INDEPENDENT AUDITOR'S REPORT

To The Members of Zydus Healthcare Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Zydus Healthcare Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Notes 44 and 45 to the Financial Statements, relating to the Schemes of Amalgamation of Zydus Healthcare Limited and Biochem Pharmaceuticals Industries Limited with the Company (formerly known as "German Remedies Limited"). These Schemes have been accounted for under the "Purchase Method" as per the Accounting Standard 14 – Accounting for Amalgamations and resulting goodwill on amalgamations is being amortised over a period of 10 years, in compliance with the Scheme of Amalgamation pursuant to Section 391 and 394 of the Companies Act, 1956 and Section 230 to 232 of the Companies Act, 2013, approved by the Hon'ble High Court of Gujarat and Hon'ble National Company Law Tribunal, Ahmedabad Bench, respectively. The accounting treatment provided in the Schemes prevails over the requirements of the Indian Accounting Standard ("Ind AS"), in accordance with the Ministry of Corporate Affairs notification for Ind AS dated February 16, 2015.

Our report is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matters

Due to COVID-19 related lockdown we were not able to physically observe the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidance provided in SA 501 "Audit evidence – Specific consideration for selected items" which includes inspection of supporting documentation relating to purchases, production, sales, results of cyclical count performed by the Management through the year, and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Financial Statements.

Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, read with matter stated in the Emphasis of Matter paragraph above, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

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

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

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

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

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

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

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

Sd/-

Manoj H. Dama
Partner
(Membership No. 107723)
UDIN: 20107723AAAAGW3297

Place: Mumbai
Date: 13 June, 2020

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

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

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

We have audited the internal financial controls over financial reporting of Zydus Healthcare Limited ("the Company") as of 31 March, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-

Manoj H. Dama
Partner
(Membership No. 107723)
UDIN: 20107723AAAAGW3297

Place: Mumbai
Date: 13 June, 2020

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

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

i.

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

b. Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

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

Particulars of the land and building	Gross Block as at 31st March, 2020 (Rs. In millions)	Net Block as at 31st March, 2020 (Rs. In millions)	Remarks
Freehold land located at Daman admeasuring 7,000 sq. mtr	126.00	126.00	The title deeds are in the name of erstwhile Biochem Pharmaceutical Industries Limited, which was amalgamated with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Court of judicature of Gujarat..
Freehold Building Located at Daman admeasuring 47,721 sq. mtr	99.95	82.36	The title deeds are in the name of erstwhile Biochem Pharmaceutical Industries Limited, which was amalgamated with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Court of judicature of Gujarat.
Freehold building located at Mumbai	185.46	173.13	The title deeds are in the name of erstwhile Biochem Pharmaceutical Industries Limited, which was

admeasuring 10,042 sft			amalgamated with the Company under Section 319 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Court of judicature of Gujarat.

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

Particulars of the land and building	**Gross Block as at 31st March, 2020 (Rs. In millions)**	**Net Block as at 31st March, 2020 (Rs. In millions)**	**Remarks**
Leasehold Building at Vatva, Ahmedabad admeasuring 5,204 sq. mtr	1.18	1.02	The deeds are in the name of Cadila Healthcare Limited, have been transferred and vested to the company under the scheme of arrangement of Indian Human Formulations Undertaking [‘IHFU’] u/s 230 to 232 of the Companies Act, 2013, as sanctioned by the Honourable National Company Law Tribunal, Ahmedabad Bench [‘NCLT’]. The Company is in the process of transferring the lease deeds in its name.
Leasehold land at Vatva, Ahmedabad admeasuring 5,204 sq. mtr	1.00	1.00	The deeds are in the name of Cadila Healthcare Limited, have been transferred and vested to the company under the scheme of arrangement of Indian Human Formulations Undertaking [‘IHFU’] u/s 230 to 232 of the Companies Act, 2013, as sanctioned by the Honourable National Company Law Tribunal, Ahmedabad Bench [‘NCLT’]. The Company is in the process of transferring the lease deeds in its name.

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

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

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

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

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

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

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

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

vii. According to the information and explanations given to us, in respect of statutory dues:

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

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.

c. Details of dues of Income-tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as on 31 March, 2020 on account of disputes are given below:

Name of Statute	Nature of the dues	Forum where Dispute is Pending	Period to which the amount relates	Amount (Rs. in Millions)
West Bengal Value Added Tax Act, 2003	Demand for tax and Interest	Additional Commissioner, Siliguri	2015-2016	6.81
The Finance Act, 1994	Demand for Service Tax and penalty	CESTAT, Ahmedabad	2005-06 to 2009-10	290.84
The Central Excise Act, 1944	Demand for Tax and penalty	CESTAT, Ahmedabad	2013-14 to 2016-17	3.67
	Demand for Tax, Interest and penalty	CESTAT, Mumbai	2000-01 to 2006-07	4.27
	Demand for penalty	Commissioner (Appeal), Siliguri	2015-16	0.24
	Demand for Tax and penalty	CESTAT, Siliguri	2016-17 to 2017-18	377.88
The Income Tax Act,1961	Demand for tax and Interest	Deputy Commissioner of Income Tax, Circle-3(2), Gangtok	2016-17	12.59
	Demand for tax and Interest	Deputy Commissioner of Income Tax, Circle-3(2), Gangtok	2013-14 and 2017-18	12.17

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

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

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

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

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

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

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

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

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

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

Sd/-

Manoj H. Dama
Partner
(Membership No. 107723)
UDIN: 20107723AAAAGW3297

Place: Mumbai
Date: 13 June, 2020

ZYDUS HEALTHCARE LIMITED
Balance Sheet as at March 31, 2020

Particulars	Note No.	INR- Million As at March 31 2020	2019
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	6,414	6,525
Capital work-in-progress		34	187
Goodwill	3 [B]	26,939	31,540
Other Intangible Assets	3 [B]	3,758	4,331
Financial Assets:			
Investments	4	1,888	42
Loans	5	1,805	3,200
Other Financial Assets	6	231	234
Other Non-Current Assets	7	114	126
Deferred Tax Assets [Net]	21	-	343
Current Tax Assets [Net]	8	188	10
		41,371	46,538
Current Assets:			
Inventories	9	3,755	3,703
Financial Assets:			
Investments	10	0	886
Loans	11	2,613	788
Trade Receivables	12	1,780	2,867
Cash and Cash Equivalents	13	1,301	127
Other Current Financial Assets	14	759	2,912
Other Current Assets	15	1,926	1,730
		12,134	13,013
Total		53,505	59,551
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	16	10,282	10,282
Other Equity	17	35,821	42,869
		46,103	53,151
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	18	-	-
Other Financial Liabilities	19	33	71
Provisions	20	748	541
Deferred Tax Liabilities [Net]	21	315	-
		1,096	612
Current Liabilities:			
Financial Liabilities:			
Trade Payables due to:			
Micro and Small Enterprises		15	21
Other than Micro and Small Enterprises	22	3,985	3,961
Other Financial Liabilities	23	1,128	1,193
Other Current Liabilities	24	283	349
Provisions	25	884	253
Current Tax Liabilities [Net of Advance Tax]	26	11	11
		6,306	5,788
Total		53,505	59,551
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 53		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Sd/-

Dr. Sharvil P. Patel
Chairman

Sd/-	Sd/-	Sd/-	Sd/-
Manoj H. Dama	N V Chalapathi Rao	Sanjay D Gupta	Anil Matai
Partner	Chief Financial Officer	Company Secretary	Managing Director
Mumbai			Ahmedabad
June 13, 2020			June 13, 2020

ZYDUS HEALTHCARE LIMITED

Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Note No.	INR- Million Year ended March 31 2020	2019
Revenue from Operations	28	28,669	27,604
Other Income	29	748	388
Total Income		29,417	27,992
EXPENSES:			
Cost of Materials Consumed	30	5,975	4,966
Purchases of Stock-in-Trade	31	1,577	3,441
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	32	207	(209)
Employee Benefits Expense	33	5,882	5,199
Finance Costs	34	19	22
Depreciation, Amortisation and Impairment expense	3	5,666	5,619
Other Expenses	35	6,885	5,619
Total Expenses		26,211	24,657
Profit before Tax		3,206	3,335
Less: Tax Expense:			
Current Tax		702	721
Deferred Tax	20	658	1,410
Prior period Tax Adjustment		2	(4)
		1,362	2,127
Profit for the year from Continuing Operations (i)		1,844	1,208
Profit from discontinued operation before tax	50	-	648
Less: Tax Expense of discontinued operations		-	140
Profit from discontinued operation after tax (ii)		-	508
Profit for the year (i+ii)		1,844	1,716
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses/[gain] on post employment defined benefit plans		(88)	34
Income tax effect		31	(12)
		(57)	22
Net [Loss] on Fair Value through OCI [FVTOCI] Equity Securities		(7)	(5)
Income tax effect		-	-
		(7)	(5)
Other Comprehensive Income for the year [Net of tax]		(64)	17
Total Comprehensive Income for the year [Net of Tax]		1,780	1,733
Basic and Diluted Earning per Equity Share [EPS] [in Rupees] [Continuing Operations]	37	404.07	32.86
Basic Earning per Equity Share [EPS] [in Rupees] [Discontinued Operations]	37	-	234.85
Diluted Earning per Equity Share [EPS] [in Rupees] [Discontinued Operations]	37	-	234.85
Basic Earning per Equity Share [EPS] [in Rupees] [Continuing and Discontinued Operations]		404.07	267.71
Diluted Earning per Equity Share [EPS] [in Rupees] [Continuing and Discontnued Operations]		404.07	267.71
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 53		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Sd/-

Dr. Sharvil P. Patel
Chairman

Sd/-
Manoj H. Dama
Partner
Mumbai
June 13, 2020

Sd/-
N V Chalapathi Rao
Chief Financial Officer

Sd/-
Sanjay D Gupta
Company Secretary

Sd/-
Anil Matai
Managing Director
Ahmedabad
June 13, 2020

Note: 1-Company overview:

Zydus Healthcare Limited ["the Company"], a company limited by shares, incorporated and domiciled in India, operates as an integrated pharmaceutical company with business encompassing the entire value chain in the production, marketing and distribution of pharmaceutical products. The product portfolio of the Company includes human formulations. The registered office of the Company is located at "Zydus Corporate Park", Scheme no.: 63, Survey No.: 536, Khoraj, 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 its meeting held on June 13, 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. These policies have been consistently applied to all the years presented unless otherwise stated.

