Zuventus Healthcare Ltd.

FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2019

ZUVENTUS HEALTHCARE LTD.

Financial Statements together with the Independent Auditors Report
for the Fiancial Year 2018-19

B S R & Co. LLP
Chartered Accountants

7th & 8th floor, Business Plaza,
Westin Hotel Campus,
36/3-B, Koregaon Park Annex,
Mundhwa Road, Ghorpadi,
Pune - 411001, India

Telephone +91 (20) 6747 7300
Fax +91 (20) 6747 7310

INDEPENDENT AUDITORS' REPORT

To the Members of Zuventus Healthcare Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zuventus Healthcare Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the 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 financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director's report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

B S R & Co (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011. India

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind 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 accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 with reference to financial statements 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

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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.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

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7th, 8th Floor, Business Plaza, Westin Hotel Campus 36/3-B, Koregaon Park Annex, Mundhwa Road, Ghorpadi Pune-411001 India
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Annexure A to the Independent Auditors' Report – 31 March 2019

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 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 by which its fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification between the physical count and the book records were not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and the records examined by us including the registered title deeds, we report that, the title deeds, comprising of all of immovable properties of land and buildings which are freehold, are held in the name of the Company. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) The inventory, except goods in transit, has been physically verified by management during the year. The discrepancies noticed on such verification between the physical stock and the book records were not material and have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. In respect of stocks lying with third parties at the year end, written confirmations from major parties have been obtained.

(iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly paragraph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company

(iv) The Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) The Company has not accepted any deposits in accordance with the provisions of Sections 73 to 76 of the Act and the rules made there under. Accordingly paragraph 3(v) of the Order is not applicable to the Company

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Annexure A to the Independent Auditors' Report – 31 March 2019 *(continued)*

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, cess and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, except amount in connection with certain employee related dues as more fully described in note 39 to the financial statements. As explained to us, the Company do not have dues on account of Sales Tax, Service Tax, Value Added Tax and Duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Cess and any other statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us there are no dues of Income tax, Sales Tax, Duty of Excise, Duty of Customs, Service Tax, Value Added Tax, Employee State Insurance, Provident Fund and Goods & Service tax which have not been deposited by the Company on account of disputes except as disclosed in Enclosure 1 to this Annexure.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any dues to any Financial Institutions, Government or any outstanding debentures during the year.

(ix) The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments). In our opinion, and according to the information and explanation given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. Accordingly paragraph 3(xi) is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we have been informed of any such case by the Management.

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Chartered Accountants

Annexure A to the Independent Auditors' Report – 31 March 2019 *(continued)*

(xi) According to the information and explanations given to us, the managerial remuneration is paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and therefore the Nidhi Rules, 2014 are not applicable to it. Accordingly paragraph 3(xii) of the order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting standards have been disclosed in the Ind AS financial statements.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No. 113327
UDIN: 19113327AAAAAY4717

Place: Mumbai
Date: July 16, 2019

Annexure A to the Independent Auditors' Report – 31 March 2019 *(continued)*
Enclosure 1

Name of the Statute	Nature of the dues	Amount Disputed (Rs. In million)	Amount paid under protest (Rs. In million)	Period to which the amount relates	Forum where dispute is pending
The Provident Fund Act, 1972	Provident Fund	53.62	20.00	FY 2010-11	High Court, Mumbai
The Maharashtra Value Added Tax Act, 2002	Value added tax	0.35	0.00	FY 2009-10	Joint Commissioner of Sales Tax (Appleal-2), Pune Div., Pune
The Central Sales Tax Act, 1956	Central sales tax	0.95	0.05	FY 2009-10	Joint Commissioner of Sales Tax (Appeal-2), Pune Div., Pune
The Central Sales Tax Act, 1956	Central sales tax	1.98	0.52	FY 2010-11	Joint Commissioner (Appeals)- 2
The Maharashtra Value Added Tax Act, 2002	Value added tax	1.29	0.15	FY 2011-12	Joint Commissioner of Sales Tax (Appleal-2), Pune Div., Pune
The Tamil Nadu Value Added Tax Act, 2006	Value added tax	15.58	2.66	FY 2015-16	Appellate Deputy Commissioner (CT), Central Div. Chennai
Finance Act, 1994	Service Tax	105.43	0.00	FY 2016-17	Office of the Commissioner of Central Goods and Service Tax and Central Excise
The Income Tax Act, 1961	Income tax	5.53	5.53 #	AY 2012-13	Income Tax Appellate Tribunal, Pune
The Income Tax Act, 1961	Income tax	6.11	6.11 #	AY 2013-14	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income tax	8.27	8.27 #	AY 2014-15	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income tax	105.40	83.87 #	AY 2016-17	Commissioner of Income Tax (Appeals)

