Independent Auditors' Report
To the Members of Zydus Wellness Products Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Zydus Wellness Products Limited ("the Company"), which comprises of the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including other comprehensive income), and the 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 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 standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profits, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Response to Key Audit Matter
Assessment of impairment of Trademark having indefinite useful life amounting to Rs. 53,868 Lakhs (Refer Note 5 to the standalone financial statements) The Company's evaluation of trademark for impairment testing, involves the comparison of its recoverable amount to its carrying amount as at 31 March 2020, the Company's carrying value of intangible assets includes intangible assets having indefinite useful life aggregating to Rs. 53,868 Lakhs in its standalone financial statements	***Principal Audit Procedures*** Procedures performed by us have been enumerated herein below: • Assessed the appropriateness of the accounting policies in respect of impairment by comparing with applicable accounting standards. • Evaluated the design, tested the implementation and operating effectiveness of the internal controls over impairment assessment process, including

relating to Consumer Health & Wellness Cash Generating Units ("CGU's"). These intangibles are subject to test of impairment by the management in accordance with the applicable accounting standards. The carrying value of trademark will be recovered through future cash flows and there is a risk that the trademark will be impaired if these cash flows do not meet the Company's expectations. In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the future cash flow. It inter-alia involves forecasts, principally relating to long-term revenue growth rates, terminal values, EBIDTA margins, external market conditions and the discount rate used. Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying value of trademark is considered to be complex and determined to be a key audit matter in our current period audit.	those over the forecast of future revenues, operating margins, growth rate and terminal values, external market conditions and the selection of the appropriate discount rate. • Tested the reasonableness of the key business projections and valuation assumptions carried out by the management / independent valuer in determining the fair value of the CGU, discount rate, revenue growth rate, EBITDA growth rate, terminal growth rate used in computing the fair value of the components. • Performed retrospective review of projections by comparison with historical performance, inquiries with management and forecast trends in the industry. Considered sensitivity to reasonable possibility of changes in the key assumptions and inputs to ascertain whether these possible changes have a material effect on the fair value.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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 management 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.

Auditors' Responsibilities for the Audit of the Standalone 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 standalone 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 system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

(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, the cash flow statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(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, wherever necessary, of pending litigations on its financial position in its financial statements – Refer Note 27 to the standalone financial statements;

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For, Dhirubhai Shah & Co LLP
Chartered Accountants
FRN: 102511W/W100298

Sd/-
Harish B. Patel
Partner
Membership number: 014427
UDIN: 20014427AAAAZL4372

Place: Ahmedabad
Date: 01.06.2020

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31stMarch 2020, we report that:

(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 program of physical verification of its fixed assets. In accordance with this program, 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 properties are held in the name of the Company.

(ii) The inventory has been physically verified at reasonable intervals. No material discrepancies were noticed on such verification.

(iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, and therefore, the provisions of clauses (iii)(a) & (iii)(b) 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 complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has prescribed maintenance of cost records under section 148(1) of the Act. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, Goods and Service Tax and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, in our opinion no undisputed amounts payable in respect of statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, Central Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, Goods and Service Tax and other statutory dues applicable to it were in arrears as at the balance sheet date for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the company examined by us, the following statutory dues as at March 31, 2020 which have not been deposited by the Company (net of amount paid / adjusted under protest) on account of any disputes.

Financial period to which it relates	Act	Nature of Dues	Forum where dispute is pending	Amount under dispute not yet deposited
				(Rs. In Lakhs)
2007-08 to 2011-12	Income Tax Act	Income Tax	High Court	7,903
2012-13 to 2014-15 & 2016-17	Income Tax Act	Income Tax	CIT (A) / Appellate Tribunal	5,464
2015-16	Income Tax Act	Income Tax	AO / DRP	1,398
2011-12 to 2016-18	Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Supreme Court	438
1994-95, 1996-97, 1997- 98, 1999-00, 2000-01, 2001-2002, 2002-2003, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2013-14	Central Sales Tax Act, Local Sales Tax Act(including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	High Court	554
1996-97,1998-99, 2004-05, 2005-06,2006-07, 2007-08, 2008-09, 2009-2010, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18	Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Appellate Tribunal	2,686
1995-96, 1996-97, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18	Goods and Service Tax, Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Appellate Authority up to Commissioner's Level	11,718
2000-01 to 2003-04	Haryana Land Development Act	Local Area Development Tax	Supreme Court	166

2013-14, 2014-15	Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Dy. Commissioner / Appellate Revision Board	141
1994-95	Indian Stamp Act	Stamp Duty	High Court	1,863
2020-21	Indian Stamp Act	Stamp Duty	Chief Controller of Revenue Authority	1,875
2014-15	Central Excise Act	CENVAT Credit	CESTAT	846
2010-11, 2011-12, 2013-14, 2014-15, 2017-18	Central Excise Act	CENVAT Credit	Additional Commissioner & Commissioner	491

Pursuant to the acquisition of business of Heinz India Private Limited vis-à-vis share purchase agreement entered in to with Heinz Italia SPA, the seller, Zydus Wellness Limited has entered in to a definitive agreement with the said seller for protecting itself towards any tax obligations that may be dwelved upon on the Company for the period prior to the acquisition of business of Heinz India Private Limited. The above table shows the details of Contingent Liabilities which are actually revolving on the Company as on the balance sheet date. However, by virtue of the indemnity clause imbibed with the erstwhile seller management, the Company is safeguarded from any tax demand that may arise in future on account of the above said tax litigations so far as it relates to the pre-acquisition period cases, as the cited tax obligations are being borne by the exchequer of erstwhile seller.

(viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans to bank and debenture holders.

(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.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(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 sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

According to the information and explanations give to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm's registration number: 102511W/W100298

Sd/-
Harish B Patel
Partner
Membership number: 014427
UDIN: 20014427AAAAZL4372

Place: Ahmedabad
Date: 01.06.2020

Annexure - B to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm's registration number: 102511W/W100298

Sd/-
Harish B Patel
Partner
Membership number: 014427
UDIN: 20014427AAAAZL4372

Place: Ahmedabad
Date: 01.06.2020

Zydus Wellness Products Limited
Balance Sheet as at March 31, 2020

Particulars	Note No.	₹ in Lakh As at March 31 2020	2019
ASSETS:			
Non-Current Assets:			
Property, plant and equipment	3	**16,964**	19,301
Capital work-in-progress		**206**	918
Right-of-use assets	4	**1,513**	-
Goodwill	5	**346,496**	374,507
Other intangible assets	5	**54,883**	54,023
Financial assets:			
Other financial assets	6	**926**	617
Other non-current assets	7	**199**	3,843
Deferred tax asset [net]	8	**18,160**	10,516
Assets for tax [net]	9	**-**	2,493
		439,347	466,218
Current Assets:			
Inventories	10	**28,000**	22,739
Financial assets:			
Investments	11	**11,041**	4,610
Trade receivables	12	**11,528**	9,434
Cash and cash equivalents	13	**5,049**	12,078
Bank balance other than cash and cash equivalents	14	**7**	7
Other current assets	15	**15,277**	14,511
		70,902	63,379
Total		**510,249**	529,597
EQUITY AND LIABILITIES:			
Equity:			
Equity share capital	16	**21,443**	12,723
Share application money pending for allotment		**-**	317,427
Other equity	17	**320,171**	40,146
		341,614	370,296
Liabilities:			
Non-current liabilities:			
Financial liabilities:			
Borrowings	18	**112,000**	112,000
Other financial liabilities	19	**6**	6
Provisions	20	**2,243**	2,256
Other non current liabilities	21	**168**	252
		114,417	114,514
Current liabilities:			
Financial Labilities:			
Borrowings	22	**-**	550
Trade payables:			
Due to Micro, Small and Medium Enterprises	23	**644**	972
Due to other than Micro, Small and Medium Enterprises	23	**45,153**	36,255
Other financial liabilities	24	**3,596**	3,222
Other current liabilities	25	**3,102**	2,743
Provisions	26	**1,401**	1,045
Current tax liabilities [net]	9	**322**	-
		54,218	44,787
Total		**510,249**	529,597
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 45		

