

Independent Auditors' Report

To the Members of Zydus Nutritions Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Zydus Nutritions Limited ("the Company"), which comprises of the balance sheet as at 31st March 2019, and the statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, ("AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter Description	Response to Key Audit Matter
<p>A. Inventory valuation</p> <p>Reference may be made to note 6 of significant accounting policies and note 14 to the financial statements of the Company.</p> <p>Under AS 2 Valuation of Inventories, the valuation of raw material and other supplies have been an area of our focus being prime cost centre of the Company. The valuation of finished goods has also been focused upon being of a material amount.</p> <p>Valuation of Inventory in accordance with AS 2 has thus been considered as a key audit matter.</p>	<p><u>Principal Audit Procedures</u></p> <p>Our audit procedures comprised of the following:</p> <ol style="list-style-type: none"> 1. We have verified the maintenance of Stock Records with respect to Raw materials and Finished Goods and Inventory has being verified physically by management at year end and no material discrepancies have reported that need to be dealt with the books of accounts. 2. We have selected a sample of items of Raw materials and other supplies to check whether Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realizable value. Further, we have ensured that Cost 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. <p><u>Conclusion:</u></p> <p>Based on the procedures performed above, we have concluded that management has complied with the requirements of AS 2 “Valuation of Inventories”.</p>
<p>B. Business Combination owing to acquisition of Heinz India Pvt. Ltd.</p> <p>The Scheme of Amalgamation of Heinz India Private Limited (Transferor Company) with Zydus Nutritions Limited was approved by the National Company law Tribunal, Ahmedabad Bench, vide its Order dated 10th May, 2019. The said Order has been filed with the Office of the Registrar of Companies, Ahmedabad, Gujarat on 24th</p>	<p><u>Principal Audit Procedures</u></p> <p>Our procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design and testing the operating effectiveness of the Company's controls over review of carrying value of investments in subsidiary; • In respect of investment in HIPL:

<p>May 2019 and accordingly, as the Scheme envisaged and as approved by the National Company Law Tribunal, the Amalgamation is effective from the Appointed Date 1st March, 2019.</p> <p>In terms of the Scheme, all assets, liabilities of Heinz India Private Limited have been vested with the Company with effect from 01st March 2019 and have been recorded at their respective fair values under the Purchase Accounting Method based on the Purchase Price Allocation report obtained from the Registered Valuer.</p> <p>Goodwill amounting to INR 377654 Lakhs arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.</p> <p>We considered this as a key audit matter due to the brevity and significance of the value of investment made by the Company.</p>	<p>(i) Considered the work of external independent valuation expert(s) engaged by the Company;</p> <p>(ii) Assessed the independent valuation expert's methods, competency and objectivity;</p> <p>(iii) Verified the Scheme of Merger and the order of NCLT including the accounting treatment and ensured that accounting principles have been correctly applied.</p> <p>Based on the above procedures performed, we noted that the Management's assessment of accounting of value of Investments and Goodwill are in consonance with the Accounting Norms and are aligned with the Accounting Standard norms.</p>
---	--

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 143 (3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- g. With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact, wherever necessary, of pending litigations on its financial position in its financial statements;
 - ii. the Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For, Dhirubhai Shah & Co LLP

Chartered Accountants

Firm’s registration number: 102511W/W100298

Sd/-

Harish B Patel

Partner

Membership number: 014427

Place: Ahmedabad

Date: 27th May 2019

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2019, we report that:

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

b. The Company has a regular program of physical verification of its fixed assets. In accordance with this program, fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified at reasonable intervals. No material discrepancies were noticed on such verification.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, and therefore, the provisions of clauses (iii)(a) & (iii)(b) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has prescribed maintenance of cost records under section 148(1) of the Act but as the Company has been incorporated w.e.f 1st March, 2019, and hence maintaining such cost records is not mandatory for the current financial year covered under the audit.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, Goods and Service Tax and any other statutory dues with the appropriate authorities.

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

(b) According to the information and explanations given to us and records of the company examined by us, the following dues of income tax and duty of excise as at March 31, 2019 which have not been deposited by the Company on account of any disputes.

