Zydus dedicated to life

Cadila Healthcare Limited

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

CADILA HEALTHCARE LIMITED AHMEDABAD

Encl.: As above

Zydus
dedicated to life

POSSIBILITIES
UNLIMITED...

UNLEASHING
THE POWER of **SCIENCE**

Cadila Healthcare Ltd. | Annual Report 2018-19

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. 1/1A & 2, 'PHARMEZ' (Special Economic Zone)
Matoda, Sarkhej-Bavla N.H. No. 8A, Taluka: Sanand
District: Ahmedabad - 382 213

Survey No. 417, 419 & 420, Sarkhej-Bavla N.H. No. 8A
Village: Moraiya, Taluka: Sanand,
District: Ahmedabad - 382 210

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

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

Plot No. 254-255, Sarkhej-Bavla N.H.No. 8A,
Village: Changodar, Taluka: Sanand,
District: Ahmedabad - 382 210

API UNITS

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

GIDC Estate, Ankleshwar - 393 002, Gujarat

Dabhasa Taluka: Padra 391 440, District: Vadodara

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

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

BIOLOGICS AND VACCINES UNIT

Survey No. 40P, 23, 25P, 42, 37, Opp. Ramdev Masala,
Sarkhej-Bavla, N.H. No. 8A, Changodar,
District: Ahmedabad - 382 213

ANIMAL HEALTH UNIT

Plot No. F-1/1, Sector 6B, IIE SIIDCUL, Haridwar - 249 403

Registered and Corporate Office

Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad - 380 015

Mr. Ramanbhai Patel
Founder Chairman
August 19, 1925 - September 19, 2001

"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.

CONTENTS


NCEs
VACCINES
API RESEARCH
PEPTIDES
BIOLOGICALS
FORMULATION DEVELOPMENT
MONOCLONAL ANTIBODIES
NUTRACEUTICALS
WELNESS PRODUCTS
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.

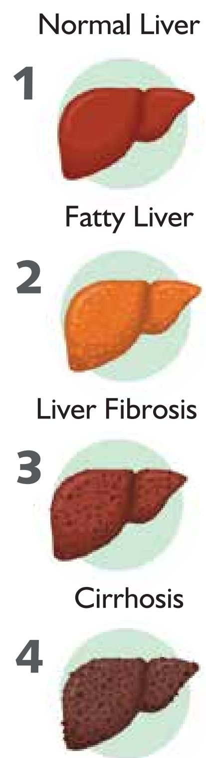
Nonalcoholic Fatty Liver Disease (NAFLD) is expected to become the most common chronic liver condition globally in relation to obesity and type 2 diabetes in the coming years.

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



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 Pruritius or increasing LDL-c

PBC is one of the most common autoimmune diseases, affecting nearly 1 in 1000 women over the age of 40.

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.

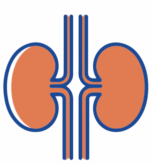
UNMET NEED

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

A safer, oral therapy to treat Anemia in CKD

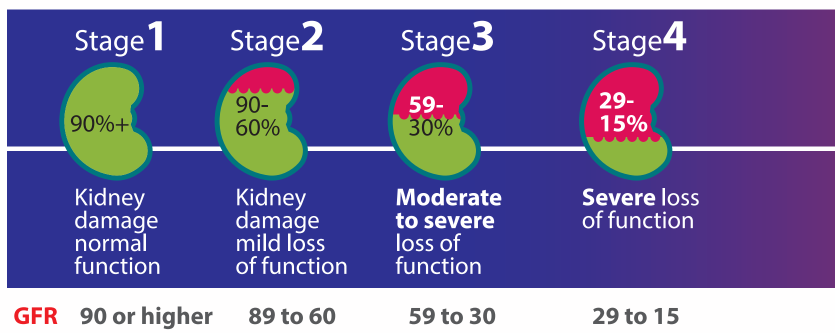
Anemia commonly occurs in people with chronic kidney disease (CKD)—the permanent, partial loss of kidney function. Anemia might begin to develop in the early stages of CKD, when someone has 20 to 50 percent of normal kidney function.

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.**

(World malaria report 2017. Geneva: World Health Organization; 2017)

DREAM trials
(Desidustat oRal Evaluation in Anemia Management)

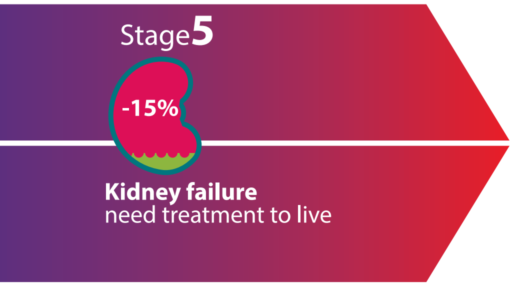
Desidustat is a novel, oral, HIF-PH inhibitor being developed for treating anemia in Chronic Kidney Disease (CKD) patients. The molecule has completed Phase II clinical trials in India and the company has announced Phase III clinical trials in India for CKD patients not on dialysis

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.



Less than 15

The GFR number represents kidney function. As the kidney gets worse, the GFR number goes down.

ZY3278
being developed in collboration 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 upto 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

Live Attenuated

Live viral (Cell culture)
- Measles
- Rubella
- Varicella
- Shingles

Live viral (Chicken Embryo Fibroblast)
- Mumps
- Rabies

Recombinant Live viral (Cell culture)
- Chikungunya

Inactivated

Inactivated viral (Cell culture)
- Hepatitis A

Inactivated viral (Egg based)
- Swine flu (H1N1)
- Seasonal influenza

Subunit

Recombinant (Prokaryotic)
- Leishmania
- Malaria
- Hepatitis

Recombinant (Yeast)
- Leishmania
- Human papillomavirus
- Hepatitis B

Virus Like Particles (VLP)
- Human papillomavirus
- Hepatitis B

Polysaccharide
- Typhoid Vi

Polysaccharide conjugate
- Haemophilus influenza type B (PRP-TT)
- Typhoid (Vi-TT)
- Paratyphoid (O:2-TT)

Inactivated Toxins

Toxoid
- Tetanus
- Diphtheria

Platforms
- Virosomes
- Measles Vectored backbone
- Conjugation Chemistry

Combination
- DPT • Pentavalent
- Td • MMR
- MR • MMRV
- Hepatitis A + Typhoid conjugate
- Bivalent Typhoid
- Seasonal flu
- Human papillomavirus

A novel vaccine for Human Papilloma Virus

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 I trials.

UNMET NEED

Cervical Cancer vaccine being developed covers more strains

A CUTTING EDGE NCE RESEARCH PROGRAMME

NEARLY
275
SCIENTISTS

4 NCEs
in clinical development

FOCUS AREAS

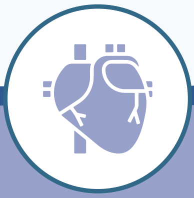
- Cardio-metabolic
- Inflammation
- Cancer
- Pain
- Infectious Diseases

CAPABILITIES TO DO RESEARCH FROM 'CONCEPT TO FIRST-IN-MAN TRIALS' UNDER ONE ROOF

Several candidates in pre-clinical development

Cardio-metabolic diseases:

Over the last few years, diabetes, cardio vascular 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.



NCE pipeline

Project	Target	Market	Indication	Pre-clinical	Phase I	Phase II	Phase III	NDA	Market
Saroglitazar*	PPARa/g	India and Mexico	Diabetic dyslipidemia	In Indian market since Sep-13. **Approved in Mexico in Oct-17**					
		India and Mexico	Hypertriglyceridemia	In Indian market since Sep-13. **Approved in Mexico in Oct-17**					
		India	Lipodystrophy						
		India	T2 Diabetes						
		India	NASH-biopsy						
		India	NASH-MRI PDFF						
		Mexico	NASH						
		Mexico	PBC						
		Mexico	TG>500						
		US	NASH						
		US	PBC						
		US	TG>500						
		US	NAFLD with PCOS						
		US	Liver transplant						
		US	Liver biopsy						
ZYH7	PPARa	India	Dyslipidemia						
Desidustat (ZYAN1)	HIF-PH	India	Anemia in CKD-ND						
		India	Anemia in CKD-D						
ZRC-3278	first-in-class ATPase inhibitor	Austraila	Malaria						

* Evaluation in over 23 different, controlled clinical trials involving 3800+ patients

Antimicrobial Drug Resistance (AMR):

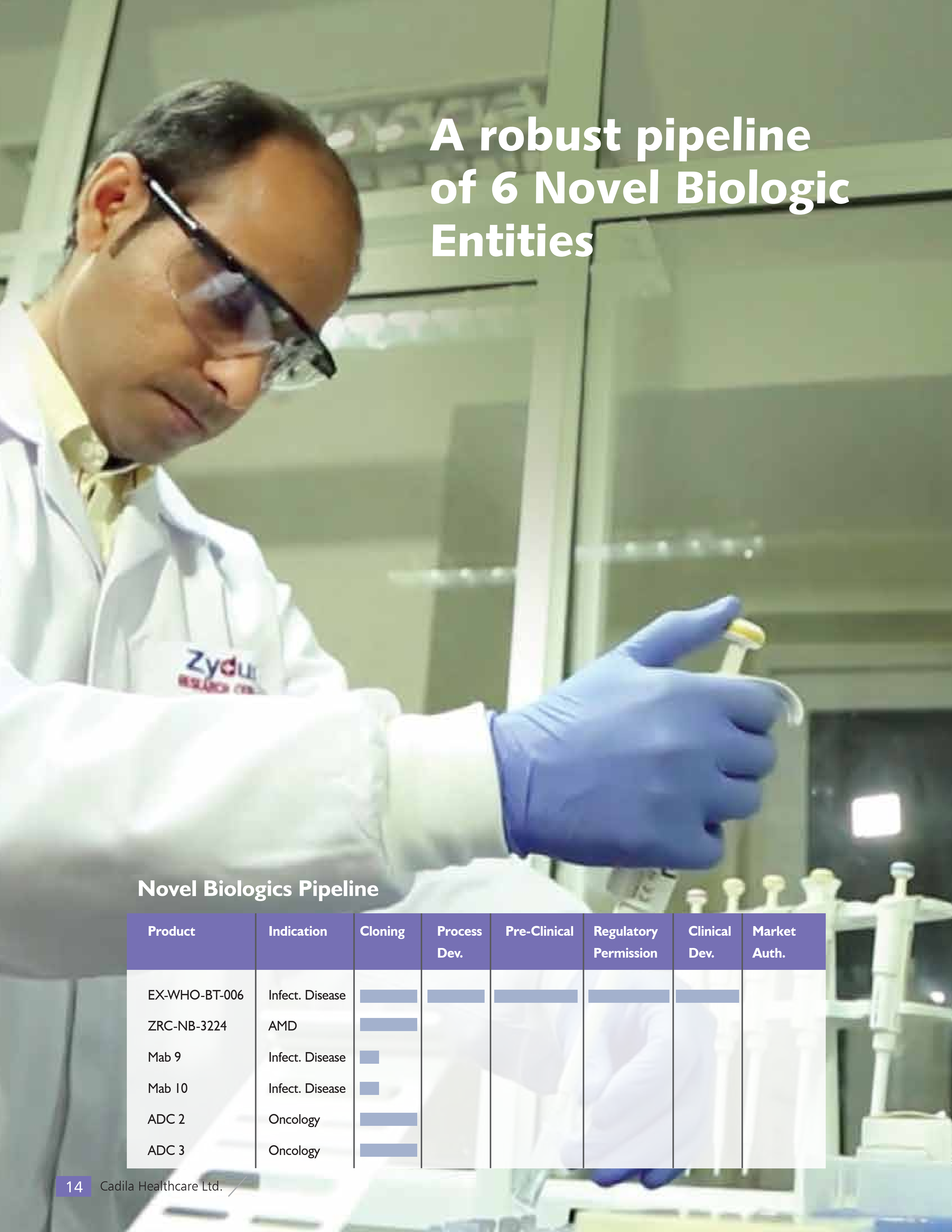
The Company is also developing a portfolio of five anti-infective medicines that address antimicrobial drug resistance, targeting difficult-to-treat diseases caused by Gram-negative, Gram-positive bacteria and fungal infections.

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.

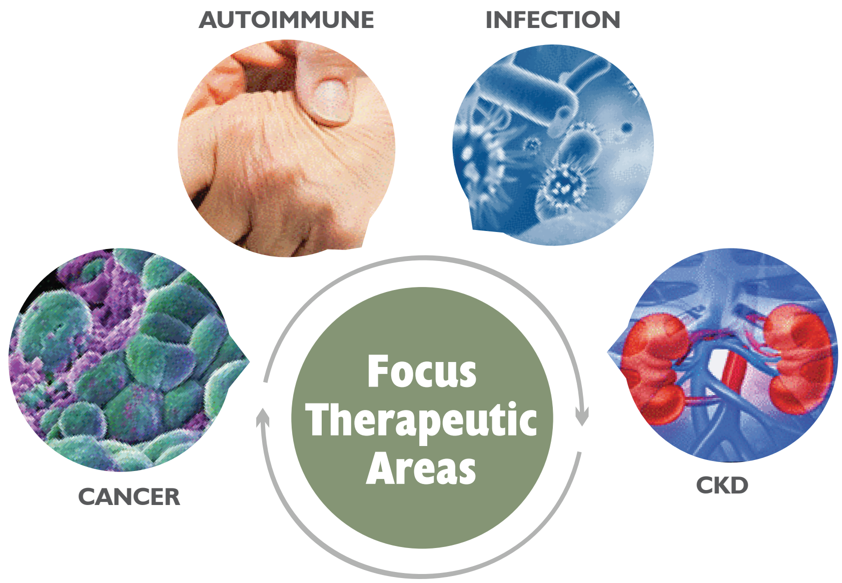


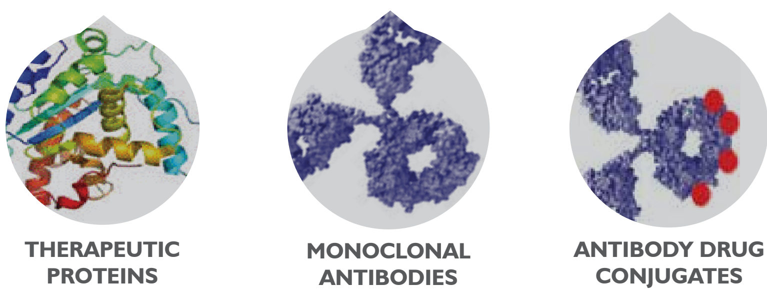
A robust pipeline of 6 Novel Biologic Entities

Novel Biologics Pipeline

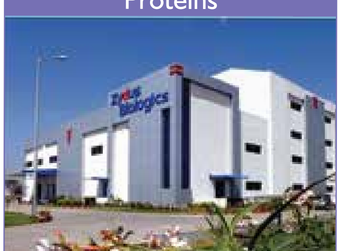
Product	Indication	Cloning	Process Dev.	Pre-Clinical	Regulatory Permission	Clinical Dev.	Market Auth.
EX-WHO-BT-006	Infect. Disease						
ZRC-NB-3224	AMD						
Mab 9	Infect. Disease						
Mab 10	Infect. Disease						
ADC 2	Oncology						
ADC 3	Oncology						

Established capabilities to discover, develop and manufacture Therapeutic Proteins, Monoclonal Antibodies as well as Antibody-Drug Conjugates





Therapeutic Proteins



cGMP Drug Substance multi-product facility for Recombinant Proteins

MAb's

cGMP Drug Substance multi-product facility for Monoclonal Antibodies

Two independent production streams with 2X 5KL and 1X 1KL bioreactors

ADC facility

cGMP multi-product facility for Antibody drug conjugates

Biologics Drug Product

cGMP Drug Product multi-product facility for Biologics

A Global Player in the evolving Biosimilars Space

More than **18 years** of experience of biosimilars development

A key **Growth Driver** for the India Business

A portfolio of **11** commercial biosimilars on Indian Market

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

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

#	Product	Indication	Cloning	Process Dev	Pre Clinical	Regulatory Permission	Clinical Dev	Indian MA	India Launch
1	IFNα-2 b	Hepatitis B & C				Launched*			
2	PEG-IFN	Hepatitis B & C				Launched*			
3	PTH	Osteoporosis				Launched*			
4	G-CSF	Oncology				Launched**			
5	PEGG-CSF	Oncology				Launched**			
6	EPO	Onco / Nephro				Launched**			
7	Adalimumab	Inflammation				Launched**			
8	Trastuzumab	Oncology				Launched**			
9	Bevacizumab	Oncology				Launched**			
10	Peg Asparagase	Oncology				Launched*			
11	r-FSH	Fertility				Launched*			
12	ZRC-3160	Oncology							
13	ZRC-3268	Osteoporosis							
14	ZRC-3276	Oncology							
15	ZRC-3277	Oncology							
16	ZRC-3189	Myocardial							
17	ZRC-3287	Nephrology							
18	ZRC-3185	Ophthalmology							
19	ZRC-3286	Inflammation							
20	ZRC-3296	Oncology							
21	ZRC-3256	Oncology							

* Launched in India | ** Launched in India and the Emerging Markets

LEADING BRANDS

Exemptia | Vivitra | Bryxta | Pegstim | BONMAX PTH

Zydus Vaccines: An emerging player in Vaccine Space

20+ YEARS
…of experience. started journey in 1998*

5
Manufacturing (3) and R&D (2) Facilities*

300+
…dedicated scientists and Workforce*

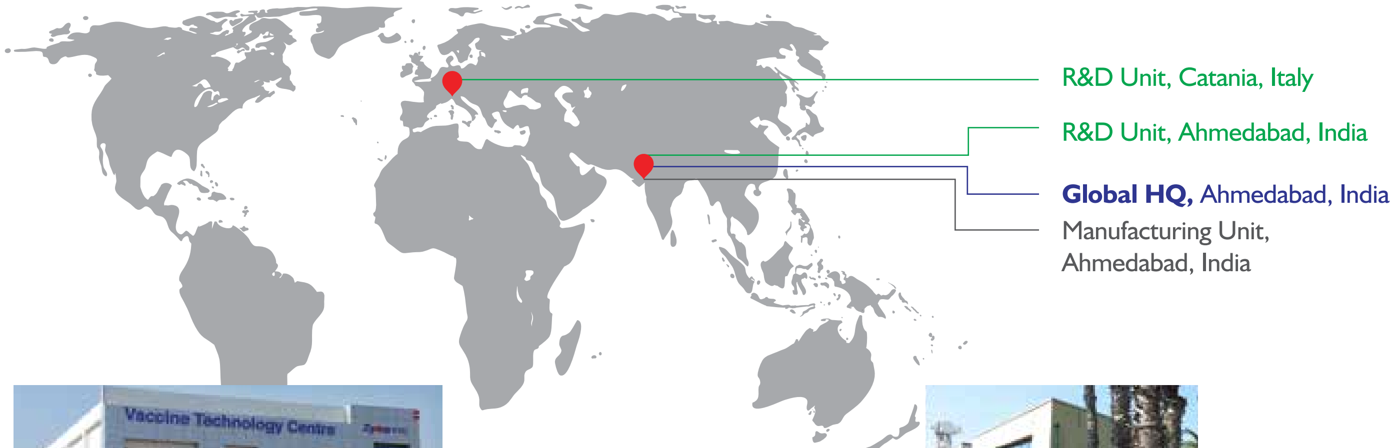
Major revenue Growth Driver …in **next** **5-7 years**

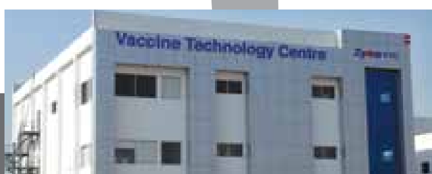
Diversified
…portfolio with innovative, differentiated vaccines

R&D
…significant investment in Building capabilities

Manufacturing
…Infrastructure of global standard

CURRENT STRENGTHS & CAPABILITIES





Vaccine Technology Centre (VTC)
Ahmedabad, Gujarat, India

Etna Biotech
Catania, Italy

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

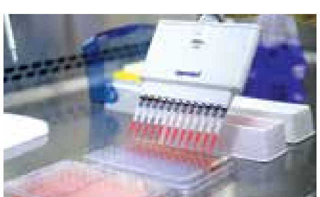
LIVE ATTENUATED

INACTIVATED

SUB-UNIT

INACTIVATE TOXINS

OTHERS



Portfolio

- Focus on innovative and differentiated vaccines catering to unmet needs

Manufacturing & Supply

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

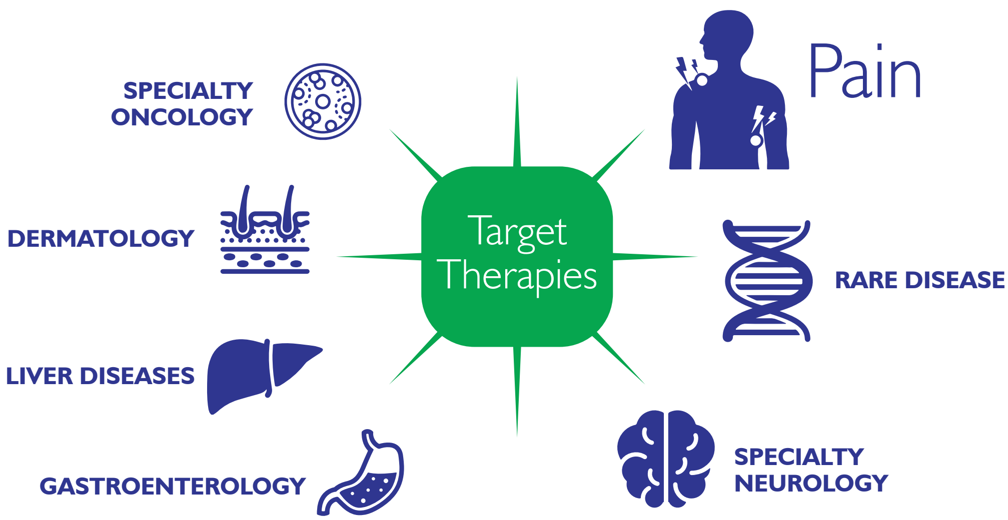
Portfolio

Zydus Vaccine Pipeline: Commercialized / Market Authorization Received

#	Vaccines	Pre-Clinical	Phase I	Phase II	Phase III	Indian Market Authorization
1	Measles	■	■	■	■	■
2	Tetanus toxoid	■	■	■	■	■
3	DTwP	■	■	■	■	■
4	MMR	■	■	■	■	■
5	Tetravalent Influenza	■	■	■	■	■
6	Typhoid polysaccharide	■	■	■	■	■
7	Conjugated Vaccine for Typhoid	■	■	■	■	■
8	Varicella	■	■	■	■	■
9	Anti rabies	■	■	■	■	■
10	Tetanus (Adsorbed) I.P.	■	■	■	■	■
11	MR	■	■	■	■	
12	Pentavalent (DTP-Hib-HepB)	■	■	■		
13	MMRV	■	■			
14	HPV	■	■			
15	Hepatitis B	■	■			
16	Haemophilus Type B Conjugate	■	■			
17	Hepatitis A	■	■			
18	Hepatitis E	■				
19	Chikungunya	■				

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."

Pankaj R. Patel
Chairman

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 1000000 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 Alchoholic 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.

Zydus has always had a strong execution focus. In fact, both Excellence in Execution and Innovation are a part of our Core Behaviours that defines who we are, the way we think at Zydus, the way we work, serve customers and the speed with which we respond to our markets. The agility and thrust in "doing things" catalyses with the innovative way of "being and approaching" our work. Our reputation for raising the bar of performance and financial strength year after year, delivering results and maintaining our focus on innovation has been critical to our company's long-term success and future.

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 1), 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 DCGI.
- 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 Tetravalent 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

- Launched the highest number of new products during the single financial year with 43 new product launches during the year.
- Received 74 ANDA approvals (including 14 tentative approvals) from the USFDA during the year after the receipt of 77 ANDA approvals during the previous financial year.
- ANDA approvals during the year include receipt of final approval for Rivastigmine Transdermal System, which is the first transdermal product approval received till date.
- Filed 29 ANDAs with the US FDA during the year, taking the cumulative ANDA filings to 360.
- Posted sales of Rs.62,794 million, up 8%.

INDIA 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.

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 I 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Global Pharmaceuticals Market

The global sales of prescription pharmaceutical drugs is expected to grow in low to mid-single digit and cross US$ 1.5 trillion by 2023. The key geographies of growth will continue to be the United States and emerging markets, which are likely to grow in mid to high single digit over a period of next 5 years. In US, the growth is likely to be driven by new product introductions and brand pricing though expiration of exclusivity and introduction of generics are likely to restrict the growth of the market. The growth in Europe is likely to remain low on account of various cost-containment measures and lower contribution from new products going forward. Pharmaceutical spending in China, the second largest pharmaceutical market in the world, is also expected to slow down with an estimated compounded annual growth rate of low to mid single digit over next 5 years. Indian Pharmaceutical market will be one of the fastest growing markets in the world over next 5 years. The growth of overall population and ageing population, improvement in purchasing power and access to quality healthcare and pharmaceuticals to poor and middle-class families will drive the growth of Indian pharmaceutical industry (Source: Industry Estimates).

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-prolyl 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, Sentynl 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 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-D®, Nycil® and Complan® with Glucon-D® and Nycil® 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 (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 EBIDTA (Earnings before Interest, Depreciation, Taxation and Amortization) grew by 4% to Rs.29,731 million from Rs.28,475 million, last year. The EBIDTA 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 31st March 2019 from Rs.85.42 last year.

The return on equity (ROE = Net profit /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 31st 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 (ROCE = Adjusted earnings before interest net of tax / 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 Rivastigmine 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

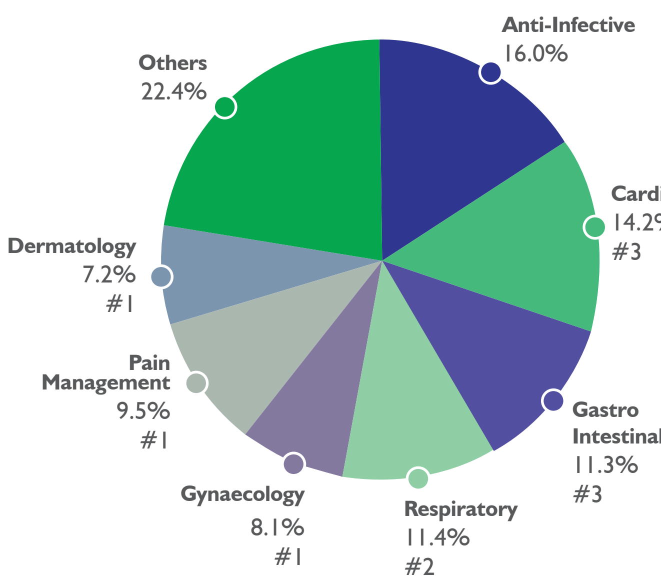
India Formulations

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 :



Represents Zydus' ranking in the promoted covered market

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®, Nycil® and Complan® with Glucon-D® and Nycil® 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™ Green Veda, an ayurvedic range of sweeteners and Sugarlite™, made from a natural blend of sugar and stevia, a natural sweetener, but with 50% less calories than normal sugar. EverYuth™ witnessed strong growth momentum across all the segments backed by various media campaigns and trade and visibility drives while Nutralite™ 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™ maintained its leadership position in the artificial sweetener category with a market share of 93.8%. EverYuth™ 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® 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 (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 launched 8 new products in India during the year. On the international front, the Company 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,

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).

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.

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 Zydus 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.

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-focussed organisation, 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 focussed 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 organisation, 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 organisation 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 (MDA) 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.

