July 12, 2019

Listing Department       Code:  532321
BSE Limited
1st Floor, P.J. Towers, Dalal Street
Mumbai – 400 001

Listing Department       Code:  CADILAHC
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051

Re:   Annual General Meeting, Annual Report 2018-19 and Intimation of Record Date.

Dear Sir,

The Twenty Fourth Annual General Meeting ("AGM") of the Company will be held on Friday,
August 9, 2019 at 10.00 a.m. at J. B. Auditorium, Ahmedabad Management Association, ATIRA
Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015.

Pursuant to regulation 34(1) of Securities Exchange Board of India (Listing Obligations and
Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we are submitting
herewith the Annual Report of the Company along with the Notice of AGM for the financial
year 2018-19 which is being dispatched / sent to the members through permitted mode(s).

Pursuant to regulation 42 of the SEBI Listing Regulations, the Company has decided record
date of July 27, 2019 to determine the list of shareholders entitled to final dividend for the
financial year ended on March 31, 2019. If the final dividend as recommended by the Board of
Directors is approved at the AGM, payment of such dividend will be made on or after August
14, 2019.

Further, the cut-off date to determine the list of shareholders entitled to vote through e-voting
and voting at the venue of the AGM is fixed on August 2, 2019.

Please receive the same in order.

Thanking you,

Yours faithfully,

For, CADILA HEALTHCARE LIMITED

DHAVAL N. SONI
COMPANY SECRETARY

Encl.: As above
CORPORATE INFORMATION

FOUNDER
Late Ramanbhai B. Patel

BOARD OF DIRECTORS
Pankaj R. Patel
Chairman

H. Dhanrajgir

Nitin R. Desai

Mukesh M. Patel

Dharmishtaben N. Raval

Apurva S. Diwanji

Bhadresh K. Shah (w.e.f. December 6, 2018)

Dr. Sharvil P. Patel
Managing Director

Ganesh N. Nayak
Executive Director

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary (upto February 7, 2019)

Dhaval N. Soni
Company Secretary (w.e.f. February 7, 2019)

STATUTORY AUDITORS
Deloitte Haskins and Sells LLP
Chartered Accountants Ahmedabad

ZYDUS RESEARCH CENTRE
Survey No. 396/403, Sarkhej-Bavla N.H. No. 8A, Moraiya, Ahmedabad - 382 213

REGISTRAR AND SHARE TRANSFER AGENTS
Link Intime India Private Limited
506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Off. C G Road, Ellisbridge, Ahmedabad - 380 006

FORMULATION UNITS


Plot No. 203-213, Kundaim Industrial Estate, Ponda, Goa - 403 115

Village: Swaraj Majra, Badli, District: Solan, Himachal Pradesh - 173 205


API UNITS
Block No. 265/266, Village: Changodar, Sarkhej-Bavla N.H. No. 8A, Ahmedabad - 382 210

GIDC Estate, Ankleshwar - 393 002, Gujarat

Dabhsa Taluka: Padra 391 440, District: Vadodara

Block No. 162, Ekalbara Umraya Road, Village: Dabhsa, Taluka: Padra - 391 440, District: Vadodara

Plot No. 26-29,31, Dabhsa - Umraya Road, Taluka Padra, District: Vadodara.

BIOLOGICS AND VACCINES UNIT

ANIMAL HEALTH UNIT
Plot No. F-1/1, Sector 6B, BIE SIIDCUL, Haridwar - 249 403

Registered and Corporate Office
Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad - 380 015

Forward-looking statement: In this Annual Report, we have discussed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion on future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.
“Innovation is never an end in itself. It must be purposeful… creating the foundations for a better life. The future advances in pharmaceutical sciences lies in our ability to imagine a world free of what is plaguing us and the determination to create this world.”

This belief of our Founder Chairman, a seeker, an explorer and innovator, continues to inspire us and forms the founding pillar of the innovation journey at Zydus as we live our mission of creating healthier, happier communities by bridging unmet healthcare needs.
WELNESS PRODUCTS
NUTRACEUTICALS
FORMULATION DEVELOPMENT
MONOCLONAL ANTIBODIES
API RESEARCH
PEPTIDES
VACCINES
BIOLOGICALS
CONTROLLED SUBSTANCES
INNOVATION
‘Whatever it takes’

That was the resolve with which the first steps were taken on the path of innovation, 67 years ago. Over the decades, the resolve strengthened and became the overarching goal. To be an innovation-driven company, taking novel concepts and ideas all the way from lab to market became the raison d’être. From new chemical entities to novel biologics, vaccines and novel drug applications, it’s all happening at Zydus. It’s a research pipeline that’s deep, complex and plugging some of the urgent global healthcare needs that are still unmet. Each of the programmes that the team is working on could throw up novel solutions that significantly address the healthcare burden that the diseases pose, it also builds a sustainable future based on innovation.

8 R&D CENTRES OF EXCELLENCE

OVER 1400 SCIENTISTS ENGAGED IN DRUG DISCOVERY & DEVELOPMENT
In search of a therapy for NASH, a disease of global epidemic proportions

Non-alcoholic Steatohepatitis (NASH) is caused by the accumulation of liver fat, which could lead to fibrosis over time.

Nonalcoholic Fatty Liver Disease (NAFLD) is expected to become the most common chronic liver condition globally in relation to obesity and type 2 diabetes in the coming years.

A peak NASH market opportunity of $35-40B by 2025

Around 6.5mn adults in both the US & Big5 EU have advanced NASH

Source - Deutsche Bank Markets Research

STAGES OF LIVER DAMAGE

1. Fatty Liver
2. Liver Fibrosis
3. Cirrhosis

EVIDENCES Trials

(EValution In NAFLD/NASH of Saroglitazar magnesium)

Since 2010, Zydus Researchers have been working on a therapy to treat this global unmet need. Across 20 clinical sites in the United States of America, patients with Non-Alcoholic Fatty Liver Disease (NAFLD), including Non-Alcoholic SteatoHepatitis (NASH) are undergoing Phase 2 clinical trials with Saroglitazar Magnesium* for NASH and is in Phase 3 clinical trials in Mexico for the same indications. In India, the molecule is in Phase 3 clinical trials for NASH, Type 2 diabetes and lipodystrophy.

*Saroglitazar Mg is a molecule under development
A potential treatment for PBC

PBC (Primary Biliary Cholangitis) is a long-term, auto-immune condition which affects the liver.

Patients with PBC also have an increased incidence of pruritus.

**EPICS trials** (Evaluation In Primary Biliary Cholangitis of Saroglitazar)

Saroglitazar Mg is being tested in Phase 2 trials in USA to develop a drug that can reduce Alkaline Phosphatase (ALP) without causing Pruritus or increasing LDL-c

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**WHAT’S UNIQUE**

Saroglitazar Mg, because of its unique mechanism of engaging PPAR alpha and PPAR gamma, favourably affects all components of NASH including steatosis, ballooning, inflammation and fibrosis.

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**UNMET NEED**

There are currently no treatments approved by the U.S. Food and Drug Administration (USFDA) for the treatment of NASH.

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PBC is one of the most common autoimmune diseases, affecting nearly 1 in 1000 women over the age of 40.
A safer, oral therapy to treat Anemia in CKD

Anemia commonly occurs in people with chronic kidney disease (CKD)—the permanent, partial loss of kidney function. Anemia might begin to develop in the early stages of CKD, when someone has 20 to 50 percent of normal kidney function.

In a CKD condition, the kidneys fail to produce Erythropoietin (EPO) and this leads to low levels of hemoglobin (Hb) in the blood or anemia.

Chronic Kidney Disease is a serious medical condition involving gradual loss of functioning of kidneys eventually leading to kidney failure.

More than 200 million people worldwide are estimated to be living with CKD.

Single dose cure in Malaria to aid patient compliance

Malaria is one of the most severe public health problems worldwide. It is a leading cause of death and disease in many developing countries, where young children and pregnant women are the most affected groups.

Nearly half the world’s population lives in areas at risk of malaria transmission in 91 countries and territories.

In 2016, malaria caused an estimated 216 million clinical episodes, and 445,000 deaths.

Desidustat is a novel, oral, HIF-PH inhibitor being developed for treating anemia in Chronic Kidney Disease (CKD) patients. The molecule has completed Phase II clinical trials in India and the company has announced Phase III clinical trials in India for CKD patients not on dialysis.

**WHAT’S UNIQUE**

This innovation has the potential to bring about a paradigm shift in the management of CKD patients with anemia. An HIF-PH inhibitor could provide an oral, safer alternative to currently available erythropoietin-stimulating agents (ESAs), which are associated with increased risk of cardiovascular events and have to be given via injections and a cold chain has to be maintained.

**UNMET NEED**

Improve renal anemia safely and conveniently, as compared to injectable EPO that also requires a cold chain to be maintained.

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**ZY3278**

being developed in collaboration with MMV

Researchers at Zydus are working on a novel compound, ZY3278 for treating malaria in collaboration with Medicines for Malaria Venture (MMV).

**WHAT’S UNIQUE**

ZY3278 has the potential to be a single-dose cure for P. falciparum malaria due to its novel mechanism of action, rapid parasites killing activity across all intra-erythrocytic stages and a long half-life.

**UNMET NEED**

Artemisinin resistance is seen as a mounting challenge to the global fight against malaria. ZY-3278 is being developed to provide an effective alternative to the current front-line antimalarial drugs for the treatment of P.falciparum malaria and artemisinin-based combination therapies (ACTs), which are under threat of resistance.
Addressing the rabies menace

Rabies is an infectious viral disease which can be fatal following the onset of clinical symptoms. In up to 99% of cases, domestic dogs are responsible for transmission of rabies virus to humans. It is spread to people through bites or scratches, usually via saliva.

Although effective human vaccines and immunoglobulins exist for rabies, they are not readily available or accessible to those in need.

Every year, more than 15 million people worldwide receive a post-bite vaccination. This is estimated to prevent hundreds of thousands of rabies deaths annually.

Developing a novel biologic for treating AMD

Age-Related Macular Degeneration (AMD) is a common eye condition and a leading cause of vision loss among people age 50 and older. It causes damage to the macula, a small spot near the centre of the retina and the part of the eye needed for sharp, central vision, which lets us see objects that are straight ahead.

In some people, AMD advances so slowly that vision loss does not occur for a long time. In others, the disease progresses faster and may lead to a loss of vision in one or both eyes.

As AMD progresses, a blurred area near the centre of vision is a common symptom.
RabiMAbs - the novel biologic

In collaboration with the World Health Organisation, the Company’s researchers are working on the development of a cocktail for the treatment of rabies, through the use of monoclonal antibodies (MAbs), the next-generation biologicals. RabiMAbs, the novel biologic to treat rabies has completed Phase III clinical trials in India.

WHAT’S UNIQUE

It’s a novel concept. Rabimabs is a cocktail of monoclonal antibodies against the G protein of rabies virus developed for the post-exposure prophylaxis in patients following exposure to a potentially rabid animal. The product is a significant improvement over the currently available human and horse serum derived polyclonal products that suffer from availability, risk of infections, hypersensitivity reactions, and are not very well characterized.

UNMET NEED

The therapy heralds a new approach in the fight against this fatal disease. Currently, there is no treatment for rabies once the symptoms of the disease have appeared. Post exposure prophylaxis for severe bites requires both active immunization, using vaccines and passive immunization in the form of rabies immunoglobulins (RIG). While the rabies vaccine induces active immunity, the Rabies monoclonal antibodies can be safely administered with the vaccine to provide immediate passive neutralizing activity.

Over time, the blurred area may grow larger or you may develop blank spots in your central vision. Objects also may not appear to be as bright as they used to be.

AMD by itself does not lead to complete blindness, with no ability to see. However, the loss of central vision in AMD can interfere with simple everyday activities, such as the ability to see faces, drive, read, write, or do close work, such as cooking or fixing things around the house.
### Capabilities in developing all types of Vaccines

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<th>Subunit</th>
<th>Inactivated Toxins</th>
<th>Platforms</th>
<th>Combination</th>
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<td><strong>Inactivated viral (Cell culture)</strong></td>
<td><strong>Recombinant (Prokaryotic)</strong></td>
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<td><strong>Virosomes</strong></td>
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<td>• Rubella</td>
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<td><strong>Recombinant (Yeast)</strong></td>
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<td><strong>Virus Like Particles (VLP)</strong></td>
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<td>• Mumps</td>
<td>• Swine flu (H1N1)</td>
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<td>• Human papillomavirus</td>
<td>• Human papillomavirus</td>
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<td>• Rabies</td>
<td>• Seasonal influenza</td>
<td>• Malaria</td>
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<td>• Hepatitis B</td>
<td>• Typhoid Vi</td>
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<td><strong>Recombinant Live viral (Cell culture)</strong></td>
<td><strong>Recombinant (Yeast)</strong></td>
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<td><strong>Polysaccharide</strong></td>
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<td>• Haemophilus influenza type B (PRP-TT)</td>
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<td>• Paratyphoid (O:2-TT)</td>
<td>• Human papillomavirus</td>
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</table>
HPV is the cause of almost all cervical cancer and is responsible for a substantial fraction of other anogenital cancers and oropharyngeal cancers.

4.5% of all cancers worldwide (630,000 new cancer cases per year) are attributable to HPV: 8.6% in women and 0.8% in men.

The cervix accounts for 83% of HPV attributable cancer, two thirds of which occur in less developed countries.

Universal access to vaccination is the key to avoiding most cases of HPV-attributable cancer.

The researchers at the Vaccine Technology Centre are working on a series of second generation Vaccines and novel vaccines. The vaccine to prevent HPV has completed Phase 1 trials.
Several candidates in pre-clinical development

Cardio-metabolic diseases:
Over the last few years, diabetes, cardiovascular diseases and related complications are on the rise in epidemic proportions world-wide. The Company has five discovery stage programs addressing diverse pathways of these diseases and several candidates are under evaluation.
Antimicrobial Drug Resistance
(AMR):
The Company is also developing a portfolio of five anti-infective medicines that address antimicrobial drug resistance, targeting difficult-to-treat diseases caused by Gram-negative, Gram-positive bacteria and fungal infections.

Multi-drug resistant (MDR) tuberculosis:
Two NCE projects are being pursued which are focused on developing oral small molecules for the treatment of multi-drug resistant tuberculosis.

Immunology & Inflammation:
The Company has also launched six programs targeting auto-immune and inflammation related diseases like psoriasis, Rheumatoid arthritis, multiple sclerosis, Systemic lupus erythematosus (SLE) and inflammatory bowel disease (IBD) to develop better therapies for patients.
A robust pipeline of 6 Novel Biologic Entities

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Established capabilities to discover, develop and manufacture Therapeutic Proteins, Monoclonal Antibodies as well as Antibody-Drug Conjugates.
A Global Player in the evolving Biosimilars Space

ROBUST INFRASTRUCTURE

One of the largest installed and running State-of-the-art biologics manufacturing plant in Asia for monoclonal antibodies

100 scientists in R&D with capabilities across biosimilar development and focus on quality, efficiency and regulatory compliance

DIVERSE PORTFOLIO

20+ Biosimilar programs form our overall portfolio

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<tr>
<th>#</th>
<th>Product</th>
<th>Indication</th>
<th>Cloning</th>
<th>Process Dev</th>
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* Launched in India | ** Launched in India and the Emerging Markets

LEADING BRANDS

Exemptia | Vivitra | Bryxta | Pegstim | Bonmax

A portfolio of 11 commercial biosimilars on Indian Market

A team of 300+ scientists in R&D and Manufacturing

More than 18 years of experience of biosimilars development

A key Growth Driver for the India Business
Zydus Vaccines: An emerging player in Vaccine Space

- Manufacturing (3) and R&D (2) Facilities*
- 300+ dedicated scientists and workforce*
- Major revenue growth driver...in next 5-7 years
- Diversified portfolio with innovative, differentiated vaccines
- R&D...significant investment in building capabilities
- Manufacturing...infrastructure of global standard

20+ YEARS
...of experience. Started journey in 1998*

YEARS
...dedicated
scientists and
workforce*
CURRENT STRENGTHS & CAPABILITIES

R&D
- Robust Product Pipeline coming out of dedicated R&D facilities in India & Europe. 2nd company in the world to develop Typhoid conjugate vaccines
- Capabilities to conduct research from “Concept to First-in-man trials” under one roof across vaccines types

Manufacturing & Supply
- Dedicated manufacturing capabilities catering to differentiated portfolio
- Aiming to build lean and agile supply chain.

Portfolio
- Zydus Vaccine Pipeline: Commercialized / Market Authorization Received

<table>
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<tr>
<th>#</th>
<th>Vaccines</th>
<th>Pre-Clinical</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Indian Market Authorization</th>
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<td>Conjugated Vaccine for Typhoid</td>
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Specialty and Complex Generics

Working in the areas of Pain Management, Dermatology, Specialty Oncology, Specialty Neurology, Gastroenterology, Liver Diseases and Rare Diseases, a team of scientists at the Pharmaceutical Technology Centre are dedicated to developing speciality and complex generics.

- Building a structured programme of NDA filings.
- Developing a pipe-line of 505(b)(2) programs for select therapy areas of strategic interest.
- filed three pre-INDs with the USFDA for in-house 505(b)(2) programs during the year.
- exploring in-house developed platform technology based product development opportunities.
- disruptive technology platforms which can address the unmet medical needs.

Focussing on complex generics which are either difficult to develop or difficult to manufacture.

Developing and manufacturing complex generics such as modified release oral solids, complex injectables, transdermals and drug-device combinations.

Investing the resources towards first-to-file / first-to-market strategic product opportunities in the complex generics space.

A portfolio of complex generic products under registration and a robust development pipeline, some of them are through partnership efforts.

Strategic partnership for complex generics help the company to reduce product development time-lines and optimally manage risk and investments associated with it.

Complex injectables are going to be one of the key future growth drivers.
ZYDUS SPECIALTY BUSINESS GROWTH STRATEGY IS FOCUSED ON NICHE THERAPIES, IMPROVING PATIENT QUALITY OF LIFE WITH VALUE ADDED PRODUCTS:

**Established Infrastructure & Scalable Commercial Platform**

- Through Healthcare Professional
- Through Healthcare Providers (e.g. Hospitals, Clinics, etc.)
- Through Consumer / Patient Communication
- Through Commercial Payers
- Through Specialty Pharmacies
- Through Government Payers

**Product Portfolio Expansion Through Organic & Inorganic Opportunities**

- Specialty / Niche Therapy Area Focus
- Robust Search & Evaluation Process and Commercial Screening Process
- In-house NCE and 505(b)(2) Projects Focused To Address Unmet Medical Needs / Treatment Needgap
- Patent Protected Technology Platform Product Development Through In-house efforts and/or Partnerships
- Portfolio Expansion Through Strategic Collaboration and/or In-licensing and/or Acquisition
CHAIRMAN’S MESSAGE

There is nothing more exciting than to traverse the journey from the lab to the market. While there may be challenges along the way, it’s the outcomes that far outweigh them that inspires us to carry on.

Delivering Innovation

Dear Shareowners,

Over the last 24 years at Zydus and the years preceding it, which have shaped our legacy, Innovation has been the core of our existence. It has shaped our identity as a healthcare organisation deeply rooted in science and innovation. It’s the very premise of the innovation culture and ecosystem that exists at Zydus today. We know that delivering results and maintaining our focus on innovation is important to the long-term success of the Company. Our future will be built on the work that we do today.

Innovation and cutting-edge research

When we set out on the path of innovation, we told ourselves that we can take challenging goals and lead in this area, or watch as others pass us by. We chose to strengthen our foundation and our future. Over the years, we have become more disciplined and committed to execution.

We know that lives depend on the work that we do and our teams embrace that responsibility with a deep sense of commitment every day. Our purpose at Zydus is to create healthier, happier communities globally through innovative healthcare solutions.
It’s the belief and conviction that we can make an impact and better the quality of life that inspires the endless hours of work in our labs. There is nothing more exciting than to traverse the journey from the lab to the market. While there may be challenges along the way, it’s the outcomes that far outweigh them that inspires us to carry on.

Over 1,000,000 patients in India, grappling with the problem of diabetic dyslipidemia, a complex metabolic syndrome, are now in better control of their malaise because of Lipaglyn, a novel drug introduced for the first time in India. When a young child who is just four is diagnosed with Juvenile Idiopathic Arthritis and drops out of school, it’s only the right medical help and therapy that can give her a new lease of life. This is exactly what our biosimilar of Adalimumab, Exemptia did for many of the patients in India who have been suffering from inflammatory arthritis. For the millions of people globally who discover that they have a fatty liver and are diagnosed with Non Alcoholic SteatoHepatitis (NASH), there is no therapy approved today. But our researchers are exploring and working on a cure to combat this silent killer that could lead to liver failure or cirrhosis, if left unchecked. When our research efforts result in delivering a tetravalent vaccine which is only the third vaccine anywhere in the world and the first in India to be developed and manufactured indigenously, it comes with a sense of acknowledgement that we have the capabilities to develop a safe and efficacious vaccine on par with the best in the world.

This inspires the path of innovation at Zydus, whether its a new chemical entity, a novel biologic, a biosimilar, a vaccine or a novel process, it’s all about impacting lives.

I am pleased that we’ve been able to maintain forward momentum and deliver results in our research programme. It’s exciting and invigorating to be able to make progress and get closer to the goals that we have set for ourselves.

**Innovation and value-creation**

We believe that innovation is the creation of value. It’s about generating ideas around products, delivering outcomes, services and processes, organizational design and having a system that manages the implementation of these ideas continually.

It’s a widely acknowledged fact that innovation positively impacts both competitive positioning and financial health of the organisation. For us, it has been a source of sustainable competitive advantage.

**Innovation and people who inspire this**

It is people who live, inhabit, inspire and build the ecosystem. We have been fortunate to have the right team in place to create this.

All of these will help us take our company to the next level, expand our business in ways that make sense and serve customers like never before.

Championing game-changing ideas at Zydus begins with creating a context and infrastructure that encourages ideas across the organization. This free flow starts at the grassroots where an idea champion can put forth an operational level idea to simplify a work process or improve upon a process. Our Quest platform celebrates all such ideas. So do our PRISM and SLIM programmes which thrive on ideas that emerge to improve Operational Efficiency. An innovative idea does not need to get tagged as futuristic or strategic to be celebrated.

**Innovation and exceeding expectations – today and tomorrow.**

We have a clear vision, mission and a strong sense of purpose. We will continue to deliver value, invest for the future and strengthen our foundation for growth. Our global footprint, differentiated line of products and services and comprehensive strategies will continue to contribute to our growth.

I’m proud that we have built on a legacy and made the foundation of innovation stronger. To our employees, I sincerely appreciate your commitment and dedication. To our dealers and suppliers, thank you for your leadership and responsive actions. And, to our valued customers and shareholders, thank you for your confidence in Zydus. We will always strive to exceed your expectations – today and tomorrow. leadership at Zydus will not waver. We have a strong team built on a legacy of integrity, excellence, teamwork and commitment that will continue to grow, expand and innovate.

**Pankaj R. Patel**

Chairman
HIGHLIGHTS OF OPERATIONS - FY19

CONSOLIDATED FINANCIAL HIGHLIGHTS

Total income from operations was up by 10% y-o-y to ₹131.7 billion, from ₹119.5 billion last year.

Earnings before interest, depreciation and tax (EBIDTA) grew by 4% y-o-y to ₹29.7 billion, from ₹28.5 billion last year. The EBIDTA margin as % to total income from operations for the year stood at 22.6%.

Net profit was up by 4% y-o-y to ₹18.5 billion, from ₹17.8 billion last year. The net profit margin as % to total income from operations for the year stood at 14.0%.

INNOVATION

New Chemical Entity (NCE) Research
• Completed Phase II clinical trials of Desidustat (ZYAN I), an oral hypoxia-inducible Factor-prolyl hydroxylase inhibitor (HIF-PHI) in India, in non-dialysis dependent Chronic Kidney Disease (CKD-ND) patients with anemia and announced Phase-III trials of Desidustat in India in CKD-ND indication.

Biologics
• Completed Phase III clinical trials in India for the first novel biologics Rabimabs (brand name Twinrab) and submitted marketing authorization application to DCGL.
• Initiated Phase III clinical trials in India for two more biosimilars during the year.

Vaccines
• Received marketing authorizations for two more vaccines in India viz. Measles and Rubella vaccine and pediatric version of Inactivated Tetavalent Influenza Vaccine (Split Virion) I.P.
• Completed phase II/III clinical trials for Pentavalent vaccine and initiated phase II/III clinical trials for Hepatitis B vaccine in India during the year.

US FORMULATIONS BUSINESS

India Formulations
• Undertook an initiative from the third quarter of the year in the form of rationalization of the portfolio to have better focus, improved margins and supply chain efficiencies, which led to supply disruption and in turn, impacted the performance of the second half of the year.
• Launched two more programs from October, 2018 for increase in field productivity, better management of brands and success of new products.
• Launched 53 new products, including line extensions, of which 8 were first-in-India launches.
• Posted sales of Rs. 35,338 million, up 6%.

Consumer Wellness
• Successfully completed the acquisition of Heinz India Private Limited (Heinz India), having a portfolio of 4 brands and thereby expanded the wellness portfolio to strengthen the core business of Food and Nutrition.
• SugarFree™ maintained leadership position in the artificial sweetener category with a market share of 93.8%.
• EverYuth™ maintained leadership position in the peel off mask and scrub categories with market shares of 84.9% and 32.4% respectively.
• The acquired brands viz. Nycil™ and Glucon-D™ also maintained their leadership positions in their respective categories of prickly heat powder and glucose powder with market shares of 32.1% and 59.5% respectively.
• Posted sales of Rs. 8,082 million, up 64% and net profit of Rs. 1,691 million, up 26%. Excluding the impact of Heinz acquisition, the growth in sales was 10%.

Animal Health
• Successfully completed the audit by Saudi Food and Drug Authority at Haridwar manufacturing plant for all three product lines viz. liquid orals, liquid injections and tablets.
• Launched 8 new products in India and received 25 new marketing authorizations for the exports business during the year.
• Posted sales of Rs. 5,109 million, up 15%.
EMERGING MARKETS OF ASIA, AFRICA AND LATIN AMERICA

- Asia Pacific region and South Africa registered robust growth during the year, led by volume expansion while the challenges in the form of political and economic uncertainties persisted throughout the year in some parts of the African region and impacted the performance of the region.
- In Brazil, the trend of buyer consolidation continued which impacted the procurement of goods by buyers while in Mexico, evolution of low priced generic generics market continued during the year which impacted the growth of branded generics market during the year.
- Launched 11 new products in different countries of Asia Pacific region, 6 new products in different countries of Africa, 1 new product in Brazil and 4 new products in Mexico, during the year.
- Posted sales of Rs. 8,312 million, up 9%.

JVs AND ALLIANCES

- Zydus Takeda JV received the Environment, Health and Safety (EHS) Award, 2018 for remaining accident free for more than 13 years from Takeda Global Manufacturing & Supply & Global Quality during their Leadership Conference in Japan.
- Injectable manufacturing facility of Zydus Hospira JV, located in Ahmedabad SEZ, successfully completed the audits by USFDA, MHRA and ANVISA.
- Posted sales of Rs. 8,312 million, up 9%.

APIs

- Filed 10 DMFs with the USFDA, taking the cumulative US DMF filings to 143.
- Posted sales of Rs. 4,245 million, up 16%.

MANUFACTURING AND QUALITY

- Oral Solid Dosage (OSD) formulations manufacturing facility located in Ahmedabad SEZ, Injectable formulations manufacturing facility of Alidac Pharmaceuticals Limited located in Ahmedabad SEZ and Biologics manufacturing facility located at the Zydus Biotech Park in Ahmedabad successfully completed the USFDA inspections.
- Moraiya formulations facility successfully completed the inspections by the French regulatory authority ANSM and Brazilian regulatory authority ANVISA during the year.
- Unit 1 of Ankleshwar API manufacturing facility successfully completed the audits by the regulatory authorities of Canada and Japan during the year.
- Acquired 51% stake in Dehradun-based Windlas Healthcare Private Limited which has a robust and cost-efficient manufacturing infrastructure with a USFDA inspected oral solids manufacturing facility.
- Moraiya formulations manufacturing facility received the Gold Award in the category of Pharma Sector, Large Business at the India Manufacturing Excellence Awards, 2018.

DIGITAL INITIATIVES TO DRIVE OPERATIONAL EFFICIENCIES

- Undertook various initiatives in the digital space to build the operational efficiencies such as increasing the field force efficiency of India formulations business, strengthening the supply chain and increasing the visibility of various new products development projects.
New products and losses of exclusivity will continue to drive similar dynamics across developed markets, while product mix will continue to shift towards specialty and orphan products. It is expected that out of the total new product introductions over next 5 years, around two-third will be the specialty products, lifting the share of specialty spending significantly in the developed markets going forward. Growth of biosimilars in the US in times to come is likely to be a significant factor as a combination of biosimilar introductions and in turn, reduction in prices by manufacturers of innovator products is likely to affect the pharmaceutical market in the US. Emerging markets are going to become increasingly important for future growth and profitability of the pharmaceutical industry on the back of increased spending power of customers in these markets (Source: Industry Estimates).

**Cadila Healthcare Ltd.**

Cadila Healthcare Ltd. is one of the leading, innovation driven pharmaceutical companies in India with presence across the pharmaceutical value chain of innovation (research & development), manufacturing, marketing and selling of finished dosage human formulations (generics, branded generics and specialty formulations, including biosimilars and vaccines), active pharmaceutical ingredients (“APIs”), animal healthcare products and consumer wellness products. Innovation is the backbone of the Company as it ensures business sustainability by ensuring the continuous supply of new products to various businesses. The Company’s initiatives in the areas of research and development span across the pharmaceuticals value chain, including New Chemical Entities (“NCE”), biologics, vaccines, specialty and complex generic formulations and API process development. The Company has a global presence and sells its products in the United States, India, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa. The Company has a pool of modern, cost efficient and regulatory compliant manufacturing facilities which ensures continuous supply of high quality products at the most competitive prices to its customers across the globe.

**Innovation – the growth engine for future**

Pharmaceutical companies across the world invest significant resources towards innovation to remain relevant by satisfying the demand of the customers, to counter the competition and in turn, build sustainable future revenues. Different companies invest their resources for different kind of products, for different therapeutic areas and for different geographies. E.g. the innovator companies focus on inventing new molecules to satisfy the unmet medical needs and in turn, build the sustainable future cash flow as their invention is protected by the patent laws in different countries which restrict the entry of competitors till the time patents expire.

Generic companies invest resources for developing and launching new products in different markets to compensate the loss which they have to bear on account of increased competition in commercialized products.

The Company invests approximately 7 to 8% of its annual revenues on innovation. More than 1400 scientists across its 8 state-of-the-art R&D facilities focus on New Chemical Entity (NCE) and New Biological Entity (NBE) research, development of biosimilars and vaccines, generic product development covering various dosage forms such as oral solids, having both immediate release and modified release pattern, injectables, topicals, transdermals and nasal products and API process development. Here is an overview of the efforts being put in by the Company in different areas of Innovation:
New Chemical Entity (NCE) Research

The NCE research strives through challenges such as increasingly stringent regulatory environment and swelling development costs, both at the preclinical and the clinical stage, along with other economic factors at play, coupled with commercialization challenges. The Company’s Zydus Research Center (ZRC), which is a state-of-the-art facility having the capability of taking a drug right from the concept stage to human trials, spearheads its research activities in novel drug discovery and development at Zydus Research Center (ZRC). Focused areas of NCE research include cardio-metabolic disorder, inflammation, pain, oncology and infectious diseases.

During the year, the Company completed Phase II clinical trials of Desidustat (ZYAN1), an oral hypoxia-inducible Factor-prolly hydroxylase inhibitor (HIF-PHI), in non-dialysis dependent Chronic Kidney Disease (CKD-ND) patients with anemia. The company also announced Phase-III clinical trials of Desidustat in CKD-ND indication, during the year. The Company’s lead program Saroglitazar Magnesium (Lipaglyn™), a novel PPARα/γ agonist having predominant PPAR alpha activity, is currently undergoing Phase II clinical trials in the US for 3 indications viz. Severe Hypertriglyceridemia, Non Alcoholic Steato Hepatitis (NASH) and Primary Biliary Cholangitis (PBC). The molecule is also undergoing Phase III clinical trials in India for 3 indications viz. Lipodystrophy, NASH and Type 2 Diabetes.

Biologics

The Company’s Biologics pipeline comprises of 6 novel biologics (all in the development stage) and 21 biosimilars (both in the development stage as well as launched) and covers therapeutic areas such as oncology, autoimmune disease, nephrology, ophthalmology, inflammation, rheumatology, hepatology, infectious disease etc.

During the year, the Company completed Phase III clinical trials in India for its first novel biologics Rabimabs (brand name Twinrab) and submitted marketing authorization application to DCGI. Rabimabs is a cocktail of monoclonal antibodies against the G protein of rabies virus developed for the post-exposure prophylaxis in patients following exposure to a potentially rabid animal. Recently, in the month of May, 2019, the product received the Orphan Drug Designation (ODD) from the USFDA. During the year, the Company initiated Phase III clinical trials in India for two more biosimilars.

On the emerging markets front, the Company holds the registration of its key biosimilar products in some of the key emerging markets such as Indonesia, Sri Lanka, Thailand etc. The Company is expected to increase its presence in Latin America, Commonwealth of Independent States (CIS) region and Middle East and North Africa (MENA) region as it plans to file 4 biosimilars with the regulatory authorities of these countries. During the year, the Company submitted 16 new dossiers to the regulatory authorities of different countries of emerging markets and received 11 product registrations in various countries.

Vaccines

The Company’s vaccines research program focusses on development of both pediatric and adult vaccines to cater to the requirements of both India and Emerging Market countries and global public market requirements. The Company has a portfolio of 19 vaccines (both in the pipeline as well as launched) at present.

During the year 2018-19, the Company received marketing authorizations for 2 vaccines in India viz. Measles and Rubella vaccine and pediatric version of Inactivated Tetravalent Influenza Vaccine (Split Virion) I.P. In terms of clinical development, the Company completed phase II/III clinical trials for Pentavalent vaccine and initiated phase II/III clinical trials for Hepatitis B vaccine in India during the year. The Company also completed pre-clinical toxicology studies for 2 more vaccines in India during the year. The Company received WHO prequalification for Purified Chick Embryo Cell Culture (PCEC) Rabies vaccine during the year.

Specialty and Complex Generics

The Company is present in the specialty space in the US market through its wholly owned subsidiary, Sentyil Therapeutics Inc. The Company intends to invest its resources in select therapy areas of strategic interest to expand and grow the specialty business in the US. The Company has identified Pain Management, Dermatology, Specialty Oncology, Specialty Neurology, Gastroenterology, Liver Diseases and Rare Diseases as the focused therapeutic areas of strategic interest for this business.

Complex generics are the products which are either difficult to develop or difficult to manufacture and hence, have a significant entry barrier to the market. Complex generics have a challenging science to demonstrate therapeutic equivalent of product through advance analytical tools. It also requires significant investment for development and dedicated manufacturing set ups. The Company has invested the resources to develop and manufacture complex generics such as modified release oral solids, complex injectables, transdermals and drug-device combinations to ensure sustainable future cash flows. The Company keeps on investing the resources towards first-to-file / first-to-market strategic product opportunities in the complex generics space. The Company has a portfolio of complex generic products under registration and a robust development pipe-line, some of them are through partnership efforts. Strategic partnership for complex generics help the company to reduce product development time-lines and optimally manage risk and investments associated with it. Complex injectables are going to be one of the key future growth drivers for the Company’s US business.

Year 2018-19 for the Company’s Business Operations

The Company started the financial year 2018-19 with a high base of 2017-18 which was created on account of a launch of a few high value products in the US market. On such a high base, the Company was able to grow its topline, operating profit and net profit, albeit at a slower pace. US formulations business remained the largest business for the Company, accounting for around half of the consolidated revenues. In terms of new product approvals from the USFDA, the year gone by was similar to the previous one as the Company received 74 new products approvals (incl. 14 tentative approvals) during the year after receiving 77 new product approvals in 2017-18. In terms of new products introduction in the US, the year 2018-19 was the most successful year for the Company as it launched 43 new products during the year, which is the highest number of products launched by the Company in the US in a single year till date.

On the regulatory front, Oral Solid Dosage formulations manufacturing facility located in Ahmedabad SEZ, Injectable formulations manufacturing facility of Alidac Pharmaceuticals Limited located in Ahmedabad SEZ and Biologics manufacturing facility located at the Zydus Biotech Park in Ahmedabad successfully completed the USFDA inspections during the year.

The Company’s India formulations business was impacted in the second half of the year on account of an initiative undertaken by the Company to rationalize the portfolio to bring in better focus, improved margins and supply chain efficiencies.

In the consumer wellness space, the Company expanded its portfolio by acquiring Heinz India Private Limited, which has 4 brands including 3
iconic brands viz. Glucon-\textregistered\textsubscript{D}, Nycil\textregistered\textsubscript{E} and Complan\textsuperscript{TM} with Glucon-\textsuperscript{D} and Nycil\textsuperscript{E} being the market leaders in their respective categories.

**Consolidated Financial Highlights**

The financial statements for the current financial year and the comparative financial statements of previous financial year have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (\textit{Ind AS}) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

**Total operating revenues**

The total income from operations grew by 10% to Rs. 131,656 million from Rs. 119,544 million, last year. US formulations business, the largest contributor to the consolidated revenues, registered sales of Rs. 62,794 million during the year, with a growth of 8% while the India formulations business, the second largest contributor to the consolidated revenues, registered sales of Rs. 35,338 million, during the year, with a growth of 6%.

**Profits and margins**

The EBITDA (Earnings before Interest, Depreciation, Taxation and Amortization) grew by 4% to Rs.29,731 million from Rs.28,475 million, last year. The EBITDA margin as % to total income from operations stood at 22.6% during year. Net profit grew by 4% to Rs.18,488 million from Rs.17,758 million, last year. The net profit margin as % to total income from operations stood at 14.0% during the year.

**Equity**

Consolidated equity attributable to equity shareholders of the parent increased to Rs.103,863 million, at the end of March 2019, up by 19% from Rs.87,445 million, at the end of March 2018. Out of this, other equity, which comprises of reserves and retained earnings increased by Rs.16,418 million, to Rs.102,839 million, at the end of the year 2018-19 from Rs.86,421 million last year. Book value per share increased to Rs.101.45 as on 31\textsuperscript{st} March 2019 from Rs.85.42 last year.

The return on equity (\text{ROE} = \text{Net profit }/\text{Average equity}) stood at 19.3% during the year viz-a-viz 22.6% registered last year. Reduction in return on equity is attributed to the lower growth in net profit available to equity shareholders on account of increased competition in key products of the US business and resultant reduction in prices, muted performance of India formulations business and increase in finance cost due to increase in borrowings and increase in LIBOR rate.

**Debt**

The consolidated net debt (adjusted for cash & bank balances and liquid investments) of the Company as on 31\textsuperscript{st} March, 2019 stood at Rs. 70,202 million, against Rs. 38,170 million last year. Net debt-equity ratio was 0.68:1 as on March 31, 2019 as against 0.44:1 as on March 31, 2018. Increase in net debt-equity ratio is on account of part utilization of surplus funds and also funds borrowed to finance the acquisition of Heinz India Private Limited during the year.

**Fixed Assets and Capital Expenditure**

The consolidated gross block (including capital work in progress) at the end of the year was Rs. 165.4 billion, up by about Rs. 56.6 billion, from Rs. 108.8 billion last year. Acquisition of business of Heinz India Pvt. Ltd. by the subsidiary of the Company viz. Zydus Wellness Limited led to the increase in fixed assets during the year. Excluding acquisitions, net capital expenditure including capital work in progress during the year was Rs.9,371 million. The capex during the year was incurred mainly for creation of new facilities and up-gradation and capacity expansion of existing facilities.

**Capital employed and operating efficiency**

The total Capital Employed (CE), adjusted for deferred expenses, at the end of the year was Rs. 175.7 billion, up from Rs. 135.1 billion at the end of the previous year. The increase in capital employed was mainly due to the increase in debt and other equity attributable to the equity shareholders of the parent Company. Return on Capital Employed (\text{ROCE} = \text{Adjusted earnings before interest net of tax }/\text{Average CE}) stood at 12.8% during the year.
An analysis of the performance of different business verticals of the Company is given below.

**US Formulations Business**

The US is the world’s largest pharmaceutical market accounting for more than 40% of the global market. Prescription share of generic drugs also known as Off-Label drugs in the US has gone up consistently over the years. In fact, the US generics market has witnessed a transformation over the last three decades. From less than 20% share of the total prescriptions, generic drugs now account for over 80% of the total prescriptions dispensed in the US (Source: Industry Estimates).

The biggest growth driver of the generics drug industry is the significantly low prices of generics viz-a-viz the branded drugs. This has resulted in substantial reduction of healthcare expenditure for the government and third-party payers and lower copayments for patients. Factors such as patent expiration of innovator drugs, ageing population and an increasing prevalence of chronic diseases have also led to the growth of the generics market. Apart from small molecules, biosimilars market offers a huge opportunity in the US with most of the biological products going off patent over next 5-7 years and increasing number of patients suffering from chronic diseases (Source: Industry Estimates).

The US is the largest market for the Company, contributing almost half of the total revenues. The year 2018-19 turned out to be a successful one for the Company as the Company was able to grow on a high base of the previous year created on account of a few high value new launches despite the increase in competition in those products. The Company is now ranked seventh amongst US generic companies (based on prescriptions), a gain of two positions from last year. The Company gained its market share by 0.43% compared to last year and currently has 3.48% market share (Source: IQVIA, NPA Audit, MAT March 2019 TRx). In terms of products currently being sold in the market, the Company is ranked amongst the top 3 players in all of its top 10 products by sales value (Source: IQVIA National Sales Perspective Audit, MAT March 2019 and National Prescription Audit, March 2019).

The year gone by was the most successful one for the Company in terms of new product launches as the Company launched 43 new products during the year, which is till this year the highest number of new products launched by the Company in a single financial year.

In terms of ANDA filings, 29 ANDAs were filed with the USFDA during the year, taking the cumulative number of ANDA filings to 360.

In terms of ANDA approvals, the year 2018-19 was similar to the previous year as the Company received approval for 74 ANDAs (including 14 tentative approvals) during the year after receiving the approval for 77 ANDAs during the previous financial year. These include receipt of final approval for Rivastignine Transdermal System, which is the first transdermal product approval received till date. Cumulative number of ANDA approvals at the end of the year stood at 254.

Overall, the Company’s formulations business in the US posted sales of Rs.62,794 million during the year, up 8%.

Going forward, the US business is likely to continue its growth momentum on the back of new product launches and expansion of overall product offerings as the Company is planning to introduce additional topical, transdermals and injectable products in coming years. Specialty portfolio is also likely to be a significant growth driver in times to come.

**India Business**

**India Formulations**

The Company’s formulations business in India, currently the second largest contributor to the consolidated revenues, registered muted growth during the year as the Company undertook an initiative from the third quarter of the year to rationalize its portfolio to have better focus, improved margins and supply chain efficiencies to control the inventory, which resulted into supply disruption and impacted the performance of the second half of the year. In addition to this, the Company also undertook two more initiatives from October, 2018 for increase in field productivity, better management of brands and success of new products. For increasing the field force productivity, the Company rolled out a new sales force engagement model in around 70% of the territories during the year while the remaining territories would be covered from October, 2019 onwards. The new model aims to simplify and structure the sales cycle of field force by identifying and focusing on key customers, structured review of the actions taken by the field force, identifying the root cause for gaps in performance and the kind of actions needed to address them, coaching the teams to improve their skills and knowledge so as to plan better for the next cycle. For better management of the brands, the Company focused on increasing the penetration of key brands to cover untapped territories and allocating more resources to promote them so as to make them bigger.

The Company is the fourth largest pharmaceutical company in India with 4.1% market share and is ranked amongst the top three players in the promoted covered market of gynecology, respiratory, pain management, cardiovascular, dermatology and gastrointestinal therapeutic areas. 11 of the Company’s brands feature amongst the top 300 pharmaceutical brands in India with 5 brands having sales of more than Rs.100 crores (Source: AWACS MAT March 2019). During the year, the Company launched 53 new products, including line extensions, of which 8 were first-in-India launches.

Overall, the Company’s formulations business in India posted sales of Rs.35,338 million during the year, up 6%.

**Therapeutic area-wise break up of formulations sales in India along-with the Company’s ranking in the promoted covered market of these therapeutic areas as per AWACS MAT March 19 is as under :**

![Pie chart showing therapeutic area-wise break up of formulations sales in India](image-url)
Consumer Wellness

Zydus Wellness Limited (ZWL), the Company’s subsidiary, drives the Company’s operations in the consumer wellness space, which has a portfolio of leading brands, built organically over the years as well as acquired through an inorganic route.

During the year, the Company successfully completed the acquisition of Heinz India Private Limited (Heinz India) and thereby expanded the wellness portfolio to strengthen the core business of Food and Nutrition.

The acquired business has 4 brands out of which 3 are iconic brands viz. Glucon-D<sub>®</sub>, Nycil<sub>®</sub> and Complan<sub>®</sub> with Glucon-D<sub>®</sub> and Nycil<sub>®</sub> are market leaders in their respective categories. The acquisition also includes two large manufacturing facilities of Heinz India in Aligarh and Sitarganj and teams devoted to operations, research, sales, marketing and support.

Heinz India has a distribution network of over 800 distributors and more than 20,000 wholesalers covering 29 states. The acquisition is expected to unlock value for ZWL by enriching its portfolio in its core business of health food and nutrition and expanding its reach with a combined strength of 5 manufacturing facilities, 1800 distributors and nearly 2 million customer touchpoints.

During the year, the Company continued to invest the resources on sustained media support for the Sugar Free Safety TVC campaign to increase the relevance and dial up safety credentials around the brand. In order to expand the sugar substitute category, the Company launched new products like SugarFree<sup>TM</sup> Green Veda, an ayurvedic range of sweeteners and Sugarlite<sup>TM</sup>, made from a natural blend of sugar and stevia, a natural sweetener, but with 50% less calories than normal sugar. EverYuth<sup>TM</sup> witnessed strong growth momentum across all the segments backed by various media campaigns and trade and visibility drives while Nutralite<sup>TM</sup> continued to deliver good volume growth during the year, driven by various media and non-media initiatives.

The Company has started investing resources for the acquired brands as well to drive the growth of these brands by unlocking their potential.

In terms of the performance of the brands, Sugar Free<sup>TM</sup> maintained its leadership position in the artificial sweetener category with a market share of 93.8%. EverYuth<sup>TM</sup> maintained its leadership position in the peel off mask and scrub categories with market shares of 84.9% and 32.4% respectively. The acquired brands viz. Nycil<sub>®</sub> and Glucon-D<sub>®</sub> also maintained their leadership positions in their respective categories of prickly heat powder and glucose powder with market shares of 32.1% and 59.5% respectively (Source: A.C. Nielsen MAT March’19 report).

During the year, Zydus Wellness Ltd. registered sales of Rs. 8,082 million, up 64% and net profit of Rs. 1,691 million, up 26%. Excluding the impact of Heinz acquisition, the growth in sales was 10%.

Animal Health

The Company is one of the leading animal healthcare players in India having a portfolio of drugs, vaccines and feed supplements for livestock, poultry and companion animals. The year gone by was an encouraging one for the Company as the overall market in India grew in double digit. The market is expected to register similar growth next year as well. During the year, the company grew faster than the market. During the year, the Company successfully completed the audit by Saudi Food and Drug Authority at its Haridwar manufacturing plant for all three product lines viz. liquid orals, liquid injections and tablets. The Company also received 25 new marketing authorizations for the exports business during the year. The Company received the award of “Best Company in India / Middle East / Africa” for the year 2018 from Animal Pharm, a leading online business intelligence service.

Overall, the Company’s animal health business posted sales of Rs. 5,109 million during the year, up 15%.

Emerging Markets of Asia, Africa and Latin America

The Company operates in different countries of Asia Pacific, Africa, Middle East and Latin America. During the year, the Company posted double digit growth in the Asia Pacific region on the back of volume expansion of pillar brands in the key markets of the region. South Africa also registered robust growth during the year, driven by the volume expansion. However, the challenges in the form of political and economic uncertainties persisted throughout the year in some parts of the African region and impacted the performance of the region. During the year, the Company initiated filings from the new manufacturing site at Myanmar for various countries of Asia Pacific region so as to strengthen the local presence and encash the regional opportunities in the Asia Pacific region.

In Latin America, the Company’s business is primarily concentrated in Brazil and Mexico, which are two large pharmaceutical markets of the region. During the year gone by, the economic conditions in Brazil remained volatile as the depreciation of local currency and slower recovery from recessionary environment impacted the purchasing power of general public as well as the trade channels. In the pharmaceutical space, the trend of consolidation viz. big distributors buying retailers and merging of retailers with other retailers continued, which impacted the procurement of goods by the buyers. During the year, the Company filed 3 new product dossiers with the regulatory authority ANVISA and received approval for 4 new products.

In Mexico, evolution of low priced generic generics market continued during the year which impacted the growth of branded generics market during the year. During the year, the Company filed 2 new product dossiers with the regulatory authority COFEPRIS, taking the cumulative number of filings to 47 and received approval for 4 new products, taking the cumulative number of approvals to 45.

The Company launched 11 new products in different countries of Asia Pacific region, 6 new products in different countries of Africa, 1 new product in Brazil and 4 new products in Mexico, during the year.

Overall, the Company’s business in the emerging markets of Asia Pacific, Africa, Middle East and Latin America posted sales of Rs.8,312 million during the year, up 9%.

JVs and Alliances

Zydus Takeda Healthcare Pvt. Ltd.

Zydus Takeda is a 50:50 JV between the Company and Takeda Pharmaceuticals Co. Ltd., Japan. The JV manufactures a gamut of generic APIs covering various therapeutic categories and exports exclusively to the JV partner for its generic portfolio. During the year, the JV received the Environment, Health and Safety (EHS) Award, 2018 for remaining accident free for more than 13 years from Takeda Global Manufacturing & Supply & Global Quality during their Leadership Conference in Japan. The JV also received Certificate of Merit at State Level in January, 2019 for Energy Conservation and Management in the Drugs & Food Sector from Govt. of Maharashtra for the year 2017-18.

Zydus Hospira Oncology Pvt. Ltd.

Zydus Hospira is a 50:50 contract manufacturing JV between the Company and Hospira Inc., USA (now part of Pfizer group), which manufactures oncology injectable products for marketing by both the JV partners in the respective markets assigned to them. During the year,
During the year, the Company continued its thrust on cost optimization by undertaking various initiatives so as to improve the bottom-line and build the sustainable culture of cost efficiency. The Company filed 10 more DMFs with the USFDA during the year, taking the cumulative number of filings to 143.

The Company’s API business posted sales of Rs. 4,245 million during the year, up 16%.

Manufacturing and Quality

The Company has a pool of 37 modern, cost efficient manufacturing facilities which have the capability to produce different products viz. human formulations, active pharmaceutical ingredients, consumer wellness products and animal healthcare products, which are in compliance with the regulatory standards, to satisfy the requirements of different customers across the globe. Out of the total 37 manufacturing facilities, 31 facilities are for manufacturing of finished dosage formulations and active pharmaceutical ingredients. 14 of these 31 facilities have been inspected by the USFDA.

During the year, Oral Solid Dosage (OSD) formulations manufacturing facility located in Ahmedabad SEZ, Injectable formulations manufacturing facility of Alidac Pharmaceuticals Limited located in Ahmedabad SEZ and Biologics manufacturing facility located at the Zyus Biotech Park in Ahmedabad successfully completed the USFDA inspections. Moraiya formulations facility successfully completed the inspection by the French regulatory authority ANSM and Brazilian regulatory authority ANVISA during the year. In addition to this, both the units of Sikkim formulations manufacturing facility successfully completed WHO GMP (CDSCO) audit during the year. On the API manufacturing front, Unit I of Ankleshwar API manufacturing facility successfully completed the audits by the regulatory authorities of Canada and Japan during the year. Coming to the product approvals, the Company received first product approval from Liva Injectable facility for the US market with receipt of final approval of a supplemental ANDA viz. Ranitidine Injection, from the USFDA during the year.

The Company constantly evaluates the potential demand of its products in different markets and based on the demand scenario, it takes a call to build the additional capacities for the future. During the year, the Company completed expansion of oncology oral solid dosage facility at Ahmedabad SEZ plant and commissioned its first overseas green-field formulations manufacturing site in Myanmar. The Company also successfully completed capacity expansion project at Sikkim formulations manufacturing plant – Unit 2 with the addition of new dosage form viz. Metered Dose Inhaler (MDI) which will help strengthen its respiratory business in India. During the year, the Company acquired 51% stake in Dehradun-based Windlas Healthcare Private Limited. The acquired Company has a robust and cost-efficient manufacturing infrastructure with a USFDA inspected oral solids manufacturing facility. The acquisition will enable the Company expand its manufacturing base to cater to the demand of the US business.

During the year, Moraiya formulations manufacturing facility received the Gold Award in the category of Pharma Sector, Large Business at the India Manufacturing Excellence Awards, 2018. Formulations manufacturing facilities located at Baddi, Goa and Sikkim were awarded the Silver Certificate at the same event.

USFDA inspected the Company’s Moraiya formulations facility from 22nd April, 2019 to 3rd May, 2019 and upon completion of the inspection, issued 14 observations. These observations don’t include any repeat observations or Data Integrity related observations. The Company has responded to the USFDA along-with the Corrective and Preventive Action Plan it proposes to implement to resolve these observations.

APIs

The Company’s APIs and intermediates business, like the finished formulations manufacturing, is the foundation on which the Company’s global business is built as it ensures timely and cost efficient supply of key input materials to the formulations manufacturing plants, which in turn manufacture finished formulations and service the demands of the customers globally. The Company also supplies APIs to various third parties located across the globe to enable them to produce finished formulations for their respective customers.

the injectable manufacturing facility of the JV, located in Ahmedabad SEZ, successfully completed the audits by USFDA, MHRA and ANVISA. The JV also received National Award for Manufacturing Competitiveness (NAMC) in silver category from International Research Institute for Manufacturing (IRIM).
Digital Initiatives to drive Operational Efficiencies

Digital era offers tremendous opportunities and value for business if enterprises proceed responsibly and strengthen trust. The power of cloud computing and artificial intelligence will continue to advance. When combined with technologies such as distributed ledger, extended reality, and quantum computing, they will reshape not only the business sphere, but also the relationships with various stakeholders such as customers, employees and various ecosystem partners which are critical to future growth. Keeping itself abreast with the digitisation endeavor, the Company has undertaken various initiatives in the digital space to build operational efficiencies and in turn, drive the performance of various businesses. An overview of the initiatives undertaken by the Company is given below:

**Project TRINITY:**
TRINITY is a programme designed to improve the performance of the Company’s India formulations business. It is a unique initiative that aims at building a new sales operating system with an objective to simplify and structure the daily sales cycle. As a part of the project, the Company has developed different tools for the Sales and Marketing teams. Core benefits of these tools are:

- **They help Sales and Marketing teams to plan sales effectively, which in turn helps in tracking the lagging areas.**
- **“Review module” is an important tool to analyze different perspectives like sales, efforts, coverage, performance etc. Earlier, this activity was done offline, which now has been converted into graphical representation. As a result, the user can get the desired data online.**
- **Execution Alerts are helpful to field employees and Head Office employees as they provide daily alerts to these employees.**

**Project PACE:**
PACE stands for Planning and Collaboration Excellence, which is expected to deliver a streamlined end-to-end electronically enabled Supply Chain with industry-best practices embedded through business process re-engineering. The scope of the project includes Sales & Operation Planning (S&OP), new product launch (NPL), long range capacity planning (LRP) and uniform visibility to all stakeholders through customized reports and dashboards. It will enhance the planning capabilities and make the Company future ready by providing:

- **Easily accessible, single source of information through a common digital platform to all.**
- **Customised dashboards for various stakeholders, highlighting key issues relevant to stakeholders and ensuring the focused use of management’s time.**

The project is already in the progressive stage of implementation and the module-wise roll-out is in progress. The project will be eventually integrated with another project called Integrated Real-time Information System (IRIS), another flagship digitization programme run by the Formulations and Development team for the New Product Development (NPD) and New Product Launch (NPL) modules.

**Project IRIS:**
Integrated Real-time Information System (IRIS) is a project management technology tool that provides real-time visibility in project milestones. It aims to create, update and track new product development and new product launch activities of different projects across various geographies. It provides management dashboards for tracking the status of various projects and the risks and costs associated with them. IRIS is positioned to enhance the co-ordination among various cross-functional teams. It is a workflow based module with automatic project updates for proactive actions by the users.

**Digital Repository of Talent Database**
As a part of the strategic human resource interventions, a digital repository that will open up new approaches to talent management has been created. The comprehensive exercise included mapping of critical roles across the organisation and identification of critical talent through talent mapping. This repository will help drive engagement with talent, provide opportunities for growth within and drive focussed capability building in the organisation.

Building Cost Efficiencies
The Company runs an organization wide programme PRISM which aims at optimizing the spends through multiple levers and in turn, build the operational efficiencies. During the year, several new initiatives were undertaken in the areas of procurement, research and other areas of operations to optimize the spends. Increase in batch sizes, improvement in the overall equipment efficiency of the packing lines and value stream project which monitors various activities involved in the manufacturing process have made a significant contribution towards improving the volume throughput, leading to sizeable savings in operational and logistics cost.

The Company also runs an organization wide programme SLIM which aims at improving the product yields. During the year, yield improvement projects were undertaken to improve the yield in over 40 oral solid dosage products.
**Environment, Health and Safety**

The Company has a dedicated Environment, Health and Safety (EHS) cell which engages with all the stakeholders across the Company in creating a unique culture of EHS as the Company is fully committed to and continuously endeavors to achieve environment, health and safety excellence across all the units. The Company has created an on-line portal on which EHS cell uploads various documents including govt. rules and regulations, amendments, notifications, guidelines etc. to provide the information relating to the EHS matters to all the stakeholders across the group. During the year, EHS cell ran various organization-wide programs to ensure zero fatality in the safety area and full compliance in the environment area. Keeping with the mission of creating healthier communities globally, the Company remains committed towards resource conservation in the areas of energy, fuel, water etc. The Company has also initiated co-processing activity for few types of waste. The Company received various awards in the areas of environment and safety, during the year. At present, eighteen units of the Company are accredited with ISO 14001 and OHSAS 18001.

**Human Resources**

As a future-focused organization, the Company has been shaping responses to change in a rapidly evolving global environment. Collaborating with business partners, team HR undertook several initiatives to foster a culture of performance and the readiness quotient for ZyNext goals.

During the year, the HR initiatives focused on -

**Enriching the learning curve**

- Continuing with the thrust on learning and development, capability building programmes on Brands & Marketing management, skill building programme for shop-floor employees and culture building programmes, initiatives to drive manufacturing and quality excellence and senior leadership programmes were conducted during the year.
- In all, more than 15000 Zydans were covered through these programmes held during the year.
- Leveraging digital platforms for learning and development.
- Continuing the Zydus Collaborative Leadership Operating Model (ZCLOM) for the senior leadership team

**Developing talent and building capabilities**

- Critical talent has been identified across the organization, Individual Development Programmes (IDP) have been created and signed-off for capability building, critical roles have been identified for businesses and the Development Framework has been created for assessing and developing critical talent.
- Talent mobility survey was conducted and dialogues were initiated for improving internal deployment.
- Job Evaluation was undertaken to make the organization future ready.
- LEAP - Continuously building the traction of potential development and strengthening leadership bench strength.
- Providing growth opportunities within the organization through programmes like ZTMP- Zydus Talent Management Programme.

**Enhancing employee experience**

- Enhancing employee experience through new technology-based platforms like AI, machine learning etc.
- ZCLOM 2 rolled out for 109 senior leaders across the organisation.

**Engaging talent**

- ZEDx, a forum for 100 plus leadership role holders to meet and interact with Managing Director, was launched during the year. The ‘Thought Brew’ is an interesting platform to throw up new ideas, concepts and suggestions that could usher in change and betterment in the existing way of doing things.
- HR Shared Services, a digital convergence platform launched to enhance employee experience through a range of services.

**Risk Identification, Risk Mitigation and Internal Controls**

The Company is one of the leading pharmaceutical companies in India with presence across the pharmaceutical value chain of research, development, manufacturing, marketing and selling of finished dosage human formulations (generics, branded generics and specialty formulations, including biosimilars and vaccines), active pharmaceutical ingredients (APIs), animal healthcare products and consumer wellness products. The Company has a global presence and sells its products in the United States, India, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa. The variety of business activities being performed and the geographies being served by the Company poses various risks and challenges, which are explained below.

**Risk related to economic and political environment across the world**

The Company’s business operations span across different countries across the globe. Different countries of the world face different political conditions and have different economic environment. Some of the counties are grappled with the risk of political instability e.g. the Governments of some of these countries change frequently which lead to policy uncertainty, some countries have indulged into the tariff wars e.g. the recent increase in tariffs on Chinese exports to the United States by the US Government, the counter action taken by Chinese Government on US exports to China and the possibility of an escalation of such a bilateral trade war into the full-blown trade war among different economies leading to the weakening of the Global economy, some of the countries face civil unrest or a few of the countries are at an increased risk of war with the other countries. In some of the countries, there is an increased economic risk in the form of the Government of these countries making default on its debt or there is a significant movement in the exchange rate of the currencies of these countries. Such political and economic risks put the Company’s business in these countries at risk and can affect the operations of the Company adversely. The Company continuously evaluates the political and economic scenario across the globe and take various actions such as capping the overall exposure to the identified countries in terms of various financial parameters, at any given point in time, to a defined threshold, evaluating the possibility of hedging the position to mitigate the currency risk and securing the receivables through letter of credit or through advance payments.

**Risk of competition, price pressure and Government controls on prices**

The Company is a global pharmaceutical player which sells generic medications to its customers across the globe. Generic industry is characterized by a presence of large number of players who compete with each-other to grab the market share, which in turn, leads to the reduction in prices of the products. Government of different countries encourage generic competition as it enables them to provide the patients high quality medicines at the affordable prices and in turn, bring the overall healthcare costs down. In addition to this, Governments of some countries, by law, regulate the prices of medicines and periodically revise them downwards to make them affordable to the patients. Such practices put the severe pressure on the prices which the generic players charge to the customers.
The Company tries to mitigate the impact of such price reduction by expanding the volumes of existing products and launching high value added new products. The Company also continuously strives to improve operational efficiencies to rationalize costs and thereby minimize the impact of price erosions in the finished products.

Risk of regulatory actions due to non-compliance of quality standards

Pharmaceutical industry is one of the most dynamic industries across the globe. Changes in regulations by leading regulatory bodies to ensure the quality of the products have compelled the pharmaceutical companies across the globe to modify their quality assurance systems and compliance practices. The Company must comply with all applicable quality standards prescribed by regulatory authorities of countries where it either supplies products or intends to do the same. Applicable regulations are increasingly becoming stringent and the cost for non-compliance can be severe as it can lead to the revocation or suspension of licenses, imposition of fines and criminal sanctions. Any violation of regulatory methods or non-compliance of standards can also tarnish a Company’s reputation and thereby, risk its future.

The Company continuously evaluates the quality of its products, their manufacturing and supply chain processes to ensure that all the applicable regulations are complied with at all times by focusing on building a robust quality culture among its employees, simplifying and improving the existing processes and investing the resources towards newer technologies and automation initiatives. The Company also keeps a constant vigil on the regulatory actions initiated by regulatory agencies on other pharmaceutical companies across the world and takes pro-active measures to improve its systems and processes.

Risk of litigation related to quality of products, intellectual properties and other litigations

Pharmaceutical products manufactured by the Company must comply with the regulatory and quality standards prescribed by the regulatory authorities of the countries where the products will be supplied. If the quality of the products doesn’t match the standards laid down by the regulatory authorities, it can lead to penal actions from the regulatory authorities. Such a non-compliance can also lead to the litigations from the customers as well. To mitigate the risk of litigation which may arise due to product quality, the Company takes ‘Global Product Liability Insurance’ as a safeguard against the potential claims regarding quality of the products.

Innovator companies can also take a legal action against the generic companies if the products manufactured by generic companies infringe the patents granted to the innovator companies. To mitigate this risk, the Company has put in place a review mechanism to check for possible infringement of intellectual property rights of patent holders before developing and filing product dossiers for global markets.

Risk of delays in approval of new product registrations in various markets

In the generic pharmaceutical space, a large number of players manufacture and supply identical products at a price which is substantially lower than that of an innovator. Presence of a large number of players put severe pressure on the price as they compete with each other to gain the volume by reducing the prices of the products. Generic companies try to compensate the loss on account of reduction in prices of existing products by launching the new products in the market which are characterized by relatively less competition. Non-receipt/ significant delay in receipt of approvals for new products from the regulatory authorities can severely affect the growth of the business of the companies.

