

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED [Formerly known as
Violio Pharmaceuticals and Investments Limited]

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED [Formerly known as Violio Pharmaceuticals and Investments Limited]** ("the Company"), which comprise the balance sheet as at 31st March 2020, the statement of Profit and Loss and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and profit and its cash flows for the year ended on that date.

Basis for Opinion

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

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

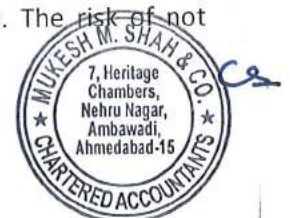
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not



- detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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 the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 (with schedule V) of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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.

Place: Ahmedabad
Date: 18th June, 2020
UDIN : 20042132AAAAMN1481



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

CS Shah

Chandresh S. Shah
Partner

Membership No.: 042132

“Annexure A” referred to in the Independent Auditors’ Report of even date to the members of ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED [Formerly known as Violio Pharmaceuticals and Investments Limited] on the Financial Statements for the year ended 31st March, 2020.

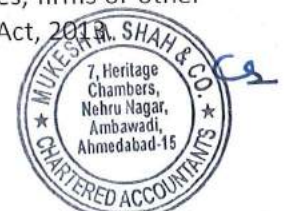
Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report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

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the management in accordance with program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

[INR in Lacs]

Particulars of the land and building	Area	Gross block [as at March 31, 2020]	Net block [as at March 31, 2020]	Remarks
Leasehold Land	26,491 Sq. Mtr.	2,649	2649	The title deeds are in the name of Cadila Healthcare Limited [Transferor company]. The company is in the process of transferring the title in its name.
Building on the aforesaid land	3696 Sq. Mtr.	630	629	
Leasehold Land	10774 Sq. Mtr.	712	711	
Building on the aforesaid land	8415 Sq. Mtr.	783	782	

2. (a) The inventories have been physically verified by management during the year. In our opinion, the procedure for physical verification of inventory followed by management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (b) In our opinion and according to the information and explanation given to us, the company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
3. The Company has not granted any 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. As per the information and explanations provided to us, the company is not required to maintain the cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of section 148 of the Act, hence, reporting under this clause is not applicable to the company.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been regular in depositing the amount deducted / accrued in the books of account of the company in respect of 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 31st March, 2020, there are no such undisputed dues payable for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there 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 31st 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. 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 managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 (with schedule V) of the Act.



12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
16. 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: 18th June, 2020
UDIN: 20042132AAAAMN1481



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

C S Shah
Chandresh S. Shah
Partner
Membership No.: 042132

"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 **ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED [Formerly known as Violio Pharmaceuticals and Investments 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

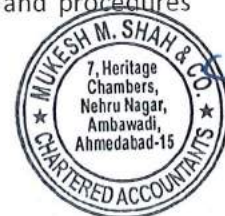
Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on 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: 18th June, 2020
UDIN: 20042132AAAAMN1481



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

C S Shah

Chandresh S. Shah

Partner

Membership No.: 042132

Zydus Animal Health and Investments Limited (formerly known as "Violo Pharmaceuticals and Investments Limited")
Balance Sheet as at March 31, 2020

Particulars	Note No.	INR-Lacs	
		As at March 31	
		2020	2019
EQUITY AND LIABILITIES:			
Shareholders' Fund:			
Share Capital	3	227,437	90
Reserves and Surplus	4	(145)	(27)
		227,292	63
Non-Current Liabilities:			
Long Term Borrowings	5	785	260
Long Term Provisions	6	959	-
Other Long Term Liabilities	7	248	-
		1,992	260
Current Liabilities:			
Trade Payables	8		-
Due to Micro and Small Enterprise		470	-
Due to other than Micro and Small Enterprise		4,878	-
Short Term Provisions	9	619	-
Other Current Liabilities	10	1,345	19
		7,312	19
Total		236,596	342
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	11	7,836	-
Intangible Assets	11	37,140	-
Goodwill	11	170,827	-
Capital work-in-progress		1	-
Non-Current Investments	12	351	339
Long Term Loans and Advances	13	265	-
Other Non Current Assets	14	1	-
Deferred Tax Assets	15	390	-
		216,811	339
Current Assets:			
Inventories	16	10,766	-
Trade Receivables	17	6,679	-
Cash and Bank Balances	18	274	3
Short Term Loans and Advances	19	2,055	-
Other Current Assets	20	11	-
		19,785	3
Total		236,596	342
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 35		

As per our report of even date

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



CSS Shah

Mr. Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated:

