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], animal health & veterinary and human formulations. 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 25, 2018.

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 form 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. Amount for the year ended March 31, 2017 and as at March 31, 2017 were audited by previous auditors, MS/Mukesh M. Shah & Co., Chartered Accountants.

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 consolidated financial statements.

Critical judgments:

a Taxes 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 critical estimates Minimum Alternate Tax [MAT] credit in future.

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,

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

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

b **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 stockiest.

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.

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 INR [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 Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government and is shown net of returns, trade allowances, rebates, value added taxes and volume discounts.

B Excise duty is a liability of the Company as a manufacturer, which forms part of the cost of production, irrespective of whether the goods are sold or not. Therefore, the recovery of excise duty flows to the Company on its own account and hence revenue includes excise duty.

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

C Sales Tax/ Value Added Tax [VAT] /Good and Service Tax [GST] is not received by the Company on its own account. Rather, it is tax collected on value added to the goods by the Company on behalf of the government. Accordingly, it is excluded from revenue.

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

a **Sale of Goods:**
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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. Historical experience is 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 service tax, wherever applicable.

c **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.

d **Dividend:**
Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

e **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.

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

6 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

b Current tax items are recognised in 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, 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.

C MAT Credit Entitlement:

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

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

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

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

Property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, plant and equipment.

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

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

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

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

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

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

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

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

8 Intangible assets:

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

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

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

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

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

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

9 Research and Development Cost:

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

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

10 Borrowing Costs:

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

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

11 Impairment of Assets:

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

12 Inventories:

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

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 CENVAT and 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 CENVAT and 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.

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

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.

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

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

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

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

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 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 its 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 Excise Duty:
Excise Duty is accounted gross of Cenvat benefit availed on inputs, capital goods and eligible services.

20 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.

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

A Financial Assets:

a Initial recognition and measurement:

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

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

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

d **Impairment of financial assets:**

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

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

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

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

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point 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] recognized during the period is recognized as income/ expense in the Statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

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

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

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 except for loans and borrowings, as described below:

Loans and borrowings:
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the 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 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

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

21 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.

22 Fair Value Measurement:

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

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

23 Business combinations and Goodwill:

A In accordance with Ind AS 101 provisions related to first time adoption, the Company 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.

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. Acquisition-

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

related costs are expensed as incurred.

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 Company 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.

G 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 Company 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.

H 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 Company'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.

I 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.

J If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company 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.

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

K 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, as approved by the Hon'able High Court or NCLT.

24 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.

25 Earnings per Share:

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

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

B Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs [MCA] issued the Companies [Indian Accounting Standards] Amendment Rules, 2018 notifying Ind AS 115 "Revenue from Contract with Customers" and Appendix B to Ind AS 21 "Foreign currency transactions and advance consideration".

Both these amendments are applicable to the Company from April 1, 2018.

Ind AS 115:
On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

a) Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

b) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch – up approach)

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Appendix B to Ind AS 21:
Appendix B to Ind AS 21 "Foreign currency transactions and advance consideration" which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The company has evaluated the effect of this on the financial statements and the impact is not material.

Notes to Financial Statements

Note: 3-Property, plant & equipment and Intangible assets:

[A] Property, plant and equipment:

₹ million

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2016	864	310	5,697	23,223	527	609	262	**31,492**
Adjusted due to de-merger[$]	-	(3)	(27)	(489)	(9)	(53)	(10)	**(591)**
Additions	985	12	437	3,396	59	101	74	**5,064**
Disposals	-	-	-	(68)	-	(43)	(1)	**(112)**
Other adjustments	-	-	(12)	(55)	-	-	-	**(67)**
As at March 31, 2017	1,849	319	6,095	26,007	577	614	325	**35,786**
Additions	92	124	712	4,956	69	69	143	**6,165**
Disposals	-	-	-	(22)	(1)	(42)	(1)	**(66)**
Other adjustments	-	-	-	2	-	-	-	**2**
As at March 31, 2018	1,941	443	6,807	30,943	645	641	467	**41,887**
Depreciation and Impairment:								
As at March 31, 2016	-	28	1,329	9,348	396	265	140	**11,506**
Adjusted due to de-merger[$]	-	(1)	(1)	(112)	(2)	(14)	(6)	**(136)**
Depreciation for the year	-	4	172	2,132	23	61	36	**2,428**
Impairment for the year	-	-	-	-	-	-	-	**-**
Disposals	-	-	-	(41)	-	(21)	-	**(62)**
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)**
As at March 31, 2018	-	35	1,687	13,713	443	332	223	**16,433**
Net Block:								
As at March 31, 2017	1,849	288	4,595	14,680	160	323	155	**22,050**
As at March 31, 2018	1,941	408	5,120	17,230	202	309	244	**25,454**

Notes to Financial Statements

Note: 3-Property, plant & equipment and Intangible assets: Continued

[B] Intangible assets:

₹ million

Particulars	Goodwill	Other Intangible assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2016	**120**	3,629	392	456	1,116	**5,593**
Adjusted due to de-merger[$]	**-**	(1,963)	(19)	(101)	(613)	**(2,696)**
Additions	**-**	(1)	161	-	-	**160**
Disposals	**-**	-	-	-	-	**-**
Other adjustments	**-**	-	-	-	-	**-**
As at March 31, 2017	**120**	1,665	534	355	503	**3,057**
Additions		-	86	7	-	**93**
Disposals		-	-	-	-	**-**
Other adjustments		-	-	-	-	**-**
As at March 31, 2018	**120**	1,665	620	362	503	**3,150**
Amortisation and Impairment:						
As at March 31, 2016	**82**	2,525	287	277	980	**4,069**
Adjusted due to de-merger[$]	**-**	(1,959)	(19)	(70)	(613)	**(2,661)**
Amortisation for the year	**20**	111	57	15	14	**197**
Impairment for the year	**-**	-	-	-	-	**-**
Disposals	**-**	-	-	-	-	**-**
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		-	-	-	-	**-**
As at March 31, 2018	**102**	788	400	237	395	**1,820**
Net Block:						
As at March 31, 2017	**18**	988	209	133	122	**1,452**
As at March 31, 2018	**18**	877	220	125	108	**1,330**

₹ million

Depreciation, Amortisation and Impairment expenses:	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation	**2,733**	2,428
Amortisation	**215**	217
Impairment	**-**	-
Less: Depreciation charge pertaining IHFU [$]	**(17)**	(136)
Total	**2,931**	2,509

[$] Refer Note-47

Notes to Financial Statements

Notes:

1 **Leased Assets:**

The freehold land include the following amounts where the Company is a lessor under operating lease arrangement:

₹ million

Particulars	Freehold Land
Cost/ deemed Cost	120
Accumulated Depreciation	-
Net carrying amount	120

The lease term in respect of the above mentioned leased assets expires within five to nine years. The lease income receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

2 Buildings include ₹ 0.02 [As at March 31, 2017: ₹ 0.02] million being the value of unquoted shares held in cooperative societies.

3 Additions of ₹ 550 [Previous Year: ₹ 259] million in research assets during the year are included in "Additions" under the respective heads of Gross Block of Tangible assets as above.