* FY and AY stand for Financial Year and Assessment Year respectively.
# paid by way of adjustment against income tax refund / minimum alternate tax credit entitlement / in cash.

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Annexure B to the Independent Auditors' report on the financial statements of Zuventus Healthcare Limited for the period ended 31 March 2019.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to financial statements of Zuventus Healthcare Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of

B S R & Co. LLP
7th, 8th Floor, Business Plaza, Westin Hotel Campus 36/3-B, Koregaon Park Annex, Mundhwa Road, Ghorpadi Pune-411001 India
Chartered Accountants

such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No. 113327
UDIN: 19113327AAAAAY4717

Place: Mumbai
Date: July 16, 2019

ZUVENTUS HEALTHCARE LIMITED
Balance Sheet as at March 31, 2019

Rs. in Millions

Particulars	Note	March 31, 2019	March 31, 2018
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	2	2,247.51	2,189.58
Capital work-in-progress	3	83.22	87.61
Intangible assets	4	5.49	4.25
Financial assets			
i) Investments	5	535.98	463.53
ii) Loans	6	54.12	51.91
iii) Other financial assets	7	2.59	5.59
Deferred Tax Assets			
Deferred tax assets (net)	34	-	13.60
Income tax assets (net)	35	103.51	75.99
Other non-current assets	8	40.95	74.13
Total non- current assets		**3,073.37**	**2,966.19**
Current Assets			
Inventories	9	884.33	955.45
Financial assets			
i) Trade receivables	10	811.50	640.48
ii) Cash and cash equivalents	11	5.42	64.30
iii) Bank balances other than (ii) above	12	5.01	0.56
iv) Other financial assets	13	6.11	5.98
Other current assets	14	304.77	312.04
Total current assets		**2,017.14**	**1,978.81**
Total assets		**5,090.51**	**4,945.00**
Equity and liabilities			
Equity			
Equity share capital	15	200.55	200.55
Other equity			
Reserves and surplus	16	2,626.07	2,227.71
Total equity		**2,826.62**	**2,428.26**
Liabilities			
Non-Current Liabilities			
Financial liabilities			
i) Borrowings	17	359.01	588.70
ii) Other financial liabilities	18	34.25	34.25
Provisions	19	189.41	193.12
Deferred Tax Liabilities (Net)	34	57.56	-
Total Non-current liabilities		**640.23**	**816.07**
Current liabilities			
Financial liabilities			
i) Borrowings	20	89.44	158.11
ii) Trade payables			
Total outstanding dues to Micro and Small Enterprises		0.48	-
Total outstanding dues to others	21	494.55	541.89
iii) Other financials liabilities	22	589.53	654.25
Provisions	23	373.09	271.31
Other current liabilities	24	62.94	35.56
Current tax liabilities (net)	35	13.63	39.55
Total current liabilities		**1,623.66**	**1,700.67**
Total liabilities		**2,263.89**	**2,516.74**
Total equity and liabilities		**5,090.51**	**4,945.00**

The notes referred to above form an integral part of the financial statement.
As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327
UDIN: 19113327AAAAAY4717

Place: Mumbai
Date: July 16, 2019

For and on behalf of the Board of Directors
of Zuventus Healthcare Ltd
CIN U85320PN2002PLC018324

Satish Mehta
Chairman
DIN - 00118691

P. K. Guha
Managing Director
DIN - 00118415

Kulkarni

Sheetal Kulkarni
Company Secretary
Membership No. A31277

R. P. Kalera
Chief Financial Officer

Place: Pune
Date: July 16, 2019

ZUVENTUS HEALTHCARE LTD.