Financial period to which it relates	Act	Nature of Dues	Forum where dispute is pending	Amount under dispute not yet deposited
				(Rs. In Lakhs)
2007-08 to 2011-12	Income Tax Act	Income Tax	High court	7,911
2012-13 to 2014-15	Income Tax Act	Income Tax	Commissioner of Income Tax (Appeals)	3,715
2011-12, 2012-13, 2015-16 to 2017-18	Central Sales Tax Act, Local Sales Tax Act(including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Supreme Court	603
1994-95, 1996-97, 1997-98, 1999-2000 to 2001-02, 2007-08 to 2010-11, 2013-14	Central Sales Tax Act, Local Sales Tax Act(including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	High Court	557
1996-97, 1998-99, 2004-05 to 2017-18	Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Appellate Tribunal	2,858
1195-96, 1997-98, 1999-00 to 2017-18	Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Appellate Authority upto Commissioner's Level	12,265
2013-14 2015-16	Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales tax and Entry Tax	Revisional Board	543
1994-95	Indian Stamp Act	Stamp Duty	Supreme Court	1,863
2000-01 to 2003-	Haryana Land	Local area	Supreme Court	166

04	Development Act	development tax		
2014-15	Central Excise Act	CENVAT Credit	CESTAT	846
2010-11, 2011-12, 2013-14, 2014-15, 2017-18	Central Excise Act	CENVAT Credit	Additional Commissioner & Commissioner	491

- (viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans to bank and debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) During the reporting period, the Company has not paid / provided for any managerial remuneration hence reporting under this clause is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records, the Company has issued non-convertible debenture to following party given in the table below:

Name of the subscriber for private placement
Zydus Wellness Limited

Also, as per the information and explanation given to us and based on our further examination of the records, the amount so raised have been used for the purpose for which the funds were raised.

- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm's registration number: 102511W/W100298

Sd/-

Harish B Patel

Partner

Membership number: 014427

Place: Ahmedabad

Date: 27th May 2019

Annexure - B to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm's registration number: 102511W/W100298

Sd/-

Harish B Patel

Partner

Membership number: 014427

Place: Ahmedabad

Date: 27th May 2019

Zydus Nutritions Limited
Balance Sheet as at March 31, 2019

Particulars	Note No.	INR - Lakhs
		As at
		March 31, 2019
EQUITY AND LIABILITIES:		
Equity:		
Equity Share Capital	1	12,723
Reserve and Surplus	2	357,573
		370,296
Non-Current Liabilities:		
Long-term Borrowings	3	112,000
Deferred Tax Liabilities [Net]	4	-
Other Long Term Liabilities	5	258
Long Term Provisions	6	2,256
		114,514
Current Liabilities:		
Trade Payables	7	37,807
Other Current Liabilities	8	6,780
Short Term Provisions	9	478
		45,065
Total		529,874
ASSETS:		
Non - Current Assets:		
Fixed Assets:		
Tangible Assets	10	19,301
Intangible Assets	10	428,532
Capital work-in-progress		917
		448,750
Deferred Tax Asset[Net]	4	5
Long Term Loans and Advances	11	17,712
		466,467
Current Assets:		
Current Investment	12	4,611
Inventories	13	22,738
Trade Receivables	14	9,434
Cash and Bank Balances	15	12,078
Short Term Loans and Advances	16	13,389
Other Current Assets	17	1,157
		63,407
Total		529,874
Significant Accounting Policies		
Notes to the Financial Statements		
		II
		1 to 33
<u>As per our report of even date</u> For Dhirubhai Shah & Co LLP Chartered Accountants Firm Registration Number: 102511W/W100298		For and on behalf of the Board
Sd/- Harish B. Patel Partner Membership Number: 014427 Ahmedabad, Dated: May 27, 2019		Sd/- Dr Sharvil P. Patel Director
Sd/- Umesh V. Parikh Chief Financial Officer	Sd/- Dhanraj Dagar Company Secretary	Sd/- Tarun G. Arora Wholetime Director

Zydus Nutritions Limited
Statement of Profit and Loss for the period ended March 31, 2019

Particulars	Note No.	INR - Lakhs
		From 1st Mar-31st Mar 19
REVENUE:		
Revenue from Operations:		
Sale of Products		21,448
Other Operating Revenues	19	703
Net Revenue from Operations		22,152
Other Income	20	54
Total Revenue		22,207
EXPENSES:		
Cost of Materials Consumed	21	5,704
Purchases of Stock-in-Trade	22	1,342
Changes in Inventories of Finished goods, Works-in-progress and Stock-in-Trade	23	(173)
Employee Benefits Expense	24	1,121
Finance Costs	25	869
Depreciation	10	3,434
Other Expenses	26	8,768
Total Expenses		21,065
Profit before Tax		1,142
Less/ [Add]: Tax Expenses:		
Current Tax [Net of AMT Credit Entitlement]		24
Deferred Tax	4	(2,059)
		(2,035)
Profit for the year		3,176
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	27	29.40
Significant Accounting Policies	II	
Notes to the Financial Statements	1 to 33	