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 1, 2020

Sd/-
Umesh V. Parikh
Chief Financial Officer

Sd/-
Dhanraj P. Dagar
Company Secretary

Sd/-
Tarun G. Arora
Whole Time Director

Zydus Wellness Products Limited

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

Particulars	Note No.	₹ in Lakh Year ended March 31, 2020	Period ended March 31, 2019
REVENUE:			
Revenue from operations	28	**160,995**	18,680
Other income	29	**983**	54
Total income		**161,978**	18,734
EXPENSES:			
Cost of materials consumed	30	**65,818**	5,703
Purchases of stock-in-trade	31	**7,860**	1,342
Changes in inventories of finished goods, work-in-Progress and stock-in-trade	32	**(5,149)**	(172)
Employee benefits expense	33	**13,991**	1,143
Finance costs	34	**10,790**	869
Depreciation, amortisation and impairment expenses	3,4,5	**40,383**	3,434
Other expenses	35	**44,477**	4,563
Total expenses		**178,170**	16,882
[Loss]/ Profit before exceptional items and tax		**(16,192)**	1,852
Add: Exceptional items	36	**(4,388)**	(732)
[Loss]/ Profit before tax		**(20,580)**	1,120
Less: Tax expense:			
Current tax	8	**(265)**	24
Deferred tax	8	**(7,644)**	(2,059)
		(7,909)	(2,035)
[Loss]/ Profit for the year		**(12,671)**	3,155
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains on post employment defined benefit plans, net of tax		**230**	22
Other Comprehensive Income for the period [net of tax]		**230**	22
Total Comprehensive Income for the period [net of tax]		**(12,441)**	3,177
Basic (loss)/ earnings per equity share [EPS] [in ₹]	37	**(5.91)**	2.48
Diluted (loss)/ earnings per equity share [EPS] [in ₹]	37	**(4.91)**	2.48
Significant accounting policies	2		
Notes to the financial statements	1 to 45		

As per our report of even date

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-

Dr. Sharvil P. Patel

Chairman

Sd/-

Harish B. Patel

Partner

Membership Number: 014427

Place: Ahmedabad

Date: June 1, 2020

Sd/-

Umesh V. Parikh

Chief Financial Officer

Sd/-

Dhanraj P. Dagar

Company Secretary

Sd/-

Tarun G. Arora

Whole Time Director

Zydus Wellness Products Limited
Cash flow Statement for the year ended March 31, 2020

	Particulars	₹ in Lakh	
		Year ended March 31, 2020	Period ended March 31, 2019
A	**Cash flows from operating activities**		
	[Loss]/ Profit before tax	**(20,580)**	1,120
	Adjustments to reconcile the profit/ [Loss] for the period to net cash generated from operating activities:		
	Depreciation and amortisation expense	**40,383**	3,434
	Loss on sale of assets [net]	**1**	-
	Profit on sale of investments [net]	**(518)**	(27)
	Interest income	**(451)**	(27)
	Fair value gain on financial instrument at fair value through statement of profit and Loss	**(14)**	-
	Interest expense	**10,790**	869
	Changes in operating assets and liabilities; net of effects from acquisitions:		
	Increase in trade receivables	**(1,808)**	(332)
	[Increase] / Decrease in inventories	**(5,261)**	35
	Decrease/ [Increase] in other assets, liabilities and trade payables	**5,538**	(19,325)
	Cash generated from/ [used in] operations	**28,080**	(14,253)
	Direct taxes paid [net of refunds]	**(195)**	(2,517)
	Net cash from / [used in] operating activities	**27,885**	(16,770)
B	**Cash flows from investing activities:**		
	Purchase of property, plant and equipment and other intangible assets	**(1,611)**	9,926
	Proceeds from sale of property, plant and equipment	**5**	-
	Profit from sale of property plant and equipment	**-**	27
	Purchase of non current investment in a subsidary [Net of Cash and cash equivalents of acquired subsidary]	**-**	(462,251)
	Investment in mutual funds [net]	**(6,417)**	-
	Profit from sale of current investments	**518**	(4,611)
	Investment in fixed deposit [net]	**(330)**	-
	Interest received	**451**	27
	Net cash used in investing activities	**(7,384)**	(456,882)
C	**Cash flows from financing activities:**		
	Proceeds from issued of share capital	**-**	367,119
	Redemption of preference share capital, net	**(16,241)**	-
	Proceeds of long-term borrowing	**-**	112,000
	(Repayment)/ Proceeds of loans	**(550)**	550
	Interest paid	**(10,739)**	(869)
	Net cash used in financing activities	**(27,530)**	478,800
	Net [decrease]/increase in cash and cash equivalents	**(7,029)**	5,148
	Cash and cash equivalents at the beginning of the period	**12,078**	-
	Cash and cash equivalents at the acquired subsidiaries	**-**	6,930
	Cash and cash equivalents at the end of the period	**5,049**	12,078

Notes to the Cash flow Statement

1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows"
2 All figures in brackets are outflows.
3 Previous year's figures have been regrouped wherever necessary.
4 Cash and cash equivalents comprise of :

₹ in Lakh

	Particulars	**As at March 31**	
		2020	2019
a	Cash on Hand	**4**	2
b	Balances with Banks	**5,045**	12,076
	Total	**5,049**	12,078

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 1, 2020

Sd/-
Umesh V. Parikh
Chief Financial Officer

Sd/-
Dhanraj P. Dagar
Company Secretary

Sd/-
Tarun G. Arora
Whole Time Director

Zydus Wellness Products Limited
Statement of Change in Equity for the period ended March 31, 2020

a Equity Share Capital:

	No. of Shares	₹ in Lakh
Equity Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 1, 2018	-	-
Add: Shares issued during the period	127,221,968	12,723
As at March 31, 2019	127,221,968	12,723
Add: Shares issued during the year	43,602,665	4,359
As at March 31, 2020	170,824,633	17,082
7% Optionally Convertible Non-Cumulative Redeemable Preference Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 1, 2018	-	-
As at March 31, 2019	-	-
Add: Shares issued during the year	48,194,478	4,819
Less: Redemption during the year	(4,587,912)	(458)
As at March 31, 2020	43,606,566	4,361

b Other Equity:

₹ in Lakh

Particulars	Reserves and Surplus			Items of OCI	Total
	Securities Premium	Capital Reserve	Retained Earnings	FVTOCI Reserve	
As at March 1, 2018					
Add: Profit for the period	-	-	3,155	-	3,155
Add: Other Comprehensive income	-	-	-	22	22
Total comprehensive income	-	-	3,155	22	3,177
Add: Addition pursuant to issue of shares	36,956	13	-	-	36,969
As at March 31, 2019	36,956	13	3,155	22	40,146
Less: Loss for the year	-	-	(12,671)	-	(12,671)
Add: Other Comprehensive income	-	-	-	230	230
Total Comprehensive Income	-	-	(12,671)	230	(12,441)
Add: Addition pursuant to issue of shares	292,466	-	-	-	292,466
As at March 31, 2020	329,422	13	(9,516)	252	320,171

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 1, 2020

Sd/-
Umesh V. Parikh
Chief Financial Officer

Sd/-
Dhanraj P. Dagar
Company Secretary

Sd/-
Tarun G. Arora
Whole Time Director

Zydus Wellness Products Limited

Note: 1 - Company overview:

Zydus Wellness Products Limited ["the Company"] operates as an integrated consumer Company with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Company includes brands like Sugar free, Sugar Lite, Everyuth, Complan, Glucon D , Nycil and Sampriti Ghee. The registered office of the company is located at Zydus Corporate Park, Scheme No. 63, Survey No. 536 Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad 382 481. These financial statements were authorised for issue in accordance with a resolution passed by Board of the Directors at its meeting held on June 1, 2020.