4 Capital expenditure on Research and Development [including net decrease in Capital Work-in-progress of ₹ 31 {Previous year: decrease of ₹ 43} million] is ₹ 519 [Previous Year: ₹ 212] million.

5 Other adjustments include adjustments on account of borrowing costs and exchange rate differences.

6 For details of assets pledged as security refer Note 17.

7 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.

8 The Company owns a Non-agricultural freehold land at Survey No. 434/6/B and 434/1/K at Village - Jarod, Taluka - Vaghodia, Dist. Vadodara and revenue survey No. 811/2 of Village : Kotambi, Taluka - Vaghodia, Dist. Vadodara, admeasuring 54,412 Sq. Mtrs. meant for bonafide industrial purposes.

The Company had given the said plot of land on a 9 year lease period starting from December 1, 2013 to its wholly owned subsidiary Liva Pharmaceuticals Limited for setting up manufacturing facility for injectable products.

The Company has given its no-objection to register mortgage created by the said subsidiary company in favor of its lenders as a first lien on the said land as a security in respect of amount borrowed by the said subsidiary company from its lending bank.

The gross amount of freehold land includes an amount of ₹ 120 million in respect of the above stated plot of land leased by the Company to Liva Pharmaceuticals Limited.

Notes to Financial Statements

Note: 4-Investments [Non-Current]:

₹ million

Particulars	Face Value [*]	Nos. [**]	As at March 31, 2018	As at March 31, 2017
Investments in Subsidiaries and Joint Ventures:				
Investments in Equity Instruments			**18,320**	17,997
Investments in Preference Shares			**181**	180
Investments in Equity Instruments via Convertible Loan			**-**	298
Investments in Equity Instruments via Optionally Convertible Preference Shares			**16,597**	20,137
			35,098	38,612
Investments - Others:				
Investments in Equity Instruments			**1,074**	616
Investments in Preference Shares			**9**	9
			1,083	625
Total			**36,181**	39,237
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	10	28,163,755	**570**	570
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 [Formerly known as German Remedies Limited] [$]	100	2,161,742 [1,938,242]	**5,342**	100
Biochem Pharmaceutical Industries Limited [$]	10	0 [7,500,000]	**-**	5,242
Liva Pharmaceuticals Limited	10	2,000,000	**20**	20
Alidac Pharmaceuticals Limited	10	22,330,000	**158**	158
Zydus International Private Limited, Ireland	€ 1.462843	62,340,456	**6,518**	6,518
Zydus Lanka (Private) Limited, Sri Lanka [898,000 share subscribed during the year]	LKR 10	1,097,000 [199,000]	**5**	1
Zydus Healthcare Philippines Inc.	PHP 10	24,965,120	**351**	351
Zydus Worldwide DMCC [20,200 share subscribed during the year]	AED 1,000	84,480 [64,280]	**1,505**	1,148
Sentynl Therapeutics Inc	$0.0001	1,000	**2,038**	2,038
Bremer Pharma GmbH [Germany] [Classified as Asset held for sale] [Refer Note-45 A]	€ 50,000 € 30,000 € 400,000	1 1 1	**-**	60
Zydus Healthcare (USA) LLC	$1	200,000	**12**	12
			16,486	16,185
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

Notes to Financial Statements

Note: 4-Investments [Non-Current]: Continued

₹ million

Particulars	Face Value [*]	Nos. [**]	As at March 31, 2018	As at March 31, 2017
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-45 B]	10	25,000,000	**250**	250
			425	425
Deemed investment in equity of:				
Equity Component of Bayer Zydus Pharma Private Limited			**113**	91
			18,320	17,997
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	20,000,000	**181**	180
Investment in Equity Instruments via Convertible Loan [Valued at cost]:				
Subsidiary Companies:				
Zydus International Private Limited			**-**	298
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	100	123,650,000	**12,365**	12,365
Alidac Pharmaceuticals Limited	100	7,300,000	**689**	689
Zydus Healthcare Philippines Inc.	PHP 10	983,180	**14**	14
Liva Pharmaceuticals Limited	100	32,390,000 [0]	**3,239**	-
Zydus International Private Limited	€ 1	0 [88,334,982]	**-**	6,779
			16,597	20,137
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	$0.01	65,111	**4**	13
Pieris Pharmaceuticals Inc., USA	$0.001	1,415,539	**629**	239
			633	252
In fully paid-up Equity Shares of:				
Housing Development Finance Corporation Limited	2	219,500	**401**	330
HDFC Bank Limited	2	4,000	**8**	6
Kokuyo Camlin Limited	1	72,090	**8**	6
Camlin Fine Sciences Limited	1	152,000	**15**	13
Accelya Kale Consultants Limited	10	383	**1**	1
Saket Projects Limited [5,000 shares disposed under exit offer during the year] [As at March 31, 2017:₹ 50,000/-]	10	0 [5,000]	**-**	-
			433	356

Notes to Financial Statements

Note: 4-Investments [Non-Current]: Continued

₹ million

Particulars	Face Value [*]	Nos. [**]	As at March 31, 2018	As at March 31, 2017
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	**-**	-
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
			1,074	616
Investment in Preference Shares [Unquoted]:				
[Carried at amortised cost]:				
In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited	10	900,000	**9**	9
Total [Aggregate Book Value of Investments]			**36,181**	39,237
C a i Aggregate book value of quoted investments			**1,636**	1,178
ii Market value of quoted investments			**34,104**	25,090
b Aggregate book value of unquoted investments			**34,545**	38,059
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 [ ].				
[$] Refer Note-46				

Notes to Financial Statements

Note: 5-Loans:

₹ million

Particulars			As at March 31, 2018	As at March 31, 2017
[Unsecured, Considered Good unless otherwise stated]				
Loans and Advances to Related Parties [*]			**13,013**	14,271
Total			**13,013**	14,271
[*] 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	**5,134**	4,032
	b	Dialforhealth India Limited	**80**	91
	c	Liva Pharmaceuticals Limited	**-**	2,372
	d	Zydus Worldwide DMCC	**7,522**	7,776
	e	Zydus International Private Limited	**277**	-
Total			**13,013**	14,271
(#) 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

Particulars	As at March 31, 2018	As at March 31, 2017
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**71**	51
Forward Contract value related to investment in a Joint Venture	**1,136**	2,090
Others	**5**	101
Total	**1,212**	2,242

Note: 7-Other Non-Current Assets:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	**889**	1,409
Less: Impairment Allowances	**15**	-
	874	1,409
Balances with Statutory Authorities	**827**	1,083
Others	**21**	-
Total	**1,722**	2,492

Notes to Financial Statements

Note: 8-Current Tax Assets [Net]:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Advance payment of Tax [Net of provision for taxation of ₹ 7,743 {as at March 31, 2017: ₹ 7,679 } million]	**541**	534
Total	**541**	534

Note: 9-Inventories:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	**6,272**	4,458
Work-in-progress	**2,201**	1,791
Finished Goods	**2,694**	1,865
Stock-in-Trade	**1,140**	510
Others:		
Packing Materials	**900**	705
Total	**13,207**	9,329
The above includes Goods in transit as under:		
Raw Materials	**71**	77
Stock-in-Trade	**38**	18
Packing Materials	**19**	5
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories		
Net of reversal of write-down	**73**	8
For details of inventories pledged as security, refer note 21.		