1 Basis of preparation:

A The financial statements are in compliance with the Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013 read with Note No. 44 and 45 of the financial statements.

B For all periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP].
Effective from April 1, 2016, the Company has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013. The adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

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

- i Derivative financial instruments
- ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]
- iii Defined benefit plans
- iv Contingent consideration

2 Use of Estimates:

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

Critical judgments:

a Taxes on Income:

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

b Employee Benefits:

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

c Product expiry and damages claims:

Significant judgment is involved in determining the estimated stock lying in the market with product shelf life and estimates of likely claims on account of expiry/ breakages of such unsold goods lying with stockiest.

d Impairment of property, plant and equipment,investments and goodwill:

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

e Contingent liabilities:

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

Critical estimates:

a Property, plant and equipment and Intanglible Assets:

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

b Leases:

When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

Note: 2-Significant Accounting Policies-Continued:

3 Foreign Currency Transactions:

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

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

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

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

4 Revenue Recognition:

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

a Sale of Goods:

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer.

The goods are often sold with volume discounts/ pricing incentives and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts, net of discounts. When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price [excluding estimates of variable consideration] that is allocated to that performance obligation. Historical experience, specific contractual terms and future expectations of sales returns are used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

b Service Income:

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

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

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

a Interest Income:

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

b Dividend:

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

c Other Income:

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

5 Government Grants:

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

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

Note: 2-Significant Accounting Policies-Continued:

6 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

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

B Deferred Tax:

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

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

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

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

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

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

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

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

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

7 Property, Plant and Equipment:

A Freehold land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance charged to the statement of profit and loss during the reporting period in which they are incurred.

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

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

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

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

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

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

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

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

Note: 2-Significant Accounting Policies-Continued:

8 Intangible Assets:

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

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

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

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

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

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

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

9 Research and Development Cost:

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

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

10 Borrowing Costs:

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

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

11 Impairment of Assets:

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

12 Inventories:

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

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

A Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Work-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 Work-in-Progress are determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads based on the normal operating capacity, but excluding borrowing costs.

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

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

13 Cash and Cash Equivalents:

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

14 Leases:

The Company has adopted Ind AS 116 "Leases" which is effective for an annual period beginning on or after from April 1, 2019.

The following is the significant accounting policy related to Ind AS 116.

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. For contracts in place at the date of initial application, the Company has elected to apply the definition of lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.

As a lessee:

For any new contracts entered into on or after April 1 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset [the underlying asset] for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee:

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date [net of any incentives received].

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments [including in substance fixed], variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in other financial liabilities.

As a lessor:

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

For the year ended March 31, 2019, the Company was recognising revenue as per the criteria provided in Ind AS 17 "Leases" as under:.

As a lessee:

The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease.

Lease under which the Company assumes potentially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalised at fair value or present value of the minimum lease payment at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on straight line basis in the Statement of Profit and Loss over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate lessor's expected inflationary cost increases.

As a lessor:

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

15 Provisions, Contingent Liabilities and Contingent Assets:

A Provisions are recognised when the Company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure of contingent liability is made when there is a present obligation, that may, but probably will not require an outflow of resources. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

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

16 Provision for Product Expiry Claims:

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

17 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Medical Leave:

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

b Defined Benefit Plans:

i Gratuity:

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "Other Comprehensive Income" and are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit and loss in subsequent periods.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

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

c Defined Contribution Plans - Provident Fund Contribution:

Employees of the Company, other than covered in point (ii) above, receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond their monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

C Employee Separation Costs:

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

18 Dividends :

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

19 Financial Instruments:

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

A Financial assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in five 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 and reversals in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

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

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

iv Equity instruments:

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

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

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

v Investments in subsidiaries and associates:

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised 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.

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:

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

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

iii Financial assets that are debt instruments and are measured as at FVTOCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point b above.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it requires the Company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR.

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

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

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

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

B Financial liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

Subsequently all financial liabilities are measured as amortised cost, using EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Note: 2-Significant Accounting Policies-Continued:

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.

20 Convertible Preference Shares:

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

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

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

21 Fair Value Measurement:

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

a In the principal market for the asset or liability,

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

22 Business combinations and Goodwill:

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

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

C At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 "Income Tax" and Ind AS 19 "Employee Benefits" respectively.

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

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

F Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised

Note: 2-Significant Accounting Policies-Continued:

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

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

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

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

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

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

23 Earnings per Share:

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

24 Non Current Assets Held for Sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale of asset and disposal group is highly probable. The Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss before tax from discontinued operations in the statement of profit and loss.

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.

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

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

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

	Freehold Land	Right of Use Land & Building	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2018	1,073	368	2,004	2,478	137	68	199	**6,327**
Additions	-	141	102	800	12	80	84	**1,219**
Disposals	-	-	-	-	-	(10)	-	**(10)**
As at March 31, 2019	1,073	509	2,106	3,278	149	138	283	**7,536**
Right of use assets on transitio	-	-	26	-	-	-	-	**26**
Additions	5	-	29	309	1	29	3	**376**
Deduction Due to Demerger						(2)		**(2)**
Disposals	-	-		(26)	-	(6)	-	**(32)**
As at March 31, 2020	1,078	509	2,161	3,561	150	159	286	**7,904**
Depreciation and Impairment:								
As at March 31, 2018	-	9	66	450	16	14	17	**572**
Depreciation for the year	-	5	52	305	19	13	49	**443**
Disposals	-	-	-	(0)	-	(4)	-	**(4)**
As at March 31, 2019	-	14	118	755	35	23	66	**1,011**
Depreciation for the year	-	6	64	332	15	19	53	**489**
Deduction Due to Demerger						0		**0**
Disposals	-	-	-	(7)	-	(3)	-	**(10)**
Other adjustments	-	-	-	-	-	-	0	**0**
As at March 31, 2020	-	20	182	1,080	50	39	119	**1,490**
Net Block:								
As at March 31, 2019	1,073	495	1,988	2,523	114	115	217	**6,525**
As at March 31, 2020	1,078	489	1,979	2,481	100	120	167	**6,414**

[B] Intangible Assets:

	Goodwill	Other Intangible Assets: Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	Total
Gross Block:						
As at March 31, 2018	46,008	5,603	36	31	27	**5,697**
Additions	-	6	11			**17**
Disposals	-	-	-	-	-	**-**
As at March 31, 2019	46,008	5,609	47	31	27	**5,714**
Additions	-	-	3			**3**
Disposals	-	-	-	-	-	**-**
As at March 31, 2020	46,008	5,609	50	31	27	**5,717**
Amortisation and Impairment:						
As at March 31, 2018	9,867	771	21	10	5	**807**
Amortisation for the year	4,601	560	8	5	3	**576**
Impairment for the year	-	-	-	-	-	**-**
As at March 31, 2019	14,468	1,331	29	15	8	**1,383**
Amortisation for the year	4,601	560	8	5	3	**576**
Impairment for the year	-	-	-	-	-	**-**
As at March 31, 2020	19,069	1,891	37	20	11	**1,959**
Net Block:						
As at March 31, 2019	31,540	4,278	18	16	19	**4,331**
As at March 31, 2020	26,939	3,718	13	11	16	**3,758**

Impairment of goodwill:

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Cash Generating Unit [CGU], which represents the operating segment of the Company. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level. The Company has only one segment. i.e. Pharmaceuticals. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU/ groups of CGU over a period of five years. Key assumptions used are as mentioned below. As of March 31, 2020 and March 31, 2019 the estimated recoverable amount of the CGU exceeded its carrying amount. The key assumptions used for the calculations are as follows :

	As at March 31	
	2020	2019
Long Term Growth Rate	**3.00%**	3.00%
Discount Rate	**10.00%**	10.00%

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

ZYDUS HEALTHCARE LIMITED

Notes to the Financial Statements

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

	INR- Million	
	Year ended March 31	
Depreciation, Amortisation and Impairment expenses:	**2020**	2019
Depreciation	**489**	443
Amortisation	**5,177**	5,176
Total	**5,666**	5,619

Notes:

1. Additions of INR 4 Million [Previous Year: INR 8 Million] in research assets during the year are included in "Additions" under the respective heads of Gross Block of Tangible assets as above.
2. Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Biochem Pharmaceutical Industries Limited and acquired pursuant to Scheme of Arrangement of Cadila Healthcare Limited with the Company are in the process of being transferred in the name of the Company.

