

**Zydus Hospira Oncology
Private Limited**

Financial statements together with
the Independent Auditors' Report
for the year ended 31 March 2020

Zydus Hospira Oncology Private Limited

Financial statements together with the Independent Auditor's Report
for the year ended 31 March 2020

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B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Zydus Hospira Oncology Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zydus Hospira Oncology Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the 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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' 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 in the 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.

Zydus Hospira Oncology Private Limited

Independent Auditors' Report on the financial statements for the year ended 31 March 2020 *(Continued)*
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Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 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, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

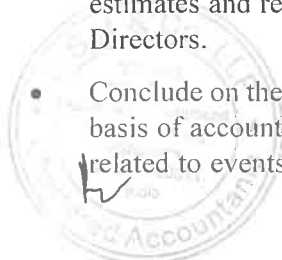
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 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 with reference to financial statements 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 in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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



Zydus Hospira Oncology Private Limited

Independent Auditors' Report on the financial statements for the year ended 31 March 2020 *(Continued)*
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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.

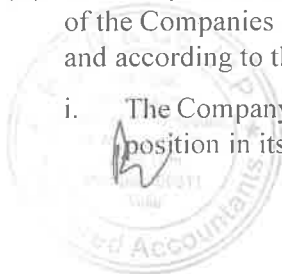
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 31 (A) to the financial statements;



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Independent Auditors' Report on the financial statements for the year ended 31 March 2020 (*Continued*)
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- 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;
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

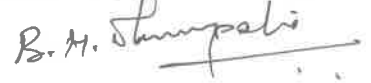
(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the provisions mandated under Section 197 of the Companies Act, 2013 are not applicable to Company, since the Company is a Private Limited Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022



Bhavesh Dhupelia

Partner

Membership No.: 042070

ICAI UDIN: 20042070AAAABM3269

Mumbai
26 May 2020

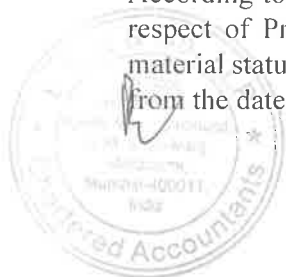
Annexure “A” to the Independent Auditors’ Report on the financial statements of Zydus Hospira Oncology Private Limited for the year ended 31 March 2020

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

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- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified by the management in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable property are held in the name of the Company. In respect of the leasehold land disclosed as Right of use asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- ii. The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has not granted any 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 (“the Act”). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given any loan, made any investment, given any guarantee, or provided any security under section 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the products manufactured or services rendered by the Company. Accordingly, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Professional tax, Income-tax, Duty of customs, Goods and service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Duty of customs, Goods and service tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.



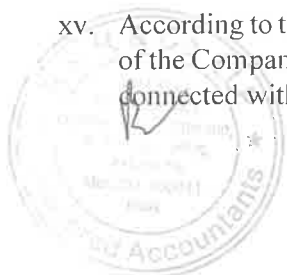
Annexure “A” to the Independent Auditors’ Report on the financial statements of Zyduz Hospira Oncology Private Limited for the year ended 31 March 2020 (Continued)

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- (b) According to the information and explanation given to us, the following dues have not been deposited by the Company on account of disputes:

Name of statute	Nature of dues	Amount demanded (Rs.)	Amount unpaid (Rs.)	Period	Forum where dispute is pending
Income Tax Act, 1961	Income tax	1,828,650	240,489	A.Y. 2010-11	Income Tax Appellate Tribunal
Gujarat Value Added Tax Act, 2003	Value Added Tax (VAT)	3,874,354	760,732	F. Y. 2007-08	Gujarat VAT Tribunal, Ahmedabad

- viii. In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to bankers, government, financial institution and debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to Company.
- ix. The Company did not raise any money by way of initial public offer or further public offer (Including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, notices or reported during the year, nor have we been informed of any such case by the management.
- xi. In our opinion and according to the information and explanations given to us, the provisions mandated under section 197 of the Companies Act, 2013 are not applicable to Company, since the Company is a Private Limited Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. Section 177 of the Act is not applicable to the Company.
- xiv. According to the information and explanations given to us and based on the examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.



B S R & Co. LLP

Annexure "A" to the Independent Auditors' Report on the financial statements of Zydus Hospira Oncology Private Limited for the year ended 31 March 2020 (Continued)

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xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

B. H. Dhupelia

Bhavesh Dhupelia

Partner

Membership No.: 042070

ICAI UDIN: 20042070AAAABM3269

Mumbai
26 May 2020

Annexure “B” to the Independent Auditors’ report on the financial statements of Zydus Hospira Oncology Private Limited for the year ended 31 March 2020

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

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Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

We have audited the internal financial controls with reference to financial statements of Zydus Hospira Oncology Private Limited (the ‘Company’) as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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 (the ‘Guidance Note’).

Management’s Responsibility for Internal Financial Controls

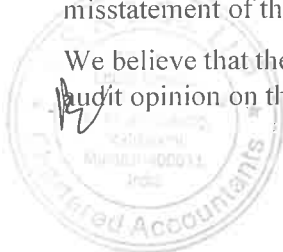
The Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as the ‘Act’).

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing (the ‘Standards’), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 with reference to financial statements.



Annexure “B” to the Independent Auditors’ report on the financial statements of Zydus Hospira Oncology Private Limited for the year ended 31 March 2020 (Continued)

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (Continued)

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Meaning of internal financial controls with reference to financial statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

B. H. Dhupelia

Bhavesh Dhupelia

Partner

Membership No.: 042070

ICAI UDIN: 20042070AAAABM3269

Mumbai
26 May 2020

Zydus Hospira Oncology Private Limited

Balance sheet

as at 31 March 2020

In millions of INR

	Not e	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	4A	818.97	887.08
Right of use assets	4B	57.25	-
Capital work-in-progress	4C	274.60	210.32
Intangible assets	5A	29.80	33.56
Intangible assets under development	5B	-	2.30
Financial assets			
Loans	6	0.13	0.15
Deferred tax assets (net)	8	279.03	476.98
Other non-current assets	9	25.45	12.15
Income tax assets (net)	10	92.40	94.76
		1,577.63	1,717.30
Current assets			
Inventories	11	1,106.78	1,341.88
Financial assets			
Investments	12	620.95	339.99
Trade receivables	13	572.94	624.34
Cash and cash equivalents	14	454.06	582.39
Loans	6	2.87	1.24
Other financial assets	7	63.10	217.88
Other current assets	9	25.03	13.63
		2,845.73	3,121.35
Total assets		4,423.36	4,838.65
Equity and liabilities			
Equity			
Equity share capital	15	150.00	150.00
Other equity	16	4,022.44	4,199.60
		4,172.44	4,349.60
Liabilities			
Non-current liabilities			
Provisions	17	23.64	16.46
Other financial liabilities	19	0.57	0.37
		24.21	16.83
Current liabilities			
Financial liabilities			
Trade payables			
Due to micro, small and medium enterprise	18	6.84	9.40
Due to other than micro, small and medium enterprise	18	168.83	304.13
Other financial liabilities	19	36.49	148.10
Other current liabilities	20	6.03	4.12
Provisions	17	8.52	6.47
		226.71	472.22
Total equity and liabilities		4,423.36	4,838.65

The notes referred to above forms an integral part of the financial statements.

As per our report of even date attached

For BSR & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-1000022

B. H. Dhupelia

Bhavesh Dhupelia
Partner
Membership No: 042070

Place : Mumbai
Date : 26 May 2020

For and on behalf of the Board of Directors of
Zydus Hospira Oncology Private Limited
CIN: U24230GJ2005PTC046246

John Francis Kelly
John Francis Kelly
Chairman
DIN No. 07328087

Ranjit Menon
Ranjit Menon
Whole Time Director
DIN No. 00288625

Swati
Swati
Company Secretary

Harshendra Punjwari
Harshendra Punjwari
VP Finance and Accounts

Place : Ahmedabad
Date : 26 May 2020

Zydus Hospira Oncology Private Limited

Statement of Profit and Loss

for the year ended 31 March 2020

In millions of INR

	Note	31 March 2020	31 March 2019
Income			
Revenue from operations	21	2,284.44	2,645.64
Other income	22	166.08	225.11
Total income		2,450.52	2,870.75
Expenses			
Cost of material consumed	23	1,238.04	1,306.72
Change in inventory of finished goods and work-in-progress	24	-2.72	1.66
Employee benefit expenses	25	260.22	242.33
Depreciation and amortisation expense	26	109.14	144.03
Other expenses	27	379.41	560.28
Total expenses		1,984.09	2,255.12
Profit before tax		466.43	615.63
Tax expenses			
- Current tax	28	122.48	132.67
- MAT credit written off	8	162.10	-
- Deferred tax charge/(credit)	8	-4.42	7.40
Total tax expense		280.16	140.07
Profit after tax		186.27	475.56
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plan		-2.49	1.81
Income tax on remeasurement of defined benefit plan		0.73	-0.63
Total other comprehensive income, net of tax		-1.76	1.18
Total comprehensive income for the year		184.51	476.74
Earnings per equity share (Face value of INR 10 each)			
Basic and diluted (in INR)	29	12.42	31.70

The notes referred to above forms an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 01248W/W-100022