ZUVENTUS HEALTHCARE LIMITED

Statement of Profit & Loss for the year ended March 31, 2019

Rs. in Millions

Particulars	Note	March 31, 2019	March 31, 2018
Revenue :			
Revenue from operations	25	7,488.64	6,523.86
Other income	26	94.67	24.58
Total Income		7,583.31	6,548.44
Expenses :			
Cost of materials consumed	27	1,007.44	674.80
Purchases of stock-in-trade		1,659.00	1,656.47
Changes in inventories of finished goods, work-in-progress and traded goods	28	150.88	9.81
Excise duty		-	26.50
Employee benefit expenses	29	1,721.87	1,525.31
Other expenses	30	2,031.68	1,947.52
Depreciation and amortization expense	31	173.87	148.05
Finance cost	32	96.02	103.21
Total Expenses		6,840.76	6,091.67
Profit before taxation		742.55	456.77
Tax expense	33		
Current tax		183.48	116.79
Deferred tax		41.85	11.41
Profit for the year		517.22	328.57
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations		(15.63)	(8.05)
Income tax relating to these items		5.46	2.81
Net other comprehensive income not to be reclassified subsequently to profit or loss		(10.17)	(5.24)
Total comprehensive income for the year		507.05	323.33
Earnings per equity share:			
Basic	40	25.79	16.38
Diluted		25.79	16.38
Face value per share : Rs. 10 (March 31, 2018 : Rs. 10)			

The notes referred to above form an integral part of the financial statement.
As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327
UDIN: 19113327AAAAAY4717

Place: Mumbai

Date: July 16, 2019

For and on behalf of the Board of Directors of Zuventus Healthcare Ltd
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Satish Mehta
Chairman
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P. K. Guha
Managing Director
DIN - 00118415

Sheetal Kulkarni
Company Secretary
Membership No. A31277

R. P. Kalera
Chief Financial Officer

Place: Pune

Date: July 16, 2019

ZUVENTUS HEALTHCARE LTD.

ZUVENTUS HEALTHCARE LIMITED

Statement of Changes in Equity for the year ended March 31, 2019

A. Equity Share Capital	Note	Rs. in millions
As at April 1, 2017	15	200.55
Changes in equity share capital		-
As at March 31, 2018	15	200.55
Changes in equity share capital		-
As at March 31, 2019	15	200.55

Rs. in Millions

Other equity	Note	Reserves and Surplus		Equity contribution from holding company	Other comprehensive income	Total other equity
		General Reserve	Retained earning			
As at April 1, 2018		161.67	1,798.88	3.83	-	1,964.38
Profit for the year		-	328.57	-	-	328.57
Items of other comprehensive income recognised directly in retained earnings			(5.24)	-	-	(5.24)
Issue of share options by holding company to the employees of the company	29	-	-	0.35	-	0.35
Dividend paid	16	-	(50.14)	-	-	(50.14)
Dividend distribution tax	16	-	(10.21)	-	-	(10.21)
As at March 31, 2018		161.67	2,061.86	4.18	-	2,227.71
Profit for the year		-	517.22	-	-	517.22
Items of other comprehensive income recognised directly in retained earnings		-	(10.17)	-	-	(10.17)
Issue of share options by holding company to the employees of the company	29	-	-	0.11	-	0.11
Dividend paid	16	-	(90.25)	-	-	(90.25)
Dividend distribution tax	16	-	(18.55)	-	-	(18.55)
As at March 31, 2019		161.67	2,460.11	4.29	-	2,626.07

For description of nature and purpose of reserves, refer Note 16

The notes referred to above form an integral part of the financial statement.