	Face Value [*]	Nos. [**]	INR- Million	
			Year ended March 31	
			2020	2019
Note: 4-Investments [Non-Current]:				
Investments in Subsidiaries and Others:				
Investments in Subsidiary Companies			**33**	31
Investments in Equity Instruments			**4**	11
Investments in a Partnership Firm			**1,851**	-
			1,888	42
A Details of Investments in Subsidiaries and Associate Company:				
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
German Remedies Pharmaceuticals Pvt. Ltd.	10	3,500,000	**33**	31
(formerly known as ACME Pharmaceuticals Pvt. Ltd.)				
Violio Healthcare Limited [INR: 5,00,000]				
[50,000 shares subscribed during previous year]	10	[50,000]	**-**	-
			33	31
Associate Company [Unquoted]				
Zydus Animal Health and Investment Ltd. [Refer Note No.: 51]				
[1,19,143 shares allotted during the year] (Rs. 6,00,000)	10	119143 [0]	**0**	-
			33	31
B Details of Investments - Others [Valued at fair value through OCI]:				
Investment in Equity Instruments [Quoted]:				
In fully paid-up Equity Shares of:				
Reliance Industries Limited (INR: 3,87,132, March 31, 2019:4,74,341)	10	348	**0**	**-**
Vedanta Limited	10	57,750	**4**	11
Tanla Solutions Limited (INR: 98,250, March 31, 2019: 74,962)	1	2,026	**0**	**-**
Total [Aggregate Book Value of Investments]			**4**	11
C a i Aggregate amount of quoted investments			**4**	11
ii Market value of quoted investments			**4**	11
b Aggregate amount of unquoted investments			**1,884**	31
D Details of Investment in Partnership Firm (Subsidiary)				
Recon Pharmaceuticals and Investments				
Fixed Capital Contribution			**1**	-
Current Capital Contribution			**1,850**	-
			1,851	-
E Profit Sharing Ratio:				
Zydus Healthcare Limited	90.00%			
German Remedies Pharamceuticals Pvt. Ltd.				
(formerly known as ACME Pharmaceuticals Pvt. Ltd.)	10.00%			
F Explanations:				
a In "Face Value [*]", figures in Indian Rupees unless stated otherwise.				
b In "Nos. [**]" figures of previous year are same unless stated in [ ]{ }.				
c ( )^ Figures in bracket denote amount in Rupees.				

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2020	2019
Note: 5-Loans:		
[Unsecured, Considered Good unless otherwise stated]		
Loans and Advances to Related Parties [*]	1,805	3,200
Total	1,805	3,200
[*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):		
Name of the party and relationship with the party to whom loan given: (Refer Note No.: 39)		
A Holding Company, Subsidiary Company and Associate Company:		
a Cadila Healthcare Limited	1,500	3,200
b Zydus Animal Health and Investments Limited	50	-
(formerly known Violio Pharmaceuticals and Investments Ltd.)		
c German Remedies Pharmaceuticals Private Limited		
(formerly known as ACME Pharmaceuticals Pvt. Ltd)	255	-
Total	1,805	3,200
(#) Loans which are outstanding at the end of the respective financial year.		
Notes:		
a The above loans have been given for business purposes.		
b The loans are interest bearing		
c The above loans are repayable within a period upto 3 years		
d During the year Zydus Technologies Ltd. has been merged with Cadila Healthcare Ltd. w.e.f April 1, 2019		
Note: 6-Other Financial Assets:		
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	213	216
Others	18	18
Total	231	234
Note: 7-Other Non-Current Assets:		
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	31	37
Balances with Statutory Authorities	24	25
Others	59	64
Total	114	126
Note: 8-Current Tax Assets [Net]:		
Advance payment of Tax [Net of provision for taxation of INR 1,537 {as at March 31, 2019 INR 873} Million]	188	10
Total	188	10
Note: 9-Inventories:		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	1,189	1,019
Work-in-progress	210	196
Finished Goods	1,621	1,616
Stock-in-Trade	390	616
Others:		
Packing Materials	345	256
Total	3,755	3,703
The above includes Goods in transit as under:		
Raw Materials	17	39
Stock-in-Trade	-	10
Packing Materials	1	-
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories		
Net of reversal of write-down	45	(26)

Note: 10-Investments [Current]:

	Nos. [**]	2020	2019
Investment in Mutual Funds [Valued at fair value through profit or loss]: [*]			
Kotak Liquid Fund - Direct Plan - Growth	0 [2,34,247.25]	-	886
Investment in Partnership Firm (at Cost) [INR 36,853]		0	
Total		0	886
[*] Considered as cash and cash equivalents for Cash Flow Statement			

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2020	2019
Note: 11-Loans:		
[Unsecured, Considered Good unless otherwise stated]		
Loans to related parties [*]	2,613	688
Loans to Others		100
Loan to Others - Credit Impaired [**]	108	-
	2,721	788
Less: Allowances for Credit Impaired	(108)	-
	2,613	788
[*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):		
Name of the party and relationship with the party to whom loan given: (Refer Note No.: 39)		
A Holding Company, Subsidiary Company and Associate Company:		
a Cadila Healthcare Ltd.(including Interest receivable on loan) (Refer Note No.: 5(d))	2,580	61
b German Remedies Pharmaceuticals Private Limited [including Interest Receivable on Loan] (formerly known as ACME Pharmaceuticals Pvt. Ltd)	5	599
c Zydus Animal Health and Investments Limited (formerly known Violio Pharmaceuticals and Investments Ltd.)	0	-
d Liva Nutritions Limited [including Interest Receivable on Loan]	28	28
	2,613	688
[**] Loan given to Genesys Biologics Private Limited against personal guarantee and corporate guarantee of Directors of Amicus Formulations (India) Pvt. Ltd. with interest rate at 12.00% p.a.		
Note: 12-Trade Receivables:		
Unsecured - Considered good	1,780	2,867
Unsecured - Credit Impaired	53	27
	1,833	2,894
Less: Allowances for Credit Losses	53	27
Total	1,780	2,867
Note: 13-Cash and Bank Balances:		
A Cash and Cash Equivalents:		
Cash on Hand	1	1
Balances with Banks		
In Current Accounts	293	116
In Fixed Deposits [including Interest Receivable]	641	10
Cheques on Hand	366	-
Total	1,301	127
A Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
B There are no amounts of cash and cash equivalent balances held by the entity that are not available for use		
Note: 14-Other Current Financial Assets:		
[Unsecured, Considered Good]		
Receivable from Holding Company	60	1,892
Deposits other than Banks [*]	687	1,004
Others	12	15
Total	759	2,911
[*] Considered as cash and cash equivalents for Cash Flow Statement		
Note: 15-Other Current Assets:		
[Unsecured, Considered Good]		
Balances with Statutory Authorities	1,780	1,530
Advances to Suppliers	119	128
Export Incentive Receivables	5	11
Prepaid Expenses	18	58
Others	4	3
Total	1,926	1,730

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2020	2019
Note: 16-Equity Share Capital:		
Authorised:		
3,100,000 [as at March 31, 2019: 3,100,000] Equity Shares of INR 100/- each	310	310
2,000,000 [as at March 31, 2019: 2,000,000] Redeemable Preference Shares of INR 10/- each	20	20
132,600,000 [as at March 31, 2019: 132,600,000] 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares of INR 100/- each	13,260	13,260
300,000 [as at March 31, 2019: 3,00,000] 8% Non-Cumulative Redeemable Preference Shares of INR 100/- each	30	30
	13,620	13,620
Issued, Subscribed and Paid-up:		
Equity Share Capital [21,61,742 { as at March 31, 2019: 21,61,742} Equity Shares of Rs. 100 each] fully paid up	217	217
Preference Share Capital [100,650,000 { as at March 31, 2019: 100,650,000} Optionally Convertible Non Cumulative Redeemable Preference Shares of Rs. 100 each, fully paid up]	10,065	10,065
Total	10,282	10,282
A The reconciliation in number of Equity shares is as under:		
Number of shares at the beginning of the year	2,161,742	2,161,742
Number of shares at the end of the year	2,161,742	2,161,742
The reconciliation in number of 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares is as under:		
Number of shares at the beginning of the year	100,650,000	123,650,000
Less: Shares redeemed during the year	-	23,000,000
Number of shares at the end of the year	100,650,000	100,650,000
B The Company has only one class of equity shares having a par value of INR 100/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Optionally Convertible Non-Cumulative Redeemable Preference [OCRPS] Shares are redeemable at par. At anytime during tenure of OCRPS, the Issuer of OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during tenure of OCRPS, the Holder and issuer of OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. Such conversion shall happen at 1 equity shares for 249 OCRPS. The tenure of the OCRPS shall be 20 years from date of allotment. At any time during the tenure of the OCRPS, the company shall have right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential rights with respect to dividend on the paid up capital in the event of distribution of profits by the Company		
D Details of Share holders holding more than 5% of Shares:		
a Equity Shares:		
All Equity Shares are held by holding company, Cadila Healthcare Limited and its nominees		
Number of Shares	2,161,742	2,161,742
% to total share holding	100.00%	100.00%
b Preference Shares:		
All Preference Shares are held by holding company, Cadila Healthcare Limited		
Number of Shares	100,650,000	100,650,000
% to total share holding	100.00%	100.00%