Note: 10-Trade Receivables:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Secured - Considered good	**922**	664
Unsecured - Considered good	**11,629**	8,626
Unsecured - Considered doubtful	**54**	7
	12,605	9,297
Less: Impairment allowances	**54**	7
Total	**12,551**	9,290

Notes to Financial Statements

Note: 11-Cash and Cash Equivalents:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with Banks [*]	**1,835**	164
Cash on Hand	**3**	4
Total	**1,838**	168
[*] Earmarked balances with banks:		
A Balances with Banks include:		
i Balances in unclaimed dividend accounts	**34**	30
ii Balances to the extent held as margin money deposits against Guarantee	**-**	-
B Bank deposits with maturity of more than 12 months	**-**	-
C Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
D There are no amounts of cash and cash equivalent balances held by the entity that are not available for use by the Company.		

Note: 12-Loans:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
[Unsecured, Considered Good]		
Loans and advances to related parties [*]	**178**	371
Total	**178**	371
[*] Details of Loans and Advances to Related Parties [Refer Note-40 for relationship] are as under:		
a Zydus Technologies Limited [Interest Receivable on loan]	**104**	92
b Liva Pharmaceuticals Limited [Interest Receivable on loan]	**-**	176
c Zydus International Private Limited [Interest Receivable on loan]	**-**	101
d Zydus Worldwide DMCC [Interest Receivable on loan]	**74**	2
	178	371

Note: 13-Other Current Financial Assets:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
[Unsecured, Considered Good]		
Forward Contract value related to investment in a Joint Venture	**1,424**	-
Other advances	**1,893**	1
Total	**3,317**	1

Notes to Financial Statements

Note: 14-Other Current Assets:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
[Unsecured, Considered Good]		
Balances with Statutory Authorities	**2,745**	1,342
Advances to Suppliers	**680**	488
Less : Impairment Allowance	**11**	-
	669	488
Export Incentive Receivables	**776**	309
Prepaid Expenses	**233**	96
Total	**4,423**	2,235

Note: 15-Equity Share Capital:

₹ million

	Particulars	As at March 31, 2018	As at March 31, 2017
Authorised:			
1,725,000,000 [as at March 31, 2017: 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, 2017: 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

Particulars	As at March 31, 2018	As at March 31, 2017
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	**(9)**	(49)
Add/ [Less]: Credited/ [Debited] during the year	**2**	40
	(7)	(9)
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**303**	165
[Less]/ Add: [Debited]/ Credited during the year	**458**	138
	761	303
Retained Earnings:		
Balance as per last Balance Sheet	**47,315**	44,072
Add: Profit for the year	**10,908**	6,619
	58,223	50,691
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	**(96)**	(81)
Less: Dividends:		
Dividends	**-**	3,276
Corporate Dividend Tax on Dividend [Net of CDT Credit]	**-**	19
	-	3,295
Balance as at the end of the year	**58,127**	47,315
Total	**76,431**	65,159

[*] 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

Particulars	Non-current portion		Current Maturities	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
A Term Loans from Banks:				
External Commercial Borrowings in Foreign Currency				
a Secured	**434**	865	**435**	1,084
b Unsecured	**13,040**	11,484	**1,760**	454
	13,474	12,349	**2,195**	1,538
B From Others [Unsecured]	**37**	45	**10**	10
Total	**13,511**	12,394	**2,205**	1,548
The above amount includes:				
Secured borrowings	**434**	865	**435**	1,084
Unsecured borrowings	**13,077**	11,529	**1,770**	464
Amount disclosed under the head "Other Current Financial Liabilities" [Note-23]	**-**	-	**(2,205)**	(1,548)
Net amount	**13,511**	12,394	**-**	-

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 trade mark of the Company. The loan is repayable in three equal yearly installments starting from the end of forth 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, 2018 is ₹ 869 [as at March 31, 2017: ₹ 1,297] million.

B Terms of Repayment for Unsecured Long Term Borrowings:

a Foreign Currency Loans:

i ECB of USD 20 million is repayable in three yearly installments starting from December 26, 2016 along with interest for the period. The first installment is of USD 6 million and the last two installments are of USD 7 million each. The outstanding amount as at March 31, 2018 is ₹ 456 [as at March 31, 2017: ₹ 908] million.

ii ECB of USD 20 million is repayable on July 10, 2018 along with interest for the period. The outstanding amount of loan as at March 31, 2018 is ₹ 1,304 [as at March 31, 2017: ₹ 1,298] million.

iii 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, 2018 is ₹ 1,956 [as at March 31, 2017: ₹ 1,946] million.

iv 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, 2018 is ₹ 1,304 [as at March 31, 2017: ₹ 1,298] million.

v 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, 2018 is ₹ 6,520 [as at March 31, 2017: ₹ 6,488] million.

vi 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, 2018 is ₹ 1,956 [as at March 31, 2017: ₹ NIL] million.

vii 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, 2018 is ₹ 1,304 [as at March 31, 2017: ₹ NIL] million.

Notes to Financial Statements

Note: 17-Borrowings: Continued

b **Rupee Loans:**

i Loan from Department of Science and Technology is repayable in ten yearly equal installments starting from November 1, 2012. Interest accrued up to October 31, 2012 will be payable in 5 yearly installments along with repayment installment starting from November 1, 2012. The outstanding amount as at March 31, 2018 is ₹ 41 [as at March 31, 2017: ₹ 51] 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, 2018 is ₹ 6 [as at March 31, 2017: ₹ 4] million.

Note: 18-Other Financial Liabilities:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Deposits	**16**	17
Others	**71**	65
Total	**87**	82

Note: 19-Provisions:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits	**741**	621
Total	**741**	621

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 risk, longevity risk and salary increment risk.