As per our report of even date

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-

Dr Sharvil P. Patel
Director

Sd/-

Harish B. Patel
Partner

Membership Number: 014427

Ahmedabad, Dated: May 27, 2019

Sd/-

Umesh V. Parikh
Chief Financial Officer

Sd/-

Dhanraj Dagar
Company Secretary

Sd/-

Tarun G. Arora
Wholetime Director

ZYDUS NUTRITIONS LIMITED

Cash Flow Statement for the period ended March 31, 2019

Particulars	INR - Lakhs	
	Period ended March 31	
	2019	
A	<u>Cash flows from operating activities:</u>	
Profit before Tax		1,142
Adjustments for:		
Depreciation, Impairment and Amortisation expenses	3,434	
Profit on sale of investments [Net]	(27)	
Interest income	(27)	
Interest expenses	869	
Total		4,249
Operating profit before working capital changes		5,391
Adjustments for:		
[Increase] in trade receivables	(332)	
Decrease/ [Increase] in other assets and Liabilities including acquired business	(21,878)	
[Increase] / Decrease in inventories	35	
Increase in trade payables	2,531	
Total		(19,644)
Cash generated from operations		(14,253)
Direct taxes paid [Net of refunds]		(2,517)
Net cash from operating activities		(16,770)
B	<u>Cash flows from investing activities:</u>	
Purchase of fixed assets	9,926	
Purchase of non current investment in subsidiary[Net of Cash and Cash Equivalents of acquired subsidiary]	(462,251)	
Proceeds from sale of Current Investments	(4,611)	
[Profit]/Loss on sale of assets [Net]	27	
Interest received	27	
Net cash used in investing activities		(456,882)
C	<u>Cash flows from financing activities:</u>	
Long Term borrowing	112,550	
Interest paid	(869)	
Reserves & Surplus	354,396	
Equity Share Capital:	12,723	
Net cash used in financing activities		478,800
Net increase in cash and Bank Balance		5,148
Cash and Bank Balance at the beginning of the year		-
Cash and cash equivalents of the acquired subsidiaries		6,930
Cash and Bank Balance at the end of the year		12,078

ZYDUS NUTRITIONS LIMITED

Cash Flow Statement for the period ended March 31, 2019

Notes to the Cash Flow Statement

1 All figures in brackets are outflows.

2 Cash and Bank Balance comprise of:

As at March 31

2019

a	Cash on Hand		2
b	Balances with Banks		12,076
c	Total		<u>12,078</u>

As per our report of even date

For and on behalf of the Board

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm Registration Number: 102511W/W100298

Sd/-

Dr. Sharvil P. Patel

Chairman

Sd/-

Harish B. Patel

Partner

Membership Number: 014427

Ahmedabad, Dated: May 27, 2019

Sd/-

Umesh V. Parikh

Chief Financial Officer

Sd/-

Dhanraj P. Dagar

Company Secretary

Sd/-

Tarun G. Arora

Whole Time Director

Zydus Nutritions Limited

I-Company overview:

M/s Zydus Nutritions Limited ["the Company"] operates as an integrated consumer company with business encompassing the entire value chain in the production, marketing and distribution of health and wellness products. The product portfolio of the Company includes brands like Sugar free, Everyuth, Nycil, Glucon-D, Complan and Sampri Ghee. The registered office of the Parent is located at House no. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad, Gujarat - 380015. These financial statements were authorised for issue in accordance with a resolution passed by Board of the Directors at its meeting held on May 27, 2019.

II-Significant Accounting Policies:

1 Basis of Accounting:

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and they comply with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies [Accounts] Rules, 2014 and other pronouncements issued by the Institute of Chartered Accountants of India [ICAI], to the extent applicable, and with the applicable provisions of the Companies Act, 2013.

2 Use of Estimates:

The preparation of Financial Statements in conformity with the Accounting Standards generally accepted in India requires, 'the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses for the year while actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3 Fixed Assets and Depreciation :

- A** Fixed Assets are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. 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 put to use.
- 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.
- D** Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life.
- E** Depreciation on additions/ disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are put to use.
- F** 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.
- G** Goodwill arising on Amalgamation is amortised over Ten years, as provided in the Scheme of Amalgamation.
- H** Leasehold land is amortized over the period of the lease.
- I** Where the actual cost of purchase of an asset does not exceed Rs.10,000/-, the depreciation is provided @ 100%.

