

## **INDEPENDENT AUDITORS' REPORT**

**THE SHAREHOLDERS,  
ZYDUS WORLDWIDE DMCC,  
DMCC, DUBAI - UNITED ARAB EMIRATES.**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **OPINION**

We have audited the financial **ZYDUS WORLDWIDE DMCC, DUBAI - UNITED ARAB EMIRATES**, the Company), which comprise the Statement of Financial Position as at 31<sup>st</sup> March 2021, and the Statement of Comprehensive Income, the Statement of Changes in equity and the statement of Cash Flows for the year then ended and Notes to the Financial Statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31<sup>st</sup> March 2021, and its financial performance and its cash flows for the year then ended in accordance with Indian Accountant standard (IND-AS).

#### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indian Accountant standard (IND-AS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

- Identify and assess the risk 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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.

Opinion: In our opinion, to the best of information and according to the explanation given to us the company has, in all material respect, an adequate internal financial control system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31,2021.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

We are not aware of any contraventions during the period of applicable law which may have a material effect on the financial position of the company and the results of its operations for the year then ended.

**For RAO & ROSS**  
**Chartered Accountants**  
**Firm registration number:106**

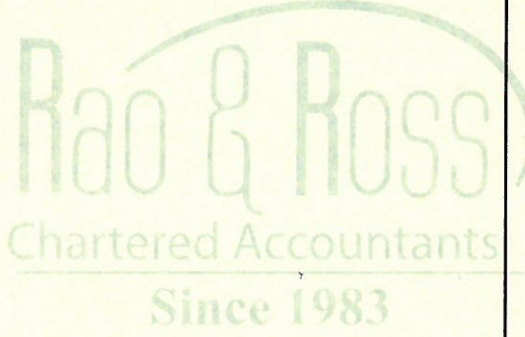


**C. R. RAO**  
**Partner**  
**Authorized Signatory**  
**Dated: 20th April, 2021.**



**ZYDUS WORLDWIDE DMCC**  
**Balance Sheet as at March 31, 2021**

| Particulars                     | Note No. | CURRENCY USD        |                     |
|---------------------------------|----------|---------------------|---------------------|
|                                 |          | As at               |                     |
|                                 |          | Mar 31, 2021        | Mar 31, 2020        |
| <b>ASSETS:</b>                  |          |                     |                     |
| <b>Non-Current Assets:</b>      |          |                     |                     |
| Property, Plant and Equipment   | 3 [A]    | 2,303,430           | 2,374,420           |
| Other Intangible Assets         | 3 [B]    | 15,330,000          | 16,030,000          |
| <b>Financial Assets:</b>        |          |                     |                     |
| Investments                     | 4        | 224,662,769         | 143,062,769         |
| Loans                           | 5        | 255,694             | 28,465,990          |
|                                 |          | <b>242,551,893</b>  | <b>189,933,179</b>  |
| <b>Current Assets:</b>          |          |                     |                     |
| <b>Financial Assets:</b>        |          |                     |                     |
| Trade Receivables               | 6        | 16,149,535          | 9,751,811           |
| Cash and Cash Equivalents       | 7        | 62,680              | 255,012             |
| Other Current Assets            | 8        | 366,908             | 278,038             |
|                                 |          | <b>16,579,122</b>   | <b>10,284,860</b>   |
| <b>Total</b>                    |          | <b>259,131,015</b>  | <b>200,218,039</b>  |
| <b>EQUITY AND LIABILITIES:</b>  |          |                     |                     |
| <b>Equity:</b>                  |          |                     |                     |
| Equity Share Capital            | 9        | 23,013,508          | 23,013,508          |
| Other Equity                    | 10       | (98,241,996)        | (88,029,710)        |
|                                 |          | <b>(75,228,488)</b> | <b>(65,016,202)</b> |
| <b>Non-Current Liabilities:</b> |          |                     |                     |
| <b>Financial Liabilities:</b>   |          |                     |                     |
| Borrowings                      | 11       | 219,970,000         | 232,370,000         |
| Provisions                      | 12       | 69,892              | 93,306              |
|                                 |          | <b>220,039,892</b>  | <b>232,463,306</b>  |
| <b>Current Liabilities:</b>     |          |                     |                     |
| <b>Financial Liabilities:</b>   |          |                     |                     |
| Borrowings                      | 13       | 5,171,383           | 8,475,838           |
| Trade Payables                  | 14       | 26,427,770          | 11,441,727          |
| Other Financial Liabilities     | 15       | 82,670,035          | 12,816,381          |
| Other Current Liabilities       | 16       | 27,176              | 10,338              |
| Provisions                      | 17       | 23,249              | 26,650              |
|                                 |          | <b>114,319,612</b>  | <b>32,770,934</b>   |
| <b>Total</b>                    |          | <b>259,131,015</b>  | <b>200,218,039</b>  |



**As per our report of even date**  
For Rao & Ross  
Chartered Accountants  
Firm Registration Number: 106

**For and on behalf of the Board**

*[Handwritten Signature]*

*[Handwritten Signature]*

Partner  
Place : U.A.E.  
Dated : 20th April 2021



Mr Ketankumar Bhut  
Director

Mr Jay Kothari  
Director

**ZYDUS WORLDWIDE DMCC**  
**Statement of Profit and Loss for the period ended March 31, 2021**

| Particulars  | Note No. | CURRENCY USD        |                     |
|--|----------|---------------------|---------------------|
|  |          | Period/ Year ended  |                     |
|  |          | Mar 31, 2021        | Mar 31, 2020        |
| Revenue from Operations  | 19       | 48,914,694          | 22,590,523          |
| Other Income   | 20       | 727,479             | 914,518             |
| <b>Total Income</b>  |          | <b>49,642,173</b>   | <b>23,505,040</b>   |
| <b>EXPENSES:</b>   |          |                     |                     |
| Cost of Materials Consumed   | 21       | 140,438             | -                   |
| Purchases of Stock-in-Trade  | 22       | 13,784,161          | 11,148,215          |
| Employee Benefits Expense  | 23       | 534,384             | 704,844             |
| Finance Costs  | 24       | 3,493,051           | 6,953,723           |
| Depreciation and Amortisation expense                              | 25       | 771,148             | 72,582              |
| Other Expenses   | 26       | 41,187,689          | 36,788,927          |
| <b>Total Expenses</b>  |          | <b>59,910,872</b>   | <b>55,668,292</b>   |
| Loss before Exceptional items and Tax                              |          | <b>(10,268,699)</b> | <b>(32,163,251)</b> |
| Loss for the year  |          | <b>(10,268,699)</b> | <b>(32,163,251)</b> |
| <b>OTHER COMPREHENSIVE INCOME [OCI]:</b>                           |          |                     |                     |
| Items that will not be reclassified to profit or loss:             |          |                     |                     |
| Re-measurement losses on post employment defined benefit plans     |          | 56,412              | (15,760)            |
| Other Comprehensive Income for the year [Net of tax]               |          | <b>56,412</b>       | <b>(15,760)</b>     |
| <b>Total Comprehensive Income for the year [Net of Tax]</b>        |          | <b>(10,212,286)</b> | <b>(32,179,011)</b> |
| <b>Basic &amp; Diluted Earning per Equity Share [EPS] [in USD]</b> | 27       | <b>(121.55)</b>     | <b>(380.72)</b>     |
| Significant Accounting Policies                                    | 2        |                     |                     |
| Notes to the Financial Statements                                  | 1 to 29  |                     |                     |

