  
Director

Sd/-  
Upen H. Shah  
Director

Membership Number:129675  
Ahmedabad, Dated: June 17,2020

## Biochem Pharmaceuticals Private Limited

### Note: 1-Company overview:

Biochem Pharmaceuticals Private Limited ["the Company"], a Company limited by shares, incorporated on June 22, 2017 and domiciled in India, plans to operate as an integrated pharmaceutical company. The registered office of the Company is located at "Zydus Corporate Park", Survey No. 63, Scheme No. 536, Khoraj (Gandhinagar) Near Vaishnodevi Circle, S. G. Highway, Ahmedabad - 382481. These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on June 17, 2020.

### Note: 2-Significant Accounting Policies:

**A** The following note provides list of the significant accounting policies adopted in the preparation of these financial statements.

#### 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.

#### 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 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 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.

#### 3 Revenue Recognition:

**A** 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 discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

##### b Other Income:

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

#### 4 Taxes on Income:

Tax expenses comprise of current and deferred tax.

##### A Current Tax:

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

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

##### B Deferred Tax:

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

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

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

d 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.

e Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

f 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.

**Note: 2-Significant Accounting Policies-Continued:**

**5 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.

**6 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 of 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 but are disclosed separately in financial statements.
- B** If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

**7 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.

**8 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 amortised 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.

**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 Recognition 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 except for loans and borrowings, as described below:

**Loans and borrowings:**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**c Derecognition:**

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

**9 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, or
- 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.

**B Recent Accounting Pronouncements:**

The Ministry of Corporate Affairs notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable effective from April 1, 2020.

**Biochem Pharmaceuticals Private Limited**  
**Notes to the Financial Statements**

	INR	
	As at March 31	
	2020	2019
<b>Note: 3-Cash and Cash Equivalents:</b>		
Balances with Banks	88,634	93,064
<b>Total</b>	<b>88,634</b>	<b>93,064</b>
There are no amounts of cash and cash equivalent balances held by the entity that are not available for use by the Company.		
<b>Note: 4-Equity Share Capital:</b>		
<b>Authorised:</b>		
10,000 [as at March 31, 2019: 10,000] Equity Shares of INR 10/- each	100,000	100,000
	100,000	100,000
<b>Issued, Subscribed and Paid-up:</b>		
10,000 [as at March 31, 2019: 10,000] Equity Shares of INR 10/- each, fully paid-up	100,000	100,000
<b>Total</b>	<b>100,000</b>	<b>100,000</b>
A There is no change in the number of shares as at the beginning and end of the year.		
Number of shares at the beginning and end of the year	10,000	10,000
B The Company has only one class of equity shares having a par value of INR 10/- 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 Details of Shareholder holding more than 5% of aggregate Equity Shares of INR 10/- each:		
1 Zydus Animal Health and Investments Limited [Formerly known as Violio Pharmaceuticals and Investment Limited] [Refer Note-15]		
Number of Shares	10,000	-
% to total share holding	100%	-
2 Mr Pankaj R Patel		
Number of Shares	-	5,000
% to total share holding	-	50%
Mr Sharvil P Patel		
Number of Shares		5000
% to total share holding		50%
<b>Note: 5-Other Equity:</b>		
<b>Retained Earnings:</b>		
Balance as per last Balance Sheet	(8,116)	(5,977)
Add: Loss for the year	(17,410)	(2,139)
Balance as at the end of the year	<b>(25,526)</b>	<b>(8,116)</b>
<b>Note: 6-Other Current Financial Liabilities:</b>		
Accrued expenses	14,160	1,180
<b>Total</b>	<b>14,160</b>	<b>1,180</b>
	INR	
	Year ended March 31	
	2020	2019
<b>Note: 7-Finance Cost:</b>		
Bank commission & charges	455	59
<b>Total</b>	<b>455</b>	<b>59</b>
<b>Note: 8-Other Expenses:</b>		
Legal and Professional Fees [*]	16,955	2,080
<b>Total</b>	<b>16,955</b>	<b>2,080</b>
[*] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding GST]:		
i As Auditor	10,000	2,080
ii For Other Services	-	-
iii Total	<b>10,000</b>	<b>2,080</b>