The Company has established a stringent mechanism to review the new product dossiers submitted with the regulatory authorities to ensure quality of such dossiers. The Company has also established a system of providing speedy response to the queries raised by the regulatory authorities on the product dossiers so as to expedite the approvals.

Risk of international operations including foreign exchange risk

Indian Rupee is the reporting currency of the Company. However, the Company’s net revenue from operations for the international business and a portion of the expenditure are denominated in foreign currencies. While, as a result of portions of both expenditures and net revenues from operations being denominated in foreign currencies, the Company has a natural hedge against exchange rate risks, the balance of revenues of the Company are affected by fluctuations in exchange rates. Exchange rate fluctuations could affect the amount of income and expenditure that can be recognized, the Company’s ability to service the debt obligations denominated in foreign currencies, and the value of investments in subsidiaries, associates and joint ventures.

Risk Management and Internal Control Systems

Though it is not possible to completely eliminate various risks associated with the business of the Company, efforts are made to minimize the impact of such risks on the operations of the Company. For this, the Company has established a well-defined process of risk management which includes identification, analysis and assessment of various risks, measurement of probable impact of such risks, formulation of risk mitigation strategies and implementation of the same so as to minimize the impact of such risks on the operations of the Company. An enterprise wide risk evaluation and validation process is carried out regularly and the review of the risk management policy is also carried out at regular intervals by the Risk Management Committee and the Board of Directors so as to ensure that new risks which might arise or the impact of existing risks which might have increased are identified and a proper strategy is put in place for mitigating such risks. The Company has put in place various internal controls for different activities so as to minimize the impact of various risks. Also, as mandated by the Companies Act, 2013, the Company has implemented an Internal Financial Control (IFC) framework to ensure proper internal controls over financial reporting. Apart from this, a well-defined system of internal audit is in place so as to independently review and strengthen these internal controls. The Audit Committee of the Company regularly reviews the reports of the internal auditors and recommends steps for further improvement of the internal controls.

Disclaimer

This Management Discussion & Analysis (MD&A) includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “projects”, “expects”, “intends”, “may”, “will”, “seeks” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, aims, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout the MDA and include statements regarding the Company’s intentions, beliefs or current expectations concerning, amongst other things, its results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Company operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance including those relating to general business plans and strategy of the Company, its future outlook and growth prospects, and future developments in its businesses and its competitive and regulatory environment. No representation, warranty or undertaking, express or implied, is made or assurance given that such statements, views, projections or forecasts, if any, are correct or that the objectives of the Company will be achieved. There are some important factors that could cause material differences to Company’s actual results. These include (i) its ability to successfully implement its strategy (ii) its growth and expansion plans (iii) changes in regulatory norms applicable to the Company (iv) technological changes (v) investment income (vi) cash flow projections etc.

The Company, as such, makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein. The information contained in the MDA, unless otherwise specified is only current as of the date of this MDA. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events, or otherwise. Unless otherwise stated in this MDA, the information contained herein is based on management information and estimates.
We are committed to the core behaviours that define the Zydan Way of Life and are our **Pride and Passion**. These are the guiding principles that we live by, in the quest to make our vision a reality – in the way we behave and in everything that we do.

- **Excellence in execution**
  - Being action-oriented

- **Innovation**
  - Being innovative in all that we do

- **Team & Collaboration**
  - WE not ‘I’

- **Adaptability to change**
  - Keeping pace with change

- **Putting organisation before Self**
  - Think Zyus First

- **Respect, Trust & Integrity**
  - Doing the right things, in the right way at the right time
BUSINESS RESPONSIBILITY REPORT


SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identification Number (CIN) of the Company
   L24230GJ1995PLC025878

2. Name of the Company
   Cadila Healthcare Limited

3. Address of the Registered Office of the Company
   Zydus Tower, Satellite Cross Roads
   Sarkhej Gandhinagar Highway
   Ahmedabad–380015

4. Website
   www.zyduscadila.com

5. Email id
   dhavalsoni@zyduscadila.com

6. Financial year reported
   2018–2019

7. Sector(s) that the Company is engaged in (industrial activity code-wise)
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<th>Sub Class</th>
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<tr>
<td>210</td>
<td>2100</td>
<td>21001</td>
<td>Drugs and Pharmaceuticals</td>
</tr>
</tbody>
</table>

8. Key products / Services
   The Company manufactures and markets a wide range of healthcare products.

9. Locations where business activity is undertaken by the Company
   The Company’s businesses and operations are spread across different geographies. There are 22 locations in India, where the manufacturing and research and development activities are carried out, details whereof are provided in this annual report. Details of business performance in Indian markets as well as International markets are reported as a part of the Management Discussion and Analysis Report, which forms a part of this Annual Report.

10. Markets served by the Company–Local / State / National / International
    As a global healthcare provider, the Company has a significant presence nationally and globally.

SECTION B : FINANCIAL DETAILS OF THE COMPANY

<table>
<thead>
<tr>
<th>Description</th>
<th>`</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-up Capital (₹)</td>
<td>1,024 million</td>
</tr>
<tr>
<td>Total turnover (sale of products) (₹)</td>
<td>62,070 million</td>
</tr>
<tr>
<td>Total profit after taxes (₹)</td>
<td>16,021 million</td>
</tr>
</tbody>
</table>

SECTION C: OTHER DETAILS

List of activities in which expenditure on CSR has been incurred and total spending as a percentage of profits after tax:

The Company has spent ₹ 272.09 million against ₹ 271.90 million towards Corporate Social Responsibility (CSR), being 2% of the average net profits for previous three years, computed as prescribed under the Companies Act, 2013 (“the Act”) on education and healthcare, including preventive healthcare and infrastructure development. Annual Report on CSR activities is attached to the Directors’ Report.

The Company is a global pharmaceutical Company with subsidiaries in India and across the world. As on date, the Company has 44 subsidiary Companies, including 27 subsidiaries outside India. Names of the subsidiary Companies are provided in the statement of salient features of the subsidiary Companies under section 129(3) of the Act and Rules made thereunder, which is a part of this Annual Report. Each of the Company’s subsidiaries abides by the law of the respective land, where it operates in a responsible manner. The subsidiary companies’ Business Responsibility (BR) initiatives are aligned with those of the Company.
### SECTION D: BR INFORMATION

1. **Details of Director responsible for BR:**

   a) **Details of the Director responsible for implementation of the BR Policy / Policies:**

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Particulars</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DIN [if applicable]</td>
<td>00131852</td>
</tr>
<tr>
<td>2</td>
<td>Name</td>
<td>Mr. Pankaj R. Patel</td>
</tr>
<tr>
<td>3</td>
<td>Designation</td>
<td>Chairman</td>
</tr>
</tbody>
</table>

   b) **Details of the BR head:**

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Particulars</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DIN [if applicable]</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>2</td>
<td>Name</td>
<td>Mr. Dhaval N. Soni</td>
</tr>
<tr>
<td>3</td>
<td>Designation</td>
<td>Company Secretary and Compliance Officer</td>
</tr>
<tr>
<td>4</td>
<td>Telephone Number</td>
<td>079–268 68 100</td>
</tr>
<tr>
<td>5</td>
<td>E-mail ID</td>
<td><a href="mailto:dhavalsoni@zyduscadila.com">dhavalsoni@zyduscadila.com</a></td>
</tr>
</tbody>
</table>

2. **Principle-wise (as per NVGs) BR Policy / Policies:**

Alignment to National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)

<table>
<thead>
<tr>
<th>NVG Principle</th>
<th>Chapter in BR Report</th>
<th>Page No.</th>
<th>Details in Annual Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business should conduct and govern themselves with Ethics, Transparency and Accountability.</td>
<td>Corporate Governance Structure</td>
<td>40</td>
<td>Yes</td>
</tr>
<tr>
<td>Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.</td>
<td>Manufacturing and Quality</td>
<td>40</td>
<td>Yes</td>
</tr>
<tr>
<td>Businesses should promote the well-being of all employees.</td>
<td>Building people to build our business</td>
<td>40-41</td>
<td>Yes</td>
</tr>
<tr>
<td>Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.</td>
<td>Zydus’ Corporate Social Responsibility</td>
<td>41</td>
<td>Yes</td>
</tr>
<tr>
<td>Businesses should respect and promote human rights.</td>
<td>Human Rights</td>
<td>41</td>
<td>Yes</td>
</tr>
<tr>
<td>Businesses should respect, protect, and make efforts to restore the environment.</td>
<td>Environment, Health and Safety</td>
<td>41-42</td>
<td>Yes</td>
</tr>
<tr>
<td>Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.</td>
<td>Policy advocacy</td>
<td>42</td>
<td>Yes</td>
</tr>
<tr>
<td>Business should support inclusive growth and equitable development.</td>
<td>Zydus Shrishti</td>
<td>42</td>
<td>Yes</td>
</tr>
<tr>
<td>Business should engage with and provide value to their customers and consumers in a responsible manner.</td>
<td>The Zydus Way of manufacturing and marketing healthcare products</td>
<td>42</td>
<td>Yes</td>
</tr>
</tbody>
</table>
3. **Principle-wise [as per NVGs] BR Policy / Policies:**

   a) **Details of compliance [Reply in Y/N]:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Do you have a policy / policies for?</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>2</td>
<td>Has the policy been formulated in consultation with the relevant stakeholders?</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>3</td>
<td>Does the policy confirm to any national / international standards?</td>
<td>T</td>
<td>T</td>
<td>T</td>
<td>T</td>
<td>T</td>
<td>T</td>
<td>T</td>
<td>T</td>
<td>T</td>
</tr>
<tr>
<td>4</td>
<td>Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
</tbody>
</table>

All statutory policies are approved by the Board of Directors, whereas other policies are signed by the Managing Director or the respective business / unit head.

5. Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?

   The policies are implemented and being reviewed regularly by the respective business / unit head.

6. Indicate the link for the policy to be viewed online?

   www.zyduscadila.com
   http://zydusehs

7. Has the policy been formally communicated to all relevant internal and external stakeholders?

   Yes, all the policies are communicated to the employees via internal portal, where each employee has an access and the external stakeholders through Company’s website. [www.zyduscadila.com]

8. Does the Company have in-house structure to implement the policy / policies?

   Y       Y       Y       Y       Y       Y       Y       Y

9. Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders’ grievances related to the policy / policies?

   Yes, respective business / unit heads attend to any grievances pertaining to their department and address the grievances. The Company has formed a Stakeholders’ / Investors’ Relationship Committee to redress any grievances of shareholders and investors. Product related grievances are also resolved by the respective business heads to which the product pertains to.

10. Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?

    The Company regularly carries out an independent audit on working of policy on environment. CSR expenditure is also audited by the Company’s statutory auditors.

---

1. The Policy is embedded in the Company’s Code of Conduct, HR policies and various other HR practices.
2. The Policy is embedded in the Company’s Quality and Environmental Policies, which inter alia relate to safe and sustainable products.
3. The policies for the wellbeing of employees are for internal circulation to the employees and approved by the Managing Director.
4. The Company fulfills the requirements by introducing innovative products and services. The Company has a customer complaint redressal system.

b) **If answer to the questions at serial number 1 against any principle, is "No", please explain why:**

   N.A.
4. Governance related to BR:
   a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year.

   The BR performance of the Company is regularly monitored by the Company and reviewed by the Chairman and respective departmental heads. The Board of Directors reviews BR performance on an annual basis.

   b) Does the Company publish BR or sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?


SECTION E : PRINCIPLE-WISE PERFORMANCE

Principle 1:
Business should conduct and govern themselves with Ethics, Transparency and Accountability

The Company firmly believes and adheres to transparent, fair and ethical governance practices.

The Board of Directors has approved a Code of Business Conduct and Ethics, which is applicable to all Board Members and employees of the Company. This is reviewed and reported annually. The company also has a Whistle Blower Policy approved by the Board and is applicable to all employees of the Company. Further, our major suppliers are also required to agree and to confirm to the code of responsible business conduct.

The Company has also prescribed a very detailed Code of Ethics for its employees and every employee has to sign and affirm its compliance. Though the Code of Business Conduct and Ethics for Directors and Senior Management Personnel is posted on the Company’s website, the internal code of conduct is available on a portal, which is accessible to all employees.

Details relating to shareholders’ complaints are provided in Corporate Governance Report, which is a part of this Annual Report. However, there was no stakeholder complaint during the reporting period with regard to ethics, bribery and corruption.

Principle 2:
Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

All our manufacturing facilities are inspected by the leading regulatory agencies of US, Brazil, India, etc. The approvals are given after a thorough audit of standard operating procedures and protocols. Hence, utmost care is taken to ensure that products conform to stringent quality standards and bio-stability of products is submitted during the periodic audits. All these manufacturing plants have received environment audit certifications from ISO and OHSAS.

The Company produces large number of diverse Formulations and Active Pharmaceutical Ingredients (APIs) at various manufacturing sites and therefore ascertaining consumption of energy, water and raw material, etc. on per unit of product basis is not possible.

The Company has identified approved vendors for procuring materials and a Standard Operating Procedure is in place for sourcing raw materials. This includes sample approvals, performance trials, plant audit and regulatory clearances. Majority of procurement of materials is from the approved manufacturers.

The Company procures goods and services from the local and small producers for its manufacturing premises and offices. It improves operational efficiency and helps save on transportation costs, inventory management and helps in risk mitigation. Adequate guidance and counselling are provided to them about system and procedures for regulated markets.

The waste generated in the Company’s operations is either recycled or disposed of safely & scientifically as per applicable rules / laws. Every manufacturing facility has its own Effluent Treatment Plant, which ensures discharge of waste meets the norms prescribed by respective pollution control boards.

Important raw materials and solvents are recovered and recycled. It is a part of operational management. Full-fl edged Solvent Recovery Plant at our API manufacturing sites recovers solvents generated during the process of manufacturing & reuses solvents in the manufacturing process.

Principle 3:
Businesses should promote the well-being of all employees

1. Please indicate the total number of employees and the number of contractual employees, women employees and permanent employees with disabilities:

   The Company does not discriminate among existing employees or during the process of recruitment on the grounds of religion, race, color, gender and disability. The Company provides equal opportunities to all employees.

   Key employee data as on March 31, 2019 are provided in the below table.
2. The Company has a recognised employees association and 2.66% of our permanent employees are members of this association. The Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year.

3. The permanent and contractual employees at the Company’s manufacturing site, Research and Development Centre and other corporate offices are provided training on relevant Environment, Health and Safety aspects. Further, all other employees are given soft skill up-gradation training to improve their skills as may be relevant to the respective functions. 55.53% employees were imparted training for skill development, EHS, etc. from the total strength.

**Principle 4:**
Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

The Company has mapped its internal and external stakeholders. We recognize employees, business associates, joint venture partners, suppliers, vendors, NGOs, communities, shareholders/investors, regulatory authorities and other governmental bodies and intermediaries as our key stakeholders.

The Company has also identified disadvantaged, vulnerable and marginalized stakeholders. The Senior Management of the Company also devotes their time and resources to various agencies involved in education and health arena as a part of its Corporate Social Responsibility. The Company works actively to enhance the employability of youth, leading to income generation and economic empowerment in the marginalized section of the communities.

The shop floor workers in our manufacturing premises are from the economically disadvantaged groups and local communities. The company invests in their skill development and upgradation, health check-ups and ensures other quality of life parameters. We have processes in place to ensure upholding of the rights of our employees and protect them against any form of discrimination.

**Principle 5:**
Businesses should respect and promote human rights

The company is committed to promote human rights and adheres to the same in spirit and deed. This extends to all areas of business operations and various stakeholder groups. The Company is also committed to provide equal opportunities at all levels, safe and healthy workplaces and protecting human health and environment. The Company strives to provide a non-discriminatory and harassment-free workplace for all its employees and contract staff. The Factories Act, 1948 provides the overarching framework for the Company’s policy on human rights for the employees working at different factories. The Company provides equal opportunities to all its employees to improve their skills and capabilities. The Company also has a policy in place to foster a professional, open and trusting workplace and safeguard the interests of its women employees. The Company provides help to its neighbouring communities to improve their education, cultural, economic and social well-being. There were no stakeholder complaints in the reporting period pertaining to human rights.

**Principle 6:**
Business should respect, protect, and make efforts to restore environment

The Company is committed towards conservation of the environment and compliance with all requirements related to Environment, Health and Safety [EHS]. We have been looking at these initiatives beyond statutory compliance with a focus on the 4 Rs—Reduce, Reuse, Recycle and Recover for valuable resources. The Company has been engaging and involving every stakeholder across the Company in creating a unique culture in EHS.

The Company continues to invest substantial resources towards sustaining and continuously improving standards of environment, occupational health and safety. Competent EHS cell has been instituted at each facility to cater to the day-to-day EHS related activities.

To gratify the EHS value as a whole with systematic approach, 18 company units are accredited for ISO 14001 and 18 company units are accredited for OHSAS 18001.

Towards green initiatives, the Company is reusing the hazardous waste by the activity of co-processing, water conservation, solvent recovery, using energy efficient techniques, developing green belt, etc. The Company conducts various programmes on environment, health and safety to raise awareness among all employees.
To develop safety culture at work place, the Company has implemented Process Safety Management (PSM) and Behavior Based Safety Management tools across the units and as a part of Environment Management System and stringent monitoring, the Company has installed TOC monitoring system at its API units.

To bring the information asymmetry amongst the EHS group members and all employees, the Company has created a dedicated EHS portal system and from time to time documents are posted for internal review and compliance, which include EHS management–SOPs, guidelines, checklists, etc. The Company organizes EHS group discussions at various levels as a part of awareness and updation on regular basis.

The Company is committed to achieve all the norms within the limits for emission and discharge of air and water, as may be laid down by the regulators. The Company complies with pollution and environmental laws.

**Principle 7:**
**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

The Company is a member of following Chambers and Associations:

A. Indian Pharmaceutical Alliance,
B. Federation of Indian Chambers of Commerce and Industry (FICCI),
C. The Indian Drug Manufacturers Association,
D. Pharmexcil, Hyderabad; and
E. Gujarat Chamber of Commerce & Industry.

The Company interacts with Government / Regulatory Authorities on any public policy framework through apex industry institutions, like Indian Pharmaceutical Alliance, Federation of Indian Chambers of Commerce and Industry, The Indian Drug Manufacturers Association, Pharmexcil and Gujarat Chamber of Commerce and Industry. The Company puts forth its views on new standards or regulatory developments pertaining to the pharmaceutical manufacturing industry, broadly in the areas concerning access to medicines, best practices, corporate governance, corporate social responsibility, etc.

**Principle 8:**
**Businesses should support inclusive growth and equitable development**

The Company’s CSR initiatives are spearheaded by Ramanbhai Foundation. Zydus Shrishti encourages employee volunteerism and is completely an in-house effort. The team carries out initiatives in the field of education, health and research. The focus through these programs is to develop communities it forms a part of, inclusive education and creating knowledge platforms for the research community.

In line with its policy, the Company has contributed towards education, healthcare and social outreach programs and a majority of its CSR spending in the previous financial year has been in these areas. To serve the needs of the patients and bring world class medical education to the rural interiors of Gujarat, the company has set up the Zydus Medical College and Hospital at Dahod.

The Hospital provides free treatment including OPD, Indoor, all investigations, surgeries, anesthesia, oral medicines, injectables and food for patients. The Zydus Medical College is the first Medical College to be set up in Dahod and the first batch of the MBBS programme commenced in August 2018.

Reaching out to make a difference in the community, the Company also extends support to the School for Deaf-Mutes Society. Established in the year 1908, the school for the Deaf and Mutes Society is one of the oldest organizations working in the field of education and rehabilitation of persons with hearing, speech, and visual impairment.

A report in the prescribed format on CSR activities carried out by the Company forms a part of this Annual Report.

**Principle 9:**
**Businesses should engage with and provide value to their customers and consumers in a responsible manner**

There were no customer complaints received in the reporting period. There are no complaints or consumer cases pending as on the end of the financial year. There are no cases filed by any customer or consumer against the Company as at the end of Financial Year 2018-19.

The Company displays all product information on the product label, which is mandatory and as may be required for the use of the products by the consumers.

The Company shall never engage in any unfair trading practices, irresponsible advertising or anti-competitive behavior. The Company has various checks and balances to ensure that the business of the Company is done in a fair and responsible manner. This is the Zydus Way of manufacturing and marketing healthcare products.

The Company carries out the consumer satisfaction survey to measure the satisfaction among its consumers. A full-fledged Pharmacovigilance cell has been set up to track, review and act on any adverse event complaints. Post marketing surveillance is also carried out by the marketing team to track and monitor the efficacy and safety of the products.
Your Directors are pleased to present the Twenty Fourth Annual Report and the Financial Statements for the Financial Year ended on March 31, 2019.

FINANCIAL HIGHLIGHTS:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013 ("the Act"), read with rule 7 of the Companies (Accounts) Rules, 2014.

The standalone and consolidated financial performance of the Company, for the Financial Year ended on March 31, 2019 is summarized below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Standalone</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For the year ended on March 31, 2019</td>
<td>For the year ended on March 31, 2018</td>
</tr>
<tr>
<td>Revenue from Operations and other Income</td>
<td>71,043</td>
<td>133,667</td>
</tr>
<tr>
<td></td>
<td>60,305</td>
<td>120,676</td>
</tr>
<tr>
<td>Profit before Interest, Depreciation, Amortisation and Impairment Expenses &amp; Tax [PBDIT]</td>
<td>23,667</td>
<td>31,742</td>
</tr>
<tr>
<td></td>
<td>18,542</td>
<td>29,607</td>
</tr>
<tr>
<td>Less: Finance Cost</td>
<td>884</td>
<td>1,935</td>
</tr>
<tr>
<td></td>
<td>639</td>
<td>911</td>
</tr>
<tr>
<td>Less: Depreciation, Amortization and Impairment Expenses</td>
<td>3,498</td>
<td>5,986</td>
</tr>
<tr>
<td></td>
<td>2,931</td>
<td>5,388</td>
</tr>
<tr>
<td>Profit Before Tax [PBT]</td>
<td>19,285</td>
<td>23,821</td>
</tr>
<tr>
<td></td>
<td>14,972</td>
<td>23,308</td>
</tr>
<tr>
<td>Less: Tax Expenses</td>
<td>3,264</td>
<td>5,303</td>
</tr>
<tr>
<td></td>
<td>4,064</td>
<td>5,644</td>
</tr>
<tr>
<td>Profit After Tax [PAT]</td>
<td>16,021</td>
<td>18,518</td>
</tr>
<tr>
<td></td>
<td>10,908</td>
<td>17,664</td>
</tr>
<tr>
<td>Share of Profit of Joint venture (net of tax)</td>
<td>-</td>
<td>469</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>628</td>
</tr>
<tr>
<td>Profit for the year from Continuing Operations</td>
<td>16,021</td>
<td>18,987</td>
</tr>
<tr>
<td></td>
<td>10,908</td>
<td>18,292</td>
</tr>
<tr>
<td>Less: Loss after tax from Discontinued Operations</td>
<td>-</td>
<td>188</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>16,021</td>
<td>18,987</td>
</tr>
<tr>
<td></td>
<td>10,908</td>
<td>18,104</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Parent</td>
<td>16,021</td>
<td>18,987</td>
</tr>
<tr>
<td></td>
<td>10,908</td>
<td>18,104</td>
</tr>
<tr>
<td>Non-Controlling Interests</td>
<td>-</td>
<td>17,758</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>499</td>
</tr>
<tr>
<td>Other Comprehensive Income/(Loss) (net of tax)</td>
<td>(320)</td>
<td>(1,680)</td>
</tr>
<tr>
<td></td>
<td>362</td>
<td>195</td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>15,701</td>
<td>17,307</td>
</tr>
<tr>
<td></td>
<td>11,270</td>
<td>18,299</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Parent</td>
<td>15,701</td>
<td>16,808</td>
</tr>
<tr>
<td></td>
<td>11,270</td>
<td>17,953</td>
</tr>
<tr>
<td>Non-Controlling Interests</td>
<td>-</td>
<td>499</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>346</td>
</tr>
<tr>
<td>Opening balance in Retained Earnings</td>
<td>58,127</td>
<td>67,707</td>
</tr>
<tr>
<td></td>
<td>47,315</td>
<td>50,073</td>
</tr>
<tr>
<td>Amount available for appropriation</td>
<td>74,108</td>
<td>90,061</td>
</tr>
<tr>
<td></td>
<td>58,127</td>
<td>67,717</td>
</tr>
<tr>
<td>Transferred to Debenture Redemption Reserve</td>
<td>-</td>
<td>3,750</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend</td>
<td>3,583</td>
<td>3,583</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate Dividend Tax on Dividend (net of CDT Credit)</td>
<td>9</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Closing Balance in Retained Earnings</td>
<td>70,516</td>
<td>82,643</td>
</tr>
<tr>
<td></td>
<td>58,127</td>
<td>67,707</td>
</tr>
<tr>
<td>Earnings Per Share [EPS] from Continuing Operations [Face Value of shares of ₹ 1/- each]</td>
<td>15.65</td>
<td>18.06</td>
</tr>
<tr>
<td></td>
<td>10.66</td>
<td>17.53</td>
</tr>
<tr>
<td>Earnings Per Share [EPS] from Continuing and Discontinued Operations [Face Value of shares of ₹ 1/- each]</td>
<td>15.65</td>
<td>18.06</td>
</tr>
<tr>
<td></td>
<td>10.66</td>
<td>17.35</td>
</tr>
</tbody>
</table>

The Company proposes to retain an amount of ₹ 70,516 million in the Statement of Profit and Loss.
RESULTS OF OPERATIONS:
During the year under review, the consolidated revenue from operations and other income was ₹ 133,667 million. The Company has achieved consolidated Profit Before Tax of ₹ 23,821 million and Profit After Tax of ₹ 18,987 million. The Company achieved a consolidated total Comprehensive Income of ₹ 17,307 million. The EPS from continuing operations on consolidated financials for the year ended on March 31, 2019 was ₹ 18.06.

DIVIDEND:
Your Directors have recommended a dividend of ₹ 3.50 (350%) per equity share on 102,37,42,600 Equity Shares of ₹ 1/- each fully paid-up for the financial year ended on March 31, 2019, amounting to ₹ 3,583 million [Corporate Dividend tax (net of CDT) is Nil]. The dividend, if declared by the members at the ensuing Annual General Meeting (“AGM”), will be paid to those shareholders, whose names stand registered in the Register of Members on August 9, 2019. In respect of shares held in dematerialized form, it will be paid to the members whose names are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited, as beneficial owners. The Dividend Payout Ratio for the current year (inclusive of Corporate Dividend Tax) is 18.87% of profits.

During the year, the unclaimed dividend pertaining to the dividend for the year ended March 31, 2011 was transferred to Investors Education and Protection Fund.

As per SEBI Notification, the Company has formulated Dividend Distribution Policy, which is approved by the Board of Directors and is uploaded on Company’s website www.zyduscadila.com. The link for the same is https://zyduscadila.com/wp-content/uploads/2017/05/Dividend-Distribution-Policy-CHL.pdf.

SECRETARIAL STANDARDS:
The Company is in compliance with Secretarial Standards on Meetings of Board of Directors and General Meetings issued by the Institute of Company Secretaries of India.

MDA for the year under review, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the Listing Regulations”) is presented in a separate section, which forms a part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS:
In accordance with the Ind AS–110 on Consolidation of Financial Statements read with Ind AS–28 on Accounting for Investments in Associates and Joint Ventures and as provided under the provisions of the Act read with Schedule III to the Act and Rules made thereunder and the Listing Regulations, the Audited Consolidated Financial Statements are provided in the Annual Report, which show the financial resources, assets, liabilities, incomes, profits and other details of the Company, its associate companies and its subsidiaries after elimination of minority interest, as a single entity.

SUBSIDIARY COMPANIES:

i. With an objective to expand pharma manufacturing footprint, during the year, the Company acquired 51% shareholding of Windlas Healthcare Private Limited (“Windlas”). In view of the same, Windlas has become a subsidiary of the Company.

ii. The Company had signed Share Purchase Agreement jointly with Zydus Wellness Limited (“ZWL”), a subsidiary of the Company, for acquisition of 100% equity share capital of Heinz India Private Limited (“HIPL”). ZWL and Zydus Wellness–Sikkim (a partnership firm) wholly owned entity of ZWL acquired 100% of the equity shares of HIPL. In view of the same, the Company has no further obligations under the share purchase agreement. With the acquisition, HIPL has become subsidiary of ZWL.

iii. During the year, the Company acquired 84,83,754 equity shares of ₹ 10/- each issued and allotted at a price of ₹ 1,385/- (including premium of ₹ 1,375/-) of ZWL, a subsidiary of the Company on a preferential issue basis. Consequently, the shareholding of the Company in ZWL increased to 3,66,47,509 equity shares from 2,81,63,755 equity shares. However, due to additional equity share capital raised by ZWL, the percentage shareholding of the Company in ZWL has decreased from 72.08% to 63.55%

iv. Zydus Wellness–Sikkim, a partnership firm, in which ZWL was 98% partner, was converted into a limited liability company under the provisions of Chapter XXI of the Act in the name of Zydus Nutritions Limited (“ZNL”). ZNL is a wholly owned subsidiary of ZWL.

v. HIPL was amalgamated with ZNL pursuant to the Order passed by the Hon’ble National Company Law Tribunal, Bench at Ahmedabad dated May 10, 2019, effective from May 24, 2019 and with Appointed Date of March 1, 2019.

vi. The Company has incorporated a section 8 Company on May 24, 2019 and with Appointed Date of March 1, 2019.

vii. Zydus Foundation as a wholly owned subsidiary of the Company in ZWL has decreased from 72.08% to 63.55%

viii. As provided in section 136 of the Act, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make
available free of cost the Audited Financial Statements of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Financial Statements of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

ix. As provided under section 129(3) of the Act and Rules made thereunder, a statement containing the salient features of the financial statements of its subsidiaries in the format prescribed under the rules is attached to the financial statements. The policy relating to material subsidiaries as amended by the Board of Directors at their meeting held on February 7, 2019, pursuant to the provisions of the Listing Regulations may be accessed on the Company’s website at the link: https://zyduscadila.com/public/pdf/Policy_on_Material_Subsidiary_Revised_February_7_2019.pdf.

POLICY ON PRESERVATION AND UTILIZATION OF STATIONERY:

Pursuant to the provisions of SEBI Circular dated April 20, 2018, the Board of Directors at their meeting held on February 7, 2019 approved a Policy on Preservation and Utilization of Stationery—Blank Security Certificates, warrants etc. and the same is uploaded on the website of the Company, the link of which is https://zyduscadila.com/public/pdf/Policy_on_Related_Party_Transactions_and_dealing_with_Material_Related_Party_Transactions_February_7_2019.pdf.

DIRECTORS:

i) Appointment of Directors:

During the year, upon recommendation of Nomination and Remuneration Committee, Mr. Bhadresh K. Shah (DIN–00058177) was appointed as an Additional Independent Director of the Company for a consecutive period of 5 (five) years w.e.f. December 6, 2018 subject to approval of the shareholders at the ensuing AGM.

Ms. Dharmishtaben N. Raval (DIN – 02792246) was appointed as an Independent Director ("ID") on July 30, 2014 for a period of 5 (five) consecutive years i.e. upto the conclusion of Twenty Fourth AGM in the calendar year 2019. Based on the performance evaluation and upon the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on May 29, 2019 approved her re-appointment as an ID of the Company, subject to approval of the shareholders by way of a special resolution, to hold office for a second term of 5 (five) consecutive years with effect from the conclusion of Twenty Fourth AGM up to the conclusion of Twenty Ninth AGM in the calendar year 2024.

ii) Retirement by rotation:

In accordance with the provisions of section 152(6) of the Act and in terms of the Articles of Association of the Company, Mr. Mukesh M. Patel, Non-Executive Director (DIN–00140239) were appointed as IDs on July 30, 2014 for a period of 5 (five) consecutive years i.e. upto the conclusion of Twenty Fourth AGM in the calendar year 2019. Based on the performance evaluation and upon the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on May 29, 2019 approved her re-appointment as an ID of the Company, subject to approval of the shareholders by way of a special resolution, to hold office for a second term of 5 (five) consecutive years with effect from the conclusion of Twenty Fourth AGM up to the conclusion of Twenty Ninth AGM in the calendar year 2024.

iii) Re–appointment of Directors:

Mr. H. Dhanrajgir (DIN–00004006) and Mr. Nitin R. Desai (DIN–00140239) were appointed as IDs on July 30, 2014 for a period of 5 (five) consecutive years i.e. upto the conclusion of Twenty Fourth AGM in the calendar year 2019. As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, which are effective from April 1, 2019, (i) the tenure of
Mr. H. Dhanrajgir was extended till July 30, 2019 which is well within the residual term of his current tenure and (ii) Mr. Nitin R. Desai was re-appointed for a further period of 5 (five) consecutive years, by passing two special resolutions by way of Postal Ballot, as both of them have attained the age of 75 years.

iv) Declaration of independence:

The Company has received declarations of independence as stipulated under section 149(7) of the Act and regulation 16(b) of the Listing Regulations, as amended, from IDs confirming that they are not disqualified for continuing as an ID.

v) Profile of Directors seeking appointment / re-appointment:

As required under regulation 36(3) of the Listing Regulations, particulars of Directors seeking appointment / re-appointment at the ensuing AGM are annexed to the notice convening Twenty Fourth AGM.

vi) Key Managerial Personnel:

The following persons are the Key Managerial Personnel ("KMP"): 
1. Dr. Sharvil P. Patel, Managing Director,
2. Mr. Ganesh N. Nayak, Executive Director,
3. Mr. Nitin D. Parekh, Chief Financial Officer,
4. Mr. Upen H. Shah, Company Secretary (up to February 7, 2019) and
5. Mr. Dhaval N. Soni, Company Secretary (w.e.f. February 7, 2019).

vii) Board Evaluation:

Pursuant to provisions of the Act and Rules made thereunder and as provided in Schedule IV to the Act and the Listing Regulations, the Nomination and Remuneration Committee / Board has carried out the annual performance evaluation of itself, the Directors individually as well as the evaluation of its committees. The manner in which the evaluation was carried out has been provided in the Corporate Governance Report, which is a part of this Annual Report.

viii) Nomination and Remuneration Policy:

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy on selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report, which is a part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of section 134(3)(c) of the Act and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

(a) that in preparation of the Financial Statements, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any,

(b) that such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2019 and of the profit of the Company for the year ended on that date,

(c) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities,

(d) that the annual financial statements have been prepared on going concern basis,

(e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively, and

(f) that the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) ACCOUNT:

In compliance with the provisions of section 124 and 125 of the Act and Rules made thereunder, the Company has transferred 1,39,050 equity shares of 137 shareholders whose dividend has remained unclaimed / unpaid for a consecutive period of 7 (seven) years to the Investor Education and Protection Fund ("IEPF").

BOARD MEETINGS:

Information of meetings of the Board of Directors is given in Corporate Governance Report, forming a part of this Annual Report.

AUDIT COMMITTEE:

As provided in section 177(8) of the Act, the information about composition of Audit Committee and other details are given in Corporate Governance Report, forming a part of this Annual Report. The Board has accepted the recommendations of the Audit Committee. The Audit Committee was re-constituted by inducting Mr. Bhadresh K. Shah, ID of the Company as a member of Audit Committee. The Audit Committee comprises of Mr. Nitin R. Desai, Chairman, Mr. H. Dhanrajgir, Mr. Mukesh M. Patel, Ms. Dharmishtaben N. Raval, Mr. Apurva S. Diwanji and Mr. Bhadresh K. Shah as members.
CORPORATE GOVERNANCE:
The Company has complied with the Corporate Governance requirements under the Act and as stipulated under the Listing Regulations. A separate section on detailed report on the Corporate Governance practices followed by the Company under the Listing Regulations, along with a certificate from Manoj Hurkat & Associates, practicing Company Secretaries, confirming the compliance forms a part of this Annual Report.

AUDITORS:
i) Statutory Auditors and Audit Report:
Deloitte Haskins & Sells LLP, Chartered Accountants, are appointed as the Statutory Auditors of the Company for a period of 5 (five) years from the conclusion of Twenty Second AGM till the conclusion of Twenty Seventh AGM.

Deloitte Haskins & Sells LLP, Chartered Accountants have furnished a declaration confirming their independence as well as their arm’s length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the Company.

The Board has duly reviewed the Statutory Auditor’s Report of Deloitte Haskins & Sells LLP, Chartered Accountants and the observations and comments, appearing in the report, are self-explanatory and do not call for any further explanation / clarification by the Board of Directors as provided under section 134 of the Act.

ii) Cost Auditors:
Pursuant to the provisions of section 148(3) of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of the Drugs and Pharmaceuticals are required to be audited. The Board had, on the recommendation of the Audit Committee, appointed Dalwadi & Associates, Cost Accountants to audit the cost records of the Company for the Financial Year 2019–2020 on a remuneration of ₹ 1.15 million plus applicable GST and out of pocket expenses at actuals. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members in a general meeting for ratification. Accordingly, a resolution seeking ratification by members for the remuneration payable to Dalwadi & Associates is included at Item No. 6 of the Notice convening Twenty Fourth AGM.

iii) Secretarial Auditors and Secretarial Audit Report:
Pursuant to the provisions of section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Manoj Hurkat and Associates, a firm of Company Secretaries in Whole-time Practice to undertake the Secretarial Audit of the Company for the Financial Year 2018–2019. The Secretarial Audit Report is annexed herewith as Annexure–B. The Board has duly reviewed the Secretarial Auditors’ Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors as provided under section 134 of the Act.

BUSINESS RESPONSIBILITY REPORTING:
As per regulation 34(2)(f) of the Listing Regulations, a separate section on Business Responsibility Reporting forms a part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR):
Your Company, being a Pharmaceutical Company, having objective as “Dedicated to Life” has contributed for healthcare, education and research as a part of initiatives under “Corporate Social Responsibility” for the year under review. Pursuant to section 135 of the Act and the relevant rules, the Board has constituted a Corporate Social Responsibility (“CSR”) Committee under the Chairmanship of Mr. Pankaj R. Patel. The other members of the Committee are Ms. Dharmishtaben N. Raval and Dr. Sharvil P. Patel. CSR Policy has been framed and placed on the Company’s website. Other details of the CSR activities, as required under section 135 of the Act, are given in the CSR Report at Annexure–C.

BUSINESS RISK MANAGEMENT:
Pursuant to the provisions of section 134(3)(n) of the Act and requirements under the Listing Regulations, the Company has constituted a Risk Management Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report, which forms a part of this Annual Report.

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate them. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks. The Company has formally framed a Risk Management Policy to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure.

Discussion on risks and concerns are covered in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:
The Company has designed and implemented a process driven framework for Internal Financial Controls (“IFC”) within the
meaning of the explanation to section 134(5)(e) of the Act. For the year ended on March 31, 2019, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved internal controls whenever the effect of such gaps would have a material effect on the Company’s operations.

MANAGING THE RISKS OF FRAUD, CORRUPTION AND UNETHICAL BUSINESS PRACTICES:

i) Vigil Mechanism / Whistle Blower Policy:
The Company has established vigil mechanism and framed Whistle Blower Policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company’s Code of Conduct or Ethics Policy. Whistle Blower Policy is disclosed on the website of the Company. As required under SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has amended the Whistle Blower Policy to enable the employees to report instances of leakage of unpublished price sensitive information.

ii) Zydus Business Conduct Policy:
The Company has framed “Zydus Business Conduct Policy” and is monitored by the Sr. Vice President (Human Resources). Every employee is required to review and sign the policy at the time of joining and an undertaking shall be given for adherence to the Policy. The objective of the Policy is to conduct the business in an honest, transparent and ethical manner. The policy provides for anti-bribery and avoidance of other corruption practices by the employees of the Company.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:
The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company has constituted an Internal Complaints Committee as required under the said Act.

The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment.

During the Financial Year 2018–2019, no complaints were received with regard to sexual harassment.

EXTRACT OF ANNUAL RETURN:
As per the provisions of section 92(3) of the Act, an extract of the Annual Return in the prescribed form MGT–9 is attached as Annexure–D and the same is also available on the website of the company, the link of which is www.zyduscadila.com.

PARTICULARS OF EMPLOYEES:
The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure–E.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:
Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134(3)(m) of the Act read with rule 8(3) of the Companies (Accounts) Rules, 2014, is provided in Annexure–F and forms a part of this Annual Report.

GENERAL DISCLOSURES:
Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134(3) of the Act and rule 8 of the Companies (Accounts) Rules, 2014 to the extent the transactions took place on those items during the year.

Apart from what are mentioned in this report, there are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

ACKNOWLEDGMENT:
Your Directors place on record their sincere appreciation for the continued co-operation and support extended to the Company by various Banks. Your Directors also thank the Medical Profession, the Trade and Consumers for their patronage to the Company’s products. Your Directors also place on record sincere appreciation of the continued hard work put in by the employees at all levels. The Directors also thank the Company’s vendors, investors, business associates, Stock Exchanges, Government of India, State Government and various departments and agencies for their support and co-operation.

On behalf of the Board of Directors

Place : Ahmedabad
Date : May 29, 2019

Pankaj R. Patel
Chairman
Disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013, including certain arm’s length transactions under third proviso thereto.

A. Details of contracts or arrangements or transactions not on an arm’s length basis:

There were no contracts or arrangements or transactions entered into with related parties during the year, which were not on an arm’s length basis.

B. Details of material contracts or arrangements or transactions on an arm’s length basis:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Related Party and Nature of Relationship</th>
<th>Nature of contract / arrangement or transaction</th>
<th>Duration of contract / arrangement or transaction</th>
<th>Salient terms of the contract / arrangement or transaction, including value, if any.</th>
<th>Dates of approval by the Board of Directors</th>
<th>Amount paid as advance, if any.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Zydus Pharmaceuticals USA Inc., USA (ZPU) (Wholly Owned Subsidiary Company)</td>
<td>Supply and Distribution Agreement</td>
<td>On-going</td>
<td>Pricing of supply of products based on relevant guidelines of transfer pricing.</td>
<td>May 12, 2015</td>
<td>Nil</td>
</tr>
</tbody>
</table>

On behalf of the Board of Directors

Place : Ahmedabad
Date : May 29, 2019

Pankaj R. Patel
Chairman
ANNEXURE–B

SECRETARIAL AUDIT REPORT
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members of

CADILA HEALTHCARE LIMITED
(CIN: L24230GJ1995PLC025878)
‘Zydus Tower’ Satellite Cross Road,
Sarkhej - Gandhinagar Highway,
Ahmedabad - 380015

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CADILA HEALTHCARE LIMITED (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

I. The Companies Act, 2013 (“the Act”) and the Rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the Rules made thereunder;

III. The Depositories Act, 2018 and the Regulations and Bye-laws framed thereunder;

IV. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) to the extent applicable to the Company:-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   d) The Securities and Exchange Board of India (Share Based Employee Benefits), Regulations, 2014;
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

We have also examined compliance with the applicable clauses of the following:

I. Secretarial Standards issued by The Institute of Company Secretaries of India, and

II. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

We hereby report that during the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

VI. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the provisions of The Drugs and Cosmetics Act, 1940 and Rules made thereunder, as is specifically applicable to the Company.
We further report that:

a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b) Adequate notice is given to all Directors to schedule the Board Meetings at least seven days in advance. Agenda and detailed notes on agenda were also sent to all Directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) Majority decision is carried through while the dissenting members’ views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has acquired 84,83,754 Equity Shares of ₹ 10/- each at a price of ₹ 1,385/- per share including premium of ₹ 1,375/- per share aggregating to ₹ 1,174.99 Crores of Zydus Wellness Limited (“ZWL”), Subsidiary Company, through Preferential Allotment on Private Placement basis. After this acquisition the shareholding of the Company in ZWL increased to 3,66,47,509 Equity Shares from 2,81,63,755 Equity Shares. However, due to additional equity share capital raised by ZWL, the percentage shareholding of the Company in ZWL has decreased from 72.08% to 63.55%. Barring this, during the audit period, no other event / action has taken place which have major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For, MANOJ HURKAT AND ASSOCIATES
Practicing Company Secretaries

MANOJ R HURKAT
Partner
Place: Ahmedabad
FCS No. 4287
Date: May 29, 2019
CP No.: 2574

Note: This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report.
ANNEXURE A

To
The Members
CADILA HEALTHCARE LIMITED
‘Zydus Tower’ Satellite Cross Road,
Sarkhej-Gandhinagar Highway,
Ahmedabad - 380015

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts and cost records of the Company.

4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, secretarial records and other factual position which cannot be otherwise verified etc. wherever required or necessary.

5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of the same on test basis.

6. The Secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For, MANOJ HURKAT AND ASSOCIATES
Practicing Company Secretaries

MANOJ R HURKAT
Partner
FCS No. 4287
C P No.: 2574

Place : Ahmedabad
Date : May 29, 2019
ANNEXURE–C

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **Brief outline of the Company’s CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to a web–link to the CSR Policy and projects or programs.**

   The Company has framed a CSR Policy in compliance with the provisions of section 135 of the Act and is placed on the website of the Company. Visit the web-link https://zyduscadila.com/public/pdf/CSR_Policy.pdf for more information on the CSR Policy.

   The Company has outlined the following thrust areas in the CSR Policy:
   
   i) **Swasthya–Health, Safety and Environment,**
   
   ii) **Shiksha and Sodh–Education, Knowledge Enhancement and Research,** and
   
   iii) **Saath–Social care, concern and outreach in times of emergencies.**

   The Board of Directors, on the recommendation of CSR Committee, approved the CSR spending, apart from others, on providing financial support for creating additional infrastructure / renovations and other assistance to Zydus Foundation, a section 8 Company, which runs hospital and medical college. The said institution provides hospital services to the patients. The medical college provides education and facilities to the medical students. The objectives of the institution include, amongst others, to help the marginalized and economically weaker section people of the society.

2. **Composition of the CSR Committee.**

   Mr. Pankaj R. Patel – Chairman,
   
   Dr. Sharvil P. Patel – Member, and
   
   Ms. Dharmishtaben N. Raval – Member.

3. **Average net profits of the Company for last three financial years.**

   ₹ 13,595.03 million

4. **Prescribed CSR expenditure (2% of the amount as in item No. 3 above).**

   ₹ 271.90 million

5. **Details of CSR spent during the financial year.**

   a. Total amount to be spent during the financial year– ₹ 271.90 million
   
   b. Amount unspent, if any– Nil
   
   c. Manner in which the amount spent during the financial year is detailed below:
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>CSR Project or Activity identified</th>
<th>Sector in which the project is covered</th>
<th>Projects or Programs (1) Local area or other, (2) Specify the state and district where project or programs were undertaken.</th>
<th>Amount outlay (Budget) Project or Program-wise in million</th>
<th>Amount spent on the Projects or Programs Sub-heads: (1) Direct expenditure on projects or programs, (2) Overheads in million</th>
<th>Cumulative expenditure upto the reporting period in million</th>
<th>Amount spent: Direct or through Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Healthcare and Education</td>
<td>Promotion of Healthcare and Education</td>
<td>Dahod Gujarat</td>
<td>215.50</td>
<td>215.50</td>
<td>215.50</td>
<td>Implementing Agency*</td>
</tr>
<tr>
<td>2.</td>
<td>Education</td>
<td>Promotion of Education</td>
<td>Ahmedabad Gujarat</td>
<td>37.90</td>
<td>37.90</td>
<td>37.90</td>
<td>Ahmedabad Education Society</td>
</tr>
<tr>
<td>3.</td>
<td>Education</td>
<td>Contribution towards infrastructure development</td>
<td>Ahmedabad Gujarat</td>
<td>17.50</td>
<td>17.50</td>
<td>17.50</td>
<td>Indian Institute of Management**</td>
</tr>
<tr>
<td>4.</td>
<td>Healthcare</td>
<td>Contribution towards free / concessional rate medicines and other services to the poor patients for their treatment at the Cancer Division of the Hospital</td>
<td>Ankleshwar Gujarat</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
<td>Smt. Jayaben Mody Hospital</td>
</tr>
<tr>
<td>5.</td>
<td>Making available safe drinking water</td>
<td>Contribution towards rain water harvesting system &amp; Sujalam Sufalam Jal Yojna</td>
<td>Dabhasa Gujarat</td>
<td>0.83</td>
<td>0.83</td>
<td>0.83</td>
<td>Sujalam Sufalam Jal Yojna</td>
</tr>
<tr>
<td>6.</td>
<td>Education</td>
<td>Contribution towards distribution of books, stationery and school uniform for students</td>
<td>Dabhasa Gujarati</td>
<td>0.16</td>
<td>0.16</td>
<td>0.16</td>
<td>Dabhasa English School</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>272.09</td>
<td>272.09</td>
<td>272.09</td>
<td></td>
</tr>
</tbody>
</table>

* The CSR activities carried out by way of support to Zydus Foundation, a wholly owned section 8 company for hospital and medical college at Dahod.

** The Company has contributed the amount and monitors the actual spending by IIM, Ahmedabad.

d. Responsibility Statement:

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

On behalf of the Board of Directors

Place: Ahmedabad
Date: May 29, 2019

Pankaj R. Patel
Chairman–CSR Committee

Sharvil P. Patel
Managing Director
ANNEXURE–D

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the Financial Year ended on March 31, 2019
(Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS

<table>
<thead>
<tr>
<th>CIN</th>
<th>L24230GJ1995PLC025878</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration Date</td>
<td>May 15, 1995</td>
</tr>
<tr>
<td>Name of the Company</td>
<td>Cadila Healthcare Limited</td>
</tr>
<tr>
<td>Category / Sub-Category of the Company</td>
<td>Public Limited Company, Limited by shares</td>
</tr>
<tr>
<td>Whether listed company</td>
<td>Yes</td>
</tr>
<tr>
<td>Name, address and contact details of Registrar and Transfer Agent, if any</td>
<td>Link Intime India Private Limited 5th Floor, 506 to 508, Amarnath Business Centre–1 (ABC–1), Beside Gala Business Centre, Nr. St. Xavier’s College Corner, Off C. G. Road, Navrangpura, Ahmedabad–380 006. Tel: 079–26465179 Fax No. 079–26465179 Email: <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a></td>
</tr>
</tbody>
</table>

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

<table>
<thead>
<tr>
<th>Name and Description of main Products / Services</th>
<th>NIC Code of the Product / Service</th>
<th>% to total turnover of the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceutical Products</td>
<td>21001</td>
<td>100%</td>
</tr>
</tbody>
</table>

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Company</th>
<th>Address</th>
<th>CIN / GLN</th>
<th>Holding / Subsidiary / Associate</th>
<th>% of shares held</th>
<th>Applicable Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dialforhealth India Limited</td>
<td>Zydus Tower, Satellite Cross Roads,</td>
<td>U85110GJ2000PLC037488</td>
<td></td>
<td>100</td>
<td>2(87)(ii)</td>
</tr>
<tr>
<td>2</td>
<td>Dialforhealth Unity Limited</td>
<td></td>
<td>U51390GJ2005PLC046314</td>
<td></td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Dialforhealth Greencross Limited</td>
<td></td>
<td>U51397GJ2005PLC061284</td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Zydus Healthcare Limited</td>
<td>Zydus Tower, Satellite Cross Roads,</td>
<td>U51900GJ1989PLC079501</td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Violio Pharmaceuticals Limited</td>
<td></td>
<td>U24299GJ2018PLC101374</td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Zydus Foundation *</td>
<td>House No. 3, Sigma Commerce Zone, Nr. Iscon</td>
<td>U85300GJ2019NPL105919</td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Violio Healthcare Limited</td>
<td>Commerce Zone, Nr. Iscon Temple, Ahmedabad – 380 015.</td>
<td>U24236GJ2018PLIC102269</td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Company</td>
<td>Address</td>
<td>CIN / GLN</td>
<td>Holding / Subsidiary / Associate</td>
<td>% of shares held</td>
<td>Applicable Section</td>
</tr>
<tr>
<td>--------</td>
<td>--------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>----------------------------------</td>
<td>----------------------------------</td>
<td>------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>11</td>
<td>Zydus Wellness Limited</td>
<td>House No. 6 and 7, Sigma Commerce Zone, Near Iscon Temple, S. G. Highway, Ahmedabad–380015.</td>
<td>L15201GJ1994PLC023490</td>
<td>63.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Liva Nutritions Limited</td>
<td></td>
<td>U15149GJ2018PLC105736</td>
<td>63.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Liva Investment Limited</td>
<td></td>
<td>U65999GJ2018PLC105763</td>
<td>63.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Heinz India Private Limited**</td>
<td></td>
<td>U15200GJ1994PTC107115</td>
<td>63.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Zydus Nutritions Limited***</td>
<td></td>
<td>U15400GJ2019PLC106866</td>
<td>63.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Acme Pharmaceuticals Private Limited</td>
<td>PF 61 and 62, Sanand Industrial Estate, Sanand, Ahmedabad.</td>
<td>U24230GJ2010PTC063425</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Zydus International Private Limited, Ireland</td>
<td>FDW House, Blackthorn Business Park, Coes Road, Dundalk, Co. Louth, Ireland.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Zydus Healthcare SA (Pty.) Ltd., South Africa</td>
<td>Southdowns Office Park, 22, Karee Street, Centurion, Pretoria 0157.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Simayla Pharmaceuticals (Pty) Limited, South Africa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Script Management Services (Pty.) Limited, South Africa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Zydus Pharmaceuticals USA Inc., USA</td>
<td>73 Route 31 N, Pennington, NJ 08534.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Zydus Healthcare USA LLC, USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Zyvet Animal Health Inc., USA *****</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Zydus Noveltech INC., USA</td>
<td>1775, Williston Road, Suite 210, South Burlington, VT 05403.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Nesher Pharmaceuticals (USA) LLC, USA</td>
<td>120, South Central Avenue, Clayton, Missouri-63105, State of Missouri.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Hercon Pharmaceuticals LLC, USA (Sole Member Zydus Noveltech Inc.)</td>
<td>101 Sinking Springs Lane, Emigsville PA 17318, United States of America.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Sentynl Therapeutics Inc., USA</td>
<td>420, Stevens Avenue, Suite 200, Salona Beach, CA 92075.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Windlas, Inc., USA</td>
<td>325 Sharon Park Drive PMB # 202, Menlo Park, CA 94025.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Viona Pharmaceuticals Inc., USA****</td>
<td>58, Buckthorn Court, Paramus, New Jersey 07652.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Zydus France SAS, France</td>
<td>25, Batiement L, ZAC des Hautes Patures, Rue des Peupliers, 92752 NANTEREE, France.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Company</td>
<td>Address</td>
<td>CIN / GLN</td>
<td>Holding / Subsidiary / Associate</td>
<td>% of shares held</td>
<td>Applicable Section</td>
</tr>
<tr>
<td>--------</td>
<td>---------------------</td>
<td>---------</td>
<td>-----------</td>
<td>--------------------------------</td>
<td>-----------------</td>
<td>------------------</td>
</tr>
<tr>
<td>32</td>
<td>Zydus Netherlands BV, The Netherlands</td>
<td>Amerika Building, Hoogoorddreef, 15, 1101, BA, Amsterdam, Netherlands.</td>
<td>U24206NL1999A000247</td>
<td>Subsidiary</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>ZAHL B.V., the Netherlands</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>ZAHL Europe B.V., the Netherlands</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Zydus Nikkho Farmaceutica Ltda., Brazil</td>
<td>Estrada Governador Chagas Freitas, 340, Ilha do Governador, Rio de Janeiro RJ, CEP 21932-820.</td>
<td></td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Laboratorios Combix, S. L., Spain</td>
<td>C/ Badajoz, 2, Pozuelo de Alarcon, 28223 Madrid, Spain.</td>
<td></td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Etna Biotech S.R.L., Italy</td>
<td>Stradale V. Lancia, 57, 95121, Catania-Italy.</td>
<td></td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Zydus Lanka (Private) Limited, Sri Lanka</td>
<td>Level 26 &amp; 34, East Tower, World Trade Centre, Echelon Square, Colombo 01, Sri Lanka.</td>
<td></td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Zydus Healthcare Philippines Inc., Philippines</td>
<td>Unit Nos. 903 &amp; 904, Corner 9th Avenue, 32nd Street, Fort Bonifacio Global City, Taguig, Philippines–1634.</td>
<td></td>
<td></td>
<td>100</td>
<td>2(87)(ii)</td>
</tr>
<tr>
<td>40</td>
<td>Zydus Worldwide DMCC, Dubai</td>
<td>Unit No. 909, Armada Tower 2, Plot No. PH2-P2, Jumeirah Lakes Towers, Dubai, United Arab Emirates.</td>
<td></td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Zydus Discovery DMCC, Dubai</td>
<td>Unit No. 908, Armada Tower 2, Plot No. PH2-P2, Jumeirah Lakes Towers, Dubai, United Arab Emirates.</td>
<td></td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>42</td>
<td>Zydus Pharmaceuticals Mexico, S. A. de CV, Mexico</td>
<td>Carretera Picacho Ajusto 154, Oficina 601-B Col. Jardines en la Montana, Del. Tlalpan, C. P. 14210, Mexico D.F.</td>
<td></td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>Zydus Pharmaceuticals Mexico Service Company SA de CV, Mexico</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>44</td>
<td>Alidac Healthcare (Myanmar) Limited, Myanmar</td>
<td>Plot No. B 19, Thilawa SEZ Zone A, Yangon Region, Myanmar.</td>
<td></td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>48</td>
<td>US Pharma Windlas LLC, USA</td>
<td>115 Blue Jay Dr, Ste. 101, Liberty, Clay County, Missouri, MO 64068.</td>
<td></td>
<td></td>
<td>Not Applicable</td>
<td></td>
</tr>
</tbody>
</table>

* Incorporated as a Wholly Owned Subsidiary of the Company on January 7, 2019, as a section 8 company.
** Heinz India Private Limited was amalgamated with Zydus Nutritions Limited pursuant to the order passed by the Hon’ble National Company Law Tribunal, Bench at Ahmedabad dated May 10, 2019, effective from May 24, 2019 with Appointed Date being March 1, 2019.
*** Incorporated as a Wholly Owned Subsidiary of Zydus Wellness Limited consequent upon conversion of a partnership firm on February 28, 2019.
**** Became a subsidiary of the Company on October 29, 2018.
***** Incorporated as a Wholly Owned Subsidiary of Zydus Pharmaceuticals USA Inc., on April 9, 2019.
****** Name changed from Violio Pharmaceuticals Inc. to Viona Pharmaceuticals Inc., on August 27, 2018.
IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS A PERCENTAGE OF TOTAL EQUITY)

I) Category-wise Shareholding:

<table>
<thead>
<tr>
<th>Category of Shareholders</th>
<th>No. of shares held at the beginning of the year</th>
<th>No. of Shares held at the end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Demat</td>
<td>Physical</td>
</tr>
<tr>
<td>A. Promoters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Indian</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Individual/HUF</td>
<td>765672230</td>
<td>-</td>
</tr>
<tr>
<td>b) Central Govt.</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>c) State Govt.(s)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>d) Bodies Corporate</td>
<td>18000</td>
<td>-</td>
</tr>
<tr>
<td>e) Banks / FI</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>f) Any other</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sub-Total (A)(1)</td>
<td>765672230</td>
<td>-</td>
</tr>
<tr>
<td>(2) Foreign</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) NRIs – Individuals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>b) Other – Individuals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>c) Bodies Corporate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>d) Banks / FI</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>e) Any other</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sub-Total (A)(2)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Shareholding of</td>
<td>765690230</td>
<td>-</td>
</tr>
<tr>
<td>Promoters (A)</td>
<td>(A)(1)</td>
<td>(A)(2)</td>
</tr>
<tr>
<td></td>
<td>765690230</td>
<td>-</td>
</tr>
<tr>
<td>B. Public Shareholding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Mutual Funds</td>
<td>44912467</td>
<td>13140</td>
</tr>
<tr>
<td>b) Banks / FI</td>
<td>36194110</td>
<td>5415</td>
</tr>
<tr>
<td>c) Central Govt.</td>
<td>1702409</td>
<td>-</td>
</tr>
<tr>
<td>d) State Govt.(s)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>e) Venture Capital Funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>f) Insurance Companies</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>g) FIs / Foreign Portfolio Investor</td>
<td>89048796</td>
<td>-</td>
</tr>
<tr>
<td>h) Foreign Venture Capital funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>i) Alternate Investment Funds</td>
<td>142605</td>
<td>-</td>
</tr>
<tr>
<td>j) Others (specify)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sub-Total (B)(1)</td>
<td>172000387</td>
<td>18555</td>
</tr>
<tr>
<td>(2) Non-Institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Bodies Corporate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Indian</td>
<td>28775495</td>
<td>-</td>
</tr>
<tr>
<td>ii) Overseas</td>
<td>-</td>
<td>1305</td>
</tr>
<tr>
<td>b) Individuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Individual Share-holders holding nominal share capital upto ₹ 1 Lakh</td>
<td>37306037</td>
<td>4119417</td>
</tr>
<tr>
<td>ii) Individual share-holders holding nominal share capital in excess of ₹ 1 Lakh</td>
<td>10984446</td>
<td>-</td>
</tr>
<tr>
<td>c) Others (specify)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) IEPF</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ii) Other Foreign Nations</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>iii) Trust Employees</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>iv) NRI / OCBs</td>
<td>2120914</td>
<td>10950</td>
</tr>
</tbody>
</table>
### Category of Shareholders

<table>
<thead>
<tr>
<th>Category of Shareholders</th>
<th>No. of shares held at the beginning of the year</th>
<th>No. of Shares held at the end of the year</th>
<th>Change during the year</th>
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<td>% of Total shares</td>
<td>Demat Physical Total</td>
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<td>vi) Trusts</td>
<td>361433 - 361433 0.03</td>
<td>3914623 0.38</td>
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<tr>
<td>vii) Hindu Undivided Family</td>
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<td>1889573 0.18</td>
<td>+ 0.01</td>
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<tr>
<td>viii) Limited Liability Partnership</td>
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<tr>
<td>ix) Qualified Foreign Investors</td>
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<td>x) NBFCs registered with RBI</td>
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<td>+ 0.01</td>
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Sub-Total (B)(2): 81901756 4131672 86033428 8.40 7734470 3 3562202 80906905 7.90 -0.50

Total Public Shareholding (B)=(B)(1)+(B)(2) 253902143 4150227 258052370 25.21 254471613 3580757 258052370 25.21 -

C. Shares held by Custodian for GDRs & ADRs - - - - - - - -

Grand Total (A+B+C) 1019592373 4150227 1023742600 100.00 -

### ii) Shareholding of Promoters:

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<tr>
<th>Shareholders Name</th>
<th>Shareholding at the beginning of the year</th>
<th>Shareholding at the end of the year</th>
<th>% change in shareholding during the year</th>
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<td>% of Shares Pledged / encumbered to total shares</td>
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Total 765690230 74.79 Nil 765690230 74.79 Nil -

### iii) Change in Promoters' Shareholding (Please specify, if there is no change):

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<th>Cumulative Shareholding during the year</th>
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<td>No. of Shares</td>
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At the beginning of the year

Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)

No change

At the end of the year
iv) Shareholding Pattern of top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

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## Sr. No. Name of the Shareholder

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<th>Date</th>
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### KOTAK STANDARD MULTICAP FUND

Changes in the holdings as per the beneficiary position downloaded from the Depositories.

At the end of the year | 10824602 | 1.06
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5 Reliance Capital Trustee Co. Ltd. - A/C Reliance small Cap Fund

Changes in the holdings as per the beneficiary position downloaded from the Depositories.