4 Impairment of Assets:

The Company, at each balance sheet date, assesses whether there is any indication of impairment of any asset and/ or cash generating unit. If such indication exists, assets are impaired by comparing carrying amount of each asset and/ or cash generating unit to the recoverable amount being higher of the net selling price or value in use. Value in use is determined from the present value of the estimated future cash flows from the continuing use of the assets.

5 Expenditure during the Construction Period :

The expenditure incidental to the expansion/ new project are allocated to Fixed Assets in the year of commencement of the commercial production.

6 Inventories:

- 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, Packing Materials & Finished Goods is determined on Moving Average Method.
- C** Cost 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.

7 Revenue Recognition:

- A** Revenue from Sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer.
- B** Service income is recognised as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax, GST wherever applicable.
- C** Interest income is recognised on time proportionate method.
- D** Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.
- E** Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

8 Foreign Currency Transactions:

- A** The transactions in foreign currencies are stated at the rates of exchange prevailing on the dates of transactions.
- B** The net gain or loss on account of exchange differences either on settlement or on translation are recognised in the statement of Profit and Loss.
- C** The foreign currency assets and liabilities are restated at the prevailing exchange rates at the reporting period end.

II-Significant Accounting Policies-Continued

9 Employee Benefits:

A Defined Contribution Plans:

The Company contributes on a defined contribution basis to Employees' Provident Fund towards post employment benefits which is expensed in the year to which it pertains.

B Defined Benefit Plans:

The gratuity scheme is administered through the Life Insurance Corporation of India [LIC]. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the statement of Profit and Loss.

C Leave Liability:

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 period 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.

D Employee Separation Costs:

The compensation paid to the employees under Voluntary Retirement Scheme is expensed in the year of payment.

10 Taxes on Income:

A Tax expense comprises of Current [Net of MAT Credit Entitlement] and Deferred tax.

B Current tax is measured at the amount expected to be paid in accordance with the provisions of the Income Tax Act, 1961.

C Deferred tax reflects the impact of current year's timing differences between book and tax profits and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

D Minimum Alternative Tax ["MAT"] credit is recognized, as an asset only when and to the extent there is 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. MAT Credit is carried forward and set off against the normal tax liability in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India. The said asset is created by way of a credit to the statement of Profit and Loss and shown as MAT credit entitlement. The company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no convincing evidence that the Company will pay normal Income Tax during the specified period.

11 Provision for Product Expiry Claims:

Provision for product expiry claims in respect of products sold during the year is made based on the Management estimates.

12 Leases:

Leases are classified as operating leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets. Operating lease payments are recognised as expenses in the statement of Profit and Loss as and when paid.

13 Research and Development Cost:

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

B Capital expenditure on research and development is given the same treatment as Fixed Assets.

14 Provisions, Contingent Liabilities and Contingent Assets:

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

15 Business combinations and Goodwill:

A Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate Value of the consideration transferred at acquisition date at fair value.

B At the acquisition date, the identifiable assets acquired and the liabilities taken over are recognised at their acquisition date fair values pursuant to the Scheme of Amalgamation

C 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.

D 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.

E 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.

F 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.

Zydus Nutritions Limited
Notes to the Financial Statements

INR - Lakhs
As at
March 31, 2019

Note: 1 - Equity Share Capital:

Authorised:	
42,50,00,000 shares Equity Shares of INR 10/- each	42,500
7,50,00,000 7% Optionally convertible Non cumulative redeemable preference shares of INR 10/- each	7500
Issued, Subscribed and Paid-up:	
12,72,21,968 Equity Shares of Rs.10/- each fully paid up Equity Shares of INR 10/- each fully paid up	12723
A The Reconciliation in number of Equity Share is as under:	
Number of shares at the beginning of the year	-
Add: Shares issued during the year	127,221,968
Number of shares at the end of the year	127,221,968
B The Company has only one class of shares i.e. equity shares. All equity shares carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.	
C Details of Shareholders holding more than 5% of Equity Shares of Rs. 10/- each, fully paid-up:	
Zydus Wellness Limited	
Number of Shares	124,886,270
% to total share holding	98.16%
E Number of Shares held by Holding Company Zydus Wellness Limited	124,886,270

Note: 2 - Reserves and Surplus

Share Premium [*]	36,956
Shares Suspense Account[Refer Note no : 32]	317,427
Capital Reserves:	13
	13
Retained Earnings:	
Surplus in statement of Profit and Loss:	
Opening Balance	-
Add: Profit for the reporting period	3,176
Balance as at the end of reporting period	3,176
Total	357,573
[*] Share Premium Reserve is created due to premium on issue of shares. These reserve is utilised in accordance with the provisions of the Companies Act 2013.	