**As per our report of even date**

**For and on behalf of the Board**

**For Rao & Ross**

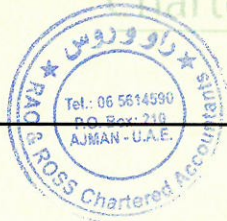
**Chartered Accountants**

**Firm Registration Number: 106**

**Partner**

**Place : U.A.E.**

**Dated : 20th April 2021**





*(Handwritten signature)*

**Mr Ketankumar Bhut**  
**Director**

**Mr Jay Kothari**  
**Director**



**ZYDUS WORLDWIDE DMCC**  
**Statement of Change in Equity for the period ended 31st March 2021**

|   | USD                         |                       |
|---|-----------------------------|-----------------------|
|   | As at                       |                       |
| <b>a Equity Share Capital:</b>  | <b>Mar 31, 2021</b>         | <b>March 31, 2021</b> |
|   | <b>No. of Shares</b>        | <b>USD</b>            |
| <b>Equity Shares of AED 1000/- each, Issued, Subscribed and Fully Paid-up:</b>  |                             |                       |
| As at April 1, 2019   | 84,480                      | 23,013,508            |
| Issued during the year  | -                           | -                     |
| As at March 31, 2020  | <b>84,480</b>               | <b>23,013,508</b>     |
| Issued during the year  | -                           | -                     |
| As at Mar 31, 2021  | <b>84,480</b>               | <b>23,013,508</b>     |
|   |                             |                       |
|   | USD                         | USD                   |
| <b>b Other Equity:</b>  | <b>Reserves and Surplus</b> | <b>Total</b>          |
|   | <b>Retained Earnings</b>    |                       |
| <b>As at April 01, 2019</b>   | (55,850,746)                | (55,850,746)          |
| Add: Loss for the year  | (32,163,251)                | (32,163,251)          |
| Add: Other Comprehensive income   | (15,760)                    | (15,760)              |
| <b>Total Comprehensive Income</b>   | <b>(32,179,011)</b>         | <b>(32,179,011)</b>   |
| <b>As at March 31, 2020</b>   | <b>(88,029,710)</b>         | <b>(88,029,710)</b>   |
| Add: Loss for the year  | (10,268,698)                | (10,268,698)          |
| Add: Other Comprehensive income   | 56,412                      | 56,412                |
| <b>Total Comprehensive Income</b>   | <b>(10,212,286)</b>         | <b>(10,212,286)</b>   |
| <b>As at Mar 31, 2021</b>   | <b>(98,241,996)</b>         | <b>(98,241,996)</b>   |
| <p><b>As per our report of even date</b> <span style="float: right;"><b>For and on behalf of the Board</b></span><br/> <b>For Rao &amp; Ross</b><br/> <b>Chartered Accountants</b><br/> <b>Firm Registration Number: 106</b></p>  |                             |                       |
| <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="width: 30%;">  <p><b>Partner</b><br/> <b>Place : U.A.E.</b><br/> <b>Dated : 20th April 2021</b></p> </div> <div style="width: 30%; text-align: center;">  <p><b>Mr Ketankumar Bhut</b><br/> <b>Director</b></p> </div> <div style="width: 30%; text-align: center;"> <p><b>Mr Jay Kothari</b><br/> <b>Director</b></p> </div> </div> |                             |                       |



Rao & Ross  
Chartered Accountants  
Since 1983

**Zydus Worldwide DMCC**  
**Cash Flow Statement for the period ended March 31, 2021**

| Particulars   | USD                 |                     |
|---|---------------------|---------------------|
|   | Year Ended          |                     |
|   | March 31, 2021      | March 31, 2020      |
| <b>A Cash flows from operating activities:</b>                |                     |                     |
| <b>Loss before tax</b>  | (10,268,699)        | (32,163,251)        |
| <b>Adjustments for:</b>                                       |                     |                     |
| Depreciation and Amortisation expense                         | 771,148             | 72,582              |
| Interest income   | (689,857)           | (853,929)           |
| Interest expenses   | 3,437,324           | 6,872,453           |
| Provisions for employee benefits                              | 29,597              | 29,819              |
| <b>Total Loss</b>   | <b>3,548,212</b>    | <b>6,120,926</b>    |
| Operating profit before working capital changes               | <b>(6,720,487)</b>  | <b>(26,042,325)</b> |
| <b>Adjustments for:</b>                                       |                     |                     |
| Increase in trade receivables                                 | (6,397,724)         | (4,676,212)         |
| Increase in other assets                                      | (59,573)            | 19,003              |
| Increase in trade payables                                    | 14,956,746          | 3,651,943           |
| Increase in other liabilities                                 | 16,837              | (15,941)            |
| <b>Total</b>  | <b>8,516,286</b>    | <b>(1,021,207)</b>  |
| <b>Net cash generated / used in operating activities</b>      | <b>1,795,799</b>    | <b>(27,063,532)</b> |
| <b>B Cash flows from investing activities:</b>                |                     |                     |
| Purchase of property, plant and equipment                     | (158)               | 5,261,794           |
| Purchase of non current investments in subsidiaries           | (25,600,000)        | (4,740,000)         |
| Advances to subsidiaries                                      | (27,789,704)        | (11,107,032)        |
| Interest received   | 689,857             | 853,929             |
| <b>Net cash generated / used in investing activities</b>      | <b>(52,700,006)</b> | <b>(9,731,310)</b>  |
| <b>C Cash flows from financing activities:</b>                |                     |                     |
| Proceeds from Issue of Share Capital                          | -                   | -                   |
| Proceeds from non current borrowings                          | 97,453,654          | 44,749,373          |
| Repayment of non current borrowings                           | (40,000,000)        | (433,942)           |
| Current Borrowings [Net]                                      | (3,304,455)         | (480,444)           |
| Interest paid   | (3,437,324)         | (6,872,453)         |
| <b>Net cash generated / used from financing activities</b>    | <b>50,711,874</b>   | <b>36,962,534</b>   |
| <b>Net Increase in cash and cash equivalents</b>              | (192,332)           | 167,692             |
| <b>Cash and cash equivalents at the beginning of the year</b> | 255,012             | 87,320              |
| <b>Cash and cash equivalents at the end of the year</b>       | 62,680              | 255,012             |