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2020	2019
Note: 17-Other Equity:		
Capital Redemption Reserve: [*]		
Balance as per last Balance Sheet	2,300	-
Add: Transfer from Retained Earnings	-	2,300
	2,300	2,300
Securities Premium Reserve:		
Balance as per last Balance Sheet	5,541	5,541
	5,541	5,541
Other Reserves:		
General Reserve: [**]		
Balance as per last Balance Sheet -	34,099	37,888
Less: Amount adjusted on Demerger (Refer Note No.: 50)	(634)	
Dividends	(5,374)	(3,143)
Corporate Dividend Tax on Dividend	(1,105)	(646)
	(6,479)	(3,789)
Balance as at the end of the year	26,986	34,099
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	5	10
Add: [Debited] during the year	(7)	(5)
	(2)	5
Retained Earnings:		
Balance as per last Balance Sheet	924	1,691
Add: Profit for the year	1,844	1,716
	2,768	3,407
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	(57)	22
Less: Transfer to Captial Redemption Reserve	-	(2,300)
Less: Dividends:		
Dividends	(1,422)	(170)
Corporate Dividend Tax on Dividend	(293)	(35)
	(1,715)	(205)
Balance as at the end of the year	996	924
Total	35,821	42,869

[*] Capital Redemption Reserve is created for redemption of preference shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the preference shares redeemed. Capital Redemption Reserve may be applied by the Company in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares.

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

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

Note: 18-Borrowings:

	INR- Million			
	Non-current portion		Current Maturities	
	As at March 31		As at March 31	
	2020	2019	2020	2019
From Related Parties [Unsecured] [*]	-	-	132	132
	-	-	132	132
[*] Details of Borrowings from Related Parties [Refer Note No. 39 A for relationship] are as under:				
a Loan received from Dialforhealth India Ltd. [fellow subsidiary company] which was merged with Cadila Healthcare Limited w.e.f April 1, 2019		-	132	132

[*] Borrowings from Related Parties carry interest at SBI bank rate + 0.50% on quarterly basis and have tenure of less than 1 year from the expiry of original agreement and addendum thereon with an option to the Company to prepay the loan at any time during the tenure of loan without any penalty.

	INR- Million As at March 31 2020	2019
Note: 19-Other Financial Liabilities:		
Trade Deposits	-	49
Lease obligations	6	-
Others	27	22
Total	33	71
Note: 20-Provisions:		
Provision for Employee Benefits	748	541
Total	748	541

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

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

Investment risk:

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

Interest risk:

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

Longevity risk:

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

Salary risk:

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

INR- Million
As at March 31

	2020 Medical Leave	2020 Leave Wages	2020 Gratuity	2019 Medical Leave	2019 Leave Wages	2019 Gratuity
B Change in the present value of the defined benefit obligation:						
Opening defined benefit obligation	90	500	758	85	451	712
Transfer in /(out) obligatuion	(1)	(4)	(6)			
Interest cost	6	33	51	6	33	48
Current service cost	9	60	81	9	61	79
Benefits paid	(2)	(53)	(57)	-	(57)	(63)
Actuarial losses/ (gain) on obligation	(1)	89	79	(10)	12	(18)
Closing defined benefit obligation	101	625	906	90	500	758
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	70	587	-	66	441
Transfer in /(out) obligatuion			(60)			
Interest Income	-	4	41	-	5	31
Return of plan assets excluding amounts included in interest income	-	0	(9)	-	(1)	16
Contributions by employer	-	1	125	-	-	162
Benefits paid	-		(57)	-	-	(63)
Closing fair value of plan assets	-	75	627	-	70	587
D Actual return on plan assets:						
Expected return on plan assets	-	4	41	-	5	31
Actuarial [losses]/ gains on plan assets	-	-	-	-	-	-
Actual return on plan assets	-	4	41	-	5	31
E Amount recognised in the balance sheet:						
Liabilities/ [Assets] at the end of the year	101	625	906	90	500	758
Fair value of plan assets at the end of the year	-	(75)	(627)	-	(70)	(587)
Difference	101	550	279	90	430	171

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

Note: 20-Provisions- Non Current - Continued:

INR- Million

	2020 Medical Leave	2020 Leave Wages	2020 Gratuity	2019 Medical Leave	2019 Leave Wages	2019 Gratuity
Liabilities recognised in the Balance Sheet	101	550	279	90	430	171
F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:						
Current service cost	9	60	81	9	61	79
Interest cost on benefit obligation	6	33	51	6	33	48
Interest Income	-	(4)	(41)	-	(5)	(31)
Return of plan assets excluding amounts included in interest income	-	(0)	-	-	1	-
Net actuarial [gains]/ losses in the year	(1)	89	-	(10)	12	-
Amount Included in "Employee Benefit Expense	14	178	91	5	102	96
Return of plan assets excluding amounts included in interest income	-	-	9	-	-	(16)
Net actuarial [gains]/ losses in the year	-	-	79	-	-	(18)
Amounts recognized in OCI	-	-	88	-	-	(34)
G Movement in net liabilities recognised in Balance Sheet:						
Opening net liabilities	90	430	172	85	385	272
Expenses charged to P & L	14	178	91	5	102	96
Employer's contribution	-	(1)	(125)	-	-	(162)
Amount recognised in OCI	-	-	88	-	-	(34)
Benefits Paid	(2)	(53)	-	-	(57)	-
Transfer out obligation	(1)	(4)	(6)			
Transfer out plan assets	-	-	59			
Liabilities/ [Assets] recognised in the Balance Sheet	101	550	279	90	430	172
H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:						
Discount rate [*]	6.45%	6.45%	6.45%	7.20%	7.20%	7.20%
Annual increase in salary cost [#]	12% for One year and 9% thereafter			12% for next three years and 9% thereafter		

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

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

	2020 Medical Leave	2020 Leave Wages	2020 Gratuity	2019 Medical Leave	2019 Leave Wages	2019 Gratuity
I The categories of plan assets as a % of total plan assets are:						
Insurance plan	0.00%	100.00%	98.00%	0%	100%	99%
Bank Balance	0.00%	0.00%	2.00%	0%	0%	1%

J Amount recognised in current and previous four years:

Gratuity:	2020	2019	2018	2017	2016
	As at March 31				
Defined benefit obligation	906	758	712	634	60
Fair value of Plan Assets	627	587	441	391	49
Deficit/ [Surplus] in the plan	279	171	271	243	11
Actuarial Loss/ [Gain] on Plan Obligation	79	(18)	13	110	1
Actuarial Loss/ [Gain] on Plan Assets	-	-	-	(1)	-

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2019-20.

The average duration of the defined benefit plan obligation at the end of the reporting period is 26.30 years [as at March 31, 2019: 26.53 Years]

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumptions is shown below:

Assumptions	Medical Leave 2020	Medical Leave 2019	Leave Wages 2020	Leave Wages 2019	Gratuity 2020	Gratuity 2019
	INR-Million, As at March 31					
Impact on obligation:						
Discount rate increase by 0.5%	(4)	(3)	(17)	(13)	(31)	(23)
Discount rate decrease by 0.5%	5	4	18	13	33	24
Annual salary cost increase by 0.5%	4	3	17	13	32	24
Annual salary cost decrease by 0.5%	(4)	(3)	(17)	(12)	(30)	(22)

Note: 20-Provisions- Non Current - Continued:

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

	INR-Million	
	As at March 31	
	2020	2019
Within the next 12 months [next annual reporting period]	118	102
Between 2 and 5 years	381	346
Between 6 and 10 years	329	329
Total expected payments	828	777

Note: 21-Deferred Tax:

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

INR-Million

	As at March 31 2018	Charge for the previous year	As at March 31 2019	Charge for the current year	As at March 31 2020
Deferred Tax Liabilities:					
Depreciation	5,309	490	5,799	(33)	5,766
	5,309	490	5,799	(33)	5,766
Deferred Tax Assets:					
Retirement benefits	262	(37)	225	75	300
Provision for Bad and Doubtful Debts	17	(7)	10	46	56
Provision for Expiry and Breakages	31	4	35	210	245
Unabsorbed depreciation	3,612	(878)	2,734	(1,531)	1,203
Disallowance u/s 40(a)(ia)				10	10
Others	5	(2)	3	(1)	2
Total	3,927	(920)	3,007	(1,191)	1,816
Net Deferred Tax Liabilities	1,382	1,410	2,792	1,158	3950
MAT credit recognised in books	(3,135)		(3,135)	(500)	(3,635)
Net Deferred Tax Assets/(Liability)	1,753		343	658	(315)

B The Net Deferred Tax Liabilities of INR 658 [Previous Year: INR 1,410] Million for the year has been provided in the Statement of Profit and Loss.

C The Company has unabsorbed depreciation as at March 31, 2020 Rs. 3,444 Million [PY :7,824 Million] that are available for off setting against future taxable profits of the Company. 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.

MAT Credit recognised as at March 31, 2020 is INR 3,635 [as at March 31, 2019: INR 3,135] Million. Such MAT credit has been recognised on the basis of the assessment made by the Company’s management of the profitability, operational plans in the foreseeable future

MAT Credit not recognised as at March 31, 2020 is INR 2,178 [as at March 31, 2019: INR 2,004] Million. Such MAT credit has not been recognised, the Company's management is of the view that, presently there is no convincing evidence that the Company would be liable to pay income tax under the normal provisions of the Income-tax Act for the periods up to which the Company is eligible to utilise the unused MAT credit.