As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327
UDIN: 19113327AAAAAY4717

Place: Mumbai

Date: July 16, 2019

For and on behalf of the Board of Directors of Zuventus Healthcare Ltd
CIN U85320PN2002PLC018324

Satish Mehta
Chairman
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P. K. Guha
Managing Director
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Sheetal Kulkarni
Company Secretary
Membership No. A31277

R. P. Kalera
Chief Financial Officer

Place: Pune

Date: July 16, 2019

ZUVENTUS HEALTHCARE LTD.

ZUVENTUS HEALTHCARE LIMITED
Cash Flow Statement for the year ended March 31, 2019.

Rs. in Millions

Particulars	March 31, 2019	March 31, 2018
Cash flow from operating activities :-		
Profit before taxation	**742.55**	**456.77**
Adjustment for:		
Depreciation and amortisation expenses	173.87	148.05
Finance cost	96.02	103.21
Employee share based expenses	0.11	0.35
Interest from bank and others	(7.28)	(0.91)
Provision for doubtful debts written back	(6.45)	-
Change in fair value of investment in preference shares	(72.45)	(12.94)
Profit/(loss) on sale of property, plant and equipment	0.99	0.07
Operating profit before working capital changes	**927.36**	**694.60**
Working capital adjustments:		
- (Increase) in other assets	11.08	(170.39)
- Increase/(decrease) in other liabilities	27.36	(18.07)
- (Increase)/decrease in other financials assets	(3.37)	(13.17)
- Increase/(decrease) in other financials liability	(34.66)	55.37
- Increase/(decrease) in trade payables	(46.87)	98.16
- (Increase) in trade receivables	(164.57)	(34.59)
- (Increase) in inventories	71.12	(6.35)
- Increase/(decrease) in provisions	82.45	7.49
Cash generated from operating activities	**869.90**	**613.05**
Income taxes paid (net)	(198.44)	(45.26)
Net cash inflow from operating activities (A)	**671.46**	**567.79**
Cash flows from investing activities		
Acquisition of property, plant and equipment, intangibles and capital work-in-progress	(249.35)	(454.63)
Proceeds from sale of property, plant and equipment	0.78	0.06
Sale of Investment	0.01	-
Interest received from banks and others	(0.41)	0.85
Net cash outflow from investing activities (B)	**(248.97)**	**(453.72)**
Cash flows from financing activities		
Proceeds from long-term borrowings	9.62	206.27
Repayment of long-term borrowings	(219.65)	(121.93)
Interest paid	(93.87)	(103.70)
Dividend payment (including dividend distribution tax)	(108.80)	(60.34)
Net cash (outflow)/inflow from financing activities (C)	**(412.70)**	**(79.70)**
Net increase in cash and cash equivalents (A+B+C)	9.79	34.37
Cash and cash equivalent at 1 April (refer below)	(93.81)	(128.18)
Cash and cash equivalent at 31 March (refer below)	**(84.02)**	**(93.81)**
Components of cash and cash equivalent:	**March 31, 2019**	**March 31, 2018**
Cash on hand (refer note no. 11)	0.15	0.19
Balances with bank in current accounts (refer note no. 11)	5.27	63.55
Demand deposit (refer note no. 11)	-	0.56
Bank overdrafts used for cash management purpose (refer note no. 20)	(89.44)	(158.11)
Total cash and cash equivalent*	**(84.02)**	**(93.81)**

*Cash and cash equivalent includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

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ZUVENTUS HEALTHCARE LTD.

ZUVENTUS HEALTHCARE LIMITED
Cash Flow Statement for the year ended March 31, 2019.