**Notes to the Cash Flow Statement**

- 1 All figures in brackets are outflows.
- 2 Previous year's figures have been regrouped wherever necessary.
- 3 Cash and cash equivalents comprise of:

|                                     | As at         |                |
|-------------------------------------|---------------|----------------|
|                                     | Mar 31 2021   | Mar 31 2020    |
| a Cash on Hand                      | 2,183         | 413            |
| b Balances with Banks               | 60,497        | 254,599        |
| c Investment in Liquid Mutual Funds | -             | -              |
|                                     | <b>62,680</b> | <b>255,012</b> |

- 5 Change in Liability arising from financing activities:

|   | As at<br>April 01, 2020 | Cash flow         | Foreign<br>exchange<br>movement | Total As At<br>Mar 31, 2021 |
|---|-------------------------|-------------------|---------------------------------|-----------------------------|
| Borrowing - Non Current [Refer Note 11] | 232,370,000             | (12,400,000)      | -                               | <b>219,970,000</b>          |
| Borrowing - Current [Refer Note 15]     | 12,816,381              | 69,853,654        | -                               | <b>82,670,035</b>           |
|   | <b>245,186,381</b>      | <b>57,453,654</b> | -                               | <b>302,640,035</b>          |

As per our report of even date  
For Rao & Ross  
Chartered Accountants  
Firm Registration Number: 106

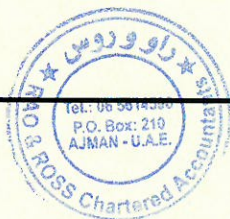
For and on behalf of the Board




Partner  
Place : U.A.E.  
Dated : 20th April 2021

Mr Ketankumar Bhut  
Director

Mr Jay Kothari  
Director



**Zydus Worldwide DMCC**  
**Notes to the Financial Statements**

**Note: 3 : (A) Property, Plant & Equipment and (B) Intangible Assets:**

**[A] Property, Plant and Equipment:**

|                                | Buildings        | Plant & Equipment | Furniture and Fixtures | Office Equipment | Total            |
|--------------------------------|------------------|-------------------|------------------------|------------------|------------------|
|                                | Gross Block:     |                   |                        |                  |                  |
| As at March 31, 2019           | 2,495,108        | 31,318            | 119,568                | 15,188           | 2,661,181        |
| Additions                      |                  | 2,809             |                        |                  | 2,809            |
| As at March 31, 2020           | 2,495,108        | 34,126            | 119,568                | 15,188           | 2,663,989        |
| Additions                      |                  |                   |                        |                  | -                |
| <b>As at March 31, 2021</b>    | <b>2,495,108</b> | <b>34,126</b>     | <b>119,568</b>         | <b>15,188</b>    | <b>2,663,989</b> |
| Depreciation and Amortisation: |                  |                   |                        |                  |                  |
| As at March 31, 2019           | 165,126          | 16,302            | 24,805                 | 10,753           | 216,986          |
| Depreciation for the year      | 41,668           | 6,640             | 21,235                 | 3,039            | 72,582           |
| As at March 31, 2020           | 206,795          | 22,943            | 46,039                 | 13,792           | 289,568          |
| Depreciation for the year      | 41,668           | 6,849             | 21,234                 | 1,396            | 71,148           |
| Impairment for the year        |                  |                   |                        |                  | -                |
| <b>As at March 31, 2021</b>    | <b>248,463</b>   | <b>29,792</b>     | <b>67,274</b>          | <b>15,188</b>    | <b>360,716</b>   |
| Net Block:                     |                  |                   |                        |                  |                  |
| As at March 31, 2019           | 2,329,981        | 15,015            | 94,763                 | 4,435            | 2,444,195        |
| As at March 31, 2020           | 2,288,313        | 11,184            | 73,528                 | 1,396            | 2,374,421        |
| <b>As at March 31, 2021</b>    | <b>2,246,644</b> | <b>4,334</b>      | <b>52,293</b>          | <b>(0)</b>       | <b>2,303,430</b> |

**[B] Intangible Assets:**

|                                     | Other Intangible Assets |                    |                   |
|-------------------------------------|-------------------------|--------------------|-------------------|
|                                     | Commercial Rights       | Technical Know-how | Total             |
| <b>Gross Block:</b>                 |                         |                    |                   |
| As at March 31, 2019                | 1,500,000               | 19,360,613         | 20,860,613        |
| Additions                           | -                       | 2,350,047          | 2,350,047         |
| Other adjustments                   | -                       | (7,180,660)        | (7,180,660)       |
| As at March 31, 2020                | 1,500,000               | 14,530,000         | 16,030,000        |
| Additions                           | -                       | -                  | -                 |
| Other adjustments                   | -                       | -                  | -                 |
| <b>As at March 31, 2021</b>         | <b>1,500,000</b>        | <b>14,530,000</b>  | <b>16,030,000</b> |
| <b>Amortisation and Impairment:</b> |                         |                    |                   |
| As at March 31, 2019                | -                       | -                  | -                 |
| Amortisation for the year           | -                       | -                  | -                 |
| As at March 31, 2020                | -                       | -                  | -                 |
| Amortisation for the year           | 300,000                 | 400,000            | 700,000           |
| <b>As at March 31, 2021</b>         | <b>300,000</b>          | <b>400,000</b>     | <b>700,000</b>    |
| <b>Net Block:</b>                   |                         |                    |                   |
| As at April 01, 2019                | 1,500,000               | 19,360,613         | 20,860,613        |
| As at March 31, 2020                | 1,500,000               | 14,530,000         | 16,030,000        |
| <b>As at March 31, 2021</b>         | <b>1,200,000</b>        | <b>14,130,000</b>  | <b>15,330,000</b> |