Further, and notwithstanding the foregoing, the Company can elect to exercise the option permitted u/s 115BAA of the Income- tax Act, 1961 consequent to which the entire MAT credit would no longer be allowed for utilisation.

	INR- Million	
	As at March 31	
	2020	2019
Note: 22-Trade Payables:		
Micro, Small and Medium Enterprises [*]	15	21
Due to other than Micro, Small and Medium Enterprise	3,985	3,961
Total	4,000	3,982
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	15	21
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	1	2
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	-	-
E Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
F Amount of further interest remaining due and payable in succeeding years	-	-

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

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2020	2019
Note: 23-Other Financial Liabilities:		
Current Maturities of Long Term Debt [Refer Note No.: 18]	132	132
Current Maturities of Lease Liabilities	11	-
Book Overdraft	0	315
Accrued Expenses	936	715
Payable for Capital Goods	26	31
Other Payable	23	-
Total	1,128	1,193
Note: 24-Other Current Liabilities:		
Advances from customers	60	42
Payable to Statutory Authorities	218	302
Others	5	5
Total	283	349
Note: 25-Provisions:		
Provision for Employee Benefits [Refer Note No.: 20]	182	151
Provision for claims for product expiry and return of goods [*]	702	102
Total	884	253
[*] Provision for claims for product expiry and return of goods:		
a Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.		
b The movement in such provision is stated as under:		
i Carrying amount at the beginning of the year	102	86
ii Additional provision made during the year	600	16
iii Carrying amount at the end of the year	702	102
Note: 26-Current Tax Liabilities [Net]:		
Provision for Taxation [Net of advance payment of tax of INR 829 {as at March 31, 2019: INR 829} Million]	11	11
Total	11	11
Note: 27-Contingent Liabilities and Commitments [to the extent not provided for]:		
A Contingent Liabilities:		
a Claims against the Company not acknowledged as debts	30	28
- Net of advance of	1	1
b Other money for which the company is contingently liable:		
i In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	677	620
- Net of advance of	35	38
ii In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts [PY - Rs. 3,80,890]	25	-
- Net of advance of [CY - Rs. 3,80,890, PY- Rs. 3,80,890]	0	-
iii In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts	7	11
- Net of advance of	1	1
iv The Company has imported certain capital equipment at concessional rate of custom duty under "Export promotion of Capital Goods Scheme" of the Central Government. The Company has undertaken an incremental export obligation to the		
- extent of US $ Million 0.35 [Previous Year 1]		
- equivalent to INR Million approx.	26	64
to be fulfilled during a specified period as applicable from the date of imports. The unprovided liability towards custom duty payable thereon in respect of unfulfilled export obligations		
B Commitments:		
a Estimated amount of contracts remaining to be executed on capital account and not provided for	115	88
- Net of advance of	28	11

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

	INR- Million	
	Year ended March 31	
	2020	2019
Note: 28-Revenue from Operations:		
Sale of Products	28,318	27,374
Other Operating Revenues:		
Export Incentives	3	4
Net Gain on foreign currency transactions and translation	3	3
Miscellaneous Income	345	223
	351	230
Total	28,669	27,604
Note: 29-Other Income:		
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	654	298
Dividend Income:		
From FVTOCI Investments	0	1
Gain on Investments mandatorily measured at FVTPL	94	89
Total	748	388
Note: 30-Cost of Materials Consumed:		
Raw Materials:		
Stock at commencement	1,019	1,265
Add: Purchases	4,560	3,574
	5,579	4,839
Less: Stock at close	1,189	1,019
	4,390	3,820
Packing Materials consumed	1,585	1,146
Total	5,975	4,966
Note: 31-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	1,577	3,441
Total	1,577	3,441
Note: 32-Changes in Inventories:		
Stock at commencement:		
Work-in-progress	196	102
Finished Goods	1,616	1,327
Stock-in-Trade	616	782
	2,428	2,211
Less: Stock at close:		
Work-in-progress	210	196
Finished Goods	1,621	1,616
Stock-in-Trade	390	616
	2,221	2,428
Stock adjusted pursuant to Demerger [Refer Note-50]		
Stock at commencement:		
Stock-in-Trade	-	189
Less: Stock at close:		
Stock-in-Trade	-	197
	-	(8)
Total	207	(209)

ZYDUS HEALTHCARE LIMITED

Notes to the Financial Statements

	INR- Million	
	Year ended March 31	
	2020	2019
Note: 33-Employee Benefits Expense:		
Salaries and wages	5,481	4,799
Contribution to provident and other funds [*]	349	338
Staff welfare expenses	52	62
Total	5,882	5,199
Above expenses includes Research and Development related expenses as follows:		
Salaries and wages	60	53
Contribution to provident and other funds	4	4
Staff welfare expenses	2	2
Total	66	59
Managing Directors' Remuneration	58	49
[*] The Company's contribution towards defined contribution plan		
a Contribution to provident and other funds	243	224
The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees, as specified under the law. The contributions are paid to the respective Regional Provident Fund Commissioner under the Pension Scheme.		
Note: 34-Finance Cost:		
Interest expense [*]	14	18
Bank commission & charges	5	4
Total	19	22
[*] The break up of interest expense into major heads is given below:		
On term loans	12	16
On working capital loans [Rs. 48,560 for March 31, 2020 { Rs. 12,100 for March 31, 2019}]	0	0
On Lease	2	-
Others	-	2
Total	14	18
Note: 35-Other Expenses:		
Research Materials	10	4
Analytical Expenses	17	5
Consumption of Stores and spare parts	241	240
Power & fuel	292	310
Rent	60	66
Repairs to Buildings	29	30
Repairs to Plant and Machinery	83	76
Repairs to Others	32	29
Insurance	93	105
Rates and Taxes [excluding taxes on income]	7	8
Processing Charges	978	421
Commission to Directors	1	1
Traveling Expenses	518	512
Legal and Professional Fees [*]	248	161
Commission on sales	305	293
Freight and forwarding on sales	188	193
Representative Allowances	791	844
Royalty Expenses	106	95
Other marketing expenses	1,900	1,510
Allowances of credit losses:		
Trade receivables written off	-	17
Expected credit loss	25	-
	25	17
Less: Transferred from expected credit loss	-	(21)
	25	(4)
Allowances for Doubtful Advances:		
Doubtful advances written off	-	1
Allowances for credit impaired	108	(1)
	108	-
Directors' fees	3	3
Net Loss on Sale of Investments [Net of gain of INR Nil {Previous Year: INR 89}]	-	0
Net Loss on disposal of Property, Plant and Equipment [Net of gain of INR 1 {Previous Year: INR Nil} Million]	6	1
Donations [***]	0	6
Miscellaneous Expenses [#]	844	710
Total	6,885	5,619

ZYDUS HEALTHCARE LIMITED

Notes to the Financial Statements

	INR- Million	
	Year ended March 31	
	2020	2019
Note: 35-Other Expenses-Continued:		
Above expenses includes Research related expenses as follows:		
Research Materials	7	4
Analytical expenses	0	1
Consumption of Stores and spare parts	61	65
Rent	23	23
Power & Fuel	8	8
Repairs to Buildings	0	0
Repairs to Plant and Machinery	2	7
Repairs to Others	-	0
Traveling Expenses	2	2
Legal and Professional fees	0	1
Net Loss on disposal of Property, Plant and Equipment	5	-
Miscellaneous Expenses [excluding Depreciation of INR 17 {Previous Year 18} Million]	22	18
Total	130	129
[*] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding GST]:		
i - As Auditor	3	2
- For Other Services [INR 1,56,000 {Previous Year - Rs. 2,00,000}]	-	0
- Reimbursement of expenses [INR 2,42,953 {Previous Year: INR 1,75,619}]	-	-
- Total	3	2
ii Cost Auditor's Remuneration including fees for other services [excluding GST]	-	1
[#] Miscellaneous Expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	55	28
Note: 36-Tax Expenses::		
The major components of income tax expense are:		
A Statement of profit and loss:		
Profit or loss section:		
Current income tax:		
Current income tax charge	672	721
Adjustments in respect of current income tax of previous year	2	(4)
	674	717
Deferred tax:		
Relating to origination and reversal of temporary differences [Refer Note-21]	658	1,410
Tax expenses on Discontinued operation		
Current Tax	-	140
Tax expense reported in the statement of profit and loss	1,332	2,267
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss/ (gain) on remeasurements of defined benefit plans	(31)	12
Tax charged to/(credited) OCI	(31)	12
B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Profit before tax	3,206	3,983
Enacted Tax Rate (%) of the Country	34.94%	34.94%
Expected Tax Expenses	1,120	1,391
Adjustments for:		
Tax effect due to non-taxable income for tax purposes	(0)	1
Effect of unrecognized deferred tax assets/ liabilities	7	(65)
Effect of non-deductible expenses	89	101
Effect of additional deductions in taxable income	(58)	(30)
Effect of MAT credit available on which deferred tax is not created	175	863
Others (including Prior Period Tax Adjustment)	-	6
Total	213	876
Tax Expenses as per Statement of Profit and Loss	1,333	2,267