B. S. R. & Co. LLP

Bhavesh Dhupelia

Partner

Membership No: 042070

Place : Mumbai

Date : 26 May 2020

For and on behalf of the Board of Directors of
Zydus Hospira Oncology Private Limited
CIN: U24230GJ2005PTC046246

John Francis Kelly

John Francis Kelly

Chairman

DIN No. 07328087

Swati

Swati

Company Secretary

Place : Ahmedabad

Date : 26 May 2020

Ranjit Menon

Ranjit Menon

Whole Time Director

DIN No. 08288625

Harshendra Punjawat

Harshendra Punjawat

VP Finance and Accounts

Zydus Hospira Oncology Private Limited

Statement of Changes in Equity

for the year ended 31 March 2020

In millions of INR

A. Equity share capital

	Note	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the reporting year		150.00	150.00
Changes in equity share capital during the year	15	-	-
Balance as at the end of the reporting year		150.00	150.00

B. Other equity

	Note	Reserves and surplus				
		General reserve	Capital redemption reserve	Retained earnings	Items of OCI	Total attributable to owners of Company
Balance as at 1 April 2018		1,277.53	400.00	2,407.00	-	4,084.53
Total comprehensive income for the year ended 31 March 2019						
Profit for the year	16	-	-	475.56	-	475.56
Remeasurement of defined benefit obligation		-	-	1.81	-	1.81
Tax on remeasurement of defined benefit obligation		-	-	(0.63)	-	(0.63)
Dividends	16	-	-	(300.00)	-	(300.00)
Dividend distribution tax	16	-	-	(61.67)	-	(61.67)
Balance as at 31 March 2019		1,277.53	400.00	2,522.07	-	4,199.60
Balance as at 1 April 2019		1,277.53	400.00	2,522.07	-	4,199.60
Total comprehensive income for the year ended 31 March 2020						
Profit for the year	16	-	-	186.27	-	186.27
Remeasurement of defined benefit obligation		-	-	(2.49)	-	(2.49)
Tax on remeasurement of defined benefit obligation		-	-	0.73	-	0.73
Dividends	16	-	-	(300.00)	-	(300.00)
Dividend distribution tax	16	-	-	(61.67)	-	(61.67)
Balance as at 31 March 2020		1,277.53	400.00	2,344.91	-	4,022.44

The notes referred to above forms an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W-100022



Bhavesh Dhupelia
Partner
Membership No: 042070

For and on behalf of the Board of Directors of
Zydus Hospira Oncology Private Limited
CIN: U24230GJ2005PTC046246



John Francis Kelly
Chairman
DIN No. 07328087



Ranjit Menon
Whole Time Director
DIN No. 08288625



Swati
Company Secretary



Harshendra Punjawan
VP Finance and Accounts

Place : Mumbai
Date : 26 May 2020

Place : Ahmedabad
Date : 26 May 2020

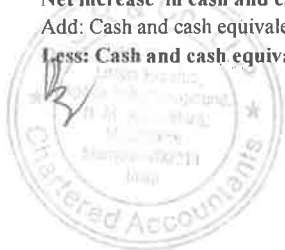
Zyodus Hospira Oncology Private Limited

Statement of Cashflows

for the year ended 31 March 2020

In millions of INR

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flow from operating activities:		
Profit before tax	466.43	615.63
Adjustments for:		
Depreciation and amortisation	109.14	144.03
Inventory written off and provision for inventory	89.47	91.05
Capital work-in-progress written off	1.76	0.15
Unrealized foreign exchange (gain)/loss	36.13	18.92
Loss on scrapping of assets	0.31	0.05
Interest income	(14.81)	(18.36)
Provision no longer required written back	-	(0.54)
Gain on fair valuation of investments in mutual fund	(0.93)	(3.16)
Gain on sale of current investment	(30.62)	(32.28)
Operating profit before working capital changes	656.88	815.49
Adjustments for:		
Decrease / (Increase) in inventories	145.63	(380.79)
Decrease in trade receivables	25.07	463.57
(Increase) / Decrease in other current assets	(11.26)	23.42
(Increase) in other financial assets	(158.03)	(192.95)
(Increase) in loans to employees	(1.61)	-
(Decrease) in trade payables	(131.25)	(14.74)
Increase / (Decrease) in other current liabilities	1.91	(2.59)
Increase / (Decrease) in other financial liabilities	2.03	(0.09)
Increase / (Decrease) in provisions	6.74	(1.06)
Cash generated from operating activities	536.11	710.26
Income taxes paid (net)	(79.12)	(205.75)
Net cash generated from operating activities (A)	456.99	504.51
Cash flow from investing activities:		
Expenditure on property, plant and equipment including capital creditors and capital advances	(170.61)	(234.14)
Expenditure on intangible assets	(0.84)	(8.34)
Interest received	4.84	18.36
Net gain on sale and fair valuation of investments	31.55	35.44
Net cash used in investing activities (B)	(135.06)	(188.68)
Cash flow from financing activities:		
Dividend and dividend tax paid	(361.67)	(361.67)
Net cash used in financing activities (C)	(361.67)	(361.67)
Effect of exchange differences on translation of foreign currency cash and cash equivalents (D)	(16.02)	(20.32)
Net increase in cash and cash equivalents (A+B+C+D)	(55.76)	(66.16)
Add: Cash and cash equivalents as at 1 April	720.23	786.39
Less: Cash and cash equivalents as at 31 March	664.47	720.23



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Zydus Hospira Oncology Private Limited

Statement of Cashflows

for the year ended 31 March 2020

In millions of INR

Statements of Cashflows (continued)

Notes:

	Note		
(a) Components of cash and cash equivalents			
- Cash on hand	14	-	-
- Balances with banks in current account	14	43.52	380.24
- Investment in mutual funds	12	620.95	339.99
		<u>664.47</u>	<u>720.23</u>

(b) The above Cash flow statement has been prepared under the "Indirect method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash flow.

(c) The Company has INR 700 million (31 March 2019 : INR 900 million) undrawn facilities with the bank to meet short term financing need towards future projects to be executed by the Company.

(d) The investment in the mutual funds are considered highly liquid in nature and have been classified as "Current Investments"

The notes referred to above forms an integral part of the financial statements.

As per our report of even date attached

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Bhavesh Dhupelia

Partner

Membership No: 042070

Place : Mumbai

Date : 26 May 2020

For and on behalf of the Board of Directors of

Zydus Hospira Oncology Private Limited

Registration No: U24230GJ2005PTC046246



John Francis Kelly

Chairman

DIN No. 07328087



Swati

Company Secretary

Place : Ahmedabad

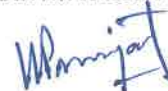
Date : 26 May 2020



Ranjit Menon

Whole Time Director

DIN No. 08288625



Harshendra Punjawat

VP Finance and Accounts

Zydus Hospira Oncology Private Limited

Notes to financial statements for the year ended 31 March 2020 (Continued)

1. Company Overview

Zydus Hospira Oncology Private Limited ('the Company') is a Joint Venture between Cadila Healthcare Limited and Hospira Australia Pty Limited, incorporated in Australia.

The Company is manufacturing anti-cancer formulations in Pharmez, Special Economic Zone near Ahmedabad. The Company had started the commercial production on 1 May 2009.

2. Basis of preparation

(i) Statement of compliance with Ind AS

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in the financial statements.

(ii) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the functional currency. All the amounts have been rounded off to the nearest millions, unless otherwise indicated.

(iii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Investments in mutual funds	Fair value through profit and loss
Employee defined benefits plans	Fair value of plan assets less present value of defined benefit obligations

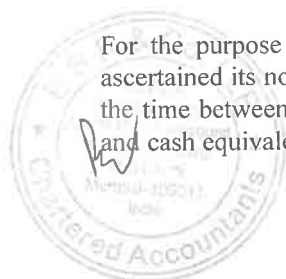
(iv) Current – Non-current classification

Any asset or liability is classified as current if it satisfies any of the conditions:

- The asset/ liability is expected to be realized / settled in the Company's normal operating cycle;
- The asset/ liability is expected to be realized/ settled within twelve months after the reporting period;
- The asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- In case of a liability, the Company does not have an unconditional right to defer the settlement of liability for at least twelve months after the reporting date.

All the other assets and liabilities are classified as non-current.

For the purpose of current/ non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalent.



Zyodus Hospira Oncology Private Limited

Notes to financial statements for the year ended 31 March 2020 (Continued)

(v) Use of estimates and judgements

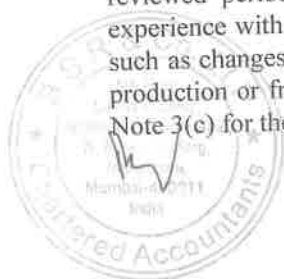
In preparing these financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- a) **Deferred tax expense :**
Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.
- b) **Current tax expense :**
The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.
- c) **Measurement of employee defined benefit obligations :**
The cost of the defined benefit gratuity plan and other long term benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- d) **Fair valuation of investments :**
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.
- e) **Recognition of MAT credit :**
MAT credit has been recognized as there is reasonable certainty that MAT credit will be utilized against future taxable income.
- f) **Property, plant and equipment :**
Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. 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 technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset. Refer Note 3(c) for the estimated useful life of Property, plant and equipment



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Zydus Hospira Oncology Private Limited

Notes to financial statements for the year ended 31 March 2020 (Continued)

(vi) Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

The Company has established control framework with respect to the measurement of fair values. This includes a financial reporting team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the VP Finance.