Rs. in Millions

Changes in liabilities arising from financial activities	March 31, 2019	March 31, 2018
Long term borrowings:		
Opening balance	799.56	715.22
Amount borrowed during the year	9.62	206.27
Amount repaid during the year	(219.65)	(121.93)
Closing balance (Refer Note 17)	**589.53**	**799.56**
Finance cost		
Opening balance	6.38	6.87
Finance cost during the year	96.02	103.21
Amount paid during the year	(97.46)	(103.70)
Closing balance (Refer Note 22)	**4.94**	**6.38**

The notes referred to above form an integral part of the financial statement.
As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327
UDIN: 19113327AAAAAY4717

Place: Mumbai

Date: July 16, 2019

For and on behalf of the Board of Directors of Zuventus Healthcare Ltd
CIN U85320PN2002PLC018324

Satish Mehta
Chairman
DIN - 00118691

P. K. Guha
Managing Director
DIN - 00118415

Sheetal Kulkarni
Company Secretary
Membership No.A31277

R. P. Kalera
Chief Financial Officer

Place: Pune

Date: July 16, 2019

ZUVENTUS HEALTHCARE LTD.

ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2019
(Currency - Rs. in millions unless otherwise specified)

1 General Information :

Zuventus Healthcare Limited (hereinafter referred to as "Company") is a Company limited by shares, incorporated and domiciled in India. The Company has its own manufacturing facility in Jammu, Sikkim and Bangalore. The Company is engaged in developing, manufacturing and marketing a broad range of pharmaceutical products in India.

A. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on July 16, 2019.

Details of the Company's accounting policies are included in Note B.

b. Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts disclosed in the financial statements and notes have been rounded-off to the nearest millions, unless otherwise indicated.

c. Basis of Measurement

The Financial statements have been prepared on historical cost basis except for the following items:

Items	Measurement Basis
Certain Financial assets and liabilities	Fair Value
Equity settled share based payment arrangements	Fair Value
Net defined benefit (asset) / liability	Fair Value of plan assets less present value of defined benefit

d. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties
Information about assumptions and estimations uncertainties that have a significant risk resulting in a material adjustment in the year ending March 31, 2019 is included in following notes:

Note B. c. Useful lives of property, plant, equipment and intangibles;
Note 23 - Recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources;
Note 34 - Recognition of deferred tax assets: availability of future taxable profit against which tax credit can be used;
Note 37 - Impairment of financial instruments;
Note 38 - Measurement of fair value of optionally convertible and redeemable preference shares; key assumptions for earning growth rate and discount rate
Note 39 - Contingent liability;
Note 44 - Measurement of defined benefit obligations: key actuarial assumptions;

e. Measurement of fair values

A number of the Company accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to measurement of fair values. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework including Level 3 fair value, and reports directly to the head of treasury.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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A. Basis of preparation (continued)

e. Measurement of fair values (continued)

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in following notes:

Note - 38 : Fair value measurement
Note - 45 : Share-based payment arrangements

f. Current versus non current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:
a. it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b. it is held for the purpose of being traded;
c. it is expected to be realized within 12 months after the reporting date; or
d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets / non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:
a. it is expected to be settled in the Company's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is expected to be settled within 12 months after the reporting date; or
d. the Company does not have any unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include the current portion of non-current liabilities / non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalent. The operating cycle of the Company is less than 12 months.

B. Singnificant accounting policies

a. Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Exchange difference are recognised in profit and loss.

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B. Singnificant accounting policies (continued)

b. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at
- amortised cost; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policy and objectives for the portfolio and the operation of those policies in practice.
- These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of asset;
- How the performance of portfolio is evaluated and reported to the Company's management;
- The risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defines as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and other basic leading risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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B. Singnificant accounting policies (continued)

b. Financial instruments (continued)

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

- contingent events that would change the amount and timing of cash flows;
- term that would adjust the contractual rate, including variable interest rate features;
- prepayment and extension features; and
- term that limits the Company's claim to cash flows for specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amount of principal and interest on principal amount outstanding, which may include reasonable additional compensation for early termination of contract. Additionally, for a financial asset acquired on a significant premium or discount to its contractual par amount, a feature that permits or require prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.
The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2019
(Currency - Rs. in millions unless otherwise specified)

B. Singnificant accounting policies (continued)

c. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separated items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit and loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight line method, and is generally recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is provided on pro-rata basis using the straight-line method over the estimated useful lives of the assets prescribed under Schedule II to the Companies Act 2013 except for the following:
- Furniture and fixtures at leasehold premises are depreciated over the lease period.
- Vehicles are depreciated over 5 years, as per technical evaluation.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represents the period over which the management expects to use these assets.

Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

d. Intangible Assets

i. Initial recognition:

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment loses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases future economic benefit embodied in the specific asset to which it reltes.

iii. Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual value over their estimated useful lives using straight line method, as is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Intangible Asset	Estimated useful life
Software	3 Years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

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B. Singnificant accounting policies (continued)

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories based weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in bringing them to their present location and condition. In case of manufactured inventory and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense.

The net realisable value of work-in- progress is determined with reference to the selling price of related finished products.

Raw materials, components and other supplies held for use in production of finished products are not written down below cost except in cases where material price have declined and it is estimated that the cost of finished products will exceed their net realizable value.

The comparison of cost and net realizable value is made on an item-by-item basis.

The Company considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Company's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Company considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

f. Impairment

i. impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on estimated future cash flows of financial assets have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue for a period of more than 12 months from the credit term offered to the customer;

- the restructuring of loan or advance by the Company on the terms that the Company would not consider otherwise;
- it is probable that borrower will enter bankruptcy or the financial reorganisation;
- The disappearance of active market for a security because of financial difficulties.

In accordance with Ind-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises 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 the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized in the Statement of profit and loss.

While determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis based on Company's historical experience and informed credit assessment and including forward - looking information.

The company assumes that the credit risk on financial assets has increased significantly if it is more than 30 days past due.

The Company considers financial asset to be in default when:
a. the borrower is unlikely to pay its credit obligation to the Company in full, without recourse by the Company to action such as realising security (if any is held); or
b. The financial asset is 90 days or more past due.

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B. Singnificant accounting policies (continued)

f. Impairment (continued)

i. impairment of financial instruments (continued)

Measurement of expected credit loss

Expected credit loss are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flow that the Company expects to receive).

Presentation of allowance of expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write – off

The gross carrying amount of financial asset is written off (either partially of full) to the extent that there is no realistic prospect of recovery. This is generally the case when Company determines that the debtor does not have asset or source of income that could generate sufficient cash flows to repay the amount subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with Company's procedures for recovery of amounts due.

ii. Impairment of non-financial asset

The Company's non-financial assets, other than inventories and deferred tax, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g. central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2019
(Currency - Rs. in millions unless otherwise specified)

B. Singnificant accounting policies (continued)

g. Employee benefits

i. Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Share-based payment transactions

Share-based compensation benefits are provided to employees by Holding company via Employee Stock Option Scheme ("ESOS) 2013.

The grant date fair value of equity settled share-based payment awards granted to employees of the Company is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

iii. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards superannuation fund scheme and Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation result in a potential asset for the Company, the recognised asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gain and losses on the settlement of a defined benefit plan when the settlement occurs.

v. Other long term employee benefits:

The Company's liability in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the Projected Unit Credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

B S R & Co. LLP
7th, 8th Floor, Business Plaza, Westin Hotel Campus 36/3-B, Koregaon Park Annex, Mundhwa Road, Ghorpadi Pune-411001 India
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B. Singnificant accounting policies (continued)

h. Provisions (other than for employee benefits), Contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax-rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

i. Sales returns and breakage expiry

When a customer has a right to return the product within a given period, the Company has recognised a provision for returns. The provision is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The Company has an obligation to replace the goods which will expire. The Company has recognised a provision for the returns due to expiry. The provision is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

ii. Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

iii. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefit will arise, the asset and related income are recognized in the period in which the change occurs. A contingent asset is disclosed, where an inflow of economic benefits is probable.

i. Revenue

Revenue is measured based on the consideration specified in a contract with a customer. Consideration is allocated to each performance obligation specified in the contract. The Company recognises revenue pertaining to each performance obligation when it transfers control over a product to a customer, which is adjusted for expected refunds, which are estimated based on the historical data, adjusted as necessary.