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

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

A	Profit for the year (Continuing Operations)	INR-Million	**1,844**	1,208
B	Less: Preference Dividend (including CDT)	INR-Million	**(971)**	(1,137)
C	Profit attributable to Equity Share Holders	INR-Million	**873**	71
D	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**2,161,742**	2,161,742
E	Effect of dilution - Optionally Convertible Preference Shares	Numbers	**404,217**	473,557
F	Weighted average number of Equity Shares outstanding during the year	Numbers	**2,565,959**	2,635,299
G	Nominal value of equity share	INR	**100**	100
H	Basic EPS (Continuing Operations)	INR	**404.07**	32.86
I	Diluted EPS - [Anti-Dilutive] (Continuing Operations)	INR	**404.07**	32.86
J	Profit for the year (Disontinued Operations)	INR-Million	**-**	508
K	Basic EPS (Discontinued Operations)		**-**	234.85
L	Diluted EPS - (Discontinued Operations)		**-**	234.85
M	Basic EPS (Continuing and Discontinued Operations)		**404.07**	267.71
N	Diluted EPS - [Anti-Dilutive] (Continuing and Discontinued Operations)		**404.07**	267.71

Note: 38-Segment Information:

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

Note: 39-Related Party Transactions:

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

a Holding Company: Cadila Healthcare Limited

b Subsidiary Companies/ Concerns:

German Remedies Pharmaceuticals Private Limited [formerly known as ACME Pharmaceuticals Private Limited]
Violio Healthcare Limited [upto February 14, 2020]
Biochem Pharmaceutical Private Limited [from November 27, 2019] [upto February 14, 2020]
Recon Pharmaceuticals and Investments (Partnership Firm) [from December 11, 2019]

c Fellow Subsidiary Companies, Associates Company/ concerns:

Violio Healthcare Limited [from February 15, 2020]
Dialforhealth Unity Limited
Dialforhealth Greencross Limited
Zydus Wellness Limited
Zydus Animal Health and Investments Ltd. (Associate Company) (formerly known as Violio Pharmaceuticals and Investments Limited)
ZyVet Animal Health Inc. [USA]
Liva Pharmaceuticals Limited [*]
Liva Nutritions Limited
Liva Investment Limited
Zydus Pharmaceuticals Limited (formerly known as Alidac Healthcare Limited)
Windlas Healthcare Private Limited
Zydus Foundation
Zydus Lanka (Private) Limited [Sri Lanka]
Zydus Healthcare Philippines Inc. [Philippines]
Zydus International Private Limited [Ireland]
Zydus Netherlands B.V. [the Netherlands]
Etna Biotech S.R.L. [Italy]
Alidac Healthcare (Myanmar) Limited [Myanmar]
Zydus Discovery DMCC [Dubai]
Dialforhealth India Limited [*]
Zydus Pharmaceuticals (USA) Inc. [USA]
Nesher Pharmaceuticals (USA) LLC [USA]
Zydus Healthcare (USA) LLC [USA]
Sentynl Therapeutics Inc. [USA]
Zydus Noveltech Inc. [USA]
Hercon Pharmaceuticals LLC [USA]
Viona Pharmaceuticals Inc. [USA]
Zydus Wellness Products Limited (formerly known as Zydus Nutritions Limited)
Zydus Wellness International DMCC [Dubai]
Windlas Inc [USA]
Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Script Management Services (Pty) Ltd [South Africa]
Zydus France, SAS [France]
Laboratorios Combix S.L. [Spain]
Zydus Nikkho Farmaceutica Ltda. [Brazil]
Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Zydus Worldwide DMCC [Dubai]
Biochem Pharmaceutical Pvt. Ltd. [from February 15, 2020]
Zydus Technologies Limited [*]

[*] Merged with the Holding Company w.e.f. April 1, 2019.

d Joint Venture Companies of Holding Company:

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

e Key Management Personnel:

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

Note: 39-Related Party Transactions-Continued:

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

Cadmach Machinery Company Private Limited

Zydus Hospitals and Healthcare Research Private Limited

g Post Employment Benefits Plans:

Zydus Healthcare Limited Employees Group Gratuity Scheme

Zydus Healthcare Limited, German Remedies Division Employees Group Gratuity Scheme

B Transactions with Related Parties:

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

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

Nature of Transactions	Holding Company, Subsidiary Companies, Fellow Subsidiary Companies		Joint Venture Companies of Holding Company		Enterprises significantly influenced by Directors and/ or their relatives	
	Value of the Transactions [INR-Million], Year ended March 31					
	2020	2019	**2020**	2019	**2020**	2019
Purchases:						
Goods:						
Cadila Healthcare Limited	**1,302**	2,831				
Zydus Wellness Products Ltd.	**4**	4				
Total	**1,306**	2,835	**-**	-	**-**	-
Property Plant and Equipments:						
Cadila Healthcare Limited	**8**	16				
German Remedies Pharmaceuticals Pvt. Ltd.	**1**	1				
Cadmach Machinery Company Private Limited					**15**	4
Total	**9**	17	**-**	-	**15**	4
Reimbursement of Expenses paid:						
Cadila Healthcare Limited	**4**	5				
Total	**4**	5	**-**	-	**-**	-
Services Received:						
Cadila Healthcare Limited	**480**	154				
German Remedies Pharmaceuticals Pvt. Ltd.	**193**	75				
Zydus Wellness Products Ltd.	**2**	2				
Total	**675**	231				
Net Assets Transferred						
German Remedies Pharmaceuticals Pvt. Ltd. [Refer Note No.: 50]	**634**	-				
Sales:						
Goods:						
Cadila Healthcare Limited	**331**	436				
German Remedies Pharmaceuticals Pvt. Ltd.	**12**	-				
Bayer Zydus Pharma Private Limited			**32**	39		
Zydus Hospitals and Healthcare Research Private Limited					**19**	14
Total	**343**	436	**32**	39	**19**	14
Property Plant and Equipments:						
Cadila Healthcare Limited	**3**	3				
Services Provided:						
Cadila Healthcare Limited	**9**	2				
Finance:						
Dividend paid:						
Cadila Healthcare Limited	**3,952**	2,973				
Interest Expense:						
Cadila Healthcare Limited	**12**	16				
Total	**12**	16	**-**	-	**-**	-
Interest Income:						
German Remedies Pharmaceuticals Pvt. Ltd.	**64**	51				
Cadila Healthcare Limited	**464**	61				
Others	**3**	1				
Total	**531**	113				
Share of Profit from Firm						
Recon Pharmaceuticals [CY-Rs. 36,853] and Investments		-				
CSR Expense:						
Zydus Foundation	**53**	27				

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

Note: 39-Related Party Transactions-Continued:

Nature of Transactions	Holding Company Subsidiary Companies Fellow Subsidiary Companies		Joint Venture Companies of Holding Company		Enterprises significantly influenced by Directors and/ or their relatives	
	Value of the Transactions [INR-Million] As at March 31					
	2020	2019	**2020**	2019	**2020**	2019
Inter Corporate Loans Given:						
German Remedies						
Pharmaceuticals Pvt. Ltd.	**282**	493				
Liva Nutritions Limited	**-**	28				
Zydus Animal Health and						
Investments Ltd.	**50**	-				
Cadila Healthcare Limited	**1,800**	3,200				
Total	**2,132**	3,721				
Inter Corporate Loans Repaid:						
German Remedies						
Pharmaceuticals Pvt. Ltd.	**620**	-				
Cadila Healthcare Limited	**1,000**	-				
	1,620	-				
Inter Corporate Loans Repaid:						
Cadila Healthcare Limited	**-**	69				
Capital Contrbution						
Recon Pharmaceuticals and Investments	**1,851**	-				
Outstanding:						
Payable:						
Cadmach Machinery Company Private Limited						
[CY - Rs. 55,280, PY - 80,246]					**0**	0
Zydus Wellnees Products Ltd	**1**					
German Remedies						
Pharmaceuticals Pvt. Ltd.	**20**	1				
Cadila Healthcare Limited	**357**	76				
	378	77				
Payable(Loan):						
Cadila Healthcare Limited	**132**	132				
Receivable:						
Bayer Zydus Pharma Private Limited			**6**	5		
Receivable (Loan):						
German Remedies		-				
Pharmaceuticals Pvt. Ltd.	**260**	599				
Cadila Healthcare Limited	**4,080**	5,073				
Liva Nutrition Limited	**28**	28				
Zydus Animal Health and						
Investments Ltd.	**50**	-				
Zydus Hospitals and Healthcare						
Research Private Limited					**7**	2
	4,418	5,700	**6**	5	**7**	2

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

	INR- Million Year ended March 31	
	2020	2019
(i) Salaries and other employee benefits to Managing Director and other executive officers	**73**	65
(ii) Commission and Sitting Fees to Non Executive/ Independent Directors	**5**	4
(iii) Outstanding payable to above (i) and (ii)	**1**	3

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

[i] Contributions to group gratuity scheme	**130**	162

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

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

B Loan given by the Company:

	INR-Million	
	As at	
	2020	2019
Holding Company, Fellow Subsidiary Companies and Associate Company:		
a German Remedies Pharmaceuticals Pvt. Ltd. (formerly known as ACME Pharmaceuticals Pvt. Ltd.)	**255**	593
b Cadila Healthcare Limited	**4,000**	3,200
c Zydus Anilmal Health and Investments Ltd. (formerly known as Violio Healthcare and Investment Ltd)	**50**	-
d Liva Nutritions Limited	**28**	28
Total	**4,333**	3,821