Core Behaviours

The Zydus Way of Being

Cadila Healthcare Ltd.
'Zydus Tower', Satellite Cross Roads,
Ahmedabad - 380 015, Gujarat, India.

www.zyduscadila.com

CIN : L24230GJ1995PLC025878

BUSINESS RESPONSIBILITY REPORT

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2019.

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)			
	Group	Class	Sub Class	Description
	210	2100	21001	Drugs and Pharmaceuticals
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

Paid-up Capital (₹)	1,024 million
Total turnover (sale of products) (₹)	62,070 million
Total profit after taxes (₹)	16,021 million

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:

Sr. No.	Particulars	Details
1	DIN [if applicable]	00131852
2	Name	Mr. Pankaj R. Patel
3	Designation	Chairman

b) Details of the BR head:

Sr. No.	Particulars	Details
1	DIN [if applicable]	Not Applicable
2	Name	Mr. Dhaval N. Soni
3	Designation	Company Secretary and Compliance Officer
4	Telephone Number	079–268 68 100
5	E-mail ID	dhavalsoni@zyduscadila.com

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

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

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

3. Principle-wise [as per NVGs] BR Policy / Policies:

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

Sr. No.	Questions	Business Ethics P1	Product Responsibility P2	Wellbeing of Employees P3	Stakeholder Engagement & CSR P4	Human Rights P5	Environment P6	Public Policy P7	CSR P8	Customer Relations P9
1	Do you have a policy / policies for?	Y	Y	Y	Y	Y[1]	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy confirm to any national / international standards?	The Company is abiding by the various laws and while framing the policies, the Company takes into account the best practices and national and international standards.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Y	Y[2]	Y[3]	Y	Y	Y	Y	Y	Y[4]
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?	Y	Y	Y	Y	Y	Y	Y	Y	Y
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	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?

The Company publishes BR Report as a part of Annual Report. The Company publishes BR report annually. Report is posted on the Company's website– www.zyduscadila.com.

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-fledged 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.

Sr. No.	Category of Employees	No. of Employees
1	Management staff	6650
2	Marketing field staff	1359
3	Others	4187
4	Total	12196
5	Contractual employees	3056
6	Permanent Woman employees	828
7	Permanent employees with disabilities	24

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.

BOARD'S REPORT

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:

₹ million

Particulars	Standalone		Consolidated	
	For the year ended on March 31, 2019	For the year ended on March 31, 2018	For the year ended on March 31, 2019	For the year ended on March 31, 2018
Revenue from Operations and other Income	71,043	60,305	133,667	120,676
Profit before Interest, Depreciation, Amortisation and Impairment Expenses & Tax [PBIDT]	23,667	18,542	31,742	29,607
Less: Finance Cost	884	639	1,935	911
Less: Depreciation, Amortization and Impairment Expenses	3,498	2,931	5,986	5,388
Profit Before Tax [PBT]	**19,285**	14,972	**23,821**	23,308
Less: Tax Expenses	3,264	4,064	5,303	5,644
Profit After Tax [PAT]	**16,021**	10,908	**18,518**	17,664
Share of Profit of Joint venture (net of tax)	-	-	469	628
Profit for the year from Continuing Operations	**16,021**	10,908	**18,987**	18,292
Less: Loss after tax from Discontinued Operations	-	-	-	188
Profit for the year	**16,021**	10,908	**18,987**	18,104
Attributable to:				
Owners of the Parent	16,021	10,908	18,488	17,758
Non-Controlling Interests	-	-	499	346
Other Comprehensive Income/(Loss) (net of tax)	(320)	362	(1,680)	195
Total Comprehensive Income	**15,701**	11,270	**17,307**	18,299
Attributable to:				
Owners of the Parent	15,701	11,270	16,808	17,953
Non-Controlling Interests	-	-	499	346
Opening balance in Retained Earnings	58,127	47,315	67,707	50,073
Amount available for appropriation	**74,108**	58,127	**90,061**	67,717
Transferred to Debenture Redemption Reserve	-	-	3,750	-
Dividend:				
Dividend	3,583	-	3,583	-
Corporate Dividend Tax on Dividend (net of CDT Credit)	9	-	85	10
Closing Balance in Retained Earnings	**70,516**	58,127	**82,643**	67,707
Earnings Per Share [EPS] from Continuing Operations [Face Value of shares of ₹ 1/- each]	15.65	10.66	18.06	17.53
Earnings Per Share [EPS] from Continuing and Discontinued Operations [Face Value of shares of ₹ 1/- each]	15.65	10.66	18.06	17.35

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.

MANAGEMENT DISCUSSION AND ANALYSIS (MDA):

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 in the name of Zydus Foundation as a wholly owned subsidiary Company for carrying out CSR activities. Zydus Foundation is setting up a multi-speciality hospital and medical college at Dahod under Public Private Partnership model.

vii. Zydus Pharmaceuticals USA Inc., USA, a wholly owned subsidiary Company has incorporated a new Company in the name of Zyvet Animal Health Inc., USA, as its wholly owned subsidiary Company on April 9, 2019.

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/CHL_Policy_on_Material_Subsidiary_Revised_February_7_2019.pdf.

INSURANCE:

The Company's plant, properties, equipment and stocks are adequately insured against all major risks. The Company has insurance cover for product liability and clinical trials. The Company has also taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

COST ACCOUNTS AND RECORDS:

The Company has made and maintained the cost accounts and records as specified by the Central Government under section 148(1) of the Act and Rules made thereunder.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

Details of loans, guarantees and investments covered under section 186 of the Act are given in the notes to the financial statements.

RELATED PARTY TRANSACTIONS:

All contracts / arrangements / transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. As provided under section 134(3)(h) of the Act and Rules made thereunder, disclosure of particulars of material transactions with related parties entered into by the Company in the prescribed format is annexed to this report as **Annexure–A**. Disclosures on related party transactions are set out in Note No. 40 to the financial statements.

The Policy on materiality of related party transactions and dealing with related party transactions, 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_Related_Party_Transactions_and_dealing_with_Material_Related_Party_Transactions_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_for_monitoring_stationery_etc_as_per_SEBI_Circular_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 upto 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–00053892) will retire by rotation at the ensuing AGM and being eligible, offers himself for re–appointment. The Board recommends his re–appointment.

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

ANNEXURE–A

FORM NO. AOC–2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and rule 8(2) of the Companies (Accounts) Rules, 2014]

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:

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

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
FCS No. 4287
C P No.: 2574

Place : Ahmedabad
Date : May 29, 2019

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:

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

* 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

CIN	L24230GJ1995PLC025878
Registration Date	May 15, 1995
Name of the Company	Cadila Healthcare Limited
Category / Sub-Category of the Company	Public Limited Company, Limited by shares
Address of the Registered Office and Contact details	"Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad–380 015 Phone +91–79–26868100 (20 lines) Fax +91–79–26862365 www.zyduscadila.com
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	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: ahmedabad@linkintime.co.in

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:

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Pharmaceutical Products	21001	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name of the Company	Address	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Dialforhealth India Limited	Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad–380 015.	U85110GJ2000PLC037488	Subsidiary	100	2(87)(ii)
2	Dialforhealth Unity Limited		U51390GJ2005PLC046314		55	
3	Dialforhealth Greencross Limited		U51397GJ2005PLC061284		100	
4	Zydus Healthcare Limited		U51900GJ1989PLC079501		100	
5	Zydus Technologies Limited		U24230GJ2009PLC056149		85	
6	Violio Pharmaceuticals Limited		U24299GJ2018PLC101374		100	
7	Zydus Foundation *		U85300GJ2019NPL105919		100	
8	Violio Healthcare Limited	House No. 3, Sigma Commerce Zone, Nr. Iscon Temple, Ahmedabad – 380 015.	U24236GJ2018PLC102269		100	
9	Alidac Pharmaceuticals Limited	Plot No. 1A, "Pharmez", Sarkhej-Bavla NH 8A, Village Matoda, Gujarat–382213.	U24230GJ2005PTC046915		100	

Sr. No.	Name of the Company	Address	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
10	Liva Pharmaceuticals Limited	Survey No. 434/6/B and 434/1/K, Village: Jarod, Taluka Vaghodia, District–Vadodara–391510.	U24100GJ2013PLC077080	Subsidiary	100	2(87)(ii)
11	Zydus Wellness Limited	House No. 6 and 7, Sigma Commerce Zone, Near Iscon Temple, S. G. Highway, Ahmedabad–380015.	L15201GJ1994PLC023490		63.55	
12	Liva Nutritions Limited		U15149GJ2018PLC105736		63.55	
13	Liva Investment Limited		U65999GJ2018PLC105763		63.55	
14	Heinz India Private Limited**		U15200GJ1994PTC107115		63.55	
15	Zydus Nutritions Limited***		U15400GJ2019PLC106866		63.55	
16	Acme Pharmaceuticals Private Limited	PF 61 and 62, Sanand Industrial Estate, Sanand, Ahmedabad.	U24230GJ2010PTC063425		100	
17	Windlas Healthcare Private Limited****	Plot No. 183 & 192, Mohabewala Industrial Area, Dehradun–248110, Uttarakhand.	U85100UR2010PTC033065		51	
18	Zydus International Private Limited, Ireland	FDW House, Blackthorn Business Park, Coes Road, Dundalk, Co. Louth, Ireland.	Not Applicable		100	
19	Zydus Healthcare SA (Pty.) Ltd., South Africa	Southdowns Office Park, 22, Karee Street, Centurion, Pretoria 0157.			100	
20	Simayla Pharmaceuticals (Pty) Limited, South Africa				100	
21	Script Management Services (Pty.) Limited, South Africa				100	
22	Zydus Pharmaceuticals USA Inc., USA	73 Route 31 N, Pennington, NJ 08534.			100	
23	Zydus Healthcare USA LLC, USA				100	
24	Zyvet Animal Health Inc., USA *****				100	
25	Zydus Noveltech INC., USA	1775, Williston Road, Suite 210, South Burlington, VT 05403.			85	
26	Nesher Pharmaceuticals (USA) LLC, USA	120, South Central Avenue, Clayton, Missouri-63105, State of Missouri.			100	
27	Hercon Pharmaceuticals LLC, USA (Sole Member Zydus Noveltech Inc.)	101 Sinking Springs Lane, Emigsville PA 17318, United States of America.			100	
28	Sentynl Therapeutics Inc., USA	420, Stevens Avenue, Suite 200, Salona Beach, CA 92075.			100	
29	Windlas, Inc., USA	325 Sharon Park Drive PMB # 202, Menlo Park, CA 94025.			51	
30	Viona Pharmaceuticals Inc., USA******	58, Buckthorn Court, Paramus, New Jersey 07652.			100	
31	Zydus France SAS, France	25, Batiment L, ZAC des Hautes Patures, Rue des Peupliers, 92752 NANTEREE, France.			100	

Sr. No.	Name of the Company	Address	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
32	Zydus Netherlands BV, The Netherlands	Amerika Building, Hoogoorddreef, 15, 1101, BA, Amsterdam, Netherlands.	Not Applicable	Subsidiary	100	2(87)(ii)
33	ZAHL B.V., the Netherlands				100	
34	ZAHL Europe B.V., the Netherlands				100	
35	Zydus Nikkho Farmaceutica Ltda., Brazil	Estrada Governador Chagas Freitas, 340, Ilha do Governador, Rio de Janeiro RJ, CEP 21932-820.			100	
36	Laboratorios Combix, S. L., Spain	C/ Badajoz, 2, Pozuelo de Alarcon, 28223 Madrid, Spain.			100	
37	Etna Biotech S.R.L., Italy	Stradale V. Lancia, 57, 95121, Catania-Italy.			100	
38	Zydus Lanka (Private) Limited, Sri Lanka	Level 26 & 34, East Tower, World Trade Centre, Echelon Square, Colombo 01, Sri Lanka.			100	
39	Zydus Healthcare Philippines Inc., Philippines	Unit Nos. 903 & 904, Corner 9th Avenue, 32nd Street, Fort Bonifacio Global City, Taguig, Philippine–1634.			100	
40	Zydus Worldwide DMCC, Dubai	Unit No. 909, Armada Tower 2, Plot No. PH2-P2, Jumeirah Lakes Towers, Dubai, United Arab Emirates.			100	
41	Zydus Discovery DMCC, Dubai	Unit No. 908, Armada Tower 2, Plot No. PH2-P2, Jumeirah Lakes Towers, Dubai, United Arab Emirates.			100	
42	Zydus Pharmaceuticals Mexico, S. A. de CV, Mexico	Carretera Picacho Ajusco 154, Oficina 601-B Col. Jardines en la Montana, Del. Tlalpan, C. P. 14210, Mexico D.F.			100	
43	Zydus Pharmaceuticals Mexico Service Company SA de CV, Mexico				100	
44	Alidac Healthcare (Myanmar) Limited, Myanmar	Plot No. B 19, Thilawa SEZ Zone A, Yangon Region, Myanmar.			100	
45	Zydus Takeda Healthcare Private Limited	C-4, MIDC, Village: Pawne, Thane Belapur Road, Navi Mumbai–400705.	U24231MH1999PTC119171	Associate	50	2(87)
46	Zydus Hospira Oncology Private Limited	Plot No. 3, Pharmez, Special Economic Zone, Sarkhej-Bavla Highway, Village–Matoda, Taluka–Sanand, Dist. Ahmedabad–382210.	U24230GJ2005PTC046246		50	
47	Bayer Zydus Pharma Private Limited	Bayer House, Central Avenue, Hiranandani Gardens, Powai, Mumbai–400076.	U24233MH2011PTC213118		24.999998	
48	US Pharma Windlas LLC, USA	115 Blue Jay Dr, Ste. 101,Liberty, Clay County, Missouri, MO 64068.	Not Applicable		25.50	

* 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:

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year #				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	765672230	-	765672230	74.79	765672230	-	765672230	74.79	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	18000	-	18000	-	18000	-	18000	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	**765690230**	**-**	**765690230**	**74.79**	**765690230**	**-**	**765690230**	**74.79**	**-**
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	**765690230**	**-**	**765690230**	**74.79**	**765690230**	**-**	**765690230**	**74.79**	**-**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	44912467	13140	44925607	4.39	54360456	13140	54373596	5.31	+ 0.92
b) Banks / FI	36194110	5415	36199525	3.54	38374697	5415	38380112	3.75	+ 0.21
c) Central Govt.	1702409	-	1702409	0.17	1295116	-	1295116	0.13	- 0.04
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs / Foreign Portfolio Investor	89048796	-	89048796	8.70	83087541	-	83087541	8.12	- 0.58
h) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
i) Alternate Investment Funds	142605	-	142605	0.01	9100	-	9100	-	- 0.01
j) Others (specify)	-	-	-	-	-				
Sub-Total (B)(1):	**172000387**	**18555**	**172018942**	**16.81**	**177126910**	**18555**	**177145465**	**17.31**	**+ 0.50**
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	28775495	-	28775495	2.81	13255132	-	13255132	1.29	- 1.52
ii) Overseas	-	1305	1305	-	-	1305	1305	0.00	-
b) Individuals									
i) Individual Share-holders holding nominal share capital upto ₹ 1 Lakh	37306037	4119417	41425454	4.05	41523677	3550697	45074374	4.40	+ 0.35
ii) Individual share-holders holding nominal share capital in excess of ₹ 1 Lakh	10984446	-	10984446	1.07	12410991	-	12410991	1.21	+ 0.14
c) Others (specify)									
i) IEPF	-	-	-	-	1020946	-	1020946	0.10	+0.10
ii) Other Foreign Nations	-	-	-	-	-	-	-	-	-
iii) Trust Employees	-	-	-	-	175	-	175	-	-
iv) NRI / OCBs	2120914	10950	2131864	0.21	2647316	10200	2657516	0.26	+ 0.05

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year #				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
v) Clearing Members/ Clearing House	634234	-	634234	0.06	550539	-	550539	0.05	- 0.01
vi) Trusts	361433	-	361433	0.03	3914623	-	3914623	0.38	+ 0.35
vii) Hindu Undivided Family	1719197	-	1719197	0.17	1889573	-	1889573	0.18	+ 0.01
viiI) Limited Liability Partnership	-	-	-	-	-	-	-	-	-
ix) Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
x) NBFCs registered with RBI	-	-	-	-	131731	-	131731	0.01	+0.01
Sub-Total (B)(2):	**81901756**	**4131672**	**86033428**	**8.40**	**77344703**	**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**	**1020161843**	**3580757**	**1023742600**	**100.00**	**-**

ii) Shareholding of Promoters:

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
Zydus Family Trust	765537230	74.78	Nil	765537230	74.78	Nil	-
Pripan Investment Private Limited	18000	0.002	Nil	18000	0.002	Nil	-
Shivani Pankajbhai Patel jointly Pankajbhai Ramanbhai Patel	15000	0.001	Nil	15000	0.001	Nil	-
Pankajbhai Ramanbhai Patel jointly Pritiben Pankajbhai Patel	15000	0.001	Nil	15000	0.001	Nil	-
Pankajbhai Ramanbhai Patel (HUF)	30000	0.002	Nil	30000	0.002	Nil	-
Pritiben Pankajbhai Patel jointly Pankajbhai Ramanbhai Patel	15000	0.001	Nil	15000	0.001	Nil	-
Pankajbhai Ramanbhai Patel jointly Pritiben Pankajbhai Patel (R. B. Patel Will Pankaj Trust)	15000	0.001	Nil	15000	0.001	Nil	-
Pankajbhai Ramanbhai Patel jointly Sharvil Pankajbhai Patel (P. R. Patel Smaller HUF)	15000	0.001	Nil	15000	0.001	Nil	-
Sharvil Pankajbhai Patel	15000	0.001	Nil	15000	0.001	Nil	-
Pankaj Ramanbhai Patel jointly Sharvil Pankajbhai Patel (Taraben Patel Family Will Trust)	15000	0.001	Nil	15000	0.001	Nil	-
Total	**765690230**	**74.79**	**Nil**	**765690230**	**74.79**	**Nil**	**-**

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
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)

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
1	**Life Insurance Corporation of India**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**28783606**	**2.81**
		At the end of the year			**28783606**	**2.81**
2	**Franklin Templeton Mutual Fund A/c Franklin India Prima Plus**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**15044247**	**1.47**
		06.04.2018	580000	0.06	15624247	1.53
		25.05.2018	100000	0.01	15724247	1.54
		08.06.2018	93566	0.00	15817813	1.54
		22.06.2018	100000	0.00	15917813	1.55
		30.06.2018	56434	0.01	15974247	1.56
		06.07.2018	191798	0.02	16166045	1.58
		20.07.2018	100000	0.01	16266045	1.59
		24.08.2018	-250000	-0.03	16016045	1.56
		31.08.2018	-78671	0.00	15937374	1.56
		07.09.2018	-72529	-0.01	15864845	1.55
		12.10.2018	-461670	-0.05	15403175	1.50
		26.10.2018	200000	0.02	15603175	1.52
		02.11.2018	300000	0.03	15903175	1.55
		29.03.2019	150000	0.02	16053175	1.57
		At the end of the year			**16053175**	**1.57**
3	**Government Pension Fund Global**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**10900598**	**1.06**
		11.01.2019	71977	0.01	10972575	1.07
		18.01.2019	288126	0.03	11260701	1.10
		25.01.2019	47841	0.00	11308542	1.10
		08.02.2019	119582	0.02	11428124	1.12
		15.02.2019	100718	0.01	11528842	1.13
		At the end of the year			**11528842**	**1.13**
4	**KOTAK STANDARD MULTICAP FUND**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**5920303**	**0.58**
		06.04.2018	340800	0.03	6261103	0.61
		13.04.2018	81600	0.01	6342703	0.62
		20.04.2018	29995	0.00	6372698	0.62
		27.04.2018	106271	0.01	6478969	0.63
		04.05.2018	-22969	0.00	6456000	0.63
		11.05.2018	-56889	-0.01	6399111	0.62
		18.05.2018	-12000	0.00	6387111	0.62
		25.05.2018	-324600	-0.03	6062511	0.59
		01.06.2018	258200	0.03	6320711	0.62
		08.06.2018	922950	0.09	7243661	0.71
		15.06.2018	108250	0.01	7351911	0.72
		22.06.2018	-620564	-0.06	6731347	0.66
		30.06.2018	-247737	-0.03	6483610	0.63
		06.07.2018	354514	0.04	6838124	0.67
		13.07.2018	537984	0.05	7376108	0.72
		20.07.2018	275574	0.03	7651682	0.75
		27.07.2018	94400	0.01	7746082	0.76
		03.08.2018	76800	0.00	7822882	0.76
		10.08.2018	6400	0.00	7829282	0.76
		17.08.2018	-521600	-0.05	7307682	0.71

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
4	KOTAK STANDARD MULTICAP FUND	24.08.2018	705429	0.07	8013111	0.78
		31.08.2018	182400	0.02	8195511	0.80
		07.09.2018	899137	0.09	9094648	0.89
		14.09.2018	-16877	0.00	9077771	0.89
		21.09.2018	-50781	-0.01	9026990	0.88
		29.09.2018	-328279	-0.03	8698711	0.85
		05.10.2018	-239600	-0.02	8459111	0.83
		12.10.2018	-203200	-0.02	8255911	0.81
		19.10.2018	165988	0.01	8421899	0.82
		26.10.2018	-308800	-0.03	8113099	0.79
		02.11.2018	-123200	-0.01	7989899	0.78
		09.11.2018	-43225	0.00	7946674	0.78
		16.11.2018	107225	0.01	8053899	0.79
		23.11.2018	42200	0.00	8096099	0.79
		30.11.2018	107200	0.01	8203299	0.80
		07.12.2018	531284	0.05	8734583	0.85
		14.12.2018	59896	0.01	8794479	0.86
		21.12.2018	-49496	-0.01	8744983	0.85
		28.12.2018	17600	0.01	8762583	0.86
		04.01.2019	-112000	-0.01	8650583	0.85
		11.01.2019	-126400	-0.02	8524183	0.83
		18.01.2019	-28000	0.00	8496183	0.83
		25.01.2019	42100	0.00	8538283	0.83
		01.02.2019	-358100	-0.03	8180183	0.80
		08.02.2019	40000	0.00	8220183	0.80
		15.02.2019	1291905	0.13	9512088	0.93
		01.03.2019	647593	0.06	10159681	0.99
		08.03.2019	373721	0.04	10533402	1.03
		15.03.2019	113600	0.01	10647002	1.04
		22.03.2019	24000	0.00	10671002	1.04
		29.03.2019	153600	0.02	10824602	1.06
		At the end of the year			**10824602**	**1.06**
5	**UTI Equity Fund**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**4546183**	**0.44**
		06.04.2018	36877	0.01	4583060	0.45
		20.04.2018	44560	0.00	4627620	0.45
		27.04.2018	-40000	0.00	4587620	0.45
		04.05.2018	60691	0.00	4648311	0.45
		25.05.2018	50000	0.01	4698311	0.46
		08.06.2018	206400	0.02	4904711	0.48
		30.06.2018	-194986	-0.02	4709725	0.46
		06.07.2018	109285	0.01	4819010	0.47
		13.07.2018	1244	0.00	4820254	0.47
		20.07.2018	382920	0.04	5203174	0.51
		27.07.2018	74309	0.01	5277483	0.52
		03.08.2018	-436	0.00	5277047	0.52
		10.08.2018	811	0.00	5277858	0.52
		17.08.2018	102882	0.01	5380740	0.53
		24.08.2018	1017439	0.10	6398179	0.63
		31.08.2018	100501	0.00	6498680	0.63
		07.09.2018	-1299	0.00	6497381	0.63

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
5	**UTI Equity Fund**	14.09.2018	-4547	0.00	6492834	0.63
		21.09.2018	53672	0.01	6546506	0.64
		29.09.2018	-70430	-0.01	6476076	0.63
		05.10.2018	63529	0.01	6539605	0.64
		12.10.2018	602740	0.06	7142345	0.70
		19.10.2018	101825	0.01	7244170	0.71
		26.10.2018	-430322	-0.04	6813848	0.67
		02.11.2018	2664	0.00	6816512	0.67
		09.11.2018	1221	0.00	6817733	0.67
		16.11.2018	1942	0.00	6819675	0.67
		23.11.2018	666	0.00	6820341	0.67
		30.11.2018	51489	0.00	6871830	0.67
		07.12.2018	246	0.00	6872076	0.67
		14.12.2018	403526	0.04	7275602	0.71
		21.12.2018	279930	0.03	7555532	0.74
		28.12.2018	-784	0.00	7554748	0.74
		04.01.2019	1848	0.00	7556596	0.74
		11.01.2019	1412	0.00	7558008	0.74
		18.01.2019	107	0.00	7558115	0.74
		25.01.2019	-10272	0.00	7547843	0.74
		01.02.2019	27112	0.00	7574955	0.74
		08.02.2019	648	0.00	7575603	0.74
		15.02.2019	1947	0.00	7577550	0.74
		01.03.2019	-114983	-0.01	7462567	0.73
		08.03.2019	-864	0.00	7461703	0.73
		15.03.2019	97041	0.01	7558744	0.74
		22.03.2019	1914	0.00	7560658	0.74
		29.03.2019	-25330	0.00	7535328	0.74
		At the end of the year			**7535328**	**0.74**
6	**Reliance Capital Trustee Co. Ltd. - A/C Reliance small Cap Fund**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**944469**	**0.09**
		06.04.2018	8730	0.00	953199	0.09
		13.04.2018	99547	0.01	1052746	0.10
		20.04.2018	18301	0.00	1071047	0.10
		27.04.2018	269	0.00	1071316	0.10
		04.05.2018	1239	0.00	1072555	0.10
		11.05.2018	14032	0.01	1086587	0.11
		18.05.2018	2662	0.00	1089249	0.11
		25.05.2018	-320375	-0.03	768874	0.08
		01.06.2018	1947	0.00	770821	0.08
		08.06.2018	50124	0.00	820945	0.08
		15.06.2018	-45148	0.00	775797	0.08
		22.06.2018	747416	0.07	1523213	0.15
		30.06.2018	299437	0.03	1822650	0.18
		06.07.2018	255070	0.02	2077720	0.20
		13.07.2018	15290	0.00	2093010	0.20
		20.07.2018	215460	0.03	2308470	0.23
		27.07.2018	124233	0.01	2432703	0.24
		03.08.2018	12100	0.00	2444803	0.24
		10.08.2018	-241916	-0.02	2202887	0.22
		17.08.2018	-2860	-0.01	2200027	0.21