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<th>% of total share capital</th>
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| 10     | Axis Mutual Fund Trustee Limited A/c                                                |                             | At the beginning of the year     | 8727140                  | 0.85                     |
|        | Axis Mutual Fund A/c Axis Arbitrage Fund                                             |                             | 06.04.2018                       | 225600                   | 0.02                     | 8952740 0.87              |
|        |                                                                                       | 27.04.2018                   | -220000                          | -0.02                    | 8732740 0.85              |
|        |                                                                                       | 18.05.2018                   | -16536                           | -0.00                    | 8716204 0.85              |
|        |                                                                                       | 25.05.2018                   | -51200                           | -0.00                    | 8665004 0.85              |
|        |                                                                                       | 01.06.2018                   | -604500                          | -0.06                    | 8060504 0.79              |
|        |                                                                                       | 08.06.2018                   | -8800                            | -0.00                    | 8051704 0.79              |
|        |                                                                                       | 15.06.2018                   | 285000                           | 0.02                     | 8336704 0.81              |
|        |                                                                                       | 22.06.2018                   | 100000                           | 0.01                     | 8436704 0.82              |
|        |                                                                                       | 30.06.2018                   | -39566                           | -0.00                    | 8397138 0.82              |
|        |                                                                                       | 06.07.2018                   | 32466                            | 0.00                     | 8429604 0.82              |
|        |                                                                                       | 13.07.2018                   | -74057                           | -0.00                    | 8355547 0.82              |
|        |                                                                                       | 20.07.2018                   | -144239                          | -0.14                    | 6913308 0.68              |
|        |                                                                                       | 27.07.2018                   | -761845                          | -0.08                    | 6151463 0.60              |
|        |                                                                                       | 17.08.2018                   | -1703851                         | -0.17                    | 4447612 0.43              |
|        |                                                                                       | 24.08.2018                   | -268212                          | -0.26                    | 1758400 0.17              |
|        |                                                                                       | 05.10.2018                   | -128000                          | -0.01                    | 1630400 0.16              |
|        |                                                                                       | 12.10.2018                   | -9600                            | -0.00                    | 1620800 0.16              |
|        |                                                                                       | 02.11.2018                   | -83200                           | -0.01                    | 1537600 0.15              |
|        |                                                                                       | 09.11.2018                   | -72000                           | -0.01                    | 1465600 0.14              |
|        |                                                                                       | 30.11.2018                   | -632000                          | -0.06                    | 833600 0.08               |
|        |                                                                                       | 04.01.2019                   | -59200                           | -0.00                    | 774400 0.08               |
|        |                                                                                       | 11.01.2019                   | -4800                            | -0.00                    | 769600 0.08               |
|        |                                                                                       | 01.02.2019                   | 22400                            | 0.00                     | 792000 0.08               |
|        |                                                                                       | 08.02.2019                   | -30400                           | -0.01                    | 761600 0.07               |
|        |                                                                                       | At the end of the year       | 761600                           | 0.07                     |
v) Shareholding of Directors and Key Managerial Personnel (KMP):

A. Directors (Other than KMP):

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<th>Particulars</th>
<th>Mr. H. Dhanrajgir</th>
<th>Mr. Nitin R. Desai</th>
<th>Mr. Mukesh M. Patel</th>
<th>Ms. Dharmishtaben N. Raval</th>
<th>Mr. Apurva S. Diwanji</th>
<th>Mr. Bhadresh K. Shah*</th>
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<td>12,000</td>
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<tr>
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* appointed as an Independent Director on December 6, 2018.
** including shares held by HUF and as a trustee of a trust.

B. Key Managerial Personnel:

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<th>Dr. Sharvil P. Patel</th>
<th>Mr. Ganesh N. Nayak</th>
<th>Mr. Nitin D. Parekh</th>
<th>Mr. Upen H. Shah **</th>
<th>Mr. Dhaval N. Soni*</th>
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<td>Company Secretary</td>
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<tr>
<td>At the end of the year:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Number of Shares</td>
<td>15,000</td>
<td>251,120</td>
<td>40,000</td>
<td>300</td>
<td>Nil</td>
</tr>
<tr>
<td>• % of total shares held</td>
<td>0.001</td>
<td>0.025</td>
<td>0.003</td>
<td>0.00</td>
<td>-</td>
</tr>
</tbody>
</table>

* ceased to be Company Secretary from February 7, 2019
** appointed as Company Secretary on February 7, 2019

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

<table>
<thead>
<tr>
<th></th>
<th>Secured Loans excluding deposits</th>
<th>Unsecured Loans</th>
<th>Deposits</th>
<th>Total Indebtedness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indebtedness at the beginning of the financial year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Principal Amount</td>
<td>2,467</td>
<td>26,258</td>
<td>-</td>
<td>28,725</td>
</tr>
<tr>
<td>ii) Interest due but not paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>iii) Interest accrued but not due</td>
<td>-</td>
<td>16</td>
<td>-</td>
<td>16</td>
</tr>
<tr>
<td>Total (i+ii+iii)</td>
<td>2,467</td>
<td>26,274</td>
<td>-</td>
<td>28,741</td>
</tr>
<tr>
<td>Change in Indebtedness during the financial year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addition</td>
<td>-</td>
<td>29,096</td>
<td>-</td>
<td>29,096</td>
</tr>
<tr>
<td>Reduction</td>
<td>(933)</td>
<td>(25,905)</td>
<td>-</td>
<td>(26,838)</td>
</tr>
<tr>
<td>Net Change</td>
<td>(933)</td>
<td>3,191</td>
<td>-</td>
<td>2,258</td>
</tr>
<tr>
<td>Indebtedness at the end of the financial year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Principal Amount</td>
<td>1,534</td>
<td>29,438</td>
<td>-</td>
<td>30,972</td>
</tr>
<tr>
<td>ii) Interest due but not paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>iii) Interest accrued but not due</td>
<td>-</td>
<td>27</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Total (i+ii+iii)</td>
<td>1,534</td>
<td>29,465</td>
<td>-</td>
<td>30,999</td>
</tr>
</tbody>
</table>
### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars of Remuneration</th>
<th>Dr. Sharvil P. Patel</th>
<th>Mr. Ganesh N. Nayak</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2,478.01</td>
<td>2,554.00</td>
<td>5,032.00</td>
</tr>
<tr>
<td>1</td>
<td>Gross Salary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961</td>
<td>2,478.01</td>
<td>2,554.00</td>
<td>5,032.00</td>
</tr>
<tr>
<td></td>
<td>b) Value of perquisites under section 17(2) Income Tax Act, 1961</td>
<td>21.99</td>
<td>10.96</td>
<td>32.95</td>
</tr>
<tr>
<td></td>
<td>c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Stock Options</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Sweat Equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Commission</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>- As % of profit</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>- Others, specify….</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Other, please specify</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>i. Deferred bonus</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>ii. Retirement benefits</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total (A)</td>
<td>2,500.00</td>
<td>2,564.96</td>
<td>5,064.96</td>
</tr>
<tr>
<td></td>
<td>Ceiling as per the Act</td>
<td></td>
<td></td>
<td>9,298.00</td>
</tr>
</tbody>
</table>

#### B. Remuneration to other Directors:

1. Independent Directors:

<table>
<thead>
<tr>
<th>Particulars of Remuneration</th>
<th>Name of the Director</th>
<th>Mr. H. Dhanrajgir</th>
<th>Mr. Nitin R. Desai</th>
<th>Ms. Dharmishtaben N. Raval</th>
<th>Mr. Apurva S. Diwanji</th>
<th>Mr. Bhadresh K. Shah</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee for attending Board / Committee Meetings</td>
<td></td>
<td>4.00</td>
<td>7.00</td>
<td>21.00</td>
<td>13.00</td>
<td>3.00</td>
<td>48.00</td>
</tr>
<tr>
<td>Commission</td>
<td></td>
<td>32.50</td>
<td>28.50</td>
<td>27.50</td>
<td>29.50</td>
<td>27.50</td>
<td>145.50</td>
</tr>
<tr>
<td>Others, please specify</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total (B)(1)</td>
<td></td>
<td>36.50</td>
<td>35.50</td>
<td>48.50</td>
<td>42.50</td>
<td>30.50</td>
<td>193.50</td>
</tr>
</tbody>
</table>

2. Other Non-Executive Directors:

<table>
<thead>
<tr>
<th>Particulars of Remuneration</th>
<th>Name of the Director</th>
<th>Mr. Pankaj R. Patel</th>
<th>Mr. Mukesh M. Patel</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee for attending Board / Committee Meetings</td>
<td></td>
<td>18.00</td>
<td>23.00</td>
<td>41.00</td>
</tr>
<tr>
<td>Commission</td>
<td></td>
<td>-</td>
<td>27.50</td>
<td>27.50</td>
</tr>
<tr>
<td>Others, please specify</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total (B)(2)</td>
<td></td>
<td>18.00</td>
<td>50.50</td>
<td>68.50</td>
</tr>
<tr>
<td>Total (B)= (B)(1)+(B)(2)</td>
<td></td>
<td></td>
<td></td>
<td>262.00</td>
</tr>
</tbody>
</table>
C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars of Remuneration</th>
<th>Key Managerial Personnel</th>
<th>₹ in Lakh</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mr. Nitin D. Parekh CFO</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mr. Upen H. Shah CS *</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mr. Dhaval N. Soni CS **</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Gross Salary</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961</td>
<td>468.32</td>
<td>47.53</td>
</tr>
<tr>
<td></td>
<td>b) Value of perquisites under section 17(2) Income Tax Act, 1961</td>
<td>0.29</td>
<td>0.22</td>
</tr>
<tr>
<td></td>
<td>c) Profit in lieu of salary under section 17(3) Income Tax Act, 1961</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2.</td>
<td>Stock Options</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Sweat Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- as % of profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Others, specify...........</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Others, please specify – Retiral</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total (C)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- ceased to be Company Secretary from February 7, 2019
- appointed as Company Secretary on February 7, 2019

VII. PENALTIES / PUNISHMENT / COMPOUNDED OF OFFENCES:

<table>
<thead>
<tr>
<th>Type</th>
<th>Section of the Companies Act</th>
<th>Brief Description</th>
<th>Details of Penalty / Punishment Compounding fees imposed</th>
<th>Authority (RD / NCLT / COURT)</th>
<th>Appeal made, if any (give details)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. COMPANY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>None</td>
</tr>
<tr>
<td>Punishment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>None</td>
</tr>
<tr>
<td>Compounding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. DIRECTORS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>None</td>
</tr>
<tr>
<td>Punishment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>None</td>
</tr>
<tr>
<td>Compounding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. OTHER OFFICERS IN DEFAULT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>None</td>
</tr>
</tbody>
</table>

On behalf of the Board of Directors

Place : Ahmedabad
Date : May 29, 2019

Pankaj R. Patel
Chairman
ANNEXURE–E

Particulars of remuneration as per section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

a. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

<table>
<thead>
<tr>
<th>Name of the Director</th>
<th>Ratio of each Director to the median remuneration of the employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Pankaj R. Patel</td>
<td>--</td>
</tr>
<tr>
<td>Mr. H. Dhanrajgir</td>
<td>7.89</td>
</tr>
<tr>
<td>Mr. Nitin R. Desai</td>
<td>6.92</td>
</tr>
<tr>
<td>Mr. Mukesh M. Patel</td>
<td>6.67</td>
</tr>
<tr>
<td>Ms. Dharmishtaben N. Raval</td>
<td>6.67</td>
</tr>
<tr>
<td>Mr. Apurva S. Diwanji</td>
<td>7.16</td>
</tr>
<tr>
<td>Mr. Bhadresh K. Shah (w.e.f. December 6, 2018)</td>
<td>6.67</td>
</tr>
<tr>
<td>Dr. Sharvil P. Patel</td>
<td>606.87</td>
</tr>
<tr>
<td>Mr. Ganesh N. Nayak</td>
<td>622.64</td>
</tr>
</tbody>
</table>

b. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year:

<table>
<thead>
<tr>
<th>Name of the Director, Chief Financial Officer and the Company Secretary</th>
<th>% increase in the remuneration in the financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Pankaj R. Patel</td>
<td>-</td>
</tr>
<tr>
<td>Mr. H. Dhanrajgir</td>
<td>30.00</td>
</tr>
<tr>
<td>Mr. Nitin R. Desai</td>
<td>14.00</td>
</tr>
<tr>
<td>Mr. Mukesh M. Patel</td>
<td>10.00</td>
</tr>
<tr>
<td>Ms. Dharmishtaben N. Raval</td>
<td>10.00</td>
</tr>
<tr>
<td>Mr. Apurva S. Diwanji</td>
<td>18.00</td>
</tr>
<tr>
<td>Mr. Bhadresh K. Shah (w.e.f. December 6, 2018)</td>
<td>N.A. as appointed during the year</td>
</tr>
<tr>
<td>Dr. Sharvil P. Patel</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Ganesh N. Nayak</td>
<td>10.94</td>
</tr>
<tr>
<td>Mr. Nitin D. Parekh</td>
<td>10.31</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td></td>
</tr>
<tr>
<td>Mr. Upen H. Shah Company Secretary (up to February 7, 2019)</td>
<td>20.70</td>
</tr>
<tr>
<td>Mr. Dhaval N. Soni Company Secretary (w.e.f. February 7, 2019)</td>
<td>N.A. as appointed during the year</td>
</tr>
</tbody>
</table>

c. The percentage increase in the median remuneration of employees in the financial year was 5.60%.

d. There were 12,438 permanent employees on the rolls of the Company as on March 31, 2019.

e. The profits after tax for the financial year ended on March 31, 2019 increased by 4.88% and the average increase in remuneration of employees was 13.16%.

f. The remuneration of Key Managerial Personnel, viz. (1) the Managing Director (Dr. Sharvil P. Patel), (2) Executive Director (Mr. Ganesh N. Nayak), (3) the Chief Financial Officer (Mr. Nitin D. Parekh) and (4) Company Secretary (Mr. Upen H. Shah up to February 7, 2019) increased by 0%, 10.94%, 10.31% and 20.70% respectively. Mr. Dhaval N. Soni was appointed as the Company Secretary w.e.f. February 7, 2019 and hence the percentage increase is not applicable.

g. The market capitalization of the Company was `35,483 Crores as on March 31, 2019 as against `38,764 Crores as on March 31, 2018.

Whereas, Price Earnings Ratio of the Company was 19.19 as on March 31, 2019 as against 21.78 as at March 31, 2018.

h. The Company came out with Initial Public Offer (IPO) in February, 2000 at a price of `250/- per share for face value of `5/- per share. During the year 2015–2016, the Company has split the face value of equity shares from `5/- per share at the time of IPO to `1/- per share. The market price of the share of the face value `1/- as on March 31, 2019 was `346.60 on BSE Limited and `347.05 on the National Stock Exchange of India Limited. The variation in price is 173.30%, apart from the issue of bonus shares and dividends received by the members.
i. The average annual increase in the salaries of the employees, other than managerial personnel was 13.10%, whereas the weightage average increase in the managerial remuneration was 13.16% for the financial year. The increase in remuneration was on the recommendation of Nomination and Remuneration Committee considering the performance of the managerial personnel and the Company.

j. The members have, at the Annual General Meeting of the Company held on August 3, 2016, approved the payment of commission to the Non-Executive Directors within the ceiling of 1% of the Net Profits of the Company, subject to maximum of ₹ 30 million in aggregate, as computed under the applicable provisions of the Act. The performance of the Company in terms of sales and profitability are the key parameters, apart from size of the Company and contributions of the Directors at the Board and Committee meetings.

k. There is no employee who is in receipt of remuneration in excess of the highest paid Director during the year.

l. The Company affirms remuneration is as per the Nomination and Remuneration Policy of the Company.

m. The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any member interested in obtaining a copy of the same may write to the Company Secretary.

On behalf of the Board of Directors

Place : Ahmedabad
Date : May 29, 2019

Pankaj R. Patel
Chairman
A. CONSERVATION OF ENERGY:

1. Steps taken and capital investment and impact on conservation of energy:

   a. Particulars of major steps taken and capital investments made:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Steps taken by installing following equipment / fittings</th>
<th>Capital Investments (₹ in Lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>Back pressure steam turbine (Ankleshwar Unit I and Unit II and Dabhasa)</td>
<td>192.32</td>
</tr>
<tr>
<td>ii.</td>
<td>Provision of steam header including PRV station (Ankleshwar Unit I)</td>
<td>24.52</td>
</tr>
<tr>
<td>iii.</td>
<td>Auto tube cleaning for Daikin make 310 TR chilled water plant (Ankleshwar Unit I and Unit II)</td>
<td>18.76</td>
</tr>
<tr>
<td>iv.</td>
<td>Variable frequency drive of chilled water pump (Haridwar)</td>
<td>0.77</td>
</tr>
<tr>
<td>v.</td>
<td>Replacement of Conventional OTL Vacuum pump with Dry screw type Pump (Dabhasa)</td>
<td>53.00</td>
</tr>
<tr>
<td>vi.</td>
<td>Centralized UPS system (Dabhasa)</td>
<td>28.00</td>
</tr>
<tr>
<td>vii.</td>
<td>PID controller in all 5 NSO of FBD Steam supply valves (Dabhasa)</td>
<td>6.70</td>
</tr>
<tr>
<td>viii.</td>
<td>Replacement of CFL with LED for plant inside and boundary (Dabhasa)</td>
<td>2.45</td>
</tr>
<tr>
<td>ix.</td>
<td>Replacement of PVC filler PPFRRP cooling tower with wooden energy efficient cooling tower (Dabhasa)</td>
<td>7.80</td>
</tr>
<tr>
<td>x.</td>
<td>UV based technology for cooling water chemical treatment (Dabhasa)</td>
<td>3.60</td>
</tr>
<tr>
<td>xi.</td>
<td>Auto brush cleaning installed for blue star 325 chiller (Goa)</td>
<td>8.00</td>
</tr>
<tr>
<td>xii.</td>
<td>Replacement of water ring vacuum pump with imported pump (Goa)</td>
<td>6.00</td>
</tr>
<tr>
<td>xiii.</td>
<td>Boiler condensate recovery (Goa)</td>
<td>10.00</td>
</tr>
<tr>
<td>xiv.</td>
<td>Ackley laser drilling machine (SEZ)</td>
<td>400.00</td>
</tr>
<tr>
<td>xv.</td>
<td>Sensum tablet inspection machine (SEZ)</td>
<td>360.00</td>
</tr>
<tr>
<td>xvi.</td>
<td>FO centrifugal filtration system for boilers (Biologics)</td>
<td>10.00</td>
</tr>
<tr>
<td>xvii.</td>
<td>Express feeder from SEB substation with 4000 KVA MD extension (Biologics)</td>
<td>45.00</td>
</tr>
<tr>
<td>xviii.</td>
<td>IBR and Non-IBR boilers (API)</td>
<td>2.40</td>
</tr>
<tr>
<td>xix.</td>
<td>RO-I generation system (API)</td>
<td>2.00</td>
</tr>
<tr>
<td>xx.</td>
<td>LED light fittings (API and Baddi)</td>
<td>3.24</td>
</tr>
<tr>
<td>xxi.</td>
<td>Hot water system (API)</td>
<td>1.20</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1185.76</strong></td>
</tr>
</tbody>
</table>

   b. Impact on conservation of energy:

   - Power generation
   - Reduction in power consumption
   - Reduction in steam losses
   - Potable water saving
   - Boiler fuel saving
   - Reduction in water, HSD and power consumption, improvement in environment, improvement of efficiency of air compressor and minimization of steam losses
   - Increased fuel purity, increase in overall equipment performance & reduction in frequent breakdowns
   - Savings in fuel consumption of generator sets
   - Reduction in ETP power consumption
   - Reduction in discharge pressure of hot water pump & process cooling tower
   - Reduction in energy consumption
   - PNG gas savings

2. Steps taken by the Company for utilizing alternate sources of energy:

   - Purchased steam from steam supplier
   - 2.0 MW power trading started
   - Reused the RO reject water of new pretreatment plant for urinal flush
   - Reused the steam condensate water as feed water for boiler
B. TECHNOLOGY ABSORPTION:

1. Efforts made towards technology absorption:
   - Steam pressure reducing center replaced with back pressure turbine
   - 8 T boiler DEE-shooter installation work for auto on line cleaning work of smoke side
   - Imported capsule filling ADAPTA m/c purchased for micro dosing product with 100% checkweighing
   - Manufactured complex products like wruster coated products
   - Used laser drilling technology for tablets
   - Used granule 125 for powder layering on pellets
   - High speed compression and capsule filling machines
   - Single pot processor (boto qube 300) from IMA for granulation

2. Benefits derived:
   - Production of power by using steam flow will result into savings in cost
   - Auto on line cleaning of smoke side by installing Dee-shooter
   - Capsule micro dosing
   - Capacity enhancement
   - Strengthening quality standards
   - Maintaining high primary ETP standards
   - Increased output

3. Details of technology imported in last three years:
   The Company has imported the following technology:
   A. SEZ Unit:
      - GEA compression machine
      - Fette compression machine
      - Viswill tablet inspection machine
      - Encloy tablet inspection machine
      - Ackley laser drilling machine
      - Sensum tablet inspection machine
   B. Biologics Unit:
      - 2 Lyophilisers for capacity enhancement
      - High speed automatic leak testing machine
      - High speed automatic inspection machine
      - High speed plunger insertion & labeling machine
      - High speed preventies insertion & labelling machine
      - Automatic loading & unloading system for lyophiliser
      - Glass ware washer
      - Beckman coulter centrifuge
      - Centrifugal chiller
   C. Ankleshwar Unit I:
      - Oil free technology in CHW plant
      - Introduction of new refrigerant GAS (All-temp)
   D. Goa:
      - Capsule filling ADAPTA m/c purchased for micro dosing

4. Expenditure incurred on Research and Development:
   The Company has incurred expenditure of ₹ 7,482 million under the head Research and Development.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:
   During the year, the foreign exchange earned in terms of actual inflows was ₹ 48,404 million, whereas the foreign exchange in terms of actual outflows was ₹ 11,593 million.

On behalf of the Board of Directors

Place : Ahmedabad
Date : May 29, 2019

Pankaj R. Patel
Chairman
CORPORATE GOVERNANCE REPORT

COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE CODE:

Cadila Healthcare Limited (“the Company”) believes in continuous good corporate governance and always strives to improve performance at all levels by adhering to corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. We have, therefore, designed our systems and action plans to enhance performance and stakeholders’ value in the long run. To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (“the Listing Regulations”).

1. Governance Structure:

Governance structure of the Company comprises of the Board of Directors (“the Board”) and the Committees of the Board at the top level and the internal governance structure at the operational level. The responsibility of the Board is to determine the overall corporate objectives and give direction and freedom to the management to achieve those objectives within a given framework. The organizational and governance structure enables an environment for value creation through sustainable and profitable growth.

The governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibilities.

The primary role of the Board is to protect the interest and enhance the value for all the stakeholders. It conducts the overall strategic supervision and control by setting policies, reporting mechanism and accountability and decision making process to be followed.

The Chairman and the Managing Director are in overall control and responsible for the overall working of the Company. They give strategic directions, lay down the policy guidelines and ensure the implementation of the decisions of the Board and its committees.

The governance system encourages the entrepreneurship, risk taking and growth orientation with an objective to lead full accountability enabled by appropriate empowerment.

2. Board of Directors:

The Managing Director and the Executive Director look after the day-to-day business affairs of the Company. The Board of Directors reviews the overall business operations at least once in a quarter based on updates on the Company’s performance provided by the Managing Director.

A) Composition of the Board:

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets with the requirements of the Code of Corporate Governance. The Board is headed by Non-Executive Chairman, Mr. Pankaj R. Patel, who is also the promoter Director. As on March 31, 2019, your Company’s Board comprised of nine Directors; which include two Executive Directors and seven Non-Executive Directors, including five Independent Directors, who have considerable experience in their respective fields. As required under the provisions of section 149(1) of the Companies Act, 2013 (“the Act”) and Rules made thereunder and regulation 17 of the Listing Regulations, the constitution of Board meets with the requirements stated therein. Non-Executive and Independent Directors have expert knowledge in the fields of finance, taxation, legal and industry. Thus, the Board represents a balanced mix of entrepreneurs and professionals, who bring the benefits of their knowledge and expertise.

The Board of Directors have identified the below mentioned core skills / expertise / competencies in the context of the business and the sector in which the Company is operating, for the Company to function effectively:

- Knowledge and/or expertise in one or more of areas like pharmaceuticals (including medical, pharmacology and research), manufacturing, accounts, finance, taxation, banking, HR, IT, marketing, law, business and management.

The above core skills / expertise / competencies identified by the Company are also actually available with the Board.

In the opinion of the board, the independent directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

B) Board Meetings / Directors’ Particulars:

In compliance with regulation 17 of the Listing Regulations and as required under the Act, the Board meets at least
once in each quarter and the gap between any two Board
meetings was not more than 120 days. During the year
under review, eight board meetings were held on April 17,
2018, May 25, 2018, August 13, 2018, October 4, 2018,
October 24, 2018, November 3, 2018, December 6, 2018
and February 7, 2019.

The Board periodically reviews the items required to be
placed before it and in particular reviews and approves
quarterly / half yearly unaudited financial statements
and the audited annual financial statements, corporate
strategies, business plans, annual budgets, projects and
capital expenditure, compliance with applicable laws
and regulations. It monitors overall performance of the
Company and reviews performance of its subsidiaries
and joint ventures. The Agenda for the board meeting
covers items set out as guidelines in regulation 17 of the
Listing Regulations to the extent the same are applicable
and relevant. All agenda items are supported by relevant
information, documents and presentations to enable the
Board to take informed decisions.

The meetings of the Board of Directors are scheduled well
in advance and usually held in Ahmedabad, where the
Registered Office of the Company is situated. The Chief
Financial Officer and the Company Secretary, in consultation
with the Chairman and the Managing Director, prepare
detailed agenda for the meetings. Directors are also free
to bring up any other matter for discussion at the Board
Meetings with the permission of the Chairman.

The draft minutes of the meeting approved by the Chairman
is circulated to all the Directors within fifteen days after
the conclusion of the meetings. Decisions taken at Board /
Committee meetings are communicated to the concerned
departments promptly for actions and an Action Taken
Report on the status of the decisions taken at the Board /
Committee meetings is placed, for the information, to the
Board / Committee members.

The Board of Directors has complete access to the
information within the Company, which interalia includes –

1. Annual revenue and capital expenditure plans /
budgets,

2. Quarterly results and results of operations of Company,
   its subsidiaries and joint ventures,

3. All borrowings, investments, loans and guarantees,

4. Minutes of the meetings of the Board of Directors,
   Committees of the Board and the summary of minutes
   of the subsidiary Companies,

5. Details of any joint ventures, acquisitions of brands,
   trademarks or companies or any collaboration
   agreements,

6. Quarterly report on any fatal or serious accidents
   or dangerous occurrences and material effluent or
   pollution problems,

7. Any materially relevant default, if any, in financial
   obligations to and by the Company or substantial
   non-payment for goods sold or services rendered, if
   any,

8. Any issue, which involves possible public or product
   liability claims of substantial nature, including any
   Judgment or Order, if any, which may have strictures
   on the conduct of the Company,

9. Compliance or non-compliance of any regulatory,
   statutory nature or listing requirements and matters
   related to investors’ service such as non-payment of
   dividend, delay in transfer of shares, etc.

The Independent Directors ("IDs") play an important role in
the deliberations in Board Meetings and bring with them
rich expertise in the field of pharmaceuticals, industry,
marketing, accountancy, finance, taxation and other areas.

While constituting the Committee of Directors, the
requirements that a Director shall not be a member of
more than 10 committees and Chairman of not more
than 5 committees have been ensured and complied with.
None of the IDs serves as an ID in more than seven listed
companies.
The following table gives the attendance of the Directors at the Board meetings of the Company and also the number of other Directorships held in Indian Public Limited Companies (other than the Company) and Chairmanship / Membership in Board Committees of Public Limited Companies as at March 31, 2019.

<table>
<thead>
<tr>
<th>Name of the Director</th>
<th>Category and Position</th>
<th>No. of Board Meetings held during the year</th>
<th>No. of Board Meetings attended</th>
<th>Whether attended last AGM</th>
<th>Member (Chairman) of other Board Committees</th>
<th>No. of other Directorships held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Pankaj R. Patel</td>
<td>Chairman</td>
<td></td>
<td>7</td>
<td>Yes</td>
<td>2 (1)</td>
<td>5</td>
</tr>
<tr>
<td>Mr. H. Dhanrajgir</td>
<td>Non-executive and Independent Director</td>
<td></td>
<td>2</td>
<td>No</td>
<td>5 (1)</td>
<td>5</td>
</tr>
<tr>
<td>Mr. Nitin R. Desai</td>
<td>Non-executive and Independent Director</td>
<td></td>
<td>3</td>
<td>Yes</td>
<td>2 (1)</td>
<td>3</td>
</tr>
<tr>
<td>Mr. Mukesh M. Patel</td>
<td>Non-executive Director</td>
<td></td>
<td>8</td>
<td>Yes</td>
<td>7 (4)</td>
<td>5</td>
</tr>
<tr>
<td>Ms. Dharmishtaben N. Raval</td>
<td>Non-Executive and Independent Woman Director</td>
<td></td>
<td>8</td>
<td>Yes</td>
<td>4 (1)</td>
<td>7</td>
</tr>
<tr>
<td>Mr. Apurva S. Diwanji</td>
<td>Non-executive and Independent Director</td>
<td></td>
<td>5</td>
<td>Yes</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Mr. Bhadresh K. Shah</td>
<td>Non-Executive and Independent Director</td>
<td></td>
<td>2</td>
<td>N.A.</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Dr. Sharvil P. Patel</td>
<td>Managing Director</td>
<td></td>
<td>8</td>
<td>Yes</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Mr. Ganesh N. Nayak</td>
<td>Executive Director</td>
<td></td>
<td>8</td>
<td>Yes</td>
<td>2 (1)</td>
<td>3</td>
</tr>
</tbody>
</table>

1. Figures in ( ) indicate the number of Board Committees of which a Director is a Chairman.
2. Other committee means Audit Committee and Investors’ / Stakeholders’ Relationship Committee.
3. Promoter Director and father of Dr. Sharvil P. Patel.
4. Appointed w.e.f. December 6, 2018
5. Son of Mr. Pankaj R. Patel.

The following table gives the names of the listed entities where the Directors of the Company are Directors and the category of their respective directorship:

<table>
<thead>
<tr>
<th>Name of the Director of the Company</th>
<th>Name of the listed companies in which the Director of the Company is a Director</th>
<th>Category of Directorship in the listed companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Pankaj R. Patel</td>
<td>Bayer Cropscience Limited</td>
<td>Independent Director</td>
</tr>
<tr>
<td></td>
<td>Torrent Power Limited</td>
<td>Independent Director</td>
</tr>
<tr>
<td></td>
<td>Gruh Finance Limited</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. H. Dhanrajgir</td>
<td>Themis Medicare Limited</td>
<td>Independent Director</td>
</tr>
<tr>
<td></td>
<td>Neuland Laboratories Limited</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Nitin R. Desai</td>
<td>Force Motors Limited</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Mukesh M. Patel</td>
<td>The Sandesh Limited</td>
<td>Independent Director</td>
</tr>
<tr>
<td></td>
<td>Johnson Controls–Hitachi Air Conditioning India Limited</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Ms. Dharmishtaben N. Raval</td>
<td>Zydus Wellness Limited</td>
<td>Independent Director</td>
</tr>
<tr>
<td></td>
<td>NOCIL Limited</td>
<td>Independent Director</td>
</tr>
<tr>
<td></td>
<td>Torrent Power Limited</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Apurva S. Diwanji</td>
<td>None</td>
<td>N.A.</td>
</tr>
<tr>
<td>Mr. Bhadresh K. Shah</td>
<td>AIA Engineering Limited</td>
<td>Managing Director</td>
</tr>
<tr>
<td></td>
<td>Welcast Steels Limited</td>
<td>Non-Executive and Non-Independent Director</td>
</tr>
<tr>
<td>Dr. Sharvil P. Patel</td>
<td>Zydus Wellness Limited</td>
<td>Non-Executive and Non-Independent Director</td>
</tr>
<tr>
<td>Mr. Ganesh N. Nayak</td>
<td>Zydus Wellness Limited</td>
<td>Non-Executive and Non-Independent Director</td>
</tr>
</tbody>
</table>

C) Familiarization Programme:

At the time of appointment of an ID, a formal letter of appointment is given to him / her, which interalia explains the role, functions, duties and responsibilities expected from him / her as a Director of the Company. All our Directors are aware and also updated, whenever required, of their role, responsibilities, liabilities and obligations under the provisions of the Act and Rules made thereunder and regulation 25 of the Listing Regulations.
Familiarization programme is posted on the website of the Company and any member can visit the Company’s website by clicking the link–http://www.zyduscadila.com/wp-content/uploads/2015/05/Familiarization-programmeMar15.pdf.

D) Evaluation:
During the year, the Nomination and Remuneration Committee / Board have carried out evaluation of its own performance and the performance of the committees of the Board of Directors, individual Directors and the Chairman of the Board. The Board has evaluated the composition of Board, its committees, experience and expertise, performance of specific duties and obligations, governance matters, etc. Performance evaluation of individual Directors and the Chairman of the Board was also carried out in terms of their respective attendance at Board / Committee meetings, contributions at the meetings, circulation of sufficient documents and information to the Directors, timely availability of the agenda, etc. Directors were satisfied with the evaluation on different criteria.

Further, the Board of Directors have carried out the evaluation of the IDs, which included the performance of the IDs and fulfilment of the independence criteria as specified in the Listing Regulations and their independence from the management. The Directors who were subject to evaluation did not participate in the proceedings of the meeting.

3. Committees of the Board:
The Board currently has the following committees:
A) Audit Committee;
B) Share Transfer Committee;
C) Investors’ / Stakeholders’ Relationship Committee;
D) Nomination and Remuneration Committee;
E) Risk Management Committee;
F) Corporate Social Responsibility (CSR) Committee;
G) QIP Committee; and
H) Committee of Directors.

The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of the Board Committees are convened by the Chairman of the respective Committee.

A) Audit Committee:
I. Terms of Reference:
The role of the Audit Committee includes the following:
1. Oversight of the Company’s financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible,
2. Reviewing with the management the quarterly / half-yearly / annual, unaudited / audited financial statements and Limited Review Report / Audit Reports of the Statutory Auditors before recommending for approval by the Board of Directors,
3. Reviewing changes in the accounting policies, major accounting estimates based on exercise of judgment by the management, significant adjustments made in the financial statements, etc.
4. Review of Management Discussion and Analysis of financial and operational performance,
5. Review of inter-corporate loans and investments,
6. Review the adequacy and effectiveness of internal financial controls and systems,
7. Review and discuss with the management major financial risk exposures and steps taken to monitor and control them,
8. Oversee and review the functioning of vigil mechanism (implemented by the Company as a Whistle Blower Policy),
9. Review the scope of the Internal Auditors and Audit Plan to ensure reasonable coverage of different areas of operations,
10. Review, discuss and monitor the observations reported by Statutory / Internal Auditors and their compliance,
11. Review and recommend to the Board the appointment / re-appointment of the Statutory and Cost Auditors after due consideration of their independence and effectiveness,
12. Approve the payment towards additional services rendered by the Statutory Auditors except those enumerated in section 144 of the Act,
13. Recommend to the Board the remuneration of the Statutory and Cost Auditors,
14. Review of Cost Audit Report submitted by the Cost Auditors,
15. Approve the appointment, removal and terms of remuneration of Internal Auditors,

16. Approve the Related Party Transactions and grant omnibus approvals for certain related party transactions, which are in the ordinary course of business and at an arm's length basis,

17. Review utilization of loans and / or advances from / investment by the company in subsidiary company in excess of ₹ 100 crore or 10% of asset size of the subsidiary, whichever is lower.

II. Composition, meetings held and attendance at the meetings during the year:
The Audit Committee held six meetings during Financial Year 2018–2019 on April 17, 2018, May 24, 2018, August 13, 2018, November 2, 2018, December 6, 2018 and February 6, 2019. The time gap between any two meetings was less than 120 days. The Committee was lastly re-constituted on February 7, 2019 and the composition of the Audit Committee as at March 31, 2019 and details of the attendance of the members of the committee at the meetings of the Committee are as under:

<table>
<thead>
<tr>
<th>Name of the Member</th>
<th>Category</th>
<th>No. of Meetings held</th>
<th>No. of Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Nitin R. Desai, Chairman</td>
<td>Non–Executive / Independent</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Mr. H. Dhanrajgir</td>
<td>Non–Executive / Independent</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Mr. Mukesh M. Patel</td>
<td>Non–Executive</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Ms. Dharmishtaben N. Raval</td>
<td>Non–Executive / Independent</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Mr. Apurva S. Diwanji</td>
<td>Non–Executive / Independent</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Mr. Bhadresh K. Shah*</td>
<td>Non–Executive / Independent</td>
<td></td>
<td>N.A.</td>
</tr>
</tbody>
</table>

* Appointed as a member w.e.f. February 7, 2019

All the members of the Audit Committee have the requisite qualifications for appointment on the Committee and possess sound knowledge of accounting practices, financial and internal controls.

The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on August 13, 2018 to respond to shareholders’ queries.

III. Invitees at the Audit Committee Meetings:
The representative of the Statutory Auditors is regularly invited and he has attended all the Audit Committee meetings held during the year where the financial results are considered. The representative of the Cost Auditors attends the Audit Committee meeting, where the Cost Audit Report is tabled for discussion. The Managing Director, Chief Financial Officer and Management Auditor are invited to attend and participate in these meetings. The Company Secretary acts as the Secretary to the Committee.

The Company continues to derive benefits from the deliberations of the Audit committee meetings as the members are experienced in the areas of finance, accounts, taxation, corporate laws and industry. It ensures accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

B) Share Transfer Committee:
I. Terms of reference:
The Committee is empowered to perform all the functions of the Board in relation to approval and monitoring of transfers, transmission, dematerialization, rematerialization, issue of duplicate share certificates, splitting and consolidation of shares issued by the Company. The Committee also oversees the functions of the Registrar and Share Transfer Agent. The Board has delegated the powers to approve the transfer of shares to the Committee.

II. Composition:
As on March 31, 2019, the Share Transfer Committee comprises of the following members:
1. Mr. Pankaj R. Patel–Chairman,
2. Mr. Mukesh M. Patel, and
3. Dr. Sharvil P. Patel.

The Company Secretary acts as the Secretary to the Committee.

III. Meetings held and the attendance of members at the meetings:
The Committee meets on a need basis to ensure the regular process of transfers / transmission of shares, split, consolidation, demat / remat and issuance of duplicate Share Certificates.

C) Investors’ / Stakeholders’ Relationship Committee:
In compliance with the provisions of section 178 of the Act and regulation 20 of the Listing Regulations, the Board has formed an “Investors’ / Stakeholders’ Relationship Committee”.

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I. Terms of reference:
The Investors’ / Stakeholders’ Relationship Committee reviews the redressal of grievances of stakeholders pertaining to the requests / complaints of the shareholders related to transfer of shares, dematerialization of shares, non-receipt of annual accounts, non-receipt of dividend or revalidation of expired dividend warrants, recording the change of address, nomination, etc.

The role of the Investors’ / Stakeholders’ Relationship Committee has been specified in Part D of the Schedule II of the Listing Regulations.

II. Composition:
The Committee was lastly re-constituted on February 7, 2019 and the composition of the Committee as at March 31, 2019 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met four times during the year.

<table>
<thead>
<tr>
<th>Name of the Member</th>
<th>No. of Meetings held</th>
<th>No. of Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Mukesh M. Patel, Chairman</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Mr. Pankaj R. Patel</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Mr. Bhadresh K. Shah *</td>
<td></td>
<td>N.A.</td>
</tr>
<tr>
<td>Dr. Sharvil P. Patel</td>
<td></td>
<td>4</td>
</tr>
</tbody>
</table>

* Appointed as a member w.e.f. February 7, 2019

The Company Secretary acts as the Secretary to the Committee, who is designated as Compliance Officer pursuant to regulation 6 of the Listing Regulations.

The Committee ensures that the shareholders’ / investors’ grievances and correspondence are attended and resolved expeditiously. During the year under review, 22 investor grievances were received and all of them have been resolved. There was no investor grievance remaining unattended and pending as on March 31, 2019.

5,50,539 equity shares remained in the in-transit account with National Securities Depository Limited and Central Depository Services (India) Limited as at March 31, 2019.

III. Number of requests / complaints:
During the year, the Company has resolved investor grievances expeditiously. The Company and / or its Registrar and Transfer Agents have received the following requests / complaints from SEBI / Stock Exchanges and also directly from the shareholders, which were resolved within the time frames laid down by SEBI.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Opening Balance</th>
<th>Received</th>
<th>Resolved</th>
<th>Pending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEBI / Stock Exchange</td>
<td>0</td>
<td>7</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>From Shareholders</td>
<td>0</td>
<td>15</td>
<td>15</td>
<td>0</td>
</tr>
<tr>
<td>Shareholder queries / requests:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend Related</td>
<td>0</td>
<td>57</td>
<td>57</td>
<td>0</td>
</tr>
<tr>
<td>Transfer / Transmission</td>
<td>0</td>
<td>124</td>
<td>124</td>
<td>0</td>
</tr>
<tr>
<td>Demat / Remat</td>
<td>0</td>
<td>36</td>
<td>36</td>
<td>0</td>
</tr>
<tr>
<td>Changes (address / bank mandates)</td>
<td>0</td>
<td>385</td>
<td>385</td>
<td>0</td>
</tr>
<tr>
<td>Procedure for Duplicate share</td>
<td>0</td>
<td>234</td>
<td>234</td>
<td>0</td>
</tr>
<tr>
<td>Exchange of share certificates</td>
<td>0</td>
<td>160</td>
<td>160</td>
<td>0</td>
</tr>
</tbody>
</table>

D) Nomination and Remuneration Committee:
In compliance with the provisions of section 178 of the Act and regulation 19 of the Listing Regulations, the Board has constituted a “Nomination and Remuneration Committee” ("NRC"). The terms of reference of the NRC are specified in clause A of Part D of Schedule II of the Listing Regulations which are mentioned hereunder:

I. Terms of reference:
The functions of NRC, interalia, include the following:
1. To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management,
2. To recommend to the Board, appointment and removal of the Director(s) and evaluation of each Director’s performance,
3. To formulate criteria for determining qualifications, positive attributes and independence of a Director,
4. To review on annual basis the compensation to the Non-Executive Directors and Senior Management Personnel, which includes KMP, (in whatever form) and recommend to the Board the remuneration and incentive payable to each of them,
5. To ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear and meets appropriate performance benchmarks, and
6. To develop and review the succession plan for the Board.
II. Composition and Meetings:

The Committee was lastly re-constituted on February 7, 2019 and the composition of the Committee as on March 31, 2019 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met three times during the year. All members of the Committee are Non-Executive Directors and except Mr. Pankaj R. Patel and Mr. Mukesh M. Patel, other members are IDs.

<table>
<thead>
<tr>
<th>Name of the Member</th>
<th>No. of Meetings held</th>
<th>No. of Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Nitin R. Desai, Chairman</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Mr. Pankaj R. Patel*</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Mr. H. Dhanrajgir</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Mr. Mukesh M. Patel</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Ms. Dharmishtaben N. Raval</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Mr. Apurva S. Diwanji</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Mr. Bhadresh K. Shah **</td>
<td></td>
<td>N.A.</td>
</tr>
</tbody>
</table>

* Appointed as a member w.e.f. May 25, 2018
** Appointed as a member w.e.f. February 7, 2019

The Company Secretary acts as the Secretary to the Committee.

III. Nomination and Remuneration Policy and details of remuneration paid / payable to the Directors for the year ended March 31, 2019:

The Board of Directors approved the Nomination and Remuneration Policy on the recommendation of NRC. The salient aspects of the Policy are outlined below:

a) Objectives:

1. To guide the Board in relation to appointment and removal of Directors and Senior Management Personnel, which includes KMP,

2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board, and

3. To recommend to the Board on remuneration payable to the Directors and Senior Management Personnel, which includes KMP.

The Company follows a policy on remuneration of Directors and Senior Management Personnel.

b) Remuneration to Non-Executive Directors:

1. Non-Executive Director is paid sitting fees for each meeting of the Board or Committee of the Board attended by him/her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Board of Directors has approved the payment of sitting fees at ₹ 1 lakh to each Non–Executive Director towards each of the Board / Committee meetings attended by them.

2. A Non-Executive Director is also paid commission on an annual basis, of such sum as may be approved by the Board. The total commission payable to the Non–Executive Directors shall not exceed 1% of the net profit of the Company and subject to the limits approved by the members.

3. In determining the quantum of commission payable to Non–Executive Directors, the NRC considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Non–Executive Directors.

4. A Non–Executive Director is also reimbursed the expenses incurred by him / her for attending the Board and / or Committee of Board meetings and shareholders meetings.

5. Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on March 31, 2019.

c) Remuneration to the Managing Director and the Executive Director:

Dr. Sharvil P. Patel is the Managing Director of the Company and Mr. Ganesh N. Nayak is the Executive Director of the Company. On the recommendation of the NRC, the Board decides and approves the remuneration payable to the Managing Director and the Executive Director within the ceiling fixed by shareholders.

As per the recommendation of the NRC, Dr. Sharvil P. Patel, Managing Director and Mr. Ganesh N. Nayak, Executive Director will be paid / was paid remuneration of ₹ 250.00 million and ₹ 256.40 million respectively by way of salary and allowances for the financial year ended on March 31, 2019.

The Company has entered into agreements with Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak for their respective employment for a period of 5 (five) years and 3 (three) years respectively. Either party to an
agreement is entitled to terminate the agreement by
giving not less than 3 months’ or 6 months’ notice in
writing to the other party in case of Dr. Sharvil P. Patel and
Mr. Ganesh N. Nayak respectively.

d) Remuneration to Senior Management Personnel:
The Managing Director and the Executive Director,
with the help of the Sr. Vice President (Human
Resources and Corporate Communication), carry
out the individual performance review based on
the standard appraisal matrix and after taking into
account the appraisal score card and other factors
like—Key Performance Area v/s Initiatives, balance
between fixed and variable pay, fixed components and
perquisites and retirement benefits, criticality of roles
and responsibilities, industry benchmarks and current
compensation trends in the market. Further, any
promotion at a senior level management is approved
by the Management based on a predetermined
process and after assessing the candidate’s capability
to shoulder higher responsibility.

iv Details of the commission / sitting fees paid to the Non-Executive Directors for the year 2018–2019 are given below:

<table>
<thead>
<tr>
<th>Name of the Non-Executive Directors</th>
<th>Commission@ Sitting fees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Board Meetings</td>
</tr>
<tr>
<td>Mr. Pankaj R. Patel</td>
<td></td>
</tr>
<tr>
<td>Mr. H. Dhanrajgir</td>
<td></td>
</tr>
<tr>
<td>Mr. Nitin R. Desai</td>
<td></td>
</tr>
<tr>
<td>Mr. Mukesh M. Patel</td>
<td></td>
</tr>
<tr>
<td>Ms. Dharmishtaben N. Raval</td>
<td></td>
</tr>
<tr>
<td>Mr. Apurva S. Diwanji</td>
<td></td>
</tr>
<tr>
<td>Mr. Bhadresh K. Shah **</td>
<td></td>
</tr>
</tbody>
</table>

® The Board of Directors, based on the performance of the Company, has decided the payment of Commission to the Non-Executive Directors.
* Other meetings include meeting of Committee of Directors, Independent Directors and Risk Management Committee.
** Appointed as an Independent Director w.e.f. December 6, 2018.

v Stock Option:
The Company does not have any stock option scheme for
its Directors or employees. Moreover, there is no separate
 provision for payment of severance fees to the Directors.

E) Risk Management Committee:
In compliance with the provisions of regulation 21 of the
Listing Regulations, the Company has constituted a Risk
Management Committee and majority of the members
of the Committee are Directors. The Company has a well-
deﬁned risk management framework to identify, recognize,
monitor and mitigate risks as also identify business
opportunities. Business risk evaluation and its management
is a continuous process within the organization.

The Committee reviewed the risks and extent of exposure
and potential impact analysis was carried out by the
Management. It was confirmed by the Managing Director
and the Chief Financial Officer that the mitigation actions
are monitored.

The Committee is headed by Mr. Pankaj R. Patel, Chairman.
Mr. Mukesh M. Patel, Dr. Sharvil P. Patel and Mr. Nitin D.
Parekh are the members of the Committee. The Committee
met once during the year.

The Company Secretary acts as the Secretary to the
Committee.

F) Corporate Social Responsibility Committee (“CSR Committee”):
The terms of reference of CSR Committee includes, to
frame the CSR Policy and review it from time to time to
make it more comprehensive so as to indicate the activities
to be undertaken by the Company as speciﬁed in schedule
VII of the Act and Rules made thereunder and to provide
guidance on various CSR activities to be undertaken by the
Company and to monitor its progress.
The composition of the CSR Committee as at March 31, 2019 and the details of members' participation at the meetings of the Committee are as under.

<table>
<thead>
<tr>
<th>Name of the Member</th>
<th>No. of Meetings held</th>
<th>No. of Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Pankaj R. Patel, Chairman</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Ms. Dharmishtaben N. Raval</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Dr. Sharvil P. Patel</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

G) Committee of Directors for QIP issue:
The Board of Directors has constituted a QIP Committee on August 12, 2015 mainly to take various decisions for the private placement of shares under SEBI (ICDR) Regulations, 2009 and for stock split approved by the members. The Committee was lastly reconstituted on May 27, 2017, by inducting Ms. Dharmishtaben N. Raval as an additional member. The committee comprises of Mr. Pankaj R. Patel, as the Chairman, Mr. Mukesh M. Patel, Ms. Dharmishtaben N. Raval and Dr. Sharvil P. Patel as members. No meeting of QIP Committee was held during the financial year ended on March 31, 2019. The said Committee was dissolved by the Board of Directors at their meeting held on May 29, 2019.

H) Committee of Directors:
Committee of Directors comprises of three members namely; Mr. Pankaj R. Patel, Chairman, Mr. Mukesh M. Patel and Dr. Sharvil P. Patel as members. The Committee looks after the businesses, which are administrative in nature and within the overall board approved directions and framework. One meeting of the Committee was held during the year. The Company Secretary acts as the Secretary to the Committee.

4. Independent Directors’ Meeting:
During the year under review, a separate meeting of Independent Directors was held on February 7, 2019, interalia, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole,
2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors,
3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting except Mr. H. Dhanrajgir and Mr. Nitin R. Desai.

5. Subsidiary Companies:
Zydus Healthcare Limited is the only material non-listed Indian subsidiary company. The financial statements of subsidiaries, in particular, the investments made by subsidiaries, if any, during the quarter are reviewed by the Audit Committee of the Board of Directors. The policy relating to material subsidiaries (as amended), as approved by the Board may be accessed on the Company’s website at the link: http://zyduscadila.com/wp-content/uploads/2015/05/Policy-on-Material-Subsidiary.pdf.

Pursuant to the amendment in the definition of “material subsidiary”, Zydus Pharmaceuticals USA Inc., USA, a wholly owned subsidiary company of the Company is also now considered as a material subsidiary of the Company.

The Board Minutes of Indian unlisted Indian subsidiary companies are placed at the Board Meeting of the Company, for information of the Board of Directors.

6. Disclosures:
A) Related Party Transactions:
All transactions entered into with Related Parties as defined under the Act and regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm’s length basis and do not attract the provisions of section 188 of the Act. There were no materially significant transactions with Related Parties during the financial year which were in conflict of interest of the Company. Suitable disclosures, as required by the Ind AS 24, have been made in the notes to the Financial Statements.

The Board approved policy on related party transactions, which includes the clear threshold limits, beyond which a transaction will be considered as a material related party transactions, has been uploaded on the website of the Company.

During the year, the Company has paid an amount of ₹ 26,793.80 Lakh towards dividend declared by the Company to Zydus Family Trust, the promoter of the Company, which is holding 74.78% of the total shareholding of the Company.

B) Code of Conduct:
The Company has laid down a Code of Conduct for all the Board members and the Senior Management Personnel. The Code of Conduct is available on the website of the Company www.zyduscadila.com. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review. The declaration of Managing Director is given below:
To the shareholders of Cadila Healthcare Limited

Sub.: Compliance with Code of Conduct

I hereby declare that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Place : Ahmedabad
Date : May 29, 2019
Sharvil P. Patel
Managing Director

C) Prohibition of Insider Trading:

In compliance with the SEBI Regulations on Prevention of Insider Trading, as amended, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the promoters, directors, designated persons and their immediate relatives, connected persons and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

Shares held by the Directors as at March 31, 2019:

<table>
<thead>
<tr>
<th>Name of the Directors</th>
<th>No. of shares held as at March 31, 2019</th>
<th>Details of shares bought (+) / sold (-) during 2018–2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Pankaj R. Patel¹</td>
<td>765,627,230</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. H. Dhanrajgir</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. Nitin R. Desai²</td>
<td>442,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. Mukesh M. Patel</td>
<td>12,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Ms. Dharmishtaben N. Raval</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. Apurva S. Diwanji</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. Bhadresh K. Shah¹</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Dr. Sharvil P. Patel</td>
<td>15,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. Ganesh N. Nayak</td>
<td>251,120</td>
<td>+ 100,000</td>
</tr>
</tbody>
</table>

¹ Held also as a Karta of HUF and Trustee of the Family Trusts.
² Held also as a Karta of HUF.
³ Appointed as an Independent Director w.e.f. December 6, 2018.

D) Whistle Blower Policy:

The Company has a whistle blower policy to deal with any instance of fraud and mismanagement and the policy was amended by the Board of Directors, at their meeting held on May 29, 2019 to report instances of leakage of unpublished price sensitive information. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination is done with any person for a genuinely raised concern.

E) Management:

i) Management Discussion and Analysis Report:

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Report.

ii) Disclosure of material financial and commercial transactions:

As per the disclosures received from senior management, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the year under report.

F) Disclosure regarding appointment / re–appointment of Directors:

The particulars about the brief resume and other information for the Directors seeking appointment / re–appointment as required to be disclosed under this section are provided as an annexure to the notice convening the Twenty Fourth Annual General Meeting.

G) Compliance by the Company:

The Company has complied with all the mandatory requirements of the Listing Regulations with the Stock Exchanges, regulations and guidelines of SEBI. Further,
during last three years, no penalties or strictures are imposed on the Company by any Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

H) **CEO/CFO Certification:**

The requisite certification from the Managing Director and the Chief Financial Officer required to be given under regulation 17(8) read with Part B of Schedule II of the Listing Regulations was placed before the Board of Directors of the Company.

I) **Unclaimed Shares:**

As per the notification issued by Ministry of Corporate Affairs, 139,050 equity shares held by 137 equity shareholders were transferred to IEPF Suspense Account for which the company has complied with the necessary requirements.

J) **Credit Rating:**

The Company has not obtained any credit rating during the year for any debt instruments or fixed deposit programme. During the year, CRISIL Limited gave CRISIL AA+/Stable and CRISIL A1+ (Reaffirmed) rating for long term and short term bank loan facilities respectively.

K) **Utilization of funds:**

The Company has not raised any funds through preferential allotment or qualified institutional placement as specified in the Listing Regulations.

L) **Certificate from a Practicing Company Secretary:**

The Company has obtained a certificate from Manoj Hurkat & Associates, Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

M) **Fees paid to the statutory auditors:**

During the financial year 2018-2019, Deloitte Haskins & Sells LLP, the Statutory Auditors of the Company and also of Zydus Healthcare Limited, a wholly owned subsidiary company, were paid fees for audit and providing other services as per below details:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Company</th>
<th>Fees paid</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>For Statutory Audit</td>
<td>For providing other services</td>
</tr>
<tr>
<td></td>
<td>Cadila Healthcare Limited</td>
<td>62.00</td>
<td>9.00</td>
</tr>
<tr>
<td></td>
<td>Zydus Healthcare Limited</td>
<td>22.50</td>
<td>--</td>
</tr>
</tbody>
</table>

N) **Recommendation of the Committees:**

The Board of Directors of the Company have accepted the recommendations of the Committees of the Board.

7. **Means of Communication:**

i) The Company has 121,885 shareholders as on March 31, 2019. The main channel of communication to the shareholders is through Annual Report, which includes inter-alia, the Directors’ Report, Management Discussion and Analysis Report, Corporate Governance Report and Audited Financial Results.

ii) The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Managing Director makes presentation on the performance, operating and financial results of the Company. The Chairman, the Managing Director and other Key Managerial Personnel also respond to the specific queries of the shareholders.

iii) The Company intimates to the Stock Exchanges all price sensitive matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on such matters, wherever necessary.

iv) The quarterly and half yearly results are published in widely circulating national and local daily ‘Financial Express’, in English and Gujarati. The results are also posted on the website of the Company www.zyduscadila.com, and the same are not sent individually to the shareholders.

v) The Company’s results and official news releases are displayed on the Company’s website www.zyduscadila.com. The Company holds meetings and makes presentations to the institutional investors and analysts. The copies of such presentations and the transcripts of the phone calls are also made available on the Company’s web-site. Information to the Stock Exchanges is now being filed online on NEAPS for NSE and online listing portal of BSE.
8. **General Body Meetings:**

i) **Details of last three Annual General Meetings held are provided hereunder:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Date and Time</th>
<th>Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017–2018</td>
<td>Twenty Third AGM on August 13, 2018 at 10:00 a.m.</td>
<td>J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380015.</td>
</tr>
<tr>
<td>2016–2017</td>
<td>Twenty Second AGM on August 11, 2017 at 1:00 p.m.</td>
<td></td>
</tr>
<tr>
<td>2015–2016</td>
<td>Twenty First AGM on August 3, 2016 at 11:00 a.m.</td>
<td></td>
</tr>
</tbody>
</table>

ii) **Special Resolutions passed in the previous three Annual General Meetings:**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nature of Special Resolutions passed</th>
<th>Relevant provisions of the Companies Act</th>
<th>AGM details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Payment of commission to Directors other than Managing Director, Deputy Managing Director or Whole-Time Director</td>
<td>Section 197 of the Act</td>
<td>Twenty First AGM held on August 3, 2016</td>
</tr>
<tr>
<td>2</td>
<td>Issue of securities through Qualified Institutional Placement / Foreign Currency Convertible bonds, etc.</td>
<td>Sections 23, 41, 42, 62 and 71 of the Act</td>
<td>Twenty Second AGM held on August 11, 2017</td>
</tr>
<tr>
<td>3</td>
<td>Issue of Secured / Unsecured Redeemable Non–Convertible Debentures / Bonds</td>
<td>Section 42 of the Act</td>
<td>Twenty Third AGM held on August 13, 2018</td>
</tr>
<tr>
<td>4</td>
<td>Issue of securities through Qualified Institutional Placement / Foreign Currency Convertible Bonds, etc.</td>
<td>Sections 23, 41, 42, 62 and 71 of the Act</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Issue of Secured / Unsecured Redeemable Non–Convertible Debentures / Bonds</td>
<td>Section 42 of the Act</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Issue of securities through Qualified Institutional Placement / Foreign Currency Convertible Bonds, etc.</td>
<td>Sections 23, 41, 42, 62 and 71 of the Act</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Issue of Secured / Unsecured Redeemable Non–Convertible Debentures / Bonds</td>
<td>Section 42 of the Act</td>
<td></td>
</tr>
</tbody>
</table>

iii) **Approval of members through Postal Ballot:**

During the year, the Company received approval of the members through Postal Ballot process on March 30, 2019 for two special resolutions as mentioned in the Postal Ballot Notice dated February 7, 2019, listed in below table–1 and the detailed voting pattern of which is provided in below table–2.

**Table – 1: Details of resolutions passed:**

<table>
<thead>
<tr>
<th>Resolution No.</th>
<th>Details of Resolution</th>
<th>Relevant provisions of the Act / the Listing Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Continuation of Mr. H. Dhanrajgir as an ID to hold office till July 30, 2019, which is within the residual period of his current tenure.</td>
<td>Section 149 and 152 of the Act and regulation 17(1A) of the Listing Regulations</td>
</tr>
<tr>
<td>2</td>
<td>Re-appointment of Mr. Nitin R. Desai as an ID for a period of 5 (five) consecutive years from Twenty Fourth Annual General Meeting in the calendar year 2019 till Twenty Ninth Annual General Meeting in the calendar year 2024.</td>
<td></td>
</tr>
</tbody>
</table>

**Table – 2: Details of voting pattern of resolutions passed:**

<table>
<thead>
<tr>
<th>Resolution No.</th>
<th>Particulars</th>
<th>Number of votes cast</th>
<th>% of total votes cast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Postal Ballot</td>
<td>E-voting</td>
</tr>
<tr>
<td>1</td>
<td>Favour</td>
<td>362254</td>
<td>847707364</td>
</tr>
<tr>
<td></td>
<td>Against</td>
<td>11655</td>
<td>51449954</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>373909</td>
<td>899157318</td>
</tr>
<tr>
<td>2</td>
<td>Favour</td>
<td>291288</td>
<td>865332790</td>
</tr>
<tr>
<td></td>
<td>Against</td>
<td>78599</td>
<td>5040932</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>369887</td>
<td>870373722</td>
</tr>
</tbody>
</table>
Procedure for Postal Ballot:
The Notice of Postal Ballot along with explanatory statement and the self-addressed prepaid postage envelope were sent to the equity shareholders to enable them to consider and vote for or against the proposals within a period of 30 days from the date of dispatch. E-voting facility was made available to all the shareholders and instructions for the same were specified in the Postal Ballot Notice. Further, Postal Ballot Notice and Postal Ballot Forms were sent through emails to those, whose email IDs are registered with the Company / Registrar and Transfer Agents of the Company.
The scrutiner appointed by the Board of Directors after due verification and scrutiny, submitted his report to the Chairman of the Company and the Chairman announced the results on March 30, 2019. The results were also submitted to the stock exchanges and also uploaded on the website of the Company and the Central Depository Services (India) Limited.

9. General Shareholder information

i) General Information:

| Date and Time of Twenty Fourth AGM | August 9, 2019 at 10.00 a.m. |
| Venue of Twenty Fourth AGM        | J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380015 |
| Financial Year                    | April 1, 2018 to March 31, 2019 |
| Book Closure Date                 | July 29, 2019 to August 9, 2019 |
| Dividend Payment Date             | On or after August 14, 2019 |
| Compliance Officer                | Mr. Dhaval N. Soni, Company Secretary |
| Website Address                   | www.zyduscadila.com |

ii) Tentative financial calendar:

| First Quarter Results            | On or before August 14, 2019 |
| Half Yearly Results              | On or before November 14, 2019 |
| Third Quarter Results            | On or before February 14, 2020 |
| Audited Results for the year 2019-20 | On or before May 30, 2020 |

iii) Listing of shares:
The equity shares of the Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

iv) Listing fees:
The Company has paid the annual listing fees for the Financial Year 2019–2020 to the above Stock Exchanges.

v) Stock Code and closing price:

<table>
<thead>
<tr>
<th>Name of the Stock Exchange</th>
<th>Stock Code</th>
<th>Closing Price as on March 31, 2019 (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The National Stock Exchange of India Limited</td>
<td>CADILAHC</td>
<td>345.20</td>
</tr>
<tr>
<td>BSE Limited</td>
<td>532321</td>
<td>346.60</td>
</tr>
</tbody>
</table>
### vi) Stock price and BSE Sensex data:

<table>
<thead>
<tr>
<th>Month</th>
<th>BSE Limited</th>
<th>National Stock Exchange of India Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High (₹)</td>
<td>Low (₹)</td>
</tr>
<tr>
<td></td>
<td>Av. Volume</td>
<td>High (₹)</td>
</tr>
<tr>
<td></td>
<td>(In Nos.)</td>
<td>Low (₹)</td>
</tr>
<tr>
<td></td>
<td>Av. Volume</td>
<td>(In Nos.)</td>
</tr>
<tr>
<td>April, 18</td>
<td>35,160.36</td>
<td>420.00</td>
</tr>
<tr>
<td></td>
<td>382.50</td>
<td>87,982</td>
</tr>
<tr>
<td></td>
<td>415.70</td>
<td>381.90</td>
</tr>
<tr>
<td></td>
<td>10,37,455</td>
<td></td>
</tr>
<tr>
<td>May, 18</td>
<td>35,322.38</td>
<td>416.50</td>
</tr>
<tr>
<td></td>
<td>341.65</td>
<td>1,66,961</td>
</tr>
<tr>
<td></td>
<td>416.60</td>
<td>341.20</td>
</tr>
<tr>
<td></td>
<td>13,40,919</td>
<td></td>
</tr>
<tr>
<td>June, 18</td>
<td>35,423.48</td>
<td>422.00</td>
</tr>
<tr>
<td></td>
<td>344.15</td>
<td>1,34,250</td>
</tr>
<tr>
<td></td>
<td>422.80</td>
<td>344.00</td>
</tr>
<tr>
<td></td>
<td>17,73,904</td>
<td></td>
</tr>
<tr>
<td>July, 18</td>
<td>37,606.58</td>
<td>399.90</td>
</tr>
<tr>
<td></td>
<td>333.35</td>
<td>1,22,072</td>
</tr>
<tr>
<td></td>
<td>399.95</td>
<td>332.75</td>
</tr>
<tr>
<td></td>
<td>13,73,294</td>
<td></td>
</tr>
<tr>
<td>August, 18</td>
<td>38,645.07</td>
<td>406.20</td>
</tr>
<tr>
<td></td>
<td>332.85</td>
<td>3,39,462</td>
</tr>
<tr>
<td></td>
<td>406.60</td>
<td>332.85</td>
</tr>
<tr>
<td></td>
<td>36,50,346</td>
<td></td>
</tr>
<tr>
<td>September, 18</td>
<td>36,227.14</td>
<td>432.40</td>
</tr>
<tr>
<td></td>
<td>366.75</td>
<td>2,53,033</td>
</tr>
<tr>
<td></td>
<td>432.50</td>
<td>366.75</td>
</tr>
<tr>
<td></td>
<td>27,62,076</td>
<td></td>
</tr>
<tr>
<td>October, 18</td>
<td>34,442.05</td>
<td>403.50</td>
</tr>
<tr>
<td></td>
<td>330.65</td>
<td>1,32,886</td>
</tr>
<tr>
<td></td>
<td>404.00</td>
<td>332.25</td>
</tr>
<tr>
<td></td>
<td>14,38,625</td>
<td></td>
</tr>
<tr>
<td>November, 18</td>
<td>36,194.30</td>
<td>375.00</td>
</tr>
<tr>
<td></td>
<td>341.50</td>
<td>86,906</td>
</tr>
<tr>
<td></td>
<td>375.40</td>
<td>341.65</td>
</tr>
<tr>
<td></td>
<td>10,34,588</td>
<td></td>
</tr>
<tr>
<td>December, 18</td>
<td>36,068.33</td>
<td>370.00</td>
</tr>
<tr>
<td></td>
<td>336.60</td>
<td>60,972</td>
</tr>
<tr>
<td></td>
<td>369.00</td>
<td>336.15</td>
</tr>
<tr>
<td></td>
<td>9,74,948</td>
<td></td>
</tr>
<tr>
<td>January, 19</td>
<td>36,256.69</td>
<td>359.50</td>
</tr>
<tr>
<td></td>
<td>314.45</td>
<td>55,343</td>
</tr>
<tr>
<td></td>
<td>359.75</td>
<td>314.40</td>
</tr>
<tr>
<td></td>
<td>8,86,503</td>
<td></td>
</tr>
<tr>
<td>February, 19</td>
<td>35,867.44</td>
<td>334.30</td>
</tr>
<tr>
<td></td>
<td>306.35</td>
<td>77,379</td>
</tr>
<tr>
<td></td>
<td>334.50</td>
<td>305.95</td>
</tr>
<tr>
<td></td>
<td>14,52,800</td>
<td></td>
</tr>
<tr>
<td>March, 19</td>
<td>38,672.91</td>
<td>349.40</td>
</tr>
<tr>
<td></td>
<td>317.80</td>
<td>84,192</td>
</tr>
<tr>
<td></td>
<td>349.45</td>
<td>317.45</td>
</tr>
<tr>
<td></td>
<td>12,70,928</td>
<td></td>
</tr>
</tbody>
</table>

### vii) Chart ‘A’ Stock Performance: Cadila Healthcare Limited (CHL):

**CHL Daily Share Price Vs Sensex**

![Graph showing CHL Daily Share Price Vs Sensex]
viii) Registrar and Share Transfer Agents (R&T):

Link Intime India Private Limited is the Registrar and Share Transfer Agents of the Company.