The financial reporting team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the financial reporting team assess the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- A. Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- B. Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
- C. Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- A. Note 37 - Financial instruments (including those carried at amortised cost)
- B. Note 36 - Measurement of employee defined benefit obligations
- C. Note 12 - Fair valuation of investments

3. Significant accounting policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Companies at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of transaction. Exchange differences are recognised in the profit or loss.



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Zydus Hospira Oncology Private Limited

Notes to financial statements for the year ended 31 March 2020 (Continued)

(b) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

(ii) Classification and subsequent measurement

Financial assets

Initial recognition and measurement:

The Company recognises a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and



Zydus Hospira Oncology Private Limited

Notes to financial statements for the year ended 31 March 2020 (Continued)

- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.



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Zydus Hospira Oncology Private Limited

Notes to financial statements for the year ended 31 March 2020 (Continued)

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Financial Liabilities

Initial recognition and measurement:

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

Derecognition:

A financial liability is derecognized 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 between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.



Zydus Hospira Oncology Private Limited

Notes to financial statements for the year ended 31 March 2020 (Continued)

(c) Property, plant and equipment

(i) Recognition and measurement

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at costs less accumulated depreciation, and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Capital work – in – progress and Capital advances

Costs of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as other non-current assets.

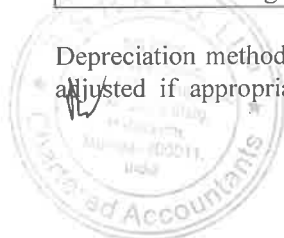
(iv) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss as per the requirement of Schedule II of the Companies Act, 2013.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful life
Buildings – office	60 years
Buildings – factory	30 years
Plant and equipment (other than major components accounted for separately)	15 years
Fixtures and fittings	10 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management



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Notes to financial statements for the year ended 31 March 2020 (Continued)

believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

(v) De-recognition

The carrying amount of an item of its property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the statement of profit and loss when the item is derecognized.

(d) Intangible assets

(i) Intangible assets

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over the estimated useful lives using the straight line method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives of software is 6 years, which is as per schedule II.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

(iv) De-recognition

The carrying amount of an item of its property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the statement of profit and loss when the item is derecognized.

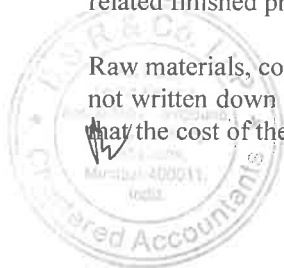
(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.



Zyodus Hospira Oncology Private Limited

Notes to financial statements for the year ended 31 March 2020 (Continued)

The comparison of cost and net realisable value is made on an item-by-item basis.

(f) Impairment

(i) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

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

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

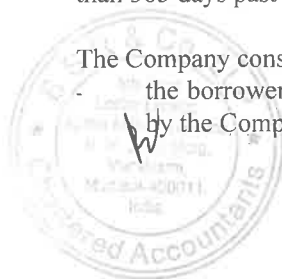
In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or



Zydus Hospira Oncology Private Limited

Notes to financial statements for the year ended 31 March 2020 (Continued)

- the financial asset is 365 days or more past due

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to 'investment grade' or higher as per rating agency.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Impairment of non-financial assets

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or Company of CGUs) on a pro rata basis.

In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



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Notes to financial statements for the year ended 31 March 2020 (Continued)

(g) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

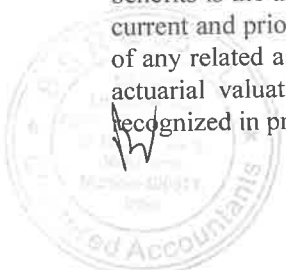
The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Other long term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognized in profit or loss in the period in which they arise.



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Notes to financial statements for the year ended 31 March 2020 (Continued)

(h) Provisions (other than employee benefits) and contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

(i) Site restoration

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.

(ii) Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

(i) Revenue

(i) Sale of goods:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes taxes or other amounts collected from customers in its capacity as an agent. In determining the transaction price, the Company considers below, if any:

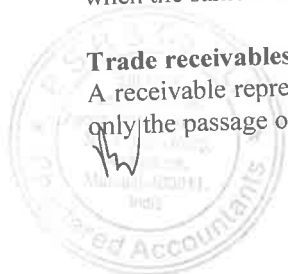
Variable consideration - This includes rebates, discounts, etc. It is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.

Consideration payable to a customer – Such amounts are accounted as reduction of transaction price and therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company.

Revenue is initially measured at floor price which is cost plus agreed mark up with the customer, however if the customer's actual selling price to its customers is greater than the floor price by the agreed mark up, the Company is entitled for additional revenue. The additional revenue is recorded when the same is measurable and it would not be unreasonable to expect the ultimate collection.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.



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Zydus Hospira Oncology Private Limited

Notes to financial statements for the year ended 31 March 2020 (*Continued*)

(ii) **Rendering of services**

Revenue from services rendered is recognised in profit or loss upon completion of services at the reporting date.

(iii) **Export benefits**

Export benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports.

(j) **Recognition of dividend income and interest income**

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(k) **Income tax**

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

(i) **Current tax**

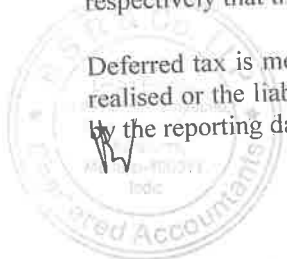
Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expenses that are taxable or deductible in other years and the items that are never taxable or deductible under the Income tax Act, 1961. Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to taxation authorities.

(ii) **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.



Zydus Hospira Oncology Private Limited

Notes to financial statements for the year ended 31 March 2020 (Continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets or liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assets and liabilities will be realised simultaneously.

(iii) **Presentation of current tax and deferred tax:**

Current and deferred tax are recognised as income or an expense in the Statement of Profit or loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax income/expense are recognised in other comprehensive income.

The Company offsets current tax assets and current tax liabilities, where it has legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

(l) **Borrowing cost**

Borrowing cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(m) **Leases**

Finance lease

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Land acquired on long-term leases

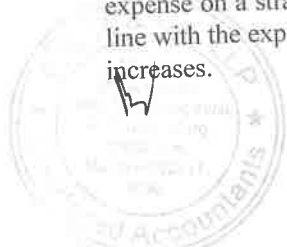
The Company classifies leasehold land as finance lease where:

- Initial amount paid is substantially equal to the fair value of land
- The Company has option to purchase the land at a price that is sufficiently lower than fair value at the date option is exercisable
- Lessor has agreed to renew lease on expiry of lease term.

Leasehold land is recognized as an asset at the value of the upfront premium / charges paid to acquire lease.

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating lease. Operating lease payments are recognized as an expense on a straight line basis over the lease term unless the payments are structured to increase in line with the expected general inflation so as to compensate for the lessor's expected inflationary cost increases.



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Notes to financial statements for the year ended 31 March 2020 (Continued)

Transition to Ind AS 116

Effective 1 April 2019, the Company has adopted Ind AS 116 Leases which introduces single accounting model and requires a lessee to recognise assets and liabilities for all leases subject to recognition exemptions. The Company adopted Ind AS 116 Leases using modified retrospective approach and practical expedients. Accordingly, the comparative information presented for the year ended 31-March-2019 is presented as previously reported under Ind AS 17 - Leases.

At inception of the Contract, the Company assess whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

At the inception date, right-of-use asset is recognised at cost which includes present value of lease payments adjusted for any payments made on or before the commencement of lease and initial direct cost, if any. It is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. Right-of-use asset is depreciated using the straight-line method from the commencement date over the earlier of useful life of the asset or the lease term. When the Company has purchase option available under lease and cost of right-of-use assets reflects that purchase option will be exercised, right-of-use asset is depreciated over the useful life of underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

At the inception date, lease liability is recognised at present value of lease payments that are not made at the commencement of lease. Lease liability is subsequently measured by adjusting carrying amount to reflect interest, lease payments and remeasurement, if any.

Lease payments are discounted using the incremental borrowing rate or interest rate implicit in the lease, if the rate can be determined.

The Company has elected not to apply requirements of Ind AS 116 to leases that has a term of 12 months or less and leases for which the underlying asset is of low value. Lease payments of such lease are recognised as an expense on straight line basis over the lease term.

(n) **Cash and cash equivalents**

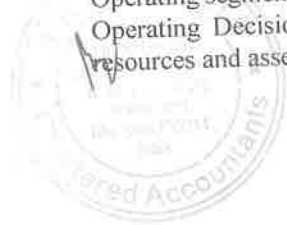
Cash and cash equivalents for the purpose of Cash-flow statement comprises cash and cheques in hand, bank balances, demand deposits with bank where the original maturity is three months or less and other short term highly liquid investments.