Note: 3 - Long-term Borrowings :

[Unsecured , considered good]	
Loan from Zydus Wellness Limited -Inter company Loan [*]	92,000
9.14% Compulsorily Convertible Debentures [**]	20,000
[*] The Company has borrowed interest bearing unsecured loan from Zydus Wellness Limited. The servicing of repayment of the loans will be made as per terms of loan agreement	
[**] The Company has borrowed Compulsorily Convertible Debentures from Zydus Wellness Limited at 9.14 % coupon rate. These debentures are compulsorily convertible into equity shares within a period of 10 years.	
Total	112,000

Zydus Nutritions Limited
Notes to the Financial Statements

Note: 4 - Deferred Tax:

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

	INR-Lakhs		As at March 31, 2019
	As at March 1 2019	Charge for the current Period	
Deferred Tax Liabilities:			
Depreciation	3,173	13,094	16,267
Surplus on fair valuation of security deposit	3	(3)	-
Surplus on fair valuation of Mutual Funds	3	(3)	-
Total	3,179	13,088	16,267
Deferred Tax Assets:			
Retirement benefits	96	(17)	79
Provision for Bad and Doubtful debts	223	(17)	205
Provision for Expiry and Breakages	0	17	17
Provision for GST	244	37	281
Provision for Vat Liability	34	0	34
Disallowance under sec 40(a)(ia)	550	(156)	394
Rent Equalisation as per IND AS	3	(3)	-
Unabsorbed Depreciation	0	15,263	15,263
Total	1,149	15,122	16,272
MAT	1,600	24	1,624
Net Deferred Tax Assets	430	-2,059	(1,629)

B The Net Deferred Tax Income of INR (2059) Lakhs for the year has been credited in the Statement of Profit and Loss.

	INR - Lakhs
	As at
	March 31, 2019

Note : 5 - Other Long Term Liabilities:

Defered Grant	252
Others	6
Total	258

Note: 6 - Long Term Provisions:

Provision for employee benefits	922
Provision for VAT accruals	1,334
Total	2,256

Note : 7 - Trade Payables:

Micro, Small and Medium Enterprises [*]	972
Others	36,830
Total	37,807
[*] Disclosure in respect of Micro, Small and Medium Enterprises:	
A Principal amount remaining unpaid to any supplier as at the year end	972
B Interest due thereon	149
C Amount of interest paid by the firm in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the year	-
D Amount of interest due and payable for the period of delay in making payment [which have been paid but beyond the appointed day during the period] but without adding the interest specified under the MSMED	-
E Amount of interest accrued and remaining unpaid at the end of the accounting year	149
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 Company.	

Note : 8 - Other Current Liabilities:

Advances from Debtors	714
Others Payables :	
Interest Accrued but not due	2,489
Payable to Employees	676
Deferred Revenue	54
Payable to statutory Authorities	1,975
Other Liabilities	872
Total	6,066
	6,780