For lodgment of transfer deeds and other documents or any grievances / complaints, investors may contact the Company’s Registrar and Share Transfer Agent at the following address:

**Link Intime India Private Limited**
(Unit : Cadila Healthcare Limited)
506–508, Amarnath Business Centre–1,
Beside Gala Business Centre,
Near St. Xavier’s College Corner,
Off. C. G. Road, Navrangpura, Ahmedabad–380006.
Telephone: 079–2646 5179 | Fax: 079 - 2646 5179
Email: ahmedabad@linkintime.co.in

ix) Share transfer system:

A Committee of Directors has been constituted to approve the transfers, transmission, issue of duplicate shares, etc. The Company’s Registrar and Share Transfer Agents–Link Intime India Private Limited has adequate infrastructure to process the above matters.

A predetermined process cycle at regular interval ensures the transfer of shares (in physical form) within the stipulated time limit.

As per the requirements of regulation 40 (9) of the Listing Regulations, a Company Secretary in Practice has certified due compliance of share transfer formalities on half yearly basis.

x) Reconciliation of Share Capital Audit:

A practicing Chartered Accountant carried out audit in respect of each of the quarters in the financial year 2018–2019, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with depositories.

xi) Distribution of shareholding of equity shares as at March 31, 2019:

<table>
<thead>
<tr>
<th>No. of Equity Shares</th>
<th>No. of Folios</th>
<th>% to total folios</th>
<th>No. of Shares</th>
<th>% of Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 500</td>
<td>101,766</td>
<td>83.49</td>
<td>9,659,284</td>
<td>0.94</td>
</tr>
<tr>
<td>501 to 1000</td>
<td>10,215</td>
<td>8.38</td>
<td>7,759,555</td>
<td>0.76</td>
</tr>
<tr>
<td>1001 to 2000</td>
<td>4,663</td>
<td>3.82</td>
<td>6,836,573</td>
<td>0.67</td>
</tr>
<tr>
<td>2001 to 3000</td>
<td>1,887</td>
<td>1.55</td>
<td>4,782,283</td>
<td>0.46</td>
</tr>
<tr>
<td>3001 to 4000</td>
<td>795</td>
<td>0.65</td>
<td>2,798,885</td>
<td>0.27</td>
</tr>
<tr>
<td>4001 to 5000</td>
<td>698</td>
<td>0.57</td>
<td>3,213,995</td>
<td>0.31</td>
</tr>
<tr>
<td>5001 to 10000</td>
<td>918</td>
<td>0.75</td>
<td>6,295,326</td>
<td>0.61</td>
</tr>
<tr>
<td>10001 to 20000</td>
<td>943</td>
<td>0.77</td>
<td>982,396,699</td>
<td>95.96</td>
</tr>
<tr>
<td>Grand Total</td>
<td>121,885</td>
<td>100.00</td>
<td>1,023,742,600</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Shareholders in Physical Mode | 2,664 | 2.19 | 3,580,757 | 0.35 |
Shareholders in Electronic Mode | 119,221 | 97.81 | 1,020,161,843 | 99.65 |
Grand Total | 121,885 | 100.00 | 1,023,742,600 | 100.00 |

xii) Categories of shareholders as at March 31, 2019:

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Shares Held</th>
<th>Total Shares</th>
<th>% of Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Physical</td>
<td>Electronic</td>
<td></td>
</tr>
<tr>
<td>Promoters’ holding</td>
<td>0</td>
<td>765,690,230</td>
<td>765,690,230</td>
</tr>
<tr>
<td>Mutual Funds and UTI</td>
<td>13,140</td>
<td>54,360,456</td>
<td>54,373,596</td>
</tr>
<tr>
<td>Banks, FIs and Insurance Companies</td>
<td>5,415</td>
<td>38,374,697</td>
<td>38,380,112</td>
</tr>
<tr>
<td>Foreign Institutional Investors / Foreign Venture Capital Investors</td>
<td>0</td>
<td>97,571</td>
<td>97,571</td>
</tr>
<tr>
<td>NRIs / OCBs / Foreign Portfolio Investor</td>
<td>10,200</td>
<td>85,637,286</td>
<td>85,647,486</td>
</tr>
<tr>
<td>Other Corporate Bodies</td>
<td>0</td>
<td>13,805,671</td>
<td>13,805,671</td>
</tr>
<tr>
<td>Central and State Government</td>
<td>0</td>
<td>1,295,116</td>
<td>1,295,116</td>
</tr>
<tr>
<td>Indian public</td>
<td>3,550,697</td>
<td>53,934,668</td>
<td>57,485,365</td>
</tr>
<tr>
<td>Others</td>
<td>1,305</td>
<td>6,966,148</td>
<td>6,967,453</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,580,757</strong></td>
<td><strong>1,020,161,843</strong></td>
<td><strong>1,023,742,600</strong></td>
</tr>
</tbody>
</table>
xiii) **Dematerialization of shares and liquidity:**

The Company’s equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialized form. Approximately 99.65% of the equity shares have been dematerialized. ISIN number for dematerialization of the equity shares of the Company is INE010B01027.

xvi) **Outstanding GDRs / ADRs / Warrants, its conversion date and likely impact on equity:**

The Company has not issued any GDRs / ADRs / warrants or any convertible instruments.

xvii) **Details of non-compliance:**

There was no non-compliance during the year and no penalties were imposed or strictures passed on the Company by any Stock Exchange, SEBI or any other statutory authority. A practicing company secretary has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Directors’ Report and sent the same to all the shareholders of the Company. The certificate shall also be sent to all the concerned Stock Exchanges along with the annual reports to be filed by the Company.

10. **Non-Mandatory requirements of regulation 27 (1) & Part E of Schedule II of the Listing Regulations:**

   i) The Company has a Non-Executive Chairman.
   
   ii) The quarterly / half yearly results are not sent to the shareholders. However, the same are published in the newspapers and are also posted on the Company’s website.
   
   iii) The Company’s financial statements for the financial year 2018–2019 do not contain any audit qualification.
   
   iv) The internal auditors report to the Audit Committee.
MANAGING DIRECTOR (MD) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To
The Board of Directors,

Cadila Healthcare Limited

As required under the regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) read with Schedule II part B of the Listing Regulations, we hereby certify that;

(A) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief;

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company’s code of conduct.

(C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.

(D) We have indicated to the auditors and the Audit committee:

1. significant changes in internal control over financial reporting during the year;

2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control system over financial reporting.

Place: Ahmedabad
Date: May 29, 2019

Sharvil P. Patel
Managing Director

Nitin D. Parekh
Chief Financial Officer
COMPANY OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,

The Members

CADILA HEALTHCARE LIMITED
‘Zydus Tower’, Satellite Cross Road,
Sarkhej–Gandhinagar Highway,
Ahmedabad–380015

We have examined all relevant records of CADILA HEALTHCARE LIMITED ("Company") for the purpose of certifying compliance of the conditions of Corporate Governance as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the said Regulations") for the financial year ended March 31, 2019. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulations 46 (2) and paragraph C, D and E of schedule V of the Listing Regulations during the year ended March 31, 2019.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, Manoj Hurkat & Associates
Practicing Company Secretaries

Place : Ahmedabad
Date : May 29, 2019

Manoj Hurkat
Partner
FCS No. 4287
C P. No. 2574
INDEPENDENT AUDITOR’S REPORT

To
The Members of
Cadila Healthcare Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion
We have audited the accompanying Standalone Financial Statements of Cadila Healthcare Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information in which are incorporated the Return for the year ended on that date audited by the branch auditor of the Company’s branch located at Philippines.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the branch auditor referred to in the Other Matters section below, 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 March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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.

Basis for Opinion
We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ("SAs"). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Standalone 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 Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor in terms of his report referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Sr. No.  Key Audit Matter  Auditor's Response
---  -----------------  ------------------
1  Carrying value of non-current investments and loans given to subsidiaries (refer note 4 & 5 to the financial statements):  The audit procedures performed by us included the following:
   • Tested the design and effectiveness of internal controls implemented by the management for following:
     • Preparation of estimates of future profitability
     • Validation of the critical components viz. Discount rate, Future growth rate considered and Terminal growth rate used for the impairment working
     • Management’s judgement applied for the key assumptions used for the purpose of determination of impairment working
     • Completeness and accuracy of the data inputs used

   We critically assessed and tested the key underlying assumptions and significant judgements used by the management.
   As at the year end, the Company has financial assets in form of non-current investments and loans given to the subsidiaries. Out of the total investments and loans given, in four of its components aggregating to ₹ 15,783 million, there has been a networth erosion. The assessment of the carrying values of investments is dependent on future cash flows and if these are below initial expectations there is a risk that the investments will be impaired.
Sr. No.  | Key Audit Matter                                                                 | Auditor’s Response                                                                                                                                 |
---------|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
         | We have reported this as a key audit matter because measurement of investment impairment involves application of significant judgement by the management. The most significant judgements are revenue growth, the success of new product launches, profit margins and discount rates. | We performed our own sensitivity analysis around these key estimates to ascertain the extent of change in those assumptions that either individually or collectively would be required for the investments tested to be impaired. We also involved specialists for evaluation of the methodology and approach applied by the management. |
2       | Recognition of deferred tax asset in respect of Minimum Alternate Tax ("MAT") credits under the Income Tax Act, 1961 (refer note 20 to the financial statements): | The audit procedures performed by us included the following: Tested the design and effectiveness of internal controls implemented by the management for following:  
- Preparation of estimates of future profitability  
- Appropriateness of the various eligible deductions considered as per the Income Tax Act, 1961  
- Management’s judgement applied for the key assumptions used for the purpose of determining that sufficient taxable profit will be available against which the unused tax credits can be utilized. 
We critically assessed and tested the key underlying assumptions and significant judgements used by the management. We performed our own sensitivity analysis around these key estimates to ascertain the extent of change in those assumptions that either individually or collectively would be required for the MAT credit tested to be impaired. |

Information other than the Financial Statements and Auditor’s Report thereon

- The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and Directors’ Report but does not include the Consolidated Financial Statements, 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. 

Management’s responsibility for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements 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 is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor’s responsibility for the audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Standalone 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 Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the Standalone Financial Statements. For the other entities included in the Standalone Financial Statements, which have been audited by the branch auditor, such branch auditor remain responsible for the direction, supervision and performance of the audits carried out by him. We remain solely responsible for our audit opinion.

- 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.
Other Matters
We did not audit the financial information of one branch included in the Standalone Financial Statements of the Company whose financial information reflect total assets of ₹ 13.16 million as at March 31, 2019 and total revenue of ₹ 0.26 million for the year ended on that date, as considered in the Standalone Financial Statements. The financial information of the branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of that branch and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

Our opinion on the Standalone Financial Statements and our report on other Legal and Regulatory requirements below is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS
1. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the branch auditor on the separate financial information of the branch, referred to in the Other Matters section above we report, to the extent applicable 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 and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.
   c) The report on the accounts of the branch office of the Company audited under section 143(8) of the Act by branch auditor has been sent to us and has been properly dealt with by us in preparing this report.
   d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account and with the return received from the branch not visited by us.
   e) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act.

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

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Gaurav J. Shah
Partner
(Member No. 035701)
REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

We have audited the internal financial controls over financial reporting of Cadila Healthcare Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR’S RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SSELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Gaurav J. Shah
Partner
(Membership No. 035701)

Place: Ahmedabad
Date: May 29, 2019
In respect of the Company’s fixed assets:

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

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

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

<table>
<thead>
<tr>
<th>Particulars of the land and building</th>
<th>Gross Block (as at March 31, 2019)</th>
<th>Net Block (as at March 31, 2019)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold land for Zydus Animal Health Limited admeasuring 500 sq. ft.</td>
<td>0.71</td>
<td>0.71</td>
<td>The title deeds are in the name of Zydus Animal Health Limited, which was amalgamated with the Company pursuant to the scheme of amalgamation. The Company is in the process of transferring the title in its name.</td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

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

(v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

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

(vii) According to the information and explanations given to us, in respect of statutory dues:
(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

<table>
<thead>
<tr>
<th>Name of the Statute</th>
<th>Nature of Dues</th>
<th>Forum where Dispute is Pending</th>
<th>Period to which the Amount Relates (Assessment Year)</th>
<th>Amount involved</th>
<th>Amount unpaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Act, 1994</td>
<td>Service Tax</td>
<td>Customs Excise and Service Tax Appellate Tribunal</td>
<td>2003-04 to 2006-07, 2008-09 to 2017-18</td>
<td>94.16</td>
<td>84.25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supreme Court</td>
<td>2006-07 and 2007-08</td>
<td>4.14</td>
<td>4.14</td>
</tr>
<tr>
<td>Customs Act, 1962</td>
<td>Custom Duty</td>
<td>Customs Excise and Service Tax Appellate Tribunal</td>
<td>2008-09 and 2015-16</td>
<td>98.20</td>
<td>91.84</td>
</tr>
<tr>
<td></td>
<td>Value Added Tax</td>
<td>Appellate Authority upto Commissioner’s level</td>
<td>2006-07, 2008-09 to 2016-17</td>
<td>71.56</td>
<td>59.95</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tribunal</td>
<td>2006-07</td>
<td>7.42</td>
<td>5.89</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tribunal</td>
<td>1997-98, 2006-07, 2010-11</td>
<td>2.76</td>
<td>1.43</td>
</tr>
</tbody>
</table>

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government. The Company has not taken any loans or borrowings from financial institutions and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of further public offer (including debt instruments).

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

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

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

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

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

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

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

Place: Ahmedabad
Date: May 29, 2019

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Gaurav J. Shah
Partner
(Membership No. 035701)
# BALANCE SHEET
as at March 31, 2019

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Note No.</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Current Assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>3 [A]</td>
<td>28,815</td>
<td>25,454</td>
</tr>
<tr>
<td>Capital work-in-progress</td>
<td></td>
<td>5,854</td>
<td>6,592</td>
</tr>
<tr>
<td>Goodwill</td>
<td>3 [B]</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Other Intangible Assets</td>
<td>3 [B]</td>
<td>1,258</td>
<td>1,330</td>
</tr>
<tr>
<td>Financial Assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>4</td>
<td>47,249</td>
<td>36,181</td>
</tr>
<tr>
<td>Loans</td>
<td>5</td>
<td>6,057</td>
<td>13,013</td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td>6</td>
<td>1,495</td>
<td>1,212</td>
</tr>
<tr>
<td>Other Non-Current Assets</td>
<td>7</td>
<td>2,017</td>
<td>1,722</td>
</tr>
<tr>
<td>Assets for Current Tax [Net]</td>
<td>8</td>
<td>569</td>
<td>541</td>
</tr>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>9</td>
<td>14,104</td>
<td>13,207</td>
</tr>
<tr>
<td>Financial Assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>10</td>
<td>20,879</td>
<td>12,551</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>11</td>
<td>1,019</td>
<td>1,786</td>
</tr>
<tr>
<td>Bank balance other than cash and cash equivalents</td>
<td>11</td>
<td>44</td>
<td>52</td>
</tr>
<tr>
<td>Loans</td>
<td>12</td>
<td>130</td>
<td>178</td>
</tr>
<tr>
<td>Other Current Financial Assets</td>
<td>13</td>
<td>1,081</td>
<td>3,317</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>14</td>
<td>4,333</td>
<td>4,423</td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td>45</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>134,922</td>
<td>121,637</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Share Capital</td>
<td>15</td>
<td>1,024</td>
<td>1,024</td>
</tr>
<tr>
<td>Other Equity</td>
<td>16</td>
<td>88,541</td>
<td>76,431</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>17</td>
<td>16,168</td>
<td>13,511</td>
</tr>
<tr>
<td>Other Financial Liabilities</td>
<td>18</td>
<td>90</td>
<td>87</td>
</tr>
<tr>
<td>Provisions</td>
<td>19</td>
<td>1,030</td>
<td>741</td>
</tr>
<tr>
<td>Deferred Tax Liabilities [Net]</td>
<td>20</td>
<td>1,757</td>
<td>1,936</td>
</tr>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>21</td>
<td>13,179</td>
<td>13,009</td>
</tr>
<tr>
<td>Trade Payables:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Micro, Small and Medium Enterprise</td>
<td>22</td>
<td>94</td>
<td>143</td>
</tr>
<tr>
<td>Due to other than Micro, Small and Medium Enterprise</td>
<td>22</td>
<td>6,546</td>
<td>7,886</td>
</tr>
<tr>
<td>Other Financial Liabilities</td>
<td>23</td>
<td>5,294</td>
<td>6,002</td>
</tr>
<tr>
<td>Provisions</td>
<td>24</td>
<td>309</td>
<td>347</td>
</tr>
<tr>
<td>Current Tax Liabilities [Net]</td>
<td>25</td>
<td>397</td>
<td>283</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>134,922</td>
<td>121,637</td>
</tr>
</tbody>
</table>

For and on behalf of the Board
Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Pankaj R. Patel
Chairman

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 29, 2019

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
# Statement of Profit and Loss

For the year ended March 31, 2019

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Note No.</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Operations</td>
<td>29</td>
<td>₹ 64,927</td>
<td>₹ 58,226</td>
</tr>
<tr>
<td>Other Income</td>
<td>30</td>
<td>₹ 6,116</td>
<td>₹ 2,079</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td>₹ 71,043</td>
<td>₹ 60,305</td>
</tr>
</tbody>
</table>

**EXPENSES:**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Note No.</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Materials Consumed</td>
<td>31</td>
<td>₹ 18,300</td>
<td>₹ 15,640</td>
</tr>
<tr>
<td>Purchases of Stock-in-Trade</td>
<td>32</td>
<td>₹ 3,906</td>
<td>₹ 3,186</td>
</tr>
<tr>
<td>Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade</td>
<td>33</td>
<td>(₹ 727)</td>
<td>(₹ 1,869)</td>
</tr>
<tr>
<td>Excise Duty on Sales</td>
<td></td>
<td>-</td>
<td>₹ 127</td>
</tr>
<tr>
<td>Employee Benefits Expense</td>
<td>34</td>
<td>₹ 9,745</td>
<td>₹ 8,260</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>35</td>
<td>₹ 884</td>
<td>₹ 639</td>
</tr>
<tr>
<td>Depreciation, Amortisation and Impairment expense</td>
<td>3</td>
<td>₹ 3,498</td>
<td>₹ 2,931</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>36</td>
<td>₹ 16,152</td>
<td>₹ 16,419</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td>₹ 51,758</td>
<td>₹ 45,333</td>
</tr>
</tbody>
</table>

**Profit before Tax**

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Less: Tax Expense: | | | |
| Current Tax | 37 | ₹ 3,443 | ₹ 3,183 |
| Deferred Tax | 37 | (₹ 179) | ₹ 881 |
| **Profit for the year** | | ₹ 3,264 | ₹ 4,064 |

**Other Comprehensive Income [OCI]:**

| Items that will not be reclassified to profit or loss: | | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Re-measurement losses on post employment defined benefit plans | | (₹ 48) | (₹ 122) |
| Income tax effect | | 8 | 26 |
| | | (₹ 40) | (₹ 96) |
| Net [Loss]/ Gain on Fair Value through OCI [FVTOC] Equity Securities | | (₹ 280) | ₹ 458 |
| Income tax effect | | - | - |
| **Other Comprehensive Income for the year [Net of Tax]** | | (₹ 280) | ₹ 458 |

**Total Comprehensive Income for the year [Net of Tax]**

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Basic & Diluted Earning per Equity Share [EPS] [in Rupees] | 38 | ₹ 15.65 | ₹ 10.66 |
| Significant Accounting Policies | | 2 | |
| Notes to the Financial Statements | | 1 to 47 | |

As per our report of even date

**Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

**Gaurav J. Shah**
Partner
Membership Number: 035701
Ahmedabad, Dated: May 29, 2019

For and on behalf of the Board

**Pankaj R. Patel**
Chairman

**Nitin D. Parekh**
Chief Financial Officer
**Dhaval N. Soni**
Company Secretary
**Dr. Sharvil P. Patel**
Managing Director
## CASH FLOW STATEMENT

for the year ended March 31, 2019

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A  CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>19,285</td>
<td>14,972</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, Amortisation and Impairment expense</td>
<td>3,498</td>
<td>2,931</td>
</tr>
<tr>
<td>Loss on sale of property, plant and equipment [Net]</td>
<td>65</td>
<td>-</td>
</tr>
<tr>
<td>Profit on sale of investments [Net]</td>
<td>(815)</td>
<td>(19)</td>
</tr>
<tr>
<td>Interest income</td>
<td>(873)</td>
<td>(852)</td>
</tr>
<tr>
<td>Gain on valuation of Forward Contract value related to investment in a Joint Venture</td>
<td>(265)</td>
<td>(470)</td>
</tr>
<tr>
<td>Dividend income</td>
<td>(3,868)</td>
<td>(495)</td>
</tr>
<tr>
<td>Interest expenses [including effect of foreign exchange movement in borrowings] [Refer Note-6 below]</td>
<td>467</td>
<td>819</td>
</tr>
<tr>
<td>Provision for doubtful debts [net of written back]</td>
<td>(16)</td>
<td>49</td>
</tr>
<tr>
<td>Doubtful advances written off</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Provision for doubtful advances [net of written back]</td>
<td>(7)</td>
<td>26</td>
</tr>
<tr>
<td>Provisions for employee benefits</td>
<td>350</td>
<td>4</td>
</tr>
<tr>
<td>Provisions for probable product expiry claims and return of goods [net of written back]</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>(1,453)</td>
<td>1,997</td>
</tr>
<tr>
<td>Operating profit before working capital changes</td>
<td>17,832</td>
<td>16,969</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[Increase] in trade receivables</td>
<td>(8,302)</td>
<td>(3,292)</td>
</tr>
<tr>
<td>[Increase] in inventories</td>
<td>(897)</td>
<td>(3,878)</td>
</tr>
<tr>
<td>Decrease/ [Increase] in other assets</td>
<td>2,176</td>
<td>(3,614)</td>
</tr>
<tr>
<td>[Decrease] in trade payables</td>
<td>(1,260)</td>
<td>(221)</td>
</tr>
<tr>
<td>[Decrease] in other liabilities</td>
<td>(53)</td>
<td>(137)</td>
</tr>
<tr>
<td>Total</td>
<td>(8,336)</td>
<td>(11,142)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>9,496</td>
<td>5,827</td>
</tr>
<tr>
<td>Direct taxes paid [Net of refunds]</td>
<td>(3,207)</td>
<td>(2,952)</td>
</tr>
<tr>
<td>Foreign Currency Monetary items Translation Difference Account written off</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>6,290</td>
<td>2,877</td>
</tr>
<tr>
<td><strong>B  CASH FLOWS FROM INVESTING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(6,585)</td>
<td>(6,021)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>49</td>
<td>30</td>
</tr>
<tr>
<td>Purchase of non current investments in subsidiaries</td>
<td>(13,727)</td>
<td>(3,600)</td>
</tr>
<tr>
<td>Purchase of non current investments in others</td>
<td>(136)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from sale/ redemption of non current investments in subsidiaries/ joint ventures</td>
<td>3,298</td>
<td>7,077</td>
</tr>
<tr>
<td>Profit from sale of current investments</td>
<td>92</td>
<td>19</td>
</tr>
<tr>
<td>Advances to subsidiaries</td>
<td>(3,979)</td>
<td>(2,266)</td>
</tr>
<tr>
<td>Repayment of advances by subsidiaries</td>
<td>10,931</td>
<td>3,531</td>
</tr>
<tr>
<td>Interest received</td>
<td>925</td>
<td>1,015</td>
</tr>
<tr>
<td>Dividend received</td>
<td>3,868</td>
<td>495</td>
</tr>
<tr>
<td>Net cash [used in]/ from investing activities</td>
<td>(5,264)</td>
<td>280</td>
</tr>
</tbody>
</table>
# CASH FLOW STATEMENT

for the year ended March 31, 2019

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C CASH FLOWS FROM FINANCING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from non current borrowings</td>
<td>3,572</td>
<td>3,199</td>
</tr>
<tr>
<td>Repayment of non current borrowings</td>
<td>(951)</td>
<td>(1,543)</td>
</tr>
<tr>
<td>Current Borrowings [Net]</td>
<td>3</td>
<td>2,612</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(827)</td>
<td>(531)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(3,583)</td>
<td>-</td>
</tr>
<tr>
<td>Tax on dividends paid</td>
<td>(9)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash [used in] financing activities</td>
<td>(1,801)</td>
<td>(1,487)</td>
</tr>
<tr>
<td><strong>Net [Decrease]/ Increase in cash and cash equivalents</strong></td>
<td>(775)</td>
<td>1,670</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the year</strong></td>
<td>1,838</td>
<td>168</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>1,063</td>
<td>1,838</td>
</tr>
</tbody>
</table>

**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 at the end [beginning] of the year include INR 44 [INR 52] Million are not available for immediate use.
5. Cash and cash equivalents comprise of:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
<th>As at March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>a Cash on Hand</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>b Balances with Banks</td>
<td>1,060</td>
<td>1,835</td>
<td>164</td>
</tr>
<tr>
<td>Total</td>
<td>1,063</td>
<td>1,838</td>
<td>168</td>
</tr>
</tbody>
</table>

6. Change in liability arising from financing activities:

<table>
<thead>
<tr>
<th></th>
<th>Non-Current [Note-17]</th>
<th>Current [Note-21]</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at March 31, 2017</td>
<td>13,942</td>
<td>15,456</td>
<td>29,398</td>
</tr>
<tr>
<td>Cash flow</td>
<td>1,656</td>
<td>(2,612)</td>
<td>(956)</td>
</tr>
<tr>
<td>Foreign exchange movement</td>
<td>118</td>
<td>165</td>
<td>283</td>
</tr>
<tr>
<td>As at March 31, 2018</td>
<td>15,716</td>
<td>13,009</td>
<td>28,725</td>
</tr>
<tr>
<td>Cash flow</td>
<td>2,621</td>
<td>(3)</td>
<td>2,618</td>
</tr>
<tr>
<td>Foreign exchange movement</td>
<td>(544)</td>
<td>173</td>
<td>(371)</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>17,793</td>
<td>13,179</td>
<td>30,972</td>
</tr>
</tbody>
</table>

As per our report of even date

Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 29, 2019

Nitin D. Parekh
Chief Financial Officer
Dr. Sharvil P. Patel
Managing Director

For and on behalf of the Board

Pankaj R. Patel
Chairman
STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2019

a  EQUITY SHARE CAPITAL:

<table>
<thead>
<tr>
<th>Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:</th>
<th>No. of Shares</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at March 31, 2017</td>
<td>1,023,742,600</td>
<td>1,024</td>
</tr>
<tr>
<td>As at March 31, 2018</td>
<td>1,023,742,600</td>
<td>1,024</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>1,023,742,600</td>
<td>1,024</td>
</tr>
</tbody>
</table>

b  OTHER EQUITY:

<table>
<thead>
<tr>
<th>Reserves and Surplus</th>
<th>Items of OCI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Business Development Reserve</td>
<td>General Reserve</td>
<td>Foreign Currency Monetary Items Translation Difference Account (FCMITDA)</td>
</tr>
<tr>
<td>As at March 31, 2017</td>
<td>2,000</td>
<td>15,550</td>
</tr>
<tr>
<td>Add: Profit for the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>[Less] Add: Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>2,000</td>
<td>15,550</td>
</tr>
<tr>
<td>Net movement in FCMITDA</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at March 31, 2018</td>
<td>2,000</td>
<td>15,550</td>
</tr>
<tr>
<td>Add: Profit for the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add [Less]: Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>2,000</td>
<td>15,550</td>
</tr>
<tr>
<td>Net movement in FCMITDA</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transactions with Owners in their capacity as owners:Dividends</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate Dividend Tax on Dividend [Net of CDT Credit]</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>2,000</td>
<td>15,550</td>
</tr>
</tbody>
</table>

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 29, 2019

For and on behalf of the Board
Pankaj R. Patel
Chairman

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
NOTE: 1-COMPANY OVERVIEW:
Cadila Healthcare Limited ["the Company"], a Company limited by shares, incorporated and domiciled in India, operates as an integrated pharmaceutical company with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Company includes Active Pharmaceutical Ingredients [API], human formulations and animal health & veterinary. The Company’s shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited. The registered office of the Company is located at ‘Zydus Tower’, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad - 380015.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 29, 2019.

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 all periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP].

Effective from April 1, 2016, the Company has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013. The adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

C The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:
 i Derivative financial instruments
 ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]
 iii Defined benefit plans
 iv Contingent consideration

2 Use of Estimates:
The preparation of 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 judgments:

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

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

c Product 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 stockists.
d  Impairment of property, plant and equipment and investments:
Significant judgment is involved in determining the estimated future cash flows from the Investments, Property, Plant and Equipment and Goodwill to determine their value in use to assess whether there is any impairment in their carrying amounts as reflected in the financials.

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

Critical estimates:

a  Property, Plant and Equipment:
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.

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 [except as covered in “E” below] 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.

E  The net gain or loss on account of exchange rate differences either on settlement or on translation of long term foreign currency monetary items recognised on or after April 1, 2016 is recognised as income or expense in the Statement of Profit and Loss in the year in which they arise. The net gain or loss on long term foreign currency monetary items recognised in the financial statement for the period ended on March 31, 2016 is recognised under “Foreign Currency Monetary Items Translation Difference Account” [FCMITDA], except in case of foreign currency loans taken for funding of Property, Plant and Equipment, where such difference is adjusted to the cost of respective Property, Plant and Equipment. This is as per the exemption given under Ind AS 101 to defer/capitalize exchange differences arising on long-term foreign currency monetary items.

The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.

4  Revenue Recognition:

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

a  Sale of Goods:
Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer.
The goods are often sold with volume discounts/pricing incentives and customers have a right to return damaged or expired products.

Revenue from sales is based on the price in the sales contracts, net of discounts. When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price [excluding estimates of variable consideration] that is allocated to that performance obligation. Historical experience, specific contractual terms and future expectations of sales return 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.

For the year ended March 31, 2018, the Company was recognising revenue as per the criterias provided in Ind AS 18 “Revenue Recognition”.

Note 2(4) “Significant accounting policies for Revenue Recognition” can be referred in the Annual report for the FY 2017-18 of the Company.

b Goods and Service Tax [GST] is not received by the Company on its own account. Rather, it is a 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 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.

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

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

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

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

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1 2015, the Company uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of the loan.

6 Taxes on Income:
Tax expenses comprise of current and deferred tax.
NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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 co-relation to
the underlying transaction either in Statement of
Profit and Loss, OCI or directly in equity.

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

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

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

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

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

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

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

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

   i  The company recognizes MAT credit available as
an asset 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 recognised, is reviewed at each
Balance sheet date and the carrying amount is
written down to the extent there is no longer
a convincing evidence that the company will
be liable to pay normal tax during the specified
period.

7  Property, Plant and Equipment:

   A  Freehold land is carried at historical cost. All other items
of Property, Plant and Equipment are stated at historical
cost of acquisition/ construction less accumulated
depreciation and impairment loss. Historical cost [Net
of Input tax credit received/ receivable] includes related
expenditure and pre-operative & project expenses for
the period up to completion of construction/ assets are
ready for its intended use, if the recognition criteria are
met and the present value of the expected cost for the
decommissioning of an asset after its use is included
in the cost of the respective asset, if the recognition
criteria for a provision are met. Effective from April 1,
2007, the foreign exchange loss or gain arising on long
term foreign currency monetary items that existed in
financial statement for the period ended on March 31,
2016, attributable to Property, Plant and Equipment
is adjusted to the cost of respective Property, Plant
and Equipment. Subsequent costs are included in the
asset’s carrying amount or recognised as a separate
asset, as appropriate, only when it is probable that
future economic benefits associated with the item will
flow to the Company and the cost of the item can be
measured reliably.

The carrying amount of any component accounted for
as a separate asset is derecognised when replaced. All
other repairs and maintenance costs are 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.

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

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

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

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

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

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

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

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

8 Intangible Assets:

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

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

C Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful lives.

D 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.

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

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

9 Research and Development Cost:

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

B Capital expenditure on research and development is given the same treatment as Property, Plant and Equipment.
10 **Borrowing Costs:**

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

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

11 **Impairment of Assets:**

The Property, Plant and Equipment 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 grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets [cash generating units]. Non-financial assets other than Goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

12 **Inventories:**

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

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


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 expense and included in “Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade” and “Cost of Material Consumed” in the relevant note in the Statement of Profit and Loss.

13 **Cash and Cash Equivalents:**

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

14 **Leases:**

As a lessee:

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

Lease under which the Company assumes potentially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalised at fair value or present value of the minimum lease payment at the inception of the lease, whichever is lower.

Lease payments under operating leases are recognised as an expense on straight line basis in the Statement of Profit and Loss over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate lessor’s expected inflationary cost increases.

As a lessor:

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

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

15 Provisions, Contingent Liabilities and Contingent Assets:
   A Provisions are recognised when the Company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure of contingent liability is made when there is a 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.

16 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.

17 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 period 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 upto the end of the reporting period using the projected unit credit method as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in Statement of profit and loss.

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

The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss. Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the Statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit 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
NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

curtailments and non routine settlements; and

ii Net interest expense or income.

Company administered Provident Fund:

In case of a specified class of employees, such contributions are deposited to Cadila Healthcare Limited Employees' Provident Fund Trust.

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:

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

C Employee Separation Costs:

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

18 Dividends:

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.
ii Debt instruments at fair value through other comprehensive income [FVTOCI]:
A ‘debt instrument’ is classified as at the FVTOCI if both of the following criteria are met:
- The asset is held with objective of both - for collecting contractual cash flows and
  selling the financial assets
- The asset’s contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each
reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company
recognizes interest income, impairment losses & 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 and joint ventures:
Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment
losses, if any. Where an indication of impairment exists, the carrying amount of the investment is
assessed and written down immediately to its recoverable amount. On disposal of investments in
subsidiaries and joint ventures, the difference between net disposal proceeds and the carrying
amounts are recognised in the statement of profit and loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments
in subsidiaries and joint ventures at the Previous GAAP carrying amount as its deemed cost on the
date of transition to Ind AS i.e., April 1, 2015.

c Derecognition:
A financial asset [or, where applicable, a part of a financial asset] is primarily derecognised [i.e.
removed from the Company’s balance sheet] when:

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

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

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

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

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

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

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

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

For 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] is recognized as expense/ income in the Statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

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

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

B Financial Liabilities:

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

b Subsequent measurement:
Subsequently all financial liabilities are measured as amortised cost, using EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.
NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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 Statement of profit and 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.

20 Derivative Financial Instruments and Hedge Accounting:
Derivatives are recognised initially at fair value and subsequently at fair value through profit and loss.

Fair value hedges:
The Company applies fair value hedge accounting for changes in fair value of trade receivables [non-derivative financial assets] attributable to foreign currency risk. The Company designates certain non-derivative foreign currency financial liabilities [hedging instrument] to hedge the risks of changes in fair value of trade receivables attributable to the movement in foreign exchange rates. The Company documents at the time of designation the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking such hedging transactions. The Company also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the risk management objectives are met with the hedging relationship.

Changes in fair values of both hedging instruments and hedged items are recognised in foreign exchange gains / losses as a part of other income or other expenses as the case may be. If the hedge no longer meets the criteria for hedge accounting, this accounting treatment is discontinued.

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

a. In the principal market for the asset or liability, 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 the lowest level input that is significant to the fair value measurement as a whole:

a. Level 1 — Quoted [unadjusted] market prices in active markets for identical assets or liabilities
b. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
c. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

23 Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss [excluding other comprehensive income] for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and 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 shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

B Standards issued but not yet effective:

The Ministry of Corporate Affairs has issued Companies [Indian Accounting Standards] Amendment Rules, 2019 and Companies [Indian Accounting Standards] Second Amendment Rules on March 30, 2019, which notified the following standards and amendments to Ind AS applicable effective from April 1, 2019:

Ind AS 116 – Leases:

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard introduces a single lease accounting model, requiring lessees to recognize right-of-use assets for granted rights of use and corresponding lease liabilities. However, Ind AS 116 contains the option of exercising exemptions for the recognition of short-term leases and those pertaining to low-value assets.

The Company will adopt Ind AS 116 effective from April 1, 2019, the Company will apply the standard to its leases, retrospectively, without restating the comparative figures. On the date of transition, the Company will be using the practical expedient provided by the standard and therefore,
will not reassess whether a contract, is or contains a lease, at the date of initial application. On the date of initial application, the Company will recognise a lease liability measured at the present value of the remaining lease payments, using the incremental borrowing rate as of that date and right-of-use asset will be measured at the amount equal to lease liability adjusted for accrual and prepayment. Initial direct costs will not be taken into account in the measurement of the right-of-use asset as of the date of first-time application. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

The Company is in the process of evaluating the impact of Ind AS 116.

**Ind AS 12 – Income Taxes:**

**A** The Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit [or loss], tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit [tax loss], tax bases, unused tax losses, unused tax credits and tax rates.

**The standard permits two possible methods of transition:**

a Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and

b Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

**B** The Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on after April 1, 2019. The Company is in the process of evaluating the impact.

**Ind AS 19 – Employee Benefits:**

The Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

**The amendments require an entity:**

a To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment; and

b To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is in the process of evaluating the impact.
NOTE 3 - PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS:

[A] Property, Plant and Equipment:

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<tr>
<th></th>
<th>Freehold Land</th>
<th>Leasehold Land</th>
<th>Buildings</th>
<th>Plant and Equipment</th>
<th>Furniture and Fixtures</th>
<th>Vehicles</th>
<th>Office Equipment</th>
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<td><strong>Depreciation and Impairment:</strong></td>
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<td>Impairment for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(11)</td>
<td>(1)</td>
<td>(23)</td>
<td>(1)</td>
<td>(36)</td>
<td></td>
</tr>
<tr>
<td>Other adjustments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at March 31, 2018</td>
<td>-</td>
<td>35</td>
<td>1,687</td>
<td>13,713</td>
<td>443</td>
<td>332</td>
<td>223</td>
<td>16,433</td>
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<tr>
<td>Depreciation for the year</td>
<td>-</td>
<td>5</td>
<td>215</td>
<td>2,851</td>
<td>31</td>
<td>65</td>
<td>74</td>
<td>3,241</td>
</tr>
<tr>
<td>Impairment for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(2)</td>
<td>(300)</td>
<td>-</td>
<td>(46)</td>
<td>(2)</td>
<td>(350)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>-</td>
<td>-</td>
<td>(1)</td>
<td>3</td>
<td>(2)</td>
<td>-</td>
<td>(8)</td>
<td>(8)</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>-</td>
<td>40</td>
<td>1,899</td>
<td>16,267</td>
<td>472</td>
<td>351</td>
<td>287</td>
<td>19,316</td>
</tr>
<tr>
<td><strong>Net Block:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at March 31, 2018</td>
<td>1,941</td>
<td>408</td>
<td>5,120</td>
<td>17,230</td>
<td>202</td>
<td>309</td>
<td>244</td>
<td>25,454</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>1,985</td>
<td>403</td>
<td>5,572</td>
<td>20,068</td>
<td>213</td>
<td>327</td>
<td>247</td>
<td>28,815</td>
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</table>
### [B] Intangible Assets:

<table>
<thead>
<tr>
<th></th>
<th>Goodwill</th>
<th>Other Intangible Assets</th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Brands/Trademarks</td>
<td>Computer Software</td>
<td>Commercial Rights</td>
<td>Technical Know-how</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Block:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at March 31, 2017</td>
<td>120</td>
<td>1,665</td>
<td>534</td>
<td>355</td>
<td>503</td>
<td>3,057</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>86</td>
<td>7</td>
<td>-</td>
<td>93</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at March 31, 2018</td>
<td>120</td>
<td>1,665</td>
<td>620</td>
<td>362</td>
<td>503</td>
<td>3,150</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>137</td>
<td>-</td>
<td>-</td>
<td>137</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Other adjustments</td>
<td>-</td>
<td>-</td>
<td>57</td>
<td>(1)</td>
<td>-</td>
<td>56</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>120</td>
<td>1,665</td>
<td>814</td>
<td>361</td>
<td>503</td>
<td>3,343</td>
</tr>
<tr>
<td><strong>Amortisation and Impairment:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at March 31, 2017</td>
<td>102</td>
<td>677</td>
<td>325</td>
<td>222</td>
<td>381</td>
<td>1,605</td>
</tr>
<tr>
<td>Amortisation for the year</td>
<td>-</td>
<td>111</td>
<td>75</td>
<td>15</td>
<td>14</td>
<td>215</td>
</tr>
<tr>
<td>Impairment for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at March 31, 2018</td>
<td>102</td>
<td>788</td>
<td>400</td>
<td>237</td>
<td>395</td>
<td>1,820</td>
</tr>
<tr>
<td>Amortisation for the year</td>
<td>-</td>
<td>111</td>
<td>116</td>
<td>16</td>
<td>14</td>
<td>257</td>
</tr>
<tr>
<td>Impairment for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>-</td>
<td>-</td>
<td>9</td>
<td>(1)</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>102</td>
<td>899</td>
<td>525</td>
<td>253</td>
<td>408</td>
<td>2,085</td>
</tr>
<tr>
<td><strong>Net Block:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at March 31, 2018</td>
<td>18</td>
<td>877</td>
<td>220</td>
<td>125</td>
<td>108</td>
<td>1,330</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>18</td>
<td>766</td>
<td>289</td>
<td>108</td>
<td>95</td>
<td>1,258</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS: (Contd...)

<table>
<thead>
<tr>
<th>Depreciation, Amortisation and Impairment expenses:</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>3,241</td>
<td>2,733</td>
</tr>
<tr>
<td>Amortisation</td>
<td>257</td>
<td>215</td>
</tr>
<tr>
<td>Impairment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less: Depreciation charge pertaining IHFU</td>
<td>-</td>
<td>(17)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,498</strong></td>
<td><strong>2,931</strong></td>
</tr>
</tbody>
</table>

Notes:
1. Buildings include ₹ 0.02 [As at March 31, 2018: ₹ 0.02] Million being the value of unquoted shares held in cooperative societies.
2. Additions of ₹ 333 [Previous Year: ₹ 550] Million in research assets during the year are included in “Additions” under the respective heads of Gross Block of Tangible assets as above.
3. Other adjustments include adjustments on account of exchange rate differences.
4. For details of assets pledged as security refer Note 17.
5. Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Liva Healthcare Limited, Zydus Animal Health Limited and Zydus Pharmaceuticals Limited with the Company are in the process of being transferred in the name of the Company.

NOTE: 4-INVESTMENTS [NON-CURRENT]:

<table>
<thead>
<tr>
<th>Investments in Subsidiaries and Joint Ventures:</th>
<th>Face Value [*]</th>
<th>Nos. [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in Equity Instruments</td>
<td>31,511</td>
<td>18,320</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in Preference Shares</td>
<td>91</td>
<td>181</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in Equity Instruments via Optionally Convertible Preference Shares</td>
<td>14,708</td>
<td>16,597</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46,310</strong></td>
<td><strong>35,098</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investments - Others:</th>
<th>Face Value [*]</th>
<th>Nos. [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in Equity Instruments</td>
<td>794</td>
<td>1,074</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in Preference Shares</td>
<td>9</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in Bonds</td>
<td>136</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>939</strong></td>
<td><strong>1,083</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**A** Details of Investments in Subsidiaries and Joint Ventures:

<table>
<thead>
<tr>
<th>Investment in Equity Instruments [Valued at cost]:</th>
<th>Face Value [*]</th>
<th>Nos. [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary Companies [Quoted]:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In fully paid-up equity shares of Zydus Wellness Limited [№] [8,483,754 shares subscribed during the year]</td>
<td>10</td>
<td>36,647,509</td>
<td><strong>12,320</strong></td>
<td>570</td>
</tr>
</tbody>
</table>
### NOTES TO FINANCIAL STATEMENTS

#### NOTE: 4-INVESTMENTS [NON-CURRENT]: (Contd...)

<table>
<thead>
<tr>
<th>Subsidiary Companies [Unquoted]:</th>
<th>Face Value [*]</th>
<th>Nos. [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>In fully paid-up equity shares of:</td>
<td></td>
<td></td>
<td>₹ Million</td>
<td>₹ Million</td>
</tr>
<tr>
<td>Zydus Technologies Limited</td>
<td>10</td>
<td>42,500,000</td>
<td>425</td>
<td>425</td>
</tr>
<tr>
<td>Dialforhealth India Limited</td>
<td>10</td>
<td>5,000,000</td>
<td>112</td>
<td>112</td>
</tr>
<tr>
<td>Zydus Healthcare Limited</td>
<td>100</td>
<td>2,161,742</td>
<td>5,342</td>
<td>5,342</td>
</tr>
<tr>
<td>Liva Pharmaceuticals Limited</td>
<td>10</td>
<td>2,000,000</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Alidac Pharmaceuticals Limited</td>
<td>10</td>
<td>22,330,000</td>
<td>158</td>
<td>158</td>
</tr>
<tr>
<td>Violio Pharmaceuticals Limited</td>
<td>10</td>
<td>900,000 [0]</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Windlas Healthcare Private Limited</td>
<td>10</td>
<td>24,077,950 [0]</td>
<td>1,556</td>
<td>-</td>
</tr>
<tr>
<td>Zydus Foundation</td>
<td>10</td>
<td>50,000 [0]</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Zydus International Private Limited</td>
<td>€ 1.462843</td>
<td>62,340,456</td>
<td>6,518</td>
<td>6,518</td>
</tr>
<tr>
<td>Zydus Lanka (Private) Limited</td>
<td>LKR 10</td>
<td>1,097,000</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Zydus Healthcare Philippines Inc.</td>
<td>PHP 10</td>
<td>24,965,120</td>
<td>351</td>
<td>351</td>
</tr>
<tr>
<td>Zydus Worldwide DMCC</td>
<td>AED 1,000</td>
<td>84,480</td>
<td>1,505</td>
<td>1,505</td>
</tr>
<tr>
<td>Sentynl Therapeutics Inc.</td>
<td>$0.0001</td>
<td>100</td>
<td>2,038</td>
<td>2,038</td>
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<tr>
<td>Bremer Pharma GmbH</td>
<td>€ 50,000</td>
<td>0 [1]</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>[Refer Note-45]</td>
<td>€ 30,000</td>
<td>0 [1]</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>[3 shares sold during the year]</td>
<td>€ 4,00,000</td>
<td>0 [1]</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Zydus Healthcare (USA) LLC</td>
<td>$1</td>
<td>200,000</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>18,052</td>
<td>16,486</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>In fully paid-up Common Stock of:</th>
<th></th>
<th></th>
<th>₹ Million</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zydus Pharmaceuticals (USA) Inc.</td>
<td>$1</td>
<td>2,300,000</td>
<td>519</td>
<td>519</td>
</tr>
<tr>
<td>Zydus Noveltech Inc. [USA]</td>
<td>No par value</td>
<td>850</td>
<td>207</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>726</td>
<td>726</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Joint Venture Companies [Unquoted]:</th>
<th></th>
<th></th>
<th>₹ Million</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>In fully paid-up equity shares of:</td>
<td></td>
<td></td>
<td>₹ Million</td>
<td>₹ Million</td>
</tr>
<tr>
<td>Zydus Hospira Oncology Private Limited</td>
<td>10</td>
<td>7,500,000</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Zydus Takeda Healthcare Private Limited</td>
<td>10</td>
<td>10,000,000</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Bayer Zydus Pharma Private Limited [Refer Note-46]</td>
<td>10</td>
<td>12,499,999</td>
<td>125</td>
<td>250</td>
</tr>
<tr>
<td>[12,500,001 shares sold during the year]</td>
<td></td>
<td></td>
<td>300</td>
<td>425</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deemed investment:</th>
<th></th>
<th></th>
<th>₹ Million</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Component of Bayer Zydus Pharma Private Limited</td>
<td></td>
<td></td>
<td>113</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>31,511</td>
<td>18,320</td>
</tr>
<tr>
<td>Subsidiary Companies:</td>
<td>As at March 31, 2019</td>
<td>As at March 31, 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Technologies Limited</td>
<td>100 900,000</td>
<td>90 90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dialforhealth India Limited</td>
<td>100 2,000,000</td>
<td>200 200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Healthcare Limited [23,000,000 shares redeemed during the year]</td>
<td>100 100,650,000</td>
<td>10,065 12,365</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alidac Pharmaceuticals Limited</td>
<td>100 7,300,000</td>
<td>689 689</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Healthcare Philippines Inc. PHP 10</td>
<td>983,180</td>
<td>14 14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liva Pharmaceuticals Limited [4,110,000 shares subscribed during the year]</td>
<td>100 36,500,000</td>
<td>3,650 3,239</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**B Details of Investments - Others [Valued at fair value through OCI]:**

### Investment in Equity Instruments [Quoted]:

#### In fully paid-up Common Stock of:

- **Onconova Therapeutic Inc. USA**
  - Face Value: $0.01
  - Nos.: 4,341 [65,111]
  - As at March 31, 2019: 1
  - As at March 31, 2018: 4

- **Pieris Pharmaceuticals Inc., USA**
  - Face Value: $0.001
  - Nos.: 1,415,539
  - As at March 31, 2019: 328
  - As at March 31, 2018: 629

#### In fully paid-up Equity Shares of:

<table>
<thead>
<tr>
<th>Company</th>
<th>Nos.</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Development Finance Corporation Limited</td>
<td>2 219,500</td>
<td>432 401</td>
<td></td>
</tr>
<tr>
<td>HDFC Bank Limited</td>
<td>2 4,000</td>
<td>9 8</td>
<td></td>
</tr>
<tr>
<td>Kokuyo Camlin Limited</td>
<td>1 72,090</td>
<td>7 8</td>
<td></td>
</tr>
<tr>
<td>Camlin Fine Sciences Limited</td>
<td>1 152,000</td>
<td>8 15</td>
<td></td>
</tr>
<tr>
<td>Accelya Kale Consultants Limited</td>
<td>10 383</td>
<td>1 1</td>
<td></td>
</tr>
</tbody>
</table>

#### Investment in Equity Instruments [Unquoted]:

### In fully paid-up Equity Shares of:

- **Bharuch Enviro Infrastructure Limited**
  - [₹ 12,140/-]
  - Nos.: 1,214
  - As at March 31, 2019: -
  - As at March 31, 2018: -

- **Narmada Clean Tech**
  - Nos.: 625,813
  - As at March 31, 2019: 6
  - As at March 31, 2018: 6

- **Enviro Infrastructure Company Limited**
  - Nos.: 50,000
  - As at March 31, 2019: 1
  - As at March 31, 2018: 1

- **Gujarat Venture Finance Limited**
  - Nos.: 50,000
  - As at March 31, 2019: 1
  - As at March 31, 2018: 1

- **Saraswat Co-Op Bank Limited**
  - [₹ 20,350/-]
  - Nos.: 2,500
  - As at March 31, 2019: -
  - As at March 31, 2018: -
## NOTES TO FINANCIAL STATEMENTS

### NOTE: 4-INVESTMENTS [NON-CURRENT]: (Contd...)

<table>
<thead>
<tr>
<th></th>
<th>Face Value [•]</th>
<th>Nos. [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shamrao Vithal Co-Op Bank Limited [₹ 2,500/-]</td>
<td>25</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The Green Environment Co-operative Society Limited [₹ 5,000/-]</td>
<td>100</td>
<td>50</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shivalik Solid Waste Management Limited [₹ 2,00,000/-]</td>
<td>10</td>
<td>20,000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>


<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Investment in Preference Shares:

**[Carried at amortised cost] [Unquoted]:**

| In fully paid-up, 1%, Redeemable Cumulative | 10 | 900,000 | 9 | 9 |

### Investment in Bonds

**[Valued at amortised cost] [Quoted]:**

<table>
<thead>
<tr>
<th>In fully paid-up Bonds of:</th>
<th>1,000,000</th>
<th>5</th>
<th>0</th>
<th>4</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.23% Karnataka State Financial Corporation</td>
<td>1,000,000</td>
<td>5</td>
<td>0</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>9.90% Tamil Nadu Generation and Distribution Corporation Limited</td>
<td>1,000,000</td>
<td>5</td>
<td>0</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>10.00% Krishna Bhagya Jala Nigam Limited</td>
<td>1,000,000</td>
<td>12</td>
<td>0</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>8.95% IDBI Bonds</td>
<td>1,000,000</td>
<td>14</td>
<td>0</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>8.90% IDBI Upper Tier II Bonds</td>
<td>1,000,000</td>
<td>4</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>9.10% PNB Housing Finance Limited</td>
<td>1,000,000</td>
<td>25</td>
<td>0</td>
<td>25</td>
<td>3</td>
</tr>
<tr>
<td>9.75% Piramal Enterprises Limited</td>
<td>1,000,000</td>
<td>35</td>
<td>0</td>
<td>35</td>
<td>3</td>
</tr>
<tr>
<td>9.00% Indiabulls Housing Finance Limited</td>
<td>1,000,000</td>
<td>40,000</td>
<td>0</td>
<td>40</td>
<td>3</td>
</tr>
</tbody>
</table>

### Total [Aggregate Book Value of Investments]

<table>
<thead>
<tr>
<th></th>
<th>47,249</th>
<th>36,181</th>
</tr>
</thead>
</table>

### Explanations:

**a** In "Face Value [•]", figures in Indian Rupees unless stated otherwise.

**b** In "Nos. [**]" figures of previous year are same unless stated in [ ].

[##] Pursuant to Securities and Exchange Board of India [Issue of Capital and Disclosure Requirements] Regulations, 2018, 28,163,755 equity shares have lock-in period till August 31, 2019 and 8,483,754 equity shares have lock-in period till February 25, 2022.
### NOTE: 5-LOANS:

<table>
<thead>
<tr>
<th>Loans and Advances to Related Parties [*]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and Advances to Related Parties [*]</td>
<td>6,057</td>
<td>13,013</td>
</tr>
<tr>
<td>Total</td>
<td>6,057</td>
<td>13,013</td>
</tr>
</tbody>
</table>

[*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):

Name of the party and relationship with the party to whom loan given:

<table>
<thead>
<tr>
<th>A Subsidiary Company:</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>a Zydus Technologies Limited</td>
<td>4,175</td>
<td>5,134</td>
</tr>
<tr>
<td>b Dialforhealth India Limited</td>
<td>-</td>
<td>80</td>
</tr>
<tr>
<td>c Violio Pharmaceuticals Limited</td>
<td>26</td>
<td>-</td>
</tr>
<tr>
<td>d Zydus Worldwide DMCC</td>
<td>518</td>
<td>7,522</td>
</tr>
<tr>
<td>e Zydus International Private Limited</td>
<td>1,338</td>
<td>277</td>
</tr>
<tr>
<td>Total</td>
<td>6,057</td>
<td>13,013</td>
</tr>
</tbody>
</table>

(#) Loans which are outstanding at the end of the respective financial year.

**Notes:**

a All the above loans have been given for business purposes.
b All the loans are interest bearing except the loan given to Dialfor health India Limited.
c All the above loans are repayable within a period of 2 years.

### NOTE: 6-OTHER FINANCIAL ASSETS:

<table>
<thead>
<tr>
<th>Security Deposits</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security Deposits</td>
<td>89</td>
<td>71</td>
</tr>
<tr>
<td>Forward Contract value related to investment in a Joint Venture</td>
<td>1,402</td>
<td>1,136</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>1,495</td>
<td>1,212</td>
</tr>
</tbody>
</table>

### NOTE: 7-OTHER NON-CURRENT ASSETS:

<table>
<thead>
<tr>
<th>Capital Advances - Considered Good[*]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Advances - Considered Good[*]</td>
<td>1,165</td>
<td>874</td>
</tr>
<tr>
<td>Capital Advances - Considered Doubtful</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>Less: Impairment Allowances</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>Balances with Statutory Authorities</td>
<td>841</td>
<td>827</td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>2,017</td>
<td>1,722</td>
</tr>
</tbody>
</table>

[*] includes advances to Related parties | 247 | - |
### NOTE: 8-CURRENT TAX ASSETS [NET]:

<table>
<thead>
<tr>
<th>Description</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance payment of Tax</td>
<td>569</td>
<td>541</td>
</tr>
<tr>
<td>[Net of provision for taxation of ₹ 10,899 (as at March 31, 2018: ₹ 7,743) Million]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>569</td>
<td>541</td>
</tr>
</tbody>
</table>

### NOTE: 9-INVENTORIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at March 31, 2019</td>
<td>As at March 31, 2018</td>
</tr>
<tr>
<td>[The Inventory is valued at lower of cost and net realisable value]</td>
<td></td>
</tr>
<tr>
<td>Classification of Inventories:</td>
<td></td>
</tr>
<tr>
<td>Raw Materials</td>
<td>6,491</td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>2,151</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>3,679</td>
</tr>
<tr>
<td>Stock-in-Trade</td>
<td>932</td>
</tr>
<tr>
<td>Total</td>
<td>14,104</td>
</tr>
<tr>
<td>Others:</td>
<td></td>
</tr>
<tr>
<td>Packing Materials</td>
<td>851</td>
</tr>
<tr>
<td>Total</td>
<td>14,955</td>
</tr>
<tr>
<td>The above includes Goods in transit as under:</td>
<td></td>
</tr>
<tr>
<td>Raw Materials</td>
<td>147</td>
</tr>
<tr>
<td>Stock-in-Trade</td>
<td>4</td>
</tr>
<tr>
<td>Packing Materials</td>
<td>45</td>
</tr>
<tr>
<td>Total</td>
<td>55</td>
</tr>
</tbody>
</table>

Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories: 55

For details of inventories pledged as security, refer Note 21.

### NOTE: 10-TRADE RECEIVABLES:

<table>
<thead>
<tr>
<th>Description</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at March 31, 2019</td>
<td>As at March 31, 2018</td>
</tr>
<tr>
<td>Secured - Considered good</td>
<td>894</td>
</tr>
<tr>
<td>Unsecured - Considered good</td>
<td>19,985</td>
</tr>
<tr>
<td>Unsecured - Considered doubtful</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>20,917</td>
</tr>
<tr>
<td>Less: Impairment allowances</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>20,879</td>
</tr>
</tbody>
</table>
### NOTE: 11-CASH AND CASH EQUIVALENTS:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Cash and Cash Equivalents:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balances with Banks</td>
<td>1,016</td>
<td>1,783</td>
</tr>
<tr>
<td>Cash on Hand</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>1,019</td>
<td>1,786</td>
</tr>
<tr>
<td>A Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B There are no amounts of cash and cash equivalent balances held by the entity that are not available for use</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Bank balance other than cash and cash equivalents:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balances with Banks [*]</td>
<td>44</td>
<td>52</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>52</td>
</tr>
<tr>
<td>[*] Earmarked balances with banks:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A Balances with Banks include Balances in unclaimed dividend accounts</td>
<td>44</td>
<td>34</td>
</tr>
<tr>
<td>B Balances to the extent held as margin money deposits against guarantee</td>
<td>-</td>
<td>18</td>
</tr>
</tbody>
</table>

### NOTE: 12-LOANS:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Unsecured, Considered Good]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to related parties [*]</td>
<td>130</td>
<td>178</td>
</tr>
<tr>
<td>Total</td>
<td>130</td>
<td>178</td>
</tr>
<tr>
<td>[*] Details of Loans and Advances to Related Parties [Refer Note-40 for relationship] are as under:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a Zydus Technologies Limited [Interest Receivable on loan]</td>
<td>87</td>
<td>104</td>
</tr>
<tr>
<td>b Violio Pharmaceuticals Limited [Interest Receivable on loan]</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>c Zydus International Limited [Interest Receivable on loan]</td>
<td>33</td>
<td>-</td>
</tr>
<tr>
<td>d Zydus Worldwide DMCC [Interest Receivable on loan]</td>
<td>8</td>
<td>74</td>
</tr>
<tr>
<td>Total</td>
<td>130</td>
<td>178</td>
</tr>
</tbody>
</table>

### NOTE: 13-OTHER CURRENT FINANCIAL ASSETS:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Unsecured, Considered Good]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward Contract value related to investment in a Joint Venture</td>
<td>-</td>
<td>1,424</td>
</tr>
<tr>
<td>Others</td>
<td>1,081</td>
<td>1,893</td>
</tr>
<tr>
<td>Total</td>
<td>1,081</td>
<td>3,317</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS

NOTE: 14-OTHER CURRENT ASSETS:

<table>
<thead>
<tr>
<th>Description</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Unsecured, Considered Good]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balances with Statutory Authorities</td>
<td>2,138</td>
<td>2,745</td>
</tr>
<tr>
<td>Advances to Suppliers - Considered Good</td>
<td>540</td>
<td>669</td>
</tr>
<tr>
<td>Advances to Suppliers - Considered Doubtful</td>
<td>17</td>
<td>11</td>
</tr>
<tr>
<td>Less : Impairment Allowance</td>
<td>17</td>
<td>11</td>
</tr>
<tr>
<td>Export Incentive Receivables</td>
<td>1,362</td>
<td>776</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>293</td>
<td>233</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,333</strong></td>
<td><strong>4,423</strong></td>
</tr>
</tbody>
</table>

NOTE: 15-EQUITY SHARE CAPITAL:

<table>
<thead>
<tr>
<th>Description</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authorised:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,725,000,000 [as at March 31, 2018: 1,725,000,000] Equity Shares of ₹ 1/- each</td>
<td>1,725</td>
<td>1,725</td>
</tr>
<tr>
<td><strong>Issued, Subscribed and Paid-up:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,023,742,600 [as at March 31, 2018: 1,023,742,600] Equity Shares of ₹ 1/- each, fully paid-up</td>
<td>1,024</td>
<td>1,024</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,024</strong></td>
<td><strong>1,024</strong></td>
</tr>
</tbody>
</table>

A There is no change in the number of shares as at the beginning and end of the year.

B The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.