Notes to Financial Statements

Note: 19-Provisions: Continued

₹ million

	Particulars	As at March 31, 2018			As at March 31, 2017		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	Change in the present value of the defined benefit obligation:						
	Opening obligation	**67**	**469**	**829**	123	741	1,072
	Transfer under the Scheme [*]	**-**	**-**	**-**	(50)	(261)	(421)
	Interest cost	**5**	**25**	**52**	5	40	54
	Current service cost	**5**	**75**	**105**	5	(60)	84
	Benefits paid	**(1)**	**(29)**	**(85)**	(6)	(104)	(59)
	Actuarial [gains]/ losses on obligation	**5**	**35**	**113**	(10)	113	99
	Closing obligation	**81**	**575**	**1,014**	67	469	829
C	Change in the fair value of plan assets:						
	Opening fair value of plan assets	**-**	**95**	**509**	-	150	753
	Transfer under the Scheme [*]	**-**	**-**	**-**	-	(61)	(297)
	Expected return on plan assets	**-**	**7**	**35**	-	4	36
	Return on plan assets excluding amounts included in interest income	**-**	**3**	**(9)**	-	1	(4)
	Contributions by employer	**-**	**-**	**138**	-	1	80
	Benefits paid	**-**	**-**	**(85)**	-	-	(59)
	Actuarial [losses]/ gains	**-**	**-**	**-**	-	-	-
	Closing fair value of plan assets	**-**	**105**	**588**	-	95	509
	Total actuarial [losses]/ gains to be recognised	**(5)**	**(35)**	**(113)**	10	(113)	(99)
D	Actual return on plan assets:						
	Expected return on plan assets	**-**	**7**	**35**	-	4	36
	Actuarial [losses]/ gains on plan assets	**-**	**-**	**-**	-	-	-
	Actual return on plan assets	**-**	**7**	**35**	-	4	36
E	Amount recognised in the balance sheet:						
	Liabilities/ [Assets] at the end of the year	**81**	**575**	**1,014**	67	469	829
	Fair value of plan assets at the end of the year	**-**	**(105)**	**(588)**	-	(95)	(509)
	Difference	**81**	**470**	**426**	67	374	320
	Liabilities/ [Assets] recognised in the Balance Sheet	**81**	**470**	**426**	67	374	320
F	Expenses/ [Incomes] recognised in the Statement of Profit and Loss:						
	Current service cost	**5**	**75**	**105**	5	(60)	84
	Interest cost on benefit obligation	**5**	**25**	**52**	5	40	54
	Expected return on plan assets	**-**	**(7)**	**(35)**	-	(4)	(36)
	Return on plan assets excluding amounts included in interest income	**-**	**(3)**	**-**	-	-	-
	Net actuarial [gains]/ losses in the year	**5**	**35**		(10)	113	
	Amount included in "Employee Benefit Expense"	**15**	**125**	**122**	-	89	102
	Return on plan assets excluding amounts included in interest income	**-**	**-**	**9**	-	-	4
	Net actuarial [gains]/ losses in the year	**-**	**-**	**113**	-	-	99
	Amounts recognized in OCI	**-**	**-**	**122**	-	-	103

Notes to Financial Statements

Note: 19-Provisions: Continued

₹ million

Particulars	As at March 31, 2018			As at March 31, 2017		
	Medical Leave	**Leave Wages**	**Gratuity**	Medical Leave	Leave Wages	Gratuity
G Movement in net liabilities recognised in Balance Sheet:						
Opening net liabilities	**67**	**374**	**320**	123	591	319
Transfer under the Scheme [*]	**-**	**-**	**-**	(50)	(200)	(124)
Expenses as above [P & L Charge]	**15**	**125**	**122**	-	89	102
Employer's contribution	**-**	**-**	**(138)**	-	(1)	(80)
Amount recognised in OCI	**-**	**-**	**122**	-	-	103
Benefits Paid	**(1)**	**(29)**	**-**	(6)	(104)	-
Liabilities/ [Assets] recognised in the Balance Sheet	**81**	**470**	**426**	67	374	320
H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:						
Discount rate	**7.30%**	**7.30%**	**7.30%**	6.95%	6.95%	6.95%
[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 3 years & 10% thereafter**			12% for 1st 4 years, 9% 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:

Gratuity:	**As at March 31, 2018**	As at March 31, 2017	As at March 31 2016	As at March 31 2015	As at March 31 2014
Defined benefit obligation	**1,014**	829	1,072	916	700
Fair value of Plan Assets	**588**	509	753	786	747
Deficit/ [Surplus] in the plan	**426**	320	319	133	(47)
Actuarial Loss/ [Gain] on Plan Obligation	**113**	99	208	180	125
Actuarial Loss/ [Gain] on Plan Assets	**-**	-	-	(5)	(2)

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2017-18.

[*] Refer Note-47

The average duration of the defined benefit plan obligation at the end of the reporting period is 27.5 years [as at March 31, 2017: 19.8 years]

Notes to Financial Statements

Note: 19-Provisions: Continued

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

₹ million

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2018	2017	**2018**	2017	**2018**	2017
Impact on obligation:						
Discount rate increase by 0.5%	**(3)**	(1)	**(14)**	(9)	**(30)**	(23)
Discount rate decrease by 0.5%	**3**	3	**15**	10	**32**	27
Annual salary cost increase by 0.5%	**3**	3	**15**	9	**31**	26
Annual salary cost decrease by 0.5%	**(3)**	(1)	**(14)**	(8)	**(30)**	(23)

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

₹ million

Particulars	**As at March 31, 2018**	As at March 31, 2017
Within the next 12 months [next annual reporting period]	**293**	349
Between 2 and 5 years	**728**	541
Between 5 and 10 years	**626**	438
Total expected payments	**1,647**	1,328

Note: 20-Deferred Tax:

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

₹ million

Particulars	As at April 1, 2016	Charge for the previous year	As at March 31, 2017	Charge for the current year	**As at March 31, 2018**
Deferred Tax Liabilities:					
Depreciation	2,052	114	2,166	115	**2,281**
Fair Value Adjustment - Financial Instruments	325	-	325	-	**325**
	2,377	114	2,491	115	**2,606**
Deferred Tax Assets:					
Employee benefits/ Payable to Statutory Authorities	528	14	542	100	**642**
Receivables	3	(1)	2	26	**28**
Unabsorbed depreciation	-	892	892	(892)	**-**
	531	905	1,436	(766)	**670**
Net Deferred Tax Liabilities	1,846	(791)	1,055	881	**1,936**

B The Net Deferred Tax Expense of ₹ 881 million for the year has been charged [Previous Year ₹ 791 million has been reversed] 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.

The Company has tax losses which arose in India of NIL [as at March 31, 2017 - ₹ 2,581 million}] that are available for offsetting against future taxable profits of the companies in which the losses arose. Unabsorbed Depreciation is allowed to be set-off for indefinite period. MAT Credit not recognised as at March 31, 2018 is ₹5,577 million.

Notes to Financial Statements

Note: 21-Borrowings:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured] [*]	1,599	7,665
Working Capital Loans from Banks [Unsecured] [**]	11,410	7,791
Total	**13,009**	15,456

[*] 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 asset is ₹ 25,758 [as at March 31, 2017 ₹ 18,619] million.

[**] PCFC loans are payable during April, 2018 to September, 2018.

Note: 22-Trade Payables:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Micro, Small and Medium Enterprises [*]	143	72
Others	9,778	9,889
Total	**9,921**	9,961
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	143	72
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	8	4
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

Particulars	As at March 31, 2018	As at March 31, 2017
Current Maturities of Long Term Debt [Refer Note-17]	2,205	1,548
Interest accrued but not due on borrowings	16	11
Accrued Expenses	1,192	1,252
Payable for Capital Goods	663	1,168
Unpaid Dividends [*]	34	30
Total	**4,110**	4,009
[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		

Notes to Financial Statements

Note: 24-Other Current Liabilities:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Advances from Customers	**74**	56
Payable to Statutory Authorities	**273**	359
Total	**347**	415

Note: 25-Provisions:

₹ million

Particulars			As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits			**255**	249
Provision for claims for product expiry and return of goods [*]			**28**	24
Total			**283**	273
[*]	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	**24**	58
	ii	Transfer due to de-merger [Refer Note-47]	**-**	40
	iii	Additional provision made during the year	**28**	24
	iv	Amount used	**24**	18
	v	Carrying amount at the end of the year	**28**	24