**ZYDUS WORLDWIDE DMCC**  
**Notes to the Financial Statements**

|  | Face Value<br>[*] | Nos. [**]<br>Previous Year<br>[ ] | USD                |                    |
|--|-------------------|-----------------------------------|--------------------|--------------------|
|  |                   |                                   | As at              |                    |
|  |                   |                                   | Mar 31, 2021       | Mar 31, 2020       |
| <b>Note: 4-Investments [Non-Current]:</b>  |                   |                                   |                    |                    |
| Investments in Subsidiaries and Joint Ventures:  |                   | Previous Year [ ]                 |                    |                    |
| Investments in Equity Instruments  |                   |                                   | 217,844,343        | 135,894,343        |
| Investment in Share application money - Alidac Healthcare (Myanmar) Limited,   |                   |                                   | -                  | 350,000            |
| Investments in Preference Shares   |                   |                                   | 6,818,426          | 6,818,426          |
| <b>Details of Investments :</b>  |                   |                                   | <b>224,662,769</b> | <b>143,062,769</b> |
| A Details of Investments in Subsidiaries and Joint Ventures:   |                   |                                   |                    |                    |
| Investment in Equity Instruments [Valued at cost]:   |                   |                                   |                    |                    |
| Subsidiary Companies [Unquoted]:   |                   |                                   |                    |                    |
| In fully paid-up equity shares of:   |                   |                                   |                    |                    |
| Zydus Netherlands BV, Netherlands  | € 100.00          | 970530<br>[855804]                | 106,362,741        | 92,362,741         |
| Zydus France , SAS , France  | € 4.00            | 1944134<br>[1944134]              | 9,835,746          | 9,835,746          |
| ETNA Bio Tech - ITALY  | € 100.00          | 900<br>[900]                      | 107,925            | 107,925            |
| Alidac Healthcare (Myanmar) Limited, Myanmar   | MMK 1000          | 43780641<br>[27636361]            | 31,820,030         | 20,220,030         |
| Zydus Healthcare SA (Pty. ) Limited, South Africa  | With No Par Value | 57704149<br>[57704149]            | 5,704,277          | 5,704,277          |
| Zydus Discovery DMCC, Dubai [c]  | AED 1000          | 235,070<br>[29410]                | 64,013,623         | 8,013,623          |
|  |                   |                                   | <b>217,844,343</b> | <b>136,244,343</b> |
| Redeemable Preference Shares [Valued at cost]:   |                   |                                   |                    |                    |
| Subsidiary Companies:  |                   |                                   |                    |                    |
| Zydus Healthcare SA (Pty. ) Limited, South Africa  | With No Par Value | 5877000<br>[5877000]              | 6,818,426          | 6,818,426          |
| <b>Total [Aggregate Book Value of Investments]</b>   |                   |                                   | <b>224,662,769</b> | <b>143,062,769</b> |
| B a Aggregate book value of unquoted investments   |                   |                                   | <b>224,662,769</b> | <b>143,062,769</b> |
| C Explanations:  |                   |                                   |                    |                    |
| a In "Face Value [*]", figures in US \$ unless stated otherwise.   |                   |                                   |                    |                    |
| b In "Nos. [**]" figures of previous year are same unless stated in [ ] .  |                   |                                   |                    |                    |
| c By Board resolution dated 18th February 2021, Company Issued 205,660 shares (of AED 1000 Each) by way of conversion of loan of 56 Mn USD into Equity shares. |                   |                                   |                    |                    |
| <b>Note: 5-Loans:</b>  |                   |                                   |                    |                    |
| [Unsecured, Considered Good unless otherwise stated]   |                   |                                   |                    |                    |
| Loans and Advances to Related Parties [*]  |                   |                                   | 255,694            | 28,465,990         |
| <b>Total</b>   |                   |                                   | <b>255,694</b>     | <b>28,465,990</b>  |
| [*] Details of Loans and Advances to related parties are as under:   |                   |                                   |                    |                    |
| Name of the party and relationship with the party to whom loan given:  |                   |                                   |                    |                    |
| Subsidiary Company:  |                   |                                   |                    |                    |
| a Zydus Discovery DMCCC [d]  |                   |                                   | -                  | 28,283,798         |
| b Zydus Netherland B.V.  |                   |                                   | 255,694            | 182,192            |
| Notes:   |                   |                                   |                    |                    |
| a All the above loans have been given for business purposes.   |                   |                                   |                    |                    |
| b All the loans are interest bearing .   |                   |                                   |                    |                    |
| c All the above loans are repayable within a period of 1 to 5 years.   |                   |                                   |                    |                    |
| d By Board resolution dated 18th February 2021, Company Issued 205,660 shares (of AED 1000 Each) by way of conversion of loan of 56 Mn USD into Equity shares. |                   |                                   |                    |                    |
| <b>Note: 6-Trade Receivables:</b>  |                   |                                   |                    |                    |
| Unsecured - Considered good  |                   |                                   | 16,149,535         | 9,751,811          |
| <b>Total</b>   |                   |                                   | <b>16,149,535</b>  | <b>9,751,811</b>   |
| <b>Note: 7-Cash and Cash Equivalents:</b>  |                   |                                   |                    |                    |
| Balances with Banks  |                   |                                   | 60,497             | 254,599            |
| Cash on Hand   |                   |                                   | 2,183              | 413                |
| <b>Total</b>   |                   |                                   | <b>62,680</b>      | <b>255,012</b>     |