C Details of Shareholder holding more than 5% of aggregate Equity Shares of ₹ 1/- each

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Shares</th>
<th>% to total share holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zydus Family Trust</td>
<td>765,537,230</td>
<td>74.78%</td>
</tr>
</tbody>
</table>


### OTHER EQUITY:

<table>
<thead>
<tr>
<th>Reserves</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International Business Development Reserve:</strong> [*]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>General Reserve:</strong> [**]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>15,550</td>
<td>15,550</td>
</tr>
<tr>
<td><strong>Foreign Currency Monetary Items Translation Difference Account:</strong> [***]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>(7)</td>
<td>(9)</td>
</tr>
<tr>
<td>Add/ [Less]: Credited/ [Debited] during the year</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(6)</td>
<td>(7)</td>
</tr>
<tr>
<td><strong>Fair Value through Other Comprehensive Income [FVTOCI] Reserve:</strong> [#]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>761</td>
<td>303</td>
</tr>
<tr>
<td>[Less]: Add: [Debited]/ Credited during the year</td>
<td>(280)</td>
<td>458</td>
</tr>
<tr>
<td></td>
<td>481</td>
<td>761</td>
</tr>
<tr>
<td><strong>Retained Earnings:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>58,127</td>
<td>47,315</td>
</tr>
<tr>
<td>Add: Profit for the year</td>
<td>16,021</td>
<td>10,908</td>
</tr>
<tr>
<td></td>
<td>74,148</td>
<td>58,223</td>
</tr>
<tr>
<td>Less: Items of other Comprehensive income recognised directly in Retained Earnings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-measurement gains/ [losses] on defined benefit plans [net of tax]</td>
<td>(40)</td>
<td>(96)</td>
</tr>
<tr>
<td>Less: Dividends:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>(3,583)</td>
<td>-</td>
</tr>
<tr>
<td>Corporate Dividend Tax on Dividend [Net of CDT Credit]</td>
<td>(9)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(3,592)</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at the end of the year</td>
<td>70,516</td>
<td>58,127</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>88,541</td>
<td>76,431</td>
</tr>
</tbody>
</table>

[*] International Business Development Reserve was created pursuant to Composite Scheme of Amalgamation approved by the Hon'able High Court of Gujarat and its utilization shall be as provided in the scheme.

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

[***] The Company had opted for accounting the exchange rate differences arising on the Long Term Foreign Currency Monetary Items [LTFCSI] in accordance with the notification dated March 31, 2009 and amended on December 29, 2011 under the Companies [Accounting Standards] Amendment Rules, 2009 on Accounting Standard 11 relating to “the effects of changes in foreign exchange rates”. Accordingly, the effects of exchange rate differences arising on translation or settlement of long term foreign currency loans availed for funding acquisition of Property, Plant and Equipment have been adjusted to the cost of respective items of Property, Plant and Equipment. In other cases, such exchange rate difference on the LTFCSI is transferred to ‘Foreign Currency Monetary Items Translation Difference Account’ [FCMITDA]. The option of transferring exchange rate differences to FCMITDA is available on LTFCSI outstanding as on March 31, 2016 only. The FCMITDA is amortised during the tenure of the respective LTFCSI but not beyond March 31, 2020.

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

### NOTE: 17-BORROWINGS:

<table>
<thead>
<tr>
<th></th>
<th>Non-current portion</th>
<th>Current Maturities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at March 31, 2019</td>
<td>As at March 31, 2018</td>
</tr>
<tr>
<td><strong>A Term Loans from Banks:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Commercial Borrowings in Foreign Currency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a Secured</td>
<td>-</td>
<td>434</td>
</tr>
<tr>
<td>b Unsecured</td>
<td>16,142</td>
<td>13,040</td>
</tr>
<tr>
<td></td>
<td>16,142</td>
<td>13,474</td>
</tr>
<tr>
<td><strong>B From Others [Unsecured]</strong></td>
<td>26</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,168</td>
<td>13,511</td>
</tr>
</tbody>
</table>

The above amount includes:

- **Secured borrowings**: - 434 461 435
- **Unsecured borrowings**: 16,168 13,077 1,164 1,770

**Amount disclosed under the head “Other Current Financial Liabilities” [Note-23]**

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>(1,625)</td>
</tr>
<tr>
<td><strong>Net amount</strong></td>
<td>16,168</td>
<td>(2,205)</td>
</tr>
</tbody>
</table>

## A Securities and Terms of Repayment for Secured Long Term Borrowings:

### a Foreign Currency Loans:

i ECB of USD 20 Million is secured by hypothecation of a specific brand of the Company. The loan is repayable in three equal yearly installments starting from the end of fourth year from the date of its origination [March 20, 2014] along with accrued interest for the period. The outstanding amount of loan as at March 31, 2019 is ₹ 461 [as at March 31, 2018: ₹ 869] Million.

## B Terms of Repayment for Unsecured Long Term Borrowings:

### a Foreign Currency Loans:

i ECB of USD 30 Million is repayable in three yearly installments starting from January 17, 2020 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 2,075 [as at March 31, 2018: ₹ 1,956] Million.

ii ECB of USD 20 Million is repayable in three yearly installments starting from March 1, 2020 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 1,384 [as at March 31, 2018: ₹ 1,304] Million.

iii ECB of USD 100 Million is repayable in three yearly installments starting from March 27, 2021 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 6,918 [as at March 31, 2018: ₹ 6,520] Million.

iv ECB of USD 30 Million is repayable in three yearly installments starting from April 26, 2020 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 2,075 [as at March 31, 2018: ₹ 1,956] Million.

v ECB of USD 20 Million is repayable in three yearly installments starting from September 18, 2020 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 1,384 [as at March 31, 2018: ₹ 1,304] Million.

vi ECB of USD 20 Million is repayable in three yearly installments starting from September 7, 2021 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 1,384 [as at March 31, 2018: ₹ NIL] Million.

vii ECB of USD 30 Million is repayable in three yearly installments starting from January 23, 2022 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 2,075 [as at March 31, 2018: ₹ NIL] Million.

NOTE: 17-BORROWINGS: (Contd...)

b  Rupee Loans:

i  Loan from Department of Science and Technology is repayable in ten yearly equal installments starting from November 1, 2012. The outstanding amount as at March 31, 2019 is ₹ 31 [as at March 31, 2018: ₹ 41] Million.

ii  Biotechnology Industry Research Assistance Council [BIRAC] has sanctioned a loan of ₹ 12 Million. Out of the sanctioned amount, BIRAC has disbursed ₹ 4 Million on December 28, 2015 and ₹ 2 Million on November 1, 2017. The loan is repayable in ten equal half-yearly installments starting from August 25, 2019 along with interest accrued thereon. The outstanding amount as at March 31, 2019 is ₹ 6 [as at March 31, 2018: ₹ 6] Million.

NOTE: 18-OTHER FINANCIAL LIABILITIES:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Deposits</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>Others</td>
<td>73</td>
<td>71</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>87</td>
</tr>
</tbody>
</table>

NOTE: 19-PROVISIONS:

<table>
<thead>
<tr>
<th>Provision for Employee Benefits</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,030</td>
<td>741</td>
</tr>
</tbody>
</table>

Defined benefit plan and long term employment benefit

A  General description:

Leaves wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

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

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
NOTE: 19-PROVISIONS: (Contd...)

**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.

<table>
<thead>
<tr>
<th>B</th>
<th>Change in the present value of the defined benefit obligation:</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Medical Leave</td>
<td>Leave Wages</td>
<td>Gratuity</td>
</tr>
<tr>
<td>Opening obligation</td>
<td>81</td>
<td>575</td>
<td>1,014</td>
</tr>
<tr>
<td>Interest cost</td>
<td>6</td>
<td>42</td>
<td>68</td>
</tr>
<tr>
<td>Current service cost</td>
<td>7</td>
<td>170</td>
<td>142</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(4)</td>
<td>(122)</td>
<td>(78)</td>
</tr>
<tr>
<td>Actuarial [gains]/ losses on obligation due to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience adjustments</td>
<td>6</td>
<td>267</td>
<td>99</td>
</tr>
<tr>
<td>Change in financial assumptions</td>
<td>(4)</td>
<td>(30)</td>
<td>(53)</td>
</tr>
<tr>
<td>Closing obligation</td>
<td>92</td>
<td>902</td>
<td>1,192</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C</th>
<th>Change in the fair value of plan assets:</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Medical Leave</td>
<td>Leave Wages</td>
<td></td>
</tr>
<tr>
<td>Opening fair value of plan assets</td>
<td>-</td>
<td>105</td>
<td>588</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>-</td>
<td>8</td>
<td>42</td>
</tr>
<tr>
<td>Return on plan assets excluding amounts included in interest income</td>
<td>-</td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Contributions by employer</td>
<td>-</td>
<td>-</td>
<td>151</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>-</td>
<td>-</td>
<td>(78)</td>
</tr>
<tr>
<td>Actuarial [losses]/ gains</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing fair value of plan assets</td>
<td>-</td>
<td>112</td>
<td>701</td>
</tr>
<tr>
<td>Total actuarial [losses]/ gains to be recognised</td>
<td>(2)</td>
<td>(237)</td>
<td>(46)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>D</th>
<th>Actual return on plan assets:</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected return on plan assets</td>
<td>-</td>
<td>8</td>
<td>42</td>
</tr>
<tr>
<td>Actuarial [losses]/ gains on plan assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>-</td>
<td>8</td>
<td>42</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E</th>
<th>Amount recognised in the balance sheet:</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities/ [Assets] at the end of the year</td>
<td>92</td>
<td>902</td>
<td>1,192</td>
</tr>
<tr>
<td>Fair value of plan assets at the end of the year</td>
<td>-</td>
<td>(112)</td>
<td>(701)</td>
</tr>
<tr>
<td>Difference</td>
<td>92</td>
<td>790</td>
<td>491</td>
</tr>
<tr>
<td>Unrecognised past service cost</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Liabilities/ [Assets] recognised in the Balance Sheet</td>
<td>92</td>
<td>790</td>
<td>491</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Medical Leave</td>
<td>Leave Wages</td>
</tr>
<tr>
<td>F Expenses/[Incomes] recognised in the Statement of Profit and Loss:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current service cost</td>
<td>7</td>
<td>170</td>
</tr>
<tr>
<td>Interest cost on benefit obligation</td>
<td>6</td>
<td>42</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>-</td>
<td>(8)</td>
</tr>
<tr>
<td>Return on plan assets excluding amounts included in interest income</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Net actuarial [gains]/losses in the year</td>
<td>2</td>
<td>237</td>
</tr>
<tr>
<td>Amount included in &quot;Employee Benefit Expense&quot;</td>
<td>15</td>
<td>442</td>
</tr>
<tr>
<td>Return on plan assets excluding amounts included in interest income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net actuarial [gains]/losses in the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts recognized in OCI</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>G Movement in net liabilities recognised in Balance Sheet:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening net liabilities</td>
<td>81</td>
<td>470</td>
</tr>
<tr>
<td>Expenses as above [P &amp; L Charge]</td>
<td>15</td>
<td>442</td>
</tr>
<tr>
<td>Employer's contribution</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amount recognised in OCI</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benefits Paid</td>
<td>(4)</td>
<td>(122)</td>
</tr>
<tr>
<td>Liabilities/[Assets] recognised in the Balance Sheet</td>
<td>92</td>
<td>790</td>
</tr>
<tr>
<td>H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>7.20%</td>
<td>7.20%</td>
</tr>
<tr>
<td>Annual increase in salary cost</td>
<td>12% for next 2 years &amp; 9% thereafter</td>
<td></td>
</tr>
<tr>
<td>I The categories of plan assets as a % of total plan assets are:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance plan</td>
<td>0.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Bank Balance</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

[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]
NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

J  Amount recognised in current and previous four years:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation</td>
<td>1,192</td>
<td>1,014</td>
<td>829</td>
<td>1,072</td>
<td>916</td>
</tr>
<tr>
<td>Fair value of Plan Assets</td>
<td>701</td>
<td>588</td>
<td>509</td>
<td>753</td>
<td>786</td>
</tr>
<tr>
<td>Deficit/ [Surplus] in the plan</td>
<td>491</td>
<td>426</td>
<td>320</td>
<td>319</td>
<td>133</td>
</tr>
<tr>
<td>Actuarial Loss/ [Gain] on Plan Obligation</td>
<td>46</td>
<td>113</td>
<td>99</td>
<td>208</td>
<td>180</td>
</tr>
<tr>
<td>Actuarial Loss/ [Gain] on Plan Assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(5)</td>
</tr>
</tbody>
</table>

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2018-19.

The average duration of the defined benefit plan obligation at the end of the reporting period is 27.23 years [as at March 31, 2018: 27.5 years]

Sensitivity analysis:
A quantitative sensitivity analysis for significant assumptions is shown below:

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Medical Leave</th>
<th>Leave Wages</th>
<th>Gratuity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at March 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Impact on obligation:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate increase by 0.5%</td>
<td>(2)</td>
<td>(3)</td>
<td>(23)</td>
</tr>
<tr>
<td>Discount rate decrease by 0.5%</td>
<td>4</td>
<td>3</td>
<td>23</td>
</tr>
<tr>
<td>Annual salary cost increase by 0.5%</td>
<td>4</td>
<td>3</td>
<td>22</td>
</tr>
<tr>
<td>Annual salary cost decrease by 0.5%</td>
<td>(2)</td>
<td>(3)</td>
<td>(23)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Payments</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within the next 12 months [next annual reporting period]</td>
<td>328</td>
<td>293</td>
</tr>
<tr>
<td>Between 2 and 5 years</td>
<td>1,015</td>
<td>728</td>
</tr>
<tr>
<td>Between 6 and 10 years</td>
<td>856</td>
<td>626</td>
</tr>
<tr>
<td>Total expected payments</td>
<td>2,199</td>
<td>1,328</td>
</tr>
</tbody>
</table>
NOTE: 20-DEFERRED TAX:

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

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2017</th>
<th>Charge for the previous year</th>
<th>As at March 31, 2018</th>
<th>Charge for the current year</th>
<th>As at March 31, 2019</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred Tax Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,166</td>
<td>115</td>
<td>2,281</td>
<td>19</td>
<td>2,300</td>
<td></td>
</tr>
<tr>
<td>Fair Value Adjustment - Financial Instruments</td>
<td>325</td>
<td>-</td>
<td>325</td>
<td>(161)</td>
<td>164</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,491</td>
<td>115</td>
<td>2,606</td>
<td>(142)</td>
<td>2,464</td>
<td></td>
</tr>
<tr>
<td><strong>Deferred Tax Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits/ Payable to Statutory Authorities</td>
<td>542</td>
<td>100</td>
<td>642</td>
<td>53</td>
<td>695</td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>2</td>
<td>26</td>
<td>28</td>
<td>(16)</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Unabsorbed depreciation</td>
<td>892</td>
<td>(892)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,436</td>
<td>(766)</td>
<td>670</td>
<td>37</td>
<td>707</td>
<td></td>
</tr>
<tr>
<td><strong>Net Deferred Tax Liabilities</strong></td>
<td>1,055</td>
<td>881</td>
<td>1,936</td>
<td>(179)</td>
<td>1,757</td>
<td></td>
</tr>
</tbody>
</table>

B The Net Deferred Tax of ₹ 179 Million for the year has been reversed [Previous Year ₹ 881 Million has been charged] 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.

Unabsorbed Depreciation is allowed to be set-off for indefinite period. MAT Credit not recognised as at March 31, 2019 is ₹ 4,871 Million.

NOTE: 21-BORROWINGS:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loans repayable on Demand:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working Capital Loans from Banks [Secured] [*]</td>
<td>1,072</td>
<td>1,599</td>
</tr>
<tr>
<td>Working Capital Loans from Banks [Unsecured] [**]</td>
<td>12,107</td>
<td>11,410</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13,179</td>
<td>13,009</td>
</tr>
</tbody>
</table>

[*] Working Capital Loans which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares relating to plant and machineries [consumable stores and spares], including goods in transit, bills receivables and book debts. The value of such current assets is ₹ 34,983 [as at March 31, 2018 ₹ 25,758] Million.

[**] PCFC loans are payable during April, 2019 to September, 2019.
## NOTE: 22-TRADE PAYABLES:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to Micro, Small and Medium Enterprise [*]</td>
<td>94</td>
<td>143</td>
</tr>
<tr>
<td>Due to other than Micro, Small and Medium Enterprise</td>
<td>6,546</td>
<td>7,886</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,640</td>
<td>8,029</td>
</tr>
</tbody>
</table>

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

- **A** Principal amount remaining unpaid to any supplier as at year end: 94, 143
- PreparedStatement
- **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: 4, 8
- **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: 23-OTHER FINANCIAL LIABILITIES:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Maturities of Long Term Debt [Refer Note-17]</td>
<td>1,625</td>
<td>2,205</td>
</tr>
<tr>
<td>Interest accrued but not due on borrowings</td>
<td>27</td>
<td>16</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>1,174</td>
<td>1,192</td>
</tr>
<tr>
<td>Payable for Capital Goods</td>
<td>532</td>
<td>663</td>
</tr>
<tr>
<td>Unpaid Dividends [*]</td>
<td>44</td>
<td>34</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,892</td>
<td>1,892</td>
</tr>
</tbody>
</table>

[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

## NOTE: 24-OTHER CURRENT LIABILITIES:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances from Customers</td>
<td>84</td>
<td>74</td>
</tr>
<tr>
<td>Payable to Statutory Authorities</td>
<td>222</td>
<td>273</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>309</td>
<td>347</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS

NOTE: 25-PROVISIONS:

<table>
<thead>
<tr>
<th>Provision for Employee Benefits</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>364</td>
<td>255</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Provision for claims for product expiry and return of goods [*]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>33</td>
<td>28</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>397</td>
<td>283</td>
</tr>
</tbody>
</table>

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

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

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

| Carrying amount at the beginning of the year | 28 | 24 |
| Additional provision made during the year   | 5  | 4  |
| Amount used                                  | -  | -  |
| Carrying amount at the end of the year      | 33 | 28 |

NOTE: 26-CURRENT TAX LIABILITIES [NET]:

<table>
<thead>
<tr>
<th>Provision for Taxation</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>493</td>
<td>237</td>
</tr>
</tbody>
</table>

[Net of advance payment of tax of ₹3,133 (as at March 31, 2018: ₹3,112) Million]

NOTE: 27-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]:

A Contingent Liabilities:

<table>
<thead>
<tr>
<th>Contingent Liabilities</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>a Claims against the Company not acknowledged as debts</td>
<td>126</td>
<td>139</td>
</tr>
<tr>
<td>- Includes in respect of Amalgamated (*) Companies</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>b In respect of corporate guarantees given by the Company to Banks for the outstanding dues of loans availed by some of the subsidiary companies</td>
<td>31,651</td>
<td>24,047</td>
</tr>
<tr>
<td>c Other money for which the company is contingently liable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i In respect of the demands raised by the Central Excise, State Excise, Customs &amp; Service Tax Authority</td>
<td>415</td>
<td>337</td>
</tr>
<tr>
<td>- Net of advance of</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>- Includes in respect of Amalgamated (*) Companies</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>ii In respect of the demands raised by the Ministry of Chemicals &amp; Fertilizers, Govt. of India under Drug Price Control Order, 1979/1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations and disputed by the Company, which the Company expects to succeed based on the legal advice</td>
<td>104</td>
<td>104</td>
</tr>
<tr>
<td>- Net of advance of</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>- Includes in respect of Amalgamated (*) Companies</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS

NOTE: 27-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]: (Contd...)

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>iii</td>
<td>In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts</td>
<td>204</td>
</tr>
<tr>
<td></td>
<td>- Net of advance of</td>
<td>12</td>
</tr>
<tr>
<td>iv</td>
<td>In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts</td>
<td>123</td>
</tr>
<tr>
<td></td>
<td>- Net of advance of</td>
<td>36</td>
</tr>
<tr>
<td>v</td>
<td>Letters of Credit for Imports</td>
<td>14</td>
</tr>
<tr>
<td>vi</td>
<td>The Company has imported certain capital equipment at concessional rate of custom duty under “Export promotion of Capital Goods Scheme” of the Central Government. The Company has undertaken an incremental export obligation to the extent of US $ Million</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>- equivalent to ₹ Million approx.</td>
<td>499</td>
</tr>
<tr>
<td></td>
<td>to be fulfilled during a specified period as applicable from the date of imports. The unprovided liability towards custom duty payable thereon in respect of unfulfilled export obligations</td>
<td>83</td>
</tr>
</tbody>
</table>

B  Commitments:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Estimated amount of contracts remaining to be executed on capital account and not provided for</td>
<td>3,752</td>
</tr>
<tr>
<td></td>
<td>- Net of advance of</td>
<td>789</td>
</tr>
</tbody>
</table>

[*] represents contingent liabilities taken over by the Company under the Scheme of Arrangement and Amalgamation of Cadila Laboratories Limited and erstwhile Cadila Chemicals Limited, Cadila Antibiotics Limited, Cadila Exports Limited and Cadila Veterinary Private Limited with the Company w.e.f. June 1, 1995.

NOTE: 28-DIVIDENDS PROPOSED TO BE DISTRIBUTED:

The Board of Directors, at its meeting held on May 29, 2019, recommended the final dividend of ₹ 3.50 per equity share of ₹ 1/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.
NOTE: 29-REVENUE FROM OPERATIONS:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of Products</td>
<td>62,070</td>
<td>55,887</td>
</tr>
<tr>
<td><strong>Other Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export Incentives</td>
<td>1,693</td>
<td>1,320</td>
</tr>
<tr>
<td>Net Gain on foreign currency transactions and translation [*]</td>
<td>24</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>1,140</td>
<td>1,019</td>
</tr>
<tr>
<td></td>
<td>2,857</td>
<td>2,339</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>64,927</td>
<td>58,226</td>
</tr>
</tbody>
</table>

[*] includes research related Net Loss on foreign currency transactions and translation

NOTE: 30-OTHER INCOME:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income on Financial Assets measured at Amortised Cost</td>
<td>873</td>
<td>852</td>
</tr>
<tr>
<td>Gain on valuation of Forward Contract value related to investment in a Joint Venture</td>
<td>265</td>
<td>470</td>
</tr>
<tr>
<td></td>
<td>1,138</td>
<td>1,322</td>
</tr>
<tr>
<td><strong>Dividend Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From FVTOCI Investments</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>From Other Investments [*]</td>
<td>3,863</td>
<td>491</td>
</tr>
<tr>
<td></td>
<td>3,868</td>
<td>495</td>
</tr>
<tr>
<td>Gain on Investments mandatorily measured at FVTPL</td>
<td>92</td>
<td>19</td>
</tr>
<tr>
<td>Gain on Investments mandatorily measured at amortised cost</td>
<td>723</td>
<td>-</td>
</tr>
<tr>
<td>Other Non-operating Income</td>
<td>295</td>
<td>243</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,116</td>
<td>2,079</td>
</tr>
</tbody>
</table>

[*] Includes dividend from subsidiary companies

NOTE: 31-COST OF MATERIALS CONSUMED:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Raw Materials:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock at commencement</td>
<td>6,272</td>
<td>4,458</td>
</tr>
<tr>
<td>Add: Purchases</td>
<td>15,119</td>
<td>14,486</td>
</tr>
<tr>
<td></td>
<td>21,391</td>
<td>18,944</td>
</tr>
<tr>
<td>Less: Stock at close</td>
<td>6,491</td>
<td>6,272</td>
</tr>
<tr>
<td></td>
<td>14,900</td>
<td>12,672</td>
</tr>
<tr>
<td>Packing Materials consumed</td>
<td>3,400</td>
<td>2,968</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,300</td>
<td>15,640</td>
</tr>
</tbody>
</table>
## NOTES TO FINANCIAL STATEMENTS

### NOTE: 32-PURCHASES OF STOCK-IN-TRADE:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of Stock-in-Trade</td>
<td>3,906</td>
<td>3,186</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,906</strong></td>
<td><strong>3,186</strong></td>
</tr>
</tbody>
</table>

### NOTE: 33-CHANGES IN INVENTORIES:

<table>
<thead>
<tr>
<th>Stock at commencement:</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-in-progress</td>
<td>2,201</td>
<td>1,791</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>2,694</td>
<td>1,865</td>
</tr>
<tr>
<td>Stock-in-Trade</td>
<td>1,140</td>
<td>510</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,035</strong></td>
<td><strong>4,166</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less: Stock at close:</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-in-progress</td>
<td>2,151</td>
<td>2,201</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>3,679</td>
<td>2,694</td>
</tr>
<tr>
<td>Stock-in-Trade</td>
<td>932</td>
<td>1,140</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,762</strong></td>
<td><strong>6,035</strong></td>
</tr>
</tbody>
</table>

| **Total**              | **(727)**                 | **(1,869)**               |

### NOTE: 34-EMPLOYEE BENEFITS EXPENSE:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>8,827</td>
<td>7,482</td>
</tr>
<tr>
<td>Contribution to provident and other funds [*]</td>
<td>616</td>
<td>490</td>
</tr>
<tr>
<td>Staff welfare expenses</td>
<td>302</td>
<td>288</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,745</strong></td>
<td><strong>8,260</strong></td>
</tr>
</tbody>
</table>

Above expenses include:

<table>
<thead>
<tr>
<th>Research related expenses:</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>1,464</td>
<td>1,268</td>
</tr>
<tr>
<td>Contribution to provident and other funds</td>
<td>106</td>
<td>95</td>
</tr>
<tr>
<td>Staff welfare expenses</td>
<td>35</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,605</strong></td>
<td><strong>1,417</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Managing Directors' Remuneration</th>
<th>247</th>
<th>293</th>
</tr>
</thead>
</table>

[*] The Company’s contribution towards defined contribution plan | 423 | 359 |

The Company makes Provident Fund contributions to defined contribution benefit plans for qualifying employees, as specified under the law. The contributions are paid to the Provident Fund Trust set up by the Company or to the respective Regional Provident Fund Commissioner under the Pension Scheme. The Company is generally liable for annual contribution and any shortfall in the trust fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year it is incurred.
**NOTE: 35-FINANCE COST:**

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense [*]</td>
<td>838</td>
<td>536</td>
</tr>
<tr>
<td>Other Borrowing Costs</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Net Loss on foreign currency transactions and translation</td>
<td>19</td>
<td>66</td>
</tr>
<tr>
<td>Bank commission &amp; charges</td>
<td>26</td>
<td>36</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>884</td>
<td>639</td>
</tr>
</tbody>
</table>

[*] The break up of interest expense into major heads is given below:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>On term loans</td>
<td>548</td>
<td>383</td>
</tr>
<tr>
<td>On working capital loans</td>
<td>290</td>
<td>153</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>838</td>
<td>536</td>
</tr>
</tbody>
</table>

**NOTE: 36-OTHER EXPENSES:**

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Materials</td>
<td>1,285</td>
<td>1,172</td>
</tr>
<tr>
<td>Analytical Expenses</td>
<td>779</td>
<td>1,197</td>
</tr>
<tr>
<td>Consumption of Stores and spare parts</td>
<td>1,914</td>
<td>1,627</td>
</tr>
<tr>
<td>Power &amp; fuel</td>
<td>1,931</td>
<td>1,720</td>
</tr>
<tr>
<td>Rent [*]</td>
<td>59</td>
<td>50</td>
</tr>
<tr>
<td>Repairs to Buildings</td>
<td>221</td>
<td>307</td>
</tr>
<tr>
<td>Repairs to Plant and Machinery</td>
<td>667</td>
<td>590</td>
</tr>
<tr>
<td>Repairs to Others</td>
<td>111</td>
<td>87</td>
</tr>
<tr>
<td>Insurance</td>
<td>208</td>
<td>183</td>
</tr>
<tr>
<td>Rates and Taxes [excluding taxes on income]</td>
<td>25</td>
<td>14</td>
</tr>
<tr>
<td>Processing Charges</td>
<td>539</td>
<td>465</td>
</tr>
<tr>
<td>Commission to Directors</td>
<td>17</td>
<td>12</td>
</tr>
<tr>
<td>Traveling Expenses</td>
<td>591</td>
<td>529</td>
</tr>
<tr>
<td>Legal and Professional Fees [**]</td>
<td>1,730</td>
<td>1,522</td>
</tr>
<tr>
<td>Net Loss on foreign currency transactions and translation</td>
<td>-</td>
<td>444</td>
</tr>
<tr>
<td>Commission on sales</td>
<td>340</td>
<td>304</td>
</tr>
<tr>
<td>Freight and forwarding on sales</td>
<td>1,479</td>
<td>1,566</td>
</tr>
<tr>
<td>Representative Allowances</td>
<td>215</td>
<td>201</td>
</tr>
<tr>
<td>Other marketing expenses</td>
<td>1,236</td>
<td>1,374</td>
</tr>
<tr>
<td><strong>Bad Debts:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad debts written off</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>12</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>49</td>
</tr>
<tr>
<td>Less: Transferred from impairment allowances</td>
<td>(28)</td>
<td>-</td>
</tr>
<tr>
<td><strong>(16)</strong></td>
<td></td>
<td>49</td>
</tr>
</tbody>
</table>
## NOTES TO FINANCIAL STATEMENTS

### NOTE: 36-OTHER EXPENSES: (Contd...)

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doubtful Advances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doubtful advances written off</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>16</td>
<td>26</td>
</tr>
<tr>
<td>Less: Transferred from impairment allowances</td>
<td>22</td>
<td>26</td>
</tr>
<tr>
<td>Net Loss on disposal of Property, Plant and Equipment</td>
<td>65</td>
<td>-</td>
</tr>
<tr>
<td>[Previous Year: ₹ 442,763] [Net of gain of ₹ 4 (Previous Year: ₹ 5) Million]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations [***]</td>
<td>232</td>
<td>223</td>
</tr>
<tr>
<td>Miscellaneous Expenses [#]</td>
<td>2,516</td>
<td>2,750</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,152</td>
<td>16,419</td>
</tr>
</tbody>
</table>

Above expenses include Research related expenses as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Materials</td>
<td>1,285</td>
<td>1,172</td>
</tr>
<tr>
<td>Analytical expenses</td>
<td>737</td>
<td>1,058</td>
</tr>
<tr>
<td>Consumption of Stores and spare parts</td>
<td>864</td>
<td>506</td>
</tr>
<tr>
<td>Power &amp; Fuel</td>
<td>144</td>
<td>149</td>
</tr>
<tr>
<td>Repairs to Buildings</td>
<td>12</td>
<td>19</td>
</tr>
<tr>
<td>Repairs to Plant and Machinery</td>
<td>130</td>
<td>105</td>
</tr>
<tr>
<td>Repairs to Others</td>
<td>16</td>
<td>32</td>
</tr>
<tr>
<td>Insurance</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Traveling Expenses</td>
<td>55</td>
<td>53</td>
</tr>
<tr>
<td>Legal and Professional fees</td>
<td>1,104</td>
<td>939</td>
</tr>
<tr>
<td>Net Loss on foreign currency transactions and translation</td>
<td>-</td>
<td>35</td>
</tr>
<tr>
<td>Loss on disposal of Fixed Assets</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous Expenses [excluding Depreciation of ₹ 324 (Previous Year: ₹ 313) Million]</td>
<td>1,143</td>
<td>889</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,505</td>
<td>4,964</td>
</tr>
</tbody>
</table>

[*] The Company has taken various residential/ office premises/ godowns under operating lease or leave and license agreement with no restrictions and are renewable/ cancellable at the option of either of the parties. There are no sub-leases. The lease payments recognised under “Rent Expenses” are:

<table>
<thead>
<tr>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>46</td>
</tr>
</tbody>
</table>

[**] Legal and Professional Fees include:

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment to the Statutory Auditors [excluding GST]:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i - As Auditor</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>- For Other Services</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>ii Cost Auditor's Remuneration including fees for other services [excluding GST]</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

[***] Donations include political donations through Electoral Bonds

<table>
<thead>
<tr>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>220</td>
</tr>
</tbody>
</table>

[#] Miscellaneous Expenses include:

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013</td>
<td>272</td>
<td>262</td>
</tr>
</tbody>
</table>
NOTE: 37-TAX EXPENSES:
The major components of income tax expense are:

<table>
<thead>
<tr>
<th>A</th>
<th>Statement of profit and loss:</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income tax:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current income tax charge</td>
<td>3,443</td>
<td>3,183</td>
<td></td>
</tr>
<tr>
<td>Adjustments in respect of current income tax of previous year</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Deferred tax:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relating to origination and reversal of temporary differences [Refer Note-20]</td>
<td>(179)</td>
<td>881</td>
<td></td>
</tr>
<tr>
<td>Tax expense reported in the statement of profit and loss</td>
<td>3,264</td>
<td>4,064</td>
<td></td>
</tr>
<tr>
<td>OCI Section:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax related to items recognised in OCI during in the year:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss/ (gain) on remeasurements of defined benefit plans</td>
<td>8</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Tax charged to OCI</td>
<td>8</td>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>19,285</td>
<td>14,972</td>
</tr>
<tr>
<td>Enacted Tax Rate in India (%)</td>
<td>34.94%</td>
<td>34.61%</td>
</tr>
<tr>
<td>Expected Tax Expenses</td>
<td>6,738</td>
<td>5,182</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effect due to non-taxable income for tax purposes</td>
<td>(1,353)</td>
<td>(182)</td>
</tr>
<tr>
<td>Effect of unrecognized deferred tax assets/ liabilities</td>
<td>2</td>
<td>(96)</td>
</tr>
<tr>
<td>Effect of non-deductible expenses</td>
<td>232</td>
<td>75</td>
</tr>
<tr>
<td>Effect of additional deductions in taxable income</td>
<td>(1,419)</td>
<td>(956)</td>
</tr>
<tr>
<td>Effect of differences in tax rates</td>
<td>(158)</td>
<td>-</td>
</tr>
<tr>
<td>Effect of MAT Credit available on which deferred tax asset is not created</td>
<td>(778)</td>
<td>41</td>
</tr>
<tr>
<td>Total</td>
<td>(3,474)</td>
<td>(1,118)</td>
</tr>
<tr>
<td>Tax Expenses as per Statement of Profit and Loss</td>
<td>3,264</td>
<td>4,064</td>
</tr>
</tbody>
</table>

NOTE: 38-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:
The numerators and denominators used to calculate the basic and diluted EPS are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Profit attributable to Shareholders</td>
<td>₹ Million</td>
<td>16,021</td>
</tr>
<tr>
<td>B Basic and weighted average number of Equity shares outstanding during the year</td>
<td>Numbers</td>
<td>1,02,37,42,600</td>
</tr>
<tr>
<td>C Nominal value of equity share</td>
<td>₹</td>
<td>1</td>
</tr>
<tr>
<td>D Basic &amp; Diluted EPS</td>
<td>₹</td>
<td>15.65</td>
</tr>
</tbody>
</table>

NOTE: 39-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.
NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS:

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

<table>
<thead>
<tr>
<th>Subsidiary Companies/ concerns:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dialforhealth India Limited</td>
<td>Zydus Pharmaceuticals (USA) Inc. [USA]</td>
</tr>
<tr>
<td>Dialforhealth Unity Limited</td>
<td>Nesher Pharmaceuticals (USA) LLC [USA]</td>
</tr>
<tr>
<td>Dialforhealth Greenscross Limited</td>
<td>Zydus Healthcare (USA) LLC [USA]</td>
</tr>
<tr>
<td>Zydus Healthcare Limited</td>
<td>Sentynl Therapeutics Inc. [USA]</td>
</tr>
<tr>
<td>Zydus Wellness Limited</td>
<td>Zydus Novelttech Inc. [USA]</td>
</tr>
<tr>
<td>M/s. Zydus Wellness-Sikkim, a Partnership Firm [#]</td>
<td>Hercon Pharmaceuticals LLC [USA]</td>
</tr>
<tr>
<td>Zydus Nutritions Limited [#]</td>
<td>Viona Pharmaceuticals Inc. [USA]</td>
</tr>
<tr>
<td>Liva Pharmaceuticals Limited</td>
<td>ZAHL B.V. [the Netherlands]</td>
</tr>
<tr>
<td>Liva Investments Limited</td>
<td>ZAHL Europe B.V. [the Netherlands]</td>
</tr>
<tr>
<td>Heinz India Private Limited</td>
<td>Bremer Pharma GmbH [Germany] (Refer Note-45)</td>
</tr>
<tr>
<td>Zydus Technologies Limited</td>
<td>Zydus Healthcare S.A. (Pty) Ltd [South Africa]</td>
</tr>
<tr>
<td>Acme Pharmaceuticals Private Limited</td>
<td>Simayla Pharmaceuticals (Pty) Ltd [South Africa]</td>
</tr>
<tr>
<td>Alidac Pharmaceuticals Limited</td>
<td>Script Management Services (Pty) Ltd [South Africa]</td>
</tr>
<tr>
<td>Violio Healthcare Limited</td>
<td>Zydus France, SAS [France]</td>
</tr>
<tr>
<td>Violio Pharmaceuticals Limited</td>
<td>Laboratoryos Combig S.L. [Spain]</td>
</tr>
<tr>
<td>Windlase Healthcare Private Limited</td>
<td>Zydus Nikkho Farmaceutica Ltda. [Brazil]</td>
</tr>
<tr>
<td>Zydus Foundation</td>
<td>Zydus Pharmaceuticals Mexico SA De CV [Mexico]</td>
</tr>
<tr>
<td>Zydus Lanka (Private) Limited [Sri Lanka]</td>
<td>Zydus Pharmaceuticals Mexico Services Company SA De C.V. [Mexico]</td>
</tr>
<tr>
<td>Zydus International Private Limited [Ireland]</td>
<td>Zydus Discovery DMCC [Dubai]</td>
</tr>
<tr>
<td>Etna Biotech S.R.L. [Italy]</td>
<td></td>
</tr>
</tbody>
</table>

b Joint Venture Companies:

<table>
<thead>
<tr>
<th>Zydus Hospira Oncology Private Limited</th>
<th>Bayer Zydus Pharma Private Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zydus Takeda Healthcare Private Limited</td>
<td>US Pharma Windlas LLC</td>
</tr>
</tbody>
</table>

c Key Managerial Personnel:

<table>
<thead>
<tr>
<th>Mr. Pankaj R. Patel</th>
<th>Chairman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Sharvil P. Patel</td>
<td>Managing Director &amp; son of Chairman</td>
</tr>
<tr>
<td>Mr. Ganesh N. Nayak</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Mr. Mukesh M. Patel</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Mr. H. Dhanrajgir</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Apurva S. Diwanji</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Nitin R. Desai</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Ms. Dharmishtaben N. Raval</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Bhadresh K. Shah</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Nitin D. Parekh</td>
<td>Executive Officer [Chief Financial Officer]</td>
</tr>
<tr>
<td>Mr. Upen H. Shah</td>
<td>Executive Officer [Company Secretary] [Upto February 7, 2019]</td>
</tr>
<tr>
<td>Mr. Dhaval N. Soni</td>
<td>Executive Officer [Company Secretary] [with effect from February 7, 2019]</td>
</tr>
</tbody>
</table>

d Enterprises significantly influenced by Directors and/or their relatives:

<table>
<thead>
<tr>
<th>Cadmach Machinery Company Private Limited</th>
<th>Cadila Laboratories Private Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zydus Hospitals and Healthcare Research Private Limited</td>
<td>M/s. C. M. C. Machinery</td>
</tr>
<tr>
<td>Zydus Hospitals (Vadodara) Private Limited</td>
<td>Mukesh M. Patel &amp; Co.</td>
</tr>
<tr>
<td>Zydus Infrastructure Private Limited</td>
<td>M/s. International Tax and Investments Consultants</td>
</tr>
</tbody>
</table>

e Post Employment Benefits Plans:

| Cadila Healthcare Limited Employees Group Gratuity Scheme | Cadila Healthcare Limited Managerial Cadre EPF |

[#] M/s. Zydus Wellness- Sikkim, a partnership firm, was converted into a public limited company, in the name of Zydus Nutritions Limited, w.e.f. February 28, 2019.
NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

B Transactions with Related Parties:

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

a Details relating to parties referred to in Note 40-A [a, b & d]

<table>
<thead>
<tr>
<th>Nature of Transactions</th>
<th>Value of the Transactions [‘ Million]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Subsidiary Companies</td>
</tr>
<tr>
<td></td>
<td>Year ended March 31</td>
</tr>
<tr>
<td>Purchases:</td>
<td></td>
</tr>
<tr>
<td>Goods:</td>
<td></td>
</tr>
<tr>
<td>Zydus Healthcare Limited</td>
<td>436</td>
</tr>
<tr>
<td>Others</td>
<td>59</td>
</tr>
<tr>
<td>Total</td>
<td>495</td>
</tr>
<tr>
<td>Property, Plant and Equipment:</td>
<td></td>
</tr>
<tr>
<td>Cadmach Machinery Company Private Limited</td>
<td>-</td>
</tr>
<tr>
<td>Zydus Healthcare Limited</td>
<td>3</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
</tr>
<tr>
<td>Reimbursement of Expenses paid:</td>
<td></td>
</tr>
<tr>
<td>Zydus Pharmaceuticals (USA) Inc.</td>
<td>1,499</td>
</tr>
<tr>
<td>Others</td>
<td>236</td>
</tr>
<tr>
<td>Total</td>
<td>1,735</td>
</tr>
<tr>
<td>Services:</td>
<td></td>
</tr>
<tr>
<td>Liva Pharmaceutical Limited</td>
<td>45</td>
</tr>
<tr>
<td>Acme Pharmaceuticals Private Limited</td>
<td>141</td>
</tr>
<tr>
<td>Zydus Infrastructure Private Limited</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>246</td>
</tr>
<tr>
<td>Sales:</td>
<td></td>
</tr>
<tr>
<td>Goods:</td>
<td></td>
</tr>
<tr>
<td>Zydus Pharmaceuticals (USA) Inc.</td>
<td>36,494</td>
</tr>
<tr>
<td>Others</td>
<td>5,544</td>
</tr>
<tr>
<td>Total</td>
<td>42,038</td>
</tr>
<tr>
<td>Property, Plant and Equipment:</td>
<td></td>
</tr>
<tr>
<td>Zydus Healthcare Limited</td>
<td>21</td>
</tr>
<tr>
<td>Liva Pharmaceutical Limited</td>
<td>4</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>27</td>
</tr>
</tbody>
</table>
### Nature of Transactions

<table>
<thead>
<tr>
<th>Nature of Transactions</th>
<th>Subsidiary Companies</th>
<th>Joint Venture Companies</th>
<th>Enterprises significantly influenced by Directors and/or their relatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reimbursement of Expenses Recovered:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Pharmaceuticals (USA) Inc.</td>
<td>21</td>
<td>80</td>
<td>-</td>
</tr>
<tr>
<td>Zydus Worldwide DMCC</td>
<td>75</td>
<td>36</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>8</td>
<td>16</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>104</td>
<td>132</td>
<td>1</td>
</tr>
<tr>
<td><strong>Services:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Pharmaceuticals (USA) Inc.</td>
<td>153</td>
<td>132</td>
<td>-</td>
</tr>
<tr>
<td>Sentynl Therapeutics Inc.</td>
<td>92</td>
<td>85</td>
<td>-</td>
</tr>
<tr>
<td>Zydus Worldwide DMCC</td>
<td>275</td>
<td>217</td>
<td>-</td>
</tr>
<tr>
<td>Zydus Healthcare Limited</td>
<td>152</td>
<td>48</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>147</td>
<td>57</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>819</td>
<td>539</td>
<td>-</td>
</tr>
<tr>
<td><strong>CSR Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Foundation</td>
<td>216</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Investments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subscription to Share Capital:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Wellness Limited</td>
<td>11,750</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Windlas Healthcare Private Limited</td>
<td>1,556</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>420</td>
<td>3,600</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>13,726</td>
<td>3,600</td>
<td>-</td>
</tr>
<tr>
<td><strong>Redemption of Investments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus International Private Limited</td>
<td>-</td>
<td>7,300</td>
<td>-</td>
</tr>
<tr>
<td>Zydus Healthcare Limited</td>
<td>2,300</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>225</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>2,300</td>
<td>7,300</td>
<td>225</td>
</tr>
<tr>
<td><strong>Dividend Received:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Healthcare Limited</td>
<td>3,313</td>
<td>51</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>225</td>
<td>-</td>
<td>325</td>
</tr>
<tr>
<td>Total</td>
<td>3,538</td>
<td>51</td>
<td>325</td>
</tr>
<tr>
<td><strong>Finance:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inter Corporate Loans given:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus International Private Limited</td>
<td>1,020</td>
<td>277</td>
<td>-</td>
</tr>
<tr>
<td>Zydus Technologies Limited</td>
<td>2,124</td>
<td>1,102</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>26</td>
<td>850</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>3,170</td>
<td>2,229</td>
<td>-</td>
</tr>
<tr>
<td><strong>Inter Corporate Loans repaid:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Worldwide DMCC</td>
<td>7,771</td>
<td>645</td>
<td>-</td>
</tr>
<tr>
<td>Liva Pharmaceutical Limited</td>
<td>3,083</td>
<td>2,868</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>77</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>10,931</td>
<td>3,531</td>
<td>-</td>
</tr>
</tbody>
</table>
### Nature of Transactions

<table>
<thead>
<tr>
<th>Nature of Transactions</th>
<th>Subsidiary Companies</th>
<th>Joint Venture Companies</th>
<th>Enterprises significantly influenced by Directors and/or their relatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at March 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td><strong>Interest Income:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Technologies Limited</td>
<td>555</td>
<td>446</td>
<td>-</td>
</tr>
<tr>
<td>Zydus Worldwide DMCC</td>
<td>192</td>
<td>144</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>31</td>
<td>197</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>778</td>
<td>787</td>
<td>11</td>
</tr>
<tr>
<td><strong>Outstanding:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payable:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Pharmaceuticals (USA) Inc.</td>
<td>352</td>
<td>283</td>
<td>-</td>
</tr>
<tr>
<td>Zydus France, SAS</td>
<td>210</td>
<td>94</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>136</td>
<td>228</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td>698</td>
<td>605</td>
<td>14</td>
</tr>
<tr>
<td><strong>Receivable:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Technologies Limited</td>
<td>4,262</td>
<td>5,238</td>
<td>-</td>
</tr>
<tr>
<td>Zydus Pharmaceuticals (USA) Inc.</td>
<td>15,288</td>
<td>7,167</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>3,771</td>
<td>9,421</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>23,321</td>
<td>21,826</td>
<td>60</td>
</tr>
<tr>
<td><strong>Outstanding Guarantees:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Pharmaceuticals (USA) Inc.</td>
<td>14,078</td>
<td>11,312</td>
<td>-</td>
</tr>
<tr>
<td>Sentynl Therapeutics Inc.</td>
<td>8,302</td>
<td>7,824</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>9,271</td>
<td>4,911</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>31,651</td>
<td>24,047</td>
<td>-</td>
</tr>
</tbody>
</table>

### c Details relating to persons referred to in Note 40-A [c] above:

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>[i] Salaries and other employee benefits to Chairman &amp; Managing Director [upto July 12, 2017], Managing Director, Executive Director [from July 12, 2017] and other executive officers</td>
<td>558</td>
<td>577</td>
</tr>
<tr>
<td>[ii] Commission and Sitting Fees to Non Executive/ Independent Directors</td>
<td>26</td>
<td>20</td>
</tr>
<tr>
<td>[iii] Outstanding payable to above (i) and (ii)</td>
<td>261</td>
<td>279</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>[i] Contributions [including Employees’ share and contribution]</td>
<td>722</td>
<td>512</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS

NOTE: 41-DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED U/S 186(4) OF THE COMPANIES ACT, 2013:

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

B Corporate guarantees given by the Company [#]:

<table>
<thead>
<tr>
<th>Subsidiary Company</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>a Zydus Technologies Limited</td>
<td>1,561</td>
<td>2,207</td>
</tr>
<tr>
<td>b Liva Pharmaceuticals Limited</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>c Zydus Pharmaceuticals (USA) Inc.</td>
<td>14,078</td>
<td>11,312</td>
</tr>
<tr>
<td>d Zydus International Private Limited</td>
<td>4,843</td>
<td>-</td>
</tr>
<tr>
<td>e Zydus Healthcare S.A. (Pty) Ltd</td>
<td>-</td>
<td>36</td>
</tr>
<tr>
<td>f Zydus Noveltech Inc.</td>
<td>2,248</td>
<td>2,067</td>
</tr>
<tr>
<td>g Sentynl Therapeutic Inc</td>
<td>8,302</td>
<td>7,824</td>
</tr>
<tr>
<td>h Alidac Healthcare (Myanmar) Limited</td>
<td>519</td>
<td>501</td>
</tr>
<tr>
<td>Total</td>
<td>31,651</td>
<td>24,047</td>
</tr>
</tbody>
</table>

[#] Corporate guarantees which are outstanding at the end of the respective financial year, given for business purpose.

NOTE: 42-FINANCIAL INSTRUMENTS:

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

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

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

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

B Financial assets and liabilities measured at fair value - recurring fair value measurements:
NOTE: 42-FINANCIAL INSTRUMENTS: (Contd...)

<table>
<thead>
<tr>
<th>Financial assets:</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
</tr>
<tr>
<td>Derivative not designated as hedge:</td>
<td></td>
</tr>
<tr>
<td>Forward Contract value related to investment in a Joint Venture</td>
<td>-</td>
</tr>
<tr>
<td>Financial Investments at FVOCI:</td>
<td></td>
</tr>
<tr>
<td>Quoted equity instruments</td>
<td>1,066</td>
</tr>
<tr>
<td>Unquoted equity instruments</td>
<td>-</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>1,066</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>-</td>
</tr>
</tbody>
</table>

C Fair value of instruments measured at amortised cost:

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

<table>
<thead>
<tr>
<th>Carrying Value</th>
<th>As at March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
</tr>
<tr>
<td>Financial assets:</td>
<td></td>
</tr>
<tr>
<td>Investment in preference shares</td>
<td>100</td>
</tr>
<tr>
<td>Bonds</td>
<td>136</td>
</tr>
<tr>
<td>Loans to related parties</td>
<td>6,057</td>
</tr>
<tr>
<td>Financial assets:</td>
<td></td>
</tr>
<tr>
<td>Investment in preference shares</td>
<td>190</td>
</tr>
<tr>
<td>Bonds</td>
<td>-</td>
</tr>
<tr>
<td>Loans to related parties</td>
<td>13,013</td>
</tr>
</tbody>
</table>

Financial Assets:
The carrying amounts of trade receivables, loans and advances to related parties and other financial assets [other than investment in preference shares], 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.
Fair values of investment in preference shares were calculated based on cash flows discounted using the applicable adjusted market interest rates.

D Valuation process and technique used to determine fair value:
Specific valuation techniques used to value financial instruments include:

a. The use of quoted market prices for similar instruments.

b. Fair value of Forward Contract value related to investment in a Joint Venture has been determined considering the estimated exercise price and value of the underlying entity. The valuation has been derived using the Present Value technique under Income Approach. The valuation includes significant unobservable inputs like Weighted Average Cost of Capital [WACC], revenue forecast, etc.
**NOTES TO FINANCIAL STATEMENTS**

**NOTE: 42-FINANCIAL INSTRUMENTS: (Contd...)**

**Significant unobservable inputs:**

- Budgeted Sales growth rate: 8% - 10% per annum
- Weighted Average Cost of Capital: 15.4% per annum

For recurring fair value measurements using significant unobservable inputs [Level 3], the effect of the measurement on profit or loss or other comprehensive income for the period is provided below:

**Movement in Forward Contract value related to investment in a Joint Venture:**

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value as at beginning of the year</td>
<td>2,560</td>
<td>2,090</td>
</tr>
<tr>
<td>Add: Gain on valuation of Forward Contract value related to investment in a Joint Venture</td>
<td>265</td>
<td>470</td>
</tr>
<tr>
<td>Less: Amount realised from Tranche I of Forward Contract</td>
<td>(1,423)</td>
<td>-</td>
</tr>
<tr>
<td>Value as at end of the year</td>
<td>1,402</td>
<td>2,560</td>
</tr>
</tbody>
</table>

Out of above, amount disclosed under:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Non-Current Financial Assets [Note-6]</td>
<td>1,402</td>
<td>1,136</td>
</tr>
</tbody>
</table>

**Sensitivity analysis for valuation of Forward Contract value related to investment in a Joint Venture:**

a) **Sensitivity in value for 50 basis points change in Weighted Average Cost of Capital (WACC):**

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact on value of the contract</td>
<td>20 (20)</td>
<td>28 (28)</td>
</tr>
</tbody>
</table>

b) **Sensitivity in the value for 200 basis point change in Revenue:**

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact on value of the contract</td>
<td>(44)</td>
<td>44</td>
</tr>
</tbody>
</table>
### Financial instruments by category:

<table>
<thead>
<tr>
<th>Financial assets:</th>
<th>As at March 31, 2019</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]</td>
<td>- 794 -</td>
<td>794</td>
</tr>
<tr>
<td>Preference shares</td>
<td>- - 100 -</td>
<td>100</td>
</tr>
<tr>
<td>Bonds</td>
<td>- - 136 -</td>
<td>136</td>
</tr>
<tr>
<td>Non Current Loans</td>
<td>- - 6,057 -</td>
<td>6,057</td>
</tr>
<tr>
<td>Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]</td>
<td>- - 93 -</td>
<td>93</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>- - 20,879 -</td>
<td>20,879</td>
</tr>
<tr>
<td>Forward Contract value related to investment in a JV</td>
<td>1,402 - -</td>
<td>1,402</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>- - 1,063 -</td>
<td>1,063</td>
</tr>
<tr>
<td>Current Loans</td>
<td>- - 130 -</td>
<td>130</td>
</tr>
<tr>
<td>Other Current Financial Assets</td>
<td>- - 1,081 -</td>
<td>1,081</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,402 794 29,539</td>
<td>31,735</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial liabilities:</th>
<th>As at March 31, 2019</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Borrowings [including current maturities and interest accrued but not due]</strong></td>
<td>- - 30,999 -</td>
<td>30,999</td>
</tr>
<tr>
<td>Trade payables</td>
<td>- - 6,640 -</td>
<td>6,640</td>
</tr>
<tr>
<td>Non Current Other Financial Liabilities</td>
<td>- - 90 -</td>
<td>90</td>
</tr>
<tr>
<td>Payable for Capital Goods</td>
<td>- - 532 -</td>
<td>532</td>
</tr>
<tr>
<td>Other Current Financial Liabilities</td>
<td>- - 3,110 -</td>
<td>3,110</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>- - 41,371 -</td>
<td>41,371</td>
</tr>
</tbody>
</table>
<p>### Financial Risk Management (Contd...)</p>

<table>
<thead>
<tr>
<th>Note: 43-Financial Risk Management:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>As at March 31, 2018</th>
<th>FVTPL</th>
<th>FVOCI</th>
<th>Amortised Cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]</td>
<td>-</td>
<td>1,074</td>
<td>-</td>
<td>1,074</td>
</tr>
<tr>
<td>Preference shares</td>
<td>-</td>
<td>-</td>
<td>190</td>
<td>190</td>
</tr>
<tr>
<td>Bonds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non Current Loans</td>
<td>-</td>
<td>-</td>
<td>13,013</td>
<td>13,013</td>
</tr>
<tr>
<td>Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]</td>
<td>-</td>
<td>-</td>
<td>76</td>
<td>76</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>-</td>
<td>-</td>
<td>12,551</td>
<td>12,551</td>
</tr>
<tr>
<td>Forward Contract value related to investment in a JV</td>
<td>2,560</td>
<td>-</td>
<td>-</td>
<td>2,560</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>-</td>
<td>-</td>
<td>1,838</td>
<td>1,838</td>
</tr>
<tr>
<td>Current Loans</td>
<td>-</td>
<td>-</td>
<td>178</td>
<td>178</td>
</tr>
<tr>
<td>Other Current Financial Assets</td>
<td>-</td>
<td>-</td>
<td>1,893</td>
<td>1,893</td>
</tr>
<tr>
<td>Total</td>
<td>2,560</td>
<td>1,074</td>
<td>29,739</td>
<td>33,373</td>
</tr>
<tr>
<td>Financial liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings [including current maturities and interest accrued but not due]</td>
<td>-</td>
<td>-</td>
<td>28,741</td>
<td>28,741</td>
</tr>
<tr>
<td>Trade payables</td>
<td>-</td>
<td>-</td>
<td>8,029</td>
<td>8,029</td>
</tr>
<tr>
<td>Non Current Other Financial Liabilities</td>
<td>-</td>
<td>-</td>
<td>87</td>
<td>87</td>
</tr>
<tr>
<td>Payable for Capital Goods</td>
<td>-</td>
<td>-</td>
<td>663</td>
<td>663</td>
</tr>
<tr>
<td>Other Current Financial Liabilities</td>
<td>-</td>
<td>-</td>
<td>3,118</td>
<td>3,118</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
<td>40,638</td>
<td>40,638</td>
</tr>
</tbody>
</table>

### B Risk Management:

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

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

#### a Credit risk:

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

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

i  Investments at Amortised Cost: They are strategic investments in the normal course of business of the company.

ii  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.

iii  Loans to related parties: They are given for business purposes. The Company reassesses the recoverability of loans periodically. Interest recoveries from these loans are regular and there is no event of defaults.

iv  The counterparty to the forward contract value related to the Investment in a Joint Venture is the associate entity of co-venturer of one of Joint Ventures. The contract is governed by a shareholder’s agreement which has the needful representations by the counterparty. The Company is exposed to insignificant credit risk in relation to the same.

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

vi  There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company’s large customer base. Adequate expected credit losses are recognized as per the assessments. No single third party customer contributes to more than 10% of outstanding accounts receivable [excluding outstanding from subsidiaries] as at March 31, 2019 and March 31, 2018.

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

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

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trade Receivables:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 180 days</td>
<td>20,268</td>
<td>11,835</td>
</tr>
<tr>
<td>180 - 365 days</td>
<td>526</td>
<td>542</td>
</tr>
<tr>
<td>Above 365 days</td>
<td>85</td>
<td>174</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20,879</td>
<td>12,551</td>
</tr>
</tbody>
</table>

Movement in the expected credit loss allowance on trade receivables:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the year</td>
<td>54</td>
<td>5</td>
</tr>
<tr>
<td>Addition</td>
<td>12</td>
<td>49</td>
</tr>
<tr>
<td>Recoveries</td>
<td>(28)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>38</td>
<td>54</td>
</tr>
</tbody>
</table>

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

b  Liquidity risk:

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

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

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

<table>
<thead>
<tr>
<th>Non-derivative Financial Liabilities:</th>
<th>As at March 31, 2019</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 1 year</td>
<td>1-2 year</td>
</tr>
<tr>
<td>Borrowings [including current maturities and interest]</td>
<td>15,439</td>
<td>4,002</td>
</tr>
<tr>
<td>Other non current financial liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade payable</td>
<td>6,640</td>
<td>-</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>1,174</td>
<td>-</td>
</tr>
<tr>
<td>Payable for Capital Goods</td>
<td>532</td>
<td>-</td>
</tr>
<tr>
<td>Other Current Financial Liabilities</td>
<td>1,936</td>
<td>-</td>
</tr>
<tr>
<td>Corporate Guarantees</td>
<td>19,840</td>
<td>7,573</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>45,561</td>
<td>11,575</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-derivative Financial Liabilities:</th>
<th>As at March 31, 2018</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 1 year</td>
<td>1-2 year</td>
</tr>
<tr>
<td>Borrowings [including current maturities and interest]</td>
<td>15,601</td>
<td>1,873</td>
</tr>
<tr>
<td>Other non current financial liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade payable</td>
<td>8,029</td>
<td>-</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>1,192</td>
<td>-</td>
</tr>
<tr>
<td>Payable for Capital Goods</td>
<td>663</td>
<td>-</td>
</tr>
<tr>
<td>Other Current Financial Liabilities</td>
<td>1,926</td>
<td>-</td>
</tr>
<tr>
<td>Corporate Guarantees</td>
<td>9,880</td>
<td>8,115</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>37,291</td>
<td>9,988</td>
</tr>
</tbody>
</table>

**Foreign currency risk:**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company’s functional currency. The Company’s operations in foreign currency creates natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Company.
NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

Foreign currency risk exposure:

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

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Movement in Rate</td>
<td>Impact on PAT [*]</td>
</tr>
<tr>
<td>USD</td>
<td>7.00%</td>
<td>(440)</td>
</tr>
<tr>
<td>USD</td>
<td>(7.00%)</td>
<td>440</td>
</tr>
<tr>
<td>EUR</td>
<td>7.00%</td>
<td>(2)</td>
</tr>
<tr>
<td>EUR</td>
<td>(7.00%)</td>
<td>2</td>
</tr>
<tr>
<td>Others</td>
<td>5.00%</td>
<td>(1)</td>
</tr>
<tr>
<td>Others</td>
<td>(5.00%)</td>
<td>1</td>
</tr>
</tbody>
</table>

* Holding all other variables constant

Sensitivity impact on profit after tax includes exposures for which the Company has the policy of capitalising exchange differences to reserves - FCMITDA or eligible items of Property, Plant and Equipment [refer note-2 for detailed policy]. The outstanding amount of such foreign currency loans is ₹ 461 [as at March 31, 2018: ₹ 2,630] Million.

d  Interest rate risk:

Liabilities:
The Company’s policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2019, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company’s investments in Fixed Deposits are at fixed interest rates.

Sensitivity [*]:
Below is the sensitivity of profit or loss and equity changes in interest rates:

<table>
<thead>
<tr>
<th></th>
<th>Movement in Rate</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rates</td>
<td>+0.50%</td>
<td>(101)</td>
<td>(94)</td>
</tr>
<tr>
<td>Interest rates</td>
<td>-0.50%</td>
<td>101</td>
<td>94</td>
</tr>
</tbody>
</table>

* Holding all other variables constant

e  Price risk:

Exposure:
The Company’s exposure to price risk arises from investments in equity and mutual funds 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 funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

Sensitivity *:
The table below summarises the impact of increases/decreases of the index on the Company’s equity and profit for the period.

<table>
<thead>
<tr>
<th>Movement in Rate</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Impact on PAT</td>
<td>Impact on Other Equity</td>
</tr>
<tr>
<td>Equity Instruments [Quoted]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase +10.00%</td>
<td>-</td>
<td>79</td>
</tr>
<tr>
<td>Decrease -10.00%</td>
<td>-</td>
<td>(79)</td>
</tr>
</tbody>
</table>

* Holding all other variables constant

C Hedge:

Disclosure of effects of hedge accounting on financial position:

Hedged item - Changes in fair value of trade receivables attributable to changes in foreign exchange rates

Hedging instrument - Changes in fair value of certain foreign currency borrowings attributable to foreign exchange rates

As at March 31, 2019

<table>
<thead>
<tr>
<th>Type of hedged risk</th>
<th>Carrying amount of hedging instrument (USD Million)</th>
<th>Carrying amount of hedging instrument (₹ Million)</th>
<th>Maturity Date</th>
<th>Hedge Ratio</th>
<th>Balance sheet classification</th>
<th>Changes in fair value relating to hedged risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Value Hedge:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedging instrument:</td>
<td>Certain Foreign currency borrowings</td>
<td>- 175</td>
<td>1:1</td>
<td>Borrowings</td>
<td>393</td>
<td></td>
</tr>
<tr>
<td>Hedged item: Certain foreign currency receivables</td>
<td>175 - 12,107</td>
<td>-</td>
<td></td>
<td>Trade receivables</td>
<td>393</td>
<td></td>
</tr>
</tbody>
</table>

As at March 31, 2018

<table>
<thead>
<tr>
<th>Type of hedged risk</th>
<th>Carrying amount of hedging instrument (USD Million)</th>
<th>Carrying amount of hedging instrument (₹ Million)</th>
<th>Maturity Date</th>
<th>Hedge Ratio</th>
<th>Balance sheet classification</th>
<th>Changes in fair value relating to hedged risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Value Hedge:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedging instrument:</td>
<td>Certain Foreign currency borrowings</td>
<td>- 165</td>
<td>1:1</td>
<td>Borrowings</td>
<td>161</td>
<td></td>
</tr>
<tr>
<td>Hedged item: Certain foreign currency receivables</td>
<td>165 - 10,758</td>
<td>-</td>
<td></td>
<td>Trade receivables</td>
<td>161</td>
<td></td>
</tr>
</tbody>
</table>

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the dollar offset method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.
NOTE: 44-CAPITAL MANAGEMENT:

The Company’s capital management objectives are:

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

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

<table>
<thead>
<tr>
<th>₹ Million</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross debts</td>
<td>30,972</td>
<td>28,725</td>
</tr>
<tr>
<td>Total equity</td>
<td>89,565</td>
<td>77,455</td>
</tr>
<tr>
<td>Gross debt to equity ratio [No. of times]</td>
<td>0.35</td>
<td>0.37</td>
</tr>
</tbody>
</table>

Loan covenants:

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants, based on consolidated financial information:

- Gross Debt to Equity must be less than 2:1

This is in line with the Company's covenants as agreed with external Lenders.