(o) **Government grant**

The Company is situated in Special Economic Zone (SEZ) accordingly, the Company is exempted from the taxes on domestic purchases and imports such as Goods and Service tax, Customs duty etc. Further the Company is also exempted from taxes on its exports except exports to Domestic Tariff Area (DTA). The Company has received government grant in nature of revenue which is accounted on net basis.

(p) **Segment reporting**

Operating segments are reported in manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

4A Property, plant and equipment

A. Reconciliation of carrying amount

	Land- Leasehold	Factory Buildings	Office Buildings	Plant and equipment	Computer equipment	Office Equipment	Furniture and fixtures	Vehicles	Total
Cost or deemed cost (gross carrying amount)									
Balance at 1 April 2018	60.60	313.98	8.05	864.57	10.63	3.84	13.73	4.29	1,279.69
Additions	-	-	-	34.11	50.01	0.27	1.46	(0.01)	85.84
Disposals	-	-	-	-	(0.10)	(0.02)	-	-	(0.12)
Balance at 31 March 2019	60.60	313.98	8.05	898.68	60.54	4.09	15.19	4.28	1,365.41
Balance at 1 April 2019	60.60	313.98	8.05	898.68	60.54	4.09	15.19	4.28	1,365.41
Reclassified to Right of use assets	(60.60)	-	-	-	-	-	-	-	(60.60)
Additions	-	-	-	85.80	4.89	0.36	0.63	-	91.68
Disposals	-	-	-	(0.97)	(0.66)	(0.02)	-	-	(1.65)
Balance at 31 March 2020	-	313.98	8.05	983.51	64.77	4.43	15.82	4.28	1,394.84
Accumulated depreciation									
Balance at 31 March 2018	2.01	31.88	0.41	291.68	5.48	1.10	4.95	0.91	338.42
Depreciation for the year	0.67	10.91	0.14	117.31	8.42	0.66	1.38	0.49	139.98
Disposals	-	-	-	-	(0.05)	(0.02)	-	-	(0.07)
Balance at 31 March 2019	2.68	42.79	0.55	408.99	13.85	1.74	6.33	1.40	478.33
Balance at 1 April 2019	2.68	42.79	0.55	408.99	13.85	1.74	6.33	1.40	478.33
Reclassified to Right of use assets	(2.68)	-	-	-	-	-	-	-	(2.68)
Depreciation for the year	-	10.91	0.14	76.45	10.96	0.73	1.89	0.49	101.57
Disposals	-	-	-	(0.72)	(0.61)	(0.02)	-	-	(1.35)
Balance at 31 March 2020	-	53.70	0.69	484.72	24.20	2.45	8.22	1.89	575.87
Carrying amount (net)									
At 31 March 2019	57.92	271.19	7.50	489.69	46.69	2.35	8.86	2.88	887.08
At 31 March 2020	-	260.28	7.36	498.79	40.57	1.98	7.60	2.39	818.97

B. Commitments

For capital commitments made by the company, as at the balance sheet date, see note 30(b).



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

4B	Right of use assets *	Leasehold land
	Gross carrying amount (on adoption of Ind AS 116)	
	Balance as at 1 April 2019	60.60
	Additions	-
	Disposals	-
	Balance at 31 March 2020	<u>60.60</u>
	Accumulated amortization	
	Balance at 1 April 2019	2.68
	Amortization for the year	0.07
	Disposals	-
	Balance at 31 March 2020	<u>3.35</u>
	Carrying amount (net)	
	At 31 March 2020	<u>57.25</u>

* Refer note 3(m)

Notes:

- Lease contracts entered by the Company pertain for land taken on lease to conduct its business in the ordinary course.
- Lease expense recognised in statement of profit and loss for the year ended 31 March 2020 towards the lease contract for land and the net cash outflow during the year amounts to Rs. 0.04 million.

4C	Capital work-in-progress	2020	2019
	Balance as at 1 April	210.32	67.04
	Additions	157.72	228.97
	Capital work-in-progress written off (refer note 2)	1.76	0.15
	Assets capitalized during the year	91.68	85.84
	Balance as at 31 March (refer note 1)	<u>274.60</u>	<u>210.32</u>

Note:

- During the year ended 31 March 2020, the Capital work in progress balance mainly includes plant and equipments which the Company has acquired with an intention of improving the productivity, reducing the cost and removing capacity bottlenecks
- During the year ended 31 March 2020, the CWIP written off represented the write-down value of certain plant and equipments to the recoverable amount as a result of technological obsolescence / unsuitability for the intended use. This is recognized in the statement of profit and loss.

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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

5A Intangible assets and intangible assets under development Reconciliation of carrying amount

Cost or deemed cost
Balance at 1 April 2018
Additions
Balance at 31 March 2019
Balance at 1 April 2019
Additions
Balance at 31 March 2020

Accumulated amortization
Balance at 1 April 2018
Amortization for the year
Balance at 31 March 2019
Balance at 1 April 2019
Amortization for the year
Balance at 31 March 2020

Carrying amount (net)
At 31 March 2019
At 31 March 2020

	Software	Total
	12.93	12.93
	30.50	30.50
	43.43	43.43
	43.43	43.43
	3.14	3.14
	46.57	46.57
	5.82	5.82
	4.05	4.05
	9.87	9.87
	9.87	9.87
	6.90	6.90
	16.77	16.77
	33.56	33.56
	29.80	29.80

5B Intangible assets under development

Balance as at 1 April
Additions
Assets capitalized during the year
Balance as at 31 March

	2020	2019
	2.30	24.46
	0.84	8.34
	3.14	30.50
	-	2.30



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

6 Loans

	As at 31 March 2020	As at 31 March 2019
Unsecured and considered good		
Non-current		
Loans to employees	0.13	0.15
	<u>0.13</u>	<u>0.15</u>
Current		
Loans to employees	2.87	1.24
	<u>2.87</u>	<u>1.24</u>
Total loans	<u>3.00</u>	<u>1.39</u>

7 Other financial assets
(unsecured, considered good)

	As at 31 March 2020	As at 31 March 2019
Current		
Other receivable from related parties (refer note 38)	41.01	150.80
Other receivable	0.01	0.01
Export incentive receivable	22.08	67.07
Total other financial assets	<u>63.10</u>	<u>217.88</u>

8 Deferred tax assets (net)

A. Recognized deferred tax assets and liabilities:

Deferred tax assets and liabilities are attributable to the following:

	As at 31 March 2020	As at 31 March 2019
Deferred tax assets		
MAT credit entitlement (refer note (c) below)	333.09	536.19
On account of deferred employee related expenses	12.05	9.70
Total deferred tax assets (A)	<u>345.14</u>	<u>545.89</u>
Deferred tax liabilities		
Difference between written down value of property, plant and equipment and intangible assets as per the books of accounts and Income Tax Act, 1961	65.84	67.81
Difference in carrying value and tax base of investments measured at FVTPL	0.27	1.10
Total deferred tax liabilities (B)	<u>66.11</u>	<u>68.91</u>
Net deferred tax assets (A-B)	<u>279.03</u>	<u>476.98</u>

B. Movement in temporary differences

	Related to PPE and Intangible	Investments fair valuation	On account of deferred employee related expenses	MAT credit entitlement	Total
Balance as at 01 April 2018	(58.77)	(2.74)	10.33	536.19	485.01
Recognized in statement of profit or loss for the year 2018-19	(10.04)	1.64	1.00	-	(7.40)
Recognized in other comprehensive income for the year 2018-19	-	-	(0.63)	-	(0.63)
Balance as at 01 April 2019	<u>(68.81)</u>	<u>(1.10)</u>	<u>10.70</u>	<u>536.19</u>	<u>476.98</u>
Recognized in statement of profit or loss for the year 2019-20	2.97	0.83	0.62	(162.10)	(157.68)
Recognized in other comprehensive income for the year 2019-20	-	-	0.73	-	0.73
MAT credit utilized during the year	-	-	-	(41.00)	(41.00)
Balance as at 31 March 2020	<u>(65.84)</u>	<u>(0.27)</u>	<u>12.05</u>	<u>333.09</u>	<u>279.03</u>

8 Deferred tax assets (net) (Continued)

C. Minimum Alternative Tax [MAT] credit

The details of MAT credit available and recognized are as below:

	31 March 2020		31 March 2019	
	MAT credit available	Year of expiry	MAT credit available	Year of expiry
AY 2012-13	854.69	2026-27	854.69	2026-27
AY 2013-14	878.26	2027-28	878.26	2027-28
AY 2014-15	490.00	2028-29	490.00	2028-29
AY 2015-16	60.20	2029-30	60.20	2029-30
AY 2016-17	44.12	2030-31	44.12	2030-31
AY 2017-18	48.71	2031-32	48.71	2031-32
AY 2018-19	26.47	2032-33	26.47	2032-33
AY 2019-20	12.85	2033-34	25.87	2033-34
Total	<u>2,415.30</u>		<u>2,428.32</u>	
Less: MAT credit utilised during the year	41.00		-	
Less: MAT credit recognized	<u>333.09</u>		<u>536.19</u>	
MAT credit unrecognized (refer note below)	<u>2,041.21</u>		<u>1,892.13</u>	

MAT credit amounting to INR 333.09 million (31 March 2019: INR 536.19 million) has been recognized as there is reasonable certainty that MAT credit will be utilized against future taxable income. The balance MAT credit entitlement amounting to INR 2,041.21 million (31 March 2019: INR 1,892.13 million) has not been recognized in absence of reasonable certainty. No further credit has been recognised since the Company believes, there will not be sufficient taxable profit to utilise the additional credits.