**ZYDUS WORLDWIDE DMCC**  
**Notes to the Financial Statements**

|  | USD                        |                     |                           |                   |
|--|----------------------------|---------------------|---------------------------|-------------------|
|  | As at                      |                     |                           |                   |
|  | Mar 31, 2021               | Mar 31, 2020        |                           |                   |
| <b>Note: 8-Other Current Assets:</b>   |                            |                     |                           |                   |
| [Unsecured, Considered Good]   |                            |                     |                           |                   |
| Other Advances   |                            |                     |                           |                   |
| Advances to Suppliers  | 279,297                    | 250,000             |                           |                   |
| Balances with Statutory Authorities  | 41,794                     | 28,038              |                           |                   |
| Prepaid Expenses   | 30,916                     | -                   |                           |                   |
| Others   | 14,901                     | -                   |                           |                   |
| <b>Total</b>   | <b>366,908</b>             | <b>278,038</b>      |                           |                   |
| <b>Note: 9-Equity Share Capital:</b>   |                            |                     |                           |                   |
| <b>Authorised:</b>   |                            |                     |                           |                   |
| 84480 Equity Shares [as at 31-Mar-2020: 84480 ] Equity Shares of 1000 AED /- each  | 23,013,508                 | 23,013,508          |                           |                   |
|  | <b>23,013,508</b>          | <b>23,013,508</b>   |                           |                   |
| <b>Issued, Subscribed and Paid-up:</b>   |                            |                     |                           |                   |
| 84480 Equity Shares [as at 31-Mar-2020: 84480 ] Equity Shares of 1000 AED /- each  | 23,013,508                 | 23,013,508          |                           |                   |
| <b>Total</b>   | <b>23,013,508</b>          | <b>23,013,508</b>   |                           |                   |
| <b>A</b> There is no change in the number of shares as at the beginning and end of the year.   |                            |                     |                           |                   |
| Number of shares at the beginning and at the end of the year   | 84,480                     | 84,480              |                           |                   |
| <b>B</b> The Company has only one class of equity shares having a par value of AED 1000 /- per share.  |                            |                     |                           |                   |
| Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts. |                            |                     |                           |                   |
| <b>Note: 10-Other Equity:</b>  |                            |                     |                           |                   |
| <b>Retained Earnings:</b>  |                            |                     |                           |                   |
| Balance as per last Balance Sheet  | (88,029,757)               | (55,850,746)        |                           |                   |
| Add: Loss for the year   | (10,268,698)               | (32,163,251)        |                           |                   |
|  | <b>(98,298,455)</b>        | <b>(88,013,997)</b> |                           |                   |
| Less: Items of other Comprehensive income recognised directly in Retained Earnings:  |                            |                     |                           |                   |
| Re-measurement gains/ [losses] on defined benefit plans [net of tax]   | 56,412                     | (15,760)            |                           |                   |
| Balance as at the end of the year  | <b>(98,241,996)</b>        | <b>(88,029,757)</b> |                           |                   |
| <b>Total</b>   | <b>(98,241,996)</b>        | <b>(88,029,757)</b> |                           |                   |
| <b>Note: 11-Borrowings:</b>  |                            |                     |                           |                   |
|  | <b>Non-current portion</b> |                     | <b>Current Maturities</b> |                   |
|  | <b>As at</b>               |                     | <b>As at</b>              |                   |
|  | <b>March 31, 2021</b>      | March 31, 2020      | <b>March 31, 2021</b>     | March 31, 2020    |
| A Term loan [From Related Party]   |                            |                     |                           |                   |
| Unsecured  | 219,970,000                | 232,370,000         | 82,670,035                | 12,816,381        |
| <b>Total</b>   | <b>219,970,000</b>         | <b>232,370,000</b>  | <b>82,670,035</b>         | <b>12,816,381</b> |
| The above amount includes:   |                            |                     |                           |                   |
| <b>Zydus International Private Limited</b>   | 189,970,000                | 162,370,000         | 927,462                   | 4,594,029         |
| The Loan is bearing interest of 6 month USD libor plus Spread.<br>The tenure of the loan shall be 3 years from the disbursement date, which can be further renewed on yearly basis however the total tenure of the loan shall not exceed 5 years from the date of first disbursement.  |                            |                     |                           |                   |
| <b>Sentynl Therapeutics Inc.</b>   | 30,000,000                 | 70,000,000          | 84,322                    | 390,574           |
| The Loan was bearing interest of 1 month USD libor plus Spread<br>The tenure of the loan shall be 1 years from the disbursement date, which can be further renewed for one more year on mutual agreement.  |                            |                     |                           |                   |
| <b>Cadila Healthcare Limited</b>   |                            | -                   | 81,658,251                | 7,831,778         |
| The Loan was bearing interest of 6 month USD libor plus Spread<br>The tenure of the loan shall be 1 years from the disbursement date, which can be further renewed for one more year on mutual agreement.  |                            |                     |                           |                   |
| <b>Net amount</b>  | <b>219,970,000</b>         | <b>232,370,000</b>  | <b>82,670,035</b>         | <b>12,816,381</b> |

**ZYDUS WORLDWIDE DMCC**  
**Notes to the Financial Statements**

|   | <b>USD</b>          |                     |
|---|---------------------|---------------------|
|   | <b>As at</b>        |                     |
|   | <b>Mar 31, 2021</b> | <b>Mar 31, 2020</b> |
| <b>Note: 12-Provisions:</b>   |                     |                     |
| Provision for Employee Benefits   | 69,892              | 93,306              |
| <b>Total</b>  | <b>69,892</b>       | <b>93,306</b>       |
| <b>Note: 13-Borrowings:</b>   |                     |                     |
| Working Capital Loans from Banks [Unsecured]  | 5,171,383           | 8,475,838           |
| <b>Total</b>  | <b>5,171,383</b>    | <b>8,475,838</b>    |
| The Loan is bearing interest at rate of USD 1 Month LIBOR + 0.80% per annum               |                     |                     |
| <b>Note: 14-Trade Payables:</b>   |                     |                     |
| Trade Payable   | 26,427,771          | 11,441,728          |
| <b>Total</b>  | <b>26,427,771</b>   | <b>11,441,728</b>   |
| <b>Note: 15-Other Financial Liabilities:</b>  |                     |                     |
| Current Maturity of Long term borrowing (note 11)   | 82,670,035          | 12,816,381          |
| <b>Total</b>  | <b>82,670,035</b>   | <b>12,816,381</b>   |
| <b>Note: 16-Other Current Liabilities:</b>  |                     |                     |
| Other Current Liabilities   | 27,176              | 10,338              |
| <b>Total</b>  | <b>27,176</b>       | <b>10,338</b>       |
| <b>Note: 17-Provisions:</b>   |                     |                     |
| Provision for Employee Benefits- Current  | 23,249              | 26,650              |
| <b>Total</b>  | <b>23,249</b>       | <b>26,650</b>       |
| <b>Note: 18-Contingent Liabilities &amp; Commitments (to the extent not provided for)</b> |                     |                     |
| Contingent Liabilities & Commitments (to the extent not provided for)                     | -                   | -                   |