Note: 26-Current Tax Liabilities [Net]:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Taxation [Net of advance payment of tax of ₹ 3,112 {as at March 31, 2017: ₹ 168} million]	**237**	25
Total	**237**	25

Note: 27-Contingent Liabilities and Commitments [to the extent not provided for]:

₹ million

Particulars			As at March 31, 2018	As at March 31, 2017
A	**Contingent Liabilities:**			
	a	Claims against the Company not acknowledged as debts	**139**	104
	-	Net of advance of	**-**	4
	-	Includes in respect of Amalgamated [*] Companies	**2**	2
	b i	In respect of corporate guarantees given by the Company to Banks for the outstanding dues of loans availed by some of the subsidiary companies	**24,047**	21,751

Notes to Financial Statements

Note: 27-Contingent Liabilities and Commitments [to the extent not provided for]: Continued

₹ million

Particulars				As at March 31, 2018	As at March 31, 2017
	c	Other money for which the company is contingently liable:			
		i	In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	**337**	348
		-	Net of advance of	**22**	27
		-	Includes in respect of Amalgamated [*] Companies	**10**	9
		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 expect to succeed based on the legal advice	**104**	68
			- Net of advance of	**65**	43
			- Includes in respect of Amalgamated [*] Companies	**25**	25
		iii	In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts	**168**	40
			- Net of advance of	**16**	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	**351**	150
			- Net of advance of	**62**	37
		v	Letters of Credit for Imports	**39**	1
		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.	**448**	458
			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	**75**	76
		[*] 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.			
B	**Commitments:**				
	a	Estimated amount of contracts remaining to be executed on capital account and not provided for		**3,366**	3,480
		-	Net of advance of	**232**	538

Note: 28-Dividends proposed to be distributed:

The Board of Directors, at its meeting held on May 28, 2018, 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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sale of Products	**55,887**	30,980
Other Operating Revenues:		
Export Incentives	**1,320**	850
Royalty Income	**39**	94
Net Gain on foreign currency transactions and translation [*]	**-**	137
Miscellaneous Income		684
	2,339	1,765
Total	**58,226**	32,745
[*] includes research related Net Loss on foreign currency transactions and translation	**-**	14

Note: 30-Other Income:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	**852**	1,021
Gain on valuation of Forward Contract value related to investment in a Joint Venture	**470**	567
	1,322	1,588
Dividend Income:		
From FVTOCI Investments	**4**	5
From Other Investments [*]	**491**	4,007
	495	4,012
Gain on Investments measured at FVTPL	**19**	59
Other Non-operating Income	**243**	172
Total	**2,079**	5,831
[*] Includes dividend from subsidiary companies	**51**	3,184

Note: 31-Cost of Materials Consumed:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Raw Materials:		
Stock at commencement	**4,458**	2,324
Adjusted due to de-merger [Refer Note-47]	**-**	(5)
Add: Purchases	**14,486**	9,732
	18,944	12,051
Less: Stock at close	**6,272**	4,458
	12,672	7,593
Packing Materials consumed	**2,968**	1,674
Total	**15,640**	9,267

Notes to Financial Statements

Note: 32-Purchases of Stock-in-Trade:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Purchases of Stock-in-Trade	**3,186**	2,288
Total	**3,186**	2,288

Note: 33-Changes in Inventories:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Stock at commencement:		
Work-in-progress	**1,791**	1,250
Work-in-progress adjusted due to de-merger [Refer Note-47]	**-**	(8)
Finished Goods	**1,865**	1,369
Finished Goods adjusted due to de-merger [Refer Note-47]	**-**	(589)
Stock-in-Trade	**510**	1,183
Stock-in-Trade adjusted due to de-merger [Refer Note-47]	**-**	(578)
	4,166	2,627
Less: Stock at close:		
Work-in-progress	**2,201**	1,791
Finished Goods	**2,694**	1,865
Stock-in-Trade	**1,140**	510
	6,035	4,166
	(1,869)	(1,539)
Differential Excise Duty on Opening and Closing stock of Finished Goods	**-**	69
Total	**(1,869)**	(1,470)

Note: 34-Employee Benefits Expense:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	**7,191**	5,353
Contribution to provident and other funds [*]	**488**	544
Staff welfare expenses	**288**	311
Managing Directors' Remuneration	**293**	300
Total	**8,260**	6,508
Above expenses includes Research related expenses as follows:		
Salaries and wages	**1,268**	1,064
Contribution to provident and other funds	**95**	82
Staff welfare expenses	**54**	46
Total	**1,417**	1,192
[*] The Company's contribution towards defined contribution plan.	**358**	292

The Company makes Provident Fund contributions to defined contribution retirement 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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense [*]	**536**	231
Other Borrowing Costs	**1**	2
Net [Gain]/ Loss on foreign currency transactions and translation	**66**	(158)
Bank commission & charges	**36**	36
Total	**639**	111
[*] The break up of interest expense into major heads is given below:		
On term loans	**383**	133
On working capital loans	**153**	89
Others	**-**	9
Total	**536**	231

Note: 36-Other Expenses:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Research Materials	**1,172**	1,228
Analytical Expenses	**1,058**	1,128
Consumption of Stores and spare parts	**1,627**	1,399
Power & fuel	**1,720**	1,196
Rent [*]	**50**	27
Repairs to Buildings	**307**	199
Repairs to Plant and Machinery	**590**	384
Repairs to Others	**87**	57
Insurance	**183**	159
Rates and Taxes [excluding taxes on income]	**14**	14
Processing Charges	**465**	185
Commission to Directors	**12**	11
Traveling Expenses	**529**	463
Legal and Professional Fees [**]	**1,522**	1,390
Net Loss on foreign currency transactions and translation	**444**	-
Commission on sales	**304**	268
Freight and forwarding on sales	**1,566**	880
Representative Allowances	**201**	144
Other marketing expenses	**1,374**	853
Bad Debts:		
Bad debts written off	**-**	2
Impairment allowances	**49**	6
	49	8
Doubtful Advances:		
Doubtful advances written off	**-**	-

Notes to Financial Statements

Note: 36-Other Expenses: Continued

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Impairment allowances	26	-
	26	-
Directors' fees	7	8
Net Loss on disposal of Property, plant and equipment [₹ 442,763] [Net of gain of ₹ 5 {Previous Year: ₹ 1} million]	-	7
Donations [***]	223	14
Miscellaneous Expenses [#]	2,889	2,481
Total	**16,419**	12,503
Above expenses includes Research related expenses as follows:		
Research Materials	1,172	1,228
Analytical expenses	1,058	1,128
Consumption of Stores and spare parts	506	768
Power & Fuel	149	131
Repairs to Buildings	19	15
Repairs to Plant and Machinery	105	45
Repairs to Others	32	12
Insurance	7	9
Traveling Expenses	53	52
Legal and Professional fees	939	946
Net Loss on foreign currency transactions and translation	35	-
Miscellaneous Expenses [excluding Depreciation of ₹ 313 {Previous Year: ₹ 293} million]	889	915
Total	**4,964**	5,249
[*] 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:	42	22
[**] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding Service Tax]:		
i - As Auditor	6	8
- For Other Services	1	3
- Total	**7**	11
ii Cost Auditor's Remuneration including fees for other services [excluding Service Tax]	1	1
[***] Donations include political donations pursuant to Section 182 (3) of the Companies Act, 2013 to:		
a Bharatiya Janta Party	100	-
b Gujarat Pradesh Congress Committee	20	-
[#] Miscellaneous Expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	262	292