Note: 2 - Significant Accounting Policies:

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

1 Basis of preparation:

A The financial statements are in compliance with the Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting 'Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.

B For the year ended March 31, 2019, the Company has prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP]. 'The Company has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013 for these financial statements beginning of incorporation on March 1, 2019. As per the principles of Ind AS 101, the comparatives for the previous year ended March 31, 2019 have been regrouped as per the principles of Ind AS, wherever deemed necessary. Reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been summarized in Note 43.

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

i Derivative financial instruments

ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]

iii Defined benefit plans

2 Use of Estimates:

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

Critical estimates and judgments

A Income Taxes:

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

B 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. Management reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

C Employee Benefits:

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

D Product warranty and expiry claims:

Significant judgments are involved in determining the estimated stock lying in the market with product shelf life and estimates of likely claims on account of expiry of such unsold goods lying with stockist.

E Leases

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

F Impairment of assets and investments:

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

3 Foreign Currency Transactions:

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

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

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

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

D Investments in foreign subsidiaries and other companies are recorded in ₹ [functional currency] at the rates of exchange prevailing at the time when the investments were made.

4 Revenue Recognition:

A The Company has applied Ind AS 115 - Revenue from Contracts with Customers, The following is the significant accounting policy related to revenue recognition under Ind AS 115.

a Sale of Goods:

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer. The goods are often sold with volume discounts/ pricing incentives and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts, net of discounts. When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price [excluding estimates of variable consideration] that is allocated to that performance obligation. Historical experience, specific contractual terms and future expectations of sales returns are used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

b **Service Income:**

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

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

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

a **Interest Income:**

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

b **Dividend:**

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

c **Other Income:**

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

5 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

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

B Deferred Tax:

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

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

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

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

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

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

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

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

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

6 Property, Plant and Equipment:

A Freehold land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs charged to the statement of profit and loss during the reporting period in which they are incurred., unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

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

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

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

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

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

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

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

7 Intangible Assets:

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

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

C Goodwill arising on acquisition of business is assessed at each balance sheet date for any impairment loss.

D Softwares are amortised over their estimated economic life.

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

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

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

H Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ National Company Law Tribunal [NCLT], the business combination is accounted for as per the accounting treatment sanctioned in the Scheme. Goodwill arising on such business combination is amortised over the period, as provided in the Scheme approved by the Hon'ble High Court or NCLT.

8 Research and Development Cost:

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

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

9 Borrowing Costs:

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

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

10 Impairment of Assets:

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

11 Inventories:

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

A Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.

B Cost [Net of Input tax credit availed] of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods & Stock-in-Trade is determined on Moving Average Method.

C Costs of Finished Goods and Works-in-Progress are determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads based on the normal operating capacity, but excluding borrowing costs.

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

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

12 Cash and Cash Equivalents:

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

13 Provisions, Contingent Liabilities and Contingent Assets:

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

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

14 Provision for Product Expiry Claims:

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

15 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

Gratuity:

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Company Gratuity Plan. The Liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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

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

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

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements;

ii Net interest expense or income.

Company administered Provident Fund:

In case of a specified class of employees, such contributions are deposited to Heinz India Private Limited Employee Provident Fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Contributions to such provident fund are recognised as employee benefits expenses when they are due in the statement of profit and loss.

c Defined Contribution Plans - Provident Fund Contribution:

Eligible employees of the Company receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employees benefit expenses when they are due in the statement of profit and loss.

16 Dividends :

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

17 Financial Instruments:

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

A Financial assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in five categories:

i Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held with an objective of collecting contractual cash flows
- Contractual terms of the asset give rise on specified dates to cash flows that are "solely payments of principal and interest" [SPPI] on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate [EIR] method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of profit and loss.

ii Debt instruments at fair value through other comprehensive income [FVTOCI]:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The asset is held with objectives of both collecting contractual cash flows and selling the financial assets
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv Equity instruments:

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

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

However, the Company may transfer the cumulative gain or loss within equity.

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

v Investments in subsidiaries :

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the differences between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

c Derecognition:

A financial asset is primarily derecognised when:

i The rights to receive cash flows from the asset have expired, or

ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either [a] the Company has transferred substantially all the risks and rewards of the asset, or [b] the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. When the Company has transferred the risk and rewards of ownership of the financial asset, the same is derecognised.

d Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss [ECL] model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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

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

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

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point c provided above. The application of simplified approach require the company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

ECL impairment loss allowance [or reversal] recognized during the period is recognized as income/ expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

a Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

b Financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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

B Financial liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

Subsequently all financial liabilities are measured as amortised cost, using EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

c Derecognition:

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

d Embedded derivatives:

An embedded derivative is a component of a hybrid [combined] instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

C Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model as per Ind AS 109.

D Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

18 Fair Value Measurement:

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

a In the principal market for the asset or liability, or

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on

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

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

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

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

19 Leases:

The Company has adopted Ind AS 116 "Leases" which is effective for an annual period beginning on or after from April 1, 2019. The following is the significant accounting policy related to Ind AS 116.

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

As a lessee:

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

Measurement and recognition of leases as a lessee:

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

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

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

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

As a lessor:

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

20 Earnings per Share:

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

For the purpose of calculating diluted earnings per share, the net profit or loss [excluding other comprehensive income] for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

B Recent Accounting Pronouncements:

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

Note: 3 - Property, plant and equipment:

₹ in Lakh

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2018	-	-	-	-	-	-	-	-
Acquired under scheme	4,288	1,604	8,898	14,777	363	166	92	30,188
Additions	-	-	-	94	1	-	-	95
Disposals	-	-	-	(1)	-	-	-	(1)
As at March 31, 2019	4,288	1,604	8,898	14,870	364	166	92	30,282
Reclassification on adoption of Ind AS 116	-	(1,604)	-	-	-	-	-	(1,604)
As at April 1, 2019	4,288	-	8,898	14,870	364	166	92	28,678
Additions	-	-	1	1,318	5	-	7	1,331
Disposals	-	-	-	(16)	(1)	-	-	(17)
As at March 31, 2020	4,288	-	8,899	16,172	368	166	99	29,992
Depreciation and Impairment:								
As at March 31, 2018	-	-	-	-	-	-	-	-
Acquired under scheme	-	89	1,477	8,804	202	69	60	10,701
Depreciation for the year	-	-	35	237	5	2	1	280
As at March 31, 2019	-	89	1,512	9,041	207	71	61	10,981
Reclassification on adoption of Ind AS 116	-	(89)	-	-	-	-	-	(89)
As at April 1, 2019	-	-	1,512	9,041	207	71	61	10,892
Depreciation for the year	-	-	422	1,640	49	27	9	2,147
Disposals	-	-	-	(10)	(1)	-	-	(11)
As at March 31, 2020	-	-	1,934	10,671	255	98	70	13,028
Net Block:								
As at March 31, 2019	4,288	1,515	7,386	5,829	157	95	31	19,301
As at March 31, 2020	4,288	-	6,965	5,501	113	68	29	16,964