  
**Rao & Ross**  
 Chartered Accountants  
 Since 1983

**ZYDUS WORLDWIDE DMCC**  
**Notes to the Financial Statements**

|   | Year ended        |                   |              |
|---|-------------------|-------------------|--------------|
|   | Mar 31, 2021      | Mar 31, 2020      |              |
| <b>Note: 19-Revenue from Operations:</b>  |                   |                   |              |
| Sale of Products  | 43,890,549        | 22,410,180        |              |
| Other Operating Revenues:   |                   |                   |              |
| Miscellaneous Income  | 5,000,000         |                   |              |
| Net Gain on foreign currency transactions and translation [*]                               | 24,146            | 180,342           |              |
| <b>Total</b>  | <b>48,914,694</b> | <b>22,590,523</b> |              |
| <b>Note: 20-Other Income:</b>   |                   |                   |              |
| Finance Income:   |                   |                   |              |
| Interest Income on Financial Assets measured at Amortised Cost                              | 689,856           | 853,929           |              |
| Other Non-operating Income  | 37,623            | 60,589            |              |
| <b>Total</b>  | <b>727,479</b>    | <b>914,518</b>    |              |
| <b>Note: 21- Cost of Materials Consumed</b>   |                   |                   |              |
| Purchases   | 140,438           | -                 |              |
| <b>Total</b>  | <b>140,438</b>    | <b>-</b>          |              |
| <b>Note: 22-Purchases of Stock-in-Trade:</b>  |                   |                   |              |
| Purchases of Stock-in-Trade   | 13,784,161        | 11,148,215        |              |
| <b>Total</b>  | <b>13,784,161</b> | <b>11,148,215</b> |              |
| <b>Note: 23-Employee Benefits Expense:</b>  |                   |                   |              |
| Salaries and wages  | 495,532           | 656,013           |              |
| Contribution to provident and other funds   | 26,850            | 30,216            |              |
| Staff welfare expenses  | 12,002            | 18,614            |              |
| <b>Total</b>  | <b>534,384</b>    | <b>704,844</b>    |              |
| <b>Note: 24-Finance Cost:</b>   |                   |                   |              |
| Interest expense [*]  | 3,437,324         | 6,872,453         |              |
| Net Loss on foreign currency transactions and translation                                   | 43,666            | 72,041            |              |
| Bank commission & charges   | 12,061            | 9,229             |              |
| <b>Total</b>  | <b>3,493,051</b>  | <b>6,953,723</b>  |              |
| [*] The break up of interest expense into major heads is given below:                       |                   |                   |              |
| On term loans   | 3,370,795         | 6,670,574         |              |
| On working capital loans  | 66,529            | 190,712           |              |
| <b>Total</b>  | <b>3,437,324</b>  | <b>6,861,285</b>  |              |
| <b>Note: 25-Depreciation</b>  |                   |                   |              |
| Depreciation and Amortisation expenses:   |                   |                   |              |
| Depreciation  | 71,148            | 72,582            |              |
| Amortisation  | 700,000           | -                 |              |
| <b>Total</b>  | <b>771,148</b>    | <b>72,582</b>     |              |
| <b>Note: 26-Other Expenses:</b>   |                   |                   |              |
| Power & fuel  |                   |                   |              |
| Repairs to Buildings  | 12,854            | 14,872            |              |
| Rent  | 537               | 3,677             |              |
| Repairs to Others   | 6,428             | 4,156             |              |
| Insurance   | 60,361            | 41,600            |              |
| Rates and Taxes [excluding taxes on income]   | 16,373            | 21,884            |              |
| Traveling Expenses  | 19,553            | 98,836            |              |
| Legal and Professional Fees   | 2,661,605         | 5,668,209         |              |
| Commission on sales   | 57,481            | -                 |              |
| Other marketing expenses  | 160,981           | 219,711           |              |
| Miscellaneous Expenses [***]  | 38,191,518        | 30,715,982        |              |
| <b>Total</b>  | <b>41,187,689</b> | <b>36,788,927</b> |              |
| [***]Above expenses includes Research related expenses as follows:                          |                   |                   |              |
| Product Development Expense   | <b>40,943,660</b> | <b>30,583,144</b> |              |
| <b>Note: 27-Calculation of Earnings per Equity Share [EPS]:</b>                             |                   |                   |              |
| The numerators and denominators used to calculate the basic and diluted EPS are as follows: |                   |                   |              |
| A Profit attributable to Shareholders   | USD               | (10,268,699)      | (32,163,251) |
| B Basic and weighted average number of Equity shares outstanding during the year            | Numbers           | 84,480            | 84,480       |
| C Nominal value of equity share   | AED               | 1,000             | 1,000        |
| D Basic & Diluted EPS   | USD               | (121.55)          | (380.72)     |

**ZYDUS WORLDWIDE DMCC**  
**Notes to the Financial Statements**

**Note: 28-Segment Information:**

The Chief operating decision maker [CODM] reviews the Company as a single segment namely "Pharmaceutical Segment"  
Therefore the segment reporting is not required.

**Note: 29-Related Party Transactions:**

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

**a Holding Company :**

**Cadila Healthcare Limited**

**b Subsidiary Company:**

Zydus Discovery DMCC [Dubai]

Alidac Healthcare (Myanmar) Limited [Myanmar]

Zydus Netherlands B.V. [the Netherlands]

Zydus Healthcare S.A. (Pty) Ltd [South Africa]

Zydus France, SAS [France]

Etna Biotech S.R.L. [Italy]

Zydus Therapeutics Inc.

**c Fellow Subsidiaries :**

Zydus Healthcare Limited

Zydus Healthcare Philippines Inc. [Philippines]

German Remedies Pharmaceuticals Private Limited

Zydus Lanka (Private) Limited [Sri Lanka]

Zydus Wellness Limited

Zydus International Private Limited [Ireland]

Zydus Wellness Products Limited

Zydus Pharmaceuticals (USA) Inc. [USA]

Zydus Wellness International DMCC

Nesher Pharmaceuticals (USA) LLC [USA]

Liva Nutritions Limited

ZyVet Animal Health Inc. [USA]

Liva Investment Limited

Zydus Healthcare (USA) LLC [USA]

Zydus Animal Health and Investments Limited

Sentynl Therapeutics Inc. [USA]

Dialforhealth Unity Limited

Zydus Noveltech Inc. [USA]

Dialforhealth Greencross Limited

Hercon Pharmaceuticals LLC [USA]

Violio Healthcare Limited

Viona Pharmaceuticals Inc. [USA]

Zydus Pharmaceuticals Limited

Simayla Pharmaceuticals (Pty) Ltd [South Africa]

Biochem Pharmaceutical Private Limited

Script Management Services (Pty) Ltd [South Africa]

Zydus Strategic Investments Limited

Laboratorios Combix S.L. [Spain]

Zydus VTEC Limited

Zydus Nikkho Farmaceutica Ltda. [Brazil]

Zydus Foundation

Zydus Pharmaceuticals Mexico SA De CV [Mexico]

M/s. Recon Pharmaceuticals and Investments, a Partnership Firm

Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]

Windlas Healthcare Private Limited

Windlas Inc [USA]

**d Directors :**

Mr. Jay Kothari

Dr. Sharvil P. Patel

Mr. Ketankumar Bhut

Dr. Deven Parmar (with effect from 5th August 2020)