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
6	**Reliance Capital Trustee Co. Ltd. - A/C Reliance small Cap Fund**	24.08.2018	1335220	0.14	3535247	0.35
		31.08.2018	132530	0.01	3667777	0.36
		07.09.2018	785383	0.08	4453160	0.44
		14.09.2018	242708	0.02	4695868	0.46
		21.09.2018	-143358	-0.02	4552510	0.44
		29.09.2018	-125183	-0.01	4427327	0.43
		05.10.2018	32770	0.01	4460097	0.44
		12.10.2018	22685	0.00	4482782	0.44
		19.10.2018	11872	0.00	4494654	0.44
		26.10.2018	18797	0.00	4513451	0.44
		02.11.2018	44153	0.01	4557604	0.45
		09.11.2018	9183	0.00	4566787	0.45
		16.11.2018	-163984	-0.02	4402803	0.43
		23.11.2018	9072	0.00	4411875	0.43
		30.11.2018	26736	0.00	4438611	0.43
		07.12.2018	-73024	0.00	4365587	0.43
		14.12.2018	6720	0.00	4372307	0.43
		21.12.2018	47024	0.00	4419331	0.43
		28.12.2018	28907	0.00	4448238	0.43
		31.12.2018	784	0.00	4449022	0.43
		04.01.2019	-4090	0.00	4444932	0.43
		11.01.2019	-68040	0.00	4376892	0.43
		18.01.2019	4290	0.00	4381182	0.43
		25.01.2019	-137530	-0.02	4243652	0.41
		01.02.2019	6490	0.01	4250142	0.42
		08.02.2019	7150	0.00	4257292	0.42
		15.02.2019	8250	0.00	4265542	0.42
		01.03.2019	177713	0.01	4443255	0.43
		08.03.2019	4218	0.00	4447473	0.43
		15.03.2019	1231797	0.12	5679270	0.55
		22.03.2019	296026	0.03	5975296	0.58
		29.03.2019	34052	0.01	6009348	0.59
		At the end of the year			**6009348**	**0.59**
7	**Kotak Funds – India Midcap Fund**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**5533265**	**0.54**
		11.05.2018	118576	0.01	5651841	0.55
		25.05.2018	385417	0.04	6037258	0.59
		21.12.2018	-470000	-0.05	5567258	0.54
		28.12.2018	-23988	0.00	5543270	0.54
		At the end of the year			**5543270**	**0.54**
8	**General Insurance Corporation of India**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**4419677**	**0.43**
		30.06.2018	-47000	0.00	4372677	0.43
		10.08.2018	127323	0.01	4500000	0.44
		29.09.2018	80000	0.01	4580000	0.45
		05.10.2018	40000	0.00	4620000	0.45
		12.10.2018	20000	0.00	4640000	0.45
		19.10.2018	60000	0.01	4700000	0.46
		11.01.2019	97298	0.01	4797298	0.47
		25.01.2019	25000	0.00	4822298	0.47
		01.02.2019	77702	0.01	4900000	0.48
		At the end of the year			**4900000**	**0.48**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
9	**Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**4379355**	**0.43**
		04.05.2018	-8640	0.00	4370715	0.43
		11.05.2018	-8208	0.00	4362507	0.43
		01.06.2018	-6480	0.00	4356027	0.43
		15.06.2018	-6480	-0.01	4349547	0.42
		22.06.2018	-19881	0.00	4329666	0.42
		30.06.2018	-167376	-0.01	4162290	0.41
		06.07.2018	-14607	0.00	4147683	0.41
		13.07.2018	-23263	-0.01	4124420	0.40
		29.09.2018	-202639	-0.02	3921781	0.38
		16.11.2018	6480	0.00	3928261	0.38
		23.11.2018	16848	0.01	3945109	0.39
		07.12.2018	8208	0.00	3953317	0.39
		21.12.2018	23328	0.00	3976645	0.39
		01.02.2019	23432	0.00	4000077	0.39
		08.02.2019	74740	0.01	4074817	0.40
		29.03.2019	9292	0.00	4084109	0.40
		At the end of the year			**4084109**	**0.40**
10	**Axis Mutual Fund Trustee Limited A/c Axis Mutual Fund A/c Axis Arbitrage Fund**					
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the beginning of the year**			**8727140**	**0.85**
		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	-1442239	-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	-2689212	-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):

Particulars	Mr. H. Dhanrajgir	Mr. Nitin R. Desai	Mr. Mukesh M. Patel	Ms. Dharmishtaben N. Raval	Mr. Apurva S. Diwanji	Mr. Bhadresh K. Shah*
At the beginning of the year:						
• Number of Shares	Nil	442,000**	12,000	Nil	Nil	Nil
• % of total shares held	-	0.04	0.001	-	-	-
At the end of the year:						
• Number of Shares	Nil	442,000**	12,000	Nil	Nil	Nil
• % of total shares held	-	0.04	0.001	-	-	-

* 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:

Particulars	Dr. Sharvil P. Patel Managing Director	Mr. Ganesh N. Nayak Executive Director	Mr. Nitin D. Parekh CFO	Mr. Upen H. Shah * Company Secretary	Mr. Dhaval N. Soni ** Company Secretary
At the beginning of the year:					
• Number of Shares	15,000	151,120	40,000	300	Nil
• % of total shares held	0.001	0.015	0.003	0.00	-
Date wise increase / decrease in shareholding	Nil	100,000	Nil	Nil	Nil
Date of purchase: May 28, 2018		0.01			
At the end of the year:					
• Number of Shares	15,000	251,120	40,000	300	Nil
• % of total shares held	0.001	0.025	0.003	0.00	-

* 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:

₹ in million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,467	26,258	-	28,725
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	16	-	16
Total (i+ii+iii)	**2,467**	**26,274**	**-**	**28,741**
Change in Indebtedness during the financial year				
Addition	-	29,096	-	29,096
Reduction	(933)	(25,905)	-	(26,838)
-Net Change	(933)	3,191		2,258
Indebtedness at the end of the financial year				
i) Principal Amount	1,534	29,438	-	30,972
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	27	-	27
Total (i+ii+iii)	**1,534**	**29,465**	**-**	**30,999**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ in lakh

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

B. Remuneration to other Directors:

1. Independent Directors:

₹ in Lakh

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

2. Other Non-Executive Directors:

₹ in Lakh

Particulars of Remuneration	Name of the Director		Total
	Mr. Pankaj R. Patel	Mr. Mukesh M. Patel	
Fee for attending Board / Committee Meetings	18.00	23.00	**41.00**
Commission	-	27.50	**27.50**
Others, please specify	-	-	**-**
Total (B)(2)	**18.00**	**50.50**	**68.50**
Total (B)=(B)(1)+(B)(2)			**262.00**

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

₹ in Lakh

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Nitin D. Parekh CFO	Mr. Upen H. Shah * CS	Mr. Dhaval N. Soni ** CS	
1.	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	468.32	47.53	2.38	**518.23**
	b) Value of perquisites under section 17(2) Income Tax Act, 1961	0.29	0.22	0.07	**0.58**
	c) Profit in lieu of salary under section 17(3) Income Tax Act, 1961				
2.	Stock Options	-	-	-	**-**
3.	Sweat Equity	-	-	-	**-**
4.	Commission				
	- as % of profit	-	-	-	**-**
	- Others, specify…….	-	-	-	**-**
5	Others, please specify – Retiral	-	-	-	**-**
	Total (C)	**468.61**	**47.75**	**2.45**	**518.81**

* ceased to be Company Secretary from February 7, 2019

** appointed as Company Secretary on February 7, 2019

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

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:

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

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

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

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

ANNEXURE–F

Information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo pursuant to section 134(1)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014.

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:

₹ in Lakh

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

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

- Water conservation by using treated water in cooling tower
- Waste wood from saw mills used in boiler in place of Briquette

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% checkwighing
- 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
- CVC bulk packing line
- Countec Bulk packing line
- Fitzpatrick Roll compactor
- Atlas Copco air compressor

The above technologies / machines were imported during the years 2017–2019 and were fully absorbed.

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.

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

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:

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

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:

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

* 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".

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.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Mukesh M. Patel, Chairman	4	4
Mr. Pankaj R. Patel		4
Mr. Bhadresh K. Shah *		N.A.
Dr. Sharvil P. Patel		4

* 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.

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

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.

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

* 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:

₹ in Lakh

Name of the Non-Executive Directors	Commission@	Sitting fees						Total
		Board Meetings	Audit Committee Meetings	CSR Committee Meetings	NRC Meetings	Investors'/ stakeholders' Relationship Committee	Other Meetings*	
Mr. Pankaj R. Patel	--	7	--	3	2	4	2	**18.00**
Mr. H. Dhanrajgir	32.50	2	2	--	0	--	0	**36.50**
Mr. Nitin R. Desai	28.50	3	3	--	1	--	--	**35.50**
Mr. Mukesh M. Patel	27.50	8	6	--	3	4	2	**50.50**
Ms. Dharmishtaben N. Raval	27.50	8	6	3	3	--	1	**48.50**
Mr. Apurva S. Diwanji	29.50	5	5	--	2	--	1	**42.50**
Mr. Bhadresh K. Shah **	27.50	2	--	--	--	--	1	**30.50**

@ 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.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Pankaj R. Patel, Chairman	3	3
Ms. Dharmishtaben N. Raval		3
Dr. Sharvil P. Patel		3

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:

Name of the Directors	No. of shares held as at March 31, 2019	Details of shares bought (+) / sold (-) during 2018–2019
Mr. Pankaj R. Patel[1]	765,627,230	Nil
Mr. H. Dhanrajgir	Nil	Nil
Mr. Nitin R. Desai[2]	442,000	Nil
Mr. Mukesh M. Patel	12,000	Nil
Ms. Dharmishtaben N. Raval	Nil	Nil
Mr. Apurva S. Diwanji	Nil	Nil
Mr. Bhadresh K. Shah[3]	Nil	Nil
Dr. Sharvil P. Patel	15,000	Nil
Mr. Ganesh N. Nayak	251,120	+ 100,000

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:

₹ in Lakh

Sr. No.	Name of the Company	Fees paid		Total
		For Statutory Audit	For providing other services	
1.	Cadila Healthcare Limited	62.00	9.00	**71.00**
2.	Zydus Healthcare Limited	22.50	--	**22.50**

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:

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

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

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

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:

Resolution No.	Details of Resolution	Relevant provisions of the Act / the Listing Regulations
1	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.	Section 149 and 152 of the Act and regulation 17(1A) of the Listing Regulations
2.	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.	

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

Resolution No.	Particulars	Number of votes cast			% of total votes cast
		Postal Ballot	E–voting	Total	
1	Favour	362254	847707364	**848069618**	**94.2791**
	Against	11655	51449954	**51461609**	**5.7209**
	Total	**373909**	**899157318**	**899531227**	**100.00**
2	Favour	291288	865332790	**865624078**	**99.4121**
	Against	78599	5040932	**5119531**	**0.5879**
	Total	**369887**	**870373722**	**870743609**	**100.00**

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 scrutinizer 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
Registered Office Address	"Zydus Tower", Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad–380015
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:

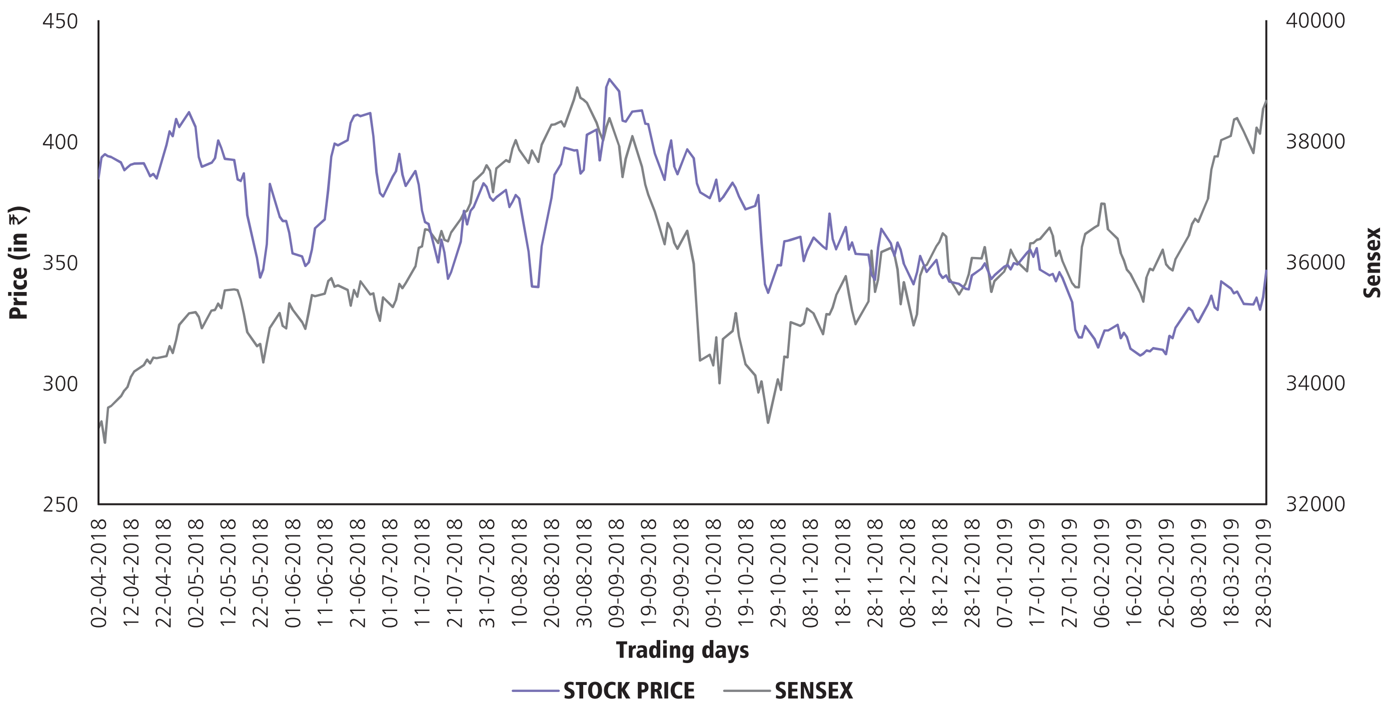
Name of the Stock Exchange	Stock Code	Closing Price as on March 31, 2019 (₹)
The National Stock Exchange of India Limited	CADILAHC	345.20
BSE Limited	532321	346.60

vi) Stock price and BSE Sensex data:

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

vii) Chart 'A' Stock Performance: Cadila Healthcare Limited (CHL):

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:

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

Category	No. of Shares Held		Total Shares	% of Shareholding
	Physical	Electronic		
Promoters' holding	0	765,690,230	765,690,230	74.79
Mutual Funds and UTI	13,140	54,360,456	54,373,596	5.31
Banks, FIs and Insurance Companies	5,415	38,374,697	38,380,112	3.75
Foreign Institutional Investors / Foreign Venture Capital Investors	0	97,571	97,571	0.01
NRIs / OCBs / Foreign Portfolio Investor	10,200	85,637,286	85,647,486	8.37
Other Corporate Bodies	0	13,805,671	13,805,671	1.35
Central and State Government	0	1,295,116	1,295,116	0.13
Indian public	3,550,697	53,934,668	57,485,365	5.61
Others	1,305	6,966,148	6,967,453	0.68
Total	**3,580,757**	**1,020,161,843**	**1,023,742,600**	**100.00**

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.

xiv) Location of the company's manufacturing plants:

The details of the locations of the plants of the Company are mentioned on the inside cover page of the Annual Report.

xv) Address for correspondence:

Shareholders' correspondence should be addressed to the Company's Registrar and Share Transfer Agent at the address mentioned above.

Shareholders may also contact the Company Secretary, at the Registered Office of the Company for any assistance.

Mr. Dhaval N. Soni, Company Secretary and
Compliance Officer
Telephone: 079 – 26868100 (20 lines); Ext: 338
Email: investor.grievance@zyduscadila.com

Shareholders holding shares in the electronic mode should address all their correspondence to their respective depository participants.

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

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

Manoj Hurkat
Partner
FCS No. 4287
C P. No. 2574

Place : Ahmedabad
Date : May 29, 2019

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.

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.

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.

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):** 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.	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.

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 Company had 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: • 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.

   f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors 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 of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   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 Company 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:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements;

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

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

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

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

Gaurav J. Shah
Partner
(Membership No. 035701)

Place: Ahmedabad
Date: May 29, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of 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 adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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 & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gaurav J. Shah
Partner
(Membership No. 035701)

Place: Ahmedabad
Date: May 29, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

(i) 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:

₹ Million

Particulars of the land and building	Gross Block (as at March 31, 2019)	Net Block (as at March 31, 2019)	Remarks
Freehold land for Zydus Animal Health Limited admeasuring 500 sq. ft.	0.71	0.71	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.

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:

₹ Million

Name of the Statute	**Nature of Dues**	**Forum where Dispute is Pending**	**Period to which the Amount Relates (Assessment Year)**	**Amount involved**	**Amount unpaid**
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2009-10, 2011-12, 2012-13	63.93	52.83
		Income Tax Appellate Tribunal	2012-13, 2013-14, 2014-15	145.78	145.24
Finance Act, 1994	Service Tax	Customs Excise and Service Tax Appellate Tribunal	2003-04 to 2006-07, 2008-09 to 2017-18	94.16	84.25
Central Excise Act, 1944	Excise Duty	Supreme Court	2006-07 and 2007-08	4.14	4.14
		Customs Excise and Service Tax Appellate Tribunal	1991-92 to 1998-99, 2005-06 to 2016-17	252.95	242.11
		Appellate Authority upto Commissioner's level	1985-86, 1986-87, 1988-89, 1992-93 to 1994-95, 1997-98 to 1998-99, 2006-07, 2013-14 to 2015-16	21.16	21.07
Customs Act, 1962	Custom Duty	Customs Excise and Service Tax Appellate Tribunal	2008-09 and 2015-16	98.20	91.84
Sales Tax Act and VAT Laws	Value Added Tax	Appellate Authority upto Commissioner's level	2006-07, 2008-09 to 2016-17	71.56	59.95
		Tribunal	2006-07	7.42	5.89
	Sales Tax	Appellate Authority upto Commissioner's level	1996-97, 1998-99, 2000-01 to 2001-02, 2005-06, 2005-08, 2012-13	53.60	41.01
	Central Sales Tax	Appellate Authority upto Commissioner's level	1997-98, 1998-99, 2001-02, 2002-03, 2005-06, 2006-07, 2008-09 to 2010-11, 2012-13 to 2013-14, 2015-16, 2016-17	23.40	14.44
		Tribunal	1997-98, 2006-07, 2010-11	2.76	1.43

(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, money raised by way of term 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.

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

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

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

Gaurav J. Shah
Partner
(Membership No. 035701)

Place: Ahmedabad
Date: May 29, 2019

Zydus
dedicated to life

BALANCE SHEET

as at March 31, 2019

₹ Million

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	**28,815**	25,454
Capital work-in-progress		**5,854**	6,592
Goodwill	3 [B]	**18**	18
Other Intangible Assets	3 [B]	**1,258**	1,330
Financial Assets:			
Investments	4	**47,249**	36,181
Loans	5	**6,057**	13,013
Other Financial Assets	6	**1,495**	1,212
Other Non-Current Assets	7	**2,017**	1,722
Assets for Current Tax [Net]	8	**569**	541
		93,332	86,063
Current Assets:			
Inventories	9	**14,104**	13,207
Financial Assets:			
Trade Receivables	10	**20,879**	12,551
Cash and Cash Equivalents	11	**1,019**	1,786
Bank balance other than cash and cash equivalents	11	**44**	52
Loans	12	**130**	178
Other Current Financial Assets	13	**1,081**	3,317
Other Current Assets	14	**4,333**	4,423
		41,590	35,514
Assets classified as held for sale	45	**-**	60
Total		**134,922**	121,637
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	15	**1,024**	1,024
Other Equity	16	**88,541**	76,431
		89,565	77,455
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	17	**16,168**	13,511
Other Financial Liabilities	18	**90**	87
Provisions	19	**1,030**	741
Deferred Tax Liabilities [Net]	20	**1,757**	1,936
		19,045	16,275
Current Liabilities:			
Financial Liabilities:			
Borrowings	21	**13,179**	13,009
Trade Payables:			
Due to Micro, Small and Medium Enterprise	22	**94**	143
Due to other than Micro, Small and Medium Enterprise	22	**6,546**	7,886
Other Financial Liabilities	23	**5,294**	6,002
Other Current Liabilities	24	**309**	347
Provisions	25	**397**	283
Current Tax Liabilities [Net]	26	**493**	237
		26,312	27,907
Total		**134,922**	121,637
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

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

₹ Million

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from Operations	29	**64,927**	58,226
Other Income	30	**6,116**	2,079
Total Income		**71,043**	60,305
EXPENSES:			
Cost of Materials Consumed	31	**18,300**	15,640
Purchases of Stock-in-Trade	32	**3,906**	3,186
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	33	**(727)**	(1,869)
Excise Duty on Sales		**-**	127
Employee Benefits Expense	34	**9,745**	8,260
Finance Costs	35	**884**	639
Depreciation, Amortisation and Impairment expense	3	**3,498**	2,931
Other Expenses	36	**16,152**	16,419
Total Expenses		**51,758**	45,333
Profit before Tax		**19,285**	14,972
Less: Tax Expense:			
Current Tax	37	**3,443**	3,183
Deferred Tax	37	**(179)**	881
		3,264	4,064
Profit for the year		**16,021**	10,908
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
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 [FVTOCI] Equity Securities		**(280)**	458
Income tax effect		**-**	-
		(280)	458
Other Comprehensive Income for the year [Net of Tax]		**(320)**	362
Total Comprehensive Income for the year [Net of Tax]		**15,701**	11,270
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

₹ Million

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

CASH FLOW STATEMENT

for the year ended March 31, 2019

₹ Million

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

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:

		As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
a	Cash on Hand	**3**	3	4
b	Balances with Banks	**1,060**	1,835	164
	Total	**1,063**	1,838	168

6 Change in liability arising from financing activities:

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

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

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

a EQUITY SHARE CAPITAL:

	No. of Shares	₹ Million
Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2017	1,023,742,600	1,024
As at March 31, 2018	1,023,742,600	1,024
As at March 31, 2019	**1,023,742,600**	**1,024**

b OTHER EQUITY:

₹ Million

	Reserves and Surplus				Items of OCI	Total
	International Business Development Reserve	General Reserve	Foreign Currency Monetary Items Translation Difference Account [FCMITDA]	Retained Earnings	FVTOCI Reserve	
As at March 31, 2017	**2,000**	**15,550**	**(9)**	**47,315**	**303**	**65,159**
Add: Profit for the year	-	-	-	10,908	-	**10,908**
[Less] Add: Other Comprehensive Income	-	-	-	(96)	458	**362**
Total Comprehensive Income	**2,000**	**15,550**	**(9)**	**58,127**	**761**	**76,429**
Net movement in FCMITDA	-	-	2	-	-	**2**
As at March 31, 2018	**2,000**	**15,550**	**(7)**	**58,127**	**761**	**76,431**
Add: Profit for the year	-	-	-	16,021	-	**16,021**
Add [Less]: Other Comprehensive Income	-	-	-	(40)	(280)	**(320)**
Total Comprehensive Income	**2,000**	**15,550**	**(7)**	**74,108**	**481**	**92,132**
Net movement in FCMITDA	-	-	1	-	-	**1**
Transactions with Owners in their capacity as owners:						
Dividends	-	-	-	(3,583)	-	**(3,583)**
Corporate Dividend Tax on Dividend [Net of CDT Credit]	-	-	-	(9)	-	**(9)**
As at March 31, 2019	**2,000**	**15,550**	**(6)**	**70,516**	**481**	**88,541**

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

For and on behalf of the Board

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

NOTES TO FINANCIAL STATEMENTS

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.

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

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.

NOTES TO FINANCIAL STATEMENTS

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

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

NOTES TO FINANCIAL STATEMENTS

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

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.

NOTES TO FINANCIAL STATEMENTS

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

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:

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

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

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

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

Write down of inventories to net realisable value is recognised as an 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.

ii 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.

19 Financial Instruments:

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

A Financial Assets:

a Initial recognition and measurement:

All financial assets are recognised initially at fair value plus 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 Company 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.

NOTES TO FINANCIAL STATEMENTS

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

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 all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates

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

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.

22 Non-Current Assets held for Sale:

Assets 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 asset held for sale has been estimated using valuation techniques [mainly income and market approach], which include unobservable inputs.

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,

NOTES TO FINANCIAL STATEMENTS

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

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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS:

[A] Property, Plant and Equipment:

₹ Million

	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	**Total**
Gross Block:								
As at March 31, 2017	1,849	319	6,095	26,007	577	614	325	**35,786**
Additions	92	124	712	4,956	69	69	143	**6,165**
Disposals	-	-	-	(22)	(1)	(42)	(1)	**(66)**
Other adjustments	-	-	-	2	-	-	-	**2**
As at March 31, 2018	1,941	443	6,807	30,943	645	641	467	**41,887**
Additions	44	-	644	5,699	43	116	79	**6,625**
Disposals	-	-	(6)	(374)	-	(81)	(3)	**(464)**
Other adjustments	-	-	26	67	(3)	2	(9)	**83**
As at March 31, 2019	1,985	443	7,471	36,335	685	678	534	**48,131**
Depreciation and Impairment:								
As at March 31, 2017	-	31	1,500	11,327	417	291	170	**13,736**
Depreciation for the year	-	4	187	2,397	27	64	54	**2,733**
Impairment for the year	-	-	-	-	-	-	-	**-**
Disposals	-	-	-	(11)	(1)	(23)	(1)	**(36)**
Other adjustments	-	-	-	-	-	-	-	**-**
As at March 31, 2018	-	35	1,687	13,713	443	332	223	**16,433**
Depreciation for the year	-	5	215	2,851	31	65	74	**3,241**
Impairment for the year	-	-	-	-	-	-	-	**-**
Disposals	-	-	(2)	(300)	-	(46)	(2)	**(350)**
Other adjustments	-	-	(1)	3	(2)	-	(8)	**(8)**
As at March 31, 2019	-	40	1,899	16,267	472	351	287	**19,316**
Net Block:								
As at March 31, 2018	1,941	408	5,120	17,230	202	309	244	**25,454**
As at March 31, 2019	1,985	403	5,572	20,068	213	327	247	**28,815**

NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS: (Contd...)

[B] Intangible Assets:

₹ Million

	Goodwill	Other Intangible Assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2017	**120**	1,665	534	355	503	**3,057**
Additions	**-**	-	86	7	-	**93**
Disposals	**-**	-	-	-	-	**-**
Other adjustments	**-**	-	-	-	-	**-**
As at March 31, 2018	**120**	1,665	620	362	503	**3,150**
Additions	**-**	-	137	-	-	**137**
Disposals	**-**	-	-	-	-	**-**
Other adjustments	**-**	-	57	(1)	-	**56**
As at March 31, 2019	**120**	1,665	814	361	503	**3,343**
Amortisation and Impairment:						
As at March 31, 2017	**102**	677	325	222	381	**1,605**
Amortisation for the year	**-**	111	75	15	14	**215**
Impairment for the year	**-**	-	-	-	-	**-**
Disposals	**-**	-	-	-	-	**-**
Other adjustments						**-**
As at March 31, 2018	**102**	788	400	237	395	**1,820**
Amortisation for the year	**-**	111	116	16	14	**257**
Impairment for the year	**-**	-	-	-	-	**-**
Disposals	**-**	-	-	-	-	**-**
Other adjustments	**-**	-	9	-	(1)	**8**
As at March 31, 2019	**102**	899	525	253	408	**2,085**
Net Block:						
As at March 31, 2018	**18**	877	220	125	108	**1,330**
As at March 31, 2019	**18**	766	289	108	95	**1,258**

NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS: (Contd...)