**Biochem Pharmaceuticals Private Limited**  
**Notes to the Financial Statements**

	INR	
	Year ended March 31	
	2020	2019

**Note: 9-Calculation of Earnings per Equity Share [EPS]:**

The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
A Loss attributable to Shareholders	INR	(17,410)	(2,139)
B Basic and weighted average number of Equity shares outstanding during the year	Numbers	10,000	10,000
C Nominal value of equity share	INR	10	10
D Basic & Diluted EPS	INR	(1.74)	(0.21)

**Note: 10-Segment Information:**

The Company has not carried out any commercial activity during the year, hence, segment reporting is not required.

**Note: 11-Related Party Transactions:**

<b>A Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:</b>	
<b>a Holding Company:</b>	Zydu Healthcare Limited [upto February 14, 2020] Zydu Animal Health and Investments Limited [Formerly Known as Violio Pharmaceuticals and Investments Limited] [w.e.f. February 15, 2020]
<b>b Ultimate Holding Company:</b>	Cadila Healthcare Limited
<b>c Fellow Subsidiary Companies/ concerns:</b>	
Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Dialforhealth Greencross Limited	Zydu Healthcare (USA) LLC [USA]
Zydu Wellness Limited	Sentyln Therapeutics Inc. [USA]
Zydu Wellness Products Limited (Formerly known as Zydu Nutritions Limited)	Zydu Noveltech Inc. [USA]
Liva Nutritions Limited	Hercon Pharmaceuticals LLC [USA]
Liva Investment Limited	Viona Pharmaceuticals Inc. [USA]
Zydu Pharmaceuticals Limited (formerly known as Alidac Healthcare Limited)	Bremer Pharma GmbH [Germany]
Windlas Healthcare Private Limited	Windlas Inc [USA]
Zydu Foundation	Zydu Healthcare S.A. (Pty) Ltd [South Africa]
Zydu Lanka (Private) Limited [Sri Lanka]	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Zydu Healthcare Philippines Inc. [Philippines]	Script Management Services (Pty) Ltd [South Africa]
Zydu International Private Limited [Ireland]	Zydu France, SAS [France]
Zydu Netherlands B.V. [the Netherlands]	Laboratorios Combix S.L. [Spain]
Etna Biotech S.R.L. [Italy]	Zydu Nikkho Farmaceutica Ltda. [Brazil]
Dialforhealth India Limited [*]	Zydu Pharmaceuticals Mexico SA De CV [Mexico]
Alidac Healthcare (Myanmar) Limited [Myanmar]	Zydu Worldwide DMCC [Dubai]
Zydu Discovery DMCC [Dubai]	Zydu Technologies Limited[*]
US Pharma Windlas LLC	Recon Pharmaceutical and Investment (Partnership Firm)
Zydu Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]	German Remedies Pharmaceuticals Pvt. Ltd. [formerly known as ACME Pharmaceuticals Pvt. Ltd.]
Violio Healthcare Limited	Zydu Pharmaceuticals (USA) Inc. [USA]
Liva Pharmaceuticals Limited[*]	Zyvet Animal Health Inc., USA
[*] It has been merged with ultimate holding company w.e.f April 01,2019.	Zydu Wellness International DMCC, Dubai
	Alidac Pharmaceuticals Limited [*]
<b>d Directors</b>	
Mr. Pankaj Patel [upto November 27,2019]	Director
Dr. Sharvil Patel [upto November 27,2019]	Director
Mr. Mukund Thakkar [w.e.f. November 27,2019]	Additional Director
Mr. Anil Matai [w.e.f. November 27,2019]	Additional Director
Mr. Upen H. Shah [w.e.f. November 27,2019]	Additional Director
<b>B Transactions with Related Parties:</b>	
There were no transaction with parties mentioned in 11-A [a, b, c, d]	

**Biochem Pharmaceuticals Private Limited**  
**Notes to the Financial Statements**

**Note: 12-Financial Instruments:**

**Financial Assets:**

The carrying amounts of cash and cash equivalents are considered to be the approximately equal to the fair values.