Mr. Pradeep Agihotri

Rao & Ross  
Chartered Accountants  
Since 1983

**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 28-A [a, b, & c]

| Nature of Transactions                             | USD          |              |
|--|--------------|--------------|
|  | As at        |              |
|  | Mar 31, 2021 | Mar 31, 2020 |
| <b>Purchases:</b>                                  |              |              |
| <b>Goods:</b>                                      |              |              |
| Cadila Healthcare Limited                          | 11,961,504   | 3,704,819    |
| <b>Services:</b>                                   |              |              |
| Cadila healthcare Limited                          | 11,298,887   | 4,970,516    |
| Zydus Pharmaceuticals (USA) Inc                    | 40,978       | 60,633       |
| Zydus Healthcare (USA) LLC                         | 113,970      | 116,975      |
| <b>Sales:</b>                                      |              |              |
| <b>Goods:</b>                                      |              |              |
| Zydus Pharmaceuticals (USA) Inc                    | 37,602,411   | 19,162,812   |
| <b>Services:</b>                                   |              |              |
| Director Fees                                      | 3,268        | 3,273        |
| <b>Investments:</b>                                |              |              |
| <b>Purchases/ Subscription to Share</b>            |              |              |
| Alidac Healthcare (Myanmar) Limited, Myanmar       | 11,600,000   | 4,740,000    |
| Zydus Discovery DMCC (Capital)                     | 56,000,000   |              |
| Zydus Netherlands B.V.                             | 14,000,000   |              |
| <b>Finance:</b>                                    |              |              |
| <b>Inter Corporate Loans given/(Received)</b>      |              |              |
| Zydus Discovery DMCC (Loan given)                  |              | 10,459,000   |
| Zydus International Pvt Ltd (Loan recd)            | (27,600,000) | (41,950,000) |
| Cadila Healthcare Limited (Loan recd)              | (74,000,000) | -            |
| ZNBV, Netherland                                   | 71,178       | -            |
| <b>Finance:</b>                                    |              |              |
| <b>Inter Corporate Loans (repaid):</b>             |              |              |
| Sentyln Therapeutics Inc.                          | (40,000,000) | -            |
| Zydus Discovery DMCC - Loans Converted into Equity | (56,000,000) | -            |
| <b>Interest (Expense) / Income</b>                 |              |              |
| Zydus International Pvt. Ltd.                      | (2,462,235)  | (4,594,029)  |
| Sentyln Therapeutics Inc.                          | (686,890)    | (1,869,924)  |
| Cadila Healthcare Limited                          | (221,670)    | (217,788)    |
| Zydus Discovery DMCC                               | 687,533      | 849,798      |
| ZNBV, Netherland                                   | 2,324        | 4,131        |
| <b>Outstanding:</b>                                |              |              |
| <b>Payable: (Outstanding Loan and Interest)</b>    |              |              |
| Zydus International Pvt. Ltd.                      | 190,897,462  | 166,964,029  |
| Cadila Healthcare Limited                          | 81,658,251   | 7,831,778    |
| Sentyln Therapeutics Inc.                          | 30,084,322   | 70,390,574   |
| <b>Payable: (Other)</b>                            |              |              |
| Cadila healthcare Limited                          | 13,422,197   | 7,244,481    |
| <b>Receivable:</b>                                 |              |              |
| Zydus Discovery DMCC - Loan                        | -            | 28,283,798   |
| ZNBV, Netherland - Loan                            | 246,113      | 174,935      |
| ZNBV, Netherland - Interest                        | 9,581        | 7,257        |
| Zydus Pharmaceuticals USA Inc                      | 13,643,210   | 6,064,916    |
| <b>Other Receivable:</b>                           |              |              |
| Cadila healthcare Limited                          | 250,000      | 250,000      |

**Zydus Worldwide DMCC**

**I-Company overview:**

**Description of Business:**

Zydus Worldwide DMCC is formed as a company with Limited Liability and under the provisions of law no. (4) Of 2001 in respect of establishing Dubai Multi Commodities Center [DMCC], Dubai (U.A.E.) vide Registration no. DMCC5173, with Limited Liability. The company is licensed to perform activities such as - Pharmaceutical researches and studies, Marketing Management, Trading in pharmaceutical products (outside UAE), Investment in commercial enterprise and management, as per the licenses granted by DMCC vide License No. DMCC - 34079, 34080, 34081, 34082.

**II-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 Accounting:**

- A** The financial statements of the Company are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with Indian Accounting Standards [Ind AS]
- B** The financial statements have been prepared on historical cost basis

**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 statement in the period in which changes are made and if material, their effects are disclosed in the notes to the consolidated financial statements.

**a Property Plant & 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.

**b 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 Property Plant & Equipment**

- a** Property Plant & Equipment are stated at historical cost less accumulated depreciation and impairment loss.
- b** Cost of each asset is depreciated over the estimated useful lives on straight line method, based on useful lives as below:

| Assets                 | Useful life |
|------------------------|-------------|
| Building               | 60 Years    |
| Furniture and Fixtures | 10 Years    |
| Plant & Equipments     | 5 Years     |
| Office Equipment       | 5 Years     |

- c** 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.
- d** Tangible fixed assets are depreciated over the estimated useful life which is periodically reviewed to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefit
- e** Repairs and renewals are recognised in profit or loss when the expenditure incurred.

**4 Impairment**

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

**5 Employee Benefits****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' service up to the end of the reporting period and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current.

**Long term employee benefit obligations :**

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. Such costs are included in employee benefit expenses in the Statement of Profit and Loss. Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit 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; and
- ii Net interest expense

**6 Revenue recognition:**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and is shown net of returns, trade allowances, rebates, value added taxes and volume discounts. The specific recognition criteria described below must also be met before revenue is recognised.

**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 Interest Income:**

For all debt instruments measured at amortised cost interest income is recorded using the effective interest rate [EIR]. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the 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.

**c Other Income:**

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

**7 Foreign Currency [Currency other than company's functional currency] Transactions:**

Foreign currency transactions are recorded in USD at rate of exchange prevailing on the date of transactions. Foreign currency balances of monetary assets and liabilities are translated to USD at the rate of exchange prevailing at the date of the reporting date. Gains or losses on exchange are recognised in statement of profit and loss.

**8 Provisions, Contingent Liabilities and Contingent Assets:**

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

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



**9 Borrowing Cost:**

- a Borrowing costs consists of Interest and other borrowing cost that are incurred in connection with the borrowing of the funds. Other borrowing costs include ancillary charges at the time of acquisition of a financial liability, which is recognised as per EIR method. Borrowing costs also include exchange differences, if any, to the extent as an adjustment to the borrowing costs.
- b Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date the assets are ready for their intended use.

**10 Intangible Assets:**

- A Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
- B Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful life.
- C 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.
- D 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.
- E An item of intangible asset initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

**11 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.

**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 and other short term highly liquid investments.

**13 Going Concern:**

The Financial Statements have been prepared on a going concern basis. The management made a review of the going concern assessment and considered the same. The management believes that, on the date of report, establishment has sufficient financial resources to meet the committed financial liabilities and therefore the financial statements for the current reporting period are prepared on a going concern basis.

**14 Covid 19 impact:**

The World Health Organisation [WHO] declared Covid-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into lockdown situation all throughout April 2020 and major part of May 2020, impacting business operations across various sectors with severe restrictions on movement of people and goods.

The Company has implemented several initiatives across its manufacturing and other business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. The Company operates in manufacturing and selling of pharmaceutical products, which are classified as essential commodities and hence its operations continued to be run with fewer challenges on people movement and supply chain.