Note: 4 - Right-of-use assets:

₹ in Lakh

Particulars	Land	Total
Gross Block:		
As at April 1, 2019 (Refer Note 3)	1,604	1,604
Additions	16	16
As at March 31, 2020	1,620	1,620
Depreciation and Impairment:		
As at April 1, 2019 (Refer Note 3)	89	89
Depreciation for the year	18	18
As at March 31, 2020	107	107
Net Block:		
As at March 31, 2020	1,513	1,513

Note: 5 - Goodwill and Other intangible assets:

₹ in Lakh

Particulars	Goodwill	Other Intangible Assets		
		Brand/ Trade Mark	Software	Total
Gross Block:				
As at March 31, 2018	-	-	-	-
Acquired under scheme	377,654	53,868	388	54,256
Additions	-	-	-	-
As at March 31, 2019	377,654	53,868	388	54,256
Additions	-	-	1,039	1,039
Additions pursuant to Ind AS 103 - measurement period	10,028	-	-	-
As at March 31, 2020	387,682	53,868	1,427	55,295
Amortisation and Impairment:				
As at March 31, 2018	-	-	-	-
Acquired under scheme	-	-	226	226
Amortisation for the year	3,147	-	7	7
As at March 31, 2019	3,147	-	233	233
Amortisation for the year	38,039	-	179	179
As at March 31, 2020	41,186	-	412	412
Net Block:				
As at March 31, 2019	374,507	53,868	155	54,023
As at March 31, 2020	346,496	53,868	1,015	54,883

Note: 6 - Other financial assets:

₹ in Lakh

	As at March 31 2020	2019
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**536**	557
Fixed Deposits	**390**	60
	926	617

Note: 7 - Other non-current assets:

₹ in Lakh

	As at March 31 2020	2019
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	**78**	141
Balances with Statutory Authorities	**121**	3,702
	199	3,843

Note: 8 - Deferred tax:

A. Break up of deferred tax liabilities and assets into major components of the respective balances are as under:

₹ in Lakh

	As at March 31 2018	Acquired under scheme	Charge for the previous year	As at March 31 2019	Charge for the current year	As at March 31 2020
Deferred Tax Liabilities:						
Depreciation	-	3,173	13,094	16,267	7,645	**23,912**
Others	-	6	(6)	-	-	**-**
	-	3,179	13,088	16,267	7,645	**23,912**
Deferred Tax Assets:						
Employee benefits/ Payable to statutory authorities	-	374	20	394	110	**504**
Unabsorbed depreciation	-	-	15,263	15,263	15,333	**30,596**
Provision for Expiry and Breakages	-	-	17	17	303	**320**
Disallowance under section 35DD of Income tax Act	-	-	-	-	40	**40**
Disallowance under section 40(a)(ia) of Income tax Act	-	550	(156)	394	(394)	**-**
Others	-	225	(21)	204	(103)	**101**
	-	1,149	15,123	16,272	15,289	**31,561**
Minimum alternative tax credit entitlement	-	10,487	24	10,511	-	**10,511**
Net Deferred Tax Assets	**-**	**8,457**	**2,059**	**10,516**	**7,644**	**18,160**

B. The Net Deferred Tax assets of ₹ 7,644 lakh [March 31, 2019: ₹ 2,059 lakh] for the year has been credited in the Statement of Profit and Loss.

C. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

D. The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

₹ in Lakh

	For the year ended March 31, 2020	For the period March 1, 2019 to March 31, 2019
Profit or loss section:		
Current income tax:		
Current income tax charge	**-**	-
Adjustments in respect of current income tax of previous year	**(265)**	24
	(265)	24
Deferred tax:		
Deferred tax relating to origination and reversal of temporary differences	**(7644)**	(2059)
Total expenses reported in the statement of profit or loss	**(7909)**	(2035)

E. Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:

₹ in Lakh

	As At March 31 2020	2019
Profit/ [Loss] before tax:	**(20,580)**	1,120
Enacted Tax Rate in India (%)	**26.00%**	34.94%
Expected Tax Expenses	**(5,351)**	391
Adjustments for:		
Adjustments in respect of current income tax of previous years	**(265)**	-
Effect of Special tax deductions	**-**	(8)
Effect of Non-taxable Income	**(22)**	-
Effect of unrecognised deferred tax assets/ liabilities	**-**	(2,413)
Effect of differences in tax rate	**(2,760)**	-
Effect of other non-deductible expenses	**430**	13
Others	**59**	(18)
Total	**(7,909)**	(2,035)
Total expenses reported in the statement of profit or loss	**(7,909)**	(2,035)

MAT credit of ₹ 5,414 lakh and ₹ 5,805 lakh for March 31, 2020 and March 31, 2019, respectively, that are available for set off against future tax liabilities have not been recognised and the same will be eligible for set off up to fifteen years from the year in which the same arises.

Note: 9 - Assets for tax [net] and Current tax liabilities [net]:

₹ in Lakh

	As at March 31	
	2020	2019
Advance payment of tax (Net of provision for taxation)	**-**	2,493
Total Assets for tax [net]	**-**	2,493
Net of provision for taxation (Net of advance payment of tax)	**322**	-
Total Current tax liabilities [net]	**322**	-

Note: 10 - Inventories:

Inventories consist of the following valued at lower of cost or net realisable value

₹ in Lakh

	As at March 31	
	2020	2019
Raw Materials	**2,968**	3,021
Work-in-progress	**9,197**	6,796
Finished Goods	**12,828**	9,636
Stock-in-Trade	**656**	1,100
Stores and Spares	**736**	770
Others:		
Packing Materials	**1,615**	1,416
	28,000	22,739
The above includes Goods in transit as under:		
Finished Goods	**1,116**	1,691

Note: 11 - Investments:

₹ in Lakh

	Nos. [*]	As at March 31	
		2020	2019
Financial instruments at fair value through Profit and Loss (FVTPL)			
Investment in short-term mutual funds - Quoted			
ICICI prudential overnight fund direct plan growth	1,02,47,307 [0]	**11,041**	-
Kotak liquid direct plan growth	0 [1,21,805]	**-**	4,610
		11,041	4,610
A. Aggregate amount of quoted investments and aggregate value thereof		**11,041**	4,610
B. Explanations: In "Nos. [*]" figures of March 31, 2019 are stated in [ ].			