Notes to Financial Statements

Note: 37-Tax Expenses:

₹ million

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
The major components of income tax expense are:			
A	**Statement of profit and loss:**		
	Profit or loss section:		
	Current income tax:		
	Current income tax charge	**3,183**	596
	Adjustments in respect of current income tax of previous year	**-**	(2)
		3,183	594
	Deferred tax:		
	Relating to origination and reversal of temporary differences [Refer Note-20]	**881**	(791)
	Tax expense reported in the statement of profit and loss	**4,064**	(197)
	OCI Section:		
	Tax related to items recognised in OCI during in the year:		
	Net loss/ (gain) on remeasurements of defined benefit plans	**26**	22
	Tax charged to OCI	**26**	22
B	**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:**		
	Profit before tax	**14,972**	6,422
	Enacted Tax Rate in India (%)	**34.61%**	34.61%
	Expected Tax Expenses	**5,182**	2,223
	Adjustments for:		
	Tax effect due to non-taxable income for tax purposes	**(182)**	(1,400)
	Effect of unrecognized deferred tax assets/ liabilities	**(96)**	117
	Effect of non-deductible expenses	**75**	42
	Effect of additional deductions in taxable income	**(956)**	(1,739)
	Effect of MAT Credit available on which deferred tax asset is not created	**41**	560
	Total	**(1,118)**	(2,420)
	Tax Expenses as per Statement of Profit and Loss	**4,064**	(197)

Note: 38-Calculation of Earnings per Equity Share [EPS]:

₹ million

	Particulars		Year ended March 31, 2018	Year ended March 31, 2017
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A	Profit attributable to Shareholders	₹ million	**10,908**	6,619
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	₹	**10.66**	6.47

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:		
	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 [Refer Note-46]	Sentynl Therapeutics Inc. [USA]
		Zydus Wellness Limited	Zydus Noveltech Inc. [USA]
		M/s. Zydus Wellness-Sikkim, a Partnership Firm	Hercon Pharmaceuticals LLC [USA]
		Liva Pharmaceuticals Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
		Zydus Technologies Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
		ACME Pharmaceuticals Private Limited	Script Management Services (Pty) Ltd [South Africa]
		Alidac Pharmaceuticals Limited	Zydus France, SAS [France]
		Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Nikkho Farmaceutica Ltda. [Brazil]
		Zydus Healthcare Philippines Inc. [Philippines]	Zydus Pharma Japan Co. Ltd. [Japan] [Liquidated during the previous year]
		Zydus International Private Limited [Ireland]	Laboratorios Combix S.L. [Spain]
		Zydus Netherlands B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
		ZAHL B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
		ZAHL Europe B.V. [the Netherlands]	Etna Biotech S.R.L. [Italy]
		Bremer Pharma GmbH [Germany] [Refer Note-45]	Zydus Worldwide DMCC [Dubai]
		Alidac Healthcare (Myanmar) Limited [Myanmar]	Zydus Discovery DMCC [Dubai]
	b	Joint Venture Companies:	
		Zydus Hospira Oncology Private Limited	Bayer Zydus Pharma Private Limited
		Zydus Takeda Healthcare Private Limited	
	c	Key Managerial Personnel:	
		Mr. Pankaj R. Patel	Chairman [*]
		Dr. Sharvil P. Patel	Managing Director & son of Chairman [**]
		Mr. Ganesh N. Nayak	Executive Director [with effect from July 12, 2017]
		Mr. Mukesh M. Patel	Non-Executive Director
		Mr. H. Dhanrajgir	Independent Director
		Mr. Apurva Diwanji	Independent Director
		Mr. Nitin Raojibhai Desai	Independent Director
		Ms. Dharmishtaben N. Rawal	Independent Director
		Mr. Nitin D. Parekh	Executive Officer [Chief Financial Officer]
		Mr. Upen H. Shah	Executive Officer [Company Secretary]
	d	Enterprises significantly influenced by Directors and/or their relatives:	
		Cadmach Machinery Company Private Limited	Western Ahmedabad Effluent Conveyance Company Private Limited
		Zydus Hospitals and Healthcare Research Private Limited	
		Zydus Hospitals (Vadodra) Private Limited	Zandra Infrastructure LLP
		Zydus Hospitals (Rajkot) Private Limited	Zydus Hospital LLP
		MabS Biotech Private Limited	Zandra Herbs and Plantations LLP
		Zydus Infrastructure Private Limited	M/s. C. M. C. Machinery
		Cadila Laboratories Private Limited	M/s. Cadam Enterprises
		Pripan Investment Private Limited	Mukesh M. Patel & Co.
		Biochem Pharmaceutical Private Limited	M/s. International Tax and Investments Consultants

[*] Mr. Pankaj R. Patel, who was Chairman and Managing Director of the Company, has resigned as Managing Director with effect from July 12, 2017.

[**] Mr. Sharvil P. Patel is appointed as Managing Director with effect from March 31, 2017 prior to that he was Joint Managing Director.

Notes to Financial Statements

Note: 40-Related Party Transactions: Continued

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]

Value of the Transactions [₹ million]

Nature of Transactions	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2018	2017	**2018**	2017	**2018**	2017
Purchases:						
Goods:						
Zydus Healthcare Limited	**918**	252	**-**	-	**-**	-
Others	**81**	57	**18**	62	**4**	7
Total	**999**	309	**18**	62	**4**	7
Fixed Assets:						
Cadmach Machinery Company Private Limited	**-**	-	**-**	-	**42**	16
Zydus Infrastructure Private Limited					**124**	1
Total	**-**	-	**-**	-	**166**	17
Reimbursement of Expenses paid:						
Zydus Pharmaceuticals (USA) Inc.	**1,333**	1,103	**-**	-	**-**	-
Others	**286**	330	**-**	1	**-**	-
Total	**1,619**	1,433	**-**	1	**-**	-
Services:						
Liva Pharmaceutical Limited	**38**	19	**-**	-	**-**	-
Etna Biotech S.R.L.	**19**	31	**-**	-	**-**	-
Zydus Infrastructure Private Limited	**-**	-	**-**	-	**49**	22
Others	**8**	24		4	**12**	2
Total	**65**	74	**-**	4	**61**	24
Sales:						
Goods:						
Zydus Pharmaceuticals (USA) Inc.	**33,898**	12,466	**-**	-	**-**	-
Others	**5,676**	1,912	**254**	369	**-**	-
Total	**39,574**	14,378	**254**	369	**-**	-
Fixed Assets:						
Zydus Healthcare Limited	**4**	18	**-**	-	**-**	-
M/s. Zydus Wellness-Sikkim	**4**	-	**-**	-	**-**	-
Cadmach Machinery Company Private Limited	**-**	-	**-**	-	**9**	-
Others	**-**	2	**-**	-	**-**	-
Total	**8**	20	**-**	-	**9**	-
Reimbursement of Expenses Recovered:						
Zydus Pharmaceuticals (USA) Inc.	**80**	-	**-**	-	**-**	-
Zydus Worldwide DMCC	**36**	-	**-**	-	**-**	-
Zydus Healthcare Limited	**14**	-	**-**	-	**-**	-
Others	**2**	1				
Total	**132**	1	**-**	-	**-**	-