As per the current assessment of the situation based on the internal and external information available up to the date of approval of these financial statements by the Board of Directors, the Company believes that the impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

**15 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.

**Zydus Worldwide DMCC**  
**Defined Benefit Obligations as on 31st March 2021**

|  | USD'000       | USD'000       | USD'000       | USD'000       |
|--|---------------|---------------|---------------|---------------|
|  | As March 31,  | As March 31,  | As March 31,  | As March 31,  |
|  | 2021          | 2021          | 2020          | 2020          |
|  | Gratuity      | Leaves        | Gratuity      | Leaves        |
| <b>A Change in the present value of the defined benefit obligation:</b>      |               |               |               |               |
| Opening defined benefit obligation   | 93,160        | 71,210        | 47,600        | 67,600        |
| Interest cost  | 5,698         | 4,255         | 3,000         | 5,000         |
| Current service cost   | 21,163        | 21,916        | 26,800        | 28,600        |
| Benefits paid  | (8,127)       | (13,428)      | -             | -             |
| Transfer in/(out) obligation   |               | (43,043)      |               | (30,000)      |
| Actuarial [gains]/ losses on obligation                                      | (56,412)      |               | 15,760        | -             |
| <b>Closing defined benefit obligation</b>                                    | <b>55,481</b> | <b>40,910</b> | <b>93,160</b> | <b>71,200</b> |
| <b>B Change in the fair value of plan assets:</b>                            |               |               |               |               |
|  | -             | -             | -             | -             |
| <b>C Actual return on plan assets:</b>                                       |               |               |               |               |
|  | -             | -             | -             | -             |
| <b>D Amount recognised in the balance sheet:</b>                             |               |               |               |               |
| Liabilities/ [Assets] at the end of the year                                 | 55,481        | 40,910        | 93,160        | 71,200        |
| Fair value of plan assets at the end of the year                             | -             | -             | -             | -             |
| Difference   | 55,481        | 40,910        | 93,160        | 71,200        |
| Liabilities/ [Assets] recognised in the Balance Sheet                        | <b>55,481</b> | <b>40,910</b> | <b>93,160</b> | <b>71,200</b> |
| <b>E Expenses/ [Incomes] recognised in the Statement of Profit and Loss:</b> |               |               |               |               |
| Current service cost   | 21,163        | 21,916        | 26,800        | 28,600        |
| Interest cost on benefit obligation  | 5,698         | 4,255         | 3,000         | 5,000         |
| Net actuarial [gains]/ losses in the year                                    | -             | -             | -             | (30,000)      |
| Amount Included in "Employee Benefit Expense"                                | 26,861        | 26,171        | 29,800        | 3,600         |
| Return of plan assets excluding amounts included in interest income          | -             | -             | -             | -             |
| Net actuarial [gains]/ losses in the year                                    | (56,412)      | -             | 15,760        | -             |
| Amounts recognized in OCI  | (56,412)      | -             | 15,760        | -             |
| <b>F Movement in net liabilities recognised in Balance Sheet:</b>            |               |               |               |               |
| Opening net liabilities  | 93,160        | 71,210        | 47,600        | 67,600        |
| Expenses as above [P & L Charge]   | 26,861        | 26,171        | 29,800        | 3,600         |
| Amount recognised in OCI   | (56,412)      | -             | 15,760        | -             |
| Benefits Paid  | (8,127)       | (13,428)      | -             | -             |
| Liabilities/ [Assets] recognised in the Balance Sheet                        | <b>55,481</b> | <b>83,953</b> | <b>93,160</b> | <b>71,200</b> |

Since 1983

**Zydus Worldwide DMCC**

**G Principal actuarial assumptions as at Balance sheet date:**

|   |                     |  |
|---|---------------------|--|
|   | <b>Gratuity</b>     | <b>Leaves</b>  |
|   | <b>Mar 31, 2021</b> | <b>31-Mar-21</b>                                     |
| Discount rate   | 6.50%               | 6.45%  |
| [The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations]                      |                     |  |
| Expected rate of return on plan Assets  | Not applicable      | Not applicable                                       |
| [The expected rate of return assumed by the Insurance company is generally based on its Investment pattern as stipulated by the Government of India]  |                     |  |
| Annual increase in salary cost  | 9.00%               | 12.00% p.a. for next 1 years & 9.00% p.a. thereafter |
| [The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market] |                     |  |

**H The categories of plan assets as a % of total plan assets are:**

Insurance plan

**I Amount recognised in current and previous four years:**

|   | 0%                    | 0%                    | 0%                    | 0%                    |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | <b>Gratuity</b>       | <b>Gratuity</b>       | <b>Leaves</b>         | <b>Leaves</b>         |
|   | <b>As at March 31</b> | <b>As at March 31</b> | <b>As at March 31</b> | <b>As at March 31</b> |
|   | <b>2021</b>           | <b>2020</b>           | <b>2021</b>           | <b>2020</b>           |
| Defined benefit obligation                | 55,481                | 93                    | 40,910                | 71                    |
| Fair value of Plan Assets                 | -                     | -                     | -                     | -                     |
| Deficit/ [Surplus] in the plan            | 55,481                | 93                    | 40,910                | 71                    |
| Actuarial Loss/ [Gain] on Plan Obligation | -                     | -                     | -                     | -                     |
| Actuarial Loss/ [Gain] on Plan Assets     | -                     | -                     | -                     | -                     |

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

**J Gratuity & Leaves:**

| Assumption   | Gratuity                                      |               | Leaves  |               |
|--|---|---------------|---|---------------|
|  | Mar 31, 2021                                  | Mar 31, 2021  | Mar 31, 2021                                  | Mar 31, 2021  |
|  | <b>Discount rate</b>                          |               | <b>Discount rate</b>                          |               |
| Sensitivity Level                                  | 0.5% increase                                 | 0.5% decrease | 0.5% increase                                 | 0.5% decrease |
| Impact on defined benefit obligation (in USD '000) | (2.15)  | 2.33          | (1.33)  | 1.43          |
|  | <b>Annual increase in salary cost</b>         |               | <b>Annual increase in salary cost</b>         |               |
| Sensitivity Level                                  | 0.5% increase                                 | 0.5% decrease | 0.5% increase                                 | 0.5% decrease |
| Impact on defined benefit obligation (in USD '000) | 2.26  | (2.11)        | 1.39  | (1.31)        |
|  | <b>Expected rate of return on plan Assets</b> |               | <b>Expected rate of return on plan Assets</b> |               |
| Sensitivity Level                                  | ___% increase                                 | ___% decrease | ___% increase                                 | ___% decrease |
| Impact on defined benefit obligation (in USD '000) |   |               |   |               |

Chartered Accountants  
Since 1983