Zydus Nutritions Limited
Notes to the Financial Statements

	INR - Lakhs
	As at
	March 31, 2019
Note : 9- Short Term Provisions:	
Provision for Employee Benefits	153
Others:	
Provision for Taxation [Net of advance payment of tax]	278
Provision for claims for product expiry and return of goods [*]	47
	325
Total	478
[*] 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:	
a Carrying amount at the beginning of the year	54
b Additional provision made during the year	(7)
c Amount used	-
d Carrying amount at the end of the year	47
Note : 10-Fixed Assets:	
Tangible Assets:	
	Freehold Land Leasehold Land Buildings Plant and Equipment Furniture and Fixtures Vehicles Office Equipment Total
Gross Block:	
As at March 1, 2019	4,288 1,605 8,897 14,781 362 166 92 30,192
Additions	0 0 0 94 1 0 1 95
Disposals	0 0 0 (1) 0 0 0 (1)
Other adjustments	0 0 0 0 0 0 0 -
As at March 31, 2019	4,288 1,605 8,897 14,875 363 166 93 30,285
Depreciation and Impairment:	
As at March 1, 2019	0 87 1,478 8,808 202 68 61 10,704
Depreciation for the year	0 0 35 237 5 2 1 280
Impairment for the year	0 0 0 0 0 0 0 -
Disposals	0 0 0 0 0 0 0 -
As at March 31, 2019	0 87 1,513 9,045 207 70 62 10,985
Net Block:	
As at March 31, 2019	4,288 1,518 7,384 5,830 156 96 31 19,301
Intangible Assets:	
	Computer Software Trademark Goodwill Total
[*] Refer Note-32	
Gross Block:	
As at March 1, 2019	386 53,869 377,654 431,909
Additions	- - - -
Disposals	- - - -
Other adjustments	- - - -
As at March 31, 2019	386 53,869 377,654 431,909
Amortisation and Impairment:	
As at March 1, 2019	223 - - 223
Amortisation for the year	7 - 3,147 3,154
Impairment for the year	- - - 0
Disposals	- - - 0
As at March 31, 2019	230 - 3,147 3,377
Net Block:	
As at March 31, 2019	156 53,869 374,507 428,532
Note : 11 - Long Term Loans and Advances:	
[Unsecured, Considered Good]	
Capital Advances	140
Advance payment of Tax [Net of provision for taxation]	2,771
Balances with Statutory Authorities	177
MAT Credit Entitlement	10,511
Other Deposits	4,114
Total	17,712
Note : 12-Current Investment:	
Investment in Mutual Funds [Quoted] [Valued at cost]:	4,611
Axis Liquid Fund-Direct Growth[3,01,727.29 Unit]	
Total	4,611

Zydus Nutritions Limited
Notes to the Financial Statements

	INR - Lakhs
	As at
	March 31, 2019
Note : 13 - Inventories:	
[The Inventory is valued at lower of cost and net realisable value]	
Classification of Inventories:	
Raw Materials	3,021
Work-in-progress	6,796
Finished Goods	9,635
Stock-in-Trade	1,100
Others :	
Stores & Spares	770
Packing Material	1,416
Total	22,738
Note : 14 - Trade Receivables:	
[Unsecured, Considered good]	
Outstanding for a period exceeding six months from the date they are due for payment	608
Others	8,826
Total	9,434
Note : 15 - Cash and Bank Balances:	
Balances with Banks	12,076
Cash on Hand	2
Total	12,078
Note : 16 - Short Term Loans and Advances:	
[Unsecured, Considered Good]	
Balances with Statutory Authorities	13,183
Advances to Suppliers	30
Advances recoverable in cash or in kind or for value to be received	176
Total	13,389
Note : 17 - Other Current Assets:	
[Unsecured, Considered Good]	
Other Receivables	866
Export Incentives and Duty Drawback	12
Prepaid Expenses	250
Security Deposit	28
Total	1,157
Note : 18 - Contingent Liabilities and commitments [to the extent not provided for]:	
A Contingent Liabilities:	
a Guarantees given by a bank and counter guarantees given by the firm	258
b Other money for which the Company is contingently liable:	
i In respect of Sales Tax matters pending before appellate authorities	5,373
ii In respect of demand raised by the Central Excise, State Excise & Service tax Authority	1,337
iii In respect of income tax matter of which appeals are pending	13,431
iv In respect of Stampduty	1,863
B Commitments:	
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	511

Zydus Nutritions Limited
Notes to the Financial Statements

	INR - Lakhs
	From 1st Mar- 31st Mar 19
Note : 19 - Other Operating Revenues:	
Net Gain on foreign currency transactions and translation	10
Miscellaneous Income	694
Total	703
Note : 20 - Other Income:	
Interest Income	27
Net Gain on sale of Mutual Fund	27
Total	54
Note : 21 - Cost of Materials Consumed:	
Raw Materials:	
Stock at commencement	3,500
Add : Purchases	3,698
	7,197
Less : Stock at close	3,021
	4,176
Packing Materials consumed	1,527
Total	5,704
Note : 22 - Purchase of Stock-in-Trade	
Purchase of Stock-in-Trade	1,342
Total	1,342
Note : 23 - Changes in Inventories:	
Stock at commencement:	
Work-in-progress	6,773
Finished Goods	9,393
Stock-in-Trade	1,194
	17,358
Less: Stock at close:	
Work-in-progress	6,796
Finished Goods	9,635
Stock-in-Trade	1,100
	17,531
	(173)
Total	(173)
Note : 24 - Employee Benefit Expense:	
Salaries and wages	1,037
Contribution to provident and other funds [*]	54
Staff welfare expenses	30
Total	1,121
[*] The Company's contribution towards the defined contribution plan	54