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation, Amortisation and Impairment expenses:		
Depreciation	**3,241**	2,733
Amortisation	**257**	215
Impairment	**-**	-
Less: Depreciation charge pertaining IHFU	**-**	(17)
Total	**3,498**	2,931

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]:

₹ Million

	Face Value [*]	Nos. [**]	As at March 31, 2019	As at March 31, 2018
Investments in Subsidiaries and Joint Ventures:				
Investments in Equity Instruments			**31,511**	18,320
Investments in Preference Shares			**91**	181
Investments in Equity Instruments via Optionally Convertible Preference Shares			**14,708**	16,597
			46,310	35,098
Investments - Others:				
Investments in Equity Instruments			**794**	1,074
Investments in Preference Shares			**9**	9
Investments in Bonds			**136**	-
			939	1,083
Total			**47,249**	36,181
A Details of Investments in Subsidiaries and Joint Ventures:				
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Quoted]:				
In fully paid-up equity shares of Zydus Wellness Limited [#] [8,483,754 shares subscribed during the year]	10	36,647,509 [28,163,755]	**12,320**	570

NOTES TO FINANCIAL STATEMENTS

NOTE: 4-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

	Face Value [*]	Nos. [**]	As at March 31, 2019	As at March 31, 2018
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Technologies Limited	10	42,500,000	**425**	425
Dialforhealth India Limited	10	5,000,000	**112**	112
Zydus Healthcare Limited	100	2,161,742	**5,342**	5,342
Liva Pharmaceuticals Limited	10	2,000,000	**20**	20
Alidac Pharmaceuticals Limited	10	22,330,000	**158**	158
Violio Pharmaceuticals Limited [900,000 shares subscribed during the year]	10	900,000 [0]	**9**	-
Windlas Healthcare Private Limited [24,077,950 shares acquired during the year]	10	24,077,950 [0]	**1,556**	-
Zydus Foundation [50,000 shares subscribed during the year]	10	50,000 [0]	**1**	-
Zydus International Private Limited	€ 1.462843	62,340,456	**6,518**	6,518
Zydus Lanka (Private) Limited	LKR 10	1,097,000	**5**	5
Zydus Healthcare Philippines Inc.	PHP 10	24,965,120	**351**	351
Zydus Worldwide DMCC	AED 1,000	84,480	**1,505**	1,505
Sentynl Therapeutics Inc.	$0.0001	100	**2,038**	2,038
Bremer Pharma GmbH	€ 50,000	0 [1]	**-**	-
[Refer Note-45]	€ 30,000	0 [1]	**-**	-
[3 shares sold during the year]	€ 4,00,000	0 [1]	**-**	-
Zydus Healthcare (USA) LLC	$1	200,000	**12**	12
			18,052	16,486
In fully paid-up Common Stock of:				
Zydus Pharmaceuticals (USA) Inc.	$1	2,300,000	**519**	519
Zydus Noveltech Inc. [USA]	No par value	850	**207**	207
			726	726
Joint Venture Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Hospira Oncology Private Limited	10	7,500,000	**75**	75
Zydus Takeda Healthcare Private Limited	10	10,000,000	**100**	100
Bayer Zydus Pharma Private Limited [Refer Note-46] [12,500,001 shares sold during the year]	10	12,499,999 [25,000,000]	**125**	250
			300	425
Deemed investment:				
Equity Component of Bayer Zydus Pharma Private Limited			**113**	113
			31,511	18,320

NOTES TO FINANCIAL STATEMENTS

NOTE: 4-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

		Face Value [*]	Nos. [**]	As at March 31, 2019	As at March 31, 2018
	Investment in Preference Shares [Carried at amortised cost]:				
	Joint Venture Company [Unquoted]:				
	In fully paid-up, 5%, Redeemable Non-Cumulative Preference Shares of Bayer Zydus Pharma Private Limited [10,000,000 shares sold during the year]	10	10,000,000 [20,000,000]	**91**	181
	Investment in Equity Instruments via Optionally Convertible Redeemable Preference Shares [Valued at cost]:				
	Subsidiary Companies:				
	Zydus Technologies Limited	100	900,000	**90**	90
	Dialforhealth India Limited	100	2,000,000	**200**	200
	Zydus Healthcare Limited [23,000,000 shares redeemed during the year]	100	100,650,000 [123,650,000]	**10,065**	12,365
	Alidac Pharmaceuticals Limited	100	7,300,000	**689**	689
	Zydus Healthcare Philippines Inc.	PHP 10	983,180	**14**	14
	Liva Pharmaceuticals Limited [4,110,000 shares subscribed during the year]	100	36,500,000 [32,390,000]	**3,650**	3,239
				14,708	16,597
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 [Reduction in number of stock due to reverse split]	$0.01	4,341 [65,111]	**1**	4
	Pieris Pharmaceuticals Inc., USA	$0.001	1,415,539	**328**	629
				329	633
	In fully paid-up Equity Shares of:				
	Housing Development Finance Corporation Limited	2	219,500	**432**	401
	HDFC Bank Limited	2	4,000	**9**	8
	Kokuyo Camlin Limited	1	72,090	**7**	8
	Camlin Fine Sciences Limited	1	152,000	**8**	15
	Accelya Kale Consultants Limited	10	383	**1**	1
				457	433
	Investment in Equity Instruments [Unquoted]:				
	In fully paid-up Equity Shares of:				
	Bharuch Enviro Infrastructure Limited [₹ 12,140/-]	10	1,214	**-**	-
	Narmada Clean Tech	10	625,813	**6**	6
	Enviro Infrastructure Company Limited	10	50,000	**1**	1
	Gujarat Venture Finance Limited	10	50,000	**1**	1
	Saraswat Co-Op Bank Limited [₹ 20,350/-]	10	2,500	**-**	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 4-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

			Face Value [*]	Nos. [**]	As at March 31, 2019	As at March 31, 2018
		Shamrao Vithal Co-Op Bank Limited [₹ 2,500/-]	25	100	-	-
		The Green Environment Co-operative Society Limited [₹ 5,000/-]	100	50	-	-
		Shivalik Solid Waste Management Limited [₹ 2,00,000/-]	10	20,000	-	-
					8	8
					794	1,074
	Investment in Preference Shares: [Carried at amortised cost] [Unquoted]:					
		In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited	10	900,000	**9**	9
	Investment in Bonds [Valued at amortised cost] [Quoted]:					
	In fully paid-up Bonds of:					
		8.23% Karnataka State Financial Corporation	1,000,000	5 [0]	**4**	-
		9.90% Tamil Nadu Generation and Distribution Corporation Limited	1,000,000	5 [0]	**4**	-
		10.00% Krishna Bhagya Jala Nigam Limited	1,000,000	12 [0]	**12**	-
		8.95% IDBI Bonds	1,000,000	14 [0]	**13**	-
		8.90% IDBI Upper Tier II Bonds	1,000,000	4 [0]	**3**	-
		9.10% PNB Housing Finance Limited	1,000,000	25 [0]	**25**	-
		9.75% Piramal Enterprises Limited	1,000,000	35 [0]	**35**	-
		9.00% Indiabulls Housing Finance Limited	1,000	40,000 [0]	**40**	-
					136	-
	Total [Aggregate Book Value of Investments]				**47,249**	36,181
C	**a**	i Aggregate book value of quoted investments			**13,242**	1,636
		ii Market value of quoted investments			**48,720**	34,104
	b	Aggregate book value of unquoted investments			**34,007**	34,545
D	**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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 5-LOANS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good unless otherwise stated]		
Loans and Advances to Related Parties [*]	**6,057**	13,013
Total	**6,057**	13,013
[*] 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:		
A Subsidiary Company:		
a Zydus Technologies Limited	**4,175**	5,134
b Dialforhealth India Limited	**-**	80
c Violio Pharmaceuticals Limited	**26**	-
d Zydus Worldwide DMCC	**518**	7,522
e Zydus International Private Limited	**1,338**	277
Total	**6,057**	13,013

(#) 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 Dialforhealth India Limited.

c All the above loans are repayable within a period of 2 years.

NOTE: 6-OTHER FINANCIAL ASSETS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**89**	71
Forward Contract value related to investment in a Joint Venture	**1,402**	1,136
Others	**4**	5
Total	**1,495**	1,212

NOTE: 7-OTHER NON-CURRENT ASSETS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances - Considered Good[*]	**1,165**	874
Capital Advances - Considered Doubtful	**2**	15
	1,167	889
Less: Impairment Allowances	**2**	15
	1,165	874
Balances with Statutory Authorities	**841**	827
Others	**11**	21
Total	**2,017**	1,722
[*] includes advances to Related parties	**247**	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 8-CURRENT TAX ASSETS [NET]:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Advance payment of Tax [Net of provision for taxation of ₹ 10,899 {as at March 31, 2018: ₹ 7,743} Million]	569	541
Total	569	541

NOTE: 9-INVENTORIES:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	6,491	6,272
Work-in-progress	2,151	2,201
Finished Goods	3,679	2,694
Stock-in-Trade	932	1,140
Others:		
Packing Materials	851	900
Total	14,104	13,207
The above includes Goods in transit as under:		
Raw Materials	147	71
Stock-in-Trade	4	38
Packing Materials	45	19
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories:		
- Net of reversal of write-down	55	73

For details of inventories pledged as security, refer Note 21.

NOTE: 10-TRADE RECEIVABLES:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Secured - Considered good	894	922
Unsecured - Considered good	19,985	11,629
Unsecured - Considered doubtful	38	54
	20,917	12,605
Less: Impairment allowances	38	54
Total	20,879	12,551

NOTES TO FINANCIAL STATEMENTS

NOTE: 11-CASH AND CASH EQUIVALENTS:

₹ Million

			As at March 31, 2019	As at March 31, 2018
A	**Cash and Cash Equivalents:**			
	Balances with Banks		**1,016**	1,783
	Cash on Hand		**3**	3
	Total		**1,019**	1,786
	A	Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
	B	There are no amounts of cash and cash equivalent balances held by the entity that are not available for use		
B	**Bank balance other than cash and cash equivalents:**			
	Balances with Banks [*]		**44**	52
	Total		**44**	52
	[*]	Earmarked balances with banks:		
		A. Balances with Banks include Balances in unclaimed dividend accounts	**44**	34
		B. Balances to the extent held as margin money deposits against guarantee	**-**	18

NOTE: 12-LOANS:

₹ Million

		As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good]			
Loans and advances to related parties [*]		**130**	178
Total		**130**	178
[*]	Details of Loans and Advances to Related Parties [Refer Note-40 for relationship] are as under:		
a	Zydus Technologies Limited [Interest Receivable on loan]	**87**	104
b	Violio Pharmaceuticals Limited [Interest Receivable on loan]	**2**	-
c	Zydus International Limited [Interest Receivable on loan]	**33**	-
d	Zydus Worldwide DMCC [Interest Receivable on loan]	**8**	74
		130	178

NOTE: 13-OTHER CURRENT FINANCIAL ASSETS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good]		
Forward Contract value related to investment in a Joint Venture	**-**	1,424
Others	**1,081**	1,893
Total	**1,081**	3,317

NOTES TO FINANCIAL STATEMENTS

NOTE: 14-OTHER CURRENT ASSETS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good]		
Balances with Statutory Authorities	**2,138**	2,745
Advances to Suppliers - Considered Good	**540**	669
Advances to Suppliers - Considered Doubtful	**17**	11
	557	680
Less : Impairment Allowance	**17**	11
	540	669
Export Incentive Receivables	**1,362**	776
Prepaid Expenses	**293**	233
Total	**4,333**	4,423

NOTE: 15-EQUITY SHARE CAPITAL:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Authorised:		
1,725,000,000 [as at March 31, 2018: 1,725,000,000] Equity Shares of ₹ 1/- each	**1,725**	1,725
	1,725	1,725
Issued, Subscribed and Paid-up:		
1,023,742,600 [as at March 31, 2018: 1,023,742,600] Equity Shares of ₹ 1/- each, fully paid-up	**1,024**	1,024
Total	**1,024**	1,024
A There is no change in the number of shares as at the beginning and end of the year.		
Number of shares at the beginning and at the end of the year	**1,023,742,600**	1,023,742,600
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		
Zydus Family Trust		
Number of Shares	**765,537,230**	765,537,230
% to total share holding	**74.78%**	74.78%

NOTES TO FINANCIAL STATEMENTS

NOTE: 16-OTHER EQUITY:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	**2,000**	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	**15,550**	15,550
Foreign Currency Monetary Items Translation Difference Account: [***]		
Balance as per last Balance Sheet	**(7)**	(9)
Add/ [Less]: Credited/ [Debited] during the year	**1**	2
	(6)	(7)
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**761**	303
[Less]/ Add: [Debited]/ Credited during the year	**(280)**	458
	481	761
Retained Earnings:		
Balance as per last Balance Sheet	**58,127**	47,315
Add: Profit for the year	**16,021**	10,908
	74,148	58,223
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	**(40)**	(96)
Less: Dividends:		
Dividends	**(3,583)**	-
Corporate Dividend Tax on Dividend [Net of CDT Credit]	**(9)**	-
	(3,592)	-
Balance as at the end of the year	**70,516**	58,127
Total	**88,541**	76,431

[*] 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 [LTFCMI] 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 LTFCMI is transferred to "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA]. The option of transferring exchange rate differences to FCMITDA is available on LTFCMI outstanding as on March 31, 2016 only. The FCMITDA is amortised during the tenure of the respective LTFCMI 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:

₹ Million

	Non-current portion		Current Maturities	
	As at March 31, 2019	As at March 31, 2018	**As at March 31, 2019**	As at March 31, 2018
A Term Loans from Banks:				
External Commercial Borrowings in Foreign Currency				
a Secured	**-**	434	**461**	435
b Unsecured	**16,142**	13,040	**1,153**	1,760
	16,142	13,474	**1,614**	2,195
B From Others [Unsecured]	**26**	37	**11**	10
Total	**16,168**	13,511	**1,625**	2,205
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]	**-**	-	**(1,625)**	(2,205)
Net amount	**16,168**	13,511	**-**	-

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:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Trade Deposits	**17**	16
Others	**73**	71
Total	**90**	87

NOTE: 19-PROVISIONS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits	**1,030**	741
Total	**1,030**	741

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

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

Investment risk:

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

NOTES TO FINANCIAL STATEMENTS

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.

₹ Million

		As at March 31, 2019			As at March 31, 2018		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening obligation	81	575	1,014	67	469	829
	Interest cost	6	42	68	5	25	52
	Current service cost	7	170	142	5	75	105
	Benefits paid	(4)	(122)	(78)	(1)	(29)	(85)
	Actuarial [gains]/ losses on obligation due to:						
	Experience adjustments	6	267	99	3	26	94
	Change in financial assumptions	(4)	(30)	(53)	2	9	19
	Closing obligation	92	902	1,192	81	575	1,014
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	-	105	588	-	95	509
	Expected return on plan assets	-	8	42	-	7	35
	Return on plan assets excluding amounts included in interest income	-	(1)	(2)	-	3	(9)
	Contributions by employer	-	-	151	-	-	138
	Benefits paid	-	-	(78)	-	-	(85)
	Actuarial [losses]/ gains	-	-	-	-	-	-
	Closing fair value of plan assets	-	112	701	-	105	588
	Total actuarial [losses]/ gains to be recognised	(2)	(237)	(46)	(5)	(35)	(113)
D	**Actual return on plan assets:**						
	Expected return on plan assets	-	8	42	-	7	35
	Actuarial [losses]/ gains on plan assets	-	-	-	-	-	-
	Actual return on plan assets	-	8	42	-	7	35
E	**Amount recognised in the balance sheet:**						
	Liabilities/ [Assets] at the end of the year	92	902	1,192	81	575	1,014
	Fair value of plan assets at the end of the year	-	(112)	(701)	-	(105)	(588)
	Difference	92	790	491	81	470	426
	Unrecognised past service cost	-	-	-	-	-	-
	Liabilities/ [Assets] recognised in the Balance Sheet	92	790	491	81	470	426

NOTE: 19-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2019			As at March 31, 2018		
		Medical Leave	**Leave Wages**	**Gratuity**	Medical Leave	Leave Wages	Gratuity
F	**Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	**7**	**170**	**142**	5	75	105
	Interest cost on benefit obligation	**6**	**42**	**68**	5	25	52
	Expected return on plan assets	**-**	**(8)**	**(42)**	-	(7)	(35)
	Return on plan assets excluding amounts included in interest income	**-**	**1**	**-**	-	(3)	-
	Net actuarial [gains]/ losses in the year	**2**	**237**	**-**	5	35	-
	Amount included in "Employee Benefit Expense"	**15**	**442**	**168**	15	125	122
	Return on plan assets excluding amounts included in interest income	**-**	**-**	**2**	-	-	9
	Net actuarial [gains]/ losses in the year	**-**	**-**	**46**	-	-	113
	Amounts recognized in OCI	**-**	**-**	**48**	-	-	122
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	**81**	**470**	**426**	67	374	320
	Expenses as above [P & L Charge]	**15**	**442**	**168**	15	125	122
	Employer's contribution	**-**	**-**	**(151)**	-	-	(138)
	Amount recognised in OCI	**-**	**-**	**48**	-	-	122
	Benefits Paid	**(4)**	**(122)**	**-**	(1)	(29)	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**92**	**790**	**491**	81	470	426
H	**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%
	[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]						
	Annual increase in salary cost	**12% for next 2 years & 9% thereafter**			12% for next 3 years & 10% thereafter		
	[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market						
I	**The categories of plan assets as a % of total plan assets are:**						
	Insurance plan	**0.00%**	**100.00%**	**99.00%**	0.00%	100.00%	100.00%
	Bank Balance	**0.00%**	**0.00%**	**1.00%**	0.00%	0.00%	0.00%

NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

J Amount recognised in current and previous four years:

₹ Million

Gratuity:	As at March 31				
	2019	2018	2017	2016	2015
Defined benefit obligation	**1,192**	1,014	829	1,072	916
Fair value of Plan Assets	**701**	588	509	753	786
Deficit/ [Surplus] in the plan	**491**	426	320	319	133
Actuarial Loss/ [Gain] on Plan Obligation	**46**	113	99	208	180
Actuarial Loss/ [Gain] on Plan Assets	**-**	-	-	-	(5)

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:

₹ Million

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2019	2018	**2019**	2018	**2019**	2018
Impact on obligation:						
Discount rate increase by 0.5%	**(2)**	(3)	**(23)**	(14)	**(37)**	(30)
Discount rate decrease by 0.5%	**4**	3	**23**	15	**38**	32
Annual salary cost increase by 0.5%	**4**	3	**22**	15	**37**	31
Annual salary cost decrease by 0.5%	**(2)**	(3)	**(23)**	(14)	**(36)**	(30)

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

₹ Million

	As at March 31, 2019	As at March 31, 2018
Within the next 12 months [next annual reporting period]	**328**	293
Between 2 and 5 years	**1,015**	728
Between 6 and 10 years	**856**	626
Total expected payments	**2,199**	1,328

NOTES TO FINANCIAL STATEMENTS

NOTE: 20-DEFERRED TAX:

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

₹ Million

	As at March 31, 2017	Charge for the previous year	As at March 31, 2018	Charge for the current year	**As at March 31, 2019**
Deferred Tax Liabilities:					
Depreciation	2,166	115	2,281	19	**2,300**
Fair Value Adjustment - Financial Instruments	325	-	325	(161)	**164**
	2,491	115	2,606	(142)	**2,464**
Deferred Tax Assets:					
Employee benefits/ Payable to Statutory Authorities	542	100	642	53	**695**
Receivables	2	26	28	(16)	**12**
Unabsorbed depreciation	892	(892)	-	-	**-**
	1,436	(766)	670	37	**707**
Net Deferred Tax Liabilities	1,055	881	1,936	(179)	**1,757**

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:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured] [*]	**1,072**	1,599
Working Capital Loans from Banks [Unsecured] [**]	**12,107**	11,410
Total	**13,179**	13,009

[*] 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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 22-TRADE PAYABLES:

₹ Million

		As at March 31, 2019	As at March 31, 2018
Due to Micro, Small and Medium Enterprise [*]		**94**	143
Due to other than Micro, Small and Medium Enterprise		**6,546**	7,886
Total		**6,640**	8,029
[*]	**Disclosure in respect of Micro, Small and Medium Enterprises:**		
A	Principal amount remaining unpaid to any supplier as at year end	**94**	143
B	Interest due thereon	**-**	-
C	Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	**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:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Current Maturities of Long Term Debt [Refer Note-17]	**1,625**	2,205
Interest accrued but not due on borrowings	**27**	16
Accrued Expenses	**1,174**	1,192
Payable for Capital Goods	**532**	663
Unpaid Dividends [*]	**44**	34
Others	**1,892**	1,892
Total	**5,294**	6,002

[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

NOTE: 24-OTHER CURRENT LIABILITIES:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Advances from Customers	**84**	74
Payable to Statutory Authorities	**222**	273
Others	**3**	-
Total	**309**	347

NOTES TO FINANCIAL STATEMENTS

NOTE: 25-PROVISIONS:

₹ Million

			As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits			**364**	255
Provision for claims for product expiry and return of goods [*]			**33**	28
Total			**397**	283
[*]	**Provision for claims for product expiry and return of goods:**			
	a	Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.		
	b	The movement in such provision is stated as under:		
	i	Carrying amount at the beginning of the year	**28**	24
	ii	Additional provision made during the year	**5**	4
	iii	Amount used	**-**	-
	iv	Carrying amount at the end of the year	**33**	28

NOTE: 26-CURRENT TAX LIABILITIES [NET]:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Provision for Taxation [Net of advance payment of tax of ₹ 3,133 {as at March 31, 2018: ₹ 3,112} Million]	**493**	237
Total	**493**	237

NOTE: 27-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]:

₹ Million

				As at March 31, 2019	As at March 31, 2018
A	**Contingent Liabilities:**				
	a	Claims against the Company not acknowledged as debts		**126**	139
		-	Includes in respect of Amalgamated {*} Companies	**2**	2
	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		**31,651**	24,047
	c	Other money for which the company is contingently liable:			
		i	In respect of the demands raised by the Central Excise, State Excise, Customs & Service Tax Authority	**415**	337
			- Net of advance of	**22**	22
			- Includes in respect of Amalgamated {*} Companies	**10**	10
		ii	In respect of the demands raised by the Ministry of Chemicals & 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	**104**	104
			- Net of advance of	**65**	65
			- Includes in respect of Amalgamated {*} Companies	**25**	25

NOTES TO FINANCIAL STATEMENTS

NOTE: 27-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]: (Contd...)

₹ Million

			As at March 31, 2019	As at March 31, 2018
	iii	In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts	**204**	168
		- Net of advance of	**12**	16
	iv	In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts	**123**	351
		- Net of advance of	**36**	62
	v	Letters of Credit for Imports	**14**	39
	vi	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	**7**	7
		- equivalent to ₹ Million approx.	**499**	448
		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	**83**	75
B	**Commitments:**			
	a	Estimated amount of contracts remaining to be executed on capital account and not provided for	**3,752**	3,366
		- Net of advance of	**789**	232

[*] 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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 29-REVENUE FROM OPERATIONS:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of Products	**62,070**	55,887
Other Operating Revenues:		
Export Incentives	**1,693**	1,320
Net Gain on foreign currency transactions and translation [*]	**24**	-
Miscellaneous Income	**1,140**	1,019
	2,857	2,339
Total	**64,927**	58,226
[*] includes research related Net Loss on foreign currency transactions and translation	**35**	-

NOTE: 30-OTHER INCOME:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	**873**	852
Gain on valuation of Forward Contract value related to investment in a Joint Venture	**265**	470
	1,138	1,322
Dividend Income:		
From FVTOCI Investments	**5**	4
From Other Investments [*]	**3,863**	491
	3,868	495
Gain on Investments mandatorily measured at FVTPL	**92**	19
Gain on Investments mandatorily measured at amortised cost	**723**	-
Other Non-operating Income	**295**	243
Total	**6,116**	2,079
[*] Includes dividend from subsidiary companies	**3,538**	51

NOTE: 31-COST OF MATERIALS CONSUMED:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Raw Materials:		
Stock at commencement	**6,272**	4,458
Add: Purchases	**15,119**	14,486
	21,391	18,944
Less: Stock at close	**6,491**	6,272
	14,900	12,672
Packing Materials consumed	**3,400**	2,968
Total	**18,300**	15,640

NOTES TO FINANCIAL STATEMENTS

NOTE: 32-PURCHASES OF STOCK-IN-TRADE:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Purchases of Stock-in-Trade	**3,906**	3,186
Total	**3,906**	3,186

NOTE: 33-CHANGES IN INVENTORIES:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Stock at commencement:		
Work-in-progress	**2,201**	1,791
Finished Goods	**2,694**	1,865
Stock-in-Trade	**1,140**	510
	6,035	4,166
Less: Stock at close:		
Work-in-progress	**2,151**	2,201
Finished Goods	**3,679**	2,694
Stock-in-Trade	**932**	1,140
	6,762	6,035
Total	**(727)**	(1,869)

NOTE: 34-EMPLOYEE BENEFITS EXPENSE:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	**8,827**	7,482
Contribution to provident and other funds [*]	**616**	490
Staff welfare expenses	**302**	288
Total	**9,745**	8,260
Above expenses include:		
Research related expenses:		
Salaries and wages	**1,464**	1,268
Contribution to provident and other funds	**106**	95
Staff welfare expenses	**35**	54
Total	**1,605**	1,417
Managing Directors' Remuneration	**247**	293
[*] 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.		

NOTES TO FINANCIAL STATEMENTS

NOTE: 35-FINANCE COST:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense [*]	**838**	536
Other Borrowing Costs	**1**	1
Net Loss on foreign currency transactions and translation	**19**	66
Bank commission & charges	**26**	36
Total	**884**	639
[*] The break up of interest expense into major heads is given below:		
On term loans	**548**	383
On working capital loans	**290**	153
Total	**838**	536

NOTE: 36-OTHER EXPENSES:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Research Materials	**1,285**	1,172
Analytical Expenses	**779**	1,197
Consumption of Stores and spare parts	**1,914**	1,627
Power & fuel	**1,931**	1,720
Rent [*]	**59**	50
Repairs to Buildings	**221**	307
Repairs to Plant and Machinery	**667**	590
Repairs to Others	**111**	87
Insurance	**208**	183
Rates and Taxes [excluding taxes on income]	**25**	14
Processing Charges	**539**	465
Commission to Directors	**17**	12
Traveling Expenses	**591**	529
Legal and Professional Fees [**]	**1,730**	1,522
Net Loss on foreign currency transactions and translation	**-**	444
Commission on sales	**340**	304
Freight and forwarding on sales	**1,479**	1,566
Representative Allowances	**215**	201
Other marketing expenses	**1,236**	1,374
Bad Debts:		
Bad debts written off	**-**	-
Impairment allowances	**12**	49
	12	49
Less: Transferred from impairment allowances	**(28)**	-
	(16)	49

NOTES TO FINANCIAL STATEMENTS

NOTE: 36-OTHER EXPENSES: (Contd...)