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

9 Other assets

(unsecured, considered good)

	As at 31 March 2020	As at 31 March 2019
Non-current		
Advance to employees for expenses	2.45	2.75
Capital advances	14.91	1.31
Security deposits	8.09	8.09
	<u>25.45</u>	<u>12.15</u>
Current		
Advance to vendors for supply of goods and services	8.38	1.25
Advance to employees for expenses	1.52	1.28
Prepaid expenses	13.86	8.71
Balance with statutory authorities	1.27	2.39
	<u>25.03</u>	<u>13.63</u>
Total other assets	<u>50.48</u>	<u>25.78</u>

10 Income tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Non-current		
Advance payment of income tax (net of provision 31 March 2020: INR 3,269.29 million ; 31 March 2019: INR 3,199.81 million)	92.40	94.76
	<u>92.40</u>	<u>94.76</u>
Total	<u>92.40</u>	<u>94.76</u>

11 Inventories

(At lower of cost and net realizable value)

	As at 31 March 2020	As at 31 March 2019
Raw materials	835.43	1,079.04
Packing materials	94.45	88.66
Work-in-progress	85.52	110.10
Finished goods	91.38	64.08
	<u>1,106.78</u>	<u>1,341.88</u>

The cost of inventories recognized as expenses includes inventory written off amounting to INR 66.72 million (31 March 2019: INR 82.33 million) and provision for expiry / near expiry / obsolete inventory amounting to INR 22.75 million (31 March 2019: INR 35.41 million). There has been no reversal of such write down in current and previous years.

12 Investments

	As at 31 March 2020	As at 31 March 2019
Current		
Investments carried at fair value through profit or loss		
Investments in mutual funds (unquoted)	620.95	339.99
	<u>620.95</u>	<u>339.99</u>
Aggregate amount of unquoted investments - at cost	620.02	336.83
Aggregate amount of unquoted investments - at fair value	620.95	339.99

13 Trade receivables

	As at 31 March 2020	As at 31 March 2019
Current		
Unsecured, considered good	572.94	624.34
Total	<u>572.94</u>	<u>624.34</u>

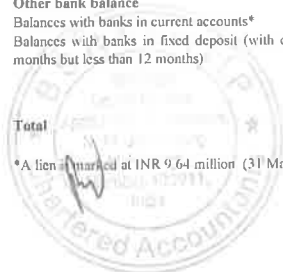
All the trade receivables are from related parties (Note 38)

The Company's exposure to credit risk, currency risk and loss allowance related to trade receivables are disclosed in note 38

14 Cash and bank balances

	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
Balances with banks in current accounts	43.52	380.24
Cash on hand	-	-
	<u>43.52</u>	<u>380.24</u>
Other bank balance		
Balances with banks in current accounts*	9.64	-
Balances with banks in fixed deposit (with original maturity of more than 3 months but less than 12 months)	400.90	202.15
	<u>410.54</u>	<u>202.15</u>
Total	<u>454.06</u>	<u>582.39</u>

*A lien amounting to INR 9.64 million (31 March 2019: Nil) by the bank against issuance of delivery order



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Zydu Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

15 Equity share capital

	As at 31 March 2020	As at 31 March 2019
Authorized		
15,000,000 (31 March 2019 : 15,000,000) equity shares of INR 10 each	150.00	150.00
5,000 (31 March 2019 : 5,000) 7% non cumulative redeemable preference shares of INR 100,000 each	<u>500.00</u>	<u>500.00</u>
	<u>650.00</u>	<u>650.00</u>
Issued, Subscribed and Paid-Up		
15,000,000 (31 March 2019 : 15,000,000) equity shares of INR 10 each fully paid up	150.00	150.00
	<u>150.00</u>	<u>150.00</u>

A. Reconciliation of shares outstanding at the beginning and at the end of reporting year

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	INR in millions	Number of shares	INR in millions
Equity shares at the commencement of the year	15,000,000	150.00	15,000,000	150.00
Add: Shares issued during the year	-	-	-	-
Number of shares at the end of the year	<u>15,000,000</u>	<u>150.00</u>	<u>15,000,000</u>	<u>150.00</u>

B. Rights, preferences and restrictions attached to equity shares

The Company has issued only one class of equity shares having a par value of INR 10 per share. Each holder of the equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

During the year ended 31 March 2020, the amount of per share interim dividend recognized as distributions to equity shareholders was INR Nil, (31 March 2019 : INR 20) aggregating to INR Nil (31 March 2019: INR 300 million).

During the year ended 31 March 2020, the amount of per share final dividend recognized as distributions to equity shareholders was INR 20, (31 March 2019 : INR Nil) aggregating to INR 300 million (31 March 2019: INR Nil).

C. The details of shareholder holding more than 5% shares are set out below :

Name of the shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% held of total shares	Number of shares	% held of total shares
Cadila Healthcare Limited	7,500,000	50.00	7,500,000	50.00
Hospira Australia Pty Limited	7,500,000	50.00	7,500,000	50.00
Total shares	<u>15,000,000</u>		<u>15,000,000</u>	

16 Other equity

	As at 31 March 2020	As at 31 March 2019
General reserve	1,277.53	1,277.53
Capital redemption reserve	400.00	400.00
Retained earnings	<u>2,344.91</u>	<u>2,522.07</u>
Total	<u>4,022.44</u>	<u>4,199.60</u>

	As at 31 March 2020	As at 31 March 2019
General reserve		
Opening Balance	1,277.53	1,277.53
Addition during the year	-	-
Deduction during the year	<u>1,277.53</u>	<u>1,277.53</u>
Closing balance		
Capital redemption reserve		
Opening Balance	400.00	400.00
Addition during the year	-	-
Deduction during the year	<u>400.00</u>	<u>400.00</u>
Closing balance		
Retained earnings		
Opening Balance	2,522.07	2,407.00
Profit for the year	186.27	475.56
Remeasurement of defined benefit obligation (net of tax)	(1.76)	1.18
Dividends	<u>(300.00)</u>	<u>(300.00)</u>
Dividend distribution tax on dividend to equity share holders	(61.67)	(61.67)
Closing balance	<u>2,344.91</u>	<u>2,522.07</u>

Description of nature and purpose of each reserve

General reserve:

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purpose. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

Capital redemption reserve:

This reserve was created for redemption of preference shares in the financial year 2011-12.

Remeasurements of defined benefit liability / (asset) through OCI

Remeasurements of defined benefit liability / (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

17 Provisions

	As at 31 March 2020	As at 31 March 2019
Non-current		
Provision for compensated absences (refer note 37)	22.95	16.02
Provision for gratuity benefit (refer note 37)	<u>0.69</u>	<u>0.44</u>
	<u>23.64</u>	<u>16.46</u>
Current		
Provision for compensated absences (refer note 37)	4.44	3.12
Provision for gratuity benefit (refer note 37)	<u>4.08</u>	<u>3.35</u>
	<u>8.52</u>	<u>6.47</u>
Total provisions	<u>32.16</u>	<u>22.93</u>

18 Trade payables

	As at 31 March 2020	As at 31 March 2019
Current		
Due to micro, small and medium enterprises (refer note no 32)	6.84	9.40
Due to other than micro, small and medium enterprise	<u>168.83</u>	<u>304.13</u>
	<u>175.67</u>	<u>313.53</u>

The Company's exposure to currency risk and liquidity risk related to trade payables is disclosed in note 38.

19 Other financial liabilities

	As at 31 March 2020	As at 31 March 2019
Non-current		
Employee related liabilities	<u>0.57</u>	<u>0.37</u>
	<u>0.57</u>	<u>0.37</u>
Current		
Capital creditors	13.36	12.41
Employee related liabilities	23.10	21.27
Provision for Failure to Supply	-	114.39
Customer deposit	<u>0.03</u>	<u>0.03</u>
	<u>36.49</u>	<u>148.10</u>
	<u>37.06</u>	<u>148.47</u>

20 Other liabilities

	As at 31 March 2020	As at 31 March 2019
Current		
Statutory liabilities (includes PF, P-Tax, ESIC, TDS, TCS, IGST)	6.03	4.12
	<u>6.03</u>	<u>4.12</u>



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

21 Revenue from operations

	31 March 2020	31 March 2019
Revenue from operations	2,203.28	2,563.45
Sale of products	7.18	0.35
Sale of services	0.05	0.00
Sale of raw material	2,210.51	2,563.80
Other operating revenue	54.10	65.83
Export incentives	19.83	16.01
Others	73.93	81.84
Total revenue from operations	2,284.44	2,645.64

A. Details of sale value of goods

	31 March 2020	31 March 2019
Goods sold	2,203.28	2,563.45
Formulation		
Service income	7.18	0.35
Testing and validation services		
Raw material sold	0.05	0.14
Packing material		