ZYDUS HEALTHCARE LIMITED

Notes to the Financial Statements

Note: 41-Financial Instruments:

A Fair values hierarchy:

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

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

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

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

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

	As at March 31 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial Investments at FVOCI:				
Quoted equity instruments	4			4
Total financial assets	4	-	-	4
Financial liabilities	-	-	-	-

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

Financial Assets:

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

Financial Liabilities:

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

Note: 42-Financial Risk Management:

A Financial instruments by category:

	INR- Million As at March 31 2020			
	FVTPL	**FVOCI**	**Amortised Cost**	**Total**
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries]		4		4
Mutual funds	-			-
Non Current Loans			1,805	1,805
Other Non Current Financial Assets			231	231
Trade receivables			1,780	1,780
Current Loan			2,613	2,613
Cash and Cash Equivalents			1,301	1,301
Other Current Financial Assets			759	759
Total	-	4	8,490	8,494
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			132	132
Trade payables			4,000	4,000
Other Non Current Financial Liabilities			33	33
Other Current Financial Liabilities			996	996
Total	-	-	5,161	5,161

	INR- Million As at March 31 2019			
	FVTPL	**FVOCI**	**Amortised Cost**	**Total**
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries]		11		11
Mutual funds	886			886

Note: 42-Financial Risk Management:-Continued:

Non Current Loans			3,200	**3,200**
Other Non Current Financial Assets			234	**234**
Trade receivables			2,867	**2,867**
Current Loans			788	**788**
Cash and Cash Equivalents			127	**127**
Other Current Financial Liabilities			2,911	**2,911**
Total	**886**	**11**	**10,127**	**11,024**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			132	**132**
Trade payables			3,982	**3,982**
Other Non Current Financial Liabilities			71	**71**
Other Current Financial Liabilities			1,061	**1,061**
Total	**-**	**-**	**5,246**	**5,246**

B Risk Management:

The Company’s activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

The Company’s risk management is done in close co-ordination with the board of directors and focuses on actively securing the Company’s short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

a Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk from investment in, loans and advances to related parties, trade receivables, bank deposits and other financial assets. The Company periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

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

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

iii There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company’s large customer base. Adequate expected credit losses are recognized as per the assessments. No single third party customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2020 and March 31, 2019.

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

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

	INR- Million	
	As at March 31	
	2020	2019
Trade Receivables:		
Less than 180 days	**1,727**	2,784
180 - 365 days	**42**	23
Above 365 days	**11**	60
Total	**1,780**	2,867
Movement in the expected credit loss allowance on trade receivables:		
Balance at the beginning of the year	**27**	48
Provision made during the year (net of recoveries)	**26**	(21)
Balance at the end of the year	**53**	27

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

b Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

b Management monitors rolling forecasts of the Company’s liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which it operates. In addition, the Company’s liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

c **Maturities of financial liabilities:**

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

Note: 42-Financial Risk Management:-Continued:

	INR- Million				
	< 1 year	**1-2 year**	**2-3 year**	**> 3 years**	**Total**
	2020				
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest	132	-	-		**132**
Other non current financial liabilities	-	11	6	16	**33**
Trade payable	4,000	-	-	-	**4,000**
Other Current Financial Liabilities	996	-	-	-	**996**
Total	**5,128**	**11**	**6**	**16**	**5,161**
	2019				
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest	132	-	-	-	**132**
Other non current financial liabilities	-	-	-	71	**71**
Trade payable	3,982	-	-	-	**3,982**
Other Current Financial Liabilities	1,061	-	-	-	**1,061**
Total	**5,175**	**-**	**-**	**71**	**5,246**

c Foreign currency risk:

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

d Interest rate risk:

Liabilities:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2020, the Company is exposed to changes in market interest rates through related party at variable interest rates. The Company's investments in Fixed Deposits are at fixed interest rates.

Sensitivity *:

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

	Movement in Rate	INR- Million	
		As at March 31	
		2020	2019
Interest rates	+0.50%	**0.43**	0.43
Interest rates	-0.50%	**(0.43)**	(0.43)

* Holding all other variables constant

e Price risk:

Exposure:

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

Sensitivity *:

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

	Movement in Rate	INR- Million			
		2020		**2019**	
		Impact on PAT	**Impact on Other Equity**	**Impact on PAT**	**Impact on Other Equity**
Equity Instruments [Quoted]					
Increase	+10.00%	-	0	-	1
Decrease	-10.00%	-	(0)	-	(1)
Mutual Funds [Quoted]					
Increase	+2.00%	-	-	18	-
Decrease	-2.00%	-	-	(18)	-

* Holding all other variables constant

Note: 43-Capital Management:

The Company' s capital management objectives are:

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

b to provide an adequate return to shareholders

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

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

	INR- Million	
	As at March 31	
	2020	2019
Net debts	**132**	132
Total equity	**46,103**	53,151
Net debt to equity ratio	**0.00**	0.00

Note: 44:

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

Note: 45:

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

Note: 46:

Pursuant to the Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 between Zydus Healthcare Limited ['the Company'], Cadila Healthcare Ltd., the holding company of the Company ['CHL'] and their respective shareholders and creditors as sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench ['NCLT'] vide its order dated May 18, 2017['Scheme-2'], the India Human Formulations Undertaking ['IHFU'] of CHL comprising of all the businesses, undertakings, activities, properties and liabilities as specified in the Scheme-2 pertaining to the India Human Formulations Business of CHL was transferred to and vested in the Company on a going concern basis by way of a Slump Sale for a lump sum cash consideration with effect from April 1, 2016, the appointed date. The certified true copy of the order was filed with the Registrar of Companies, Gujarat at Ahmedabad on May 19, 2017 making Scheme – 2 effective. The Scheme 2 has been accounted for using the "Pooling of Interest Method" as prescribed in Appendix C to Ind AS 103 ["Business combinations"], as notified under the Companies [Indian Accounting Standards] Rules, 2015. Accordingly in compliance of the Scheme-2, the Company has recorded all the assets and liabilities transferred as a part of the IHFU from CHL at their respective book values appearing in the books of CHL as on the close of business hours on March 31, 2016, being the date immediately preceding the appointed date. The outstanding receivables and payables from CHL, due to implementation of the Scheme 2, are included in the respective balances in Note 14.

Note: 47: Interim Dividends:

The Board of Directors, at its meeting held on March 13, 2020, declared and paid interim dividend of INR 1,200 per equity share of INR 100/- each. The Board of Directors has also declared and paid divided of Rs. 8 per share to 8% Optionally Convertible Non cumulative Redeemable Preference Shares upto March 16, 2020. The Board has also recommended dividend to 8% Optionally Convertible Non cumulative Redeemable Preference Shares from March 17, 2020 to March 31, 2020.

Note: 48:

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

Note: 49: Leases

Lessee:

A Relating to statement of financial position:

1 The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all risk and rewards of ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right to use assets and lease liabilities for most leases.

Right of use assets are part of financial statement caption "Property plant and equipment'. Depreciation and impairment is similar to measurement of owned assets. Lease liabilities are part of financial statement captions non-current "financial liabilities" and current "financial liabilities". Interest is part of financial statement caption " Finance expense".

Note: 49: Leases- Continued

Right of use assets:

Real estate	**Building**
Balance as at April 1, 2019	26
Depreciation charge for the year	11
Balance as at March 31, 2020	15

2 Movement in lease liabilities:

	INR-Million
Lease liability recognised as on April 1 ,2019	26
Additions	-
Redemptions	(9)
Lease liability as at March 31, 2020	17
of which:	
Current portion	11
Non current portion	6

2.1 Maturity analysis of lease liabilities:

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at March 31, 2020 is as follows:

Minimum lease payments due	INR-Million
Within 1 year	11
1-2 years	6

Note: 50:

i Pursuant to the Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 between Zydus Healthcare Limited (the Company) and German Remedies Pharmaceuticals Private Ltd. ("GRPPL") (earlier known as Acme Pharmaceuticals Private Ltd., a 100% subsidiary of the Company) and their respective creditors and shareholders, which was sanctioned by the Ahmedabad bench of Hon'ble National Company Law Tribunal ("NCLT") vide its order dated December 19, 2019, one of the business divisions of the Company viz. Generic and Spectrum Business ("Demerged Undertaking") comprising all the businesses, undertakings, activities, properties and liabilities pertaining to the Generic and Spectrum Divisions were transferred and vested in GRPPL with effect from the appointed date i.e. April 1, 2019. The certified true copy of the order was filed with Registrar of Companies, Gujarat at Ahmedabad on December 23, 2019, being the effective date.

ii In consideration of the transfer and vesting of the Demerged Undertaking, GRPPL issued and allotted 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares having face value of Rs. 100/- each ("GRPPL Preference Shares") to Cadila Healthcare Ltd. ("CHL") (being the sole shareholder of the Company) as under:

a 53,35,188 GRPPL Preference Shares, credited as fully paid up, for the entire paid-up equity shares held by the Company in ZHL; and

b 997,609 GRPPL Preference Shares, credited as fully paid up, for the entire paid-up 8% Non-Cumulative Optionally Convertible Redeemable Preference Shares held by CHL in the Company.

c Total 63,32,797 GRPPL Preference Shares have been issued by GRPPL to CHL, at a total value of Rs. 634 Million.