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Doubtful Advances:		
Doubtful advances written off	**6**	-
Impairment allowances	**16**	26
	22	26
Less: Transferred from impairment allowances	**(23)**	
	(1)	26
Directors' fees	**9**	7
Net Loss on disposal of Property, Plant and Equipment [Previous Year: ₹ 442,763] [Net of gain of ₹ 4 {Previous Year: ₹ 5} Million]	**65**	-
Donations [***]	**232**	223
Miscellaneous Expenses [#]	**2,516**	2,750
Total	**16,152**	16,419
Above expenses include Research related expenses as follows:		
Research Materials	**1,285**	1,172
Analytical expenses	**737**	1,058
Consumption of Stores and spare parts	**864**	506
Power & Fuel	**144**	149
Repairs to Buildings	**12**	19
Repairs to Plant and Machinery	**130**	105
Repairs to Others	**16**	32
Insurance	**6**	7
Traveling Expenses	**55**	53
Legal and Professional fees	**1,104**	939
Net Loss on foreign currency transactions and translation	**-**	35
Loss on disposal of Fixed Assets	**9**	-
Miscellaneous Expenses [excluding Depreciation of ₹ 324 {Previous Year: ₹ 313} Million]	**1,143**	889
Total	**5,505**	4,964
[*] 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:	**46**	42
[**] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding GST]:		
i - As Auditor	**6**	6
- For Other Services	**1**	1
Total	**7**	7
ii Cost Auditor's Remuneration including fees for other services [excluding GST]	**1**	1
[***] Donations include political donations through Electoral Bonds	**220**	120
[#] Miscellaneous Expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	**272**	262

NOTES TO FINANCIAL STATEMENTS

NOTE: 37-TAX EXPENSES:

The major components of income tax expense are:

₹ Million

		Year ended March 31, 2019	Year ended March 31, 2018
A	**Statement of profit and loss:**		
	Profit or loss section:		
	Current income tax:		
	Current income tax charge	**3,443**	3,183
	Adjustments in respect of current income tax of previous year	**-**	-
		3,443	3,183
	Deferred tax:		
	Relating to origination and reversal of temporary differences [Refer Note-20]	**(179)**	881
	Tax expense reported in the statement of profit and loss	**3,264**	4,064
	OCI Section:		
	Tax related to items recognised in OCI during in the year:		
	Net loss/ (gain) on remeasurements of defined benefit plans	**8**	26
	Tax charged to OCI	**8**	26
B	**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:**		
	Profit before tax	**19,285**	14,972
	Enacted Tax Rate in India (%)	**34.94%**	34.61%
	Expected Tax Expenses	**6,738**	5,182
	Adjustments for:		
	Tax effect due to non-taxable income for tax purposes	**(1,353)**	(182)
	Effect of unrecognized deferred tax assets/ liabilities	**2**	(96)
	Effect of non-deductible expenses	**232**	75
	Effect of additional deductions in taxable income	**(1,419)**	(956)
	Effect of differences in tax rates	**(158)**	-
	Effect of MAT Credit available on which deferred tax asset is not created	**(778)**	41
	Total	**(3,474)**	(1,118)
	Tax Expenses as per Statement of Profit and Loss	**3,264**	4,064

NOTE: 38-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:

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

			Year ended March 31, 2019	Year ended March 31, 2018
A	Profit attributable to Shareholders	₹ Million	**16,021**	10,908
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,02,37,42,600**	1,02,37,42,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**15.65**	10.66

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:**		
	a	**Subsidiary Companies/ concerns:**	
		Dialforhealth India Limited	Zydus Pharmaceuticals (USA) Inc. [USA]
		Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA]
		Dialforhealth Greencross Limited	Zydus Healthcare (USA) LLC [USA]
		Zydus Healthcare Limited	Sentynl Therapeutics Inc. [USA]
		Zydus Wellness Limited	Zydus Noveltech Inc. [USA]
		M/s. Zydus Wellness-Sikkim, a Partnership Firm [#]	Hercon Pharmaceuticals LLC [USA]
		Zydus Nutritions Limited [#]	Viona Pharmaceuticals Inc. [USA]
		Liva Pharmaceuticals Limited	ZAHL B.V. [the Netherlands]
		Liva Nutritions Limited	ZAHL Europe B.V. [the Netherlands]
		Liva Investment Limited	Bremer Pharma GmbH [Germany] [Refer Note-45]
		Heinz India Private Limited	Windlas Inc [USA]
		Zydus Technologies Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
		Acme Pharmaceuticals Private Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
		Alidac Pharmaceuticals Limited	Script Management Services (Pty) Ltd [South Africa]
		Violio Healthcare Limited	Zydus France, SAS [France]
		Violio Pharmaceuticals Limited	Laboratorios Combix S.L. [Spain]
		Windlas Healthcare Private Limited	Zydus Nikkho Farmaceutica Ltda. [Brazil]
		Zydus Foundation	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
		Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Pharmaceuticals Mexico Services Company SA De C.V. [Mexico]
		Zydus Healthcare Philippines Inc. [Philippines]	Zydus Worldwide DMCC [Dubai]
		Zydus International Private Limited [Ireland]	Zydus Discovery DMCC [Dubai]
		Zydus Netherlands B.V. [the Netherlands]	Alidac Healthcare (Myanmar) Limited [Myanmar]
		Etna Biotech S.R.L. [Italy]	
	b	**Joint Venture Companies:**	
		Zydus Hospira Oncology Private Limited	Bayer Zydus Pharma Private Limited
		Zydus Takeda Healthcare Private Limited	US Pharma Windlas LLC
	c	**Key Managerial Personnel:**	
		Mr. Pankaj R. Patel	Chairman
		Dr. Sharvil P. Patel	Managing Director & son of Chairman
		Mr. Ganesh N. Nayak	Executive Director
		Mr. Mukesh M. Patel	Non-Executive Director
		Mr. H. Dhanrajgir	Independent Director
		Mr. Apurva S. Diwanji	Independent Director
		Mr. Nitin R. Desai	Independent Director
		Ms. Dharmishtaben N. Raval	Independent Director
		Mr. Bhadresh K. Shah	Independent Director
		Mr. Nitin D. Parekh	Executive Officer [Chief Financial Officer]
		Mr. Upen H. Shah	Executive Officer [Company Secretary] [Upto February 7, 2019]
		Mr. Dhaval N. Soni	Executive Officer [Company Secretary] [with effect from February 7, 2019]
	d	**Enterprises significantly influenced by Directors and/or their relatives:**	
		Cadmach Machinery Company Private Limited	Cadila Laboratories Private Limited
		Zydus Hospitals and Healthcare Research Private Limited	M/s. C. M. C. Machinery
		Zydus Hospitals (Vadodra) Private Limited	Mukesh M. Patel & Co.
		Zydus Infrastructure Private Limited	M/s. International Tax and Investments Consultants
	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.

NOTES TO FINANCIAL STATEMENTS

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]

Nature of Transactions	Value of the Transactions [₹ Million]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2019	2018	2019	2018	2019	2018
Purchases:						
Goods:						
Zydus Healthcare Limited	436	918	-	-	-	-
Others	59	81	43	18	5	4
Total	495	999	43	18	5	4
Property, Plant and Equipment:						
Cadmach Machinery Company Private Limited	-	-	-	-	4	42
Zydus Healthcare Limited	3	-	-	-	-	-
Others	-	-	-	-	1	124
Total	3	-	-	-	5	166
Reimbursement of Expenses paid:						
Zydus Pharmaceuticals (USA) Inc.	1,499	1,333	-	-	-	-
Others	236	286	-	-	1	-
Total	1,735	1,619	-	-	1	-
Services:						
Liva Pharmaceutical Limited	45	38	-	-	-	-
Acme Pharmaceuticals Private Limited	141	-	-	-	-	-
Zydus Infrastructure Private Limited	-	-	-	-	76	49
Others	60	27	-	-	11	12
Total	246	65	-	-	87	61
Sales:						
Goods:						
Zydus Pharmaceuticals (USA) Inc.	36,494	33,898	-	-	-	-
Others	5,544	5,676	201	254	-	-
Total	42,038	39,574	201	254	-	-
Property, Plant and Equipment:						
Zydus Healthcare Limited	21	4	-	-	-	-
Liva Pharmaceutical Limited	4	-	-	-	-	-
Others	2	4	-	-	-	9
Total	27	8	-	-	-	9

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

Nature of Transactions	Value of the Transactions [₹ Million]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2019	2018	**2019**	2018	**2019**	2018
Reimbursement of Expenses Recovered:						
Zydus Pharmaceuticals (USA) Inc.	**21**	80	**-**	-	**-**	-
Zydus Worldwide DMCC	**75**	36	**-**	-	**-**	-
Others	**8**	16	**1**	-	**-**	-
Total	**104**	132	**1**	-	**-**	-
Services:						
Zydus Pharmaceuticals (USA) Inc.	**153**	132	**-**	-	**-**	-
Sentynl Therapeutics Inc.	**92**	85	**-**	-	**-**	-
Zydus Worldwide DMCC	**275**	217	**-**	-	**-**	-
Zydus Healthcare Limited	**152**	48	**-**	-	**-**	-
Others	**147**	57	**-**	-	**-**	-
Total	**819**	539	**-**	-	**-**	-
CSR Expenses:						
Zydus Foundation	**216**	-	**-**	-	**-**	-
Investments:						
Subscription to Share Capital:						
Zydus Wellness Limited	**11,750**	-	**-**	-	**-**	-
Windlas Healthcare Private Limited	**1,556**	-	**-**	-	**-**	-
Others	**420**	3,600	**-**	-	**-**	-
Total	**13,726**	3,600	**-**	-	**-**	-
Redemption of Investments:						
Zydus International Private Limited	**-**	**7,300**	**-**	-	**-**	-
Zydus Healthcare Limited	**2,300**	-	**-**	-	**-**	-
Others	**-**	-	**225**	-	**-**	-
	2,300	**7,300**	**225**	-	**-**	-
Dividend Received:						
Zydus Healthcare Limited	**3,313**	51	**-**	-	**-**	-
Others	**225**	-	**325**	440	**-**	-
Total	**3,538**	51	**325**	440	**-**	-
Finance:						
Inter Corporate Loans given:						
Zydus International Private Limited	**1,020**	277	**-**	-	**-**	-
Zydus Technologies Limited	**2,124**	1,102	**-**	-	**-**	-
Others	**26**	850	**-**	-	**-**	-
Total	**3,170**	2,229	**-**	-	**-**	-
Inter Corporate Loans repaid:						
Zydus Worldwide DMCC	**7,771**	645	**-**	-	**-**	-
Liva Pharmaceutical Limited	**3,083**	2,868	**-**	-	**-**	-
Others	**77**	18	**-**	-	**-**	-
Total	**10,931**	3,531	**-**	-	**-**	-

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

Nature of Transactions	Value of the Transactions [₹ Million] Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	As at March 31					
	2019	2018	**2019**	2018	**2019**	2018
Interest Income:						
Zydus Technologies Limited	**555**	446	**-**	-	**-**	-
Zydus Worldwide DMCC	**192**	144	**-**	-	**-**	-
Others	**31**	197	**11**	23	**-**	-
Total	**778**	787	**11**	23	**-**	-
Outstanding:						
Payable:						
Zydus Pharmaceuticals (USA) Inc.	**352**	283	**-**	-	**-**	-
Zydus France, SAS	**210**	94	**-**	-	**-**	-
Others	**136**	228	**14**	3	**22**	25
Total	**698**	605	**14**	3	**22**	25
Receivable:						
Zydus Technologies Limited	**4,262**	5,238	**-**	-	**-**	-
Zydus Pharmaceuticals (USA) Inc.	**15,288**	7,167	**-**	-	**-**	-
Others	**3,771**	9,421	**60**	40	**252**	
Total	**23,321**	21,826	**60**	40	**252**	-
Outstanding Guarantees:						
Zydus Pharmaceuticals (USA) Inc.	**14,078**	11,312	**-**	-	**-**	-
Sentynl Therapeutics Inc.	**8,302**	7,824	**-**	-	**-**	-
Others	**9,271**	4,911	**-**	-	**-**	-
Total	**31,651**	24,047	**-**	-	**-**	-

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

₹ Million

		Year ended March 31, 2019	Year ended March 31, 2018
[i]	Salaries and other employee benefits to Chairman & Managing Director [upto July 12, 2017], Managing Director, Executive Director [from July 12, 2017] and other executive officers	**558**	577
[ii]	Commission and Sitting Fees to Non Executive/ Independent Directors	**26**	20
[iii]	Outstanding payable to above (i) and (ii)	**261**	279

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

₹ Million

		Year ended March 31, 2019	Year ended March 31, 2018
[i]	Contributions [including Employees' share and contribution]	**722**	512

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 [#]:

₹ Million

		Year ended March 31, 2019	Year ended March 31, 2018
Subsidiary Company:			
a	Zydus Technologies Limited	**1,561**	2,207
b	Liva Pharmaceuticals Limited	**100**	100
c	Zydus Pharmaceuticals (USA) Inc.	**14,078**	11,312
d	Zydus International Private Limited	**4,843**	-
e	Zydus Healthcare S.A. (Pty) Ltd	**-**	36
f	Zydus Noveltech Inc.	**2,248**	2,067
g	Sentynl Therapeutic Inc	**8,302**	7,824
h	Alidac Healthcare (Myanmar) Limited	**519**	501
Total		**31,651**	24,047

[#] 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:**

₹ Million

	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,402	1,402
Financial Investments at FVOCI:				
Quoted equity instruments	786	-	-	786
Unquoted equity instruments	-	8	-	8
Total financial assets	786	8	1,402	2,196
Financial liabilities	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 42-FINANCIAL INSTRUMENTS: (Contd...)

₹ Million

	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	2,560	2,560
Financial Investments at FVOCI:				
Quoted equity instruments	1,066	-	-	1,066
Unquoted equity instruments	-	8	-	8
Total financial assets	1,066	8	2,560	3,634
Financial liabilities	-	-	-	-

C Fair value of instruments measured at amortised cost:

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

₹ Million

	Carrying Value	As at March 31, 2019			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Investment in preference shares	**100**	**-**	**100**	**-**	**100**
Bonds	**136**	**136**	**-**	**-**	**136**
Loans to related parties	**6,057**	**-**	**-**	**6,054**	**6,054**
		As at March 31, 2018			
Financial assets:					
Investment in preference shares	190	-	191	-	**191**
Bonds	-	-		-	**-**
Loans to related parties	13,013	-		13,008	**13,008**

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:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Value as at beginning of the year	2,560	2,090
Add : Gain on valuation of Forward Contract value related to investment in a Joint Venture	265	470
Less : Amount realised from Tranche I of Forward Contract	(1,423)	-
Value as at end of the year	1,402	2,560
Out of above, amount disclosed under-		
Other Non-Current Financial Assets [Note-6]	1,402	1,136
Other Current Financial Assets [Note-13]	-	1,424

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]-

₹ Million

	As at March 31, 2019		As at March 31, 2018	
	-0.50%	+0.50%	-0.50%	+0.50%
Impact on value of the contract	20	(20)	28	(28)

b Sensitivity in the value for 200 basis point change in Revenue -

₹ Million

	As at March 31, 2019		As at March 31, 2018	
	-2.00%	+2.00%	-2.00%	+2.00%
Impact on value of the contract	(44)	44	(83)	(83)

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT:

A Financial instruments by category:

₹ Million

	As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]	-	794	-	794
Preference shares	-	-	100	100
Bonds	-	-	136	136
Non Current Loans	-	-	6,057	6,057
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	-	-	93	93
Trade receivables	-	-	20,879	20,879
Forward Contract value related to investment in a JV	1,402	-	-	1,402
Cash and Cash Equivalents	-	-	1,063	1,063
Current Loans	-	-	130	130
Other Current Financial Assets	-	-	1,081	1,081
Total	1,402	794	29,539	31,735
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	30,999	30,999
Trade payables	-	-	6,640	6,640
Non Current Other Financial Liabilities	-	-	90	90
Payable for Capital Goods	-	-	532	532
Other Current Financial Liabilities	-	-	3,110	3,110
Total	-	-	41,371	41,371

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

₹ Million

	As at March 31, 2018			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]	-	1,074	-	1,074
Preference shares	-	-	190	190
Bonds	-	-	-	-
Non Current Loans	-	-	13,013	13,013
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	-	-	76	76
Trade receivables	-	-	12,551	12,551
Forward Contract value related to investment in a JV	2,560	-	-	2,560
Cash and Cash Equivalents	-	-	1,838	1,838
Current Loans	-	-	178	178
Other Current Financial Assets	-	-	1,893	1,893
Total	2,560	1,074	29,739	33,373
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	28,741	28,741
Trade payables	-	-	8,029	8,029
Non Current Other Financial Liabilities	-	-	87	87
Payable for Capital Goods	-	-	663	663
Other Current Financial Liabilities	-	-	3,118	3,118
Total	-	-	40,638	40,638

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.

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 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 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:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Trade Receivables:		
Less than 180 days	**20,268**	11,835
180 - 365 days	**526**	542
Above 365 days	**85**	174
Total	**20,879**	12,551
Movement in the expected credit loss allowance on trade receivables:		
Balance at the beginning of the year	**54**	5
Addition	**12**	49
Recoveries	**(28)**	-
Balance at the end of the year	**38**	54

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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

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.

₹ Million

	As at March 31, 2019				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	**15,439**	**4,002**	**6,120**	**7,107**	**32,668**
Other non current financial liabilities	**-**	**-**	**-**	**90**	**90**
Trade payable	**6,640**	**-**	**-**	**-**	**6,640**
Accrued Expenses	**1,174**	**-**	**-**	**-**	**1,174**
Payable for Capital Goods	**532**	**-**	**-**	**-**	**532**
Other Current Financial Liabilities	**1,936**	**-**	**-**	**-**	**1,936**
Corporate Guarantees	**19,840**	**7,573**	**3,304**	**934**	**31,651**
Total	**45,561**	**11,575**	**9,424**	**8,131**	**74,691**

₹ Million

	As at March 31, 2018				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	15,601	1,873	4,671	7,935	30,080
Other non current financial liabilities	-	-	-	87	87
Trade payable	8,029	-	-	-	8,029
Accrued Expenses	1,192	-	-	-	1,192
Payable for Capital Goods	663	-	-	-	663
Other Current Financial Liabilities	1,926	-	-	-	1,926
Corporate Guarantees	9,880	8,115	3,356	2,696	24,047
Total	37,291	9,988	8,027	10,718	66,024

c **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.

NOTES TO FINANCIAL STATEMENTS

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:

₹ Million

	As at March 31, 2019			As at March 31, 2018		
	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	7.00%	(440)	23	4.00%	(228)	25
USD	(7.00%)	440	(23)	(4.00%)	228	(25)
EUR	7.00%	(2)		7.00%	40	
EUR	(7.00%)	2		(7.00%)	(40)	
Others	5.00%	(1)		5.00%	(1)	
Others	(5.00%)	1		(5.00%)	1	

* 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:

₹ Million

	Movement in Rate	As at March 31, 2019	As at March 31, 2018
Interest rates	+0.50%	(101)	(94)
Interest rates	-0.50%	101	94

* 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.

₹ Million

	Movement in Rate	As at March 31, 2019		As at March 31, 2018	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%	-	79	-	107
Decrease	-10.00%	-	(79)	-	(107)

* 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

Type of hedged risk	Carrying amount of hedging instrument (USD Million)		Carrying amount of hedging instrument (₹ Million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	175	-	12,107	Range - Within 6 months	1:1	Borrowings	393
Hedged item: Certain foreign currency receivables	175	-	12,107	-	Range - Within 6 months		Trade receivables	393

As at March 31, 2018

Type of hedged risk	Carrying amount of hedging instrument (USD Million)		Carrying amount of hedging instrument (₹ Million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	165	-	10,758	Range - Within 6 months	1:1	Borrowings	161
Hedged item: Certain foreign currency receivables	165	-	10,758	-	Range - Within 6 months		Trade receivables	161

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.

NOTES TO FINANCIAL STATEMENTS

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.

₹ Million

	As at March 31, 2019	As at March 31, 2018
Gross debts	**30,972**	28,725
Total equity	**89,565**	77,455
Gross debt to equity ratio [No. of times]	**0.35**	0.37

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
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

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.

Sr. No.	Key Audit Matters	Auditor's Response
1	**Carrying value of Goodwill arising on the Consolidated Financial Statements (refer note 3 [B] to the Consolidated Financial Statements)** The Group has goodwill of ₹ 52,890 million arising from the current year's acquisition of Heinz India Private Limited (**"HIPL"**) business and the past acquisitions of the US components, acquisition of Biochem and other components in the group. Goodwill is assessed for impairment at each reporting date and is additionally tested annually for impairment. Impairment testing uses projections of future cash flows based on the most recent long-term forecasts approved by the management, including estimated sales volumes and pricing. The long-term forecasts are projected over five years.	Our audit procedures included, amongst others, testing the Group's key controls surrounding the carrying value of goodwill wherein • we gained an understanding of the procedures used to develop the estimates by the management. • Understood how the amount of goodwill is determined for each component. • Tested management's control over the impairment assessment including the controls over, a) key estimates and significant assumptions used (e.g. discount rate, forecasted revenue, terminal values) b) the appropriateness and accuracy of the data used in the evaluation of the assessment, and c) the impairment model accuracy (spreadsheet controls)

Sr. No.	Key Audit Matters	Auditor's Response
	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.
2	**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.
3	**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)

Place: Ahmedabad
Date: May 29, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

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 was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained 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)

Place: Ahmedabad
Date: May 29, 2019

CONSOLIDATED BALANCE SHEET

as at March 31, 2019

₹ Million

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	**51,059**	38,188
Capital work-in-progress		**8,372**	15,272
Goodwill	3 [B]	**52,890**	13,853
Other Intangible Assets	3 [B]	**17,688**	12,785
Investments in Joint Ventures	4	**3,484**	3,605
Financial Assets:			
Investments	5	**952**	1,104
Other Financial Assets	6	**2,239**	1,529
Deferred Tax Assets [Net]	7	**9,703**	9,246
Other Non-Current Assets	8	**2,398**	2,034
Assets for Current Tax [Net]	9	**1,065**	740
		149,850	98,356
Current Assets:			
Inventories	10	**26,880**	23,853
Financial Assets:			
Investments	11	**2,299**	2,748
Trade Receivables	12	**39,508**	32,063
Cash and Cash Equivalents	13	**4,207**	5,367
Bank balance other than cash and cash equivalents	13	**2,286**	7,782
Loans	14	**100**	-
Other Current Financial Assets	15	**1,212**	3,448
Other Current Assets	16	**8,489**	6,744
		84,981	82,005
Assets classified as held for sale	52	**-**	292
Total		**234,831**	180,653
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	17	**1,024**	1,024
Other Equity	18	**102,839**	86,421
Equity attributable to equity holders of the Parent		**103,863**	87,445
Non-Controlling Interests		**12,929**	1,910
		116,792	89,355
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	19	**39,497**	25,551
Other Financial Liabilities	20	**727**	524
Provisions	21	**1,841**	1,559
Deferred Tax Liabilities [Net]	7	**2,523**	2,821
Other Non-Current Liabilities	22	**26**	13
		44,614	30,468
Current Liabilities:			
Financial Liabilities:			
Borrowings	23	**31,969**	25,575
Trade Payables:			
Due to Micro, Small and Medium Enterprise	24	**121**	214
Due to other than Micro, Small and Medium Enterprise	24	**19,105**	18,670
Other Financial Liabilities	25	**18,623**	13,352
Other Current Liabilities	26	**1,713**	1,387
Provisions	27	**1,357**	1,002
Current Tax Liabilities [Net]	28	**537**	520
		73,425	60,720
Liabilities directly associated with assets classified as held for sale	52	**-**	110
Total		**234,831**	180,653
Significant Accounting Policies	**2**		
Notes to the Consolidated Financial Statements	**1 to 54**		

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

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

₹ Million

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from Operations	32	**131,656**	119,544
Other Income	33	**2,011**	1,132
Total Income		**133,667**	120,676
EXPENSES:			
Cost of Materials Consumed	34	**26,741**	25,233
Purchases of Stock-in-Trade	35	**21,520**	19,141
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	36	**(1,097)**	(3,154)
Excise Duty on Sales		**-**	495
Employee Benefits Expense	37	**21,241**	18,545
Finance Costs	38	**1,935**	911
Depreciation, Amortisation and Impairment expense	39	**5,986**	5,388
Other Expenses	40	**33,520**	30,809
Total Expenses		**109,846**	97,368
Profit before Tax		**23,821**	23,308
Less: Tax Expense:			
Current Tax	41	**6,073**	6,436
Deferred Tax	41	**(770)**	(792)
		5,303	5,644
Profit for the year before share of Profit/ [Loss] of Joint Ventures		**18,518**	17,664
Add: Share of profit of Joint Ventures [Net of tax]	4	**469**	628
Profit for the year from Continuing Operations		**18,987**	18,292
Profit/[Loss] before tax from discontinued operations	52	**-**	(188)
Tax expense of discontinued operations		**-**	-
Profit/[Loss] after tax from Discontinued operations		**-**	(188)
Profit for the year		**18,987**	18,104
Other Comprehensive Income [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		**(13)**	(151)
Income tax effect		**(3)**	37
		(16)	(114)
Net [Loss]/ Gain on Fair Value through OCI [FVTOCI] Equity Securities		**(287)**	459
Income tax effect		**-**	-
		(287)	459
Share of Joint Ventures	4	**(4)**	-
Income tax effect		**-**	-
		(4)	-
Total		**(307)**	345
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(1,373)**	(132)
Exchange differences on translation of discontinued foreign operations reclassified to Statement of Profit and Loss		**-**	(18)
Income tax effect		**-**	-
Total		**(1,373)**	(150)
Other Comprehensive Income for the year [Net of Tax]		**(1,680)**	195
Total Comprehensive Income for the year [Net of Tax]		**17,307**	18,299
Profit for the year		**18,987**	18,104
Attributable to:			
Owners of the Parent		**18,488**	17,758
Non-Controlling Interests		**499**	346
OCI for the year		**(1,680)**	195
Attributable to:			
Owners of the Parent		**(1,680)**	195
Non-Controlling Interests		**-**	-
Total Comprehensive Income for the year		**17,307**	18,299
Attributable to:			
Owners of the Parent		**16,808**	17,953
Non-Controlling Interests		**499**	346
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	42		
Continuing Operations		**18.06**	17.53
Discontinued Operations		**-**	(0.18)
Continuing and Discontinued Operations		**18.06**	17.35
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 54		

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

₹ Million

Particulars	Year ended March 31, 2019		Year ended March 31, 2018
A CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax from:			
Continuing operations	**23,821**		23,308
Discontinued operations	**-**		(188)
Profit before tax including discontinued operations		**23,821**	23,120
Adjustments for:			
Depreciation, Amortisation and Impairment expense	**5,986**		5,405
Loss on sale of property, plant and equipment [Net]	**77**		23
Profit on sale of investments [Net]	**(1,128)**		(116)
Interest income	**(530)**		(494)
Dividend income	**(6)**		(6)
Gain on valuation of Forward Contract value related to investment in a Joint Venture	**(266)**		(470)
Interest expenses [including effect of foreign exchange movement in borrowings] [Refer Note-6 below]	**1,905**		1,468
Bad debts written off	**39**		10
Provision for doubtful debts [net of written back]	**(12)**		62
Doubtful advances written off	**6**		-
Provision for doubtful advances [net of written back]	**(7)**		27
Provisions for employee benefits	**395**		(98)
Provisions for probable product expiry claims and return of goods [net of written back]	**184**		432
Total		**6,643**	6,243
Operating profit before working capital changes		**30,464**	29,363
Adjustments for:			
[Increase] in trade receivables	**(6,428)**		(9,690)
[Increase] in inventories	**(1,004)**		(5,924)
Decrease/ [Increase] in other assets	**740**		(4,649)
[Decrease]/ Increase in trade payables	**(2,259)**		3,164
Increase in other liabilities	**238**		2,911
Change in Non-Controlling Interest	**15,091**		349
Total		**6,378**	(13,839)
Cash generated from operations		**36,842**	15,524
Direct taxes paid [Net of refunds]		**(6,754)**	(6,023)
Foreign Currency Monetary items Translation Difference Account written off		**78**	(90)
Exchange Rate Fluctuation and other adjustments arising on Consolidation		**(1,343)**	(218)
Net cash from operating activities		**28,823**	9,193
B CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	**(10,574)**		(10,493)
Proceeds from sale of property, plant and equipment	**110**		140
Purchase of non current investments in subsidiaries	**(48,677)**		-
Purchase of non current investments in others	**(136)**		-
Proceeds from sale of non current investments	**890**		-
Profit from sale of current investments	**464**		116
Interest received	**530**		494
Dividend received	**6**		6
Net cash used in investing activities		**(57,387)**	(9,737)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

₹ Million

Particulars	Year ended March 31, 2019		Year ended March 31, 2018
C CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from non current borrowings	**19,785**		3,655
Repayment of non current borrowings	**(1,704)**		(2,646)
Current Borrowings [Net]	**5,874**		565
Interest paid	**(795)**		(1,049)
Dividends paid	**(3,583)**		-
Tax on dividends paid	**(731)**		(10)
Net cash from financing activities		**18,846**	515
Net decrease in cash and cash equivalents		**(9,718)**	(29)
Cash and cash equivalents at the beginning of the year		**15,897**	15,926
Cash and cash equivalents of the acquired subsidiaries		**2,613**	-
Cash and cash equivalents at the end of the year		**8,792**	15,897

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:

	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
a. Cash on Hand	**8**	11	10
b. Balances with Banks	**6,485**	13,138	15,425
c. Investment in Liquid Mutual Funds	**2,299**	2,748	491
Total	**8,792**	15,897	15,926

6 Change in liability arising from financing activities:

	Borrowings		
	Non-Current [Note-19]	Current [Note-23]	Total
As at March 31, 2017	27,303	24,769	52,072
Cash flow	1,009	565	1,574
Foreign exchange movement	180	241	421
As at March 31, 2018	28,492	25,575	54,067
Acquired subsidiaries	170	25	195
Cash flow	18,081	5,874	23,955
Foreign exchange movement	282	495	777
As at March 31, 2019	47,025	31,969	78,994

As per our report of even date
Deloitte Haskins & Sells LLP
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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

Zydus dedicated to life

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

for the year ended March 31, 2019

a EQUITY SHARE CAPITAL:

	No. of Shares	₹ Million
Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2017	1,023,742,600	1,024
As at March 31, 2018	1,023,742,600	1,024
As at March 31, 2019	**1,023,742,600**	**1,024**

b OTHER EQUITY:

₹ Million

	Attributable to the equity holders of the parent										
	Reserves and Surplus						Items of OCI				
	Capital Reserve	Debenture Redemption Reserve	International Business Development Reserve	General Reserve	Foreign Currency Monetary Items Translation Difference Account [FCMITDA]	Retained Earnings	FVTOCI Reserve	Foreign Currency Translation Reserve	Total	Non-Controlling Interests	Total Equity
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	-	-	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)	-	**(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

	Attributable to the equity holders of the parent										
	Reserves and Surplus						Items of OCI		Total	Non-Controlling Interests	Total Equity
	Capital Reserve	Debenture Redemption Reserve	International Business Development Reserve	General Reserve	Foreign Currency Monetary Items Translation Difference Account [FCMITDA]	Retained Earnings	FVTOCI Reserve	Foreign Currency Translation Reserve			
As at March 31, 2018	**279**	**-**	**2,000**	**15,933**	**(82)**	**67,707**	**770**	**(186)**	**86,421**	**1,910**	**88,331**
Add: Profit for the year	-	-	-	-	-	18,488	-	-	18,488	499	**18,987**
Add [Less]: Other Comprehensive Income	-	-	-	-	-	(20)	(287)	(1,373)	(1,680)	-	**(1,680)**
Total Comprehensive Income	**279**	**-**	**2,000**	**15,933**	**(82)**	**86,175**	**483**	**(1,559)**	**103,229**	**2,409**	**105,638**
Less: Capital Reserve arising due to consolidation	(1)	-	-	-	-	-	-	-	(1)	-	**(1)**
Add: Transferred from Retained Earnings	-	3,750	-	-	-	-	-	-	3,750	-	**3,750**
Net movement in FCMITDA	-	-	-	-	78	-	-	-	78	-	**78**
Transactions with Owners in their capacity as owners:											
Dividends	-	-	-	-	-	(3,583)	-	-	(3,583)	-	**(3,583)**
Corporate Dividend Tax on Dividend [Net of CDT Credit]	-	-	-	(646)	-	(85)	-	-	(731)	-	**(731)**
Less: Transferred to Debenture Redemption Reserve	-	-	-	-	-	(3,750)	-	-	(3,750)	-	**(3,750)**
Less: Adjustment pursuant to sale of shares of a joint venture	-	-	-	-	-	(225)	-	-	(225)	-	**(225)**
Add: Adjustment pursuant to stake dilution and acquisition of subsidiaries	-	-	-	(39)	-	4,111	-	-	4,072	10,520	**14,592**
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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

C Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

D The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Group, i.e., year ended on March 31. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

includes only translation differences arising after the transition date.