**Financial Liabilities:**

Fair values of other financial liabilities are considered to be approximately equal to the carrying values.

**Note: 13-Financial Risk Management:**

**A Financial instruments by category:**

	INR			
	As at March 31, 2020			
	FVTPL	FVOCI	Amortised Cost	Total
<b>Financial assets:</b>				
Cash and Cash Equivalents		-	88,634	88,634
<b>Total</b>	-	-	88,634	88,634
<b>Financial liabilities:</b>				
Other Current Financial Liabilities		-	14,160	14,160
<b>Total</b>	-	-	14,160	14,160
	As at March 31, 2019			
<b>Financial assets:</b>				
Cash and Cash Equivalents		-	93,064	93,064
<b>Total</b>	-	-	93,064	93,064
<b>Financial liabilities:</b>				
Other Current Financial Liabilities		-	1,180	1,180
<b>Total</b>	-	-	1,180	1,180

**B Risk Management:**

The Company's activities expose it to liquidity 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 its obligations as agreed. The Company is exposed to credit risk from investment in preference shares measured at amortised cost, 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

**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 and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal 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.

	INR				
	As at March 31, 2020				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
<b>Non-derivative Financial Liabilities:</b>					
Other Current Financial Liabilities	14,160	-	-		14,160
<b>Total</b>	14,160	-	-		14,160
	As at March 31, 2019				
<b>Non-derivative Financial Liabilities:</b>					
Other Current Financial Liabilities	1,180	-	-		1,180
<b>Total</b>	1,180	-	-		1,180

**Biochem Pharmaceuticals Private Limited**  
**Notes to the Financial Statements**

**Note: 14:**

The Company has losses under tax laws during the year, resulting in to deferred tax assets. However, considering principle of prudence, deferred tax assets are not recognised in absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**Note: 15:**

Zydus Healthcare Limited [ZHL] has acquired 100% Equity shares, 10,000 shares of Rs. 10/- each of Company on November 27, 2019 from Mr. Pankaj R. Patel and Dr. Sharvil P. Patel, the erstwhile promoters of the Company.  
ZHL has divested all shares to Zydus Animal Health and Investment Limited [ZAHIL] [Formerly known as Violio Pharmaceuticals and Investment Limited] in exchange of 1.9143 Equity shares of ZAHIL for each Equity shares held by ZHL.

**Note: 16**

The World Health Organisation [WHO] declared Covid-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into lockdown situation all throughout April 2020 and major part of May 2020, impacting business operations across various sectors with severe restrictions on movement of people and goods. As the Company has not carried out any business activity during the year, the company believes that there is negligible impact of Covid- on it's business.

**Note: 17**

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 17 to the Financial Statements**

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

For and on behalf of the Board

Sd/-  
Karnik K Shah  
Partner  
Membership Number: 129675  
Ahmedabad, Dated: June 17, 2020

Sd/-  
Mukund Thakkar  
Director

Sd/-  
Upen H. Shah  
Director

**Biochem Pharmaceuticals Private Limited**  
**Cash Flow Statement for the year ended March 31, 2020**

Particulars	INR	
	Year ended March 31	
	2020	2019
<b>A Cash flows from operating activities:</b>		
Loss before Tax	(17,410)	(2,139)
Adjustments for:		
Increase in other current liabilities	12,980	1,180
Net cash [used in] operating activities	(4,430)	(959)
<b>B Cash flows from investing activities:</b>		
Net cash used in investing activities	-	-
<b>C Cash flows from financing activities:</b>		
Net cash from financing activities	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(4,430)</b>	(959)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>93,064</b>	94,023
<b>Cash and cash equivalents at the end of the year</b>	<b>88,634</b>	93,064

**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 Effective April 1, 2017, the Company has adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements.

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

For and on behalf of the Board

Sd/-  
Karnik K Shah  
Partner  
Membership Number:129675  
Ahmedabad, Dated: June 17,2020

Sd/-  
Mukund Thakkar  
Director

Sd/-  
Upen H. Shah  
Director