B. The Company is situated in Special Economic Zone (SEZ). Being a SEZ unit, the Company is required to follow the provisions enumerated in the Special Economic Zone Act, 2005 (the Act) and the rules framed thereunder. Pursuant to provision of the Act, the Company is exempted from the taxes on domestic purchases and imports such as Goods and Service tax, Customs duty, etc. Further the Company is also exempted from taxes on its exports except exports to Domestic Tariff Area (DTA). The Company has received government grant in nature of revenue which is accounted on net basis with respect to following taxes:

	31 March 2020	31 March 2019
Custom duty	117.61	234.17
Goods and Service Tax	152.61	126.78
	270.22	360.95

C. Disclosure relating to IND-AS 115

Reconciliation the amount of revenue recognised in the statement of profit and loss with the contracted price:

Particulars	31 March 2020	31 March 2019
Revenue as per contracted price	2,210.51	2,563.80
Adjustments	-	-
Sales return	-	-
Discounts	-	-
Rebates/refunds	-	-
Significant financing components	-	-
Revenue from contract with customers	2,210.51	2,563.80

22 Other income

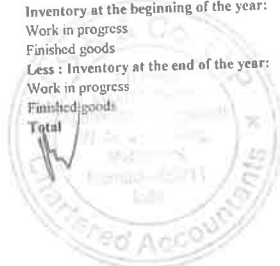
	31 March 2020	31 March 2019
Gain on sale of current investments	30.62	32.28
Gain on fair valuation of investments in mutual fund	0.93	3.16
Exchange fluctuation gain (net)	49.19	52.45
Provision no longer required written back	-	0.54
Scrap sales	0.81	0.83
Interest on deposits	14.81	18.36
Interest received on income tax refund	0.42	-
Miscellaneous income	69.30	117.49
	166.08	225.11

23 Cost of material consumed

	31 March 2020	31 March 2019
Inventory at the beginning of the year:		
Raw material	1,079.04	772.38
Packing material	88.66	103.92
Add: Purchase	1,000.22	1,598.12
Less: Inventory at the end of the year:		
Raw material	835.43	1,079.04
Packing material	94.45	88.66
Cost of material consumed	1,238.04	1,306.72

24 Changes in inventories of finished goods and work-in-progress

	31 March 2020	31 March 2019
Inventory at the beginning of the year:		
Work in progress	110.10	128.82
Finished goods	64.08	47.02
Less: Inventory at the end of the year:		
Work in progress	85.52	110.10
Finished goods	91.38	64.08
Total	(2.72)	1.66



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

25 Employee benefit expenses

	31 March 2020	31 March 2019
Salaries and wages	220.13	210.86
Contribution to provident funds	10.56	9.80
Expenses related to post employment define benefit plans	3.50	5.18
Expenses related to compensated absences	11.92	-0.27
Staff welfare expenses	14.11	16.76
	<u>260.22</u>	<u>242.33</u>

26 Depreciation and amortisation expenses

	31 March 2020	31 March 2019
Depreciation of property, plant and equipment	101.57	142.40
Amortisation of right of use assets	0.67	-
Amortisation of intangible assets	6.90	1.63
	<u>109.14</u>	<u>144.03</u>

27 Other expenses

	31 March 2020	31 March 2019
Consumption of stores, spare parts and consumables	116.61	150.65
Power and fuel expenses	83.66	81.01
Repairs and maintenance		
- To buildings	9.68	15.72
- To machinery	31.67	35.12
- To others	13.83	8.60
Insurance expenses	8.02	6.75
Legal and professional fees	9.64	31.28
Effluent treatment plant charges	30.72	27.75
Payment to auditors (refer note (i) below)	1.03	1.03
Exchange fluctuation loss (net)	-	-
Loss on scrapping of assets	0.31	0.05
Capital work-in-progress written off	1.76	0.15
Failure to supply charges	-	114.39
Corporate social responsibility expenses (refer note 34)	16.04	20.63
Miscellaneous expenses	56.44	67.25
	<u>379.41</u>	<u>560.38</u>

(i) Payment to auditors

	31 March 2020	31 March 2019
Payment to auditors (exclusive of service tax)		
- as auditor		
- Statutory audit	0.90	0.90
- Tax audit	0.10	0.10
- Reimbursement of expenses	0.03	0.03
	<u>1.03</u>	<u>1.03</u>

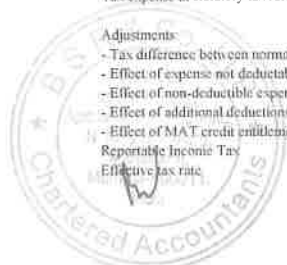
28 Tax expenses

A. Income tax (income) / expense recognized in the Statement of Profit and Loss

	31 March 2020	31 March 2019
Current tax		
Current tax on profit for the year	122.48	132.67
MAT credit written off	162.10	0.00
Deferred tax		
Attributable to -		
Origination and reversal of temporary difference	-2.97	10.04
Deferred tax (expense)/benefit on fair value of equity investments through statement of profit and loss	-0.83	-1.64
Deferred tax (expense)/benefit on remeasurements of defined benefit liability (asset)	-0.62	-1.00
	<u>280.16</u>	<u>140.07</u>

B. Reconciliation of tax expense and accounting profit for the year is as under:

	31 March 2020	31 March 2019
Profit before tax	466.43	615.63
Statutory tax rate	29.120%	34.944%
Tax expense at statutory tax rate	135.82	215.13
Adjustments		
- Tax difference between normal income tax and MAT	-	-82.46
- Effect of expense not deductible in determining taxable profit	-4.42	7.40
- Effect of non-deductible expenses	-9.77	0.00
- Effect of additional deductions in taxable income	-3.57	0.00
- Effect of MAT credit entitlement written off	162.10	0.00
Repeatability Income Tax	<u>280.16</u>	<u>140.07</u>
Effective tax rate	60.066%	22.752%



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Zybus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

29 Earnings per shares

Basic and diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

	As at 31 March 2020	As at 31 March 2019
Profit for the year, attributable to the equity holders in millions	186.27	475.56
Weighted average number of equity shares in full	15,000,000	15,000,000
Basic and diluted EPS	<u>12.42</u>	<u>31.70</u>

30 Contingent liabilities and commitments

A: Contingent liabilities

For Value added tax matters (note 1 & 3)
For Income tax matters (note 2 & 3)

	As at 31 March 2020	As at 31 March 2019
	3.87	3.87
	-	-
	<u>3.87</u>	<u>3.87</u>

Note 1: Value added tax matters

Sales tax department has raised demands by making disallowances. The Company is contesting demand, in appeals, at various levels. However, based on the internal assessment and advice received from external consultant, the Company does not expect any liability in this regard.

Note 2: Transfer pricing matters

Income tax department has raised demands aggregating to INR 923.07 millions (31 March 2019: INR 730.15 million). The Company is contesting demand, in appeals at various levels. However, based on internal assessment and advice received from external consultant, the Company does not expect any liability in this regard.

Note 3: Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of the cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements / decisions pending with various forums / authorities.

B: Capital commitments

Estimated amount of contracts, remaining to be executed, on capital account and not provided for (Net of advances)

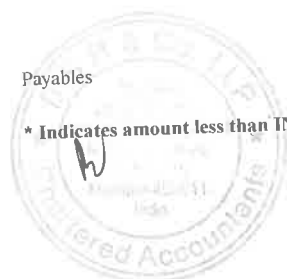
	As at 31 March 2020	As at 31 March 2019
	71.19	31.64

31 Foreign currency exposure

The Company has not hedged its foreign currency exposure. Foreign currency exposures unhedged at the year end is as below:

Currency	As at 31 March 2020		As at 31 March 2019	
	(In Foreign currency)	(In Indian rupees)	(In Foreign currency)	(In Indian rupees)
Receivables, advances and bank balance				
USD	8.46	638.98	11.02	761.81
EURO	0.14	11.66	-	-
JPY	0.96	0.67	-	-
AUD	*	*	-	-
GBP	*	*	-	-
Payables				
USD	1.88	142.00	5.73	396.11
EURO	0.09	7.50	0.04	3.10

* Indicates amount less than INR 5,000



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

32 Due to micro, small and medium enterprises

Under the Micro Small and Medium Enterprises Development Act, 2006, (MSMED) which came in to force from 02 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management, outstanding dues to the Micro and Small enterprise as defined in the MSMED Act, 2006 are disclosed as below:

	As at 31 March 2020	As at 31 March 2019
Principal amount remaining unpaid to any supplier as at the year end,	6.83	9.40
Interest due thereon	0.01	0.04
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year,	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED.	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year / period,	0.01	0.04
Amount of further interest remaining due and payable even in succeeding years	-	-

The disclosure in respect of the amount payable to enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the Financial statement as at 31 March 2020 based on the information received and available with the Company. Auditors have relied upon the information provided by the Company.

33 Segment reporting

In accordance with the requirements of Ind AS 108 - "Segment Reporting", the Company is primarily engaged in a business of manufacture and sale of anticancer formulations and has no other primary reportable segments. The Board of Directors of the Company allocate the resources and assess the performance of the Company, thus are the Chief Operating Decision Maker (CODM). The CODM monitors the operating results of the business as a single segment, hence no separate segment needs to be disclosed. Thus the segment revenue, segment result, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segments assets, the total amount of charge for depreciation and amortization during the year are all as reflected in the financial statements for the year ended 31 March 2020 and as on that date. As the Company's revenue from domestic sales is less than 10% of total sales, no separate geographical segment is disclosed.