The consideration can be fixed or variable. Where the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

The Company recognises refund liability where the Company receives consideration from a customer and expects to refund some or all of that consideration to the customer. The refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (i.e. amounts not included in the transaction price).

In the comparative period, the revenue was recognised as per the following accounting policy:

Sale of goods

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This *inter alia* involves discounting of the consideration due to the present value if payment extends beyond normal Credit terms. Revenue is recognised when the significant risk and rewards of ownership of goods have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of sale.

B S R & Co. LLP
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B. Singnificant accounting policies (continued)

j. Leases

i. Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

ii. Lease Payments

Payments made under operating leases are generally recognised in Statement of profit and loss on straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on remaining balance of the liability.

k. Recognition of interest income or expenses

Interest income or expenses is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:
- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the assets (when asset is not credit – impaired) or to the amortised cost of the liability. However for financial asset that have become credit – impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to gross basis.

l. Income tax

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss of the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

B S R & Co. LLP
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B. Singnificant accounting policies (continued)

l. Income tax (continued)

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised/recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting data.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity and they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The deferred tax in respect of timing differences which reverse during the tax holiday period is not recognised to the extent the enterprise's gross total income is subject to the deduction during the tax holiday period.

m. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

n. Cash and cash equivalents

Cash and cash equivalents comprises of cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

o. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the company are identified as Chief operating decision maker. Refer note 43 for segment information.

p. Earnings Per Share

The basic earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period.

Diluted earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the reporting period, except where the results would be anti-dilutive.

q. Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') presentation

The Company presents Earnings before Interest, Tax, Depreciation and amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. EBITDA is calculated as the profit for the year before interest, tax, depreciation and amortisation and is calculated consistently year over year.

B. Singnificant accounting policies (continued)

r. Cash flow statement

Cash flow are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

s. Research and development

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.

C. Recent accounting pronouncements

Standards issued but not yet effective :

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new Ind AS and amendments to Ind AS' which the Company has not applied as they are effective from 01 April 2019:

Ind AS - 116 Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01 April 19. The Company is in the process of evaluating the impact of this amendment on the financial statements.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

B S R & Co. LLP
7th 8th Floor, Business Plaza, Westin Hotel Campus 36/3-B, Koregaon Park Annex, Mundhwa Road, Ghorpadi Pune-411001 India
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(Currency - Rs. in millions unless otherwise specified)

C. Recent accounting pronouncements (continued)

Standards issued but not yet effective (continued)

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures and hence does not expect any impact from this amendment.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not have control / joint control / joint control of a business that is a joint operation and hence does not expect any impact from this amendment.

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Rs. in Millions

Note 2 Property, plant and equipment	Gross book value				Accumulated depreciation				Net book value
	As at April 1, 2018	Additions during the Year	Disposals during the Year	As at March 31, 2019	As at April 1, 2018	Charge for the year	Deletion during the Year	As at March 31, 2019	As at March 31, 2019
Freehold land	13.02	-	-	13.02	-	-	-	-	13.02
Leasehold land	60.34	-	-	60.34	2.27	0.75	-	3.02	57.32
Leasehold improvements	17.87	0.37	-	18.24	5.12	3.34	-	8.46	9.78
Building	1,087.00	57.14	-	1,144.14	52.00	36.65	-	88.65	1,055.49
Plant and machinery	891.78	115.32	1.66	1,005.44	101.37	78.44	0.19	179.62	825.82
Electrical installation	103.23	17.11	-	120.34	21.14	13.10	-	34.24	86.10
Air handling equipment	130.86	2.82	0.16	133.52	16.83	9.96	0.11	26.68	106.84
Computers	37.41	3.37	0.16	40.62	15.55	10.97	0.09	26.43	14.19
Office equipment's	13.16	2.97	0.29	15.84	4.30	2.74	0.21	6.83	9.01
Furniture and fixtures	31.67	23.32	0.11	54.88	5.89	5.05	0.01	10.93	43.95
Vehicles	50.80	8.04	5.07	53.77	23.09	9.76	5.07	27.78	25.99
Total	2,437.14	230.46	7.45	2,660.15	247.56	170.76	5.68	412.64	2,247.51

Refer Note 41 for information on property, plant and equipment pledged as security by the company.