NOTE: 45-ASSETS CLASSIFIED AS HELD FOR SALE:

Pursuant to the Share and Loan Purchase Agreement dated April 17, 2018 [“Closing Date”] amongst the Company, Zydus International Private Limited ["ZIPL"], Ireland, Bremer Pharma GmbH ["Bremer"] and Alivira Animal Health Limited ["Alivira"], Ireland, the Company had sold its 100% equity holding and ZIPL had sold and transferred its outstanding loan together with accrued interest in Bremer to Alivira with effect from April 01, 2018 ["Effective Date”].

In accordance with Ind AS 105 “Non-Current Assets held for Sale and Discontinued Operations” and as required under Schedule III of the Companies Act, 2013, the investment in equity shares of Bremer was classified as "Assets held for sale" and disclosed separately for the year ended March 31, 2018 at the lower of its carrying amount and fair value less cost to sell.

NOTE: 46-INVESTMENT IN BAYER ZYDUS PHARMA PRIVATE LIMITED:

Pursuant to the terms of the Joint Venture Agreement [JVA] between the Company and Bayer [South East Asia] Pte. Limited ["Bayer"] dated, January 28, 2011, the Company had sold 12,500,001 equity shares of Bayer Zydus Pharma Private Limited to Bayer on May 2, 2018.

NOTE: 47:

Figures of previous reporting periods have been regrouped/ reclassified to conform to current period's classification.

Signatures to Significant Accounting Policies and Notes 1 to 47 to the Financial Statements

As per our report of even date For and on behalf of the Board
Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018
Pankaj R. Patel
Chairman

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 29, 2019

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
INDEPENDENT AUDITOR’S REPORT

To
The Members of
Cadila Healthcare Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated Financial Statements of Cadila Healthcare Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") which includes Group’s share of profit in its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, in which are incorporated the Return for the year ended on that date audited by the branch auditor of the branch of the Group located at Philippines.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the branch auditor and other auditors on separate financial statements of the branch, subsidiaries and joint ventures referred to in the Other Matters section below, the aforesaid Consolidated 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 consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act ("SAs"). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor and other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated 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 Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated 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.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Key Audit Matters</th>
<th>Auditor’s Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Carrying value of Goodwill arising on the Consolidated Financial Statements (refer note 3 [B] to the Consolidated Financial Statements)</td>
<td>Our audit procedures included, amongst others, testing the Group’s key controls surrounding the carrying value of goodwill wherein</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• we gained an understanding of the procedures used to develop the estimates by the management.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Understood how the amount of goodwill is determined for each component.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Tested management’s control over the impairment assessment including the controls over,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) key estimates and significant assumptions used (e.g. discount rate, forecasted revenue, terminal values)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) the appropriateness and accuracy of the data used in the evaluation of the assessment, and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) the impairment model accuracy (spreadsheet controls)</td>
</tr>
</tbody>
</table>
Management needs to apply considerable judgement in assessing the future performance and prospects of each cash-generating unit (CGU) like tentative approval of products and the discount rates to apply.

We critically assessed and tested the key underlying assumptions and significant judgements used by the management.

We performed our own sensitivity analysis around these key estimates to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill tested to be impaired.

Recognition of deferred tax asset in respect of Minimum Alternate Tax ("MAT") credits under the Income Tax Act, 1961 (refer note 7 to the Consolidated Financial Statements)

The Parent has unused MAT credits under the Income Tax Act, 1961 of ₹4,871 million on which deferred tax asset has not been recognized during the year. The MAT credit pertains to the tax paid under the MAT provisions which is in excess of the tax payable under the normal provisions of the Income Tax Act, 1961. The recognition of deferred tax asset on MAT involves significant level of judgement by the management since it involves estimation as regards the future profitability and also ensuring that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax credits can be utilized by the entity. Hence this has been identified as a key audit matter.

The audit procedures performed by us included the following:

• Tested the design and effectiveness of internal controls implemented by the management for following:
  a) Preparation of estimates of future profitability
  b) Appropriateness of the various eligible deductions considered as per the Income Tax Act, 1961, and
  c) Management’s judgement applied for the key assumptions used for the purpose of determining that sufficient taxable profit will be available against which the unused tax credits can be utilized

• We critically assessed and tested the key underlying assumptions and significant judgements used by the management.

We performed our own sensitivity analysis around these key estimates to ascertain the extent of change in those assumptions that either individually or collectively would be required for the MAT credit tested to be impaired.

Business Combination and Goodwill owing to acquisition of HIPL (refer note 47 to the Consolidated Financial Statements)

Pursuant to the definitive agreements entered into by the Company on October 24, 2018 to acquire HIPL, the Company along with its wholly-owned entity, M/s. Zydus Wellness – Sikkim (a partnership firm) have completed the acquisition of HIPL on January 30, 2019. In view of this, the operations of HIPL have been consolidated with that of the Group’s Consolidated Financial Statements. Business Combinations are accounted for as per Ind AS 103. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date values irrespective of the fact that outflow of resources embodying economic benefits is not probable. Goodwill amounting to ₹37,969 million arising on the acquisition of HIPL represents the excess of the cost of acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.

We have reported this as a key audit matter because the accounting of business combination requires the exercise of significant management judgement and estimation, also the value of investment made by the Company is significant.

Our procedures included, amongst others, the following:

• Ensured that the accounting of business combination are in line with the Accounting Standard requirements.

• Assessed the independent valuation expert’s methods, competency and objectivity.

• We obtained the signed agreements and contracts relating to the acquisition and identified the pertinent terms relevant to the accounting for the transaction.

• Ensured that accounting principles on Consolidation have been correctly applied including accounting of Goodwill.

Based on the above procedures performed, we noted that the Management’s assessment of accounting of value of Investments and Goodwill are in consonance with the Accounting Norms and are aligned with the Accounting Standard norms.

This matter has been identified as KAM by the component auditor. Component auditor has reported this matter and the procedures performed in his audit report.
Information other than the Financial Statements and Auditor’s Report thereon

- The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and Directors’ Report but does not include the Consolidated Financial Statements and our Auditor’s Report thereon.

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

Management’s responsibility for the Consolidated Financial Statements

The Parent’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

Auditor’s responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated 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 Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures 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 Consolidated 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 Group and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the branch and its joint ventures to express an opinion on the Consolidated Financial Statements. The other branch included in the Consolidated Financial Statements, which has been audited by the branch auditor, such branch auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated 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 Consolidated Financial Statements.

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Financial Statements of which we are the independent auditors 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 Consolidated 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.

Other Matters
(a) We did not audit the financial statements of a branch included in the Consolidated Financial Statements of a company included in the Group whose financial statements reflect total assets of ₹13.16 million as at March 31, 2019 and total revenue of ₹0.26 million for the year ended on that date, as considered in the Consolidated Financial Statements of the Parent. The financial statements of this branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

(b) We did not audit the financial statements of 22 subsidiaries, whose financial statements reflect total assets of ₹2,10,414.54 million as at March 31, 2019, total revenues of ₹78,775.90 Million and net cash outflows amounting to ₹2,641.48 Million for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group’s share of net profit of ₹422.65 Million for the year ended March 31, 2019, as considered in the Consolidated Financial Statements, in respect of 2 joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(c) We did not audit the financial statements of 19 subsidiaries, whose financial statements reflect total assets of ₹26,668.71 Million as at March 31, 2019, total revenues of ₹6,263.73 Million and net cash outflows amounting to ₹95.09 Million for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group’s share of net profit of ₹1.42 Million for the year ended March 31, 2019, as considered in the Consolidated Financial Statements, in respect of 1 joint venture, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
Our opinion on the Consolidated Financial Statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the branch auditor and other auditors and the financial statements / financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the branch auditor and other auditors on the separate financial statements of the subsidiaries and joint ventures referred to in the Other Matters section above we report, to the extent applicable 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 of the aforesaid Consolidated Financial Statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept and proper returns adequate for the purposes of our audit have been received from the branch not visited so far as it appears from our examination of those books, returns and the reports of the other auditors.

c) The reports on the accounts of the branch office of a company included in the Group audited under section 143(8) of the Act by branch auditor have been sent to us and have been properly dealt with by us in preparing this report.

d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements and with the returns received by us from the branch not visited by us.

e) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.

f) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and joint venture companies incorporated in India, none of the directors of the Group companies and its joint venture companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” which is based on the auditors’ reports of the Parent, subsidiary companies and joint venture companies incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

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

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

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

- The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and joint ventures.
- The Group and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.
- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies and joint venture companies incorporated in India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Gaurav J. Shah
Partner
(Membership No. 035701)
REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Cadila Healthcare Limited (hereinafter referred to as "the Parent") and its subsidiary companies, which includes internal financial controls over financial reporting of the Company’s joint ventures, which are companies incorporated in India, as of that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Parent, its subsidiary companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) 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 the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies joint ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and joint ventures, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

OTHER MATTERS

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 16 subsidiary companies and 3 joint ventures, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matter.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Gaurav J. Shah
Partner
(Membership No. 035701)
## CONSOLIDATED BALANCE SHEET

as at March 31, 2019

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Note No.</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Current Assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>3 [A]</td>
<td>51,059</td>
<td>38,188</td>
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<tr>
<td>Capital work-in-progress</td>
<td>3 [B]</td>
<td>52,890</td>
<td>13,853</td>
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<tr>
<td>Goodwill</td>
<td>3 [B]</td>
<td>17,688</td>
<td>12,785</td>
</tr>
<tr>
<td>Other Intangible Assets</td>
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<td>3,484</td>
<td>3,605</td>
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<tr>
<td>Financial Assets:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Investments</td>
<td>5</td>
<td>952</td>
<td>1,104</td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td>6</td>
<td>2,239</td>
<td>1,529</td>
</tr>
<tr>
<td>Deferred Tax Assets [Net]</td>
<td>7</td>
<td>9,703</td>
<td>9,246</td>
</tr>
<tr>
<td>Other Non-Current Assets</td>
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<td>2,398</td>
<td>2,034</td>
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<tr>
<td>Assets for Current Tax [Net]</td>
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<td>1,065</td>
<td>740</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>149,850</td>
</tr>
<tr>
<td>Current Assets:</td>
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<td></td>
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</tr>
<tr>
<td>Inventories</td>
<td>10</td>
<td>26,880</td>
<td>23,853</td>
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<td>Financial Assets:</td>
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<td>Investments</td>
<td>11</td>
<td>2,299</td>
<td>2,748</td>
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<tr>
<td>Trade Receivables</td>
<td>12</td>
<td>39,508</td>
<td>32,063</td>
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<tr>
<td>Cash and Cash Equivalents</td>
<td>13</td>
<td>4,207</td>
<td>5,367</td>
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<tr>
<td>Bank balance other than cash and cash equivalents</td>
<td>13</td>
<td>2,286</td>
<td>7,782</td>
</tr>
<tr>
<td>Loans</td>
<td>14</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Other Current Financial Assets</td>
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<td>1,212</td>
<td>3,448</td>
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<tr>
<td>Other Current Assets</td>
<td>16</td>
<td>8,489</td>
<td>6,744</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>84,981</td>
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<td>149,850</td>
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<td></td>
<td>234,831</td>
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<tr>
<td><strong>EQUITY AND LIABILITIES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Share Capital</td>
<td>17</td>
<td>1,024</td>
<td>1,024</td>
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<tr>
<td>Other Equity</td>
<td>18</td>
<td>102,839</td>
<td>86,421</td>
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<tr>
<td>Equity attributable to equity holders of the Parent</td>
<td>19</td>
<td>103,863</td>
<td>87,445</td>
</tr>
<tr>
<td>Non-Controlling Interests</td>
<td></td>
<td>12,929</td>
<td>1,910</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>116,792</td>
</tr>
<tr>
<td>Non-Current Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>19</td>
<td>39,497</td>
<td>25,551</td>
</tr>
<tr>
<td>Other Financial Liabilities</td>
<td>20</td>
<td>727</td>
<td>524</td>
</tr>
<tr>
<td>Provisions</td>
<td>21</td>
<td>1,841</td>
<td>1,559</td>
</tr>
<tr>
<td>Deferred Tax Liabilities [Net]</td>
<td>22</td>
<td>2,523</td>
<td>2,821</td>
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<tr>
<td>Other Non-Current Liabilities</td>
<td>23</td>
<td>1,357</td>
<td>1,387</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>44,614</td>
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<tr>
<td>Current Liabilities:</td>
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</tr>
<tr>
<td>Financial Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>24</td>
<td>31,969</td>
<td>25,575</td>
</tr>
<tr>
<td>Trade Payables:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Micro, Small and Medium Enterprise</td>
<td>25</td>
<td>121</td>
<td>214</td>
</tr>
<tr>
<td>Due to other than Micro, Small and Medium Enterprise</td>
<td>26</td>
<td>19,105</td>
<td>18,670</td>
</tr>
<tr>
<td>Other Financial Liabilities</td>
<td>27</td>
<td>1,713</td>
<td>1,387</td>
</tr>
<tr>
<td>Provisions</td>
<td>28</td>
<td>1,357</td>
<td>1,002</td>
</tr>
<tr>
<td>Current Tax Liabilities [Net]</td>
<td>29</td>
<td>537</td>
<td>520</td>
</tr>
<tr>
<td></td>
<td></td>
<td>73,425</td>
<td>60,720</td>
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<tr>
<td>Liabilities directly associated with assets classified as held for sale</td>
<td>52</td>
<td>-</td>
<td>110</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>234,831</td>
</tr>
<tr>
<td><strong>Significant Accounting Policies</strong></td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Notes to the Consolidated Financial Statements</strong></td>
<td>1 to 54</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As per our report of even date

Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 29, 2019

Nitin D. Parekh
Chief Financial Officer
Dr. Sharvil P. Patel
Managing Director

Pankaj R. Patel
Chairman

For and on behalf of the Board
## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Note No.</th>
<th>Year ended March 31, 2019 (Million)</th>
<th>Year ended March 31, 2018 (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Operations</td>
<td>32</td>
<td>131,656</td>
<td>119,544</td>
</tr>
<tr>
<td>Other Income</td>
<td>33</td>
<td>2,011</td>
<td>1,132</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td>133,667</td>
<td>120,676</td>
</tr>
<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Materials Consumed</td>
<td>34</td>
<td>26,741</td>
<td>25,233</td>
</tr>
<tr>
<td>Purchases of Stock-in-Trade</td>
<td>35</td>
<td>21,520</td>
<td>19,141</td>
</tr>
<tr>
<td>Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade</td>
<td>36</td>
<td>(1,097)</td>
<td>(3,154)</td>
</tr>
<tr>
<td>Excise Duty on Sales</td>
<td></td>
<td>21,241</td>
<td>18,545</td>
</tr>
<tr>
<td>Employee Benefits Expense</td>
<td>37</td>
<td>1,935</td>
<td>911</td>
</tr>
<tr>
<td>Depreciation, Amortisation and Impairment expense</td>
<td>39</td>
<td>9,456</td>
<td>5,388</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>40</td>
<td>33,520</td>
<td>30,809</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td>109,846</td>
<td>97,368</td>
</tr>
<tr>
<td>Profit before Tax</td>
<td></td>
<td>23,821</td>
<td>23,308</td>
</tr>
<tr>
<td>Less: Tax Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax</td>
<td>41</td>
<td>6,073</td>
<td>6,436</td>
</tr>
<tr>
<td>Deferred Tax</td>
<td>41</td>
<td>(770)</td>
<td>(792)</td>
</tr>
<tr>
<td><strong>Profit for the year before share of Profit/ (Loss) of Joint Ventures</strong></td>
<td>4</td>
<td>18,518</td>
<td>17,664</td>
</tr>
<tr>
<td>Add: Share of profit of Joint Ventures [Net of tax]</td>
<td>4</td>
<td>17,469</td>
<td>628</td>
</tr>
<tr>
<td><strong>Profit for the year from Continuing Operations</strong></td>
<td></td>
<td>18,987</td>
<td>18,291</td>
</tr>
<tr>
<td>Profit/(Loss) before tax from discontinued operations</td>
<td>52</td>
<td>-</td>
<td>(188)</td>
</tr>
<tr>
<td>tax expense of discontinued operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit/(Loss) after tax from Discontinued operations</td>
<td></td>
<td>-</td>
<td>(188)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td>18,987</td>
<td>18,104</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income [OCI]:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-measurement losses on post employment defined benefit plans</td>
<td>(13)</td>
<td>(151)</td>
<td></td>
</tr>
<tr>
<td>Income tax effect</td>
<td></td>
<td>(3)</td>
<td>37</td>
</tr>
<tr>
<td>Net (Loss)/ Gain on Fair Value through OCI /FVTOCI Equity Securities</td>
<td>(287)</td>
<td>459</td>
<td></td>
</tr>
<tr>
<td>Income tax effect</td>
<td></td>
<td>(287)</td>
<td>459</td>
</tr>
<tr>
<td>Share of Joint Ventures</td>
<td>4</td>
<td>(4)</td>
<td></td>
</tr>
<tr>
<td>Income tax effect</td>
<td></td>
<td>(4)</td>
<td>345</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>(307)</td>
<td>345</td>
</tr>
<tr>
<td>Items that will be reclassified to profit or loss:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>(1,373)</td>
<td>(132)</td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of discontinued foreign operations reclassified to Statement of Profit and Loss</td>
<td>-</td>
<td>(18)</td>
<td></td>
</tr>
<tr>
<td>Income tax effect</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>(1,373)</td>
<td>(150)</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income for the year [Net of Tax]</strong></td>
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<td>(1,660)</td>
<td>195</td>
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<tr>
<td><strong>Total Comprehensive Income for the year [Net of Tax]</strong></td>
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<td>17,307</td>
<td>18,299</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td>18,987</td>
<td>18,104</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
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<td></td>
<td></td>
</tr>
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<td>Owners of the Parent</td>
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<td>18,488</td>
<td>17,758</td>
</tr>
<tr>
<td>Non-Controlling Interests</td>
<td></td>
<td>499</td>
<td>346</td>
</tr>
<tr>
<td><strong>OCI for the year</strong></td>
<td></td>
<td>(1,660)</td>
<td>195</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Parent</td>
<td></td>
<td>(1,660)</td>
<td>195</td>
</tr>
<tr>
<td>Non-Controlling Interests</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Comprehensive Income for the year</strong></td>
<td></td>
<td>17,307</td>
<td>18,299</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Parent</td>
<td></td>
<td>16,808</td>
<td>17,953</td>
</tr>
<tr>
<td>Non-Controlling Interests</td>
<td></td>
<td>499</td>
<td>346</td>
</tr>
<tr>
<td><strong>Basic &amp; Diluted Earning per Equity Share [EPS] (in Rupees)</strong></td>
<td>42</td>
<td>18.06</td>
<td>17.35</td>
</tr>
<tr>
<td>Continuing Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discontinued Operations</td>
<td></td>
<td>18.06</td>
<td>17.35</td>
</tr>
<tr>
<td>Continuing and Discontinued Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Significant Accounting Policies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Notes to the Consolidated Financial Statements</strong></td>
<td>1 to 54</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 29, 2019

Nitin D. Parekh
Chief Financial Officer
Dhaval N. Soni
Company Secretary
Dr. Sharvil P. Patel
Managing Director

Pankaj R. Patel
Chairman

Annual Report 2018-19
## CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations</td>
<td>23,821</td>
<td>23,308</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>23,821</td>
<td>23,308</td>
</tr>
<tr>
<td>Total</td>
<td>23,821</td>
<td>23,308</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, Amortisation and Impairment expense</td>
<td>5,986</td>
<td>5,405</td>
</tr>
<tr>
<td>Loss on sale of property, plant and equipment [Net]</td>
<td>77</td>
<td>23</td>
</tr>
<tr>
<td>Profit on sale of investments [Net]</td>
<td>(1,128)</td>
<td>(116)</td>
</tr>
<tr>
<td>Interest income</td>
<td>(530)</td>
<td>(494)</td>
</tr>
<tr>
<td>Dividend income</td>
<td>(6)</td>
<td>(6)</td>
</tr>
<tr>
<td>Gain on valuation of Forward Contract value related to investment in a Joint Venture</td>
<td>(266)</td>
<td>(470)</td>
</tr>
<tr>
<td>Interest expenses [including effect of foreign exchange movement in borrowings] [Refer Note-6 below]</td>
<td>1,905</td>
<td>1,468</td>
</tr>
<tr>
<td>Bad debts written off</td>
<td>39</td>
<td>10</td>
</tr>
<tr>
<td>Provision for doubtful debts [net of written back]</td>
<td>(12)</td>
<td>62</td>
</tr>
<tr>
<td>Doubtful advances written off</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Provision for doubtful advances [net of written back]</td>
<td>(7)</td>
<td>27</td>
</tr>
<tr>
<td>Provisions for employee benefits</td>
<td>395</td>
<td>98</td>
</tr>
<tr>
<td>Provisions for probable product expiry claims and return of goods [net of written back]</td>
<td>184</td>
<td>432</td>
</tr>
<tr>
<td>Total</td>
<td>6,643</td>
<td>6,243</td>
</tr>
<tr>
<td>Operating profit before working capital changes</td>
<td>30,464</td>
<td>29,363</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[Increase] in trade receivables</td>
<td>(6,428)</td>
<td>(9,690)</td>
</tr>
<tr>
<td>[Increase] in inventories</td>
<td>(1,004)</td>
<td>(5,924)</td>
</tr>
<tr>
<td>Decrease/ [Increase] in other assets</td>
<td>740</td>
<td>(4,649)</td>
</tr>
<tr>
<td>[Decrease]/ Increase in trade payables</td>
<td>(2,259)</td>
<td>3,164</td>
</tr>
<tr>
<td>Increase in other liabilities</td>
<td>238</td>
<td>2,911</td>
</tr>
<tr>
<td>Change in Non-Controlling Interest</td>
<td>15,091</td>
<td>349</td>
</tr>
<tr>
<td>Total</td>
<td>6,378</td>
<td>(13,839)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>36,842</td>
<td>15,524</td>
</tr>
<tr>
<td>Direct taxes paid [Net of refunds]</td>
<td>(6,754)</td>
<td>(6,023)</td>
</tr>
<tr>
<td>Foreign Currency Monetary items Translation Difference Account written off</td>
<td>78</td>
<td>(90)</td>
</tr>
<tr>
<td>Exchange Rate Fluctuation and other adjustments arising on Consolidation</td>
<td>(1,343)</td>
<td>(218)</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>28,823</td>
<td>9,193</td>
</tr>
</tbody>
</table>

**B CASH FLOWS FROM INVESTING ACTIVITIES:**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(10,574)</td>
<td>(10,493)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>110</td>
<td>140</td>
</tr>
<tr>
<td>Purchase of non current investments in subsidiaries</td>
<td>(48,677)</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of non current investments in others</td>
<td>(136)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from sale of non current investments</td>
<td>890</td>
<td>-</td>
</tr>
<tr>
<td>Profit from sale of current investments</td>
<td>464</td>
<td>116</td>
</tr>
<tr>
<td>Interest received</td>
<td>530</td>
<td>494</td>
</tr>
<tr>
<td>Dividend received</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(57,387)</td>
<td>(9,737)</td>
</tr>
</tbody>
</table>
## CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from non current borrowings</td>
<td>19,785</td>
<td>3,655</td>
</tr>
<tr>
<td>Repayment of non current borrowings</td>
<td>(1,704)</td>
<td>(2,646)</td>
</tr>
<tr>
<td>Current Borrowings [Net]</td>
<td>5,874</td>
<td>565</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(795)</td>
<td>(1,049)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(3,583)</td>
<td>-</td>
</tr>
<tr>
<td>Tax on dividends paid</td>
<td>(731)</td>
<td>(10)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>18,846</td>
<td>515</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td>(9,718)</td>
<td>(29)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>15,897</td>
<td>15,926</td>
</tr>
<tr>
<td>Cash and cash equivalents of the acquired subsidiaries</td>
<td>2,613</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>8,792</td>
<td>15,897</td>
</tr>
</tbody>
</table>

### 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 at the end [beginning] of the year include ₹ 532 [₹ 334] Million not available for immediate use.
5. Cash and cash equivalents comprise of:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
<th>As at March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Cash on Hand</td>
<td>8</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>b. Balances with Banks</td>
<td>6,485</td>
<td>13,138</td>
<td>15,425</td>
</tr>
<tr>
<td>c. Investment in Liquid Mutual Funds</td>
<td>2,299</td>
<td>2,748</td>
<td>491</td>
</tr>
<tr>
<td>Total</td>
<td>8,792</td>
<td>15,897</td>
<td>15,926</td>
</tr>
</tbody>
</table>

6. Change in liability arising from financing activities:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>As at March 31, 2017</td>
<td>27,303</td>
<td>24,769</td>
<td>52,072</td>
</tr>
<tr>
<td>Cash flow</td>
<td>1,009</td>
<td>565</td>
<td>1,574</td>
</tr>
<tr>
<td>Foreign exchange movement</td>
<td>180</td>
<td>241</td>
<td>421</td>
</tr>
<tr>
<td>As at March 31, 2018</td>
<td>28,492</td>
<td>25,575</td>
<td>54,067</td>
</tr>
<tr>
<td>Acquired subsidiaries</td>
<td>170</td>
<td>25</td>
<td>195</td>
</tr>
<tr>
<td>Cash flow</td>
<td>18,081</td>
<td>5,874</td>
<td>23,955</td>
</tr>
<tr>
<td>Foreign exchange movement</td>
<td>282</td>
<td>495</td>
<td>777</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>47,025</td>
<td>31,969</td>
<td>78,994</td>
</tr>
</tbody>
</table>

As per our report of even date

**Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

**Gaurav J. Shah**
Partner
Membership Number: 035701
Ahmedabad, Dated: May 29, 2019

**Pankaj R. Patel**
Chairman

**Nitin D. Parekh**
Chief Financial Officer

**Dhaval N. Soni**
Company Secretary

**Dr. Sharvil P. Patel**
Managing Director

For and on behalf of the Board
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
for the year ended March 31, 2019

a  EQUITY SHARE CAPITAL:

<table>
<thead>
<tr>
<th>No. of Shares</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at March 31, 2017</td>
</tr>
<tr>
<td>As at March 31, 2018</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
</tr>
</tbody>
</table>

b  OTHER EQUITY:

<table>
<thead>
<tr>
<th>Attributable to the equity holders of the parent</th>
<th>Items of OCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves and Surplus</td>
<td>Total</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>Non-Controlling Interests</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td></td>
</tr>
<tr>
<td>Debenture Redemption Reserve</td>
<td></td>
</tr>
<tr>
<td>International Business Development Reserve</td>
<td></td>
</tr>
<tr>
<td>General Reserve</td>
<td></td>
</tr>
<tr>
<td>Foreign Currency Monetary Items Translation Difference Account [FCMITDA]</td>
<td></td>
</tr>
<tr>
<td>Retained Earnings</td>
<td></td>
</tr>
<tr>
<td>FVTOCI Reserve</td>
<td></td>
</tr>
<tr>
<td>Foreign Currency Translation Reserve</td>
<td></td>
</tr>
</tbody>
</table>

| As at March 31, 2017 | 281 | - | 2,000 | 15,939 | 8 | 50,073 | 311 | (36) | 68,576 | 1,561 | 70,137 |
| Add: Profit for the year | - | - | - | - | | | | | | 17,758 | 346 | 18,104 |
| Add [Less]: Other Comprehensive Income | - | - | - | - | | | | | | (114) | 459 | (132) | 213 | 3 | 216 |
| Less: Exchange differences on translation of discontinued foreign operations reclassified to Statement of Profit and Loss | - | - | - | - | - | - | - | - | | (18) | (18) | - | (18) | |
| Total Comprehensive Income | 281 | - | 2,000 | 15,939 | 8 | 67,717 | 770 | (186) | 86,529 | 1,910 | 88,439 |
| Less: Capital Reserve arising due to consolidation | (2) | - | - | - | - | - | - | - | - | (2) | - | (2) |
| Less: Stamp duty paid on issue of Equity Shares | - | - | - | (6) | - | - | - | - | (6) | - | (6) | |
| Net movement in FCMITDA | - | - | - | (90) | - | - | - | - | (90) | - | (90) | |
| Transactions with Owners in their capacity as owners: |
| Dividends | - | - | - | - | - | - | - | - | - | - | - | |
| Corporate Dividend Tax on Dividend [Net of CDT Credit] | - | - | - | - | (10) | - | - | (10) | - | |
| As at March 31, 2018 | 279 | - | 2,000 | 15,933 | (82) | 67,707 | 770 | (186) | 86,421 | 1,910 | 88,331 |
# STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

for the year ended March 31, 2019

<table>
<thead>
<tr>
<th>Attributable to the equity holders of the parent</th>
<th>Items of OCI</th>
<th>Total Non-Controlling Interests</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves and Surplus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>Reserves and Surplus</td>
<td>Foreign Currency</td>
<td>Total</td>
</tr>
<tr>
<td>Debeture Redemption Reserve</td>
<td>International Business</td>
<td>Monetary Items</td>
<td>Non-Controlling</td>
</tr>
<tr>
<td>General Reserve</td>
<td>Translation Reserve</td>
<td>Translation Reserve</td>
<td>Interests</td>
</tr>
<tr>
<td>As at March 31, 2018</td>
<td>279</td>
<td>2,000</td>
<td>15,933</td>
</tr>
<tr>
<td>Add: Profit for the year</td>
<td>-</td>
<td>-</td>
<td>18,488</td>
</tr>
<tr>
<td>Add [Less]: Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
<td>(20)</td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>279</td>
<td>2,000</td>
<td>15,933</td>
</tr>
<tr>
<td>Less: Capital Reserve arising due to consolidation</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add: Transferred from Retained Earnings</td>
<td>-</td>
<td>3,750</td>
<td>-</td>
</tr>
<tr>
<td>Net movement in FCMITDA</td>
<td>-</td>
<td>-</td>
<td>78</td>
</tr>
<tr>
<td>Transactions with Owners in their capacity as owners:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>(3,583)</td>
</tr>
<tr>
<td>Corporate Dividend Tax on Dividend [Net of CDT Credit]</td>
<td>-</td>
<td>-</td>
<td>(646)</td>
</tr>
<tr>
<td>Less: Transferred to Debenture Redemption Reserve</td>
<td>-</td>
<td>-</td>
<td>(3,750)</td>
</tr>
<tr>
<td>Less: Adjustment pursuant to sale of shares of a joint venture</td>
<td>-</td>
<td>-</td>
<td>(225)</td>
</tr>
<tr>
<td>Add: Adjustment pursuant to stake dilution and acquisition of subsidiaries</td>
<td>-</td>
<td>-</td>
<td>(39)</td>
</tr>
</tbody>
</table>

As at March 31, 2019

| 278 | 3,750 | 2,000 | 15,248 | (4) | 82,643 | 483 | (1,559) | 102,839 | 12,929 | 115,768 |

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 29, 2019

For and on behalf of the Board
Pankaj R. Patel
Chairman

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 1-GROUP OVERVIEW:
The consolidated financial statements comprise financial statements of Cadila Healthcare Limited [“the Parent”] and its subsidiaries [collectively, “the Group”] and the jointly controlled entities for the year ended March 31, 2019. The Group is in the business of integrated pharmaceutical operations with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Group includes Active Pharmaceutical Ingredients [API], human formulations, animal health & veterinary, health and wellness products. The Parent’s shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited. The registered office of the Parent is located at “Zydus Tower”, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad - 380015.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 29, 2019.

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 all periods up to and including the year ended March 31, 2016, the Group had prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP].

Effective from April 1, 2016, the Group has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013. The adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

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

i Derivative financial instruments

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

iii Defined benefit plans

2 Basis of Consolidation:
A The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at March 31, 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a Power over the investee [i.e. existing rights that give it the current ability to direct the relevant activities of the investee]

b Exposure, or rights, to variable returns from its involvement with the investee, and

c The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a The contractual arrangement with the other vote holders of the investee.

b Rights arising from other contractual arrangements.

c The Group’s voting rights and potential voting rights.

d The size of the group’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

B The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of
3 Business combinations and Goodwill:

A In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward. The same first time adoption exemption is also used for joint ventures.

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

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

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

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

F Goodwill is initially measured at the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as Capital Reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as Capital Reserve, without routing the same through OCI.
NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

G After initial recognition, Goodwill is not amortised. Goodwill is accordingly recognised at original value less any accumulated impairment. For the purpose of impairment testing, Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

I If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through Goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

J Wherever any business combination is governed by the Scheme approved by the Hon’able High Court/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’able High Court or NCLT.

4 Common Control Transactions:

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

a The assets and liabilities of the combining entities are reflected at their carrying amounts.

b No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

c The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against General Reserve.

d The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

e The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of Share Capital of the transferor is transferred to Capital Reserve and is presented separately from other Capital Reserves.

f Wherever any business combination is governed by the Scheme approved by the Hon’able High Court/NCLT, the business combination is accounted for as per the accounting treatment sanctioned in the Scheme.

5 Investment in joint ventures:

A The Group’s investments in its joint ventures are accounted for using the equity method. Under the equity method, the investment in joint ventures is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the joint ventures since the acquisition date.

B The Statement of profit and loss reflects the Group’s share of the results of operations of the joint ventures. Any change in OCI of those investees is presented as a part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of any changes, when applicable, in the Statement of changes in equity.

C If an entity’s share of losses of joint ventures equals or exceeds its interest in the joint ventures [which
NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

includes any long term interest that, in substance, forms part of the Group’s net investment in the joint ventures, the entity discontinues recognising its share of further losses.

Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

D The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

E After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value, and then recognises the loss as “Share of profit of joint ventures” in the Statement of profit and loss.

6 Use of Estimates:

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

Critical judgments:

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

b Employee benefits:
Significant judgments are involved in making 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.

c 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 stockists.

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

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

Critical estimates:

a Property, Plant and Equipment:
Property, Plant and Equipment represent a significant proportion of the asset base of the Group. 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.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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.

7 Foreign Currency Transactions:
The Group’s consolidated financial statements are presented in Indian Rupees [₹], which is the functional currency of the Parent Company.

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

A The transactions in foreign currencies are translated into functional currency by the Groups’ entities at their respective functional currency 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 [except as covered in “E” below] 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 companies are recorded in functional currency of the entity at the rates of exchange prevailing at the time when the investments were made.

E The net gain or loss on account of exchange rate differences either on settlement or on translation of long term foreign currency monetary items recognised on or after April 1, 2016 is recognised as income or expense in the Statement of Profit and Loss in the year in which they arise. The net gain or loss on long term foreign currency monetary items recognised in the financial statement for the period ended on March 31, 2016 is recognised under “Foreign Currency Monetary Items Translation Difference Account” [FCMITDA], except in case of foreign currency loans taken for funding of Property, Plant and Equipment, where such difference is adjusted to the cost of respective Property, Plant and Equipment. This is as per the exemption given under Ind AS 101 to defer/capitalize exchange differences arising on long-term foreign currency monetary items. The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.

F Group Companies:

a On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their Statements of profit and loss are translated at average exchange rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

b Any Goodwill arising in the acquisition/business combination of a foreign operation on or after April 1, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the reporting date.

c Any Goodwill or fair value adjustments arising in business combinations/acquisitions, which occurred before the date of transition to Ind AS [April 1, 2015], are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation.

Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the Parent and no further translation differences occur.

d Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., April 1, 2015.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but
8 Revenue Recognition:

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

a Sale of Goods:
Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognized 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 recognized 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/MRP, net of discounts. When a performance obligation is satisfied, revenue is recognized 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 return 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 Group.

b Service Income:
Service income is recognized 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.

For the year ended March 31, 2018, the Group was recognizing revenue as per the criterias provided in Ind AS 18 “Revenue Recognition”.

Note 2(8) “Significant accounting policies for Revenue Recognition” can be referred in the Annual report of FY 2017-18 of the Group.

B Goods and Service Tax [GST] is not received by the Group on its own account. Rather, it is a tax collected on value added to the goods by the Group 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 recognized:

a Interest Income:
For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate [EIR]. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group 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 recognized when the Group’s right to receive the payment is established.

c Other Income:
Other income is recognized when no significant uncertainty as to its determination or realisation exists.

9 Government Grants:
A Government grants are recognized in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.
NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1, 2015, the Group uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of loan.

10 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 for Indian entities or provisions of respective countries where the group operates and generates taxable income. 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 co-relation to the underlying transaction either in Statement of Profit and Loss, OCI or directly in Equity.

B Deferred Tax:

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

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

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

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

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

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

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

h Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangement where the group is able to control the timing of reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangement where it is not probable that the group is able to control the timing of reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.
On transition to Ind AS, the Group has elected to continue with the carrying value of all its Property, Plant and Equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

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

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

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

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

F Where the actual cost of purchase of an asset is below ₹ 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...
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

12 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 Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful lives.

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

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

F 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.

13 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.

14 Borrowing Costs:

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

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

15 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 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.

16 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:


NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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 expense and included in “Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade” and “Cost of Materials Consumed” in the relevant note in the Statement of Profit and Loss.

17 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.

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

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

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

19 Provisions, Contingent Liabilities and Contingent Assets:
A Provisions are recognised when the Group has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure of contingent liability is made when there is a 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.

20 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.

21 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 period 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.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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 the reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in Statement of profit and loss.

b Defined Benefit Plans:

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

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

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in “other comprehensive income” and are included in retained earnings in the Statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Group 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.

ii Group administered Provident Fund:

In case of a specified class of employees of the Parent, who are eligible to receive benefits of Group administered provident fund, the contributions are deposited to Employees’ Provident Fund Trust. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Group 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:

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

For details of significant post employment benefit plans refer Note 20.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

C Employee Separation Costs:
The compensation paid to the employees under Voluntary Retirement Scheme is expensed in the year of payment.

22 Dividends:
The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Parent’s Board of Directors.

23 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 transaction costs, in the case of financial assets not recorded at fair value through profit or loss, 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 Group settles to purchase or sell the asset.

b Subsequent measurement:
For purposes of subsequent measurement, financial assets are classified in four 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 objective of both - for collecting contractual cash flows and selling the financial assets
- The asset’s contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Group 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 Group may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income . The
NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

Group has made such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 Group 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.

c  Derecognition:

A financial asset [or, where applicable, a part of a financial asset] is primarily derecognised [i.e. removed from the Group’s balance sheet] when:

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

ii. The Group 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 Group has transferred substantially all the risks and rewards of the asset, or [b] the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group 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 Group has retained. When the Group has transferred the risks and rewards of ownership of the financial asset, the same is derecognised.

d  Impairment of financial assets:

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

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

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

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

The Group follows ‘simplified approach’ for recognition of impairment loss allowance on Point b above.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it requires the Group 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 Group 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 Group 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.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

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

For assessing increase in credit risk and impairment loss, the Group 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 Statement of profit and loss, unless designated as effective hedging instruments.

C Reclassification of financial assets:
The Group 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 Group’s senior management determines change in the business model as a result of external or internal changes which are significant to the Group’s operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group 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.
24 Derivative Financial Instruments and Hedge Accounting:

Derivatives are recognised initially at fair value and subsequently at fair value through profit and loss.

Fair value hedges:

The Group applies fair value hedge accounting for changes in fair value of trade receivables [non-derivative financial assets] attributable to foreign currency risk. The Group designates certain non-derivative foreign currency financial liabilities [hedging instrument] to hedge the risks of changes in fair value of trade receivables attributable to the movement in foreign exchange rates. The Group documents at the time of designation the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking such hedging transactions. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the risk management objectives are met with the hedging relationship.

Changes in fair values of both hedging instruments and hedged items are recognised in foreign exchange gains / losses as a part of other income or other expenses as the case may be. If the hedge no longer meets the criteria for hedge accounting, this accounting treatment is discontinued.

Net Investment hedges:

The Group applies net investment hedge for hedges of adjustments arising from translating the functional currency financial statements of foreign operations (hedges of net investments) into functional currency of the Parent. The effective portion of change in the fair value of non-derivative financial liabilities is recorded as a foreign currency translation adjustment in other comprehensive income in Group’s Consolidated Statement of Comprehensive Income. The change in fair value of the hedging instrument relating to the effective portion of the hedge are subsequently recognised in Group’s Consolidated Income Statement on disposal of the foreign operation(s). The ineffective portion of the change in fair value of the non-derivative financial liabilities is recognised in Group’s Consolidated Income Statement.

25 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 Group.

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a. Level 1 — Quoted [unadjusted] market prices in active markets for identical assets or liabilities
b. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
c. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group 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.

26 Non-Current assets and disposal group held for sale:

Assets and liabilities of disposal groups held for sale are measured at the lower of carrying amount or fair value less
costs to sell. The determination of fair value less cost to sell includes use of management estimates and assumptions. The fair value of the disposal groups has been estimated using valuation techniques [including income and market approach] which includes unobservable inputs.

27 Segment Reporting:
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker [CODM] of the Group.

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

B STANDARDS ISSUED BUT NOT YET EFFECTIVE:
The Ministry of Corporate Affairs has issued Companies [Indian Accounting Standards] Amendment Rules, 2019 and Companies [Indian Accounting Standards] Second Amendment Rules on March 30, 2019, which notified the following standards and amendments to Ind AS applicable effective from April 1, 2019:

Ind AS 116 – Leases:
Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard introduces a single lease accounting model, requiring lessees to recognize right-of-use assets for granted rights of use and corresponding lease liabilities. However, Ind AS 116 contains the option of exercising exemptions for the recognition of short-term leases and those pertaining to low-value assets.

The Group will adopt Ind AS 116 effective from April 1, 2019, the Group will apply the standard to its leases, retroactively, without restating the comparative figures. On the date of transition, the Group will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. On the date of initial application, the Group will recognise a lease liability measured at the present value of the remaining lease payments, using the incremental borrowing rate as of that date and right-of-use asset will be measured at the amount equal to lease liability adjusted for accrual and prepayment. Initial direct costs will not be taken into account in the measurement of the right-of-use asset as of the date of first-time application. In accordance with the standard, the Group will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

The Group is in the process of evaluating the impact of Ind AS 116.

Ind AS 12 – Income Taxes:
A The Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit [or loss], tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit [tax loss], tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

a Full retrospective approach—Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and

b Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.
NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Group will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

B The Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on after April 1, 2019. The Group is in the process of evaluating the impact.

Ind AS 19 – Employee Benefits:

The Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

a To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment; and

b To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is in the process of evaluating the impact.
NOTE: 3-PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS:

[A] Property, Plant and Equipment:

<table>
<thead>
<tr>
<th></th>
<th>Freehold Land</th>
<th>Leasehold Land</th>
<th>Buildings</th>
<th>Plant and Equipment</th>
<th>Furniture and Fixtures</th>
<th>Vehicles</th>
<th>Office Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Block:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at March 31, 2017</td>
<td>3,085</td>
<td>847</td>
<td>10,965</td>
<td>33,459</td>
<td>955</td>
<td>727</td>
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<tr>
<td>Acquired Subsidiaries</td>
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<td>-</td>
<td>176</td>
<td>169</td>
<td>36</td>
<td>1</td>
<td>-</td>
<td>456</td>
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<tr>
<td>Additions</td>
<td>93</td>
<td>124</td>
<td>1,152</td>
<td>6,694</td>
<td>227</td>
<td>96</td>
<td>329</td>
<td>8,715</td>
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<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(74)</td>
<td>(23)</td>
<td>(37)</td>
<td>6</td>
<td>(128)</td>
</tr>
<tr>
<td>Assets classified as held for sale *</td>
<td>(7)</td>
<td>-</td>
<td>(138)</td>
<td>(300)</td>
<td>(7)</td>
<td>(1)</td>
<td>(36)</td>
<td>(489)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>(49)</td>
<td>56</td>
<td>155</td>
<td>22</td>
<td>(2)</td>
<td>3</td>
<td>5</td>
<td>190</td>
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<tr>
<td>As at March 31, 2018</td>
<td>3,196</td>
<td>1,027</td>
<td>12,310</td>
<td>39,790</td>
<td>1,186</td>
<td>789</td>
<td>779</td>
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<tr>
<td>Acquired Subsidiaries</td>
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<td>103</td>
<td>736</td>
<td>1,353</td>
<td>40</td>
<td>8</td>
<td>6</td>
<td>2,691</td>
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<tr>
<td>Additions</td>
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<td>141</td>
<td>1,813</td>
<td>13,008</td>
<td>91</td>
<td>275</td>
<td>180</td>
<td>15,673</td>
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<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(6)</td>
<td>(421)</td>
<td>(2)</td>
<td>(94)</td>
<td>(9)</td>
<td>(532)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>14</td>
<td>1</td>
<td>143</td>
<td>81</td>
<td>(36)</td>
<td>(3)</td>
<td>7</td>
<td>207</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>3,820</td>
<td>1,272</td>
<td>14,996</td>
<td>53,991</td>
<td>1,279</td>
<td>975</td>
<td>963</td>
<td>77,296</td>
</tr>
</tbody>
</table>

**Depreciation and Impairment:**

<table>
<thead>
<tr>
<th></th>
<th>Freehold Land</th>
<th>Leasehold Land</th>
<th>Buildings</th>
<th>Plant and Equipment</th>
<th>Furniture and Fixtures</th>
<th>Vehicles</th>
<th>Office Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at March 31, 2017</td>
<td>-</td>
<td>55</td>
<td>2,117</td>
<td>14,210</td>
<td>624</td>
<td>335</td>
<td>268</td>
<td>17,609</td>
</tr>
<tr>
<td>Acquired Subsidiaries</td>
<td>-</td>
<td>-</td>
<td>32</td>
<td>54</td>
<td>15</td>
<td>1</td>
<td>-</td>
<td>102</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>-</td>
<td>10</td>
<td>320</td>
<td>3,140</td>
<td>71</td>
<td>80</td>
<td>79</td>
<td>3,700</td>
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<tr>
<td>Impairment for the year</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(1)</td>
<td>(34)</td>
<td>(7)</td>
<td>(23)</td>
<td>1</td>
<td>(64)</td>
</tr>
<tr>
<td>Assets classified as held for sale *</td>
<td>-</td>
<td>-</td>
<td>(113)</td>
<td>(270)</td>
<td>(6)</td>
<td>-</td>
<td>(35)</td>
<td>(424)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>-</td>
<td>7</td>
<td>81</td>
<td>55</td>
<td>(1)</td>
<td>1</td>
<td>3</td>
<td>146</td>
</tr>
<tr>
<td>As at March 31, 2018</td>
<td>-</td>
<td>72</td>
<td>2,436</td>
<td>17,155</td>
<td>696</td>
<td>394</td>
<td>316</td>
<td>21,069</td>
</tr>
<tr>
<td>Acquired Subsidiaries</td>
<td>-</td>
<td>4</td>
<td>190</td>
<td>922</td>
<td>27</td>
<td>3</td>
<td>5</td>
<td>1,151</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>-</td>
<td>17</td>
<td>391</td>
<td>3,829</td>
<td>76</td>
<td>96</td>
<td>134</td>
<td>4,543</td>
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<tr>
<td>Impairment for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(2)</td>
<td>(322)</td>
<td>(2)</td>
<td>(53)</td>
<td>(8)</td>
<td>(387)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>-</td>
<td>-</td>
<td>(25)</td>
<td>(79)</td>
<td>(35)</td>
<td>(1)</td>
<td>1</td>
<td>(139)</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>-</td>
<td>93</td>
<td>2,990</td>
<td>21,505</td>
<td>762</td>
<td>439</td>
<td>448</td>
<td>26,237</td>
</tr>
</tbody>
</table>

**Net Block:**

<table>
<thead>
<tr>
<th></th>
<th>Freehold Land</th>
<th>Leasehold Land</th>
<th>Buildings</th>
<th>Plant and Equipment</th>
<th>Furniture and Fixtures</th>
<th>Vehicles</th>
<th>Office Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at March 31, 2018</td>
<td>3,196</td>
<td>955</td>
<td>9,874</td>
<td>22,815</td>
<td>490</td>
<td>395</td>
<td>463</td>
<td>38,188</td>
</tr>
<tr>
<td>As at March 31, 2019</td>
<td>3,820</td>
<td>1,179</td>
<td>12,006</td>
<td>32,486</td>
<td>517</td>
<td>536</td>
<td>515</td>
<td>51,059</td>
</tr>
</tbody>
</table>
NOTE: 3-PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS: (Contd...)

[B] Intangible Assets:

<table>
<thead>
<tr>
<th></th>
<th>Goodwill</th>
<th>Other Intangible Assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Brands/ Trademarks</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Computer Software</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commercial Rights</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technical Know-how</td>
<td></td>
</tr>
</tbody>
</table>

| Gross Block:        |          |                      |        |
| As at March 31, 2017| 11,643   | 10,166                | 18,873 |
| Adjustment pursuant to acquisition of subsidiaries | 2,419 | - | - | 2 |
| Additions | - | 1,113 | 109 | 7 | - | 1,229 |
| Disposals | (92) | (26) | (6) | (1) | - | (33) |
| Assets classified as held for sale* | - | (29) | (7) | - | - | (36) |
| Other adjustments | 26 | (877) | 57 | (17) | 1,040 | 203 |
| As at March 31, 2018 | 13,996 | 10,347 | 933 | 6,601 | 2,357 | 20,238 |
| Acquired Subsidiaries | - | 5,562 | 52 | - | - | 5,614 |
| Additions | 38,701 | 12 | 280 | - | 167 | 459 |
| Disposals | - | (87) | (1) | - | - | (88) |
| Other adjustments | 294 | 19 | 87 | 346 | 61 | 513 |
| As at March 31, 2019 | 52,991 | 15,853 | 1,351 | 6,947 | 2,585 | 26,736 |

| Amortisation and Impairment: |          |                      |        |
| As at March 31, 2017 | 149 | 3,589 | 489 | 565 | 1,077 | 5,720 |
| Acquired Subsidiaries | - | - | 1 | - | - | 1 |
| Amortisation for the year | - | 712 | 92 | 633 | 21 | 1,458 |
| Impairment for the year | - | 3 | - | 98 | 33 | 134 |
| Disposals | - | (26) | - | - | - | (26) |
| Assets classified as held for sale * | - | (26) | (7) | - | - | (33) |
| Other adjustments | (6) | 375 | 26 | (139) | (63) | 199 |
| As at March 31, 2018 | 143 | 4,627 | 601 | 1,157 | 1,068 | 7,453 |
| Acquired Subsidiaries | - | 158 | 32 | - | - | 190 |
| Amortisation for the year | - | 640 | 168 | 651 | 17 | 1,476 |
| Impairment for the year | - | - | - | - | - | - |
| Disposals | - | (45) | (1) | - | - | (46) |
| Other adjustments | (42) | (78) | 9 | 44 | - | (25) |
| As at March 31, 2019 | 101 | 5,302 | 809 | 1,852 | 1,085 | 9,048 |

| Net Block:        |          |                      |        |
| As at March 31, 2018 | 13,853 | 5,720 | 332 | 5,444 | 1,289 | 12,785 |
| As at March 31, 2019 | 52,890 | 10,551 | 542 | 5,095 | 1,500 | 17,688 |

* Refer Note - 52.
NOTE: 3-PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS: (Contd...)

Impairment of goodwill:
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Cash Generating Unit [CGU], which represents the operating segment of the Group. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU/ groups of CGU over a period of five years. An average of the range of key assumptions used is mentioned below. As of March 31, 2019 and March 31, 2018 the estimated recoverable amount of the CGU exceeded its carrying amount. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

<table>
<thead>
<tr>
<th>Notes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Other adjustments include adjustments on account of borrowing costs and exchange rate difference.</td>
</tr>
<tr>
<td>2 Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Liva Healthcare Limited, Zydus Animal Health Limited and Zydus Pharmaceuticals Limited with the Parent are in the process of being transferred in the name of the Parent.</td>
</tr>
<tr>
<td>3 For details of assets pledged as security refer Note 19.</td>
</tr>
</tbody>
</table>

**Summarised statement for movement in Capital work-in-progress:**

<table>
<thead>
<tr>
<th>Notes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Other adjustments include adjustments on account of borrowing costs and exchange rate difference.</td>
</tr>
<tr>
<td>2 Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Liva Healthcare Limited, Zydus Animal Health Limited and Zydus Pharmaceuticals Limited with the Parent are in the process of being transferred in the name of the Parent.</td>
</tr>
<tr>
<td>3 For details of assets pledged as security refer Note 19.</td>
</tr>
</tbody>
</table>
NOTE: 4-INTEREST IN JOINT VENTURES:
The Group has 50% interest in Zydus Takeda Healthcare Private Limited and Zydus Hospira Oncology Private Limited, 25% interest in Bayer Zydus Pharma Private Limited [Refer Note-53] and 25.50% in US Pharma Windlas LLC. The Group’s interest in all the four entities is accounted using the “equity method” in the CFS. None of them individually contribute materially to the Group’s revenues and assets. Summarised financial information of the Joint Ventures, based on its Ind AS financial statements, are as under:

<table>
<thead>
<tr>
<th>A</th>
<th>Summarised Balance Sheet of four entities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>₹ 2,715</td>
</tr>
<tr>
<td>Current Assets</td>
<td>₹ 6,596</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>(₹ 537)</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>(₹ 1,157)</td>
</tr>
<tr>
<td>Equity</td>
<td>₹ 7,617</td>
</tr>
</tbody>
</table>

**Carrying amount of investment in Joint Ventures**: ₹ 3,484 (2019) 3,605 (2018)

<table>
<thead>
<tr>
<th>B</th>
<th>Summarised Statement of Profit and Loss of four entities for the year ended March 31:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>₹ 1,473 (2019) 1,844 (2018)</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>₹ 1,030 (2019) 1,256 (2018)</td>
</tr>
<tr>
<td>Total Comprehensive Income for the year, net of Tax</td>
<td>₹ 1,013 (2019) 1,256 (2018)</td>
</tr>
<tr>
<td>Group’s share in Profit after Tax for the year</td>
<td>₹ 469 (2019) 628 (2018)</td>
</tr>
<tr>
<td>Group’s share in OCI for the year</td>
<td>(₹ 4) (2019) - (2018)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C</th>
<th>Summarised Contingent Liabilities and Commitments [to the extent not provided for] of four entities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Contingent liabilities:</td>
</tr>
<tr>
<td>i</td>
<td>In respect of the demands raised by the Central Excise, State Excise and Customs Authorities</td>
</tr>
<tr>
<td>b</td>
<td>Commitments:</td>
</tr>
<tr>
<td></td>
<td>Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]</td>
</tr>
</tbody>
</table>

| D | Dividend declared by the Joint Ventures during the year | ₹ 325 (2019) 440 (2018) |

NOTE: 5-INVESTMENTS [NON-CURRENT]:

<table>
<thead>
<tr>
<th>Nos. [*]</th>
<th>Face Value [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in Equity Instruments [Valued at cost]:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidiary Companies [Unquoted]:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In fully paid-up equity shares of:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Foundation [50,000 shares subscribed during the year] [ ^ ]</td>
<td>50,000</td>
<td>10</td>
<td>1</td>
</tr>
</tbody>
</table>
### Investments [Valued at fair value through OCI]:

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Nos. [*]</th>
<th>Face Value [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onconova Therapeutic Inc. USA</td>
<td>4,341</td>
<td>$0.01</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>[Reduction in number of stock due to reverse split]</td>
<td>[65,111]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pieris Pharmaceuticals Inc., USA</td>
<td>1,415,539</td>
<td>$0.001</td>
<td>328</td>
<td>629</td>
</tr>
</tbody>
</table>

**NOTE: 5-INVESTMENTS [NON-CURRENT]: (Contd...)**

### Investments in Equity Instruments, fully paid-up:

#### Quoted:

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Nos. [*]</th>
<th>Face Value [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Development Finance Corporation Limited</td>
<td>219,500</td>
<td>2</td>
<td>432</td>
<td>401</td>
</tr>
<tr>
<td>HDFC Bank Limited</td>
<td>4,000</td>
<td>2</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Kokuyo Camlin Limited</td>
<td>72,090</td>
<td>1</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Camlin Fine Sciences Limited</td>
<td>152,000</td>
<td>1</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Accelya Kale Consultants Limited</td>
<td>383</td>
<td>10</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Reliance Industries Limited [₹474,341, as at March 31, 2018: ₹307,205]</td>
<td>174</td>
<td>10</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vedanta Limited / Cairns India Limited</td>
<td>57,750</td>
<td>10</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>Tanla Solution Limited [₹74,962, as at March 31, 2018: ₹62,097]</td>
<td>2,026</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Unquoted:

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Nos. [*]</th>
<th>Face Value [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bharuch Enviro Infrastructure Limited [₹12,140/-]</td>
<td>1,214</td>
<td>10</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Narmada Clean Tech</td>
<td>625,813</td>
<td>10</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Enviro Infrastructure Company Limited</td>
<td>50,000</td>
<td>10</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Gujarat Venture Finance Limited</td>
<td>50,000</td>
<td>10</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Saraswat Co-Op Bank Limited [₹20,350/-]</td>
<td>2,500</td>
<td>10</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shamrao Vithal Co-Op Bank Limited [₹2,500/-]</td>
<td>100</td>
<td>25</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The Green Environment Co-operative Society Limited [₹5,000/-]</td>
<td>50</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shivalik Solid Waste Management Limited [₹2,00,000/-]</td>
<td>20,000</td>
<td>10</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The Kalupur Commercial Co-Op. Bank Ltd.</td>
<td>88,500</td>
<td>25</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

| | | | 10 | 10 |

**Total** | **477** | **460** |
### Investment in Preference Shares:
*Carried at amortised cost* [Unquoted]:

<table>
<thead>
<tr>
<th>Nos. [*]</th>
<th>Face Value [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

- In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited: 900,000
- In fully paid-up, 7.5%, Redeemable Non-Convertible Preference Shares of Vedanta Limited [2,31,000 shares redeemed during the year]: 0 [231,000]

### Investment in Bonds
*Valued at amortised cost* [Quoted]:

<table>
<thead>
<tr>
<th>Nos. [*]</th>
<th>Face Value [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>11</td>
<td>9</td>
<td>11</td>
</tr>
</tbody>
</table>

- In fully paid-up Bonds of:
  - 8.23% Karnataka State Financial Corporation: 5 [0] 1,000,000
  - 9.90% Tamil Nadu Generation and Distribution Corporation Limited: 5 [0] 1,000,000
  - 10.00% Krishna Bhagya Jala Nigam Limited: 12 [0] 1,000,000
  - 8.95% IDBI Bonds: 14 [0] 1,000,000
  - 8.90% IDBI Upper Tier II Bonds: 4 [0] 1,000,000
  - 9.10% PNB Housing Finance Limited: 25 [0] 1,000,000
  - 9.75% Piramal Enterprises Limited: 35 [0] 1,000,000
  - 9.00% Indiabulls Housing Finance Limited: 40,000 [0] 1,000

**Total [Aggregate Book Value of Investments]**

- 952
- 1,104

**Explanations:**

- **a** Aggregate book value of quoted investments: 932
  - i Aggregate book value of quoted investments: 932
  - ii Market value of quoted investments: 932

- **b** Aggregate book value of unquoted investments: 20

### Notes

- In "Face Value [*]", figures in Indian Rupees unless stated otherwise.
- In "Nos. [**]" figures of previous year are same unless stated in [ ].

[^] Zydus Foundation is a company incorporated under Section 8 of the Companies Act, 2013 and this company is prohibited to give any right over their profits to its members. In view of restrictions on Section 8 companies, the parent Company’s share in Zydus Foundation has not been considered in consolidated financial statement.

### Other Financial Assets:

<table>
<thead>
<tr>
<th>Nos. [*]</th>
<th>Face Value [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>730</td>
<td>286</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,402</td>
<td>1,136</td>
</tr>
<tr>
<td></td>
<td></td>
<td>107</td>
<td>107</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,239</td>
<td>1,529</td>
</tr>
</tbody>
</table>
NOTE: 7-DEFERRED TAX:

<table>
<thead>
<tr>
<th>Consolidated Balance Sheet</th>
<th>Statement of Profit and Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at March 31</td>
<td>Year ended March 31</td>
</tr>
<tr>
<td>2019</td>
<td>2018</td>
</tr>
</tbody>
</table>

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

**Deferred Tax Liabilities:**
- Depreciation: 5,341/2,511/2,830/(419)
- Fair Value Adjustment - Financial Instruments: 164/325/(161)/-
- Amortisation of stepped-up basis for intangible assets: 1,045/1,110/(65)/1,110
- Others: -/89/(89)/89
- **Total:** 6,550/4,035/2,515/780

**Deferred Tax Assets:**
- Employee benefits/ Payable to Statutory Authorities: 1,370/961/409/164
- Receivables: 768/1,308/(540)/(316)
- Unabsorbed depreciation: 4,636/3,697/939/(293)
- MAT Credit Entitlement: 4,251/3,968/283/183
- Others: 2,704/526/2,178/(324)
- **Total:** 13,729/10,460/3,269/(586)

Net Deferred Tax [Assets]/ Liabilities: (7,179)/(6,425)/(754)/1,366

Out of above:
- a Disclosed as Deferred Tax Assets: 9,703/9,246/-/-
- b Disclosed as Deferred Tax Liabilities: 2,523/2,821/-/-
- c Deferred Tax Asset acquired in business combination: 257/-/-/-
- d Deferred Tax Liabilities recognised against Goodwill pursuant to business combination: -/-/-/2,117
- e Charged to Statement of Profit and Loss: -/-/(770)/(792)
- f Included in OCI: -/-/-/16/41

The Group 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 related to income taxes levied by the same tax authority.

The Group has tax losses which arose in India of ₹ 15,503 Million [March 31, 2018: ₹ 11,403 Million] that are available for offsetting for indefinite period, except losses of ₹ 1,364 Million which are available for offset for eight years against future taxable profits of the companies in which the losses arose. Out of ₹ 1,364 Million, majority of these losses will expire in March 2027.

MAT credit of ₹ 7,461 Million that are available for set off against future tax liabilities have not been recognised and the same will be eligible for set off upto fifteen years from the year in which the same arises.

On the principles of conservative accounting, the deferred tax assets have not been recognised in respect of unabsorbed losses of subsidiaries ₹ 3,500 [as at March 31, 2018 - ₹ 5,582] Million as they may not be used to offset taxable profits and there are no other tax planning opportunities or other evidence of recoverability in the near future.
NOTE: 8-OTHER NON-CURRENT ASSETS:

<table>
<thead>
<tr>
<th>[Unsecured, Considered Good unless otherwise stated]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Advances</td>
<td>1,275</td>
<td>1,082</td>
</tr>
<tr>
<td>Balances with Statutory Authorities</td>
<td>1,034</td>
<td>892</td>
</tr>
<tr>
<td>Others</td>
<td>89</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,398</strong></td>
<td><strong>2,034</strong></td>
</tr>
</tbody>
</table>

NOTE: 9-CURRENT TAX ASSETS [NET]:

<table>
<thead>
<tr>
<th>[Unsecured, Considered Good unless otherwise stated]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance payment of Tax [Net of provision for taxation]</td>
<td>1,065</td>
<td>740</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,065</strong></td>
<td><strong>740</strong></td>
</tr>
</tbody>
</table>

NOTE: 10-INVENTORIES:

<table>
<thead>
<tr>
<th>[The Inventory is valued at lower of cost and net realisable value]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Classification of Inventories:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw Materials</td>
<td>9,045</td>
<td>8,728</td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>3,247</td>
<td>2,794</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>4,882</td>
<td>5,152</td>
</tr>
<tr>
<td>Stock-in-Trade</td>
<td>8,255</td>
<td>5,932</td>
</tr>
<tr>
<td>Stores and Spares</td>
<td>84</td>
<td>-</td>
</tr>
<tr>
<td>Others:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packing Materials</td>
<td>1,367</td>
<td>1,247</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,880</strong></td>
<td><strong>23,853</strong></td>
</tr>
</tbody>
</table>

Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories:
- Net of reversal of write-down

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29</td>
<td>128</td>
</tr>
</tbody>
</table>

For details of inventories pledged as security, refer Note 23.
### NOTE: 11-INVESTMENTS [CURRENT]:

<table>
<thead>
<tr>
<th>Nos. [**]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss][*]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L&amp;T Liquid Fund - Direct Plan - Growth</td>
<td>352,985.851 [0]</td>
<td>904</td>
</tr>
<tr>
<td>Kotak Mutual Fund - Direct Plan - Growth</td>
<td>368,475.460 [0]</td>
<td>1,395</td>
</tr>
<tr>
<td>DSP Black Rock Liquidity Fund - Direct Plan - Growth</td>
<td>0 [643,775.654]</td>
<td>-</td>
</tr>
<tr>
<td>Reliance Liquidity Fund - Direct Plan - Growth</td>
<td>0 [438,450.402]</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,299</td>
<td>2,748</td>
</tr>
</tbody>
</table>

[*] Considered as cash and cash equivalents for Cash Flow Statement
[**] In “Nos. [**]“ figures of previous year are stated in [ ].