Revenue from one customers of the Company is INR 2,080.14 million (Revenue from one customer in 31 March 2019 amounting to INR 2,443.45 million) which is more than 10 percent of the Company's total revenue.

34 Corporate social responsibility (CSR) expenses

Based on the guidance note on accounting for expenditure on Corporate social responsibility (CSR) activities issued by the Institute of Chartered Accounts of India and the section 135 of the Companies Act, 2013, read with rules made thereunder, the Company has incurred the following expenditure on CSR activities for the year ended 31 March.

Particulars	Amount spent: Direct or through Implementing Agency	As at 31 March 2020	As at 31 March 2019
Gross amount required to be spent by the Company during the year		16.04	20.63
Details of amount spent during the year:			
Promotion of Healthcare	Zydus Foundation	10.75	-
Promotion of Education	International association for Human values	5.29	-
Promotion of Scientific Research	Gujarat cancer society	-	10.63
Promotion of Education	Ahmedabad education society	-	10.00
Total amount spent during the year		16.04	20.63
Balance amount required to be spent by the Company during the year		-	-

35 Transfer pricing

The Company's international transactions with related parties are at arm's length as per the independent accountants report for the year ended 31 March 2019. Management believes that the Company's international transactions with related parties post 31 March 2019 continue to be at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

36 Related party transactions

The names of related parties with relationship and transactions with them:

A Relationship:

I Joint Venturer in respect of the Company

Cadila Healthcare Limited
Hospira Australia Pty Limited

II Subsidiaries of joint venturer

Hospira Enterprises B. V.
Pfizer Australia Pty Limited
Pfizer Asia Manufacturing
Hospira Inc
Hospira (China) Enterprise
Pfizer Service Company BVBA
Pfizer Global Trading

III Key Management Personnel:

Name	Designation
Mr. Ranjit Menon	Whole Time Director

B The following transactions were carried out with the related parties referred in above in the ordinary course of business.

		(In INR Million)	
		31 March 2020	31 March 2019
1	Sale of products		
	Cadila Healthcare Limited	38.03	34.32
	Pfizer Service Company BVBA	2,080.14	2,443.46
	Pfizer Global Trading	85.11	85.67
2	Sale of service - Testing and validation charges		
	Hospira Australia Pty Limited	0.49	0.35
	Pfizer Australia Pty Limited	6.69	-
3	Sale of packing materials		
	Hospira Inc	0.05	-
4	Purchase of materials		
	Hospira Australia Pty Limited	-	3.73
	Cadila Healthcare Limited	0.09	1.51
	Pfizer Service Company BVBA	-	47.28
5	Reimbursement of excess recovery of non-saleable inventory		
	Pfizer Service Company BVBA	1.78	-
6	Reimbursement of expenses incurred on behalf of the Company		
	Hospira Australia Pty Limited	7.52	1.36
	Cadila Healthcare Limited	0.56	1.08
	Pfizer Service Company BVBA	-	114.39



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Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

36 Related party transactions (Continued)

B The following transactions were carried out with the related parties referred in above in the ordinary course of business.
(Continued)

		(In INR Million)	
		31 March 2020	31 March 2019
7	Other operating revenue - Others		
	Hospira Australia Pty Limited	17.78	16.01
	Cadila Healthcare Limited	2.05	-
8	Recovery of non-saleable inventory and other charges		
	Hospira Australia Pty Limited	1.48	74.77
	Pfizer Service Company BVBA	-	42.21
	Hospira INC	-	0.52
	Cadila Healthcare Limited	69.60	-
9	Reimbursement of expenses received		
	Hospira Australia Pty Limited	7.19	0.66
	Hospira INC	-	0.64
	Pfizer Asia Manufacturing	-	1.63
	Pfizer Australia Pty Limited	0.01	-
	Balance outstanding at the year end:		
10	Net trade receivable at the year end		
	Cadila Healthcare Limited	0.26	14.72
	Hospira Enterprises B.V.	-	2.73
	Hospira (China) Enterprise	-	2.67
	Pfizer Service Company BVBA	557.89	594.02
	Pfizer Global Trading	14.80	10.20
		572.95	624.34
11	Net other receivable at the year end		
	Cadila Healthcare Limited	23.08	-
	Hospira INC	0.05	-
	Hospira Australia Pty Limited	17.88	108.16
	Pfizer Service Company BVBA	-	42.64
		41.01	150.80
12	Net payable at the year end		
	Hospira Australia Pty Limited	-	1.79
	Pfizer Service Company BVBA	-	132.62
	Cadila Healthcare Limited	-	0.54
		-	134.95
13	Net advance to suppliers at the year end		
	Hospira Australia Pty Limited	0.12	0.11
	Hospira INC	0.72	0.66

II Key Management Personnel		31 March 2020	31 March 2019
1	Remuneration	8.97	15.08
2	Post-employment defined benefit	2.30	2.16
3	Compensated absences	1.81	2.03

All transactions with these related parties are priced on an arm's length basis and resulting outstanding balances are to be settled in cash within 90 days from the reporting date.



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Zydu Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

(In INR Million)

37 Employee benefits

A. Defined benefit

Gratuity

The Company operates a defined benefit plan (the gratuity plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and tenure of employment.

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at 31 March 2020 and 31 March 2019:

	31 March 2020	31 March 2019
Change in benefit obligations		
Benefit obligations at the beginning of the year	20.15	18.02
Service cost	3.35	3.29
Interest expense	1.36	1.23
Actuarial loss (gain) due to change in financial assumptions	1.41	0.14
Actuarial loss (gain) due to change in demographic assumptions	-	-
Actuarial loss (gain) due to experience adjustments	1.06	(2.17)
Benefits paid	(1.15)	(0.36)
Benefit obligations at the end of the year	26.18	20.15
Change in plan assets		
Fair value of plan assets at the beginning of the year	16.37	15.21
Interest income	1.20	1.15
Transfer of assets	-	(2.39)
Return on plan assets excluding amounts included in interest income	(0.02)	(0.22)
Contributions	5.00	2.98
Benefits paid	(1.15)	(0.36)
Fair value of plan assets at the end of the year	21.40	16.37
Reconciliation of fair value of assets		
Present value of obligation as at the end of the year	26.18	20.15
Fair value of plan assets as at the end of the year	21.40	16.37
Amount recognized in the Balance Sheet	4.78	3.78
Expense recognized in profit or loss		
Current service cost	3.35	3.29
Interest cost	0.15	0.08
	3.50	3.37
Premeasurements recognized in other comprehensive income		
Due to change in financial assumptions	1.41	0.14
Due to experience adjustments	1.06	(2.17)
Return on plan assets excluding amounts included in interest income	0.02	0.22
	2.49	(1.81)

	31 March 2020	31 March 2019
Actuarial assumptions		
Discount rate	6.45%	7.20%
Salary growth rate	12.00% for next 1 years and 9.00% thereafter	12.00% for next 2 years and 9.00% thereafter
Withdrawal rates	40% at younger ages reducing to 1% at older ages	40% at younger ages reducing to 1% at older ages



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

(In INR Million)

37 Employee benefits (Continued)

Experience adjustment on Gratuity:					
	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Defined benefit obligation	26.18	20.15	18.01	14.09	13.03
Plan Assets	21.40	16.37	15.20	10.02	8.00
Surplus/(Deficit)	(4.78)	(3.78)	(2.81)	(4.07)	(5.03)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	25.22	27.19	19.48	20.86
Salary growth rate (0.5% movement)	27.16	25.23	20.84	19.85
Attrition rate (0.5% movement)	25.72	26.68	19.81	20.52

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the Balance Sheet.

The Company's Gratuity Fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

The expected rate of return on assets is based on the expectation of the average long term rate of return on investment of the fund, during the estimated term of

The expected contribution in next year is INR 4.78 million (31 March 2019: INR 3.79 million)

The obligations are measured at the present value of estimated future cash flows by using a discount rate that is determined with reference to the market yields at the Balance Sheet date on Government Bonds which is consistent with the estimated terms of the obligation.

The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

B. Other long term benefits

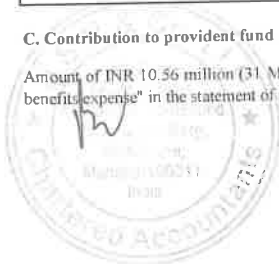
Leave benefits

Amount of INR 11.60 million (31 March 2019: INR -0.27 million) towards leave benefits is recognized as an expense and included in "Employee benefits expense" in the statement of profit and loss.

	31 March 2020	31 March 2019
Actuarial assumptions		
Discount rate	6.45%	7.20%
Salary growth rate	12.00% for 1 years and 9.00% thereafter	12.00% for 2 years and 9.00% thereafter
Attrition rate	40% at younger ages reducing to 1% at older ages	40% at younger ages reducing to 1% at older ages

C. Contribution to provident fund

Amount of INR 10.56 million (31 March 2019: INR 9.80 million) paid towards contribution to provident fund is recognized as an expense and included in "Employee benefits expense" in the statement of profit and loss.