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 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/ MRP, 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 Group.

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 Group was recognising 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 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 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 recognised when the Group’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.

9 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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

j The Group recognizes MAT/AMT 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 Group will pay normal income tax during the specified period i.e., the period for which MAT/AMT 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 Group will be liable to pay normal tax during the specified period.

11 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 Group 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 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

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:

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

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

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 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.

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 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 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; and

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.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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, retrospectively, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS:

[A] Property, Plant and Equipment:

₹ Million

	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2017	3,085	847	10,965	33,459	955	727	475	**50,513**
Acquired Subsidiaries	74	-	176	169	36	1	-	**456**
Additions	93	124	1,152	6,694	227	96	329	**8,715**
Disposals	-	-	-	(74)	(23)	(37)	6	**(128)**
Assets classified as held for sale *	(7)	-	(138)	(300)	(7)	(1)	(36)	**(489)**
Other adjustments	(49)	56	155	22	(2)	3	5	**190**
As at March 31, 2018	3,196	1,027	12,310	39,970	1,186	789	779	**59,257**
Acquired Subsidiaries	445	103	736	1,353	40	8	6	**2,691**
Additions	165	141	1,813	13,008	91	275	180	**15,673**
Disposals	-	-	(6)	(421)	(2)	(94)	(9)	**(532)**
Other adjustments	14	1	143	81	(36)	(3)	7	**207**
As at March 31, 2019	3,820	1,272	14,996	53,991	1,279	975	963	**77,296**
Depreciation and Impairment:								
As at March 31, 2017	-	55	2,117	14,210	624	335	268	**17,609**
Acquired Subsidiaries	-	-	32	54	15	1	-	**102**
Depreciation for the year	-	10	320	3,140	71	80	79	**3,700**
Impairment for the year	-	-	-	-	-	-	-	**-**
Disposals	-	-	(1)	(34)	(7)	(23)	1	**(64)**
Assets classified as held for sale *	-	-	(113)	(270)	(6)	-	(35)	**(424)**
Other adjustments	-	7	81	55	(1)	1	3	**146**
As at March 31, 2018	-	72	2,436	17,155	696	394	316	**21,069**
Acquired Subsidiaries	-	4	190	922	27	3	5	**1,151**
Depreciation for the year	-	17	391	3,829	76	96	134	**4,543**
Impairment for the year	-	-	-	-	-	-	-	**-**
Disposals	-	-	(2)	(322)	(2)	(53)	(8)	**(387)**
Other adjustments	-	-	(25)	(79)	(35)	(1)	1	**(139)**
As at March 31, 2019	-	93	2,990	21,505	762	439	448	**26,237**
Net Block:								
As at March 31, 2018	3,196	955	9,874	22,815	490	395	463	**38,188**
As at March 31, 2019	3,820	1,179	12,006	32,486	517	536	515	**51,059**

NOTE: 3-PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS: (Contd...)

[B] Intangible Assets:

₹ Million

	Goodwill	Other Intangible Assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2017	**11,643**	10,166	778	6,612	1,317	**18,873**
Adjustment pursuant to acquisition of subsidiaries	**2,419**	-	2	-	-	**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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 :

	As at March 31, 2019	As at March 31, 2018
Long Term Growth Rate	**3.0% - 4.0%**	2.0% - 5.5%
Discount Rate	**10.36%**	7.06%

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

Notes:

1 Other adjustments include adjustments on account of borrowing costs and exchange rate difference.

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.

3 For details of assets pledged as security refer Note 19.

Summarised statement for movement in Capital work-in-progress:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Balance as at the beginning of the year	**15,272**	15,433
Add: Expenditure incurred during the year	**8,064**	8,199
Add: Borrowing costs	**280**	77
Add: Other directly attributable costs	**763**	715
Less: Capitalized during the year	**(16,007)**	(9,152)
Balance as at the end of the year	**8,372**	15,272

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

₹ Million

			As at March 31, 2019	As at March 31, 2018
A	**Summarised Balance Sheet of four entities:**			
	Non-Current Assets		**2,715**	2,884
	Current Assets		**6,596**	5,908
	Non-Current Liabilities		**(537)**	(148)
	Current Liabilities		**(1,157)**	(1,434)
	Equity		**7,617**	7,210
	Carrying amount of investment in Joint Ventures		**3,484**	3,605
B	**Summarised Statement of Profit and Loss of four entities for the year ended March 31:**			
	Revenue		**8,514**	9,132
	Profit before tax		**1,473**	1,844
	Profit after Tax		**1,030**	1,256
	Other Comprehensive Income for the year, net of tax		**(17)**	-
	Total Comprehensive Income for the year, net of Tax		**1,013**	1,256
	Group's share in Profit after Tax for the year		**469**	628
	Group's share in OCI for the year		**(4)**	-
C	**Summarised Contingent Liabilities and Commitments [to the extent not provided for] of four entities:**			
	a	Contingent liabilities:		
	i	In respect of the demands raised by the Central Excise, State Excise and Customs Authorities	**5**	12
	ii	In respect of Income Tax matters pending before appellate authorities	**1,501**	957
	b	Commitments:		
		Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	**31**	69
D	**Dividend declared by the Joint Ventures during the year**		**325**	440

NOTE: 5-INVESTMENTS [NON-CURRENT]:

₹ Million

	Nos. [*]	Face Value [**]	As at March 31, 2019	As at March 31, 2018
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Foundation [50,000 shares subscribed during the year] [^]	50,000	10	**1**	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 5-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

	Nos. [*]	Face Value [**]	As at March 31, 2019	As at March 31, 2018
Investments [Valued at fair value through OCI]:				
In fully paid-up Common Stock of:				
Onconova Therapeutic Inc. USA [Reduction in number of stock due to reverse split]	4,341 [65,111]	$0.01	**1**	4
Pieris Pharmaceuticals Inc., USA	1,415,539	$0.001	**328**	629
			329	633
Investments in Equity Instruments, fully paid-up:				
Quoted:				
Housing Development Finance Corporation Limited	219,500	2	**432**	401
HDFC Bank Limited	4,000	2	**9**	8
Kokuyo Camlin Limited	72,090	1	**7**	8
Camlin Fine Sciences Limited	152,000	1	**8**	15
Accelya Kale Consultants Limited	383	10	**1**	1
Reliance Industries Limited [₹:474,341 {as at March 31, 2018: ₹ 307,205}]	174	10	**-**	-
Vedanta Limited / Cairns India Limited	57,750	10	**10**	17
Tanla Solution Limited [₹ 74,962 {As at March 31, 2018: ₹ 62,097}]	2,026	1	**-**	-
			467	450
Unquoted				
Bharuch Enviro Infrastructure Limited [₹ 12,140/-]	1,214	10	**-**	-
Narmada Clean Tech	625,813	10	**6**	6
Enviro Infrastructure Company Limited	50,000	10	**1**	1
Gujarat Venture Finance Limited	50,000	10	**1**	1
Saraswat Co-Op Bank Limited [₹ 20,350/-]	2,500	10	**-**	-
Shamrao Vithal Co-Op Bank Limited [₹ 2,500/-]	100	25	**-**	-
The Green Environment Co-operative Society Limited [₹ 5,000/-]	50	100	**-**	-
Shivalik Solid Waste Management Limited [₹ 2,00,000/-]	20,000	10	**-**	-
The Kalupur Commercial Co-Op. Bank Ltd.	88,500	25	**2**	2
			10	10
			477	460

NOTE: 5-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

	Nos. [*]	Face Value [**]	As at March 31, 2019	As at March 31, 2018
Investment in Preference Shares: [Carried at amortised cost] [Unquoted]:				
In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited	900,000	10	**9**	9
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]	10	**-**	2
			9	11
Investment in Bonds [Valued at amortised cost] [Quoted]:				
In fully paid-up Bonds of:				
8.23% Karnataka State Financial Corporation	5 [0]	1,000,000	**4**	-
9.90% Tamil Nadu Generation and Distribution Corporation Limited	5 [0]	1,000,000	**4**	-
10.00% Krishna Bhagya Jala Nigam Limited	12 [0]	1,000,000	**12**	-
8.95% IDBI Bonds	14 [0]	1,000,000	**13**	-
8.90% IDBI Upper Tier II Bonds	4 [0]	1,000,000	**3**	-
9.10% PNB Housing Finance Limited	25 [0]	1,000,000	**25**	-
9.75% Piramal Enterprises Limited	35 [0]	1,000,000	**35**	-
9.00% Indiabulls Housing Finance Limited	40,000 [0]	1,000	**40**	-
			136	-
Total [Aggregate Book Value of Investments]			**952**	1,104
a i Aggregate book value of quoted investments			**932**	1,083
ii Market value of quoted investments			**932**	1,083
b Aggregate book value of unquoted investments			**20**	21
Explanations:				
a In "Face Value [*]", figures in Indian Rupees unless stated otherwise.				
b 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.

NOTE: 6-OTHER FINANCIAL ASSETS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**730**	286
Forward Contract value related to investment in a Joint Venture	**1,402**	1,136
Others	**107**	107
Total	**2,239**	1,529

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 7-DEFERRED TAX:

₹ Million

	Consolidated Balance Sheet As at March 31		Statement of Profit and Loss Year ended March 31	
	2019	2018	**2019**	2018
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
	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:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	**1,275**	1,082
Balances with Statutory Authorities	**1,034**	892
Others	**89**	60
Total	**2,398**	2,034

NOTE: 9-CURRENT TAX ASSETS [NET]:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good unless otherwise stated]		
Advance payment of Tax [Net of provision for taxation]	**1,065**	740
Total	**1,065**	740

NOTE: 10-INVENTORIES:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	**9,045**	8,728
Work-in-progress	**3,247**	2,794
Finished Goods	**4,882**	5,152
Stock-in-Trade	**8,255**	5,932
Stores and Spares	**84**	-
Others:		
Packing Materials	**1,367**	1,247
Total	**26,880**	23,853
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories:		
- Net of reversal of write-down	**29**	128

For details of inventories pledged as security, refer Note 23.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 11-INVESTMENTS [CURRENT]:

₹ Million

	Nos. [**]	As at March 31, 2019	As at March 31, 2018
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss][*]			
L&T Liquid Fund - Direct Plan - Growth	352,985.851 [0]	**904**	-
Kotak Mutual Fund - Direct Plan - Growth	368,475.460 [0]	**1,395**	-
DSP Black Rock Liquidity Fund - Direct Plan - Growth	0 [643,775.654]	**-**	1,600
Reliance Liquidity Fund - Direct Plan - Growth	0 [438,450.402]	**-**	1,148
Total		**2,299**	2,748

[*] Considered as cash and cash equivalents for Cash Flow Statement

[**] In "Nos. [**]" figures of previous year are stated in [ ].

NOTE: 12-TRADE RECEIVABLES:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Secured - Considered good	**894**	922
Unsecured - Considered good	**38,614**	31,141
Unsecured - Considered doubtful	**146**	157
	39,654	32,220
Less: Impairment allowances	**146**	157
Total	**39,508**	32,063

NOTE: 13-CASH AND BANK BALANCES:

₹ Million

		As at March 31, 2019	As at March 31, 2018
A	**Cash and Cash Equivalents:**		
	Balances with Banks	**4,199**	5,356
	Cash on Hand	**8**	11
	Total	**4,207**	5,367
B	**Bank balance other than cash and cash equivalents:**		
	Balances with Banks	**2,286**	7,782
	Total	**2,286**	7,782

NOTE: 14-LOANS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good]		
Loan to others	**100**	-
Total	**100**	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 15-OTHER CURRENT FINANCIAL ASSETS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good]		
Forward Contract value related to investment in a Joint Venture	**-**	1,424
Others	**1,212**	2,024
Total	**1,212**	3,448

NOTE: 16-OTHER CURRENT ASSETS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
[Unsecured, Considered Good]		
Balances with Statutory Authorities	**4,967**	4,233
Advances to Suppliers	**778**	1,044
Export Incentive Receivables	**1,405**	826
Prepaid Expenses	**805**	574
Others	**534**	67
Total	**8,489**	6,744

NOTE: 17-EQUITY SHARE CAPITAL:

₹ Million

		As at March 31, 2019	As at March 31, 2018
Authorised:			
	1,725,000,000 [as at March 31, 2018: 1,725,000,000] Equity Shares of ₹ 1/- each	**1,725**	1,725
		1,725	1,725
Issued, Subscribed and Paid-up:			
	1,023,742,600 [as at March 31, 2018: 1,023,742,600] Equity Shares of ₹ 1/- each, fully paid-up	**1,024**	1,024
Total		**1,024**	1,024
A	There is no change in the number of shares as at the beginning and end of the year.		
	Number of shares at the beginning and at the end of the year	**1,023,742,600**	1,023,742,600
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%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 18-OTHER EQUITY:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Capital Reserve:		
Balance as per last Balance Sheet	**279**	281
[Less]: Capital Reserve arising due to consolidation	**(1)**	(2)
	278	279
Debenture Redemption Reserve:		
Balance as per last Balance Sheet	**-**	-
Add: Transferred from Retained Earnings	**3,750**	-
	3,750	-
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	**2,000**	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	**15,933**	15,939
Less: Stamp duty paid on issue of Equity Shares	**-**	(6)
Less: Adjustment pursuant to stake dilution in Zydus Wellness Limited	**(39)**	-
Less: Corporate Dividend Tax on Dividend	**(646)**	-
	15,248	15,933
Foreign Currency Monetary Items Translation Difference Account: [***]		
Balance as per last Balance Sheet	**(82)**	8
Add/[Less] : Credited / [Debited] during the year	**78**	(90)
	(4)	(82)
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**770**	311
[Less]/ Add: [Debited] / Credited during the year	**(287)**	459
	483	770
Foreign Currency Translation Reserve:		
Balance as per last Balance Sheet	**(186)**	(36)
Less : Exchange differences on consolidation	**(1,373)**	(132)
Less : Exchange differences on translation of discontinued foreign operations reclassified to Statement of Profit and Loss	**-**	(18)
	(1,559)	(186)
Retained Earnings:		
Balance as per last Balance Sheet	**67,707**	50,073
Add: Profit for the year	**18,488**	17,758
	86,195	67,831
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	**(16)**	(114)
Share of Other Comprehensive Income of Joint Ventures [net of tax]	**(4)**	-
Less: Dividends:		
Dividends	**(3,583)**	-
Corporate Dividend Tax on Dividend [Net of CDT Credit]	**(85)**	(10)
	(3,668)	(10)
Less: Transferred to Debenture Redemption Reserve	**(3,750)**	-
Less: Adjustment pursuant to sale of shares of a joint venture [Refer Note-53]	**(225)**	-
Add: Adjustment pursuant to stake dilution and acquisition of subsidiaries	**4,111**	-
Balance as at the end of the year	**82,643**	67,707
Total	**102,839**	86,421

[*] 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 [LTFCMI] 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 LTFCMI is transferred to "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA]. The option of transferring exchange rate differences to FCMITDA is available on LTFCMI outstanding as on March 31, 2016 only. The FCMITDA is amortised during the tenure of the respective LTFCMI 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.

NOTE: 19-BORROWINGS:

₹ Million

			Non-current portion		Current Maturities	
			As at March 31, 2019	As at March 31, 2018	**As at March 31, 2019**	As at March 31, 2018
A	**Term Loans from Banks:**					
	a	Term Loans:				
		i Secured	**-**	**100**	**-**	-
		ii Unsecured	**7,548**	**10,468**	**5,122**	-
			7,548	**10,568**	**5,122**	-
	b	External Commercial Borrowings in Foreign Currency				
		i Secured	**780**	1,906	**1,242**	1,171
		ii Unsecured	**16,143**	13,040	**1,153**	1,760
			16,923	14,946	**2,395**	2,931
B	**Term Loans from Others [Unsecured]**		**26**	37	**11**	10
C	**Non-Convertible Debentures [Secured]**		**15,000**	-	**-**	-
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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Trade Deposits	**67**	65
Others	**660**	459
Total	**727**	524

NOTE: 21-PROVISIONS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits	**1,841**	1,559
Total	**1,841**	1,559

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 21-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2019			As at March 31, 2018		
		Medical Leave	**Leave Wages**	**Gratuity**	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening obligation	**172**	**1,072**	**1,777**	143	867	1,505
	Acquired subsidiaries	**1**	**84**	**188**			
	Interest cost	**12**	**79**	**122**	10	47	98
	Current service cost	**16**	**244**	**235**	9	111	175
	Benefits paid	**(3)**	**(190)**	**(147)**	(1)	(71)	(125)
	Actuarial [gains]/ losses on obligation due to:						
	Experience adjustments	**-**	**291**	**112**	6	98	93
	Change in financial assumptions	**(9)**	**(44)**	**(83)**	5	20	31
	Closing obligation	**189**	**1,536**	**2,204**	172	1,072	1,777
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	**-**	**187**	**1,064**	-	175	931
	Acquired subsidiaries	**-**	**-**	**168**	-	-	-
	Expected return on plan assets	**-**	**14**	**76**	-	13	64
	Return on plan assets excluding amounts included in interest income	**-**	**(1)**	**13**	-	(1)	(27)
	Contributions by employer	**-**	**-**	**321**	-	-	221
	Benefits paid	**-**	**-**	**(145)**	-	-	(125)
	Actuarial [losses]/ gains	**-**	**-**	**3**	-	-	-
	Closing fair value of plan assets	**-**	**200**	**1,500**	-	187	1,064
	Total actuarial [losses]/ gains to be recognised	**9**	**(247)**	**(26)**	(11)	(118)	(124)
D	**Actual return on plan assets:**						
	Expected return on plan assets	**-**	**14**	**76**	-	13	64
	Actuarial [losses]/ gains on plan assets	**-**	**-**	**3**	-	-	-
	Actual return on plan assets	**-**	**14**	**79**	-	13	64
E	**Amount recognised in the balance sheet:**						
	Liabilities/ [Assets] at the end of the year	**189**	**1,536**	**2,204**	172	1,072	1,777
	Fair value of plan assets at the end of the year	**-**	**(200)**	**(1,500)**	-	(187)	(1,064)
	Difference	**189**	**1,336**	**704**	172	885	713
	Unrecognised past service cost	**-**	**-**	**-**	-	-	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**189**	**1,336**	**704**	172	885	713
F	**Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	**16**	**244**	**235**	9	111	175
	Interest cost on benefit obligation	**12**	**79**	**122**	10	47	98
	Expected return on plan assets	**-**	**(14)**	**(76)**	-	(13)	(64)
	Return on plan assets excluding amounts included in interest income	**-**	**1**	**-**	-	1	-
	Net actuarial [gains]/ losses in the year	**(9)**	**247**	**-**	11	118	-
	Amount included in "Employee Benefit Expense"	**19**	**557**	**281**	30	264	209
	Return on plan assets excluding amounts included in interest income	**-**	**-**	**(13)**	-	-	27
	Net actuarial [gains]/ losses in the year	**-**	**-**	**26**	-	-	124
	Amounts recognized in OCI	**-**	**-**	**13**	-	-	151

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 21-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2019			As at March 31, 2018		
		Medical Leave	**Leave Wages**	**Gratuity**	Medical Leave	Leave Wages	Gratuity
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	**172**	**885**	**713**	143	692	574
	Acquired subsidiaries	**1**	**84**	**20**	-	-	-
	Expenses as above [P & L Charge]	**19**	**557**	**281**	30	264	209
	Employer's contribution	**-**	**-**	**13**	-	-	151
	Amount recognised in OCI	**-**	**-**	**(321)**	-	-	(221)
	Benefits Paid	**(3)**	**(190)**	**(2)**	(1)	(71)	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**189**	**1,336**	**704**	172	885	713
H	**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%
	[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]						
	Annual increase in salary cost	**12% for next 2 years & 9% thereafter**			12% for next 3 years & 10% thereafter		
	[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market						
I	**The categories of plan assets as a % of total plan assets are:**						
	Insurance plan	**0.00%**	**100.00%**	**100.00%**	0.00%	100.00%	100.00%

J Amount recognised in current and previous four years:

₹ Million

Gratuity:	As at March 31				
	2019	2018	2017	2016	2015
Defined benefit obligation	**2,204**	1,777	1,503	1,165	942
Fair value of Plan Assets	**1,500**	1,064	931	828	807
Deficit/ [Surplus] in the plan	**704**	713	572	337	127
Actuarial Loss/ [Gain] on Plan Obligation	**29**	124	208	211	180
Actuarial Loss/ [Gain] on Plan Assets	**3**	-	(1)	-	(5)

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].

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 21-PROVISIONS: (Contd...)