Notes to Financial Statements

Note: 40-Related Party Transactions: Continued

Value of the Transactions [₹ million]

Nature of Transactions	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2018	2017	2018	2017	2018	2017
Services:						
Zydus Pharmaceuticals (USA) Inc.	**132**	127	**-**	-	**-**	-
Sentynl Therapeutics Inc.	**85**	18	**-**	-	**-**	-
Zydus Worldwide DMCC	**217**	28	**-**	-	**-**	-
Others	**105**	132	**-**	5	**-**	-
Total	**539**	305	**-**	5	**-**	-
Investments:						
Subscription to Share Capital:						
Liva Pharmaceutical Limited	**3,239**	-	**-**	-	**-**	-
Others	**361**	16,910	**-**	-	**-**	-
Total	**3,600**	16,910	**-**	-	**-**	-
Redemption of Investments:						
Zydus International Private Limited	**7,300**	1,665	**-**	-	**-**	-
Dividend Received:						
Zydus Healthcare Limited	**51**	3,001	**-**	-	**-**	-
Zydus Hospira Oncology Private Limited	**-**	-	**240**	473	**-**	-
Zydus Takeda Healthcare Private Limited	**-**	-	**200**	350	**-**	-
Others	**-**	183	**-**	-	**-**	-
Total	**51**	3,184	**440**	823	**-**	-
Finance:						
Inter Corporate Loans given:						
Zydus International Private Limited	**277**	-	**-**	-	**-**	-
Zydus Worldwide DMCC	**354**	7,776	**-**	-	**-**	-
Liva Pharmaceutical Limited	**496**	855	**-**	-	**-**	-
Zydus Technologies Limited	**1,102**	1,061	**-**	-	**-**	-
Others	**-**	3,835	**-**	-	**-**	-
Total	**2,229**	13,527	**-**	-	**-**	-
Finance:						
Inter Corporate Loans repaid:						
Zydus International Private Limited	**-**	1,567	**-**	-	**-**	-
Zydus Worldwide DMCC	**645**	-	**-**	-	**-**	-
Liva Pharmaceutical Limited	**2,868**	-	**-**	-	**-**	-
Others	**18**	8,353	**-**	-	**-**	-
Total	**3,531**	9,920	**-**	-	**-**	-
Interest Received:						
Zydus Technologies Limited	**446**	386	**-**	-	**-**	-
Liva Pharmaceutical Limited	**127**	195	**-**	-	**-**	-
Zydus Worldwide DMCC	**144**	2	**-**	-	**-**	-
Others	**70**	271	**23**	20	**-**	--
Total	**787**	854	**23**	20	**-**	-
	As at March, 31					
Outstanding:						
Payable:						
Zydus Pharmaceuticals (USA) Inc.	**283**	300	**-**	-	**-**	-
Zydus France, SAS	**78**	61	**-**	-	**-**	-
Zydus Pharmaceuticals Mexico SA De CV	**125**	128	**-**	-	**-**	-
Zydus Healthcare Limited	**88**		**-**	-	**-**	-
Others	**31**	47	**3**		**25**	22
Total	**605**	536	**3**	-	**25**	22

Notes to Financial Statements

Note: 40-Related Party Transactions: Continued

Value of the Transactions [₹ million]

Nature of Transactions	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	As at March 31					
	2018	2017	2018	2017	2018	2017
Receivable:						
Zydus Technologies Limited	**5,238**	4,123	**-**	-	**-**	-
Zydus Worldwide DMCC	**7,596**	7,778	**-**	-	**-**	-
Zydus Pharmaceuticals (USA) Inc.	**7,167**	3,417	**-**	-	**-**	-
Others	**1,825**	4,083	**40**	240	**-**	124
Total	**21,826**	19,401	**40**	240	**-**	124
Outstanding Guarantees:						
Zydus Pharmaceuticals (USA) Inc.	**11,312**	10,056	**-**	-	**-**	-
Sentynl Therapeutics Inc.	**7,824**	7,786	**-**	-	**-**	-
Others	**4,911**	3,909	**-**	-	**-**	-
Total	**24,047**	21,751	**-**	-	**-**	-

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

₹ million

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
(i)	Salaries and other employee benefits to Chairman & Managing Director [upto July 12, 2017], Managing Director, Joint Managing Director [upto March 31, 2017], Executive Director [from July 12, 2017] and other executive officers	**577**	348
(ii)	Commission and Sitting Fees to Non Executive/ Independent Directors	**20**	18
(iii)	Outstanding payable to above (i) and (ii)	**279**	295

Note: 41-Details of Loans given, Investments made and guarantee given covered u/s 186(4) of the Companies Act, 2013:

₹ million

Particulars		As at March 31, 2018	As at March 31, 2017
A	Details of loans and investments are given under the respective heads.		
B	Corporate guarantees given by the Company [#]:		
Subsidiary Company:			
a	Zydus Technologies Limited	**2,207**	2,197
b	Liva Pharmaceuticals Limited	**100**	100
c	Zydus Pharmaceuticals (USA) Inc.	**11,312**	10,056
d	Zydus Healthcare S.A. (Pty) Ltd	**36**	2
e	Zydus Noveltech Inc.	**2,067**	1,577
f	Sentynl Therapeutic Inc	**7,824**	7,786
g	Alidac Healthcare (Myanmar) Limited	**501**	33
Total		**24,047**	21,751
# Cooperate guarantees which are outstanding at the end of respective financial year, given for business purpose.			

Notes to Financial Statements

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 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.

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

₹ million

Particulars	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	-			-
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	-	-	-	-

₹ million

Particulars	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	-			-
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture			2,090	2,090
Financial Investments at FVOCI:				
Quoted equity instruments	608			608
Unquoted equity instruments		8		8
Total financial assets	608	8	2,090	2,706
Financial liabilities	-	-	-	-

Notes to Financial Statements

Note: 42-Financial Instruments: Continued

C Fair value of instruments measured at amortised cost:

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

₹ million

Particulars	Carrying Value	As at March 31, 2018			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Investment in preference shares	**190**		**191**		**191**

₹ million

Particulars	Carrying Value	As at March 31, 2017			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Investment in preference shares	189		191		191

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.