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

38 Financial Instruments

A. Accounting classification and fair values

As at 31 March 2020

	Amortized cost	FVTPL	FVOCI	Total Level 1 - Quoted prices in active markets	Fair Value			Total
					Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs		
Assets:								
Non current:								
Loans	0.13	-	-	0.13	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-
Current:								
Cash and cash equivalents	454.06	-	-	454.06	-	-	-	-
Investments	-	620.95	-	620.95	620.95	-	-	620.95
Mutual funds	572.94	-	-	572.94	-	-	-	-
Trade receivables	2.87	-	-	2.87	-	-	-	-
Loans	63.10	-	-	63.10	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-
Total financial assets	1,093.10	620.95	-	1,714.05	620.95	-	-	620.95
Liabilities:								
Current:								
Trade payables	175.67	-	-	175.67	-	-	-	-
Other financial liabilities	36.49	-	-	36.49	-	-	-	-
Total financial liabilities	212.16	-	-	212.16	-	-	-	-



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

38 Financial Instruments (Continued)

As at 31 March 2019

	Amortized cost	FYTPPL	FVOCI	Fair Value			Total
				Total Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
Assets:							
Non current:							
Loans	0.15	-	-	0.15	-	-	-
Other financial assets	-	-	-	-	-	-	-
Current:							
Cash and cash equivalents	582.39	-	-	582.39	-	-	-
Investments	-	339.99	-	339.99	339.99	-	339.99
Mutual funds	624.34	-	-	624.34	-	-	-
Trade receivables	1.24	-	-	1.24	-	-	-
Loans	217.88	-	-	217.88	-	-	-
Other financial assets	1,426.00	339.99	-	1,765.99	339.99	-	339.99
Total							
Liabilities:							
Current:							
Trade payables	313.53	-	-	313.53	-	-	-
Other financial liabilities	148.10	-	-	148.10	-	-	-
Total	461.63	-	-	461.63	-	-	-

B. Measurement of fair values

Levels 1, 2 and 3

Level I (Directly Observable) which includes quoted prices in active markets for identical assets such as quoted price for an equity security on Security Exchanges
Level II (Indirectly Observable) which includes prices in active markets for similar assets such as quoted price for similar assets in active markets, valuation multiple derived from prices in observed transactions involving similar businesses etc

Level III (Unobservable) which includes management's own assumptions for arriving at a fair value such as projected cash flows used to value a business etc
 When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

38 Financial instruments (Continued)

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

(i) Risk management framework

The Company has a well-defined risk management framework. The Board of Directors of the Company has adopted a Risk Management Policy. The Company is in the process of adopting a comprehensive Risk Management System which identifies and documents business risks as well as provides for appropriate controls to mitigate these risks to the best extent possible across all aspects of the Company's business. The said Risk Management System is based on the principle by which risks are currently managed across the Company. All functional teams address risks relevant to the assets, projects or functions and also work towards identifying appropriate mitigation strategies. Moreover, the Company has always focused on developing a "risk culture" that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Other financial assets

The Company maintains its cash and cash equivalents and Bank deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.



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Zyodus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

38 Financial instruments (Continued)

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base.

Age of Receivables and other receivables	(In INR Million)	
	31 March 2020	31 March 2019
Within the credit period	326.98	649.85
1-30 days past due	211.08	35.53
31-60 days past due	62.42	0.01
61-90 days past due	15.18	21.57
91-180 days past due	1.70	20.59
181-365 days past due	(3.40)	47.39
More than 365 days past due	(0.01)	775.14
Total	613.95	775.14

The above receivables which are past due but not impaired are assessed on individual case to case basis and relate to customers from whom there is no recent history of default. Management is of the view that these financial assets are not impaired as there has not been a significant change in credit quality and are recoverable based on the nature of the activity with the respective customer to which they belong and the type of customers. Further, management is of the view that most of the sale is with related party and hence, the trade receivables are not impaired and are recoverable. Consequently, no additional provision has been created on account of expected credit loss on the receivables. There are no other classes of financial assets that are past due but not impaired except for trade receivables as at 31 March 2020 and 31 March 2019.

At 31 March, 2020 the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

	(In INR Million)	
	31 March 2020	31 March 2019
India	23.35	14.74
Australia	17.88	108.16
Netherlands	-	2.73
Belgium	557.87	636.64
Ireland	14.80	10.20
Other regions	0.05	2.67
	613.95	775.14

Management estimates that there are no instances of past due or impaired trade and other receivables.



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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

38 Financial Instruments (Continued)

a) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Company. The functional currency of the Company is INR. The currencies in which these transactions are primarily denominated are US dollars. Majority of sales and purchases of key raw materials is in USD and to that extent, Company have a natural hedge. Generally at any point in time, the company has net asset in foreign currencies (mainly in USD). Company attempts to minimize the risk of currency by parking USD receipts in USD designated bank account to make the USD payment to it suppliers. Company's management has decided to keep net asset exposure open

Foreign currency exposure

The company has not hedged foreign currency exposure. Foreign currency exposures unhedged at the year end:

Currency	31 March 2020		31 March 2019	
	(In Foreign currency)	(In Indian rupees)	(In Foreign currency)	(In Indian rupees)
USD	8.46	638.98	11.02	761.81
EURO	0.14	11.66	0.00	0.00
JPY	0.96	0.67	0.00	0.00
AUD	0.00	0.00	0.00	0.00
GBP	0.00	0.00	0.00	0.00
Payables				
USD	1.88	142.00	5.73	396.11
EURO	0.09	7.50	0.04	3.10
JPY	0.00	0.00	0.00	0.00
AUD	0.00	0.00	0.00	0.00
GBP	0.00	0.00	0.00	0.00
Loan and advances, receivables and bank balance				
USD	8.46	638.98	11.02	761.81
EURO	0.14	11.66	0.00	0.00
JPY	0.96	0.67	0.00	0.00
AUD	0.00	0.00	0.00	0.00
GBP	0.00	0.00	0.00	0.00

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar, Euro, CHF, JPY and AUD against INR at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Impact on profit before tax	
	31 March 2020	31 March 2019
Euro		
increase 5%	0.29	(0.03)
decrease 5%	(0.29)	0.03
USD		
increase 5%	49.70	18.28
decrease 5%	(49.70)	(18.28)
JPY		
increase 1%	0.09	-
decrease 1%	(0.09)	-
AUD		
increase 1%	-	-
decrease 1%	-	-
GBP		
increase 1%	-	-
decrease 1%	-	-

* Indicates amount less than INR 5,000

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Zydus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

38 Financial Instruments (Continued)

b) Price risk

i) Exposure

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments and the same is classified in the balance sheet as fair value through profit or loss (refer note 12)

ii) Sensitivity analysis

	Impact on profit before tax	
	31 March 2020	31 March 2019
Investment in mutual funds:		
increase 1% (31 March 2019 1%)	•*	•*
decrease 1% (31 March 2019 1%)	•*	•*

* Indicates amount less than INR 5,000

D. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity

The Company policy is to keep the net debt equity ratio below 2. The Company's adjusted net debt to equity ratio is as follows.

	31 March 2020	31 March 2019
Total borrowings	720.23	720.23
Less: cash and cash equivalents (including investment in mutual funds)	(664.47)	(720.23)
Adjusted net debt	4,172.44	4,349.60
Total equity	(0.16)	(0.17)
Adjusted net debt to equity ratio		



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Zybus Hospira Oncology Private Limited

Notes to financial statements as at and for the year ended 31 March 2020 (Continued)

In millions of INR

39 Ind AS 115 Revenue from contracts with customers was issued on 28 March 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exception, to all revenue arising from contracts with its customers. Under Ind AS 115, revenue is recognised when a customer obtains control of goods or services. The Company has adopted Ind AS 115 using the cumulative effect method (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application i.e. 1 April, 2018.

Contract Balances (Net of allowances expected credit loss)
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31 March 2020	31 March 2019
Receivables, which are included in 'trade and other receivables'	613.95	775.14
Contract Liability	-	-
Contract Assets	-	-

Significant Payment Terms

Generally, the company provides credit period in the range of 45 to 60 days for customers.

40 Estimation uncertainty relating to the global health pandemic on COVID-19

The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has adopted measures to curb the spread of infection in order to protect the health of employees and ensure business continuity with minimal disruption. The Company has assessed the impact of the pandemic on its operations and its assets including the value of its investments and trade receivables as at March 31, 2020. The management does not believe that the impact on the value of the Company's assets is likely to be material. The Company expects to recover the carrying amount of these assets, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

41 The Board of Directors at its meeting held on May 26, 2020, has declared a final dividend of INR 43.33 per equity share.

42 The previous years figures have been regrouped / reclassified to match with current years groupings.

43 The financial statements are approved by the Board of Directors at its meeting held on 26 May 2020

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-00022



Bhavesh Dhupelia

Partner

Membership No: 042070


Swati
Company Secretary

Place : Mumbai

Date : 26 May 2020

For and on behalf of the Board of Directors of
Zybus Hospira Oncology Private Limited
CIN: U24230GJ2005PTC046346



Ranjit Menon

Whole Time Director

DIN No: 08288625



John Francis Kelly

Chairman

DIN No: 07328087


Harshendra Punjwari
177 Finance and Accounts

Place : Ahmedabad

Date : 26 May 2020