Zydus Nutritions Limited
Notes to the Financial Statements

INR - Lakhs

**From 1st Mar-
31st Mar 19**

Note : 25 - Finance Cost:

Interest Expenses	869
Total	869

Note : 26 - Other Expenses:

Consumption of Stores and spare parts	26
Power & fuel	157
Labour charges	72
Rent	76
Repairs to Buildings	19
Repairs to Plant and Machineries	95
Others Repairs	20
Insurance	20
Rates and Taxes	231
Commission on sales	149
Traveling Expenses	129
Legal and Professional Fees	314
Freight and forwarding on sales	632
Advertisement & Sales Promotion expenses	6,322
Other marketing expenses	135
Donations	38
Bank commission & charges	2
Miscellaneous Expenses	330
Total	8,768

Note: 27 - Calculation of Earning per Equity Share [EPS]:

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

A	Profit attributable to Shareholders	INR - Lakhs	3,176
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	10,805,153
C	Nominal value of equity share	INR	10
D	Basic & Diluted EPS	INR	29.40

Note : 28 - Segment Information:

The Company operates in one segment only, namely "Consumer Products." The Company also exports its products to other countries. However the value being below threshold limit prescribed under Accounting Standard [AS]-17-"Segment Reporting", the reporting is not required.

Zydus Nutritions Limited
Notes to the Financial Statements

Note : 29 - Related Party Transactions:

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

- a** Holding Company: Zydus Wellness Limited
b Ultimate Holding Company: Cadila Healthcare Limited
c Fellow Subsidiaries/ Concerns:
 Liva Investment Limited
 Liva Nutritions Limited
 Heinz India Private Limited [Note: Refer Note No -29 [f]
 Zydus Noveltech Inc., USA
 Hercon Pharmaceutical USA LLC, USA
 Neshor Pharmaceuticals (USA) LLC, USA
 Zydus Healthcare SA Pty Limited, South Africa
 Simayla Pharmaceuticals Pty Limited, South Africa
 Script Management Services Pty Limited, South Africa
 Violio Healthcare Limited
 Acme Pharmaceuticals Private Limited
 Etna Biotech SRL, Italy
 Zydus France SAS, France
 Laboratorios Combig S.L., Spain
 Zydus Nikkho Pharmaceutica Limitada, Brasil
 Zydus Pharmaceuticals Mexico SA de CV, Mexico
 Zydus Pharmaceuticals Mexico Services SA de CV, Mexico
 Zydus Technologies Limited
 Zydus Healthcare Limited
 Zydus Worldwide DMCC, Dubai
 Zydus Discovery DMCC, Dubai
 ZAHL Europe B. V., the Netherlands
 Alidac Pharmaceuticals (Myanmar) Limited, Myanmar
 Dialforhealth India Limited
 Dialforhealth Unity Limited
 Dialforhealth Greencross Limited
 Liva Pharmaceuticals Limited
 Alidac Pharmaceuticals Limited
 Zydus Foundation
 Windlas Healthcare Private Limited
 Zydus International Private Limited, Ireland
 Zydus Netherlands B. V., the Netherlands
 Zydus Lanka (Private) Limited, Sri Lanka
 Zydus Healthcare Philippines Inc., Philippines
 ZAHL B. V., the Netherlands
 Sentyln Therapeutics Inc., USA
 ZyVet Animal Health Inc., USA
 Zydus Pharmaceuticals USA Inc., USA
 Violio Pharmaceuticals Limited
 Viona Pharmaceuticals Inc., USA
 Zydus Healthcare USA LLC, USA
 Windlas, Inc., USA
 US Pharma Windlas LLC, USA
- d** Director
 Dr. Sharvil P. Patel
 Mr. Ashish Bhargava
 Ms. Dharmishtaben N. Raval
 Mr. Tarun G. Arora
 Director
 Director
 Director
 Director

e Post Employment Benefits Plan-

- Zydus Wellness Sikkim Employee Group Gratuity Scheme
 Heinz India Private Limited Provident Fund [w.e.f January 30, 2019]
 Heinz India Private Limited Employee Provident Fund [w.e.f. January 30, 2019]

- f** [*] M/s. Zydus Wellness - Sikkim, a partnership firm, was converted into a company, namely Zydus Nutritions Limited [ZNL], with effect from February 28, 2019, pursuant to which, it became a subsidiary of the company. Pursuant to the Scheme of Amalgamation between two subsidiaries of the company i.e. ZNL and HIPL which was sanctioned by the Hon'able National Company Law Tribunal [NCLT] vide its order dated May 10, 2019 and effective date being May 24, 2019, HIPL has been merged with ZNL w.e.f. the appointed date of March 1, 2019.