### NOTE: 12-TRADE RECEIVABLES:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured - Considered good</td>
<td>894</td>
<td>922</td>
</tr>
<tr>
<td>Unsecured - Considered good</td>
<td>38,614</td>
<td>31,141</td>
</tr>
<tr>
<td>Unsecured - Considered doubtful</td>
<td>146</td>
<td>157</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>39,654</td>
<td>32,220</td>
</tr>
</tbody>
</table>

| Less: Impairment allowances | 146 | 157 |
| **Total** | 39,508 | 32,063 |

### NOTE: 13-CASH AND BANK BALANCES:

<table>
<thead>
<tr>
<th>A Cash and Cash Equivalents:</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances with Banks</td>
<td>4,199</td>
<td>5,356</td>
</tr>
<tr>
<td>Cash on Hand</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,207</td>
<td>5,367</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B Bank balance other than cash and cash equivalents:</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances with Banks</td>
<td>2,286</td>
<td>7,782</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,286</td>
<td>7,782</td>
</tr>
</tbody>
</table>

### NOTE: 14-LOANS:

<table>
<thead>
<tr>
<th>[Unsecured, Considered Good]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan to others</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>
### NOTE: 15-OTHER CURRENT FINANCIAL ASSETS:

<table>
<thead>
<tr>
<th>[Unsecured, Considered Good]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forward Contract value related to investment in a Joint Venture</td>
<td>-</td>
<td>1,424</td>
</tr>
<tr>
<td>Others</td>
<td>1,212</td>
<td>2,024</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,212</strong></td>
<td><strong>3,448</strong></td>
</tr>
</tbody>
</table>

### NOTE: 16-OTHER CURRENT ASSETS:

<table>
<thead>
<tr>
<th>[Unsecured, Considered Good]</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances with Statutory Authorities</td>
<td>4,967</td>
<td>4,233</td>
</tr>
<tr>
<td>Advances to Suppliers</td>
<td>778</td>
<td>1,044</td>
</tr>
<tr>
<td>Export Incentive Receivables</td>
<td>1,405</td>
<td>826</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>805</td>
<td>574</td>
</tr>
<tr>
<td>Others</td>
<td>534</td>
<td>67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,489</strong></td>
<td><strong>6,744</strong></td>
</tr>
</tbody>
</table>

### NOTE: 17-EQUITY SHARE CAPITAL:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authorised:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,725,000,000 [as at March 31, 2018: 1,725,000,000] Equity Shares of ₹ 1/- each</td>
<td>1,725</td>
<td>1,725</td>
</tr>
<tr>
<td><strong>Issued, Subscribed and Paid-up:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,023,742,600 [as at March 31, 2018: 1,023,742,600] Equity Shares of ₹ 1/- each, fully paid-up</td>
<td>1,024</td>
<td>1,024</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,024</td>
<td>1,024</td>
</tr>
</tbody>
</table>

**A** There is no change in the number of shares as at the beginning and end of the year.

**B** The Parent has only one class of equity shares having a par value of ₹ 1/- 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 parent company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.

**C** Details of Shareholder holding more than 5% of aggregate Equity Shares of ₹ 1/- each

| Zydus Family Trust | | |
|-------------------|----------------|
| Number of Shares | 765,537,230 | 765,537,230 |
| % to total share holding | 74.78% | 74.78% |
## NOTE: 18-OTHER EQUITY:

<table>
<thead>
<tr>
<th>Account</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Reserve:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>279</td>
<td>281</td>
</tr>
<tr>
<td>[Less]: Capital Reserve arising due to consolidation</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Debenture Redemption Reserve:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add: Transferred from Retained Earnings</td>
<td>3,750</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other Reserves:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>International Business Development Reserve:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>General Reserve:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>15,933</td>
<td>15,939</td>
</tr>
<tr>
<td>[Less]: Stamp duty paid on issue of Equity Shares</td>
<td>-</td>
<td>(6)</td>
</tr>
<tr>
<td>[Less]: Adjustment pursuant to stake dilution in Zydus Wellness Limited</td>
<td>(39)</td>
<td>-</td>
</tr>
<tr>
<td>[Less]: Corporate Dividend Tax on Dividend</td>
<td>(646)</td>
<td>(483)</td>
</tr>
<tr>
<td><strong>Foreign Currency Monetary Items Translation Difference Account:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>(82)</td>
<td>8</td>
</tr>
<tr>
<td>Add/[Less] : Credited / [Debited] during the year</td>
<td>78</td>
<td>(90)</td>
</tr>
<tr>
<td>[Less]: Exchange differences on consolidation</td>
<td>(1,559)</td>
<td>(186)</td>
</tr>
<tr>
<td>[Less]: Exchange differences on translation of discontinued foreign operations reclassified to Statement of Profit and Loss</td>
<td>-</td>
<td>(18)</td>
</tr>
<tr>
<td><strong>Retained Earnings:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>67,707</td>
<td>50,073</td>
</tr>
<tr>
<td>Add: Profit for the year</td>
<td>18,488</td>
<td>17,758</td>
</tr>
<tr>
<td>[Less]: Items of other Comprehensive income recognised directly in Retained Earnings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-measurement gains/losses on defined benefit plans [net of tax]</td>
<td>(16)</td>
<td>(114)</td>
</tr>
<tr>
<td>[Less]: Share of Other Comprehensive Income of Joint Ventures [net of tax]</td>
<td>(4)</td>
<td>-</td>
</tr>
<tr>
<td>Less: Dividends:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>(3,583)</td>
<td>-</td>
</tr>
<tr>
<td>Corporate Dividend Tax on Dividend [Net of CDT Credit]</td>
<td>(85)</td>
<td>(10)</td>
</tr>
<tr>
<td>[Less]: Transferred to Debenture Redemption Reserve</td>
<td>(3,550)</td>
<td>-</td>
</tr>
<tr>
<td>[Less]: Adjustment pursuant to sale of shares of a joint venture [Refer Note-53]</td>
<td>(225)</td>
<td>-</td>
</tr>
<tr>
<td>Add: Adjustment pursuant to stake dilution and acquisition of subsidiaries</td>
<td>4,111</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at the end of the year</td>
<td>82,643</td>
<td>67,707</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>102,839</td>
<td>86,421</td>
</tr>
</tbody>
</table>

### Notes:

- **[**] International Business Development Reserve was created pursuant to Composite Scheme of Amalgamation approved by the Hon'able High Court of Gujarat and its utilization shall be as provided in the scheme.

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

- **[***] The Group had opted for accounting the exchange rate differences arising on the Long Term Foreign Currency Monetary Items [LTFCSI] in accordance with the notification dated March 31, 2009 and amended on December 29, 2011 under the Companies [Accounting Standards] Amendment Rules, 2009 on Accounting Standard 11 relating to “the effects of changes in foreign exchange rates”. Accordingly, the effects of exchange rate differences arising on translation or settlement of long term foreign currency loans availed for funding acquisition of Property, Plant and Equipment have been adjusted to the cost of respective items of Property, Plant and Equipment. In other cases, such exchange rate difference on the LTFCSI is transferred to “Foreign Currency Monetary Items Translation Difference Account” [FCMITDA]. The option of transferring exchange rate differences to FCMITDA is available on LTFCSI outstanding as on March 31, 2016 only. The FCMITDA is amortised during the tenure of the respective LTFCSI but not beyond March 31, 2020.

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

### A Term Loans from Banks:

<table>
<thead>
<tr>
<th>Category</th>
<th>Non-current Portion</th>
<th>Current Maturities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As at March 31, 2019</strong></td>
<td><strong>As at March 31, 2018</strong></td>
<td><strong>As at March 31, 2019</strong></td>
</tr>
<tr>
<td>A Term Loans:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i Secured</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>ii Unsecured</td>
<td>7,548</td>
<td>10,468</td>
</tr>
<tr>
<td>Total</td>
<td>7,548</td>
<td>10,568</td>
</tr>
<tr>
<td>B Term Loans from Others [Unsecured]</td>
<td>26</td>
<td>37</td>
</tr>
<tr>
<td>C Non-Convertible Debentures [Secured]</td>
<td>15,000</td>
<td>-</td>
</tr>
</tbody>
</table>

Total: 39,497 25,551 7,528 2,941

The above amount includes:

- **Secured borrowings**: 15,780 2,006 1,242 1,171
- **Unsecured borrowings**: 23,717 23,545 6,286 1,770

Amount disclosed under the head "Other Current Financial Liabilities" [Note-25]: - - (7,528) (2,941)

**Net amount**: 39,497 25,551 - -

### A Securities and Terms of Repayment for Secured Borrowings:

#### a External Commercial Borrowings [ECB] in Foreign Currency Loans:

- i ECB of USD 20 Million is secured by hypothecation of a specific brand of the Parent. The loan is repayable in three equal yearly installments starting from the end of fourth years from the date of its origination [March 20, 2014] along with accrued interest for the period. The outstanding amount of loan as at March 31, 2019 is ₹ 461 [as at March 31, 2018: ₹ 869] Million.

- ii ECB availed by one of the subsidiary companies of USD 33.86 Million is secured by hypothecation of a specific trade mark of the Group and pledge of 7,500,000 equity shares held by non-controlling interest holder of one of the subsidiary companies. Loan repayment to bank started from May 15, 2018 in three yearly equal instalments of USD 11,285,330 each. The outstanding amount of loan as at March 31, 2019 is ₹ 1,561 [as at March 31, 2018: ₹ 2,208] Million.

### B Terms of Repayment for Unsecured Borrowings:

#### a Term Loans:

- i Loan of ₹ 2,880 Million availed by one of the subsidiary companies is repayable in eight equal quarterly installments and first installment shall become due and payable after end of the 9th quarter from December 31, 2018 along with accrued interest for the period. The outstanding amount of loan as at March 31, 2019 is ₹ 100 [as at March 31, 2018: ₹ 100] Million.

- ii Loan of USD 7.50 Million availed by one of the subsidiary companies is repayable at the end of three years from respective drawdown dates starting from December 19, 2019 along with accrued interest for the period. The outstanding amount of loan as at March 31, 2019 is ₹ 568 [as at March 31, 2018: ₹ 501] Million.
NOTE: 19-BORROWINGS: (Contd...)

iii Term Loan of USD 50 Million of one of the subsidiary companies is repayable in three installments starting from February 28, 2018. The outstanding amount of loan as at March 31, 2019 is ₹ 2,317 [as at March 31, 2018: ₹ 3,260] Million.

iv Term loan of USD 120 Million of one of the subsidiary companies is repayable in three yearly installments starting from January 18, 2020 along with interest for the period. The outstanding amount of loan as at March 31, 2019 is ₹ 8,301 [as at March 31, 2018: ₹ 7,783] Million.

v Term loan of USD 20 Million of one of the subsidiary companies is repayable in three yearly installments starting from March 29, 2022 along with interest for the period. The outstanding amount of loan as at March 31, 2019 is ₹ 1,384 [as at March 31, 2018: ₹ NIL] Million.

b ECB in Foreign Currency Loans:

i ECB of USD 30 Million is repayable in three yearly installments starting from January 17, 2020 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 2,075 [as at March 31, 2018: ₹ 1,956] Million.

ii ECB of USD 20 Million is repayable in three yearly installments starting from March 1, 2020 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 1,384 [as at March 31, 2018: ₹ 1,304] Million.

iii ECB of USD 100 Million is repayable in three yearly installments starting from March 27, 2021 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 6,918 [as at March 31, 2018: ₹ 6,520] Million.

iv ECB of USD 30 Million is repayable in three yearly installments starting from April 26, 2020 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 2,075 [as at March 31, 2018: ₹ 1,956] Million.

v ECB of USD 20 Million is repayable in three yearly installments starting from September 18, 2020 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 1,384 [as at March 31, 2018: ₹ 1,304] Million.

vi ECB of USD 20 Million is repayable in three yearly installments starting from September 7, 2021 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 1,384 [as at March 31, 2018: ₹ 1,304] Million.

vii ECB of USD 30 Million is repayable in three yearly installments starting from January 23, 2022 along with interest for the period. The outstanding amount as at March 31, 2019 is ₹ 2,076 [as at March 31, 2018: ₹ NIL] Million.

c Rupee Loans:

i Loan from Department of Science and Technology is repayable in ten yearly equal installments starting from November 1, 2012. The outstanding amount as at March 31, 2019 is ₹ 31 [as at March 31, 2018: ₹ 41] Million.

ii Biotechnology Industry Research Assistance Council [BIRAC] has sanctioned a loan of ₹ 12 Million. Out of the sanctioned amount, BIRAC has disbursed ₹ 4 Million on December 28, 2015 and ₹ 2 Million on November 1, 2017. The loan is repayable in ten equal half-yearly installments starting from August 25, 2019 along with interest accrued thereon. The outstanding amount as at March 31, 2019 is ₹ 6 [as at March 31, 2018: ₹ 6] Million.

C Securities and Terms of Repayment for Secured Non-Convertible Debentures [NCDs]:

i 9.14% Secured NCDs [with semi-annually interest payout] issued by one of the subsidiaries by creating a charge on brands of the subsidiary company.

The NCDs are repayable in three equal yearly installments starting from January 16, 2022 along with accrued interest for the period. The outstanding amount of NCD as at March 31, 2019 is ₹ 15,000 [as at March 31, 2018: ₹ NIL] Million.
NOTE: 20-OTHER FINANCIAL LIABILITIES:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Deposits</td>
<td>67</td>
<td>65</td>
</tr>
<tr>
<td>Others</td>
<td>660</td>
<td>459</td>
</tr>
<tr>
<td>Total</td>
<td>727</td>
<td>524</td>
</tr>
</tbody>
</table>

NOTE: 21-PROVISIONS:

<table>
<thead>
<tr>
<th>Provision for Employee Benefits</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,841</td>
<td>1,559</td>
</tr>
</tbody>
</table>

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:
The leave encashment scheme is administered through Life Insurance Corporation of India’s Employees’ Group Leave Encashment cum Life Assurance [Cash Accumulation] Scheme by Parent Company and major Indian subsidiaries. The eligible employees of the Group 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 Parent and major Indian subsidiaries have 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 Group 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.
### B Change in the present value of the defined benefit obligation:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Medical Leave</td>
<td>Wages</td>
</tr>
<tr>
<td>Opening obligation</td>
<td>172</td>
<td>1,072</td>
</tr>
<tr>
<td>Acquired subsidiaries</td>
<td>1</td>
<td>84</td>
</tr>
<tr>
<td>Interest cost</td>
<td>12</td>
<td>79</td>
</tr>
<tr>
<td>Current service cost</td>
<td>16</td>
<td>244</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(3)</td>
<td>(190)</td>
</tr>
<tr>
<td>Actuarial [gains]/losses on obligation due to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience adjustments</td>
<td>-</td>
<td>291</td>
</tr>
<tr>
<td>Change in financial assumptions</td>
<td>(9)</td>
<td>(44)</td>
</tr>
<tr>
<td>Closing obligation</td>
<td>189</td>
<td>1,536</td>
</tr>
</tbody>
</table>

### C Change in the fair value of plan assets:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Medical Leave</td>
<td>Wages</td>
</tr>
<tr>
<td>Opening fair value of plan assets</td>
<td>-</td>
<td>187</td>
</tr>
<tr>
<td>Acquired subsidiaries</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Return on plan assets excluding amounts included in interest income</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td>Contributions by employer</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial [losses]/ gains</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing fair value of plan assets</td>
<td>-</td>
<td>200</td>
</tr>
<tr>
<td>Total actuarial [losses]/ gains to be recognised</td>
<td>9</td>
<td>(247)</td>
</tr>
</tbody>
</table>

### D Actual return on plan assets:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Medical Leave</td>
<td>Wages</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Actuarial [losses]/ gains on plan assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>-</td>
<td>14</td>
</tr>
</tbody>
</table>

### E Amount recognised in the balance sheet:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities/ [Assets] at the end of the year</td>
<td>189</td>
<td>1,536</td>
</tr>
<tr>
<td>Fair value of plan assets at the end of the year</td>
<td>-</td>
<td>(200)</td>
</tr>
<tr>
<td>Difference</td>
<td>189</td>
<td>1,336</td>
</tr>
<tr>
<td>Unrecognised past service cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Liabilities/ [Assets] recognised in the Balance Sheet</td>
<td>189</td>
<td>1,336</td>
</tr>
</tbody>
</table>

### F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>16</td>
<td>244</td>
</tr>
<tr>
<td>Interest cost on benefit obligation</td>
<td>12</td>
<td>79</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>-</td>
<td>(14)</td>
</tr>
<tr>
<td>Return on plan assets excluding amounts included in interest income</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Net actuarial [gains]/ losses in the year</td>
<td>(9)</td>
<td>247</td>
</tr>
<tr>
<td>Amount included in &quot;Employee Benefit Expense&quot;</td>
<td>19</td>
<td>557</td>
</tr>
<tr>
<td>Return on plan assets excluding amounts included in interest income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net actuarial [gains]/ losses in the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts recognized in OCI</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
## Artificial Intelligence

The image displays a page from a document titled **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**. The content pertains to financial reporting, specifically focusing on provisions and actuarial assumptions, with tables and detailed breakdowns of various financial metrics and assumptions.

### Table: Movement in net liabilities recognised in Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Medical Leave</td>
<td>Leave Wages</td>
</tr>
<tr>
<td>Opening net liabilities</td>
<td>172</td>
<td>885</td>
</tr>
<tr>
<td>Acquired subsidiaries</td>
<td>1</td>
<td>84</td>
</tr>
<tr>
<td>Expenses as above [P &amp; L Charge]</td>
<td>19</td>
<td>557</td>
</tr>
<tr>
<td>Employer’s contribution</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amount recognised in OCI</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benefits Paid</td>
<td>(3)</td>
<td>(190)</td>
</tr>
<tr>
<td>Liabilities/ [Assets] recognised in the Balance Sheet</td>
<td>189</td>
<td>1,336</td>
</tr>
</tbody>
</table>

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

- **Discount rate**: 7.20% 7.20% 7.20% 7.30% 7.30% 7.30%
- **Annual increase in salary cost**: 12% for next 2 years & 9% thereafter

### Table: The categories of plan assets as a % of total plan assets are:

<table>
<thead>
<tr>
<th></th>
<th>0.00%</th>
<th>100.00%</th>
<th>100.00%</th>
<th>0.00%</th>
<th>100.00%</th>
<th>100.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table: Amount recognised in current and previous four years:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation</td>
<td>2,204</td>
<td>1,777</td>
<td>1,503</td>
<td>1,165</td>
<td>942</td>
</tr>
<tr>
<td>Fair value of Plan Assets</td>
<td>1,500</td>
<td>1,064</td>
<td>931</td>
<td>828</td>
<td>807</td>
</tr>
<tr>
<td>Deficit/ [Surplus] in the plan</td>
<td>704</td>
<td>713</td>
<td>572</td>
<td>337</td>
<td>127</td>
</tr>
<tr>
<td>Actuarial Loss/ [Gain] on Plan Obligation</td>
<td>29</td>
<td>124</td>
<td>208</td>
<td>211</td>
<td>180</td>
</tr>
<tr>
<td>Actuarial Loss/ [Gain] on Plan Assets</td>
<td>3</td>
<td>-</td>
<td>(1)</td>
<td>-</td>
<td>(5)</td>
</tr>
</tbody>
</table>

The average duration of defined benefit plan obligation at the end of the year is 21.47 to 29.99 years [as at March 31, 2018: 22.71 to 30.23 years].
NOTE: 21-PROVISIONS: (Contd...)

Sensitivity analysis:
A quantitative sensitivity analysis for significant assumptions is shown below:

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Medical Leave</th>
<th>Leave Wages</th>
<th>Gratuity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Impact on obligation:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate increase by 0.5%</td>
<td>(10)</td>
<td>(6)</td>
<td>(45)</td>
</tr>
<tr>
<td>Discount rate decrease by 0.5%</td>
<td>7</td>
<td>7</td>
<td>46</td>
</tr>
<tr>
<td>Annual salary cost increase by 0.5%</td>
<td>7</td>
<td>6</td>
<td>45</td>
</tr>
<tr>
<td>Annual salary cost decrease by 0.5%</td>
<td>(10)</td>
<td>(7)</td>
<td>(45)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within the next 12 months [next annual reporting period]</td>
<td>574</td>
<td>402</td>
</tr>
<tr>
<td>Between 2 and 5 years</td>
<td>1,840</td>
<td>1,012</td>
</tr>
<tr>
<td>Between 6 and 10 years</td>
<td>1,557</td>
<td>854</td>
</tr>
<tr>
<td>Total expected payments</td>
<td>3,971</td>
<td>2,268</td>
</tr>
</tbody>
</table>

NOTE: 22-OTHER NON-CURRENT LIABILITIES:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>26</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>13</td>
</tr>
</tbody>
</table>

NOTE: 23-BORROWINGS:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans repayable on Demand:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working Capital Loans from Banks [Secured]</td>
<td>1,287</td>
<td>1,635</td>
</tr>
<tr>
<td>Working Capital Loans from Banks [Unsecured]</td>
<td>30,682</td>
<td>23,940</td>
</tr>
<tr>
<td>Total</td>
<td>31,969</td>
<td>25,575</td>
</tr>
</tbody>
</table>

A Securities and Terms of Repayment for Secured Borrowings:

i Working Capital Loans of the Parent, which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares not relating to plant and machineries (consumable stores), including goods in transit, bills receivables and book debts. The value of such current assets as at March 31, 2019 is ₹ 34,983 [as at March 31, 2018: ₹ 25,758] Million. The outstanding amount of loans as at March 31, 2019 is ₹ 1,072 [as at March 31, 2018: ₹ 1,599] Million.

ii Working Capital Loans of one of the subsidiary companies, which are repayable on demand, are secured by fixed deposits of the subsidiary. The value of such fixed deposits as at March 31, 2019 is ₹ 238 [as at March 31, 2018: ₹ NIL] Million. The outstanding amount of loan as at March 31, 2019 is ₹ 215 [as at March 31, 2018: ₹ NIL] Million.
NOTE: 23-PROVISIONS: (Contd...)

B Terms of Repayment for Unsecured Borrowings:

i PCFC loans of the Parent are payable during April, 2019 to September, 2019. The outstanding amount of loans as at March 31, 2019 is ₹ 12,107 [as at March 31, 2018: ₹ 11,410] Million.

ii Working capital loan of some of the subsidiary companies, which is repayable on demand. The outstanding amount of loan as at March 31, 2019 is ₹ 18,575 [as at March 31, 2018: ₹ 12,530] Million.

NOTE: 24-TRADE PAYABLES:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to Micro, Small and Medium Enterprise [*]</td>
<td>121</td>
<td>214</td>
</tr>
<tr>
<td>Due to other than Micro, Small and Medium Enterprise</td>
<td>19,105</td>
<td>18,670</td>
</tr>
<tr>
<td>Total</td>
<td>19,226</td>
<td>18,884</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Principal amount remaining unpaid to any supplier as at year end</td>
<td>121</td>
<td>214</td>
</tr>
<tr>
<td>B Interest due thereon</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>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</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>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</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>E Amount of interest accrued and remaining unpaid at the end of the accounting year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>F Amount of further interest remaining due and payable in succeeding years</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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: 25-OTHER FINANCIAL LIABILITIES:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Maturities of Long Term Debt [Refer Note- 19]</td>
<td>7,528</td>
<td>2,941</td>
</tr>
<tr>
<td>Interest accrued but not due on borrowings</td>
<td>348</td>
<td>19</td>
</tr>
<tr>
<td>Book overdraft</td>
<td>315</td>
<td>294</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>9,590</td>
<td>9,271</td>
</tr>
<tr>
<td>Payable for Capital Goods</td>
<td>790</td>
<td>787</td>
</tr>
<tr>
<td>Unpaid Dividends</td>
<td>52</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>18,623</td>
<td>13,352</td>
</tr>
</tbody>
</table>
## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE: 26-OTHER CURRENT LIABILITIES:

<table>
<thead>
<tr>
<th></th>
<th>₹ Million</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at</td>
<td>As at</td>
<td></td>
</tr>
<tr>
<td></td>
<td>March 31,</td>
<td>March 31,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>Advances from Customers</td>
<td>499</td>
<td>403</td>
<td></td>
</tr>
<tr>
<td>Payable to Statutory Authorities</td>
<td>1,011</td>
<td>773</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>203</td>
<td>211</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,713</strong></td>
<td><strong>1,387</strong></td>
<td></td>
</tr>
</tbody>
</table>

### NOTE: 27-PROVISIONS:

<table>
<thead>
<tr>
<th></th>
<th>₹ Million</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at</td>
<td>As at</td>
<td></td>
</tr>
<tr>
<td></td>
<td>March 31,</td>
<td>March 31,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>Provision for Employee Benefits</td>
<td>625</td>
<td>454</td>
<td></td>
</tr>
<tr>
<td>Provision for claims for product expiry and return of goods [*]</td>
<td>732</td>
<td>548</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,357</strong></td>
<td><strong>1,002</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at the beginning of the year</td>
<td>337</td>
<td>117</td>
</tr>
<tr>
<td>Additional provision made during the year</td>
<td>288</td>
<td>337</td>
</tr>
<tr>
<td>Amount used</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Carrying amount at the end of the year</td>
<td>625</td>
<td>337</td>
</tr>
</tbody>
</table>

### NOTE: 28-CURRENT TAX LIABILITIES [NET]:

<table>
<thead>
<tr>
<th></th>
<th>₹ Million</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at</td>
<td>As at</td>
<td></td>
</tr>
<tr>
<td></td>
<td>March 31,</td>
<td>March 31,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>Provision for Taxation [Net of advance payment of tax]</td>
<td>537</td>
<td>520</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>537</strong></td>
<td><strong>520</strong></td>
<td></td>
</tr>
</tbody>
</table>
**NOTE: 29-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]:**

<table>
<thead>
<tr>
<th>Contingent Liabilities:</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>a Claims against the Group not acknowledged as debts</td>
<td>341</td>
<td>270</td>
</tr>
<tr>
<td>b Other money for which the Group is contingently liable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i In respect of the demands raised by the Central Excise, Customs, State Excise &amp; Service Tax Authority</td>
<td>1,192</td>
<td>970</td>
</tr>
<tr>
<td>ii In respect of the demands raised by the Ministry of Chemicals &amp; Fertilizers, Govt. of India under Drug Price Control Order, 1979/1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations and disputed by the Group, which the Group expects to succeed based on the legal advice</td>
<td>104</td>
<td>104</td>
</tr>
<tr>
<td>iii In respect of Income Tax matters pending before appellate authorities</td>
<td>1,550</td>
<td>168</td>
</tr>
<tr>
<td>iv In respect of Sales Tax matters pending before appellate authorities</td>
<td>738</td>
<td>478</td>
</tr>
<tr>
<td>v In respect of custom duty liability under EPCG scheme</td>
<td>471</td>
<td>498</td>
</tr>
<tr>
<td>vi In respect of letters of credit for Imports</td>
<td>14</td>
<td>39</td>
</tr>
<tr>
<td>vii In respect of other matters [Employees Indemnity on retirement/ guaranteed severance package]</td>
<td>189</td>
<td>388</td>
</tr>
</tbody>
</table>

**B Commitments:**

| Estimated amount of contracts remaining to be executed on capital account and not provided for | 4,701 | 3,759 |

**NOTE: 30- LEASE ARRANGEMENTS:**

<table>
<thead>
<tr>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>A The Group has taken certain properties on operating leases. Minimum lease payments payable under</td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td>52</td>
</tr>
<tr>
<td>After one year but not more than five years</td>
<td>66</td>
</tr>
<tr>
<td>More than five years</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>118</td>
</tr>
</tbody>
</table>

**NOTE: 31-DIVIDENDS PROPOSED TO BE DISTRIBUTED:**
The Board of Directors, at its meeting held on May 29, 2019, recommended the final dividend of ₹ 3.50 per equity share of ₹ 1/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.
NOTE: 32-REVENUE FROM OPERATIONS:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of Products</td>
<td>127,484</td>
<td>116,308</td>
</tr>
<tr>
<td><strong>Other Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export Incentives</td>
<td>1,713</td>
<td>1,371</td>
</tr>
<tr>
<td>Net Gain on foreign currency transactions and translation [*]</td>
<td>654</td>
<td>181</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>1,805</td>
<td>1,684</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,172</td>
<td>3,236</td>
</tr>
</tbody>
</table>

[*] includes research related Net Loss on foreign currency transactions and translation 35 35

NOTE: 33-OTHER INCOME:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income on Financial Assets measured at Amortised Cost</td>
<td>530</td>
<td>494</td>
</tr>
<tr>
<td>Gain on valuation of Forward Contract value related to investment in a Joint Venture</td>
<td>266</td>
<td>470</td>
</tr>
<tr>
<td><strong>Dividend Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From FVOCI Investments</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Gain on Investments mandatorily measured at FVTPL</td>
<td>464</td>
<td>116</td>
</tr>
<tr>
<td>Gain on Investments mandatorily measured at amortised cost</td>
<td>664</td>
<td>-</td>
</tr>
<tr>
<td>Other Non-operating Income</td>
<td>81</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,011</td>
<td>1,132</td>
</tr>
</tbody>
</table>

NOTE: 34-COST OF MATERIALS CONSUMED:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Raw Materials:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock at commencement</td>
<td>8,728</td>
<td>6,379</td>
</tr>
<tr>
<td>Add: Acquired subsidiaries</td>
<td>254</td>
<td>-</td>
</tr>
<tr>
<td>Add: Purchases</td>
<td>21,053</td>
<td>22,931</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>30,035</td>
<td>29,310</td>
</tr>
<tr>
<td>Less: Stock at close</td>
<td>9,045</td>
<td>8,728</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20,990</td>
<td>20,582</td>
</tr>
<tr>
<td>Packing Materials consumed</td>
<td>5,751</td>
<td>4,651</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>26,741</td>
<td>25,233</td>
</tr>
</tbody>
</table>
### NOTE: 35-PURCHASES OF STOCK-IN-TRADE:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of Stock-in-Trade</td>
<td>21,520</td>
<td>19,141</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21,520</strong></td>
<td><strong>19,141</strong></td>
</tr>
</tbody>
</table>

### NOTE: 36-CHANGES IN INVENTORIES:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock at commencement:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>2,794</td>
<td>2,288</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>5,152</td>
<td>4,034</td>
</tr>
<tr>
<td>Stock-in-Trade</td>
<td>5,932</td>
<td>4,400</td>
</tr>
<tr>
<td>Acquired subsidiaries</td>
<td>1,409</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,287</strong></td>
<td><strong>10,724</strong></td>
</tr>
<tr>
<td>Less: Stock at close:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>3,247</td>
<td>2,794</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>4,882</td>
<td>5,152</td>
</tr>
<tr>
<td>Stock-in-Trade</td>
<td>8,255</td>
<td>5,932</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,384</strong></td>
<td><strong>13,878</strong></td>
</tr>
<tr>
<td><strong>Less</strong></td>
<td><strong>(1,097)</strong></td>
<td><strong>(3,154)</strong></td>
</tr>
</tbody>
</table>

### NOTE: 37-EMPLOYEE BENEFITS EXPENSE:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>19,175</td>
<td>16,496</td>
</tr>
<tr>
<td>Contribution to provident and other funds</td>
<td>1,435</td>
<td>1,455</td>
</tr>
<tr>
<td>Staff welfare expenses</td>
<td>631</td>
<td>594</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21,241</strong></td>
<td><strong>18,545</strong></td>
</tr>
</tbody>
</table>

Above expenses include:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research related expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>1,792</td>
<td>1,601</td>
</tr>
<tr>
<td>Contribution to provident and other funds</td>
<td>128</td>
<td>142</td>
</tr>
<tr>
<td>Staff welfare expenses</td>
<td>42</td>
<td>62</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,962</strong></td>
<td><strong>1,805</strong></td>
</tr>
<tr>
<td>Managing Directors’ Remuneration</td>
<td>247</td>
<td>293</td>
</tr>
</tbody>
</table>
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE: 38-Finance Cost:**

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense [*]</td>
<td>1,905</td>
<td>1,047</td>
</tr>
<tr>
<td>Other Borrowing Costs</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Net Gain on foreign currency transactions and translation</td>
<td>(23)</td>
<td>(197)</td>
</tr>
<tr>
<td>Bank commission &amp; charges</td>
<td>52</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,935</strong></td>
<td><strong>911</strong></td>
</tr>
</tbody>
</table>

[*] The break up of interest expense into major heads is given below:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>On term loans</td>
<td>1,045</td>
<td>779</td>
</tr>
<tr>
<td>On non convertible debentures</td>
<td>282</td>
<td>-</td>
</tr>
<tr>
<td>On working capital loans</td>
<td>549</td>
<td>182</td>
</tr>
<tr>
<td>Others</td>
<td>29</td>
<td>86</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,905</strong></td>
<td><strong>1,047</strong></td>
</tr>
</tbody>
</table>

**NOTE: 39-Depreciation, Amortisation and Impairment Expenses:**

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation, Amortisation and Impairment expenses</td>
<td>5,986</td>
<td>5,388</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,986</strong></td>
<td><strong>5,388</strong></td>
</tr>
</tbody>
</table>

**NOTE: 40-Other Expenses:**

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Materials</td>
<td>1,079</td>
<td>1,689</td>
</tr>
<tr>
<td>Analytical Expenses</td>
<td>1,463</td>
<td>1,671</td>
</tr>
<tr>
<td>Consumption of Stores and spare parts</td>
<td>2,335</td>
<td>2,209</td>
</tr>
<tr>
<td>Power &amp; fuel</td>
<td>2,472</td>
<td>2,263</td>
</tr>
<tr>
<td>Rent</td>
<td>306</td>
<td>254</td>
</tr>
<tr>
<td>Repairs to Buildings</td>
<td>305</td>
<td>361</td>
</tr>
<tr>
<td>Repairs to Plant and Machinery</td>
<td>871</td>
<td>719</td>
</tr>
<tr>
<td>Repairs to Others</td>
<td>234</td>
<td>148</td>
</tr>
<tr>
<td>Insurance</td>
<td>638</td>
<td>445</td>
</tr>
<tr>
<td>Rates and Taxes [excluding taxes on income]</td>
<td>317</td>
<td>299</td>
</tr>
<tr>
<td>Processing Charges</td>
<td>1,309</td>
<td>666</td>
</tr>
<tr>
<td>Commission to Directors</td>
<td>48</td>
<td>62</td>
</tr>
<tr>
<td>Traveling Expenses</td>
<td>1,559</td>
<td>1,378</td>
</tr>
<tr>
<td>Legal and Professional Fees [*]</td>
<td>2,758</td>
<td>2,301</td>
</tr>
<tr>
<td>Advertisement Expenses</td>
<td>1,626</td>
<td>817</td>
</tr>
<tr>
<td>Commission on sales</td>
<td>1,208</td>
<td>1,155</td>
</tr>
<tr>
<td>Freight and forwarding on sales</td>
<td>2,417</td>
<td>2,925</td>
</tr>
<tr>
<td>Representative Allowances</td>
<td>1,187</td>
<td>1,149</td>
</tr>
<tr>
<td>Other marketing expenses</td>
<td>5,103</td>
<td>5,248</td>
</tr>
<tr>
<td>Description</td>
<td>Year ended March 31, 2019</td>
<td>Year ended March 31, 2018</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>---------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td><strong>Bad Debts:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad debts written off</td>
<td>39</td>
<td>10</td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>16</td>
<td>63</td>
</tr>
<tr>
<td>Less: Transferred from impairment allowances</td>
<td>(28)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Doubtful Advances:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doubtful advances written off</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>16</td>
<td>27</td>
</tr>
<tr>
<td>Less: Transferred from impairment allowances</td>
<td>(23)</td>
<td>-</td>
</tr>
<tr>
<td>Directors’ fees</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>Net Loss on disposal of Property, Plant and Equipment [Net of gain]</td>
<td>77</td>
<td>23</td>
</tr>
<tr>
<td>Donations</td>
<td>242</td>
<td>244</td>
</tr>
<tr>
<td><strong>Miscellaneous Expenses [</strong>]**</td>
<td>5,922</td>
<td>4,670</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>33,520</td>
<td>30,809</td>
</tr>
</tbody>
</table>

Above expenses include Research related expenses as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Materials</td>
<td>1,079</td>
<td>1,689</td>
</tr>
<tr>
<td>Analytical expenses</td>
<td>1,426</td>
<td>1,532</td>
</tr>
<tr>
<td>Consumption of Stores and spare parts</td>
<td>958</td>
<td>562</td>
</tr>
<tr>
<td>Power &amp; Fuel</td>
<td>156</td>
<td>149</td>
</tr>
<tr>
<td>Repairs to Buildings</td>
<td>12</td>
<td>19</td>
</tr>
<tr>
<td>Repairs to Plant and Machinery</td>
<td>141</td>
<td>109</td>
</tr>
<tr>
<td>Repairs to Others</td>
<td>16</td>
<td>32</td>
</tr>
<tr>
<td>Insurance</td>
<td>34</td>
<td>7</td>
</tr>
<tr>
<td>Traveling Expenses</td>
<td>59</td>
<td>56</td>
</tr>
<tr>
<td>Legal and Professional fees</td>
<td>1,088</td>
<td>996</td>
</tr>
<tr>
<td>Net Loss on disposal of Property, Plant and Equipment [excluding Depreciation]</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td><strong>Miscellaneous Expenses [excluding Depreciation]</strong></td>
<td>2,577</td>
<td>1,677</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,555</td>
<td>6,828</td>
</tr>
</tbody>
</table>

[*] Legal and Professional Fees include:

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment to the Statutory Auditors [excluding GST]:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i - As Auditor</td>
<td>49</td>
<td>37</td>
</tr>
<tr>
<td>- For Other Services</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>58</td>
<td>39</td>
</tr>
<tr>
<td>ii Cost Auditor’s Remuneration including fees for other services [excluding GST]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[**] Miscellaneous Expenses include:

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013</td>
<td>332</td>
<td>295</td>
</tr>
</tbody>
</table>
NOTE: 41-TAX EXPENSES:
The major components of income tax expense are:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A Statement of profit and loss:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit or loss section:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current income tax:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current income tax charge</td>
<td>6,075</td>
<td>6,487</td>
</tr>
<tr>
<td>Adjustments in respect of current income tax of previous year</td>
<td>(2)</td>
<td>(51)</td>
</tr>
<tr>
<td></td>
<td><strong>6,073</strong></td>
<td><strong>6,436</strong></td>
</tr>
<tr>
<td><strong>Deferred tax:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relating to origination and reversal of temporary differences</td>
<td>(770)</td>
<td>(792)</td>
</tr>
<tr>
<td><strong>Tax expense reported in the statement of profit and loss</strong></td>
<td><strong>5,303</strong></td>
<td><strong>5,644</strong></td>
</tr>
<tr>
<td><strong>OCI Section:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax related to items recognised in OCI during in the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss/ (gain) on remeasurements of defined benefit plans</td>
<td>(3)</td>
<td>37</td>
</tr>
<tr>
<td>Tax charged to OCI</td>
<td>(3)</td>
<td>37</td>
</tr>
<tr>
<td><strong>B Reconciliation of tax expense and accounting profit multiplied by India’s domestic tax rate:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>23,821</td>
<td>23,308</td>
</tr>
<tr>
<td>Enacted Tax Rate in India (%)</td>
<td>34.94 %</td>
<td>34.61 %</td>
</tr>
<tr>
<td>Expected Tax Expenses</td>
<td>8,323</td>
<td>8,067</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effect due to non-taxable income for Indian tax purposes</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Effect of unrecognized/ excess deferred tax assets / liabilities</td>
<td>729</td>
<td>1,088</td>
</tr>
<tr>
<td>Effect of non-deductible expenses</td>
<td>275</td>
<td>170</td>
</tr>
<tr>
<td>Effect of additional deductions in taxable income</td>
<td>(3,728)</td>
<td>(3,769)</td>
</tr>
<tr>
<td>Effect of difference between Indian and Foreign tax rates</td>
<td>(508)</td>
<td>(440)</td>
</tr>
<tr>
<td>Effect of MAT Tax Credit not recognised</td>
<td>175</td>
<td>584</td>
</tr>
<tr>
<td>Others</td>
<td>39</td>
<td>(54)</td>
</tr>
<tr>
<td>Total</td>
<td><strong>(3,020)</strong></td>
<td><strong>(2,423)</strong></td>
</tr>
<tr>
<td><strong>Tax Expenses as per Statement of Profit and Loss</strong></td>
<td><strong>5,303</strong></td>
<td><strong>5,644</strong></td>
</tr>
</tbody>
</table>
NOTE: 42-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:

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

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing Operations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A Profit attributable to Shareholders ₹-Million</td>
<td>18,488</td>
<td>17,946</td>
</tr>
<tr>
<td>B Basic and weighted average number of Equity shares outstanding during the year Numbers</td>
<td>1,023,742,600</td>
<td>1,023,742,600</td>
</tr>
<tr>
<td>C Nominal value of equity share</td>
<td>₹</td>
<td>1</td>
</tr>
<tr>
<td>D Basic &amp; Diluted EPS</td>
<td>₹</td>
<td>18.06</td>
</tr>
<tr>
<td><strong>Discontinued Operations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A Loss attributable to Shareholders ₹-Million</td>
<td>-</td>
<td>(188)</td>
</tr>
<tr>
<td>B Basic and weighted average number of Equity shares outstanding during the year Numbers</td>
<td>1,023,742,600</td>
<td>1,023,742,600</td>
</tr>
<tr>
<td>C Nominal value of equity share</td>
<td>₹</td>
<td>1</td>
</tr>
<tr>
<td>D Basic &amp; Diluted EPS</td>
<td>₹</td>
<td>-</td>
</tr>
<tr>
<td><strong>Continuing &amp; Discontinued Operations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A Profit attributable to Shareholders ₹-Million</td>
<td>18,488</td>
<td>17,758</td>
</tr>
<tr>
<td>B Basic and weighted average number of Equity shares outstanding during the year Numbers</td>
<td>1,023,742,600</td>
<td>1,023,742,600</td>
</tr>
<tr>
<td>C Nominal value of equity share</td>
<td>₹</td>
<td>1</td>
</tr>
<tr>
<td>D Basic &amp; Diluted EPS</td>
<td>₹</td>
<td>18.06</td>
</tr>
</tbody>
</table>

NOTE: 43-SEGMENT INFORMATION:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing Operations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A The Chief Operating Decision Maker [CODM] reviews the Group as a single “Pharmaceuticals” segment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Geographical market:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a Revenue [*]:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i India</td>
<td>53,096</td>
<td>45,981</td>
</tr>
<tr>
<td>ii US</td>
<td>63,792</td>
<td>60,304</td>
</tr>
<tr>
<td>iii Others</td>
<td>14,768</td>
<td>13,259</td>
</tr>
<tr>
<td>iv Total</td>
<td>131,656</td>
<td>119,544</td>
</tr>
<tr>
<td>a Non-current operating assets [**]:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i India</td>
<td>109,147</td>
<td>60,001</td>
</tr>
<tr>
<td>ii US</td>
<td>15,698</td>
<td>15,290</td>
</tr>
<tr>
<td>iii Others</td>
<td>5,164</td>
<td>4,807</td>
</tr>
<tr>
<td>iv Total</td>
<td>130,009</td>
<td>80,098</td>
</tr>
<tr>
<td>C Revenues derived from single external customer which amount to 10% or more of the Group’s revenue</td>
<td>-</td>
<td>11,968</td>
</tr>
</tbody>
</table>

[*] The revenue information above is based on the locations of the customers.
[**] Non-current assets for this purpose consist of property, plant and equipment and intangible assets.
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE: 44-GROUP INFORMATION:**

Consolidated Financial Statements as at March 31, 2019 comprise the Financial Statements [FS] of Cadila Healthcare Limited [CHL] and its subsidiaries as well as its interest in Joint Ventures, which are as under:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Principal activities</th>
<th>Country of incorporation</th>
<th>Status of FS at March 31, 2019</th>
<th>% equity Interest as at March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>A Indian subsidiaries:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Zydus Healthcare Limited</td>
<td>Human Pharmaceutical Formulations</td>
<td>India</td>
<td>Audited</td>
<td>100.00</td>
</tr>
<tr>
<td></td>
<td>[Formerly known as German Remedies Limited]</td>
<td></td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>2</td>
<td>Zydus Wellness Limited</td>
<td>Consumer Health &amp; Wellness</td>
<td>India</td>
<td>Audited</td>
<td>63.55</td>
</tr>
<tr>
<td>3</td>
<td>Liva Pharmaceuticals Limited</td>
<td>Human Pharmaceutical Formulations</td>
<td>India</td>
<td>Audited</td>
<td>100.00</td>
</tr>
<tr>
<td>4</td>
<td>Zydus Technologies Limited</td>
<td>Human Pharmaceutical Formulations</td>
<td>India</td>
<td>Audited</td>
<td>85.00</td>
</tr>
<tr>
<td>5</td>
<td>Alidac Pharmaceuticals Limited</td>
<td>Human Pharmaceutical Formulations</td>
<td>India</td>
<td>Audited</td>
<td>100.00</td>
</tr>
<tr>
<td>6</td>
<td>Dialforhealth India Limited</td>
<td>Retail Pharmacy</td>
<td>India</td>
<td>Audited</td>
<td>100.00</td>
</tr>
<tr>
<td>7</td>
<td>Dialforhealth Greencross Limited</td>
<td>Retail Pharmacy</td>
<td>India</td>
<td>Audited</td>
<td>100.00</td>
</tr>
<tr>
<td>8</td>
<td>Dialforhealth Unity Limited</td>
<td>Retail Pharmacy</td>
<td>India</td>
<td>Audited</td>
<td>55.00</td>
</tr>
<tr>
<td>9</td>
<td>Violio Healthcare Limited</td>
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</tr>
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<td>10</td>
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<td>100.00</td>
</tr>
<tr>
<td>11</td>
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<td>Consumer Health &amp; Wellness</td>
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<td>12</td>
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<td>16</td>
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<td><strong>B Foreign subsidiaries:</strong></td>
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<td>Germany</td>
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<td>No.</td>
<td>Name</td>
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<td>Country of incorporation</td>
<td>Status of FS at March 31, 2019</td>
<td>% equity Interest as at March 31, 2019</td>
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<td>25</td>
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<td>26</td>
<td>Zydus Pharmaceuticals Mexico SA De CV</td>
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<td>27</td>
<td>Zydus Pharmaceuticals Mexico Service Company SA De CV</td>
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<td>Unaudited</td>
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<td></td>
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<tr>
<td>1</td>
<td>M/s. Zydus Wellness- Sikkim</td>
<td>Consumer Health &amp; Wellness</td>
<td>India</td>
<td>Note - 1</td>
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<td>Zydus Takeda Healthcare Private Limited</td>
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<td>2</td>
<td>Zydus Hospira Oncology Private Limited</td>
<td>Human Pharmaceutical Formulations</td>
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<tr>
<td>3</td>
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<td>4</td>
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE: 44-GROUP INFORMATION: (Contd...)**

Notes:

1. M/s. Zydus Wellness- Sikkim, a partnership firm, was converted into a company, in the name of Zydus Nutritions Limited [ZNL], w.e.f. February 28, 2019, pursuant to which, it had become a subsidiary of the Zydus Wellness Limited [ZWL]. The Group has acquired Heinz India Private Limited [HIPL] in India on January 30, 2019. Pursuant to the Scheme of Amalgamation between ZNL and HIPL, which was sanctioned by the Hon’able National Company Law Tribunal [NCLT] vide its order dated May 10, 2019 and effective date being May 24, 2019, HIPL has been merged with ZNL w.e.f. the appointed date being, March 1, 2019.

2. The Group has incorporated Liva Investment Limited in India on December 24, 2018.

3. The Group has incorporated Liva Nutritions Limited in India on December 21, 2018.

4. The Group has acquired Windlas Healthcare Private Limited in India on October 29, 2018 along with its wholly owned subsidiary Windlas INC in USA and its joint venture company US Pharma Windlas LLC in USA.

5. The Group has incorporated Violio Pharmaceuticals Limited as a wholly owned subsidiary in India on May 10, 2018.

6. The Group has incorporated Violio Pharmaceuticals Inc. as a wholly owned subsidiary in U. S. A. on May 11, 2018. Subsequently, the name of the Company was changed to Viona Pharmaceuticals Inc.

[*] Refer Note-52

**NOTE: 45-STATUTORY GROUP INFORMATION:**

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

<table>
<thead>
<tr>
<th></th>
<th>Net Assets i.e. total assets minus total liabilities</th>
<th>Share in Profit / [Loss]</th>
<th>Share in other Comprehensive income</th>
<th>Share in total Comprehensive income</th>
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<tr>
<td></td>
<td>As % of Consolidated Net Assets</td>
<td>₹-Million</td>
<td>As % of Consolidated Profit / (Loss)</td>
<td>₹-Million</td>
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<td><strong>Subsidiaries:</strong></td>
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<tr>
<td><strong>Indian:</strong></td>
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<td>53,150</td>
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<td>(1)</td>
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### Notes to Consolidated Financial Statements

#### 45-Group Information:

Contd...

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<th>Foreign:</th>
<th>(\text{Net Assets i.e. total assets minus total liabilities})</th>
<th>(\text{Share in Profit / (Loss)})</th>
<th>(\text{Share in other Comprehensive income})</th>
<th>(\text{Share in total Comprehensive income})</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>(\text{As % of Consolidated Net Assets})</td>
<td>(\text{$ Million})</td>
<td>(\text{As % of Consolidated Profit / (Loss)})</td>
<td>(\text{$ Million})</td>
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<td>(89)</td>
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<td>Minority Interests in all subsidiaries</td>
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<td>Share of Joint Ventures [as per equity method]</td>
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NOTE: 46-RELATED PARTY TRANSACTIONS:

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

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<th>a Entity holding control over the Parent:</th>
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<th>b Subsidiary Companies/ concerns:</th>
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<tr>
<td>Zydus Foundation - Refer Note 5 [ ^ ]</td>
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<th>c Joint Venture Companies:</th>
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<tr>
<td>Zydus Hospira Oncology Private Limited</td>
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<td>Bayer Zydus Pharma Private Limited</td>
</tr>
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<td>Zydus Takeda Healthcare Private Limited</td>
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<td>US Pharma Windlas LLC</td>
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<table>
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<th>d Key Managerial Personnel:</th>
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<tr>
<td>Mr. Pankaj R. Patel Chairman</td>
</tr>
<tr>
<td>Dr. Sharvil P. Patel Managing Director &amp; son of Chairman</td>
</tr>
<tr>
<td>Mr. Ganesh N. Nayak Executive Director</td>
</tr>
<tr>
<td>Mr. Mukesh M. Patel Non-Executive Director</td>
</tr>
<tr>
<td>Mr. H. Dhanrajgir Independent Director</td>
</tr>
<tr>
<td>Mr. Apurva S. Diwanji Independent Director</td>
</tr>
<tr>
<td>Mr. Nitin R. Desai Independent Director</td>
</tr>
<tr>
<td>Ms. Dharmishtaben N. Raval Independent Director</td>
</tr>
<tr>
<td>Mr. Bhadresh K. Shah Independent Director</td>
</tr>
<tr>
<td>Mr. Nitin D. Parekh Executive Officer [Chief Financial Officer]</td>
</tr>
<tr>
<td>Mr. Upen H. Shah Executive Officer [Company Secretary] [Upto February 7, 2019]</td>
</tr>
<tr>
<td>Mr. Dhaval N. Soni Executive Officer</td>
</tr>
<tr>
<td>[with effect from February 7, 2019]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>e Enterprises significantly influenced by Directors and/or their relatives:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cadmach Machinery Company Private Limited</td>
</tr>
<tr>
<td>Cadila Laboratories Private Limited</td>
</tr>
<tr>
<td>Zydus Hospitals and Healthcare Research Private Limited</td>
</tr>
<tr>
<td>M/s. C. M. C. Machinery</td>
</tr>
<tr>
<td>Zydus Hospitals (Vadodra) Private Limited</td>
</tr>
<tr>
<td>Mukesh M. Patel &amp; Co.</td>
</tr>
<tr>
<td>Zydus Infrastructure Private Limited</td>
</tr>
<tr>
<td>M/s. International Tax and Investments Consultants</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>f Post Employment Benefits Plans:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cadila Healthcare Limited Employees Group Gratuity Scheme</td>
</tr>
<tr>
<td>Zydus Wellness Limited Employees Group Gratuity Scheme</td>
</tr>
<tr>
<td>Cadila Healthcare Limited Managerial Cadre EPF</td>
</tr>
<tr>
<td>Zydus Wellness Sikkim Employee Group Gratuity Scheme</td>
</tr>
<tr>
<td>Zydus Healthcare Limited Employees Group Gratuity Scheme</td>
</tr>
<tr>
<td>Heinz India Private Limited Employee Provident Fund</td>
</tr>
<tr>
<td>Zydus Healthcare Limited, German Remedies Division Employees Group Gratuity Assurance Scheme</td>
</tr>
<tr>
<td>Heinz India Private Limited Provident Fund</td>
</tr>
<tr>
<td>Zydus Technologies Limited Employees Group Gratuity Fund</td>
</tr>
<tr>
<td>Liva Pharmaceuticals Limited Employees Group Gratuity Scheme</td>
</tr>
</tbody>
</table>
NOTE: 46-RELATED PARTY TRANSACTIONS: (Contd...)

B  Transactions with Related Parties:

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

a  Details relating to parties referred to in Note 46-A [a & b]

<table>
<thead>
<tr>
<th>Nature of Transactions</th>
<th>Entity holding control over the Parent</th>
<th>Subsidiary Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year ended March 31</td>
<td>2019</td>
</tr>
<tr>
<td>Issue of Shares:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Family Trust</td>
<td></td>
<td>3,000</td>
</tr>
<tr>
<td>Investments in Shares:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Foundation</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>CSR Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Foundation</td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

b  Details relating to parties referred to in Note 46-A [c & e]

<table>
<thead>
<tr>
<th>Nature of Transactions</th>
<th>Joint Venture Companies</th>
<th>Enterprises significantly influenced by Directors and/or their relatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year ended March 31</td>
<td>2019</td>
</tr>
<tr>
<td>Purchases:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Hospira Oncology Private Limited</td>
<td>43</td>
<td>18</td>
</tr>
<tr>
<td>Cadmach Machinery Company Private Limited</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>18</td>
</tr>
<tr>
<td>Property, Plant and Equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cadmach Machinery Company Private Limited</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reimbursement of Expenses paid:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cadila Laboratories Private Limited</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| Services:              |                         |      |      |      |      |
| Zydus Infrastructure Private Limited | - | - | 90 | 51 |
| Others                 | -                       | -    | 10   | 12   | |
| Total                  | -                       | -    | 100  | 63   | |


### Value of the Transactions [₹ Million]

<table>
<thead>
<tr>
<th>Nature of Transactions</th>
<th>Joint Venture Companies</th>
<th>Enterprises significantly influenced by Directors and/or their relatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Sales:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Goods:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bayer Zydus Pharma Private Limited</td>
<td>228</td>
<td>164</td>
</tr>
<tr>
<td>Others</td>
<td>13</td>
<td>134</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>241</td>
<td>298</td>
</tr>
<tr>
<td><strong>Reimbursement of Expenses Recovered:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Hospira Oncology Private Limited</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Interest Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bayer Zydus Pharma Private Limited</td>
<td>11</td>
<td>23</td>
</tr>
<tr>
<td><strong>Outstanding:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payable:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Hospira Oncology Private Limited</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>Cadila Laboratories Private Limited</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td><strong>Receivable:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bayer Zydus Pharma Private Limited</td>
<td>62</td>
<td>45</td>
</tr>
<tr>
<td>Zydus Infrastructure Private Limited</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>66</td>
<td>45</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>[i] Salaries and other employee benefits to Chairman &amp; Managing Director [upto July 12, 2017], Managing Director, Executive Director [from July 12, 2017] and other executive officers</td>
<td>560</td>
<td>577</td>
</tr>
<tr>
<td>[ii] Commission and Sitting Fees to Non Executive/ Independent Directors</td>
<td>33</td>
<td>21</td>
</tr>
<tr>
<td>[iii] Outstanding payable to above (i) and (ii)</td>
<td>263</td>
<td>279</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>[i] Contributions [including Employees’ share and contribution]</td>
<td>905</td>
<td>524</td>
</tr>
</tbody>
</table>
NOTE: 47-BUSINESS COMBINATION:

Summary of acquisitions:

A  Pursuant to the definitive agreement entered into by the Parent, jointly with Zydus Wellness Limited [ZWL], a subsidiary of the Parent, on October 24, 2018 to acquire Heinz India Private Limited [HIPL], ZWL along with ZWL’s wholly-owned entity, M/s. Zydus Wellness – Sikkim [a partnership firm] have completed the acquisition of 100% shares of HIPL on January 30, 2019.

The acquisition provides immense opportunity to broaden the Group’s portfolio and invest in brands and products that the Group believes are most relevant to health-conscious consumers. Acquired brands and products will significantly enhance the operating scale and widen the marketing network. The Goodwill recognised under the business combination represents these benefits along with synergetic benefits estimated by the Group.

The entire purchase consideration is settled by way of Cash. The total cost of acquisition amounted to ₹47,122 Million.

The assets and liabilities recognised as a result of the acquisition are as follows:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>1,988</td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>832</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>693</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>1,325</td>
</tr>
<tr>
<td>Capital work in progress</td>
<td>77</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>5,402</td>
</tr>
<tr>
<td>Other Assets</td>
<td>2,152</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>(3,090)</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>(226)</td>
</tr>
<tr>
<td><strong>Net Identifiable assets acquired</strong></td>
<td><strong>9,153</strong></td>
</tr>
<tr>
<td>Goodwill</td>
<td>37,969</td>
</tr>
</tbody>
</table>

**Total acquisition cost**

| Consideration                           | 47,122    |
| Less: Cash and cash equivalents acquired | 693       |
| Net Cash outflow on acquisition          | 46,429    |
| The fair value of trade and other receivables acquired as part of the business combination amounted to | 832       |

The above is the same as the Contractual amount of such receivables.

The excess of the acquisition cost paid over the fair value of assets acquired has been attributed to Goodwill and the same shall not be amortised.

From the date of acquisition, HIPL has contributed revenue of ₹2,782 Million and profit after tax of ₹611 Million to the Group. If the business combination had taken place at the beginning of the year, revenue would have been ₹11,518 Million and profit after tax would have been ₹1,177 Million.

Initial recognition and measurement of the assets and liabilities on acquisition date are determined on the basis of available facts and information.

Considering that the acquisition was completed shortly before the end of the reporting period, such provisional amounts are subject to change within the measurement period as provided by Ind AS 103. In view of this acquisition, the figures of year ended March 31, 2019 are not comparable with the figures of previous periods.

B  Pursuant to the Share Subscription and Shareholders’ Agreement dated August 13, 2018 between the Parent, Windlas Healthcare Private Limited [Windlas] and others, the Parent had agreed to acquire 51% stake in Windlas by subscribing to its equity shares. All the conditions prescribed for closing of the transaction have been completed on October 29, 2018.

The acquisition was made with an objective of enhancing the manufacturing capacity of the Group, as Windlas has USFDA approved manufacturing facility in India.
The entire purchase consideration is settled by way of Cash. The total cost of acquisition amounted to ₹ 1,555 Million.

The assets and liabilities recognised as a result of the acquisition are as follows:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>₹ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>35</td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>43</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,568</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>210</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>26</td>
</tr>
<tr>
<td>Other Assets</td>
<td>69</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>(137)</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>(178)</td>
</tr>
<tr>
<td><strong>Net Identifiable assets acquired</strong></td>
<td><strong>1,636</strong></td>
</tr>
<tr>
<td>Non-Controlling Interests</td>
<td>802</td>
</tr>
<tr>
<td>Goodwill</td>
<td>721</td>
</tr>
<tr>
<td><strong>Total acquisition cost</strong></td>
<td><strong>1,555</strong></td>
</tr>
<tr>
<td><strong>Acquisition cost settled in Cash</strong></td>
<td></td>
</tr>
<tr>
<td>Consideration</td>
<td>1,555</td>
</tr>
<tr>
<td>Less: Cash and cash equivalents acquired</td>
<td>800</td>
</tr>
<tr>
<td>Net Cash outflow on acquisition</td>
<td>755</td>
</tr>
<tr>
<td>The fair value of trade and other receivables acquired as part of the business combination amounted to</td>
<td>43</td>
</tr>
</tbody>
</table>

The above is the same as the Contractual amount of such receivables.

The excess of the acquisition cost paid over the fair value of assets acquired has been attributed to Goodwill and the same shall not be amortised.

From the date of acquisition, Windlas has contributed revenue of ₹ 116 Million and profit after tax of ₹ 8 Million to the Group. If the business combination had taken place at the beginning of the year, revenue would have been ₹ 307 Million and loss after tax would have been ₹ 101 Million.

Initial recognition and measurement of the assets and liabilities on acquisition date are determined on the basis of available facts and information, such provisional amounts are subject to change within the measurement period as provided by Ind AS 103.
NOTE: 48-MATERIAL PARTLY-OWNED SUBSIDIARIES:
Financial information of a subsidiary that have material non-controlling interests [NCI] is provided below:

Name of Subsidiary - Zydus Wellness Limited
   Place of Incorporation and operations : India

<table>
<thead>
<tr>
<th>% of Ownership</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>63.55%</td>
<td>72.08%</td>
</tr>
</tbody>
</table>

Summarised balance sheet:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>985</td>
<td>6,939</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>1,279</td>
<td>469</td>
</tr>
<tr>
<td>Net current assets</td>
<td>(294)</td>
<td>6,470</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>48,557</td>
<td>453</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>15,011</td>
<td>11</td>
</tr>
<tr>
<td>Net non-current assets</td>
<td>33,546</td>
<td>442</td>
</tr>
<tr>
<td>Net assets</td>
<td>33,252</td>
<td>6,912</td>
</tr>
<tr>
<td>Accumulated NCI</td>
<td>12,120</td>
<td>1,930</td>
</tr>
</tbody>
</table>

Summarised statement of profit and loss:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,152</td>
<td>2,924</td>
</tr>
<tr>
<td>Expenses</td>
<td>2,180</td>
<td>1,583</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>963</td>
<td>1,338</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>967</td>
<td>1,340</td>
</tr>
<tr>
<td>Profit allocated to NCI</td>
<td>263</td>
<td>374</td>
</tr>
<tr>
<td>Dividends paid to NCI</td>
<td>87</td>
<td>-</td>
</tr>
</tbody>
</table>

Summarised Cash Flow Statement:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2019</th>
<th>Year ended March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow from operating activities</td>
<td>862</td>
<td>1,127</td>
</tr>
<tr>
<td>Net cash (outflow) from investing activities</td>
<td>(41,314)</td>
<td>(1,088)</td>
</tr>
<tr>
<td>Net cash inflow (outflow) from financing activities</td>
<td>40,489</td>
<td>(17)</td>
</tr>
</tbody>
</table>

NOTE: 49-FINANCIAL INSTRUMENTS:

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

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

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data 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.
NOTE: 49-FINANCIAL INSTRUMENTS: (Contd...)

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

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Assets at FVTPL:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>2,299</td>
<td>-</td>
<td>-</td>
<td>2,299</td>
</tr>
<tr>
<td><strong>Derivative not designated as hedge:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward Contract value related to investment in a Joint Venture</td>
<td>-</td>
<td>-</td>
<td>1,402</td>
<td>1,402</td>
</tr>
<tr>
<td><strong>Financial Investments at FVOCI:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quoted equity instruments</td>
<td>796</td>
<td>-</td>
<td>-</td>
<td>796</td>
</tr>
<tr>
<td>Unquoted equity instruments</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>3,095</td>
<td>10</td>
<td>1,402</td>
<td>4,507</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Assets at FVTPL:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>2,748</td>
<td>-</td>
<td>-</td>
<td>2,748</td>
</tr>
<tr>
<td><strong>Derivative not designated as hedge:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward Contract value related to investment in a Joint Venture</td>
<td>-</td>
<td>-</td>
<td>2,560</td>
<td>2,560</td>
</tr>
<tr>
<td><strong>Financial Investments at FVOCI:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quoted equity instruments</td>
<td>1,083</td>
<td>-</td>
<td>-</td>
<td>1,083</td>
</tr>
<tr>
<td>Unquoted equity instruments</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>3,831</td>
<td>10</td>
<td>2,560</td>
<td>6,401</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**C  Fair value of instruments measured at amortised cost:**

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

<table>
<thead>
<tr>
<th></th>
<th>Carrying Value</th>
<th>As at March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td><strong>Financial assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in preference shares</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Bonds</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Financial assets:**

<table>
<thead>
<tr>
<th></th>
<th>Carrying Value</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Investment in preference shares</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>Bonds</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
NOTE: 49-FINANCIAL INSTRUMENTS: (Contd...)