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumptions is shown below:

₹ Million

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2019	2018	**2019**	2018	**2019**	2018
Impact on obligation:						
Discount rate increase by 0.5%	**(10)**	(6)	**(45)**	(4)	**(72)**	(53)
Discount rate decrease by 0.5%	**7**	7	**46**	3	**77**	55
Annual salary cost increase by 0.5%	**7**	6	**45**	3	**74**	55
Annual salary cost decrease by 0.5%	**(10)**	(7)	**(45)**	(4)	**(70)**	(52)

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

₹ Million

	As at March 31, 2019	As at March 31, 2018
Within the next 12 months [next annual reporting period]	**574**	402
Between 2 and 5 years	**1,840**	1,012
Between 6 and 10 years	**1,557**	854
Total expected payments	**3,971**	2,268

NOTE: 22-OTHER NON-CURRENT LIABILITIES:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Others	**26**	13
Total	**26**	13

NOTE: 23-BORROWINGS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured]	**1,287**	1,635
Working Capital Loans from Banks [Unsecured]	**30,682**	23,940
Total	**31,969**	25,575

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:

₹ Million

		As at March 31, 2019	As at March 31, 2018
Due to Micro, Small and Medium Enterprise [*]		**121**	214
Due to other than Micro, Small and Medium Enterprise		**19,105**	18,670
Total		**19,226**	18,884
[*]	**Disclosure in respect of Micro, Small and Medium Enterprises:**		
A	Principal amount remaining unpaid to any supplier as at year end	**121**	214
B	Interest due thereon	**-**	2
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	**6**	10
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: 25-OTHER FINANCIAL LIABILITIES:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Current Maturities of Long Term Debt [Refer Note- 19]	**7,528**	2,941
Interest accrued but not due on borrowings	**348**	19
Book overdraft	**315**	294
Accrued Expenses	**9,590**	9,271
Payable for Capital Goods	**790**	787
Unpaid Dividends	**52**	40
Total	**18,623**	13,352

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 26-OTHER CURRENT LIABILITIES:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Advances from Customers	**499**	403
Payable to Statutory Authorities	**1,011**	773
Others	**203**	211
Total	**1,713**	1,387

NOTE: 27-PROVISIONS:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits	**625**	454
Provision for claims for product expiry and return of goods [*]	**732**	548
Total	**1,357**	1,002
[*] 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:		
i Carrying amount at the beginning of the year	**337**	117
ii Additional provision made during the year	**288**	337
iii Amount used	**-**	-
iv Carrying amount at the end of the year	**625**	337

NOTE: 28-CURRENT TAX LIABILITIES [NET]:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Provision for Taxation [Net of advance payment of tax]	**537**	520
Total	**537**	520

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 29-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]:

₹ Million

				As at March 31, 2019	As at March 31, 2018
A	**Contingent Liabilities:**				
	a	Claims against the Group not acknowledged as debts		**341**	270
	b	Other money for which the Group is contingently liable:			
		i	In respect of the demands raised by the Central Excise, Customs, State Excise & Service Tax Authority	**1,192**	970
		ii	In respect of the demands raised by the Ministry of Chemicals & 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	**104**	104
		iii	In respect of Income Tax matters pending before appellate authorities	**1,550**	168
		iv	In respect of Sales Tax matters pending before appellate authorities	**738**	478
		v	In respect of custom duty liability under EPCG scheme	**471**	498
		vi	In respect of letters of credit for Imports	**14**	39
		vii	In respect of other matters [Employees Indemnity on retirement/ guaranteed severance package]	**189**	388
B	**Commitments:**				
	a	Estimated amount of contracts remaining to be executed on capital account and not provided for		**4,701**	3,759

NOTE: 30- LEASE ARRANGEMENTS:

₹ Million

		As at March 31, 2019	As at March 31, 2018
A	The Group has taken certain properties on operating leases. Minimum lease payments payable under		
	Within one year	**52**	23
	After one year but not more than five years	**66**	32
	More than five years	**-**	-
Total		**118**	55

₹ Million

		Year ended March 31, 2019	Year ended March 31, 2018
B	Minimum lease payment recognised as an expenses in statement of profit and loss	**62**	23

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 32-REVENUE FROM OPERATIONS:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of Products	**127,484**	116,308
Other Operating Revenues:		
Export Incentives	**1,713**	1,371
Net Gain on foreign currency transactions and translation [*]	**654**	181
Miscellaneous Income	**1,805**	1,684
	4,172	3,236
Total	**131,656**	119,544
[*] includes research related Net Loss on foreign currency transactions and translation	**35**	35

NOTE: 33-OTHER INCOME:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	**530**	494
Gain on valuation of Forward Contract value related to investment in a Joint Venture	**266**	470
	796	964
Dividend Income:		
From FVOCI Investments	**6**	6
Gain on Investments mandatorily measured at FVTPL	**464**	116
Gain on Investments mandatorily measured at amortised cost	**664**	-
Other Non-operating Income	**81**	46
Total	**2,011**	1,132

NOTE: 34-COST OF MATERIALS CONSUMED:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Raw Materials:		
Stock at commencement	**8,728**	6,379
Add: Acquired subsidiaries	**254**	-
Add: Purchases	**21,053**	22,931
	30,035	29,310
Less: Stock at close	**9,045**	8,728
	20,990	20,582
Packing Materials consumed	**5,751**	4,651
Total	**26,741**	25,233

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 35-PURCHASES OF STOCK-IN-TRADE:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Purchases of Stock-in-Trade	**21,520**	19,141
Total	**21,520**	19,141

NOTE: 36-CHANGES IN INVENTORIES:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Stock at commencement:		
Work-in-progress	**2,794**	2,288
Finished Goods	**5,152**	4,034
Stock-in-Trade	**5,932**	4,400
Acquired subsidiaries	**1,409**	2
	15,287	10,724
Less: Stock at close:		
Work-in-progress	**3,247**	2,794
Finished Goods	**4,882**	5,152
Stock-in-Trade	**8,255**	5,932
	16,384	13,878
Total	**(1,097)**	(3,154)

NOTE: 37-EMPLOYEE BENEFITS EXPENSE:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	**19,175**	16,496
Contribution to provident and other funds	**1,435**	1,455
Staff welfare expenses	**631**	594
Total	**21,241**	18,545
Above expenses include:		
Research related expenses:		
Salaries and wages	**1,792**	1,601
Contribution to provident and other funds	**128**	142
Staff welfare expenses	**42**	62
Total	**1,962**	1,805
Managing Directors' Remuneration	**247**	293

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 38-FINANCE COST:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense [*]	**1,905**	1,047
Other Borrowing Costs	**1**	1
Net Gain on foreign currency transactions and translation	**(23)**	(197)
Bank commission & charges	**52**	60
Total	**1,935**	911
[*] The break up of interest expense into major heads is given below:		
On term loans	**1,045**	779
On non convertible debentures	**282**	-
On working capital loans	**549**	182
Others	**29**	86
Total	**1,905**	1,047

NOTE: 39-DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation, Amortisation and Impairment expenses	**5,986**	5,388
Total	**5,986**	5,388

NOTE: 40-OTHER EXPENSES:

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Research Materials	**1,079**	1,689
Analytical Expenses	**1,463**	1,671
Consumption of Stores and spare parts	**2,335**	2,209
Power & fuel	**2,472**	2,263
Rent	**306**	254
Repairs to Buildings	**305**	361
Repairs to Plant and Machinery	**871**	719
Repairs to Others	**234**	148
Insurance	**638**	445
Rates and Taxes [excluding taxes on income]	**317**	299
Processing Charges	**1,309**	666
Commission to Directors	**48**	62
Traveling Expenses	**1,559**	1,378
Legal and Professional Fees [*]	**2,758**	2,301
Advertisement Expenses	**1,626**	817
Commission on sales	**1,208**	1,155
Freight and forwarding on sales	**2,417**	2,925
Representative Allowances	**1,187**	1,149
Other marketing expenses	**5,103**	5,248

NOTE: 40-OTHER EXPENSES: (Contd...)

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Bad Debts:		
Bad debts written off	**39**	10
Impairment allowances	**16**	63
	55	73
Less: Transferred from impairment allowances	**(28)**	(1)
	27	72
Doubtful Advances:		
Doubtful advances written off	**6**	-
Impairment allowances	**16**	27
	22	27
Less: Transferred from impairment allowances	**(23)**	-
	(1)	27
Directors' fees	**18**	14
Net Loss on disposal of Property, Plant and Equipment [Net of gain]	**77**	23
Donations	**242**	244
Miscellaneous Expenses [**]	**5,922**	4,670
Total	**33,520**	30,809
Above expenses include Research related expenses as follows:		
Research Materials	**1,079**	1,689
Analytical expenses	**1,426**	1,532
Consumption of Stores and spare parts	**958**	562
Power & Fuel	**156**	149
Repairs to Buildings	**12**	19
Repairs to Plant and Machinery	**141**	109
Repairs to Others	**16**	32
Insurance	**34**	7
Traveling Expenses	**59**	56
Legal and Professional fees	**1,088**	996
Net Loss on disposal of Property, Plant and Equipment	**9**	-
Miscellaneous Expenses [excluding Depreciation]	**2,577**	1,677
Total	**7,555**	6,828
[*] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding GST]:		
i - As Auditor	**49**	37
- For Other Services	**9**	2
Total	**58**	39
ii Cost Auditor's Remuneration including fees for other services [excluding GST]	**2**	1
[**] Miscellaneous Expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	**332**	295

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 41-TAX EXPENSES:

The major components of income tax expense are:

₹ Million

		Year ended March 31, 2019	Year ended March 31, 2018
A	**Statement of profit and loss:**		
	Profit or loss section:		
	Current income tax:		
	Current income tax charge	**6,075**	6,487
	Adjustments in respect of current income tax of previous year	**(2)**	(51)
		6,073	6,436
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**(770)**	(792)
	Tax expense reported in the statement of profit and loss	**5,303**	5,644
	OCI Section:		
	Tax related to items recognised in OCI during in the year:		
	Net loss/ (gain) on remeasurements of defined benefit plans	**(3)**	37
	Tax charged to OCI	**(3)**	37
B	**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:**		
	Profit before tax	**23,821**	23,308
	Enacted Tax Rate in India (%)	**34.94%**	34.61%
	Expected Tax Expenses	**8,323**	8,067
	Adjustments for:		
	Tax effect due to non-taxable income for Indian tax purposes	**(2)**	(2)
	Effect of unrecognized/ excess deferred tax assets / liabilities	**729**	1,088
	Effect of non-deductible expenses	**275**	170
	Effect of additional deductions in taxable income	**(3,728)**	(3,769)
	Effect of difference between Indian and Foreign tax rates	**(508)**	(440)
	Effect of MAT Tax Credit not recognised	**175**	584
	Others	**39**	(54)
	Total	**(3,020)**	(2,423)
	Tax Expenses as per Statement of Profit and Loss	**5,303**	5,644

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 42-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:

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

			Year ended March 31, 2019	Year ended March 31, 2018
Continuing Operations:				
A	Profit attributable to Shareholders	₹-Million	**18,488**	17,946
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**18.06**	17.53
Discontinued Operations:				
A	Loss attributable to Shareholders	₹-Million	**-**	(188)
B	Basic and weighted average number of Numbers Equity shares outstanding during the year		**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**-**	(0.18)
Continuing & Discontinued Operations:				
A	Profit attributable to Shareholders	₹-Million	**18,488**	17,758
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**18.06**	17.35

NOTE: 43-SEGMENT INFORMATION:

				Year ended March 31, 2019	Year ended March 31, 2018
Continuing Operations:					
A	The Chief Operating Decision Maker [CODM] reviews the Group as a single "Pharmaceuticals" segment.				
B	Geographical market:				
	a	Revenue [*]:			
		i	India	**53,096**	45,981
		ii	US	**63,792**	60,304
		iii	Others	**14,768**	13,259
		iv	Total	**131,656**	119,544
	a	Non-current operating assets [**]:			
		i	India	**109,147**	60,001
		ii	US	**15,698**	15,290
		iii	Others	**5,164**	4,807
		iv	Total	**130,009**	80,098
C	Revenues derived from single external customer which amount to 10% or more of the Group's revenue			**-**	11,968

[*] 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:

No.	Name	Principal activities	Country of incorporation	Status of FS at March 31, 2019	% equity Interest as at March 31	
					2019	2018
A	**Indian subsidiaries:**					
1	Zydus Healthcare Limited [Formerly known as German Remedies Limited]	Human Pharmaceutical Formulations	India	Audited	100.00	100.00
2	Zydus Wellness Limited	Consumer Health & Wellness	India	Audited	63.55	72.08
3	Liva Pharmaceuticals Limited	Human Pharmaceutical Formulations	India	Audited	100.00	100.00
4	Zydus Technologies Limited	Human Pharmaceutical Formulations	India	Audited	85.00	85.00
5	Alidac Pharmaceuticals Limited	Human Pharmaceutical Formulations	India	Audited	100.00	100.00
6	Dialforhealth India Limited	Retail Pharmacy	India	Audited	100.00	100.00
7	Dialforhealth Greencross Limited	Retail Pharmacy	India	Audited	100.00	100.00
8	Dialforhealth Unity Limited	Retail Pharmacy	India	Audited	55.00	55.00
9	Violio Healthcare Limited	Human Pharmaceutical Formulations	India	Audited	100.00	100.00
10	Acme Pharmaceuticals Private Limited	Human Pharmaceutical Formulations	India	Audited	100.00	100.00
11	Zydus Nutritions Limited	Consumer Health & Wellness	India	Audited	63.55	Note - 1
12	Liva Investment Limited	Investment	India	Audited	63.55	Note - 2
13	Liva Nutritions Limited	Consumer Health & Wellness	India	Audited	63.55	Note - 3
14	Heinz India Private Limited	Consumer Health & Wellness	India	Note - 1	63.55	Note - 1
15	Windlas Healthcare Private Limited	Human Pharmaceutical Formulations	India	Unaudited	51.00	Note - 4
16	Violio Pharmaceuticals Limited	Human Pharmaceutical Formulations	India	Audited	100.00	Note - 5
B	**Foreign subsidiaries:**					
1	Zydus Lanka (Private) Limited	Human Pharmaceutical Formulations	Sri Lanka	Audited	100.00	100.00
2	Zydus International Private Limited	Investment and Holding	Ireland	Unaudited	100.00	100.00
3	Zydus Netherlands B.V.	Investment and Holding	Netherlands	Unaudited	100.00	100.00
4	Zydus France, SAS	Human Pharmaceutical Formulations	France	Unaudited	100.00	100.00
5	Laboratorios Combix S.L.	Human Pharmaceutical Formulations	Spain	Unaudited	100.00	100.00
6	Bremer Pharma GmbH	Animal Health and Veterinary	Germany	[*]	0.00	100.00
7	Etna Biotech S.R.L.	Research and Development	Italy	Unaudited	100.00	100.00
8	ZAHL B.V.	Investment and Holding	Netherlands	Unaudited	100.00	100.00
9	ZAHL Europe B. V.	Investment and Holding	Netherlands	Unaudited	100.00	100.00

NOTE: 44-GROUP INFORMATION: (Contd...)

No.	Name	Principal activities	Country of incorporation	Status of FS at March 31, 2019	% equity Interest as at March 31	
					2019	2018
10	Zydus Healthcare (USA) LLC	Human Pharmaceutical Formulations	U. S. A.	Unaudited	100.00	100.00
11	Zydus Pharmaceuticals (USA) Inc.	Human Pharmaceutical Formulations	U. S. A.	Audited	100.00	100.00
12	Nesher Pharmaceuticals (USA) LLC	Human Pharmaceutical Formulations	U. S. A.	Audited	100.00	100.00
13	Sentynl Therapeutics, Inc	Human Pharmaceutical Formulations	U. S. A.	Audited	100.00	100.00
14	Zydus Noveltech Inc., USA	Human Pharmaceutical Formulations	U. S. A.	Unaudited	85.00	85.00
15	Hercon Pharmaceuticals, LLC	Human Pharmaceutical Formulations	U. S. A.	Unaudited	85.00	85.00
16	Windlas INC	Human Pharmaceutical Formulations	U. S. A.	Unaudited	51.00	Note - 4
17	Viona Pharmaceuticals Inc.	Human Pharmaceutical Formulations	U. S. A.	Unaudited	100.00	Note - 6
18	Zydus Worldwide DMCC	Human Pharmaceutical Formulations	Dubai	Audited	100.00	100.00
19	Zydus Discovery DMCC	Human Pharmaceutical Formulations	Dubai	Audited	100.00	100.00
20	Zydus Nikkho Farmaceutica Ltda.	Human Pharmaceutical Formulations	Brazil	Audited	100.00	100.00
21	Zydus Healthcare SA (Pty) Ltd.	Human Pharmaceutical Formulations	South Africa	Unaudited	100.00	100.00
22	Simayla Pharmaceuticals (Pty) Ltd	Human Pharmaceutical Formulations	South Africa	Unaudited	100.00	100.00
23	Script Management Services (Pty) Ltd.	Human Pharmaceutical Formulations	South Africa	Unaudited	100.00	100.00
24	Zydus Healthcare Philippines Inc.	Human Pharmaceutical Formulations	Philippines	Unaudited	100.00	100.00
25	Alidac Healthcare (Myanmar) Limited	Human Pharmaceutical Formulations	Myanmar	Audited	100.00	100.00
26	Zydus Pharmaceuticals Mexico SA De CV	Human Pharmaceutical Formulations	Mexico	Unaudited	100.00	100.00
27	Zydus Pharmaceuticals Mexico Service Company SA De CV.	Manpower Supply & Administration	Mexico	Unaudited	100.00	100.00
C	**Partnership firm:**					
1	M/s. Zydus Wellness- Sikkim	Consumer Health & Wellness	India	Note - 1	98.00	98.00
D	**Joint Ventures:**					
1	Zydus Takeda Healthcare Private Limited	API	India	Audited	50.00	50.00
2	Zydus Hospira Oncology Private Limited	Human Pharmaceutical Formulations	India	Audited	50.00	50.00
3	Bayer Zydus Pharma Private Limited	Human Pharmaceutical Formulations	India	Audited	24.999998	50.00
4	US Pharma Windlas LLC	Human Pharmaceutical Formulations	India	Unaudited	25.50	Note - 4

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:

	Net Assets i.e. total assets minus total liabilities		Share in Profit / [Loss]		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of Consolidated Net Assets	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million
Parent:								
Cadila Healthcare Limited	86.23	89,564	86.66	16,022	19.01	(319)	93.42	15,702
Subsidiaries:								
Indian:								
Zydus Healthcare Limited	51.17	53,150	9.28	1,716	(1.00)	17	10.31	1,733
Zydus Wellness Limited	32.02	33,253	5.21	963	(0.25)	4	5.76	967
Liva Investment Limited	0.00	2	(0.00)	(1)	-	-	(0.00)	(1)
Liva Nutritions Limited	(0.00)	(2)	(0.01)	(2)	-	-	(0.01)	(2)
Heinz India Private Limited	-	-	0.74	137	0.15	(3)	0.80	135
Zydus Technologies Limited	0.33	340	(0.59)	(109)	(0.01)	0	(0.65)	(109)
Liva Pharmaceuticals Limited	2.63	2,735	(2.44)	(452)	0.01	(0)	(2.69)	(452)
Alidac Pharmaceuticals Limited	0.95	985	(0.74)	(138)	(0.09)	1	(0.81)	(136)
Dialforhealth India Limited	0.14	145	0.08	15	0.00	(0)	0.09	15
Dialforhealth Unity Limited	(0.00)	(2)	(0.00)	(0)	-	-	(0.00)	(0)
Dialforhealth Greencross Limited	0.00	0	(0.00)	(0)	-	-	(0.00)	(0)
Violio Healthcare Limited	0.00	0	(0.00)	(0)	-	-	(0.00)	(0)
Violio Pharmaceuticals Limited	0.01	6	(0.01)	(3)	-	-	(0.02)	(3)
Windlas Healthcare Private Limited	1.58	1,644	0.04	8	0.02	(0)	0.04	8
Zydus Nutritions Ltd	35.65	37,030	6.94	1,283	0.09	(2)	7.62	1,281
Acme Pharmaceuticals Private Limited	(0.12)	(127)	0.15	28	-	-	0.17	28

NOTE: 45-GROUP INFORMATION: (Contd...)

	Net Assets i.e. total assets minus total liabilities		Share in Profit / [Loss]		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of Consolidated Net Assets	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million
Foreign:								
Zydus Lanka (Private) Limited	0.00	0	(0.01)	(2)	-	-	(0.01)	(2)
Zydus International Private Limited	4.81	4,995	1.55	287	-	-	1.71	287
Zydus Netherlands B.V.	5.73	5,951	(0.04)	(8)	-	-	(0.05)	(8)
Zydus France, SAS	0.44	455	(0.52)	(96)	-	-	(0.57)	(96)
Laboratorios Combix S.L.	0.19	194	(0.27)	(51)	-	-	(0.30)	(51)
Bremer Pharma GmbH	-	-	-	-	-	-	-	-
Etna Biotech S.R.L.	(0.03)	(31)	(0.27)	(50)	-	-	(0.30)	(50)
ZAHL B.V.	-	-	0.01	2	-	-	0.01	2
ZAHL Europe B. V.	-	-	0.01	2	-	-	0.01	2
Zydus Healthcare (USA) LLC	0.03	27	(0.00)	(0)	-	-	(0.00)	(0)
Zydus Pharmaceuticals (USA) Inc.	9.77	10,145	7.34	1,357	-	-	8.07	1,357
Nesher Pharmaceuticals (USA) LLC	(2.12)	(2,205)	1.25	232	-	-	1.38	232
Sentynl Therapeutics, Inc	6.82	7,088	12.65	2,340	-	-	13.92	2,340
Zydus Noveltech Inc., USA	(0.05)	(50)	0.05	10	-	-	0.06	10
Hercon Pharmaceuticals, LLC	(1.63)	(1,693)	(1.67)	(308)	-	-	(1.83)	(308)
Viona Pharmaceuticals INC [USA]	(0.05)	(53)	(0.48)	(89)	-	-	(0.53)	(89)
Windlas INC [USA]	-	-	-	-	-	-	-	-
Zydus Worldwide DMCC	(2.19)	(2,272)	(10.83)	(2,001)	0.01	(0)	(11.91)	(2,002)
Zydus Discovery DMCC	(0.97)	(1,008)	(4.30)	(795)	-	-	(4.73)	(795)
Zydus Nikkho Farmaceutica Ltda.	1.60	1,664	(0.52)	(97)	-	-	(0.58)	(97)
Zydus Healthcare SA (Pty) Ltd.	0.59	612	(0.11)	(21)	-	-	(0.12)	(21)
Simayla Pharmaceuticals (Pty) Ltd	(0.47)	(485)	-	-	-	-	-	-
Script Management Services (Pty) Ltd.	0.00	3	0.00	0	-	-	0.00	0
Zydus Healthcare Philippines Inc.	0.31	324	0.08	15	-	-	0.09	15
Alidac Healthcare (Myanmar) Limited	0.59	610	(2.37)	(437)	-	-	(2.60)	(437)
Zydus Pharmaceuticals Mexico SA De CV	(0.09)	(95)	0.02	4	-	-	0.03	4
Zydus Pharmaceuticals Mexico Service Company SA De CV.	0.00	0	0.02	4	-	-	0.02	4
Minority Interests in all subsidiaries	(12.45)	(12,929)	(2.70)	(499)	-	-	(2.97)	(499)
Share of Joint Ventures [as per equity method]	-		2.54	469	0.24	(4)	2.77	465
Total Eliminations/ Consolidation Adjustments	(121.42)	(126,106)	(6.75)	(1,247)	81.81	(1,374)	(15.60)	(2,622)
Grand Total	**100.00**	**103,863**	**100.00**	**18,488**	**100.00**	**(1,680)**	**100.00**	**16,808**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 46-RELATED PARTY TRANSACTIONS:

A	**Name of the Related Parties and Nature of the Related Party Relationship:**		
	a	**Entity holding control over the Parent:**	
		Zydus Family Trust	
	b	**Subsidiary Companies/ concerns:**	
		Zydus Foundation - Refer Note 5 [^]	
	c	**Joint Venture Companies:**	
		Zydus Hospira Oncology Private Limited	Bayer Zydus Pharma Private Limited
		Zydus Takeda Healthcare Private Limited	US Pharma Windlas LLC
	d	**Key Managerial Personnel:**	
		Mr. Pankaj R. Patel	Chairman
		Dr. Sharvil P. Patel	Managing Director & son of Chairman
		Mr. Ganesh N. Nayak	Executive Director
		Mr. Mukesh M. Patel	Non-Executive Director
		Mr. H. Dhanrajgir	Independent Director
		Mr. Apurva S. Diwanji	Independent Director
		Mr. Nitin R. Desai	Independent Director
		Ms. Dharmishtaben N. Raval	Independent Director
		Mr. Bhadresh K. Shah	Independent Director
		Mr. Nitin D. Parekh	Executive Officer [Chief Financial Officer]
		Mr. Upen H. Shah	Executive Officer [Company Secretary] [Upto February 7, 2019]
		Mr. Dhaval N. Soni	Executive Officer [Company Secretary] [with effect from February 7, 2019]
	e	**Enterprises significantly influenced by Directors and/or their relatives:**	
		Cadmach Machinery Company Private Limited	Cadila Laboratories Private Limited
		Zydus Hospitals and Healthcare Research Private Limited	M/s. C. M. C. Machinery
		Zydus Hospitals (Vadodra) Private Limited	Mukesh M. Patel & Co.
		Zydus Infrastructure Private Limited	M/s. International Tax and Investments Consultants
	f	**Post Employment Benefits Plans:**	
		Cadila Healthcare Limited Employees Group Gratuity Scheme	Zydus Wellness Limited Employees Group Gratuity Scheme
		Cadila Healthcare Limited Managerial Cadre EPF	Zydus Wellness Sikkim Employee Group Gratuity Scheme
		Zydus Healthcare Limited Employees Group Gratuity Scheme	Heinz India Private Limited Employee Provident Fund
		Zydus Healthcare Limited, German Remedies Division Employees Group Gratuity Assurance Scheme	Heinz India Private Limited Provident Fund
		Zydus Technologies Limited Employees Group Gratuity Fund	Liva Pharmaceuticals Limited Employees Group Gratuity Scheme

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]

Nature of Transactions	Value of the Transactions [₹ Million]			
	Entity holding control over the Parent		Subsidiary Company	
	Year ended March 31			
	2019	2018	2019	2018
Issue of Shares:				
Zydus Family Trust	**3,000**	-	**-**	-
Investments in Shares:				
Zydus Foundation	**-**	-	**1**	-
CSR Expenses:				
Zydus Foundation	**-**	-	**266**	-

b Details relating to parties referred to in Note 46-A [c & e]

Nature of Transactions	Value of the Transactions [₹ Million]			
	Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31			
	2019	2018	2019	2018
Purchases:				
Goods:				
Zydus Hospira Oncology Private Limited	**43**	18	**-**	-
Cadmach Machinery Company Private Limited	**-**	-	**5**	3
Others	**-**	-	**-**	1
Total	**43**	18	**5**	4
Property, Plant and Equipment:				
Cadmach Machinery Company Private Limited	**-**	-	**25**	135
Others	**-**	-	**1**	124
Total	**-**	-	**26**	259
Reimbursement of Expenses paid:				
Cadila Laboratories Private Limited	**-**	-	**1**	-
Services:				
Zydus Infrastructure Private Limited	**-**	-	**90**	51
Others	**-**	-	**10**	12
Total	**-**	-	**100**	63

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 46-RELATED PARTY TRANSACTIONS: (Contd...)

Nature of Transactions	Value of the Transactions [₹ Million] Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31			
	2019	2018	2019	2018
Sales:				
Goods:				
Bayer Zydus Pharma Private Limited	228	164	-	-
Others	13	134	14	5
Total	241	298	14	5
Reimbursement of Expenses Recovered:				
Zydus Hospira Oncology Private Limited	1	-	-	-
Interest Income:				
Bayer Zydus Pharma Private Limited	11	23	-	-
Outstanding:				
Payable:				
Zydus Hospira Oncology Private Limited	15	3	-	-
Cadila Laboratories Private Limited	-	-	22	22
Total	15	3	22	22
Receivable:				
Bayer Zydus Pharma Private Limited	62	45	-	-
Zydus Infrastructure Private Limited	-	-	247	-
Others	4	-	7	-
Total	66	45	254	-

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

₹ Million

		Year ended March 31, 2019	Year ended March 31, 2018
[i]	Salaries and other employee benefits to Chairman & Managing Director [upto July 12, 2017], Managing Director, Executive Director [from July 12, 2017] and other executive officers	560	577
[ii]	Commission and Sitting Fees to Non Executive/ Independent Directors	33	21
[iii]	Outstanding payable to above (i) and (ii)	263	279

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

₹ Million

		Year ended March 31, 2019	Year ended March 31, 2018
[i]	Contributions [including Employees' share and contribution]	905	524

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:

Particulars	₹ Million
Inventories	1,988
Trade Receivables	832
Cash and cash equivalents	693
Property, Plant and Equipment	1,325
Capital work in progress	77
Other intangible assets	5,402
Other Assets	2,152
Current Liabilities	(3,090)
Non-Current Liabilities	(226)
Net Identifiable assets acquired	**9,153**
Goodwill	37,969
Total acquisition cost	**47,122**
Acquisition cost settled in Cash	
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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 47-BUSINESS COMBINATION: (Contd...)

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:

Particulars	₹ Million
Inventories	35
Trade Receivables	43
Cash and cash equivalents	1,568
Property, Plant and Equipment	210
Other intangible assets	26
Other Assets	69
Current Liabilities	(137)
Non-Current Liabilities	(178)
Net Identifiable assets acquired	**1,636**
Non-Controlling Interests	802
Goodwill	721
Total acquisition cost	**1,555**
Acquisition cost settled in Cash	
Consideration	1,555
Less: Cash and cash equivalents acquired	800
Net Cash outflow on acquisition	755
The fair value of trade and other receivables acquired as part of the business combination amounted to	43

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

₹ Million

	As at March 31, 2019	As at March 31, 2018
% of Ownership	**63.55%**	72.08%
Summarised balance sheet:		
Current assets	**985**	6,939
Current liabilities	**1,279**	469
Net current assets	**(294)**	6,470
Non-current assets	**48,557**	453
Non-current liabilities	**15,011**	11
Net non-current assets	**33,546**	442
Net assets	**33,252**	6,912
Accumulated NCI	**12,120**	1,930

₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Summarised statement of profit and loss:		
Revenue	**3,152**	2,924
Expenses	**2,180**	1,583
Profit after Tax	**963**	1,338
Other Comprehensive Income	**4**	2
Total comprehensive income	**967**	1,340
Profit allocated to NCI	**263**	374
Dividends paid to NCI	**87**	-
Summarised Cash Flow Statement:		
Net cash inflow from operating activities	**862**	1,127
Net cash (outflow) from investing activities	**(41,314)**	(1,088)
Net cash inflow (outflow) from financing activities	**40,489**	(17)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 49-FINANCIAL INSTRUMENTS: (Contd...)