Vishal
Mr. Vishal A. Shah
Chief Financial Officer

Heshu
Ms. Hiranya T. Deshmukh
Company Secretary

For and on behalf of the Board

Arun Atrey
Dr. Arun Atrey
Managing Director

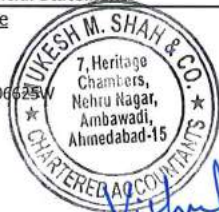
Parekh Nitin D.
Mr. Nitin D. Parekh
Director

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Statement of Profit and Loss for the year ended March 31, 2020

	Note No.	INR-Lacs	
		Year ended March 31	
		2020	2019
Revenue:			
Sale of Products	21	900	-
		900	-
Expenses:			
Cost of Materials Consumed	22	147	-
Purchases of Stock-in-Trade	23	8,810	-
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	24	(8,200)	-
Employee Benefits Expense	25	192	-
Finance Costs	26	27	19
Depreciation, Impairment and Amortisation expenses	11	126	-
Other Expenses	27	306	8
		1,408	27
Loss Before Tax		(508)	(27)
Tax expenses:			
Deferred Tax	28	(390)	-
Loss for the year		(118)	(27)
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	29	(12.92)	(5.10)
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 35		

As per our report of even date

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



C.S. Shah

Mr. Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated:

Vishal
Mr. Vishal A. Shah
Chief Financial Officer

Hiranya

Ms. Hiranya T. Deshmukh
Company Secretary

For and on behalf of the Board

Arun Atrey
Dr. Arun Atrey
Managing Director

parekh nitin D.

Mr. Nitin D. Parekh
Director

Note:1-Company Overview

Zydus Animal Health and Investments Limited [the Company] (formerly known as "Violio Pharmaceuticals and Investments Limited") is the holding company of Viona Pharmaceuticals INC., Violio Healthcare Limited and Biochem Pharmaceutical Private Limited. The Company is classified as a Core Investment Company [CIC] and is exempt from registration with Reserve Bank of India [RBI]. The Company is in the business of production, marketing and distribution of Animal Health and Veterinary products. The registered office of the Company is located at "Zydus Corporate Park", Sarkhej-Gandhinagar Highway, Near Vaishnodevi Circle, 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 18, 2020.

Note: 2-Significant Accounting Policies**1.1 Basis of Preparation**

- a The financial statements have been prepared on Historical Cost convention in accordance with the generally accepted accounting principles ("GAAP") and the provisions of the Companies Act, 2013 and the applicable Accounting Standards in India.
- b The accounting policies have been consistently applied by the company with those used in previous year.

1.2 Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues & expenses during the reported period. Difference between the actual results and the estimates are recognized in the period in which the results are known / materialised.

1.3 Fixed Assets, Depreciation and Amortisation:

- a All items of Fixed Assets are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that is directly attributable to the acquisition of the items. Subsequent costs are included in the carrying amount of asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of Profit and loss during the year in which they are incurred. Gains and losses arising on retirement or disposal of assets are recognised in the Statement of Profit and Loss.
- b Asset under construction as at the balance sheet date are shown as Capital Work in Progress.
- c If any fixed asset is disposed/ sold its losses or Gain are recognise in Statement of Profit and Loss Account.
- d Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.
- e Depreciation on tangible fixed assets has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.
- f Leasehold land are amortized over the period of the lease.
- g Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated economic life of ten years.

1.4 Inventories:

- a Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.
- b Cost [Net of Input tax credit availed] of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods & Stock-in-Trade is determined on Moving average method.
- c Costs of Finished Goods and Works-in-Progress are determined by taking material cost [Net of Input tax credit availed], labor and relevant 'appropriate overheads based on the normal operating capacity, but excluding borrowing costs.

1.5 Investments :

Long Term Investments are stated at cost including directly attributable cost. A provision for diminution in the value of long term investments is made only if such is other than temporary, in the opinion of Management.

Current investments are stated at lower of cost and fair value determined on individual investment basis.

1.6 Revenue Recognition:

- a Revenue from Sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed on to the buyer.
- b Service income is recognised as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax, wherever applicable.
- c Interest income is recognised on time proportionate method.
- d Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

1.7 Employees' Retirement Benefits

- a **Defined Contribution Plans:**
The Company contributes on a defined contribution basis to Employees' Provident Fund towards post employment benefits which is expensed in the year to which it pertains.
- b **Defined Benefit Plans:**
The gratuity scheme is administered through the Life Insurance Corporation of India [LIC]. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the statement of Profit and Loss.
- c **Leave Liability:**
The leave encashment scheme is administered through Life Insurance Corporation of India's Employees' Group Leave Encashment cum Life Assurance [Cash Accumulation] Scheme. The employees of the Company are entitled to leave as per the leave policy of the Company. The liability on account of accumulated leaves as on last day of the accounting year is recognised [net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method.