Financial Assets:
The carrying amounts of trade receivables, Loans and advances to related parties 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.

D Valuation process and technique used to determine fair value:
Specific valuation techniques used to value financial instruments include:

a The use of quoted market prices for similar instruments.

b Fair value of Forward Contract value related to investment in a Joint Venture has been determined considering the estimated exercise price and value of the underlying entity. The valuation has been derived using the Present Value technique under Income Approach. The valuation includes significant unobservable inputs like Weighted Average Cost of Capital [WACC], revenue forecast, etc.

Significant unobservable inputs:
Budgeted Sales growth rate : 8% - 10% per annum
Weighted Average Cost of Capital : 15.4% per annum

For recurring fair value measurements using significant unobservable inputs [Level 3], the effect of the measurement on profit or loss or other comprehensive income for the period is provided below:

Movement in Forward Contract value related to investment in a Joint Venture:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value as at beginning of the year</td>
<td>2,560</td>
<td>2,090</td>
</tr>
<tr>
<td>Add : Gain on valuation of Forward Contract value related to investment in a Joint Venture</td>
<td>266</td>
<td>470</td>
</tr>
<tr>
<td>Less : Amount realised from Trench I of Forward Contract</td>
<td>(1,424)</td>
<td>-</td>
</tr>
<tr>
<td>Value as at end of the year</td>
<td>1,402</td>
<td>2,560</td>
</tr>
</tbody>
</table>

Out of above, amount disclosed under-

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Non-Current Financial Assets [Note-6]</td>
<td>1,402</td>
<td>1,136</td>
</tr>
</tbody>
</table>

Sensitivity analysis for valuation of Forward Contract value related to investment in a Joint Venture:

a Sensitivity in value for 50 basis points change in Weighted Average Cost of Capital [WACC]-

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact on value of the contract</td>
<td>-0.50% (+0.50%)</td>
<td>-0.50% (+0.50%)</td>
</tr>
</tbody>
</table>

b Sensitivity in the value for 200 basis point change in Revenue -

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact on value of the contract</td>
<td>-2.00% (+2.00%)</td>
<td>-2.00% (+2.00%)</td>
</tr>
</tbody>
</table>
## NOTE: 50-FINANCIAL RISK MANAGEMENT:

### A Financial instruments by category:

<table>
<thead>
<tr>
<th>Financial assets:</th>
<th>FVTPL</th>
<th>FVOCI</th>
<th>Amortised Cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instruments</td>
<td>-</td>
<td>806</td>
<td>806</td>
<td></td>
</tr>
<tr>
<td>Preference shares</td>
<td>-</td>
<td>-</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Bonds</td>
<td>-</td>
<td>-</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>2,299</td>
<td>-</td>
<td>-</td>
<td>2,299</td>
</tr>
<tr>
<td><strong>Non Current Other Financial Assets</strong></td>
<td></td>
<td></td>
<td>837</td>
<td>837</td>
</tr>
<tr>
<td>[other than Forward Contract value related to investment in a JV]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward Contract value related to investment in a Joint Venture</td>
<td>1,402</td>
<td>-</td>
<td>-</td>
<td>1,402</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>-</td>
<td>-</td>
<td>39,508</td>
<td>39,508</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>-</td>
<td>-</td>
<td>6,493</td>
<td>6,493</td>
</tr>
<tr>
<td>Loans</td>
<td>-</td>
<td>-</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Other Current Financial Assets</td>
<td>-</td>
<td>-</td>
<td>1,212</td>
<td>1,212</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,701</td>
<td>806</td>
<td>48,295</td>
<td>52,802</td>
</tr>
</tbody>
</table>

| Financial liabilities:                 |       |       |                |        |
| Borrowings                              |       |       | 79,342         | 79,342 |
| [including current maturities and interest accrued but not due] |       |       |                |        |
| Non Current Other Financial Liabilities | -     | -     | 727            | 727    |
| Trade payables                          | -     | -     | 19,226         | 19,226 |
| Payable for Capital Goods               | -     | -     | 790            | 790    |
| Book Overdraft                          | -     | -     | 315            | 315    |
| Other Current Financial Liabilities     | -     | -     | 9,642          | 9,642  |
| **Total**                               |       |       | 110,042        | 110,042 |
NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

<table>
<thead>
<tr>
<th>Financial assets:</th>
<th>FVTPL</th>
<th>FVOCI</th>
<th>Amortised Cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instruments</td>
<td>-</td>
<td>1,093</td>
<td>-</td>
<td>1,093</td>
</tr>
<tr>
<td>Preference shares</td>
<td>-</td>
<td>-</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Bonds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>2,748</td>
<td>-</td>
<td>-</td>
<td>2,748</td>
</tr>
<tr>
<td>Non Current Other Financial Assets</td>
<td>-</td>
<td>-</td>
<td>393</td>
<td>393</td>
</tr>
<tr>
<td>Forward Contract value related to investment in a Joint Venture</td>
<td>2,560</td>
<td>-</td>
<td>-</td>
<td>2,560</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>-</td>
<td>-</td>
<td>32,063</td>
<td>32,063</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>-</td>
<td>-</td>
<td>13,149</td>
<td>13,149</td>
</tr>
<tr>
<td>Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Current Financial Assets</td>
<td>-</td>
<td>-</td>
<td>2,024</td>
<td>2,024</td>
</tr>
<tr>
<td>Total</td>
<td>5,308</td>
<td>1,093</td>
<td>47,640</td>
<td>54,041</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial liabilities:</th>
<th>FVTPL</th>
<th>FVOCI</th>
<th>Amortised Cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings [including current maturities and interest accrued but not due]</td>
<td>-</td>
<td>-</td>
<td>54,086</td>
<td>54,086</td>
</tr>
<tr>
<td>Non Current Other Financial Liabilities</td>
<td>-</td>
<td>-</td>
<td>524</td>
<td>524</td>
</tr>
<tr>
<td>Trade payables</td>
<td>-</td>
<td>-</td>
<td>18,884</td>
<td>18,884</td>
</tr>
<tr>
<td>Payable for Capital Goods</td>
<td>-</td>
<td>-</td>
<td>787</td>
<td>787</td>
</tr>
<tr>
<td>Book Overdraft</td>
<td>-</td>
<td>-</td>
<td>294</td>
<td>294</td>
</tr>
<tr>
<td>Other Current Financial Liabilities</td>
<td>-</td>
<td>-</td>
<td>9,311</td>
<td>9,311</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
<td>83,886</td>
<td>83,886</td>
</tr>
</tbody>
</table>

Risk Management:

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

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

The Group 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 Group is exposed are described below:

Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle its obligations as agreed. The Group is exposed to credit risk from investment in preference shares measured at amortised cost, loans and advances to related parties, trade receivables, bank deposits and other financial assets. The Group periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.
i  Investments at Amortised Cost: They are strategic investments in the normal course of business of the Group. The Group closely monitors the performance of these Companies.

ii  Bank deposits: The Group 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.

iii  The counter party to the forward contract value related to the Investment in a Joint Venture is the associate entity of co-venturer of one of Joint Ventures. The contract is governed by a shareholder’s agreement which has the needful representations by the counter party. The Group is exposed to insignificant credit risk in relation to the same.

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

v  The Group 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 Group’s large customer base. Adequate expected credit losses are recognized as per the assessments. As at March 31, 2019, there are three major customers [all are wholesalers based in USA] whose outstanding balance exceed 10% of the total receivables.

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

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

<table>
<thead>
<tr>
<th>Trade Receivables</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 180 days</td>
<td>38,648</td>
<td>30,949</td>
</tr>
<tr>
<td>180 - 365 days</td>
<td>566</td>
<td>827</td>
</tr>
<tr>
<td>Above 365 days</td>
<td>294</td>
<td>287</td>
</tr>
<tr>
<td>Total</td>
<td>39,508</td>
<td>32,063</td>
</tr>
</tbody>
</table>

Movement in the expected credit loss allowance on trade receivables:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the year</td>
<td>157</td>
<td>81</td>
</tr>
<tr>
<td>Addition</td>
<td>16</td>
<td>63</td>
</tr>
<tr>
<td>Recoveries</td>
<td>(28)</td>
<td>(1)</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>146</td>
<td>157</td>
</tr>
</tbody>
</table>

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

b  Liquidity risk:

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

b  Management monitors rolling forecasts of the Group’s liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates. In addition, the Group’s liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.
NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

Maturities of financial liabilities:

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

<table>
<thead>
<tr>
<th>Non-derivative Financial Liabilities:</th>
<th>&lt; 1 year</th>
<th>1-2 year</th>
<th>2-3 year</th>
<th>&gt; 3 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings [including current maturities and interest]</td>
<td>41,933</td>
<td>23,695</td>
<td>11,958</td>
<td>9,400</td>
<td>86,986</td>
</tr>
<tr>
<td>Other non current financial liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>727</td>
</tr>
<tr>
<td>Trade payable</td>
<td>19,226</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,226</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>9,590</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,590</td>
</tr>
<tr>
<td>Payable for Capital Goods</td>
<td>790</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>790</td>
</tr>
<tr>
<td>Unpaid dividend</td>
<td>52</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>52</td>
</tr>
<tr>
<td>Other Current Financial Liabilities</td>
<td>315</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>315</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>71,906</td>
<td>23,695</td>
<td>11,958</td>
<td>10,127</td>
<td>117,686</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-derivative Financial Liabilities:</th>
<th>&lt; 1 year</th>
<th>1-2 year</th>
<th>2-3 year</th>
<th>&gt; 3 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings [including current maturities and interest]</td>
<td>29,036</td>
<td>7,978</td>
<td>8,034</td>
<td>10,602</td>
<td>55,650</td>
</tr>
<tr>
<td>Other non current financial liabilities</td>
<td>-</td>
<td>4</td>
<td>3</td>
<td>517</td>
<td>524</td>
</tr>
<tr>
<td>Trade payable</td>
<td>18,884</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18,884</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>9,271</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,271</td>
</tr>
<tr>
<td>Payable for Capital Goods</td>
<td>787</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>787</td>
</tr>
<tr>
<td>Unpaid dividend</td>
<td>40</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40</td>
</tr>
<tr>
<td>Other Current Financial Liabilities</td>
<td>294</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>294</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>58,312</td>
<td>7,982</td>
<td>8,037</td>
<td>11,119</td>
<td>85,450</td>
</tr>
</tbody>
</table>

c Foreign currency risk:

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Group’s functional currency. The Group’s operations in foreign currency create natural foreign currency hedges. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Group.

Foreign currency risk exposure:

Sensitivity:

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

<table>
<thead>
<tr>
<th>Movement in Rate</th>
<th>Impact on PAT [*]</th>
<th>Impact on Other Equity [*]</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD (7.00%)</td>
<td>(859)</td>
<td>(23)</td>
</tr>
<tr>
<td>USD (4.00%)</td>
<td>(526)</td>
<td>(25)</td>
</tr>
<tr>
<td>EUR (7.00%)</td>
<td>(6)</td>
<td>-</td>
</tr>
<tr>
<td>EUR (7.00%)</td>
<td>(40)</td>
<td>-</td>
</tr>
<tr>
<td>Others (5.00%)</td>
<td>(0)</td>
<td>-</td>
</tr>
<tr>
<td>Others (5.00%)</td>
<td>(1)</td>
<td>-</td>
</tr>
</tbody>
</table>

* Holding all other variables constant
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

Sensitivity impact on profit after tax includes exposures for which the Group has the policy of capitalising exchange
differences to reserves - FCMITDA or eligible items of Property, Plant and Equipment [refer Note 2 for detailed policy]. The
outstanding amount of such foreign currency loans is ₹ 2,022 [as at March 31, 2018 ₹ 4,837] Million.

d Interest rate risk:

Liabilities:
The Group’s policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2019,
the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group’s
investments in Fixed Deposits are at fixed interest rates.

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

<table>
<thead>
<tr>
<th>Movement in Rate</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rates</td>
<td>+0.50%</td>
<td>(258)</td>
</tr>
<tr>
<td>Interest rates</td>
<td>-0.50%</td>
<td>258</td>
</tr>
</tbody>
</table>

* Holding all other variables constant

e Price risk:

Exposure:
The group’s exposure to price risk arises from investments in equity and mutual funds held by the group 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 funds, the group diversifies its portfolio. Diversification of the
portfolio is done in accordance with the limits set by the group.

Sensitivity *:
The table below summarises the impact of increases / decreases of the index on the group’s equity and profit for the
period.

<table>
<thead>
<tr>
<th>Movement in Rate</th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Instruments [Quoted]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase</td>
<td>+10.00%</td>
<td>-</td>
</tr>
<tr>
<td>Decrease</td>
<td>-10.00%</td>
<td>-</td>
</tr>
<tr>
<td>Mutual Funds [Quoted]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase</td>
<td>+2.00%</td>
<td>46</td>
</tr>
<tr>
<td>Decrease</td>
<td>-2.00%</td>
<td>(46)</td>
</tr>
</tbody>
</table>

* Holding all other variables constant
NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

C Hedge:

Disclosure of effects of hedge accounting on financial position:

Fair Value Hedge:
- Hedged item - Changes in fair value of trade receivables attributable to changes in foreign exchange rates
- Hedging instrument - Changes in fair value of certain foreign currency borrowings attributable to foreign exchange rates

Net Investment Hedge:
- Hedged item - Changes towards translation adjustments resulting from translating the functional currency financial statements of foreign operations
- Hedging instrument - Changes in fair value of certain foreign currency borrowings attributable to foreign exchange rates

<table>
<thead>
<tr>
<th>As at March 31, 2019</th>
<th>Type of hedged risk</th>
<th>Carrying amount of hedging instrument (USD Million)</th>
<th>Carrying amount of hedging instrument (₹ Million)</th>
<th>Maturity Date</th>
<th>Hedge Ratio</th>
<th>Balance sheet classification</th>
<th>Changes in fair value relating to hedged risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Value Hedge:</td>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
<td>Assets</td>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedging instrument:</td>
<td>Certain Foreign currency borrowings</td>
<td>-</td>
<td>175</td>
<td>-</td>
<td>12,107</td>
<td>Range-Within 6 months</td>
<td>1:1</td>
</tr>
<tr>
<td>Hedged item: Certain foreign currency receivables</td>
<td>175</td>
<td>-</td>
<td>12,107</td>
<td>-</td>
<td>Range-Within 6 months</td>
<td>Trade receivables</td>
<td>393</td>
</tr>
<tr>
<td>Net Investment Hedge:</td>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
<td>Assets</td>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedging instrument:</td>
<td>Certain Foreign currency borrowings</td>
<td>-</td>
<td>250</td>
<td>-</td>
<td>17,295</td>
<td>Range-upto 5 years</td>
<td></td>
</tr>
<tr>
<td>Hedged item: Net investment in certain foreign subsidiaries</td>
<td>250</td>
<td>-</td>
<td>17,295</td>
<td>-</td>
<td>N.A.</td>
<td>Net Investment in certain foreign subsidiaries</td>
<td>155</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As at March 31, 2018</th>
<th>Type of hedged risk</th>
<th>Carrying amount of hedging instrument (USD Million)</th>
<th>Carrying amount of hedging instrument (₹ Million)</th>
<th>Maturity Date</th>
<th>Hedge Ratio</th>
<th>Balance sheet classification</th>
<th>Changes in fair value relating to hedged risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Value Hedge:</td>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
<td>Assets</td>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedging instrument:</td>
<td>Certain Foreign currency borrowings</td>
<td>-</td>
<td>175</td>
<td>-</td>
<td>11,410</td>
<td>Range-Within 6 months</td>
<td>1:1</td>
</tr>
<tr>
<td>Hedged item: Certain foreign currency receivables</td>
<td>175</td>
<td>-</td>
<td>11,410</td>
<td>-</td>
<td>Range-Within 6 months</td>
<td>Trade receivables</td>
<td>163</td>
</tr>
<tr>
<td>Net Investment Hedge:</td>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
<td>Assets</td>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedging instrument:</td>
<td>Certain Foreign currency borrowings</td>
<td>-</td>
<td>200</td>
<td>-</td>
<td>13,040</td>
<td>Range-upto 5 years</td>
<td></td>
</tr>
<tr>
<td>Hedged item: Net investment in certain foreign subsidiaries</td>
<td>200</td>
<td>-</td>
<td>13,040</td>
<td>-</td>
<td>N.A.</td>
<td>Net Investment in certain foreign subsidiaries</td>
<td>260</td>
</tr>
</tbody>
</table>
Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the dollar offset method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.

**NOTE: 51-CAPITAL MANAGEMENT:**
The Group’s capital management objectives are:

a. to ensure the Group’s ability to continue as a going concern  
b. to provide an adequate return to shareholders  
c. maintain an optimal capital structure to reduce the cost of capital.

Management assesses the Group’s capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group’s various classes of debt. The Group 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.

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2019</th>
<th>As at March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross debts</td>
<td>78,994</td>
<td>54,067</td>
</tr>
<tr>
<td>Total equity</td>
<td>116,792</td>
<td>89,355</td>
</tr>
<tr>
<td><strong>Gross debt to equity ratio [No. of times]</strong></td>
<td><strong>0.68</strong></td>
<td><strong>0.61</strong></td>
</tr>
</tbody>
</table>

**Loan covenants:**
Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenant:
- Gross Debt to Equity must be less than 2:1

This is in line with the Group’s covenants as agreed with external Lenders.

**NOTE: 52- NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS:**

**A Description:**

Pursuant to the Share and Loan Purchase Agreement dated April 17, 2018 ("Closing Date") amongst the Company, Zydus International Private Limited, Ireland ("ZIPL"), Bremer Pharma GmbH ("Bremer") and Alivira Animal Health Limited, Ireland ("Alivira"), the Parent had sold its 100% equity holding and ZIPL had sold and transferred its outstanding loan together with accrued interest in Bremer to Alivira with effect from April 01, 2018 ("Effective Date").

In accordance with Ind AS 105 “Non-Current Assets held for Sale and Discontinued Operations” and as required under Schedule III of the Companies Act, 2013, the operations of Bremer were classified as Discontinued Operations and disclosed separately for the year ended March 31, 2018.

Net assets of discontinued operations have been measured at their fair value, being the value at which equity shares of Bremer had been transferred to Alivira. Total assets and total liabilities of discontinued operations as at March 31, 2018 had been separately disclosed in the financial statement as at March 31, 2018.
NOTE: 52- NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS: (Contd...)

B  Financial performance and cash flow information:

The financial performance and cash flow information of discontinued operations as at March 31, 2018 is as under:

<table>
<thead>
<tr>
<th>A</th>
<th>Financial performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total Revenue</td>
</tr>
<tr>
<td>2</td>
<td>Total expenses</td>
</tr>
<tr>
<td>3</td>
<td>Loss before tax</td>
</tr>
<tr>
<td>4</td>
<td>Tax Expense</td>
</tr>
<tr>
<td>5</td>
<td>Loss after tax</td>
</tr>
</tbody>
</table>

| 6  | Loss recognized on measurement of net assets to fair value * | (₹ 133) |
| 7  | Loss after tax from discontinued operations (attributable to equity holder of the Parent) | (₹ 188) |
| 8  | Exchange differences on translation of discontinued operations | ₹ 18 |
| 9  | Other comprehensive income from discontinued operations | ₹ 18 |

<table>
<thead>
<tr>
<th>B</th>
<th>Cash flow information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Net cash inflow (outflow) from operating activities</td>
</tr>
<tr>
<td>2</td>
<td>Net cash inflow (outflow) from investing activities</td>
</tr>
<tr>
<td>3</td>
<td>Net cash inflow (outflow) from financing activities</td>
</tr>
</tbody>
</table>

| 4  | Net increase (decrease) in cash generated from discontinued operations | (₹ 55) |

* Loss recognized on measurement of net assets to fair value as at March 31, 2018 is as under:

<table>
<thead>
<tr>
<th>A</th>
<th>Consideration to be received in cash</th>
<th>₹ 182</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Carrying amount of net assets to be sold (**)</td>
<td>₹ 241</td>
</tr>
<tr>
<td>C</td>
<td>Loss before tax on fair valuation of net assets and reclassification of foreign currency translation reserve</td>
<td>(₹ 59)</td>
</tr>
<tr>
<td>D</td>
<td>Gain on exchange differences on translation of discontinued operations reclassified to statement of profit and loss</td>
<td>₹ 18</td>
</tr>
<tr>
<td>E</td>
<td>Impairment of Goodwill</td>
<td>(₹ 92)</td>
</tr>
<tr>
<td>F</td>
<td>Loss recognized on measurement of net assets to fair value</td>
<td>(₹ 133)</td>
</tr>
</tbody>
</table>

** Carrying amount of assets and liabilities as at March 31, 2018 is as under:

<table>
<thead>
<tr>
<th>A</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Property, plant and equipment</td>
</tr>
<tr>
<td>2</td>
<td>Trade receivables</td>
</tr>
<tr>
<td>3</td>
<td>Other current assets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B</th>
<th>Total Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trade payables</td>
</tr>
<tr>
<td>2</td>
<td>Other current liabilities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C</th>
<th>Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>₹ 241</td>
</tr>
</tbody>
</table>
C Assets and liabilities classified as held for sale:
The following assets and liabilities are reclassified as held for sale at fair value in relation to discontinued operations as at March 31, 2018:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (₹ Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Property, plant and equipment</td>
<td>76</td>
</tr>
<tr>
<td>2 Trade receivables</td>
<td>96</td>
</tr>
<tr>
<td>3 Other current assets</td>
<td>179</td>
</tr>
<tr>
<td><strong>A Total Assets classified as held for sale</strong></td>
<td><strong>351</strong></td>
</tr>
<tr>
<td>1 Trade payables</td>
<td>75</td>
</tr>
<tr>
<td>2 Other current liabilities</td>
<td>35</td>
</tr>
<tr>
<td><strong>B Total Liabilities classified as held for sale</strong></td>
<td><strong>110</strong></td>
</tr>
<tr>
<td><strong>C Net Assets classified as held for sale (Carrying amount)</strong></td>
<td><strong>241</strong></td>
</tr>
<tr>
<td><strong>D Fair Valuation adjustment on above</strong></td>
<td><strong>(59)</strong></td>
</tr>
<tr>
<td><strong>E Net Assets classified as held for sale (Fair value)</strong></td>
<td><strong>182</strong></td>
</tr>
</tbody>
</table>

NOTE: 53- SALE OF INVESTMENT IN BAYER ZYDUS PHARMA PRIVATE LIMITED:

NOTE: 54:
Figures of previous reporting periods have been regrouped/reclassified to conform to current period’s classification.
# Statement Containing the Salient Features of the Financial Statements of Subsidiaries/ Associates/ Joint Ventures

[According to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014]

### Part: "A" - Subsidiaries:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Subsidiary</th>
<th>Reporting year ended</th>
<th>Reporting Currency</th>
<th>Exchange Rate</th>
<th>Share Capital</th>
<th>Reserves</th>
<th>Total Assets</th>
<th>Total Liabilities</th>
<th>Investments other than investments in subsidiaries</th>
<th>Turnover &amp; Other income from Operations*</th>
<th>Profit/ (Loss) before Taxation*</th>
<th>Provision for Taxation*</th>
<th>Profit/ (Loss) after Taxation*</th>
<th>Proposed Dividend</th>
<th>% of shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Zydus Wellness Limited</td>
<td>March 31, 2019</td>
<td>INR 1.00</td>
<td>576.60</td>
<td>32,675.80</td>
<td>49,541.60</td>
<td>16,289.20</td>
<td>971.60</td>
<td>8.60</td>
<td>2,546.10</td>
<td>971.60</td>
<td>8.60</td>
<td>963.00</td>
<td>288.32</td>
<td>63.55%</td>
</tr>
<tr>
<td>2</td>
<td>Zydus Healthcare Limited</td>
<td>March 31, 2019</td>
<td>INR 1.00</td>
<td>953.30</td>
<td>32,675.80</td>
<td>49,541.60</td>
<td>16,289.20</td>
<td>971.60</td>
<td>8.60</td>
<td>2,546.10</td>
<td>971.60</td>
<td>8.60</td>
<td>963.00</td>
<td>288.32</td>
<td>63.55%</td>
</tr>
<tr>
<td>3</td>
<td>Ailicam Pharmaceuticals Limited</td>
<td>March 31, 2019</td>
<td>INR 1.00</td>
<td>3,670.00</td>
<td>(934.78)</td>
<td>2,940.13</td>
<td>204.91</td>
<td>41.45</td>
<td>(488.77)</td>
<td>(452.03)</td>
<td>(452.03)</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>100.00</td>
</tr>
<tr>
<td>4</td>
<td>Liva Pharmaceuticals Limited</td>
<td>March 31, 2019</td>
<td>INR 1.00</td>
<td>590.00</td>
<td>(250.10)</td>
<td>9,549.89</td>
<td>9,209.99</td>
<td>20.88</td>
<td>(165.39)</td>
<td>(108.71)</td>
<td>(108.71)</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
</tr>
<tr>
<td>5</td>
<td>Zydus Technologies Limited</td>
<td>March 31, 2019</td>
<td>INR 1.00</td>
<td>250.00</td>
<td>(105.86)</td>
<td>145.62</td>
<td>1.48</td>
<td>21.17</td>
<td>(19.11)</td>
<td>(4.52)</td>
<td>(4.52)</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
</tr>
<tr>
<td>6</td>
<td>Dialforhealth India Limited</td>
<td>March 31, 2019</td>
<td>INR 1.00</td>
<td>0.50</td>
<td>2.50</td>
<td>(2.01)</td>
<td>(0.02)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
</tr>
<tr>
<td>7</td>
<td>Dialforhealth Unity Limited</td>
<td>March 31, 2019</td>
<td>INR 1.00</td>
<td>2.50</td>
<td>(2.01)</td>
<td>0.51</td>
<td>0.02</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
</tr>
<tr>
<td>8</td>
<td>Dialforhealth Greencross Limited</td>
<td>March 31, 2019</td>
<td>INR 1.00</td>
<td>0.50</td>
<td>2.50</td>
<td>(2.01)</td>
<td>(0.02)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
</tr>
<tr>
<td>9</td>
<td>Acme Pharmaceuticals Private Limited</td>
<td>March 31, 2019</td>
<td>INR 1.00</td>
<td>35.00</td>
<td>(162.43)</td>
<td>492.85</td>
<td>620.28</td>
<td>229.24</td>
<td>(2.75)</td>
<td>(30.95)</td>
<td>(30.95)</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
</tr>
<tr>
<td>10</td>
<td>Vidio Healthcare Limited (#)</td>
<td>March 31, 2019</td>
<td>INR 1.00</td>
<td>9.00</td>
<td>(2.74)</td>
<td>34.22</td>
<td>27.96</td>
<td>1.70</td>
<td>(2.30)</td>
<td>(2.30)</td>
<td>(2.30)</td>
<td>63.55%</td>
<td>-</td>
<td>-</td>
<td>63.55%</td>
</tr>
<tr>
<td>11</td>
<td>Zydus Lanka (Private) Limited (#)</td>
<td>March 31, 2019</td>
<td>LKR 0.41</td>
<td>4.50</td>
<td>(4.26)</td>
<td>0.37</td>
<td>0.13</td>
<td>1,196.20</td>
<td>202.90</td>
<td>65.60</td>
<td>137.30</td>
<td>63.55%</td>
<td>-</td>
<td>-</td>
<td>63.55%</td>
</tr>
<tr>
<td>12</td>
<td>Zydus Healthcare Philippines Inc.</td>
<td>December 31, 2018</td>
<td>PHP 1.35</td>
<td>351.27</td>
<td>(28.41)</td>
<td>433.60</td>
<td>110.74</td>
<td>1,220.70</td>
<td>114.20</td>
<td>(203.50)</td>
<td>317.70</td>
<td>63.55%</td>
<td>-</td>
<td>-</td>
<td>63.55%</td>
</tr>
<tr>
<td>13</td>
<td>Zydus International Private Limited</td>
<td>December 31, 2018</td>
<td>Euro 80.07</td>
<td>7,301.90</td>
<td>(2,228.59)</td>
<td>11,419.42</td>
<td>6,346.11</td>
<td>292.80</td>
<td>212.78</td>
<td>212.78</td>
<td>212.78</td>
<td>63.55%</td>
<td>-</td>
<td>-</td>
<td>63.55%</td>
</tr>
<tr>
<td>14</td>
<td>Zydus Netherlands B.V.</td>
<td>December 31, 2018</td>
<td>Euro 80.07</td>
<td>6,852.39</td>
<td>(710.62)</td>
<td>6,328.97</td>
<td>187.20</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
</tr>
<tr>
<td>15</td>
<td>Zydus France, SAS</td>
<td>December 31, 2018</td>
<td>Euro 80.07</td>
<td>622.62</td>
<td>(103.13)</td>
<td>1,168.54</td>
<td>649.05</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
</tr>
<tr>
<td>16</td>
<td>Zydus Nutritions Limited</td>
<td>December 31, 2018</td>
<td>Euro 80.07</td>
<td>598.92</td>
<td>(345.90)</td>
<td>609.33</td>
<td>356.31</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
</tr>
<tr>
<td>17</td>
<td>Zydus Nutritions Limited</td>
<td>December 31, 2018</td>
<td>Euro 80.07</td>
<td>7.21</td>
<td>(41.00)</td>
<td>274.08</td>
<td>307.87</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
</tr>
<tr>
<td>18</td>
<td>Zydus Pharmaceuticals (USA) Inc. ($)</td>
<td>December 31, 2018</td>
<td>USD 69.80</td>
<td>349.00</td>
<td>(399.95)</td>
<td>2,503.03</td>
<td>2,553.98</td>
<td>108.69</td>
<td>12.30</td>
<td>12.30</td>
<td>12.30</td>
<td>85.00%</td>
<td>-</td>
<td>-</td>
<td>85.00%</td>
</tr>
<tr>
<td>19</td>
<td>Heinz India Private Limited</td>
<td>Note 6</td>
<td>INR 1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>63.55%</td>
<td>-</td>
<td>-</td>
<td>63.55%</td>
</tr>
</tbody>
</table>
STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

Part: “A” - Subsidiaries: (Contd...)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Subsidiary</th>
<th>Reporting year ended</th>
<th>Reporting Currency</th>
<th>Exchange Rate</th>
<th>Share Capital</th>
<th>Reserves</th>
<th>Total Assets</th>
<th>Total Liabilities</th>
<th>Investments other than investments in subsidiaries</th>
<th>Turnover &amp; Other income from Operations*</th>
<th>Profit/ [Loss] before Taxation*</th>
<th>Provision for Taxation*</th>
<th>Profit/ [Loss] after Taxation*</th>
<th>Proposed Dividend</th>
<th>% of shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>Zydus Worldwide DMCC</td>
<td>March 31, 2019</td>
<td>USD</td>
<td>69.18</td>
<td>1,591.83</td>
<td>(3,863.70)</td>
<td>12,760.25</td>
<td>15,032.12</td>
<td>-</td>
<td>990.06</td>
<td>(2,001.78)</td>
<td>-</td>
<td>(2,001.78)</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Zydus Discovery DMCC</td>
<td>March 31, 2019</td>
<td>USD</td>
<td>69.18</td>
<td>554.13</td>
<td>(1,562.08)</td>
<td>1,182.98</td>
<td>2,190.93</td>
<td>-</td>
<td>-</td>
<td>(795.12)</td>
<td>-</td>
<td>(795.12)</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Zydus Healthcare S.A. (Pty) Ltd</td>
<td>December 31, 2018</td>
<td>ZAR</td>
<td>4.88</td>
<td>685.64</td>
<td>(74.37)</td>
<td>1,479.18</td>
<td>867.91</td>
<td>-</td>
<td>1,423.83</td>
<td>36.31</td>
<td>10.26</td>
<td>26.06</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Simayla Pharmaceuticals (Pty) Ltd</td>
<td>December 31, 2018</td>
<td>ZAR</td>
<td>4.88</td>
<td>0.00</td>
<td>(493.22)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.01)</td>
<td>-</td>
<td>(0.01)</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Script Management Services (Pty) Ltd</td>
<td>December 31, 2018</td>
<td>ZAR</td>
<td>4.88</td>
<td>0.00</td>
<td>3.07</td>
<td>3.37</td>
<td>0.29</td>
<td>-</td>
<td>180.32</td>
<td>0.03</td>
<td>0.01</td>
<td>0.02</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Zydus Nikko Farmaceutica Ltda</td>
<td>December 31, 2018</td>
<td>BRL</td>
<td>18.00</td>
<td>2,622.96</td>
<td>(1,093.50)</td>
<td>2,604.42</td>
<td>1,074.96</td>
<td>-</td>
<td>2,420.02</td>
<td>3.38</td>
<td>-</td>
<td>3.38</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Alidac Healthcare (Myanmar) Limited (#)</td>
<td>March 31, 2019</td>
<td>MMK</td>
<td>0.05</td>
<td>1,052.15</td>
<td>(442.45)</td>
<td>1,198.90</td>
<td>589.20</td>
<td>-</td>
<td>-</td>
<td>(437.40)</td>
<td>-</td>
<td>(437.40)</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Zydus Pharmaceuticals Mexico SA De CV</td>
<td>December 31, 2018</td>
<td>MXN</td>
<td>3.57</td>
<td>604.47</td>
<td>(640.14)</td>
<td>435.72</td>
<td>471.38</td>
<td>-</td>
<td>433.89</td>
<td>3.95</td>
<td>3.17</td>
<td>0.78</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Zydus Pharmaceuticals Mexico Services Company SA De C.V.</td>
<td>December 31, 2018</td>
<td>MXN</td>
<td>3.57</td>
<td>19.99</td>
<td>(22.35)</td>
<td>38.77</td>
<td>41.13</td>
<td>-</td>
<td>-</td>
<td>3.95</td>
<td>-</td>
<td>0.78</td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. The Group has incorporated Violiol Pharmaceuticals Limited as a wholly owned subsidiary in India on May 10, 2018.
2. The Group has acquired Windlas Healthcare Private Limited in India on October 29, 2018 along with its wholly owned subsidiary Windlas INC in USA and its joint venture company US Pharma Windlas LLC in USA.
3. The Group has incorporated Liva Nutritions Limited in India on December 21, 2018.
4. The Group has incorporated Liva Investment Limited in India on December 24, 2018.
5. M/s. Zydus Wellness- Sikkim, a partnership firm, was converted into a company, in the name of Zydus Nutritions Limited [ZNL], w.e.f. February 28, 2019, pursuant to which, it had become a subsidiary of the Group.
6. The Group has acquired Heinz India Private Limited [HIPL] in India on January 30, 2019. Pursuant to the Scheme of Amalgamation between ZNL and HIPL, which was sanctioned by the Honorable National Company Law Tribunal [NCLT] vide its order dated May 10, 2019 and effective date being May 24, 2019, HIPL has been merged with ZNL w.e.f. the appointed date being, March 1, 2019. Hence, the Balance sheet related information of HIPL is not provided in above statement.
7. The Group has incorporated Violiol Pharmaceuticals Inc. as a wholly owned subsidiary in U. S. A. on May 11, 2018. Subsequently, the name of the Company was changed to Viona Pharmaceuticals Inc.
8. During the year, the Group has incorporated Zydus Foundation under Section 8 of the Companies Act, 2013 and this company is prohibited to give any right over their profits to its members. In view of restrictions on Section 8 companies, the parent Company’s share in Zydus Foundation has not been considered in consolidated financial statement.

* Converted using average exchange rates prevailing during the year.
(#) Subsidiaries are yet to commence commercial operations.
($) Consolidated accounts of Zydus Pharmaceuticals (USA) Inc. including Nesher Pharmaceuticals (USA) LLC.

For and on behalf of the Board

Nitin D. Parekh
Chief Financial Officer
Ahmedabad, Dated: May 29, 2019

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Pankaj R. Patel
Chairman
STATEMENT PURSUANT TO SECTION 129(3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES

Part: “B” - Joint Ventures:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Joint Venture</th>
<th>Latest Audited Balance Sheet Date</th>
<th>Shares held by the Company</th>
<th>Description of how there is significant influence</th>
<th>Reason why the Joint Venture is not consolidated</th>
<th>Net worth attributable to Shareholding as per latest audited balance sheet ₹ Million</th>
<th>Profit / (Loss) for the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Zydus Hospira Oncology Private Limited</td>
<td>March 31, 2019</td>
<td>7,500,000</td>
<td>75</td>
<td>50.00%</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>2</td>
<td>Zydus Takeda Healthcare Private Limited</td>
<td>March 31, 2019</td>
<td>10,000,000</td>
<td>100</td>
<td>50.00%</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>3</td>
<td>Bayer Zydus Pharma Private Limited</td>
<td>March 31, 2019</td>
<td>12,499,999</td>
<td>125</td>
<td>24.999998%</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>4</td>
<td>US Pharma Windlas LLC</td>
<td>Note 1</td>
<td>500</td>
<td>0</td>
<td>25.50%</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

Note:
1. Unaudited numbers as at March 31, 2019, audit is not mandatory in terms of local reporting requirements in U.S.A.
2. Converted using average exchange rates prevailing during the year.

For and on behalf of the Board

Nitin D. Parekh
Chief Financial Officer
Ahmedabad, Dated: May 29, 2019

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Pankaj R. Patel
Chairman
Notice is hereby given that the Twenty Fourth Annual General Meeting of the members of the Company will be held on Friday, August 9, 2019 at 10.00 a.m. at J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380015, to transact the following business:

ORDINARY BUSINESS:
1. To receive, consider and adopt the audited financial statements (including consolidated financial statements) of the Company for the year ended on March 31, 2019 and the reports of the Board of Directors and the Auditors thereon.

2. To declare dividend on equity shares for the Financial Year ended on March 31, 2019.

3. To appoint a Director in place of Mr. Mukesh M. Patel (DIN-00053892), who retires by rotation and being eligible, offers himself for re–appointment.

SPECIAL BUSINESS:
4. To appoint Mr. Bhadresh K. Shah (DIN–00058177) as an Independent Director of the Company:
To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Act and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the Listing Regulations”), Mr. Bhadresh K. Shah (DIN-00058177), who has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Act and regulation 16 of the Listing Regulations and who was appointed as an Additional Director and also as an Independent Director by the Board of Directors at its Board meeting held on December 6, 2018, pursuant to the provisions of section 161(1) of the Act and article 67 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the Office of Director be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from December 6, 2018 to December 5, 2023.”

5. To re–appoint Ms. Dharmishtaben N. Raval (DIN–02792246) as an Independent Director of the Company for the second term of 5 (five) consecutive years:
To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Act and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the Listing Regulations”), Ms. Dharmishtaben N. Raval (DIN–02792246), an Independent Director of the Company, who has submitted a declaration that she meets the criteria of independence as provided in section 149(6) of the Act and regulation 16 of the Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of five consecutive years from the conclusion of this Annual General Meeting upto the conclusion of 29th Annual General Meeting in the calendar year 2024.”
6. To ratify remuneration of the Cost Auditors:
To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies the remuneration of ₹ 1.15 million plus applicable GST and out of pocket expenses at actuals for the Financial Year ending on March 31, 2020 to Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), who were appointed as Cost Auditors to conduct the audit of cost records maintained by the Company pertaining to Drugs and Pharmaceuticals manufactured by the Company for the Financial Year 2019–2020."

7. To shift the Registered Office of the Company:
To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 12 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, the Registered Office of the Company be shifted from its present address at Zydus Tower, Satellite Cross Roads, Sarkhej–Gandhinagar Highway, Ahmedabad–380 015 to “Zydus Corporate Park”, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej–Gandhinagar Highway, Ahmedabad–382481, which is outside the local limits of the city, but within the same state falling under the jurisdiction of Registrar of Companies, Gujarat."

RESOLVED FURTHER THAT Dr. Sharvil P. Patel, Managing Director, Mr. Nitin D. Parekh, Chief Financial Officer and Mr. Dhaval N. Soni, Company Secretary, be and are hereby severally authorized to file necessary forms and documents, as may be required and to do all such acts, deeds and things as may be deemed fit and proper for shifting of registered office of the Company."

By order of the Board of Directors

Place : Ahmedabad
Date : May 29, 2019

Dhaval N. Soni
Company Secretary

NOTES:
1. The Explanatory Statement pursuant to the provisions of section 102 of the Companies Act, 2013 (“the Act”), in respect of the businesses under items 4 to 7 of the Notice are annexed hereto.

2. The Register of Members and Share Transfer Books will be closed from Monday, July 29, 2019 to Friday, August 9, 2019 (both days inclusive) for the purpose of Twenty Fourth Annual General Meeting (“AGM”).

3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of members not exceeding 50 (fifty) and holding in aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company, then such proxy shall not act as a proxy for any other person or member.

Proxies in order to be effective must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the AGM i.e. by 10:00 a.m. on Wednesday, August 7, 2019. A Proxy form is sent herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority together with specimen signature, as applicable.

4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company at its Registered Office, a certified copy of the Board Resolution / authorization document authorising their representative to attend and vote on their behalf at the Meeting.

5. Those members who have not encashed their dividend warrants pertaining to the following financial years are requested to approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund (“IEPF”) on the respective dates mentioned there against, pursuant to provisions of section 125 of the Act and the Rules made thereunder. Members are requested to note that after such date, any unclaimed dividend which has been transferred to the Fund, may apply for refund, under sub-section (4) of
In compliance with the provisions of section 124(6) of the Act read with The Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016 dated September 5, 2016 and as amended from time to time (hereinafter referred to as “the said Rules”), during the year the Company has transferred 1,39,050 Equity Shares of ₹ 1/- each of 137 shareholders whose dividend remained unclaimed or unpaid for a consecutive period of seven years or more to IEPF authority, constituted by the Ministry of Corporate Affairs.

Any shareholder who wishes to claim their shares or unclaimed dividend may apply to the authority by making an application in the prescribed form online available on website www.iepf.gov.in along with the prescribed documents and fees.

Pursuant to the IEPF (Uploading of information regarding unpaid and unclaimed amount lying with the Companies) Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the Twenty Third AGM held on August 13, 2018 on its website–www.zyduscadila.com and on the website of Ministry of Corporate Affairs www.mca.gov.in.

Members holding shares in physical form are requested to intimate the Registrar and Transfer Agent of the Company viz., Link Intime India Private Limited (Unit: Cadila Healthcare Limited), 5th Floor, 506 to 508, Amarnath Business Centre–1 (ABC–1), Beside Gala Business Centre, Nr. St. Xavier’s College Corner, Off. C G Road, Navrangpura, Ahmedabad–380006, changes, if any, in their registered address along with pin code number and relevant evidences. Members holding shares in electronic form shall update such details with their respective Depository Participant.

7. The information of the Directors seeking appointment / re-appointment at the ensuing AGM is provided at Annexure–A to this Notice as prescribed under regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”).

8. Notice of the AGM of the Company, interalia, indicating the process and manner of e–voting along with Attendance Slip and Proxy Form is being sent to the members, whose email ids are registered with the Company or Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the AGM of the Company, interalia, indicating the process and manner of e–voting along with Attendance Slip and Proxy Form are being sent through permitted mode.

9. SEBI vide its circular dated June 8, 2018 amended regulation 40 of the Listing Regulations pursuant to which requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form. Members holding the shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode.

10. SEBI vide its circular dated April 20, 2018, directed all the listed companies to record the Income Tax PAN and Bank Account Details of all their shareholders holding shares in physical form. All those shareholders who are yet to update their details with the Company are requested to do so at the earliest.

11. Members who have not registered their e–mail address so far are requested to register their e–mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.

Members may also note that the Notice of the AGM and the Annual Report will also be available on the Company’s website www.zyduscadila.com for download. The physical copies of the documents will also be available at the Company’s Registered Office for inspection during normal business hours on working days. Even after registering for e–communication, members are entitled to receive such communication in physical form, upon making a request for the same free of cost. For any communication, the members may also send requests to the Company’s investor email id investor.grievance@zyduscadila.com.
12. **E–Voting (voting through electronic means):**

   The businesses as set out in the Notice may be transacted through electronic voting system. In compliance with the provisions of section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, standard 8 of the Secretarial Standards on General Meetings and in compliance with regulation 44 of the Listing Regulations, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with Central Depository Services (India) Limited (“CDSL”) to facilitate the members to cast their votes from a place other than venue of the AGM (“remote e–voting”). The facility for voting shall be made available at the AGM through electronic voting and the members attending the Meeting who have not cast their vote by remote e–voting shall be able to exercise their right at the meeting. Please note that the voting through electronic means is optional for the members.

   A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut–off date shall be entitled to avail the facility of remote e–voting or voting at the AGM. Persons who are not members as on the cut–off date should treat this notice for information purpose only.

   The Notice of AGM will be displayed on the website of the Company www.zyduscadila.com and on the website of CDSL www.cdslindia.com.

   The members who have cast their vote by remote e–voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again.

   The Members whose names appear in the Register of Members / List of Beneficial Owners as on Friday, August 2, 2019 are entitled to vote on Resolutions set forth in the Notice of AGM. Eligible members who have acquired shares after the dispatch of the Annual Report and holding shares as on the cut–off date may approach the Company for issuance of the User Id and Password for exercising their right to vote by electronic means.

   Members are requested to follow the instructions below to cast their vote through e–voting:

   (i) The remote e–voting period commences at 9:00 a.m. on Tuesday, August 6, 2019 and ends at 5:00 p.m. on Thursday, August 8, 2019. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut–off date i.e. August 2, 2019, may cast their vote by remote e–voting. The remote e–voting module shall be disabled by CDSL for voting thereafter.

   (ii) The members should log on to the remote e–voting website www.evotingindia.com.

   (iii) Click on Shareholders.

   (iv) Now Enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,

   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

   (v) Next enter the Image Verification as displayed and Click on Login.

   (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

   (vii) If you are a first time user follow the steps given below:

<table>
<thead>
<tr>
<th>For Members holding shares both in Demat and Physical Form</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PAN</strong></td>
</tr>
<tr>
<td><strong>Dividend Bank Details OR Date of Birth (DOB)</strong></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

   (viii) After entering these details appropriately, click on “SUBMIT” tab.

   (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other company in which they are eligible to vote, provided that
company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for CADILA HEALTHCARE LIMITED on which you choose to vote.

(xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the vote cast by clicking on “Click here to print” option on the Voting page.

(xvii) If Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xviii) Members can also use mobile app – “m-voting” for e-voting. M-voting app is available on Apple, Android and Windows based mobiles. Members may login to m-voting using their e-voting credentials to vote for the company resolutions.

(xix) Note for Non–Individual Members and Custodians

- Non–Individual members (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance Users would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (“POA”) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

Contact Details:
Name: Mr. Rakesh Dalvi
Designation: Deputy Manager, CDSL
Address: Phirozee Jeejeebhoy Towers, Dalal Street, Fort, Mumbai–400001
Email id: helpdesk.evoting@cdslindia.com
Tel: 18002005533

A member can opt for only one mode of voting i.e. either through remote e-voting or at the Meeting. If a member casts votes by both modes, then voting done through remote e-voting shall prevail.

The Company has appointed Mr. Manoj Hurkat, Practicing Company Secretary (Membership No. 4287), to act as the Scrutinizer for conducting the voting and remote e-voting process in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorised by him immediately after the results are declared.

The results declared along with the Scrutinizer’s Report, will be posted on the website of the Company www.zyduscadila.com and on the website of the CDSL www.cdslindia.com and will be displayed on the Notice Board of the Company at its Registered Office immediately after the declaration of the results by the Chairman or any other person authorised by him and communicated to the Stock Exchanges.
13. **Live webcast:**

We take this opportunity to inform you that we have arranged One Way Live Web cast facility to our shareholders to view the proceedings of the AGM on August 9, 2019 from 10:00 a.m. onwards. You may avail this facility by going at the link www.evotingindia.com and clicking on “Shareholders / Members” tab. Please enter your 16 digit demat account (in case of demat holding) or 6 digit folio details (in case of physical holding) and then enter the characters displayed on the screen. After this, you will need to enter your password and then you will reach at the link “web-casting” from where you can ONLY VIEW the proceeding of AGM.

**Request to the members:**

1. Members desiring any relevant information on the accounts at the AGM are requested to write to the Company at least seven days in advance of the date of AGM at its Registered Office, so as to enable the Company to keep the information ready.

2. Members are requested to bring their copy of the Annual Report to the Meeting.
The following statement sets out all material facts relating to the business under items 4 to 7 of the accompanying notice dated May 29, 2019.

ITEM NO. 4:
Pursuant to the provisions of section 161 of the Act and article 67 of Articles of Association of the Company, Mr. Bhadresh K. Shah was appointed as an Additional Independent Director for a consecutive period of 5 (five) years from December 6, 2018. Pursuant to the provisions of section 161(1) of the Act, Mr. Bhadresh K. Shah holds office upto the date of the ensuing AGM. A Notice has been received from a member under section 160 of the Act proposing Mr. Bhadresh K. Shah as a candidate for the office of the Director of the Company.

Mr. Bhadresh K. Shah is not disqualified from being appointed as a Director in terms of section 164 of the Act and has given his consent to act as an Independent Director ("ID"). As per the provisions of section 149 of the Act, an ID can hold office for five consecutive years on the Board of a Company and he shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Mr. Bhadresh K. Shah that he meets criteria of independence as prescribed under section 149(6) of the Act and regulation 17 of the Listing Regulations.

The details required as per the provisions of the Listing Regulations and Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India have been provided in Annexure-A to the Notice.

In the opinion of the Board, Mr. Bhadresh K. Shah fulfils the conditions as specified in the Act and Rules made thereunder for his appointment as an ID of the Company. A copy of the letter of appointment of Mr. Bhadresh K. Shah as an ID setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Keeping in view the vast experience and knowledge, the Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Bhadresh K. Shah as an ID.

Save and except Mr. Bhadresh K. Shah, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the passing of resolution as an Ordinary Resolution as set out at Item No. 4 of the Notice.

ITEM NO. 5:
At the Nineteenth Annual General Meeting of the Company held on July 30, 2014, Ms. Dharmishtaben N. Raval was appointed as an ID on the Board of the Company pursuant to the provisions of section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 for a period of 5 (five) consecutive years i.e. upto the conclusion of Twenty Fourth AGM in the calendar year 2019.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considered that, given her background and experience and contributions made by her during her tenure, her continued association would be beneficial to the Company and it is desirable to continue to avail her services as an ID. Your Board considers that the Company will benefit from her valuable experience, knowledge and counsel.

Accordingly, it is proposed to re-appoint Ms. Dharmishtaben N. Raval as an ID of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company with effect from the conclusion of this AGM up to the conclusion of Twenty Ninth AGM in the calendar year 2024.
Pursuant to the provisions of sections 149(10) and 149(11) of the Act, an ID shall hold office for a term up to 5 (five) consecutive years on the Board of a company and shall be eligible for re-appointment on passing of a Special Resolution by the members. Further, no ID shall hold office for more than two consecutive terms.

The Company has received notice in writing from a member under section 160 of the Act proposing her candidature for the office of ID. Ms. Dharmishtaben N. Raval meets the criteria of independence as provided in section 149(6) of the Act and is not disqualified from being appointed as a Director in terms of section 164 of the Act and has given her consent to act as a Director.

In the opinion of the Board, she fulfills the conditions for appointment as an ID as specified in the Act and Rules made thereunder and Listing Regulations and is independent of the management.

The details required as per the provisions of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India have been provided in Annexure–A to the Notice.

A copy of the letter of appointment of Ms. Dharmishtaben N. Raval as an ID setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Save and except Ms. Dharmishtaben N. Raval, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the passing of the resolution as a Special Resolution as set out at Item No. 5 of the Notice.

**ITEM NO. 6:**

In accordance with the provisions of section 148 of the Act and the Companies (Audit and Auditors) Rules, 2014 (“the Rules”), the Company is required to appoint a Cost Auditor to audit the cost records of the Company pertaining to Drugs and Pharmaceuticals manufactured by the Company.

On the recommendation of the Audit Committee, the Board of Directors had approved the appointment of Dalwadi & Associates, Cost Accountants (Firm Registration Number 000338) as the Cost Auditors of the Company to conduct audit of cost records of the Company for the Financial Year 2019–2020, at a remuneration of ₹ 1.15 million plus applicable GST and out of pocket expenses at actuals.

Dalwadi & Associates, Cost Accountants, have furnished certificate regarding their eligibility for appointment as Cost Auditors of the Company. As per the provisions of section 148(3) of the Act, read with the Rules, the remuneration payable to the Cost Auditors shall be ratified by the members of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the passing of the resolution as an Ordinary Resolution as set out at Item No. 6 in the Notice.

**ITEM NO. 7:**

The Company’s existing Registered Office is located at Zydus Tower, Satellite Cross Roads, Sarkhej – Gandhinagar Highway, Ahmedabad – 380015, which is within the local limits of Ahmedabad. The Company has set up new office premises in the name of “Zydus Corporate Park” which is situated at Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej – Gandhinagar Highway, Ahmedabad–382481. The new office is most likely to be ready in near future and all employees will be shifted to the new office.

The proposed registered office falls outside the local limits of Ahmedabad city and pursuant to the provisions of section 12(5) of the Act, shifting of registered office to the new address as mentioned in the Special Resolution, outside the local limits of the city, requires approval of the members by way of Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board recommends the passing of the resolution as a Special Resolution as set out at Item No. 7 of the Notice.

By order of the Board of Directors

Place : Ahmedabad
Date : May 29, 2019

Dhaval N. Soni
Company Secretary
Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting
(Pursuant to the Listing Regulations)

<table>
<thead>
<tr>
<th>Name of the Director</th>
<th>Mr. Mukesh M. Patel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>65 years</td>
</tr>
<tr>
<td>Date of Appointment on the Board</td>
<td>August 1, 1997</td>
</tr>
</tbody>
</table>

Brief resume and nature of expertise in functional areas

An Eminent Advocate and International Tax Expert, Mr. Mukesh Patel enjoys over four decades of extensive experience in the legal profession, with expertise in the fields of Personal and Corporate Tax Planning, Appellate Matters, International Taxation, Tax and Investment Planning for Non-Resident Indians and Foreign Collaborations.

Over the past 40 years, he has been actively involved in Legal Education and Tax Journalism, as a Visiting Faculty with the Gujarat Law Society, the Indian Institute of Management, Ahmedabad and the Gujarat National Law University and also as a Columnist through his well read weekly columns on Direct Taxes with 'Sandesh', 'Gujarat Samachar,' 'Gujarat Mitra,' ‘The Times of India,' ‘Ahmedabad Mirror’ and ‘New Indian Express.’

He has authored a number of acclaimed books on Personal Tax & Investment Planning and Self Development, both in English and Gujarati and also hosted popular TV Shows ‘Tax Planning with Mukesh Patel’ on CNBC Bajaar, 'Tax Guru' on CNBC Awaaz, ‘Budget Analysis’ on Sandesh News, ‘Tax Free’ on Doordarshan and ‘Money Magic’ on Zee Gujarati.

As an Institution Builder, he has groomed and nurtured several leading institutions with his dynamic vision and leadership during his Presidential Tenure, prominent among them being the Ahmedabad Management Association, the Gujarat Chamber of Commerce & Industry, the Indian Red Cross Society, Ahmedabad, the Indo-Japan Friendship Association, Gujarat, the All Gujarat Federation of Tax Consultants, the Income-tax Appellate Tribunal Bar Association, Income-tax Bar Association, Tax Advocates Association and the Dehgam Taluka Education Society.

He has served as Chairman of the Ahmedabad Stock Exchange and as a Member of the National Executive Committee of FICCI and ASSOCHAM. He is also a Director on the Board of a number of leading public companies.

In October 2015, he was appointed by the Finance Minister, as an Expert on the Justice Easwar Committee for Simplification of the Income-tax Act, Rules and Procedures.

In November 2017, he was appointed by the Government of India as an Expert on the Six Member Official Task Force, which has been entrusted the key assignment of drafting a New Income-Tax Act, in tune with best international tax practices and the economic needs of India.

In recognition of his noteworthy contribution and achievements as an Eloquent Speaker, he received ‘Fellowship of the World Academy of Speakers’ in 1981 and ‘Outstanding Speaker of the 20th Century Award’ in 2000. His studies and thought provoking annual presentations on the Analysis of the Union Budget for nearly four decades now are very eagerly looked forward to.

Widely traveled around the world, he is an ardent photographer. A champion supporter of the Red Cross and an ardent crusader of the Voluntary Blood Donation Movement, he is a Centurion Blood Donor, having himself donated blood for 151 times.

In April, 2017 he was conferred with ‘The Order of the Rising Sun’, the highest Decoration & Recognition from the Emperor of Japan and the Japanese Government, in appreciation of his 45 year long association and contributions for the cause of furthering Indo-Japanese Relations on academic, business and cultural fronts.

Relationship between Directors inter-se

None

Name of the listed companies in which Mr. Mukesh M. Patel holds Directorships and Memberships of Committees of the Board

Other Directorships:
1. The Sandesh Limited
2. Johnson Controls–Hitachi Air Conditioning India Limited

Committees:
A. Stakeholders’ / Investors’ Relationship Committee:
   Chairman:
   Cadila Healthcare Limited
   Member:
   Johnson Controls–Hitachi Air Conditioning India Limited

B. Audit Committee:
   Chairman:
   1. Johnson Controls–Hitachi Air Conditioning India Limited
   2. The Sandesh Limited
   Member:
   Cadila Healthcare Limited

Shareholding of Non–Executive Director

12,000
<table>
<thead>
<tr>
<th><strong>Name of the Director</strong></th>
<th>Mr. Bhadresh K. Shah</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>67 years</td>
</tr>
<tr>
<td><strong>Date of Appointment on the Board</strong></td>
<td>December 6, 2018</td>
</tr>
<tr>
<td><strong>Brief resume and nature of expertise in functional areas</strong></td>
<td>Mr. Bhadresh K. Shah is a Bachelor in Technology (Metallurgy) from the Indian Institute of Technology, Kanpur. Mr. Shah has over 47 years of experience in the manufacturing and design of various kinds of value added, impact, abrasion and corrosion resistant high chrome castings. Mr. Shah has played senior leadership role, developed strong negotiation skills, has gained deep insights in corporate decision making and has played a pivotal role in the success of AIA Engineering Limited (an entity listed on the National Stock Exchange of India Limited and BSE Limited) ('AIA') as the Founder and Managing Director of AIA. He has been the guiding light as AIA carved a niche for itself in the domestic as well as international arena.</td>
</tr>
<tr>
<td><strong>Relationship between Directors inter-se</strong></td>
<td>None</td>
</tr>
</tbody>
</table>
| **Name of the listed companies in which Mr. Bhadresh K. Shah holds Directorships and Memberships of Committees of the Board** | **Other Directorships:**  
1. AIA Engineering Limited  
2. Welcast Steels Limited  
**Committees:**  
A. Stakeholders' / Investors' Relationship Committee:  
Member:  
1. AIA Engineering Limited  
2. Welcast Steels Limited  
3. Cadila Healthcare Limited  
B. Audit Committee:  
Member:  
1. AIA Engineering Limited  
2. Welcast Steels Limited  
3. Cadila Healthcare Limited |
<p>| <strong>Shareholding of Non-Executive Director</strong> | Nil |</p>
<table>
<thead>
<tr>
<th>Name of the Director</th>
<th>Ms. Dharmishtaben N. Raval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>63 years</td>
</tr>
<tr>
<td>Date of Appointment on the Board</td>
<td>May 16, 2014</td>
</tr>
<tr>
<td>Brief resume and nature of expertise in functional areas</td>
<td>Ms. Dharmishtaben N. Raval, an eminent lawyer, is a science graduate and master in Legislative Laws. She enrolled as an Advocate of the Gujarat Bar Association since 1980. She had worked extensively with late Mr. Kirit N. Raval, former Solicitor General of India. She has exposure in the matters of various laws, such as Service Laws, Banking Laws, Financial Institutions, Company Law, Labour Laws and Income Tax Laws. She had also worked as an Executive Director in SEBI till May, 2003 and since then she started her practice as an Advocate at Gujarat High Court. She was a Senior Standing Counsel for the Central Government for the Gujarat High Court till June, 2004. At present, she is the Secretary of the Indian Law Institute of Gujarat State Unit. She is also on the Executive Committee of NSDL and in Advisory Committee of SEWA Bank. She is the Chairperson of Ace Commodity Exchange and a member of advisory committee of SEBI – Mutual Funds. She was appointed as a member of the advisory committee on “Fostering Fair Trade and Competition in downstream Petroleum &amp; Natural Gas Sector” by Petroleum and Natural Gas Regulatory Board. She has represented the matters before Gujarat High Court on behalf of many reputed clients like, Colgate, Shell Gas, Welcome Group Hotels, Kodak India, Saurashtra Cement and SEBI. She is empanelled as Panel Advocates with institutions like – UTI, SBI, GPCB and IRDA. She is associated with Raval &amp; Raval, Advocates.</td>
</tr>
<tr>
<td>Relationship between Directors inter-se</td>
<td>None</td>
</tr>
</tbody>
</table>
| Name of the listed companies in which Ms. Dharmishtaben N. Raval holds Directorships and Memberships of Committees of the Board | **Other Directorships:**  
1. Zydus Wellness Limited  
2. Torrent Power Limited  
3. NOCIL Limited  

**Committees:**  
**Audit Committee:**  
**Chairman:**  
Zydus Wellness Limited  

**Member:**  
1. Cadila Healthcare Limited  
2. Torrent Power Limited  

Shareholding of Non-Executive Director | Nil |
I/We hereby record my/our presence at the Twenty Fourth Annual General Meeting of the Company at J. B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad–380015 on August 9, 2019 at 10.00 a.m.

Member’s Folio / DP ID–Client ID No. Member’s/Proxy’s name in Block letters Member’s/Proxy’s Signature

Note:

1. Please fill the details of your Folio / DP ID–Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.

2. Electronic copy of the Annual Report for the Financial Year 2018–2019 and Notice of the AGM along with Attendance Slip and Proxy Form are being sent to all the members whose email addresses are registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.

3. Physical copy of the Annual Report for the Financial Year 2018–2019 and Notice of the AGM along with Attendance Slip and Proxy Form are sent in the permitted mode(s) to all members whose email addresses are not registered or have requested for a hard copy.
PROXY FORM

Name of the member(s): ____________________________________________

Registered address: ________________________________________________

E-mail Id: __________________________________________________________

Folio / DP ID-Client ID No. __________________________________________

I/We being the member(s) holding ____________________________ shares of the above named Company hereby appoint:

1) Name: __________________________________________________________
   Address: _________________________________________________________
   E-mail ID : _______________________________________________________ Signature: __________________________ or failing him/her;

2) Name: __________________________________________________________
   Address: _________________________________________________________
   E-mail ID : _______________________________________________________ Signature: __________________________ or failing him/her;

3) Name: __________________________________________________________
   Address: _________________________________________________________
   E-mail ID : _______________________________________________________ Signature: __________________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company, to be held on Friday, August 9, 2019 at 10.00 a.m. at J. B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad–380015 and at any adjournment thereof in respect of such resolutions as are indicated below:

<table>
<thead>
<tr>
<th>Resolution No.</th>
<th>Particulars of Resolution</th>
<th>Optional For</th>
<th>Optional Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Business:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Adoption of Financial Statements (including consolidated financial statements) for the Financial Year ended on March 31, 2019.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Re–appointment of Mr. Mukesh M. Patel (DIN-00053892), Director retiring by rotation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Special Business:

4. Appointment Mr. Bhadresh K. Shah (DIN-00058177), as an Independent Director.

5. Re-appointment of Ms. Dharmishtaben N. Raval (DIN-02792246), as an Independent Director for second consecutive term of 5 (five) years.


7. Shifting of Registered Office of the Company.

Signed this __________ day of ________________ 2019

Signature of member ________________________

Signature of Proxy holder(s) ________________________

Notes:
1. This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Twenty Fourth Annual General Meeting.
3. It is optional to put ‘X’ in the appropriate column against the Resolutions indicated in the Box. If you leave the ‘For’ or ‘Against’ column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.
ROUTE MAP OF AGM VENUE
We are committed to the core behaviours that define the Zydus Way of Life and are our **Pride and Passion**. These are the guiding principles that we live by, in the quest to make our vision a reality — in the way we behave and in everything that we do.

- **Excellence in execution**
  - Being action-oriented

- **Innovation**
  - Being innovative in all that we do

- **Team & Collaboration**
  - WE not I

- **Adaptability to change**
  - Keeping pace with change

- **Putting organisation before Self**
  - Think Zydus First

- **Respect, Trust & Integrity**
  - Doing the right things, in the right way, at the right time

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**Core Behaviours**

The Zydus Way of Being