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

₹ Million

	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial Assets at FVTPL:				
Mutual funds	**2,299**	**-**	**-**	**2,299**
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	**-**	**-**	**1,402**	**1,402**
Financial Investments at FVOCI:				
Quoted equity instruments	**796**	**-**	**-**	**796**
Unquoted equity instruments	**-**	**10**	**-**	**10**
Total financial assets	**3,095**	**10**	**1,402**	**4,507**
Financial liabilities	**-**	**-**	**-**	**-**

₹ Million

	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial Assets at FVTPL:				
Mutual funds	2,748	-	-	2,748
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	2,560	2,560
Financial Investments at FVOCI:				
Quoted equity instruments	1,083	-	-	1,083
Unquoted equity instruments	-	10	-	10
Total financial assets	3,831	10	2,560	6,401
Financial liabilities	-	-	-	-

C Fair value of instruments measured at amortised cost:

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

₹ Million

	Carrying Value	As at March 31, 2019			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Investment in preference shares	**9**	**-**	**9**	**-**	**9**
Bonds	**136**	**136**	**-**	**-**	**136**
		As at March 31, 2018			
Financial assets:					
Investment in preference shares	11	-	11	-	**11**
Bonds	-	-	-	-	**-**

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:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Value as at beginning of the year	**2,560**	2,090
Add : Gain on valuation of Forward Contract value related to investment in a Joint Venture	**266**	470
Less : Amount realised from Trench I of Forward Contract	**(1,424)**	-
Value as at end of the year	**1,402**	2,560
Out of above, amount disclosed under-		
Other Non-Current Financial Assets [Note-6]	**1,402**	1,136
Other Current Financial Assets [Note-15]	**-**	1,424

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]-

₹ Million

	As at March 31, 2019		As at March 31, 2018	
	-0.50%	**+0.50%**	-0.50%	+0.50%
Impact on value of the contract	**20**	**(20)**	28	(28)

b Sensitivity in the value for 200 basis point change in Revenue -

₹ Million

	As at March 31, 2019		As at March 31, 2018	
	-2.00%	**+2.00%**	-2.00%	+2.00%
Impact on value of the contract	**(44)**	**44**	(83)	(83)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT:

A Financial instruments by category:

₹ Million

	As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments	-	806	-	806
Preference shares	-	-	9	9
Bonds	-	-	136	136
Mutual funds	2,299	-	-	2,299
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	-	-	837	837
Forward Contract value related to investment in a Joint Venture	1,402	-	-	1,402
Trade receivables	-	-	39,508	39,508
Cash and Cash Equivalents	-	-	6,493	6,493
Loans	-	-	100	100
Other Current Financial Assets	-	-	1,212	1,212
Total	3,701	806	48,295	52,802
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	79,342	79,342
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...)

₹ Million

	As at March 31, 2018			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments	-	1,093	-	1,093
Preference shares	-	-	11	11
Bonds	-	-	-	-
Mutual funds	2,748	-	-	2,748
Non Current Other Financial Assets [other than Forward Contract value related to investment in a Joint Venture]	-	-	393	393
Forward Contract value related to investment in a Joint Venture	2,560	-	-	2,560
Trade receivables	-	-	32,063	32,063
Cash and Cash Equivalents	-	-	13,149	13,149
Loans	-	-	-	-
Other Current Financial Assets	-	-	2,024	2,024
Total	5,308	1,093	47,640	54,041
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	54,086	54,086
Non Current Other Financial Liabilities	-	-	524	524
Trade payables	-	-	18,884	18,884
Payable for Capital Goods	-	-	787	787
Book Overdraft	-	-	294	294
Other Current Financial Liabilities	-	-	9,311	9,311
Total	-	-	83,886	83,886

B 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:

a 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

₹ Million

	As at March 31, 2019	As at March 31, 2018
Trade Receivables:		
Less than 180 days	**38,648**	30,949
180 - 365 days	**566**	827
Above 365 days	**294**	287
Total	**39,508**	32,063
Movement in the expected credit loss allowance on trade receivables:		
Balance at the beginning of the year	**157**	81
Addition	**16**	63
Recoveries	**(28)**	(1)
Exchange rate differences	**1**	14
Balance at the end of the year	**146**	157

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.

₹ Million

	As at March 31, 2019				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	**41,933**	**23,695**	**11,958**	**9,400**	**86,986**
Other non current financial liabilities	**-**	**-**	**-**	**727**	**727**
Trade payable	**19,226**	**-**	**-**	**-**	**19,226**
Accrued Expenses	**9,590**	**-**	**-**	**-**	**9,590**
Payable for Capital Goods	**790**	**-**	**-**	**-**	**790**
Unpaid dividend	**52**	**-**	**-**	**-**	**52**
Other Current Financial Liabilities	**315**	**-**	**-**	**-**	**315**
Total	**71,906**	**23,695**	**11,958**	**10,127**	**117,686**

₹ Million

	As at March 31, 2018				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	29,036	7,978	8,034	10,602	55,650
Other non current financial liabilities	-	4	3	517	524
Trade payable	18,884	-	-	-	18,884
Accrued Expenses	9,271	-	-	-	9,271
Payable for Capital Goods	787	-	-	-	787
Unpaid dividend	40	-	-	-	40
Other Current Financial Liabilities	294	-	-	-	294
Total	58,312	7,982	8,037	11,119	85,450

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 creates natural foreign currency hedge. 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:

₹ Million

	As at March 31, 2019			As at March 31, 2018		
	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	**7.00%**	**(859)**	**23**	4.00%	(526)	25
USD	**(7.00%)**	**859**	**(23)**	(4.00%)	526	(25)
EUR	**7.00%**	**(8)**	**-**	7.00%	40	-
EUR	**(7.00%)**	**8**	**-**	(7.00%)	(40)	-
Others	**5.00%**	**(0)**	**-**	5.00%	(1)	-
Others	**(5.00%)**	**0**	**-**	(5.00%)	1	-

* 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:

₹ Million

	Movement in Rate	As at March 31, 2019	As at March 31, 2018
Interest rates	+0.50%	**(258)**	(177)
Interest rates	-0.50%	**258**	177

* 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.

₹ Million

	Movement in Rate	As at March 31, 2019		As at March 31, 2018	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%	**-**	**80**	-	108
Decrease	-10.00%	**-**	**(80)**	-	(108)
Mutual Funds [Quoted]					
Increase	+2.00%	**46**	**-**	55	-
Decrease	-2.00%	**(46)**	**-**	(55)	-

* 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

As at March 31, 2019

Type of hedged risk	Carrying amount of hedging instrument (USD Million)		Carrying amount of hedging instrument (₹ Million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	175	-	12,107	Range- Within 6 months	1:1	Borrowings	393
Hedged item: Certain foreign currency receivables	175	-	12,107	-	Range- Within 6 months		Trade receivables	393
Net Investment Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	250	-	17,295	Range - upto 5 years		Borrowings	155
Hedged item: Net investment in certain foreign subsidiaries	250	-	17,295	-	N.A.		Net Investment in certain foreign subsidiaries	155

As at March 31, 2018

Type of hedged risk	Carrying amount of hedging instrument (USD Million)		Carrying amount of hedging instrument (₹ Million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	175	-	11,410	Range- Within 6 months	1:1	Borrowings	163
Hedged item: Certain foreign currency receivables	175	-	11,410	-	Range- Within 6 months		Trade receivables	163
Net Investment Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	200	-	13,040	Range - upto 5 years		Borrowings	260
Hedged item: Net investment in certain foreign subsidiaries	200	-	13,040	-	N.A.		Net Investment in certain foreign subsidiaries	260

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

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.

₹ Million

	As at March 31, 2019	As at March 31, 2018
Gross debts	**78,994**	54,067
Total equity	**116,792**	89,355
Gross debt to equity ratio [No. of times]	**0.68**	0.61

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:

		₹ Million
A	**Financial performance**	
1	Total Revenue	496
2	Total expenses	551
3	**Loss before tax**	(55)
4	Tax Expense	-
5	**Loss after tax**	(55)
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
B	**Cash flow information**	
1	Net cash inflow (outflow) from operating activities	(55)
2	Net cash inflow (outflow) from investing activities	-
3	Net cash inflow (outflow) from financing activities	-
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:**

		₹ Million
A	Consideration to be received in cash	182
B	Carrying amount of net assets to be sold (**)	241
C	**Loss before tax on fair valuation of net assets and reclassification of foreign currency translation reserve**	(59)
D	Gain on exchange differences on translation of discontinued operations reclassified to statement of profit and loss	18
E	Impairment of Goodwill	(92)
F	**Loss recognized on measurement of net assets to fair value**	(133)

**** Carrying amount of assets and liabilities as at March 31, 2018 is as under:**

		₹ Million
1	Property, plant and equipment	76
2	Trade receivables	96
3	Other current assets	179
A	**Total Assets**	351
1	Trade payables	75
2	Other current liabilities	35
B	**Total Liabilities**	110
C	**Net Assets**	241

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 52- NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS: (Contd...)

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:

		₹ Million
1	Property, plant and equipment	76
2	Trade receivables	96
3	Other current assets	179
A	**Total Assets classified as held for sale**	351
1	Trade payables	75
2	Other current liabilities	35
B	**Total Liabilities classified as held for sale**	110
C	**Net Assets classified as held for sale (Carrying amount)**	241
D	Fair Valuation adjustment on above	(59)
E	**Net Assets classified as held for sale (Fair value)**	182

NOTE: 53-SALE OF INVESTMENT IN BAYER ZYDUS PHARMA PRIVATE LIMITED:

Pursuant to the terms of the Joint Venture Agreement [JVA] between the Parent and Bayer [South East Asia] Pte. Limited ["Bayer"] dated, January 28, 2011, the Parent had sold 12,500,001 equity shares of Bayer Zydus Pharma Private Limited to Bayer on May 2, 2018.

NOTE: 54:

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 54 to the Financial Statements

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

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:

₹ Million

Sr. No.	Name of the Subsidiary	Reporting year ended	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiaries	Turnover & Other income from Operations*	Profit/ [Loss] before Taxation*	Provision for Taxation*	Profit/ [Loss] after Taxation*	Proposed Dividend	% of share-holding
1	Zydus Wellness Limited	March 31, 2019	INR	1.00	576.60	32,675.80	49,541.60	16,289.20	-	2,546.10	971.60	8.60	963.00	288.32	63.55%
2	Zydus Healthcare Limited	March 31, 2019	INR	1.00	10,282.00	42,868.00	59,550.00	6,400.00	897.00	31,290.00	3,983.00	2,267.00	1,716.00	2,486.00	100.00%
3	Alidac Pharmaceuticals Limited	March 31, 2019	INR	1.00	953.30	31.87	1,725.38	740.21	47.01	558.34	(203.95)	(66.41)	(137.54)	-	100.00%
4	Liva Pharmaceuticals Limited	March 31, 2019	INR	1.00	3,670.00	(934.78)	2,940.13	204.91	-	41.45	(488.77)	(36.74)	(452.03)	-	100.00%
5	Zydus Technologies Limited	March 31, 2019	INR	1.00	590.00	(250.10)	9,549.89	9,209.99	-	20.88	(165.39)	(56.68)	(108.71)	-	85.00%
6	Dialforhealth India Limited	March 31, 2019	INR	1.00	250.00	(105.86)	145.62	1.48	-	21.17	19.11	4.52	14.59	-	100.00%
7	Dialforhealth Unity Limited	March 31, 2019	INR	1.00	0.50	(2.70)	0.03	2.23	-	-	(0.05)	-	(0.05)	-	55.00%
8	Dialforhealth Greencross Limited	March 31, 2019	INR	1.00	2.50	(2.01)	0.51	0.02	-	-	(0.02)	-	(0.02)	-	100.00%
9	Acme Pharmaceuticals Private Limited	March 31, 2019	INR	1.00	35.00	(162.43)	492.85	620.28	-	229.24	(2.75)	(30.95)	28.20	-	100.00%
10	Violio Healthcare Limited (#)	March 31, 2019	INR	1.00	0.50	(0.02)	0.49	0.01	-	-	(0.02)	-	(0.02)	-	100.00%
11	Violio Pharmaceuticals Limited [Note 1]	March 31, 2019	INR	1.00	9.00	(2.74)	34.22	27.96	-	-	(2.74)	-	(2.74)	-	100.00%
12	Windlas Healthcare Private Limited [Note 2]	March 31, 2019	INR	1.00	472.12	1,171.97	1,719.60	75.51	904.21	116.19	7.85	-	7.85	-	51.00%
13	Liva Nutritions Limited [Note 3]	March 31, 2019	INR	1.00	0.50	(2.30)	26.00	27.80	-	(1.70)	(2.30)	-	(2.30)	-	63.55%
14	Liva Investment Limited [Note 4]	March 31, 2019	INR	1.00	2.50	(0.50)	2.00	-	-	-	(0.50)	-	(0.50)	-	63.55%
15	Zydus Nutritions Limited [Note 5]	March 31, 2019	INR	1.00	1,272.30	35,757.30	52,987.50	15,957.90	461.00	2,220.70	114.20	(203.50)	317.70	-	63.55%
16	Heinz India Private Limited	Note 6	INR	1.00	-	-	-	-	-	1,196.20	202.90	65.60	137.30	-	63.55%
17	Zydus Lanka (Private) Limited (#)	March 31, 2019	LKR	0.41	4.50	(4.26)	0.37	0.13	-	-	(1.92)	-	(1.92)	-	100.00%
18	Zydus Healthcare Philippines Inc.	December 31, 2018	PHP	1.35	351.27	(28.41)	433.60	110.74	-	493.96	17.15	8.91	8.24	-	100.00%
19	Zydus International Private Limited	December 31, 2018	Euro	80.07	7,301.90	(2,228.59)	11,419.42	6,346.11	-	292.80	212.78	-	212.78	-	100.00%
20	Zydus Netherlands B.V.	December 31, 2018	Euro	80.07	6,852.39	(710.62)	6,328.97	187.20	-	-	(7.34)	-	(7.34)	-	100.00%
21	Zydus France, SAS	December 31, 2018	Euro	80.07	622.62	(103.13)	1,168.54	649.05	-	1,885.19	(42.99)	-	(42.99)	-	100.00%
22	Laboratorios Combix S.L.	December 31, 2018	Euro	80.07	598.92	(345.90)	609.33	356.31	-	768.66	(12.82)	0.24	(13.07)	-	100.00%
23	Etna Biotech S.R.L.	December 31, 2018	Euro	80.07	7.21	(41.00)	274.08	307.87	-	73.88	(46.70)	-	(46.70)	-	100.00%
24	ZAHL B.V.	March 31, 2019	Euro	77.61	1.40	(1.40)	0.23	0.23	-	-	1.78	-	1.78	-	100.00%
25	ZAHL Europe B.V.	March 31, 2019	Euro	77.61	1.40	(1.40)	-	-	-	-	1.70	-	1.70	-	100.00%
26	Zydus Pharmaceuticals (USA) Inc. ($)	December 31, 2018	USD	69.80	209.40	4,381.35	41,420.72	36,829.97	-	52,949.61	2,193.67	500.40	1,693.28	-	100.00%
27	Zydus Healthcare (USA) LLC	December 31, 2018	USD	69.80	13.96	13.96	205.21	177.29	-	5.20	0.65	0.24	0.41	-	100.00%
28	Sentynl Therapeutics, Inc.	March 31, 2019	USD	69.18	2,076.09	5,011.40	18,592.82	11,505.33	-	6,655.82	2,987.64	664.46	2,323.18	-	100.00%
29	Zydus Noveltech Inc.	December 31, 2018	USD	69.80	349.00	(399.95)	2,503.03	2,553.98	-	108.69	12.30	0.07	12.24	-	85.00%
30	Hercon Pharmaceuticals LLC	December 31, 2018	USD	69.80	6.98	(1,631.23)	1,188.00	2,812.24	-	239.94	(272.76)	0.07	(272.82)	-	85.00%
31	Viona Pharmaceuticals (USA) Inc. [Note 7] (#)	December 31, 2018	USD	69.80	34.90	(47.22)	36.46	48.79	-	-	(58.46)	(12.21)	(46.25)	-	100.00%
32	Windlas Inc. [Note 2]	March 31, 2019	USD	69.18	0.35	4.82	5.16	-	-	-	(0.23)	-	(0.23)	-	51.00%

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...)

₹ Million

Sr. No.	Name of the Subsidiary	Reporting year ended	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiaries	Turnover & Other income from Operations*	Profit/ [Loss] before Taxation*	Provision for Taxation*	Profit/ [Loss] after Taxation*	Proposed Dividend	% of share-holding
33	Zydus Worldwide DMCC	March 31, 2019	USD	69.18	1,591.83	(3,863.70)	12,760.25	15,032.12	-	990.06	(2,001.78)	-	(2,001.78)	-	100.00%
34	Zydus Discovery DMCC	March 31, 2019	USD	69.18	554.13	(1,562.08)	1,182.98	2,190.93	-	-	(795.12)	-	(795.12)	-	100.00%
35	Zydus Healthcare S.A. (Pty) Ltd	December 31, 2018	ZAR	4.88	685.64	(74.37)	1,479.18	867.91	-	1,423.83	36.31	10.26	26.06	-	100.00%
36	Simayla Pharmaceuticals (Pty) Ltd	December 31, 2018	ZAR	4.88	0.00	(493.22)	-	493.22	-	-	(0.01)	-	(0.01)	-	100.00%
37	Script Management Services (Pty) Ltd	December 31, 2018	ZAR	4.88	0.00	3.07	3.37	0.29	-	180.32	0.03	0.01	0.02	-	100.00%
38	Zydus Nikkho Farmaceutica Ltda.	December 31, 2018	BRL	18.00	2,622.96	(1,093.50)	2,604.42	1,074.96	-	2,420.02	3.38	-	3.38	-	100.00%
39	Alidac Healthcare (Myanmar) Limited (#)	March 31, 2019	MMK	0.05	1,052.15	(442.45)	1,198.90	589.20	-	-	(437.40)	-	(437.40)	-	100.00%
40	Zydus Pharmaceuticals Mexico SA De CV	December 31, 2018	MXN	3.57	604.47	(640.14)	435.72	471.38	-	433.89	2.99	3.38	(0.39)	-	100.00%
41	Zydus Pharmaceuticals Mexico Services Company SA De C.V.	December 31, 2018	MXN	3.57	19.99	(22.35)	38.77	41.13	-	179.03	3.95	3.17	0.78	-	100.00%

Notes:

1 The Group has incorporated Violio 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 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. Hence, the Balance sheet related information of HIPL is not provided in above statement.

7 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.

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	**Dhaval N. Soni**	**Dr. Sharvil P. Patel**	**Pankaj R. Patel**
Chief Financial Officer	Company Secretary	Managing Director	Chairman

Ahmedabad, Dated: May 29, 2019

STATEMENT PURSUANT TO SECTION 129[3] OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES

Part: "B" - Joint Ventures:

Sr. No.	Name of the Joint Venture	Latest Audited Balance Sheet Date	Shares held by the Company			Description of how there is significant influence	Reason why the Joint Venture is not consolidated	Net worth attributable to Shareholding as per latest audited balance sheet ₹ Million	Profit / [Loss] for the year	
			No. of Shares	Amount invested ₹ Million	Extent of holding [%]				Considered in consolidation ₹ Million	Not considered in consolidation ₹ Million
1	Zydus Hospira Oncology Private Limited	March 31, 2019	7,500,000	75	50.00%	N.A.	N.A.	2,175	207	-
2	Zydus Takeda Healthcare Private Limited	March 31, 2019	10,000,000	100	50.00%	N.A.	N.A.	985	216	-
3	Bayer Zydus Pharma Private Limited	March 31, 2019	12,499,999	125	24.999998%	N.A.	N.A.	325	46	-
4	US Pharma Windlas LLC	Note 1	500	0	25.50%	N.A.	N.A.	0 *	0 *	-

Note:

1 Unaudited numbers as at March 31, 2019, audit is not mandatory in terms of local reporting requirements in U.S.A.

* 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

CADILA HEALTHCARE LIMITED
(CIN L24230GJ1995PLC025878)
Regd. Office: "Zydus Tower", Satellite Cross Roads,
Sarkhej–Gandhinagar Highway, Ahmedabad–380015.
Email: investor.grievance@zyduscadila.com | Website: www.zyduscadila.com
Phone Numbers: +91 79 268 68 100 (20 lines) | Fax Number: +91 79 268 62 365

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 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 Qualification 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

section 125 or under proviso to sub-section (3) of section 125, as the case may be, to the authority by making an application in the prescribed form online available on website www.iepf.gov.in along with fee as may be decided by the IEPF authority.

Accounting Year ended	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF Account
March 31, 2012	August 8, 2012	150	August 11, 2019
March 31, 2013	May 30, 2013	@ 150	July 15, 2020
March 31, 2014	July 30, 2014	180	October 6, 2021
March 31, 2015	August 12, 2015	240	October 19, 2022
March 31, 2016	March 8, 2016	@ 320	April 15, 2023
March 31, 2017	March 7, 2017	@ 320	April 14, 2024
March 31, 2018	August 13, 2018	350	October 19, 2025

@ Interim dividend

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.

6. 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:

	For Members holding shares both in Demat and Physical Form
PAN	Enter your 10 digit alpha–numeric PAN issued by Income Tax Department (applicable for both, members holding shares in demat mode and members holding shares in physical mode).
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank details or Date of Birth (DOB) (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(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.

CADILA HEALTHCARE LIMITED
(CIN L24230GJ1995PLC025878)
Regd. Office: "Zydus Tower", Satellite Cross Roads,
Sarkhej–Gandhinagar Highway, Ahmedabad–380015.
Email: investor.grievance@zyduscadila.com | Website: www.zyduscadila.com
Phone Numbers: +91 79 268 68 100 (20 lines) | Fax Number: +91 79 268 62 365

Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013:

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 upto 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 fulfill 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)

Name of the Director	**Mr. Mukesh M. Patel**
Age	65 years
Date of Appointment on the Board	August 1, 1997
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

Name of the Director	Mr. Bhadresh K. Shah
Age	67 years
Date of Appointment on the Board	December 6, 2018
Brief resume and nature of expertise in functional areas	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.
Relationship between Directors inter-se	None
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
Shareholding of Non–Executive Director	Nil

Name of the Director	Ms. Dharmishtaben N. Raval
Age	63 years
Date of Appointment on the Board	May 16, 2014
Brief resume and nature of expertise in functional areas	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 & 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 & Raval, Advocates.
Relationship between Directors inter-se	None
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

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CADILA HEALTHCARE LIMITED
(CIN L24230GJ1995PLC025878)
Regd. Office: "Zydus Tower", Satellite Cross Roads,
Sarkhej–Gandhinagar Highway, Ahmedabad–380015.
Email: investor.grievance@zyduscadila.com | Website: www.zyduscadila.com
Phone Numbers: +91 79 268 68 100 (20 lines) | Fax Number: +91 79 268 62 365

ATTENDANCE SLIP

TWENTY FOURTH ANNUAL GENERAL MEETING

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.

CADILA HEALTHCARE LIMITED

(CIN L24230GJ1995PLC025878)
Regd. Office: "Zydus Tower", Satellite Cross Roads,
Sarkhej–Gandhinagar Highway, Ahmedabad–380015.
Email: investor.grievance@zyduscadila.com | Website: www.zyduscadila.com
Phone Numbers: +91 79 268 68 100 (20 lines) | Fax Number: +91 79 268 62 365

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:

Resolution No.	**Particulars of Resolution**	**Optional**	
		For	**Against**
	Ordinary Business:		
1.	Adoption of Financial Statements (including consolidated financial statements) for the Financial Year ended on March 31, 2019.		
2.	Declaration of Dividend on Equity Shares for the Financial Year ended on March 31, 2019.		
3.	Re–appointment of Mr. Mukesh M. Patel (DIN-00053892), Director retiring by rotation.		

Resolution No.	Particulars of Resolution	Optional	
		For	Against
	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.		
6.	Ratification of remuneration to Cost Auditors.		
7.	Shifting of Registered Office of the Company.		

Signed this ____________ day of ___________________ 2019

Signature of member ______________________________

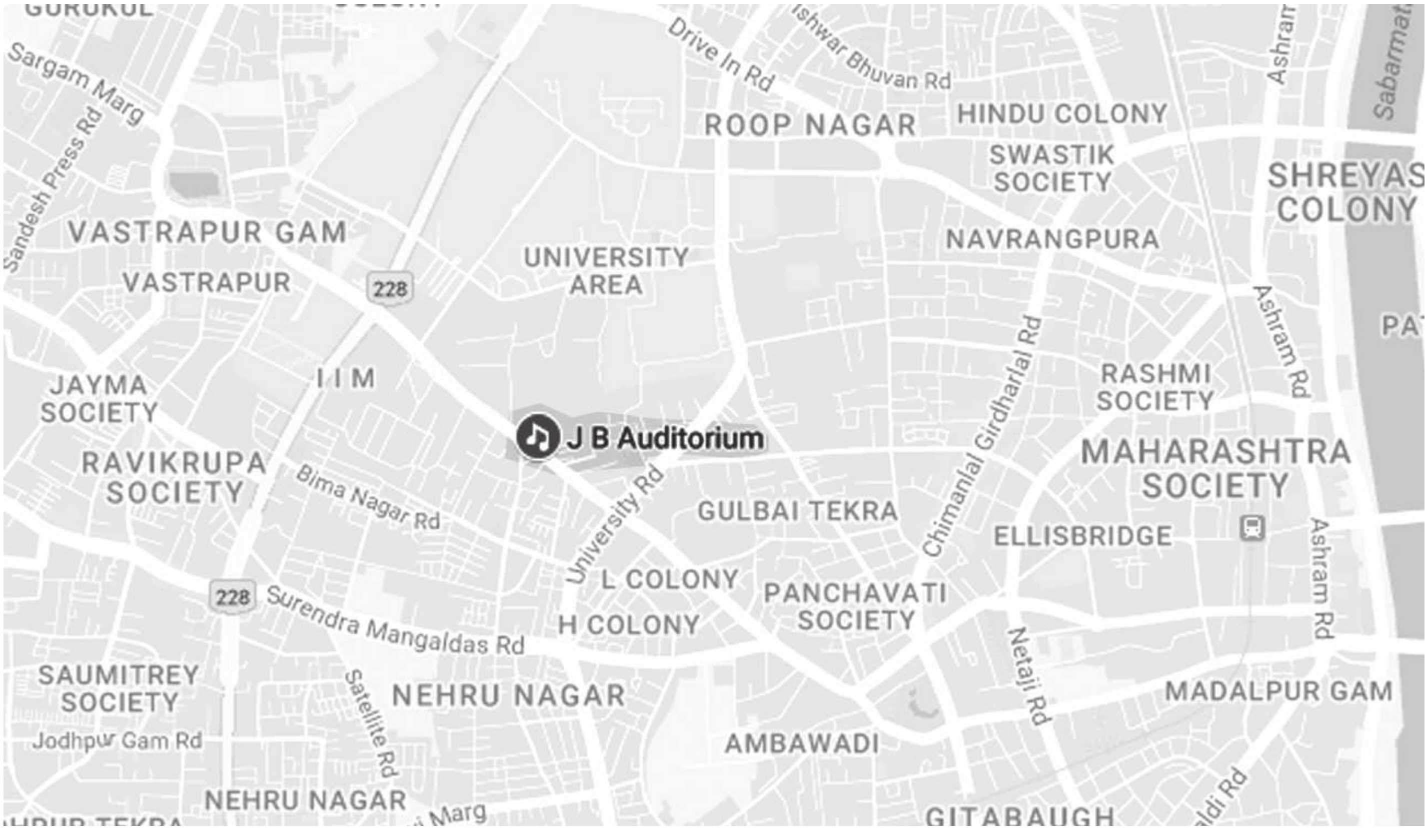
Signature of Proxy holder(s) ______________________________

Affix Revenue Stamp not Less than ₹ 0.15

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



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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.

Core Behaviours

The Zydus Way of Being

Cadila Healthcare Ltd.
'Zydus Tower', Satellite Cross Roads,
Ahmedabad - 380 015, Gujarat, India.

www.zyduscadila.com

CIN : L24230GJ1995PLC025878