Note: 2-Significant Accounting Policies-Continued:

1.8 Taxes on Income:

- a Tax expenses comprise of current and deferred tax.
- b 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.
- c Deferred tax reflects the impact of current year timing differences between accounting and taxable income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reviewed at each balance sheet date.

1.9 Impairment of Assets

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

1.10 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

For the Purpose of calculating Diluted Earning Per Share the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the year are adjusted for the effect of all dilutive potential shares.

1.11 Borrowing cost

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. Other borrowing costs are recognised as an expense in the year in which they are incurred.

1.12 Provisions, Contingent Liabilities and Contingent Assets:

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

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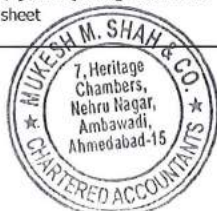
Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")		
Notes to the Financial Statements		
	INR-Lacs	
	As at March 31	
	2020	2019
Note: 3-Equity Share Capital:		
(A) Authorised, Issued, Subscribed and paid-up share capital		
Authorised Share Capital		
50,00,000 [As at March 31 2019: 50,00,000] Equity Shares of INR 10 /- each	500	500
229,50,00,000 [As at March 31 2019: Nil] 8% Non-Cumulative Non-Convertible Redeemable Preference Shares of INR 10 /- each	229,500	-
	230,000	500
Issued, Subscribed & Fully Paid-up Share Capital		
10,19,143 [As at March 31 2019: 9,00,000] Equity Shares of INR 10 /- each, fully paid up	102	90
227,33,50,000 [As at March 31 2019: Nil] 8% Non-Cumulative Non-Convertible Redeemable Preference Shares ["Preference Shares"] of INR 10/- each [Refer Note : 33]	227,335	-
	227,437	90
(B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year		
No of shares outstanding as at the beginning of the year	900,000	900,000
Add : Issued towards consideration for purchase of equity shares of Violio Healthcare Limited and Biochem Pharmaceutical Private Limited from Zydus Healthcare Limited [Refer Note : 32]	119,143	-
Number of shares outstanding as at the end of the year	1,019,143	900,000
(C) Shares in the company held by each shareholder holding more than 5% shares		
a. Equity shares		
i) Cadila Healthcare Limited and its Nominees		
Number of Shares	900,000	900,000
% to total share holding	88.31%	100%
ii) Zydus Healthcare Limited		
Number of Shares	119,143	-
% to total share holding	11.69%	-
b. Preference shares		
Cadila Healthcare Limited		
Number of Shares	2,273,350,000	-
% to total share holding	100%	-
(D) The Company has equity shares and preference shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts. Non-Convertible Non-Cumulative Redeemable Preference Shares are having face value of Rs. 10/- each. These shares bear dividend of 8% p.a. on a non-cumulative basis. These shares can be redeemed at the discretion/option of the Company, in one or more tranches. These shares shall always be redeemed within a maximum period of 10 years from the date of allotment, March 20, 2020.		
(E) Equity Shares allotted as fully paid up without consideration received in cash during the last five years	1,019,143	900,000
Note: 4- Reserves and Surplus		
Balance as per last Balance Sheet	(27)	-
Add: Loss for the year	(118)	(27)
Balance as at the end of the year	(145)	(27)
Note: 5- Long Term Borrowings		
Loans From others		
Loans and advances from Related Parties [Unsecured]	785	260
	785	260
Details of Loans and Advances from Related Parties [Refer Note-30 for relationship] are as under:		
Cadila Healthcare Limited	285	260
Zydus Healthcare Limited	500	
The applicable interest rate on above loans is SBI base rate plus 50 bps. These loans are repayable within a period of 3 years from its first disbursement or as may be mutually decided by both the parties.		

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Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Notes to the Financial Statements