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

Particulars	As at March 31	
	2018	2017
Value as at beginning of the year	**2,090**	1,523
Add : Gain on valuation of Forward Contract value related to investment in a Joint Venture	**470**	567
Value as at end of the year	**2,560**	2,090
Out of above, amount disclosed under-		
Other Non-Current Financial Assets [Note-6]	**1,136**	2,090
Other Current Financial Assets [Note-13]	**1,424**	-

Notes to Financial Statements

Note: 42-Financial Instruments: Continued

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	-0.50%	+0.50%	-0.50%	+0.50%
Impact on value of the contract	28	(28)	39	(39)

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

₹ million

Particulars	As at March 31, 2018		As at March 31, 2017	
	-2.00%	+2.00%	-2.00%	+2.00%
Impact on value of the contract	(83)	83	(63)	63

Note: 43-Financial Risk Management:

₹ million

Particulars	As at March 31, 2018			
	FVTPL	FVOCI	Amortised Cost	Total
A Financial instruments by category:				
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]		1,074		1,074
Preference shares			190	190
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			9,921	9,921
Non Current Other Financial Liabilities			87	87
Payable for capital Goods			663	663
Other Current Financial Liabilities			1,226	1,226
Total	-	-	40,638	40,638

Notes to Financial Statements

Note: 43-Financial Risk Management: Continued

₹ million

Particulars	As at March 31, 2017			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]		616		616
Preference shares			189	189
Non Current Loans			14,271	14,271
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]			152	152
Trade receivables			9,290	9,290
Forward Contract value related to investment in a JV	2,090			2,090
Cash and Cash Equivalents			168	168
Current Loans			371	371
Other Current Financial Assets			1	1
Total	2,090	616	24,442	27,148
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			29,409	29,409
Trade payables			9,961	9,961
Non Current Other Financial Liabilities			82	82
Payable for capital Goods			1,168	1,168
Other Current Financial Liabilities			1,282	1,282
Total	-	-	41,902	41,902

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 their 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.

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

Notes to Financial Statements

Note: 43-Financial Risk Management: Continued

Venture. 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.

The history of trade receivables shows an impairment allowance of ₹ 54 million as at March 31, 2018 [₹ 7 million as at March 31, 2017]. The Company has made allowance of ₹ 49 million [Previous Year- ₹ 6 million], against trade receivables of ₹ 12,551 million [Previous year - ₹ 9,290 million].

b **Liquidity risk:**

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

b Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

The Company takes into account the liquidity of the market in which it operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities:

The table 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

Particulars	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As at March 31, 2018				
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	9,921	-	-	-	9,921
Accrued Expenses	1,192	-	-	-	1,192
Payable for Capital Goods	663	-	-	-	663
Unpaid dividend	34	-	-	-	34
Corporate Guarantees	9,880	8,115	3,356	2,696	24,047
Total	37,291	9,988	8,027	10,718	66,024

Notes to Financial Statements

Note: 43-Financial Risk Management: Continued

₹ million

Particulars	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As at March 31, 2017				
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	17,015	2,442	1,754	8,997	30,208
Other non current financial liabilities				82	82
Trade payable	9,961				9,961
Accrued Expenses	1,252				1,252
Payable for Capital Goods	1,168				1,168
Unpaid dividend	30				30
Corporate Guarantees	3,891	7,983	7,546	2,331	21,751
Total	33,317	10,425	9,300	11,410	64,452

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.

Sensitivity:

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

₹ million

Particulars	As at March 31, 2018			As at March 31, 2017		
	Movement in Rate	**Impact on PAT [*]**	**Impact on Other Equity [*]**	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	**4.00%**	**(228)**	**25**	4.00%	(257)	10
USD	**-4.00%**	**228**	**(25)**	-4.00%	257	(10)
EUR	**7.00%**	**40**		8.00%	9	
EUR	**-7.00%**	**(40)**		-8.00%	(9)	
Others	**5.00%**	**(1)**		5.00%	4	
Others	**-5.00%**	**1**		-5.00%	(4)	

* 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 are ₹ 2,630 [as at March 31, 2017: ₹ 4,156] 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, 2018, 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.

Notes to Financial Statements

Note: 43-Financial Risk Management: Continued

d Interest rate risk:

Sensitivity *:

Below is the sensitivity of profit or loss and equity changes in interest rates:

₹ million

Particulars	Movement in Rate	As at March 31, 2018	As at March 31, 2017
Interest rates	+0.50%	**(94)**	(96)
Interest rates	-0.50%	**94**	96

* Holding all other variables constant

e Price risk:

Exposure:

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

Sensitivity *:

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period.

₹ million

Particulars	Movement in Rate	As at March 31, 2018		As at March 31, 2017	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%	**-**	**107**	-	61
Decrease	-10.00%	**-**	**(107)**	-	(61)

* 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, 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**

Notes to Financial Statements

Note: 43-Financial Risk Management: Continued

C Hedge: Continued

As at March 31, 2017

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		88		5,709	Range - Within 6 months	1:1	Borrowings	228
Hedged item: Certain foreign currency receivables	88		5,709		Range - Within 6 months		Trade receivables	228

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the dollar offset method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.

Note: 44-Capital Management:

The Company' s capital management objectives are:

a to ensure the Company's ability to continue as a going concern

b to provide an adequate return to shareholders

c maintain an optimal capital structure to reduce the cost of capital.

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

₹ million

	As at March 31, 2018	As at March 31, 2017
Gross debts	**28,725**	29,398
Total equity	**77,455**	66,183
Gross debt to equity ratio [No. of times]	**0.37**	0.44

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:

- Total Debt to Equity must be less than 2 :1

This is in line with the Company's covenants as agreed with external Lenders.

Notes to Financial Statements

Note: 45-Events after the Reporting Period:

A 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 has sold its 100% equity holding and ZIPL has 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 of Bremer is 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.

B 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 has sold 12,500,001 equity shares of Bayer Zydus Pharma Private Limited to Bayer on April 27, 2018.

Note: 46- Merger of Zydus Healthcare Limited and Biochem Pharmaceutical Industries Limited:

Pursuant to the Scheme of Amalgamation [Scheme-1] between Zydus Healthcare Limited [ZHL] and Biochem Pharmaceutical Industries Limited [Biochem], both 100% subsidiary companies, which was sanctioned by the Hon'able National Company Law Tribunal [NCLT] vide its order dated March 15, 2017 and effective date being March 27, 2017, Biochem had been amalgamated with ZHL w.e.f. the appointed date being, March 31, 2016. In accordance with the Scheme 1, the Company had received 223,500 equity shares of ₹ 100/- each of ZHL in exchange of 7,500,000 Equity shares of ₹ 10/- each of Biochem.

Note: 47- Demerger of India Human Formulations Undertaking ['IHFU']:

Pursuant to the Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 between the Company, Zydus Healthcare Limited [ZHL], a 100% subsidiary of the Company and their respective shareholders and creditors ['Scheme-2'] as sanctioned by the Hon'able National Company Law Tribunal, Ahmedabad Bench ['NCLT'] vide its order dated May 18, 2017 and effective date being May 19, 2017, the India Human Formulations Undertaking ['IHFU'] of the Company comprising all the businesses, undertakings, activities, properties and liabilities as specified in the Scheme-2 pertaining to the India Human Formulations Business of the Company was transferred to and vested in ZHL on a going concern basis by way of a Slump Sale for a lump sum cash consideration, with effect from April 1, 2016, the appointed date.

In compliance of the Scheme-2, the Company had reduced, from its books, the book value of assets and liabilities pertaining to India Human Formulations Undertaking as on the appointed date and transferred to ZHL in the previous year.

Note: 48:

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 48 to the Financial Statements

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 25, 2018

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director