B Transactions with Related Parties:

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

- a** Details relating to parties referred to in items 29 - A [a , b, & c]

Nature of Transactions	INR - Lakhs		
	Holding Company	Fellow Subsidiaries	Ultimate Holding Company
Sales:	2019	2019	2019
Zydus Healthcare Limited		9	
Reimbursement of Expenses:			
Cadila Health Care Limited			7

Zydus Nutritions Limited
Notes to the Financial Statements

Note : 29 - Related Party Transactions - Continued:

Nature of Transactions	Holding Company	Post		Ultimate Holding Company
		Fellow Subsidiary	Employment Benefit Plan	
	2019	2019	2019	2019
Services:				
Zydus Healthcare (PTY) Ltd	-	6		-
Cadila Health Care Limited	-	-		6
Borrowing:				
Zydus Wellness Limited	112,000			
Interest on Borrowings:				
Zydus Wellness Limited	2,522			
Contributions during the year (includes Employee's share and contribution)				
Heinz India Private Limited Provident Fund [w.e.f January 30, 2019]			73	
Heinz India Private Limited Employee Provident Fund [w.e.f. January 30, 2019]			54	
Closing balances Payable:				
Zydus Wellness Limited	114,489			
Zydus Healthcare (PTY) Ltd		117		
Closing balances Receivable:				
Zydus Healthcare Limited		5		

Note : 30 - Value of Imports calculated on CIF basis:

	INR - Lakhs
	Year ended March 31
Materials	113
Total	113

Note : 31 - Earning in Foreign Exchange:

Export of goods calculated on F.O.B. basis	24
--	----

Note : 32 Amalgamation Scheme :

Pursuant to the Scheme of Amalgamation between Heinz India Private Limited (Heinz) (Transferor Company) and Zydus Nutritions Limited (the Company), both 100% subsidiaries of the Parent Company Zydus Wellness Limited, which was sanctioned by the National Company Law Tribunal, Ahmedabad Bench, vide its Order dated 10th May, 2019 and effective date being 24th May, 2019, Heinz has been amalgamated with the Company with effect from the appointed date being March 1, 2019.

In consideration for the amalgamation, the Company is required to issue 43,602,665 equity shares of face value of Rs 10/- each issued at premium of Rs 354/- each and 43,602,665 7% Optionally Convertible Non Cumulative Redeemable Preference Shares of face value of Rs 10/- each issued at premium of Rs 354/- each. Pending issue of such shares as on 31st March 2019, the face value of such shares to be issued and related premium has been accounted under the Shares Suspense Account.

Balance Consideration is discharged through cancellation of the equity shares held by the Company in Heinz pursuant to amalgamation. In terms of the Scheme, the authorised share capital of the Company has been increased by the authorised share capital of Heinz upon the Scheme being effective.

In terms of the Scheme, all assets and liabilities of Heinz have been vested in the Company with effect from 01st March 2019, The same have been recorded at their respective fair values as per the Purchase Accounting Method as per AS-14 ["Amalgamation Accounting"]. The fair value have been derived based on the Purchase Price Allocation report obtained from an Independent Valuer.

All inter-company balances / transactions between the Company and Heinz India Private Limited stands cancelled from 01st March 2019. In view of the same, the Company has recognized Goodwill [being excess of purchase consideration paid over the fair value of the assets and liabilities vested in the Company] of INR 377,654 Lakhs.

The Financial Statement includes the income/expenditure of the Transferor Company earned/incurred from 1st March, 2019 till 31st March, 2019.

Note : 33 This being first year of incorporation w.e.f. 1st March, 2019, hence previous year's figures are not applicable.

Signatures to Significant Accounting Policies and Notes 1 to 33 to the Financial Statements

As per our report of even date For Dhirubhai Shah & Co LLP Chartered Accountants Firm Registration Number: 102511W/W100298	For and on behalf of the Board		
	Sd/- Dr Sharvil P. Patel Director		
Sd/- Harish B. Patel Partner Membership Number: 014427 Ahmedabad, Dated: May 27, 2019	Sd/- Umesh V. Parikh Chief Financial Officer	Sd/- Dhanraj Dagar Company Secretary	Sd/- Tarun G. Arora Wholtime Director