	INR-Lacs				
	As at March 31				
	2020		2019		
Note: 6- Long Term Provisions					
Provision for employee benefits				959	-
				959	-
Defined benefit plan and long term employment benefit					
A General description:					
Leave wages [Long term employment benefit]:					
The employees of the company are entitled to leave as per the leave policy of the company. The liability on account of accumulated leave as on last day of the accounting year is recognised [net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method.					
Gratuity [Defined benefit plan]:					
The Company has a defined benefit gratuity plan. Every employee who has completed continuous services of five years or more gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service.					
B Change in the present value of the defined benefit obligation:					
	Medical Leave	Gratuity	Medical Leave	Leave Wages	Gratuity
	Wages				
Opening obligation	-	-	-	-	-
Transfer under the Slump Exchange [*]	179	571	1,105	-	-
Interest cost	-	1	2	-	-
Current service cost	1	2	3	-	-
Benefits paid	-	-	-	-	-
Actuarial [gains]/ losses on obligation due	-	-	-	-	-
Experience adjustments	3	4	(1)	-	-
Change in financial assumptions	2	3	7	-	-
Closing obligation	185	581	1,116	-	-
C Change in the fair value of plan assets:					
Opening fair value of plan assets					
Transfer under the Slump Exchange [*]	-	65	659	-	-
Expected return on plan assets	-	-	-	-	-
Return on plan assets excluding	-	-	-	-	-
Contributions by employer	-	-	-	-	-
Benefits paid	-	-	-	-	-
Actuarial [losses]/ gains	-	-	-	-	-
Closing fair value of plan assets	-	65	659	-	-
Total actuarial [losses]/ gains to be	(5)	(7)	(6)	-	-
D Actual return on plan assets:					
Expected return on plan assets	-	-	-	0	-
Actuarial [losses]/ gains on plan assets	-	-	-	0	-
Actual return on plan assets	-	-	-	0	-
E Amount recognised in the balance sheet:					
Liabilities/ [Assets] at the end of the year	185	581	1,116	0	-
Fair value of plan assets at the end of the year	-	(65)	(659)	0	-
Difference	185	516	457	0	-
Liabilities/ [Assets] recognised in the Balance Sheet	185	516	457	0	-
F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:					
Current service cost	1	2	3	0	-
Interest cost on benefit obligation	-	1	2	0	-
Expected return on plan assets	-	-	-	0	-
Return on plan assets excluding	-	-	-	0	-
Interest income	-	-	-	0	-
Net actuarial [gains]/ losses in the year	5	7	6	0	-
Amount included in "Employee Benefit Expense"	6	10	11	0	-
G Movement in net liabilities recognised in Balance sheet:					
Opening net liabilities					
Transfer under the Slump Exchange [*]	179	(506)	446	0	-
Expenses as above [P & L Charge]	6	10	11	0	-
Employer's contribution	-	-	-	0	-
Benefits Paid	-	-	-	0	-
Liabilities/ [Assets] recognised in the Balance sheet	185	516	457	0	-



Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")

Notes to the Financial Statements

Note: 6- Long Term Provisions- continued

H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:

Discount rate **6.45% 6.45% 6.45%**

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

Annual increase in salary cost **12% for 1 year and 9% p.a. thereafter**

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

I Amount recognised in current and previous four years:

	As at March 31				
	2020	2019	2018	2,017	2,016
Gratuity:					
Defined benefit obligation	1,116	-	0	-	-
Fair value of Plan Assets	659	-	0	-	-
Deficit/ [Surplus] in the plan	457	-	0	-	-
Actuarial Loss/ [Gain] on Plan Obligation	6	-	0	-	-
Actuarial Loss/ [Gain] on Plan Assets	-	-	0	-	-

INR-Lacs

As at March 31

2020 2019

Note: 7- Other Long term liabilities

Trade deposit	166	-
Others	82	-
	248	-

Note: 8- Trade payables

Trade Payable

Due to Micro, Small and Medium Enterprises [*]	470	-
Due to other than Micro, Small and Medium Enterprises	4,878	-
	5,348	-

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

a Principal amount remaining unpaid to any supplier as at the end of the accounting year	470	
b Interest due thereon	-	
c Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	
d Amount of interest due and payable for year of delay in making payment [which have been paid but beyond appointed day during year] but without adding interest specified under the MSMED Act	-	
e Amount of interest accrued and remaining unpaid at the end of the accounting year	-	
f Amount of further interest remaining due and payable in succeeding years	-	

Note: 9- Short Term Provisions

Provision for employee benefits	200	-
Provision for claims for product expiry and return of goods [*]	419	-
	619	-
[*] The movement in such provision is stated as under:		
i Carrying amount at the beginning of the year	-	-
ii Additional provision made during the year	-	-
iii Adjusted pursuant to the slump exchange [Refer Note- 33]	419	-
iv Carrying amount at the end of the year	419	-

Note: 10- Other current liabilities

Payable to Statutory Authorities	609	2
Accrued expenses	504	-
Payable for Capital Goods	213	-
Interest accrued but not due on borrowings	19	17
	1,345	19

Note: 12- Investments

	Face value	No. of shares		
Long Term Investments [Valued at cost]:				
Trade Investments [Unquoted]				
Investments in Equity Instruments of Subsidiary Company				
Viona Pharmaceuticals INC.	USD 1	500,000	339	339
Violio Healthcare Limited [Refer Note : 32]	10	50,000[0]	10	-
Biochem Pharmaceutical Private Limited [Refer Note :32]	10	10,000[0]	2	-
			351	339