Note: 12 - Trade receivables:

₹ in Lakh

	As at March 31	
	2020	2019
Unsecured - Considered good	**11,528**	9,434
	11,528	9,434

Note: 13 - Cash and cash equivalents:

₹ in Lakh

	As at March 31	
	2020	2019
Balances with banks - in current accounts	**5,045**	12,076
Cash on hand	**4**	2
	5,049	12,078

Note: 14 - Bank Balance other than cash and cash equivalents:

₹ in Lakh

	As at March 31	
	2020	2019
Fixed Deposit with banks	**7**	7
	7	7

Note: 15 - Other current assets:

₹ in Lakh

	As at March 31	
	2020	2019
[Unsecured, Considered Good unless otherwise stated]		
Balances with Statutory Authorities	**10,630**	13,184
Advances to suppliers	**1,253**	206
Prepaid Expenses	**113**	250
Other receivables	**3,281**	871
	15,277	14,511

Note: 16 - Equity share capital:

	As at March 31 2020	2019
		₹ in Lakh
Authorised:		
42,50,00,000 [as at March 31, 2019: 500,00,00,000] Equity shares of ₹ 10 each	42,500	50,000
7,50,00,000 [as at March 31, 2019: Nil] 7% Optionally Convertible Non-Cumulative Redeemable preference shares of ₹ 10 each	7,500	-
	50,000	50,000
Issued, Subscribed and fully Paid-up:		
17,08,24,633 [as at March 31, 2019: 12,72,21,934] Equity share of ₹ 10 each	17,082	12,723
4,36,06,566 [as at March 31, 2019: Nil] 7% Optionally Convertible Non-Cumulative Redeemable preference shares of ₹ 10 each	4,361	-
	21,443	12,723
A. The reconciliation in number of equity share is as under:		
Number of shares at the beginning of the year	127,221,968	127,221,968
Add: Shares issued during the year	43,602,665	-
Number of shares at the end of the year	170,824,633	127,221,968
B. The reconciliation in number of Preference share is as under:		
Number of shares at the beginning of the year	-	-
Add: Shares issued during the year	48,194,478	-
Less: Redemption during the year	(4,587,912)	
Number of shares at the end of the year	43,606,566	-

C. The Company has equity shares and preference shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.

D. Optionally Convertible Non-Cumulative Redeemable Preference [OCRPS] shares are redeemable at par. At anytime during the tenure of the OCRPS, the Issuer of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during the tenure of the OCRPS, the Holder of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares.Such conversation shall happen at a pre-determined agreed rate between the parties. The tenure of the OCRPS shall be 10 years from the date of allotment. At any time during the tenure of the OCRPS, the Company shall have a right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential right with respect to dividend on the paid up capital in the event of distribution of profits by the company.

	2020	2019
E. Details of Shareholder holding more than 5% of shares:		
a. Equity Shares:		
Zydus Wellness Limited and its nominees		
Number of Shares	170,824,633	127,221,968
% to total share holding	100.00%	100.00%
b. Preference shares:		
Zydus Wellness Limited		
Number of Shares	43,606,566	-
% to total share holding	100.00%	-

Note: 17 - Other equity:

	As at March 31 2020	2019
		₹ in Lakh
Capital Reseve		
Balance as per last Balance Sheet	13	13
	13	13
Securities Premium		
Balance as per last Balance Sheet	36,956	36,956
Add: Addition pursuant to issue of shares	292,466	-
	329,422	36,956
Fair value through other comprehensive income [FVTOCI] Reserve:		
Balance as per last balance sheet	22	-
Add: Credited during the period	230	22
	252	22
Retained Earnings:		
Balance as per last Balance Sheet	3,155	-
Add: [Loss]/ Profit for the period	(12,671)	3,155
	(9,516)	3,155
	320,171	40,146

Note: 18 - Borrowings:

₹ in Lakh

	As at March 31	
	2020	2019
Loans and Compulsorily Convertible Debentures [*]	**112,000**	112,000
	112,000	112,000

[*] 1. The Company has borrowed unsecured interest bearing loans from Zydus Wellness Limited of ₹ 92,000 Lakh . The servicing of repayment of the loans will be made as per terms of loan agreement.

2. The Company has borrowed Compulsorily Convertible Debentures from Zydus Wellness Limited of ₹ 20,000 Lakh at 9.14 % coupon rate. These debentures are compulsorily convertible into equity shares within a period of 10 years.

Note: 19 - Other financial liabilities:

₹ in Lakh

	As at March 31	
	2020	2019
Others deposits	**6**	6
	6	6

Note: 20 - Provisions:

₹ in Lakh

	As at March 31	
	2020	2019
Provision for employee benefits	**909**	922
Provision for VAT/ GST accrual	**1,334**	1,334
	2,243	2,256

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

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

Investment risk:

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

Interest risk:

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

Longevity risk:

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

Salary risk:

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

₹ in Lakh

		March 31, 2020			March 31, 2019		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening defined benefit obligation	**21**	**875**	**1,944**	-	-	-
	Acquired under scheme	**-**	**-**	**-**	25	848	1,875
	Transfer in/ (out) Obligation	**182**	**(182)**	**(10)**	-	-	-
	Current service cost	**41**	**144**	**189**	-	12	15
	Interest cost	**15**	**63**	**138**	-	7	12
	Actuarial [gains] / losses on obligation	**115**	**68**	**(213)**	(1)	(72)	15
	Benefits paid	**(103)**	**(81)**	**(124)**	(3)	80	27
	Closing defined benefit obligation	**271**	**887**	**1,924**	21	875	1,944
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	**-**	**36**	**1,728**	-	-	-
	Acquired under scheme	**-**	**-**	**-**	-	35	1,721
	Transfer in/ (out) Obligation	**-**	**-**	**(11)**	-	-	-
	Interest Income	**-**	**3**	**125**	-	(11)	(13)
	Return on planned assets	**-**	**-**	**17**	-	12	25
	Contributions by employer	**-**	**-**	**227**	-	-	-
	Benefits paid	**-**	**-**	**(124)**	-	-	(1)
	Actuarial (losses) / gain on plan assets	**-**	**-**	**-**	-	-	(4)
	Closing fair value of plan assets	**-**	**39**	**1,962**	-	36	1,728
D	**Actual return on plan assets:**						
	Expected return on plan assets	**-**	**3**	**142**	-	1	8
E	**Amount recognised in the balance sheet:**						
	Liabilities/[Assets] at the end of the period	**271**	**887**	**1,924**	21	875	1,944
	Fair value of plan assets at the end of the period	**-**	**(39)**	**(1,962)**	-	(36)	(1,728)
	Liabilities / (Assets) recognised in the Balance Sheet	**271**	**848**	**(38)**	21	839	216
F	**Expenses /(Incomes) recognised in the Statement of Profit and Loss:**						
	Current service cost	**41**	**144**	**189**	-	12	15
	Interest cost on benefit obligation	**15**	**63**	**138**	-	7	12
	Expected return on plan assets	**-**	**(3)**	**(125)**	-	-	(11)
	Net actuarial [gains] / losses in the period	**115**	**68**	**-**	(4)	18	-
	Net expenses / [benefits]	**171**	**272**	**202**	(4)	37	16
	Net actuarial (gains)/ losses in the period	**-**	**-**	**(230)**	-	-	22
	Amounts recognized in OCI	**-**	**-**	**(230)**	-	-	22
G	**Movement in net liabilities recognised in Balance sheet**						
	Opening net liabilities	**21**	**839**	**216**	-	-	-
	Acquired under scheme				25	813	159
	Transfer in/ (out) Obligation	**182**	**(182)**	**1**	-	-	-
	Expenses as above [P & L Charge]	**171**	**272**	**202**	(4)	37	16
	Amount recognised in OCI	**-**	**-**	**(230)**	-	-	22
	Contribution to plan assets	**-**	**-**	**(227)**	-	-	-
	Benefits Paid	**(103)**	**(81)**	**-**	-	(11)	19
	Liabilities / [Assets] recognised in the Balance Sheet	**271**	**848**	**(38)**	21	839	216

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

Particulars	**March 31, 2020**	March 31, 2019
Discount rate [*]	**6.70%**	7.20%
Annual increase in salary cost [#]	**12% p.a. for 1 years, 9% p.a. thereafter**	12% for next 2 years, 9% thereafter

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

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

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

Particulars	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
Insurance plan	**0%**	**100%**	**100%**	0%	100%	100%

J Amount recognised in current and previous four years:

₹ in Lakh

Gratuity:	As at March 31 2020	2019
Defined benefit obligation	**1,924**	1,944
Fair value of Plan Assets	**1,962**	1,728
Deficit / [Surplus] in the plan	**(38)**	216
Actuarial Loss / [Gain] on Plan Obligation	**(213)**	15
Actuarial Loss / [Gain] on Plan Assets	**-**	(4)

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

The average duration of future service of defined benefit plan obligation at the end of the year is 23.34 [as at March 31, 2019 : 23.99 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as is as shown below:

A Medical Leave:

	As at March 31, 2020		As at March 31, 2019	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	**(7)**	**7**	(1)	1
Assumption	Salary Growth			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	**7**	**(7)**	1	(1)

B Leave Wages:

	As at March 31, 2020		As at March 31, 2019	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	**(23)**	**24**	(5)	1
Assumption	Annual increase in salary cost			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	**24**	**(47)**	-	14

C Gratuity:

	As at March 31, 2020		As at March 31, 2019	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	**(44)**	**48**	(3)	6
Assumption	Annual increase in salary cost			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	**48**	**(44)**	5	(3)

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

₹ in Lakh

	As at March 31 2020	2019
Within the next 12 months [next annual reporting period]	**609**	311
Between 2 and 5 years	**1,645**	1,370
Between 5 and 10 years	**1,124**	1,359
Total expected payments	**3,378**	3,040

Note: 21 - Other non current liabilities:

₹ in Lakh

	As at March 31 2020	2019
Deferred revenue on Government grants	**168**	252
	168	252

Note: 22 - Borrowings:

₹ in Lakh

	As at March 31 2020	2019
Borrowing from Holding Company	**-**	550
	-	550

Note: 23 -Trade Payables:

₹ in Lakh

	As at March 31	
	2020	2019
Due to Micro, Small and Medium Enterprises [*]	**644**	972
Due to other than Micro, Small and Medium Enterprises	**45,153**	36,255
	45,797	37,227
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A. Principal amount remaining unpaid to any supplier as at year end	**644**	972
B. Interest due thereon	**-**	-
C. Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year.	**-**	-
D. Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	**-**	-
E. Amount of interest accrued and remaining unpaid at the end of the accounting year.		-
F. Amount of further interest remaining due and payable in succeeding years.	**-**	-

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

Note: 24 - Other financial liabilities:

₹ in Lakh

	As at March 31	
	2020	2019
Interest accrued but not due on borrowings	**2,540**	2,489
Payable to employees	**1,056**	733
	3,596	3,222

Note: 25 - Other current liabilities:

₹ in Lakh

	As at March 31	
	2020	2019
Payable to statutory authorities	**2,034**	1,975
Deferred revenue on Government grants	**68**	54
Advances from customers	**1,000**	714
	3,102	2,743

Note: 26 - Provisions:

₹ in Lakh

	As at March 31	
	2020	2019
Provision for employee benefits [*]	**172**	153
Provision for claims for product expiry and return of goods [**]	**1,229**	892
	1,401	1,045

[*] Refer note 20.

[**] Provision for claims for product expiry and return of goods:

a. Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailer. The Company does not expect such claims to be reimbursed by any with retailer. The Company does not expect such claims to be reimbursed by any other party in future.

b. The movement in such provision is stated as under:

	2020	2019
Opening balance at the beginning of the financial year	**892**	779
Add: Provision created during the year	**2,206**	113
Less: Provision used during the year	**(1,869)**	-
Closing balance at the end of the financial year	**1,229**	892

Note: 27 - Contingent liabilities and commitments [to the extent not provided for]:

₹ in Lakh

	As at March 31	
	2020	2019
A Contingent liabilities:		
a Other money for which the Company is contingently liable:		
i In respect of Sales Tax matters pending before appellate authorities	**6,242**	5,374
ii In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	**1,337**	1,337
iii In respect of Income tax	**16,550**	13,431
iv In respect of Stamp Duty	**4,363**	1,863

The Company has signed tax indemnity with erstwhile seller shareholder of acquired Heinz India Private Limited that purchasing buyer shall have the rights to make tax indemnity claim to extent of the loss suffered by the Company for the period prior to acquisition. Of the above ₹ 24,467 and ₹ 20,527 as at March 31, 2020 and March 31, 2019, respectively, is covered under agreed tax indemnity clause and reimbursable from erstwhile shareholder of the Heinz India Private Limited on the amount being crystalized.

	2020	2019
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**275**	511

Note: 28 - Revenue from Operations:

₹ in Lakh

	Year ended March 31, 2020	Period ended March 31, 2019
Sale of products	157,650	17,976
Other operating revenues:		
Net gain on foreign currency transactions and translation	105	10
Miscellaneous income	3,240	694
	160,995	18,680

Note: 29 - Other Income:

₹ in Lakh

	Year ended March 31, 2020	Period ended March 31, 2019
Finance Income:		
Interest income on financial assets measured at amortised cost	451	28
Net gain on investments measured at Fair value through Profit and Loss	518	27
Net gain on sale of investments	14	-1
	983	54

Note: 30 - Cost of Materials Consumed:

₹ in Lakh

	Year ended March 31, 2020	Period ended March 31, 2019
Raw materials :		
Stock at commencement	3,021	-
Acquired under scheme	-	3,500
Add: Purchases	52,675	3,698
	55,696	7,198
Less: Stock at close	(2,968)	(3,021)
	52,728	4,177
Packing Materials consumed	13,090	1,526
	65,818	5,703

Note: 31 - Purchases of stock-in-Trade:

₹ in Lakh

	Year ended March 31, 2020	Period ended March 31, 2019
Purchases of stock-in-trade	7,860	1,342
	7,860	1,342

Note: 32 - Changes in inventories:

₹ in Lakh

	Year ended March 31, 2020	Period ended March 31, 2019
Stock at commencement:		
Work-in-progress	6,796	-
Finished goods	9,636	-
Stock-in-trade	1,100	-
	17,532	-
Stock acquired under scheme:		
Work-in-progress	-	6,773
Finished goods	-	9,393
Stock-in-trade	-	1,194
		17,360
Less: Stock at close:		
Work-in-progress	(9,197)	(6,796)
Finished goods	(12,828)	(9,636)
Stock-in-trade	(656)	(1,100)
	(22,681)	(17,532)
	(5,149)	(172)

Note: 33 - Employee Benefits Expense:

₹ in Lakh

	Year ended March 31, 2020	Period ended March 31, 2019
Salaries and wages	12,244	986
Contribution to provident and other funds [*]	1,153	127
Staff welfare expenses	594	30
	13,991	1,143
Of the above includes Whole-time Director's Remuneration	262	-
[*] The Company's contribution towards the defined contribution plan	580	82

Note: 34 - Finance cost:

	Year ended March 31, 2020	Period ended March 31, 2019
		₹ in Lakh
Interest expense	10,742	869
Bank commission and charges	48	-
	10,790	869

Note: 35 - Other Expenses:

	Year ended March 31, 2020	Period ended March 31, 2019
		₹ in Lakh
Consumption of stores and spare parts	874	26
Power and fuel	1,886	157
Labour charges	1,591	72
Rent	936	76
Repairs to buildings	169	19
Repairs to plant and machinery	997	95
Repairs to others	758	20
Insurance	352	20
Rates and taxes	632	231
Net loss on sale of asset	1	-
Commission on sales	1,394	149
Traveling expenses	1,711	129
Legal and professional fees [*]	736	-217
Freight and forwarding on sales	5,131	632
Advertisement and sales promotions	23,208	2,850
Representative allowances	592	-
Other marketing expenses	2,108	173
Miscellaneous expenses [*]	1,401	131
	44,477	4,563
[*] Legal and professional fees include:		
a Payment to the Statutory Auditors [excluding Taxes]:		
As Auditor	19	9
For Other Services	3	-
	22	9

Note: 36 - Exceptional items:

	Year ended March 31, 2020	Period ended March 31, 2019
		₹ in Lakh
Exceptional items [*]	4,388	732
	4,388	732

[*] Exceptional items represents one off expenditure incurred towards various projects carried out for alignment of acquired entity process and other related incidental charges.