The Scheme has been accounted for in the books of the Company in following manner:

a The carrying value of the assets and liabilities pertaining to Demerged Undertaking vested in GRPPL have been reduced from the carrying value of the assets and liabilities as appearing in the books of the Company on the close of business on March 31, 2019 being the day immediately preceding the Appointed Date.

b The excess of book value of assets vested over the book value of liabilities (i.e. net book value of assets vested) [INR 634 Million], has been adjusted to General Reserve of the Company.

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

Note: 50-Continued:

c Financial performance and cash flow information:

		INR- Million
		year ended Mar 31, 2019
A	Financial performance	
1	Total Revenue	3,686
2	Total expenses	3,039
3	Profit before tax	647
4	Tax Expense	140
5	Profit after tax	507
6	Profit after tax from discontinued operations (attributable to equity holder of the Parent)	507
B	Cash Flow Information	
1	Net cash inflow from operating activities	64
2	Net increase in cash generated from discontinued operations	64

Note: 51:

The company had divested its 100% stake in Violio Healthcare Limited [Violio] to Zydus Animal Health and Investment Ltd. [ZAHIL] (formerly known as Violio Pharmaceuticals and Investments Limited). During the year the Company had acquired 100% stake in Biochem Pharmaceuticals Private Limited [BPPL], later on the Company had divested its 100% stake in BPPL to ZAHIL. Board of Directors have approved this disinvestment of Violio and BPPL on their Board meeting held on February 15, 2020.

In consideration of above two transactions, the Company had received shares of ZAHIL based on the exchange ratio determined on the basis of NAV of the respective companies as on December 31, 2019. Pursuant to these the Company had received 1,19,143 equity shares of Rs. 10/- each as fully paid up of ZAHIL. This is carried out pursuant to over all group restructuring strategy.

Note: 52: 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 manufacturing and other 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 operates in manufacturing and selling of pharmaceutical products, which are 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: 53:

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 53 to the Financial Statements

For and on behalf of the Board

Sd/-

Dr. Sharvil P. Patel
Chairman

Sd/-	Sd/-	Sd/-
N V Chalapathi Rao	Sanjay D Gupta	Anil Matai
Chief Financial Officer	Company Secretary	Managing Director
		Ahmedabad
		June 13, 2020

ZYDUS HEALTHCARE LIMITED

Cash Flow Statement for the year ended March 31, 2020

	Particulars	**INR-Million**		
		Year ended March 31		
		2020		2019
A	**Cash flows from Operating Activities:**			
	Profit before Tax including profit of discontinued operations:		**3,206**	3,983
	Adjustments for:			
	Depreciation, Impairment and Amortisation expenses	**5,666**		5,619
	Loss on disposal of Property, Plant and Equipment [Net]	**6**		1
	Profit on Sale of Investments measured through FVTPL	**(94)**		(89)
	Interest Income on Financial Assets measured at Amortised Cost	**(654)**		(299)
	Dividend Income	**(0)**		(1)
	Interest Expense	**14**		18
	Bad Debts Written off	**-**		17
	Impairment Allowances for Trade Receivables [net of written back]	**-**		(21)
	Net assests Transferred in Demerger	**(569)**		-
	Provision for doubtful debts [net of written back]	**25**		-
	Impairment Allowances for Advances [net of written back]	**108**		-
	Provision for Employee Benefits	**151**		(16)
	Provisions for probable product expiry claims and return of goods [net of written back]	**600**		15
	Total		**5,253**	5,244
	Operating profit before working capital changes		**8,459**	9,227
	Adjustments for:			
	[Increase]/ Decrease in Trade Receivables	**1,080**		152
	[Increase]/Decrease in Inventories	**(53)**		37
	[Increase]/ Decrease in Other Financial Assets	**1,838**		(15)
	[Increase] in Other Assets	**(199)**		(780)
	Increase/ [Decrease] in Trade Payables	**25**		(591)
	Increase/ [Decrease] in Other Liabilities	**(84)**		126
	Increase/ [Decrease] in Other Financial Liabilities	**(115)**		200
	Total		**2,492**	(870)
	Cash generated from Operations		**10,951**	8,357
	Direct taxes paid [Net of refunds]		**(850)**	(1,042)
	Net cash from Operating Activities		**10,101**	7,315
B	**Cash flows from Investing Activities:**			
	Purchase of Property, Plant and Equipment	**(238)**		(603)
	Purchase of Right of use Land	**-**		(141)
	Proceeds from disposal of Property, Plant and Equipment	**16**		5
	Investment in Subsidiary Companies	**(3)**		(12)
	Proceed from Sales of Equity Investment	**-**		3
	Invesrment in Partnership Firm	**(1,851)**		-
	FVTPL gain/ profit [net] on sale of investments which are considered as part of cash and cash equivalents	**94**		89
	Advances to Group Companies (Net)	**(512)**		(3,821)
	Interest Received	**629**		231
	Dividend Received	**0**		1
	Net cash used in Investing Activities		**(1,864)**	(4,248)
C	**Cash flows from Financing Activities:**			
	Payment towards Redemption of Optionally Convertible Non-Cumulative Redeemable Preference Shares			(2,300)
	Repayment of Long term Debt	**-**		(69)
	Interest Paid	**(9)**		(18)
	Dividend Paid	**(6,796)**		(3,313)
	Tax on Dividend paid	**(1,397)**		(681)
	Net cash used in financing activities		**(8,202)**	(6,381)
	Net [Decrease]/ Increase in Cash and Cash Equivalents		**34**	(3,314)
	Cash transferred pursuant to Demerger [Refer Note No.: 50]		**(64)**	-
	Cash and Cash Equivalents at the beginning of the year		**2,019**	5,333
	Cash and Cash Equivalents at the end of the year		**1,989**	2,019

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/ non cash items/ pertaining to other activities.

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

4 Cash and Cash Equivalents at the end [beginning] of the year include INR 9 [INR 9] Million not available for immediate use.

5 In reference to para 43 of IND AS 7, refer note no.: 50 of Financial Statements relating to non cash transaction in Investing Activity

ZYDUS HEALTHCARE LIMITED

Cash Flow Statement for the year ended March 31, 2020

6 Cash and Cash Equivalents comprise of:

		As at March 31		
		2020	2019	2018
a	Cash on Hand	1	1	2
b	Balances with Banks	934	127	4,324
c	Deposits other than Banks	687	1,005	-
d	Cheques on Hand	366	-	-
e	Investment in Mutual Funds	-	886	1,007
		1,989	2,019	5,333

7 Changes in Liability arising from Financing Activities:

	As at March 31		As at March 31		As at March 31
Particulars	2018	Cash Flow	2019	Cash Flow	2020
Borrowing - Current [Refer Note - 18]	200	68	132	-	132

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-

Manoj H. Dama
Partner
Mumbai
June 13, 2020

Sd/-
N V Chalapathi Rao
Chief Financial Officer

Sd/-
Sanjay D Gupta
Company Secretary

For and on behalf of the Board

Sd/-

Dr. Sharvil P. Patel
Chairman

Sd/-
Anil Matai
Managing Director
Ahmedabad
June 13, 2020

ZYDUS HEALTHCARE LIMITED

Statement of Change in Equity for the year ended March 31, 2020

a Equity Share Capital:

	No. of Shares	INR - Million
Equity Shares of INR 100/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2018	2,161,742	**217**
As at March 31, 2019	2,161,742	**217**
As at March 31, 2020	2,161,742	**217**

b Other Equity:

	INR- Million					
	Reserves and Surplus				Items of OCI	Total
	General Reserve	Securities Premium	Capital Redemption Reserve	Retained Earnings	FVTOCI Reserve	
As at March 31, 2018	**37,888**	**5,541**	**-**	**1,691**	**10**	**45,130**
Add: Profit for the year	-	-	-	1,716	-	**1,716**
Add [Less]: Other Comprehensive income	-	-	-	22	(5)	**17**
Total Comprehensive Income	**37,888**	**5,541**	**-**	**3,429**	**5**	**46,863**
Transfer from [to] Capital Redemption Reserve			2,300	(2,300)		
Transactions with Owners in their capacity as owners:						
Dividends	(3,143)	-	-	(170)	-	**(3,313)**
Corporate Dividend Tax on Dividend	(646)	-	-	(35)	-	**(681)**
As at March 31, 2019	**34,099**	**5,541**	**2,300**	**924**	**5**	**42,869**
Add: Profit for the year	-	-	-	1,844	-	**1,844**
Add [Less]: Other Comprehensive income	-	-	-	(57)	(7)	**(64)**
Total Comprehensive Income	**34,099**	**5,541**	**2,300**	**2,711**	**(2)**	**44,649**
Amount adjusted on Demerger			-	-		**-**
(Refer Note No.: 50)	(634)	-	-	-	-	**(634)**
Transactions with Owners in their capacity as owners:						
Dividends	(5,374)	-	-	(1,422)	-	**(6,796)**
Corporate Dividend Tax on Dividend	(1,105)	-	-	(293)	-	**(1,398)**
As at March 31, 2020	**26,986**	**5,541**	**2,300**	**996**	**(2)**	**35,821**

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
Manoj H. Dama
Partner
Mumbai
June 13, 2020

Sd/-
N V Chalapathi Rao
Chief Financial Officer

Sd/-
Sanjay D Gupta
Company Secretary

Sd/-
Anil Matai
Managing Director
Ahmedabad
June 13, 2020