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Zydus Animal Health and Investments Limited (formerly known as "Violo Pharmaceuticals and Investments Limited")
Notes Annexed to and forming part of the Balance Sheet as at 31.03.2020

Note: 11- Fixed Assets:

A. Tangible assets

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As on 01.04.2019	Additions	Acquired pursuant to slump exchange [*]	Disposals	Total as on 31.03.2020	As on 01.04.2019	For the year	Disposals	Total as on 31.03.2020	As on 31.03.2020	As on 31.03.2019
1	Freehold land	-	-	-	-	-	-	-	-	-	-	-
2	Lease Hold Land	-	-	3,361	-	3,361	-	1	-	1	3,360	-
3	Buildings	-	-	1,413	-	1,413	-	2	-	2	1,411	-
4	Plant & equipment	-	-	2,817	-	2,817	-	9	-	9	2,808	-
5	Furniture & Fixtures	-	-	6	-	6	-	-	-	-	6	-
6	Vehicle	-	-	127	-	127	-	-	-	-	127	-
7	Office Equipment	-	-	125	-	125	-	1	-	1	124	-
	Total	-	-	7,849	-	7,849.00	-	13	-	13	7,836	-

(b) Capital Work in Progress

During the Year	-	-	1	-	-	-	-	-	-	-	1	-
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B. Intangible assets

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As on 01.04.2019	Additions	Acquired pursuant to slump exchange [*]	Disposals	Total as on 31.03.2020	As on 01.04.2019	For the year	Disposals	Total as on 31.03.2020	As on 31.03.2020	As on 31.03.2019
1	Brands/ Trademarks	-	-	30,881	-	30,881	-	94	-	94	30,787	-
2	Computer software	-	-	16	-	16	-	-	-	-	16	-
3	Commercial rights	-	-	-	-	-	-	-	-	-	-	-
4	Technical know how	-	-	6,356	-	6,356	-	19	-	19	6,337	-
	Total	-	-	37,253	-	37,253	-	113	-	113	37,140	-

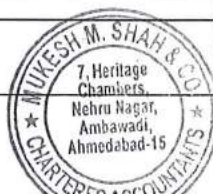
C. Goodwill

1	Goodwill	-	-	170,827	-	170,827	-	-	-	-	170,827	-
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[*] Refer Note 33.



Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")				
Notes to the Financial Statements				
		INR-Lacs		
		As at March 31		
		2020	2019	
Note: 13- Long term Loans and Advances				
Unsecured, considered good				
Security deposit with Government and others		84	-	
Advances for Capital Goods		171	-	
Others		10	-	
		265	-	
Note: 14- Other Non Current Assets				
Others		1	-	
		1	-	
Note: 15- Deferred tax Assets				
A Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under:				
			INR-Lacs	
	As at March 31	As at March 31	Charge for the	As at March 31
	2018	2019	current	2020
Deferred Tax Liabilities :			year	
Depreciation	-	-	6807	6,807
	-	-	6,807	6,807
Deferred Tax Assets :				
Retirement benefits	-	-	319	319
Unabsorbed depreciation and Business Loss	-	-	6,878	6,878
	-	-	7,197	7,197
Net Deferred Tax Assets	-	-	390	390
a The Net Deferred Tax Asset of INR 390 Lacs for the year has been credited [Previous Year INR NIL] in the Statement of Profit and Loss.				
b The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Unabsorbed Depreciation is allowed to be set-off for indefinite period.				
c The Company has tax losses which arose in India of INR 26,452 Lacs [Previous Year NIL] that are available for offsetting for indefinite period, except losses of INR 132 Lacs which are available for offset for eight years against future taxable profits of the company.				
		INR-Lacs		
		As at March 31		
		2020	2019	
Note: 16- Inventories				
(The inventory is valued at cost or net realizable value which ever is lower)				
Classification of Inventories : [includes acquired under the Slump Exchange]				
Raw Materials		2,144	-	
Finished Goods		4,190	-	
Stock-in-Trade		3,935	-	
Work-in-progress		75	-	
Others:				
Packing Materials		422	-	
Total		10,766	-	
Note: 17- Trade Receivables				
Outstanding for a period exceeding six months from the date they are due for payment:				
Unsecured - Considered doubtful		53	-	
Considered doubtful		64	-	
		117	-	
Less: Provision for doubtful debts		64	-	
		53	-	
Outstanding for a period less than six months				
Unsecured - considered good		6,626	-	
Unsecured - considered doubtful		-	-	
		6,626	-	
Less: Provision for doubtful debts		-	-	
Total		6,679	-	
Note: 18- Cash and Bank Balances				
Balances with banks				
Current Account		274	3	
Cash on hand		-	-	
Total		274	3	
There are no amounts of cash and cash equivalent balances held by the entity that are not available for use.				
Note: 19- Short Term Loans and Advances				
(Unsecured, considered good)				
Advances to suppliers		23	-	
Advance recoverable in cash or kind		1,193	-	
Balances with Statutory Authorities		839	-	
Total		2,055	-	
Note: 20- Other Current Assets				
Prepaid Expenses		11	-	
Total		11	-	



Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")		
Notes to the Financial Statements		
	INR-Lacs	
	Year ended March 31	
	2020	2019
Note: 21- Revenue From Operations		
Sale of Products	900	-
	900	-
Note: 22- Cost of Materials Consumed		
Raw Materials:		
Stock at commencement	-	-
Add: Purchases	2,261	-
	2,261	-
Less: Stock at close	2,144	-
	117	-
Packing material consumed	30	-
Total	147	-
Note: 23- Purchase of stock-in-Trade		
Purchase of stock in trade [includes acquired under the Slump Exchange Refer Note 33]	8,810	-
	8,810	-
Note: 24- Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade		
Stock at commencement:		
Finished Goods	-	-
Work in progress	-	-
Traded goods	-	-
	-	-
Less: Stock at close:		
Finished Goods	4,190	-
Work in progress	75	-
Traded goods	3,935	-
	8,200	-
Net Increase (Decrease) in stock of finished goods	(8,200)	-
Note: 25- Employee Benefits Expense		
Salaries and wages	171	-
Contribution to provident and other funds [*]	21	-
	192	-
[*] The Company's contribution towards defined contribution plan	8	-
The Company makes Provident Fund contributions to defined contribution plans for qualifying employees, as specified under the law. The contributions are paid to the Provident Fund Trust set up by the Company or to the respective Regional Provident Fund Commissioner under the Pension Scheme. The Company is generally liable for annual contribution and any shortfall in the trust fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year it is incurred.		
Note: 26- Finance cost		
Interest Expenses - Term Loan	27	19
	27	19
Note: 27- Other expenses		
Power & fuel	11	-
Processing charges	14	-
Consumption of Stores and spare parts	8	-
Traveling Expenses	1	-
Legal and Professional Fees [*]	2	8
Commission on sales	9	-
Freight and forwarding on sales	9	-
Other marketing expenses	13	-
Miscellaneous Expenses	219	-
Impairment allowances	2	-
Insurance	5	-
Net Loss on foreign currency transactions and translation	13	-
	306	8
[*] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding GST]:		
- As Auditor	1	-
- For Other Services	-	-
-Total	1	-
Note: 28- Current tax		
The major components of income tax expense are:		
A Statement of profit and loss:		
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences [Refer Note-15]	(390)	-
Tax expense reported in the statement of profit and loss	(390)	-

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Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")

Notes to the Financial Statements

Note: 29- Basic & Diluted Earning per Equity Share [EPS]

Loss after taxation as per Statement of Profit and Loss	(118)	(27)
Weighted average number of Equity share outstanding	9	5
Basic & Diluted EPS	(12.92)	(5.10)

Note: 30-Related Party Transactions:

Information on related parties as required by Accounting Standard-18, "Related Party Disclosures" issued by The Institute of Chartered Accountants of India (As per Sec-133 of the Companies Act 2013 read with rule (The Companies Accounts) Rules,2014) are given below :