Note: 37 - Earnings/ (Loss) per equity share [EPS]:

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

		Year ended March 31, 2020	Period ended March 31, 2019
A. [Loss]/ Profit attributable to Shareholders	₹- in Lakh	(12,671)	3,155
B. Basic and weighted average number of Equity Shares outstanding during the period	Numbers	214,431,199	127,221,968
C. Effect of dilution - 7% Optionally Convertible Non-cumulative Redeemable Preference Shares	Numbers	43,606,566	-
D. Weighted average number of Equity shares adjusted for the effect of dilution	Numbers	258,037,765	127,221,968
E. Nominal value of equity share	₹	10	10
F. Basic EPS	₹	(5.91)	2.48
G. Diluted EPS		(4.91)	2.48

Note: 38 - Segment Information:

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

Note: 39 - Related Party Transactions:

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

a Ultimate Holding : Cadila Healthcare Limited

b Holding Company: Zydus Wellness Limited

c Subsidiaries of Holding Company:

Liva Investments Limited
Zydus Wellness International DMCC
Liva Nutritions Limited

d Subsidiaries of Ultimate Holding Company

Zydus Noveltech Inc., USA	Hercon Pharmaceutical USA LLC, USA
Violio Healthcare Limited	Nesher Pharmaceuticals (USA) Inc,USA
German Remedies Pharmaceuticals Private Limited (formerly known as Acme Pharmaceuticals Private Limited)	Zydus Animal Health and Investments Limited (formerly known as Violio Pharmaceuticals and Investments Limited)
Zydus Technologies Limited*	Simayla Pharmaceuticals Pty Limited, South Africa
Zydus Healthcare Limited	Script Management Services Pty Limited, South Africa
Dialforhealth India Limited*	Etna Biotech SRL, Italy
Dialforhealth Unity Limited	Zydus France SAS, France
Dialforhealth Greencross Limited	Laboratorios Combix S.L., Spain
Liva Pharmaceuticals Limited*	Zydus Nikkho Pharmaceutica Limitada, Brasil
Alidac Pharmaceuticals Limited*	Zydus Pharmaceuticals Mexico SA de CV, Mexico
Zydus Foundation	Zydus Pharmaceuticals Mexico Services SA de CV, Mexico
Zydus Pharmaceuticals Limited [Formerly known as Alidac Healthcare Limited]	Zydus Worldwide DMCC, Dubai
Windlas Healthcare Private Limited	Zydus Discovery DMCC, Dubai
Zydus International Private Limited, Ireland	Alidac Pharmaceuticals (Myanmar) Limited, Myanmar
Zydus Netherlands B. V., the Netherlands	Sentynl Therapeutics Inc., USA
Zydus Lanka (Private) Limited, Sri Lanka	Viona Pharmaceuticals Inc., USA
Zydus Healthcare Philippines Inc., Philippines	Biochem Pharmaceutical Private Limited
Zydus Pharmaceuticals USA Inc., USA	Zydus Healthcare USA LLC, USA
Zydus Healthcare SA Pty Limited, South Africa	

* Merged with Ultimate holding Company w.e.f. April 1, 2019

e Directors:

Dr. Sharvil P. Patel	Non -Executive Chairman
Mr. Ashish Bhargava	Nominee Director
Ms. Dharmishtaben N. Raval	Independent Director

f Key Managerial Personnel:

Mr. Tarun G. Arora	Chief Executive Officer & Whole Time Director
Mr. Umesh V. Parikh	Executive Officer [Chief Financial Officer]
Mr. Dhanraj P. Dagar	Executive Officer [Company Secretary]

g Post Employment Benefits Plan-

Zydus Wellness Limited Employee Group Gratuity Scheme
Zydus Wellness Sikkim Employee Group Gratuity Scheme
Heinz India Private Limited Provident Fund
Heinz India Private Limited Employee Provident Fund
Heinz India Private Limited Gratuity fund
Heinz India Private Limited Pension fund

h Enterprises significantly influenced by Directors and/ or their relatives -

Mukesh M. Patel & Co.	Enterprises controlled by Director of ultimate holding Company

B Transactions with Related Parties:

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

a Details relating to parties referred to in Note 39 - A [a, b, c, d and e]

₹ in lakh

Nature of Transactions	Holding Company/ Ultimate Holding Company		Subsidiaries of Holding Company and ultimate Holding Company		Post Employment Benefits Plan	
	Value of the Transactions					
	Year ended March 31,					
	2020	2019	**2020**	2019	**2020**	2019
Sales:						
Zydus Healthcare Limited	**-**	-	**70**	9	**-**	-
Zydus Wellness Limited	**325**	-	**-**	-	**-**	-
Zydus Wellness International DMCC	**-**	-	**184**	-	**-**	-
Cadila HealthCare Limited	**45**	-	**-**	-	**-**	-
Service Income:						
Zydus Healthcare (PTY) Limited	**-**	-	**-**	6	**-**	-
Zydus Healthcare Limited	**-**	-	**14**	-	**-**	-
Zydus Wellness International DMCC	**-**	-	**54**	-	**-**	-
Cadila HealthCare Limited	**2**	6	**-**	-	**-**	-
Borrowings:						-
Zydus Wellness Limited	**-**	112,000	-	-	**-**	-
Interest Expenses:						
Zydus Wellness Limited	**10,265**	2,522	**-**	-	**-**	-
Interest Income:						
Zydus Wellness Limited	**144**	-	**-**	-	**-**	-
Investments/(Redemption)						
Zydus Wellness Limited	**(16,241)**	368,922				
Reimbursement of Expenses:						
Cadila Healthcare Limited	**96**	7	**-**	-	**-**	-
Contributions during the period (includes Employee's share						
Zydus Wellness Sikkim Employee Group Gratuity Scheme	**-**	-	**-**	-	**28**	27
Heinz India Private Limited Provident Fund	**-**	-	**-**	-	**461**	73
Heinz India Private Limited Employee Provident Fund					**341**	54
Heinz India Private Limited Gratuity fund					**200**	
Heinz India Private Limited Pension fund	**-**	-	**-**	-	**66**	-
Outstanding Payable:						
Zydus Wellness Limited	**114,091**	114,948	**-**	-	**-**	-
Zydus Healthcare S.A. (Pty) Ltd	**-**		**-**	117	**-**	-
Outstanding Receivable:						
Cadila Healthcare Limited	**22**	-	**-**	-	**-**	-
Zydus Wellness International DMCC	**-**		**132**	-	**-**	-
Zydus Wellness Limited	**51**	-	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	0	**37**	5	**-**	-

₹ in lakh

b Details relating to persons referred to in Note 39-A [c], [d], [f] above:

	Year ended March 31,	
	2020	2019
Remuneration:		
(i) Salaries and other employee benefits to Whole time directors and other executive officers	**262**	-
Other entites where significant infuence exists:		
(i) Legal and professional fees	**11**	-

Note: 40 - Financial instruments:

(i) Fair values hierarchy:

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

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

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

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

(ii) Financial assets and liabilities measured at fair value - recurring fair value measurements:

₹ in lakh

Particulars	**As at March 31, 2020**				**As at March 31, 2019**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Investments at FVTPL								
Mutual funds	**11,041**	**-**	**-**	**11,041**	4,610	-	-	4,610
Total financial assets	**11,041**	**-**	**-**	**11,041**	4,610	-	-	4,610
Financial Liabilities	**-**	**-**	**-**	**-**	-	-	-	-

(iii) Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed.