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

<p>a Holding Company: Cadila Healthcare Limited</p> <p>b Subsidiary Companies: Violio Healthcare Limited Biochem Pharmaceutical Private Limited</p> <p>c Fellow subsidiary Companies/concerns: Dialforhealth India Limited [*] Dialforhealth Unity Limited Dialforhealth Greencross Limited Zydus Healthcare Limited Zydus Wellness Limited Zydus Wellness Products Limited [Formerly known as Zydus Nutritions Limited] Liva Pharmaceuticals Limited [*] Liva Nutritions Limited Liva Investment Limited Zydus Technologies Limited [*] German Remedies Pharmaceuticals Private Limited [Formerly known as Acme Pharmaceuticals Private Limited] Alidac Pharmaceuticals Limited [*] Windlas Healthcare Private Limited Zydus Pharmaceuticals Limited [Formerly known as Alidac Healthcare Limited] M/s. Recon Pharmaceuticals and Investments, a Partnership Firm Zydus Foundation Alidac Healthcare (Myanmar) Limited [Myanmar] Zydus Nikkho Farmaceutica Ltda. [Brazil] Zydus Pharmaceuticals Mexico SA De CV [Mexico] [*] Merged with Cadila Healthcare Limited w.e.f. April 1, 2019.</p> <p>d Key Managerial Personnel: Mr. Nitin D. Parekh Mr. Harish Sadana Mr. Chimanlal P. Patel Dr. Arun Atrey Ms. Bhavana Doshi Mr. Vishal A. Shah Ms. Hiranya T. Deshmukh</p>	<p>Viona Pharmaceuticals Inc. [USA]</p> <p>Zydus Healthcare Philippines Inc. [Philippines] Zydus International Private Limited [Ireland] Zydus Netherlands B.V. [the Netherlands] Zydus Lanka (Private) Limited [Sri Lanka] Etna Biotech S.R.L. [Italy] Zydus Pharmaceuticals (USA) Inc. [USA] Nesher Pharmaceuticals (USA) LLC [USA] Zydus Healthcare (USA) LLC [USA] Sentyln Therapeutics Inc. [USA] Zydus Noveltech Inc. [USA] Hercon Pharmaceuticals LLC [USA] Windlas Inc [USA] ZyVet Animal Health Inc. [USA] Zydus Healthcare S.A. (Pty) Ltd [South Africa] Simayla Pharmaceuticals (Pty) Ltd [South Africa] Script Management Services (Pty) Ltd.[South Africa] Zydus France, SAS [France] Laboratorios Combix S.L. [Spain] Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico] Zydus Worldwide DMCC [Dubai] Zydus Discovery DMCC [Dubai] Zydus Wellness International DMCC [Dubai]</p> <p>Director Director Director Managing Director Additional Director [with effect from June 18, 2020] Executive Officer [Chief Financial Officer] [with effect from March 20, 2020] Executive Officer [Company Secretary] [with effect from March 20, 2020]</p>
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B Transactions with Related Parties:

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

a Details relating to parties referred to in Note 30 [a, b & c]

Nature of Transactions	Value of the Transactions (INR-Lacs)			
	Holding Company		Fellow subsidiaries	
	Year ended March 31		2020	2019
	2020	2019	2020	2019
Reimbursement of expenses paid:				
Cadila Healthcare Limited	-	8		
Investments:				
Purchases/ Subscription to Share Capital:				
Viona Pharmaceuticals Ltd USA			-	340
Violio Healthcare Limited [Refer Note : 32]			10	
Biochem Pharmaceutical Private Limited [Refer Note : 32]	-	0	2	340
Issue of Shares:				
Equity shares				
Zydus Healthcare Limited			12	
Preference shares				
Cadila Healthcare Limited	227,335			
Finance:				
Inter Corporate Loans received:				
Zydus Healthcare Limited			500	
Cadila Healthcare Limited	25	260		
Interest Expense:				
Zydus Healthcare Limited			1	
Cadila Healthcare Limited	26	19		
Outstanding:				
Receivable:				
Cadila Healthcare Limited	1,193			



Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")

Notes to the Financial Statements

Note: 30-Related Party Transactions:- continued

Nature of Transactions	Value of the Transactions [INR-Lacs]			
	Holding Company	Fellow subsidiaries		
		Year ended March 31		
	2020	2019	2020	2019
Payable:				
Cadila Healthcare Limited		17		
C Details relating to persons referred to in Note 30-A [d] above:				
Salaries and other employee benefits			6	-
Outstanding payable			6	-

Note: 31-Contingent Liabilities and Commitments [to the extent not provided for]:

Description	Amount (Rs. in Lacs)
A Claims against the Company not acknowledged as debts	99
B Estimated amount of contracts remaining to be executed on capital accounts	-

Note: 32 :

The Company had acquired 100% shareholding in Violio Healthcare Limited and Biochem Pharmaceutical Private Limited from Zydus Healthcare Limited [ZHL] [wholly owned subsidiary of Cadila Healthcare Limited]. In consideration, the Company had issued its own shares to ZHL based on the exchange ratio determined on the basis of NAV of the respective companies as on December 31, 2019.

Note: 33 Slump Exchange:

I. Pursuant to the Definitive Agreement ("DA") entered into by the Company on March 11, 2020 with Cadila Healthcare Ltd. ("CHL"), the holding company of the Company to achieve certain strategic and commercial objectives, CHL's Animal Healthcare Business ("AHB") comprising of two undertakings viz. Animal Healthcare Established Markets Undertaking (AHESTM) and Animal Healthcare Emerging Markets Undertaking (AHEMGM) has been transferred to and vested in the Company on a going concern basis in exchange of 8% Non-cumulative Non-convertible Redeemable Preference Shares of Rs. 10/- each issued at face value ("ZHL Preference Shares") on a lump sum basis, without values being assigned to individual assets and liabilities.

II. AHESTM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals, carried out primarily within India and rest of the world excluding USA and Europe along with the embedded goodwill, and includes all the moveable and immoveable assets, brands and other intangible assets, contracts, agreements, licenses, permits, working capital and other assets and liabilities pertaining to such business.

III. AHEMGM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals carried out outside India, primarily in USA and Europe along with the embedded goodwill, and includes all the moveable and immoveable assets, brands and other intangible assets, contracts, agreements, licenses, permits, working capital and other assets and liabilities pertaining to such business.

IV. Accordingly, the Company has issued 220,00,00,000 ZHL Preference Shares aggregating to Rs.220000 Lakhs in exchange of the said transfer of AHESTM and 7,33,50,000 ZHL Preference Shares, aggregating to Rs. 7335 Lakhs in exchange of the said transfer of AHEMGM, to CHL.

V. The said transfer has been given effect to in the books of the Company on March 20, 2020 being the Closing Date for the transaction. The same has been accounted for based on the Purchase Price Allocation report obtained from an Independent valuer ("PPA Report") and as per the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and as notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies Accounts Rules 2014. Accordingly,

- All the assets and liabilities pertaining to AHESTM and AHEMGM vested in the Company have been recorded in the books of the Company at their values as per the said PPA Report.
- ZHL Preference Shares issued to CHL by the Company in exchange of transfer of AHESTM and AHEMGM have been recorded as share capital at their face value.

VI. In view of the above inclusion of the operation of CHL's AHB undertakings the figures of year ended March 31, 2020 are not comparable with those of the previous year figures.

Note 34: Covid 19 Impact:

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. The Company has implemented several initiatives across its business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. The Company's business operations in production, marketing and distribution of Animal Health and Veterinary products is classified as essential commodities and hence its operations continued to be run with fewer challenges on people movement and supply chain. As per the current assessment of the situation based on the internal and external information available up to the date of approval of these financial results by the Board of Directors, the Company believes that the impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results and the Company will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

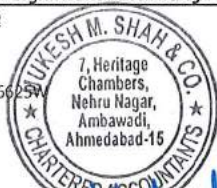
Note: 35

Amounts have been rounded off to the nearest rupees and previous year's figures have been regrouped, rearranged and reclassified wherever considered necessary to confirm to the current presentation.

Signatures to Significant Accounting Policies and Notes 1 to 35 to the Financial Statements

As per our report of even date

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



CSShad

Mr. Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated:

Vishal
Mr. Vishal A. Shah
Chief Financial Officer

Hiranya
Ms. Hiranya T. Deshmukh
Company Secretary

For and on behalf of the Board

Arun Atry
Dr. Arun Atry
Managing Director

Parekh Nitin D.
Mr. Nitin D. Parekh
Director

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Cash Flow Statement for the year ended March 31, 2020

Particulars	INR-Lacs	
	Year ended March 31	
	2020	2019
A Cash flows from operating activities:		
Profit before tax	(508)	(27)
Adjustments for:		
Depreciation and amortisation expense	126	-
Interest expenses	27	19
Provision for employee benefits	27	-
Provision for doubtful debts	2	-
Operating profit before working capital changes	(326)	(8)
Adjustments for:		
[Increase] in inventories	237	-
[Increase] in trade receivable	238	-
[Increase] in other Non current assets	55	-
[Increase] in other current assets	(1,168)	-
Increase in trade payables	441	0
Increase in other non current liabilities	(1,131)	-
Increase in other current liabilities and provisions	1,427	2
Total	99	2
Cash generated from operations	(227)	(6)
Net cash [used in] operating activities	(227)	(6)
B Cash flows from investing activities:		
Purchase of Investments	-	(340)
Net cash [used in] investing activities	-	(340)
C Cash flows from financing activities:		
Issue of preference shares	-	90
Loan taken	525	260
Interest paid	(27)	(2)
Net cash from financing activities	498	348
Net Increase in cash and cash equivalents	271	3
Cash and cash equivalents at the beginning of the year	3	-
Cash and cash equivalents at the end of the year	274	3

Notes to the Cash Flow Statement

- The above cash flow statement has been prepared under the "Indirect method" as set out in AS-3 "Statement of Cash Flows".
- All figures in brackets are outflows.
- Cash and cash equivalents comprise of:

	As at March 31, 2020
a Cash on Hand	-
b Balances with Banks	274
c Total	274

As per our report of even date

Mukesh M. Shah & Co.
Chartered Accountants

Firm Registration Number: 106625W

C S Shah

Mr. Chandresh S. Shah

Partner

Membership Number: 042132

Ahmedabad, Dated:



Arun Atrey
Dr. Arun Atrey
Managing Director

Vishal A. Shah
Mr. Vishal A. Shah
Chief Financial Officer

For and on behalf of the Board

Nitin D. Parekh
Mr. Nitin D. Parekh
Director

Hiranya T. Deshmukh
MS. Hiranya T. Deshmukh
Company Secretary