Financial Assets: The carrying amounts of trade receivables and other financial assets [other than derivatives], cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities: Fair values of loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

Note: 41 - Financial risk management:

(i) Financial instruments by category:

₹ in lakh

Particulars	As at March 31, 2020				As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Investments	11,041	-	-	11,041	4,610	-	-	4,610
Trade receivables	-	-	11,528	11,528	-	-	9,434	9,434
Cash and Cash equivalents	-	-	5,049	5,049	-	-	12,078	12,078
Bank balance other than cash and cash equivalents	-	-	7	7	-	-	7	7
Other financial assets	-	-	926	926	-	-	617	617
	11,041	-	17,510	28,551	4,610	-	22,136	26,746
Financial liabilities								
Borrowings	-	-	112,000	112,000	-	-	112,550	112,550
Trade payables	-	-	45,797	45,797	-	-	37,227	37,227
Other financial liabilities	-	-	3,602	3,602	-	-	3,228	3,228
	-	-	161,399	161,399	-	-	153,005	153,005

(ii) Risk Management:

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

The Company risk management is managed in close co-ordination with the board of directors and focuses on actively securing the Company short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is

A. Credit risk:

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

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

Trade Receivable: The Company trades with recognized and credit worthy third parties. It is the Company policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company exposure to bad debts is not significant. There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company large customer base. Adequate expected credit losses are recognized as per the assessments.

The history of trade receivables shows an allowance for bad and doubtful debts of Nil [Nil as at March 31, 2019]. The Company has made allowance of Nil [Nil as at March 31, 2019], against trade receivables of ₹ 11,528 lakh and ₹ 9,434 lakh as at March 31, 2020 and March 31, 2019, respectively.

B. Liquidity risk:

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

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

Maturities of financial liabilities :

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

₹ in lakh

Particulars	As at March 31, 2020					
	Carrying value	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities						
Borrowings (including interest)	114,540	10,237	59,285	56,661	13,103	139,286
Trade payables	45,797	45,797	-	-	-	45,797
Other financial liabilities (excluding interest accrued but not due)	1,062	1,056	-	-	6	1,062
Total	161,399	57,090	59,285	56,661	13,109	186,145

₹ in lakh

Particulars	As at March 31, 2019					
	Carrying value	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities						
Borrowings (including interest)	115,039	9,507	10,237	59,285	69,764	148,793
Trade payables	37,227	37,227	-	-	-	37,227
Other financial liabilities (excluding interest accrued but not due)	739	733	-	-	6	739
Total	153,005	47,467	10,237	59,285	69,770	186,759

C Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Euro and GBP. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company functional currency. The Company operations in foreign currency is insignificant and hence there is no material risk.

Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

₹ in lakh

Particulars	As at March 31, 2020		As at March 31, 2019	
	Movement in Rate	Impact on PAT	Movement in Rate	Impact on PAT
USD	9%	3	7%	8
USD	-9%	(3)	-7%	(8)
EUR	7%	9	7%	16
EUR	-7%	(9)	-7%	(16)
Others	5%	1	5%	(0)
Others	-5%	(1)	-5%	0

d Interest rate risk:

Liabilities: [*]

The Company policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2020, the Company is not exposed to changes in market interest rates through bank borrowings at fixed interest rates. The Company investments in Fixed Deposits are at fixed interest rates.

e Price Risk

(a) Exposure

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

(b) Sensitivity- Mutual Fund [*]

The table below summarises the impact of increases/decreases of the index on the Company equity and profit and loss for the period. The analysis is based on the assumption that the price of the instrument has increased by 2% or decreased by 2% with all other variables held constant.

₹ in lakh

Particular	Movement in Rate	As at March 31	
		2020	2019
Mutual Funds [Quoted]			
Increase 2%	+2%	221	92
Decrease 2%	-2%	(221)	(92)

[*] Holding all other variables constant.

Note 42 : Capital management:

The Company capital management objectives are

- to ensure the Company ability to continue as a going concern
- to provide an adequate return to shareholders
- maintain an optimal capital structure to reduce the cost of capital.

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

Particulars		As at March 31	
		2020	2019
Gross debts	₹ in lakh	112,000	112,550
Total equity	₹ in lakh	341,614	370,296
Gross debt to equity ratio [No. of times]		0.33	0.30

Note: 43 : Reconcilation with Previous GAAP

A Reconcilation of equity:

₹ in lakh

Particulars	As at March 31, 2019
Equity as per previous GAAP	370,296
Impact on account of Ind AS	-
Equity as per Ind AS	**370,296**

B **Reconcilation of Net Profit for the period ended March 31, 2019:**

₹ in lakh

Particulars	Period ended March 31, 2019
Net Profit as per previous GAAP	3,176
Less: Adjustments in statement of profit and loss	
Actuarial loss on employee defined denefit plan recognized in OCI [*]	(21)
Net Profit as per Ind AS	**3,155**
Other Comprehesive Income (Net of Tax)	**22**
Total Comprehensive Income for the period as per Ind AS	**3,177**

[*] Actuarial loss on employee defined benefit plan recognised in OCI

Under previous GAAP, remeasurement of defined benefit plans (gratuity), arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss. Under Ind AS, such remeasurement (excluding the net interest expenses on the net defined benefit liability) of defined benefit plans is recognised in OCI. Consequently, the related tax effect of the same is also recognised in OCI. For the period ended March 31, 2019, remeasurement of gratuity liability resulted in a actuarial loss of ₹ 21 lakhs, which has now been reduced from employee benefits expense in the Statement of Profit and Loss and recognised separately in OCI. The above changes do not affect Equity as at date of transition to Ind AS and as at March 31, 2019.

Note: 44 : COVID-19 Impact:

The ministry of Home Affairs vide order No.40-3/2020 dated March 24, 2020, notified first ever nationwide lockdown in India to contain the outbreak of Covid Pandemic. As a result, our operations were completely shut down during initial days of the Lockdown. However, subsequently we could quickly get the required approvals for re-starting our manufacturing plants and operating our warehouses. Majority of the distributors could also get permissions from local authorities to re-open their business places. With ensuring necessary safety precautions to be taken, our majority of last mile field force and front line staff have also come forward and supported the business. Though initially the entire economy faced shortage of labour and transportation facilities, progressively the government's support for the movement of essential commodities helped resolve the transportation and labour issues to some extent. We are faced with the same uncertainties as faced by our country in general and FMCG industry in particular due to current COVID 19 pandemic. However as stated before, operations are gradually moving towards near normalcy now and are in relatively better shape compared to what they were during the last week of March 20 and major part of April 20.

As per our current assessment of the situation based on internal and external information available up to the date of approval of these financial results by the Board of Directors, there is no indication of any material impact on the carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results and the Company will closely monitor any material changes to the economic environment and their impact on the business.

Note: 45:

Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

Signatures to Significant Accounting Policies and Notes 1 to 45 to the Financial Statements

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 1, 2020

Sd/-
Umesh V. Parikh
Chief Financial Officer

Sd/-
Dhanraj P. Dagar
Company Secretary

Sd/-
Tarun G. Arora
Whole Time Director