Rs. in Millions

Note 2 Property, plant and equipment	Gross book value				Accumulated depreciation				Net book value
	As at April 1, 2017	Additions during the Year	Deletion during the Year	As at March 31, 2018	As at April 1, 2017	Charge for the year	Deletion during the Year	As at March 31, 2018	As at March 31, 2018
Freehold land	13.02	-	-	13.02	-	-	-	-	13.02
Leasehold land	60.34	-	-	60.34	1.51	0.76	-	2.27	58.07
Leasehold improvements	12.75	5.33	0.21	17.87	2.20	3.13	0.21	5.12	12.75
Building	1,005.71	81.29	-	1,087.00	15.79	36.21	-	52.00	1,035.00
Plant and machinery	730.64	161.28	0.14	891.78	38.64	62.77	0.04	101.37	790.41
Electrical installation	95.92	7.31	-	103.23	9.71	11.43	-	21.14	82.09
Air handling equipment	101.47	29.39	-	130.86	8.55	8.28	-	16.83	114.03
Computers	29.37	8.04	-	37.41	6.02	9.53	-	15.55	21.86
Office equipment's	7.20	5.96	-	13.16	2.55	1.75	-	4.30	8.86
Furniture and fixtures	25.29	6.42	0.04	31.67	3.06	2.85	0.02	5.89	25.78
Vehicles	42.91	8.09	0.20	50.80	13.87	9.41	0.19	23.09	27.71
Total	2,124.62	313.11	0.59	2,437.14	101.90	146.12	0.46	247.56	2,189.58

Rs. in Millions

Note 3 Capital work in progress	As at April 1, 2018	Additions during the Year	Capitalised during the Year	As at March 31, 2019
Capital in work in progress	87.61	111.73	116.12	83.22
Total	87.61	111.73	116.12	83.22

The capital work in progress at the year end of Rs. 83.22 millions (March 31,2018 : Rs.87.61 millions) mainly consisted of plant and machinery,electrical installation,building and other assets pertaining to various projects / plants, expansion of existing facilities, etc.

Rs. in Millions

Note 3 Capital work in progress	As at April 1, 2017	Additions during the Year	Capitalised during the Year	As at March 31, 2018
Capital in work in progress	107.08	237.70	257.17	87.61
Total	107.08	237.70	257.17	87.61

During the previous year, the Company had capitalised new facility at Survey No. 6/2, Aladahalli village, Sompura Hobli, Nelamangala Taluk, Bangaluru Rural - 562111.

Rs. in Millions

Note 4 Intangible assets	Gross Book Value				Accumulated depreciation				Net book value
	As at April 1, 2018	Additions during the Year	Deletion during the Year	As at March 31, 2019	As at April 1, 2018	Charge for the year	Deletion during the Year	As at March 31, 2019	As at March 31, 2019
Software	7.95	4.37	0.04	12.28	3.70	3.11	0.02	6.79	5.49
Total	7.95	4.37	0.04	12.28	3.70	3.11	0.02	6.79	5.49

Rs. in Millions

Note 4 Intangible assets	Gross Book Value				Accumulated depreciation				Net book value
	As at April 1, 2017	Additions during the Year	Deletion during the Year	As at March 31, 2018	As at April 1, 2017	Charge for the year	Deletion during the Year	As at March 31, 2018	As at March 31, 2018
Software	5.66	2.29	-	7.95	1.79	1.91	-	3.70	4.25
Total	5.66	2.29	-	7.95	1.79	1.91	-	3.70	4.25

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Note 5 Non-current investments	March 31, 2019	March 31, 2018
Investment in preference share Investment in optionally convertible redeemable preference shares (fully paid-up): Unquoted - Valued at fair value through profit and loss 45,000,000 (March 31, 2018: 45,000,000) fully paid Optionally Redeemable Convertible Preference Shares of Rs. 10 each	535.95	463.50
Investment in Government Securities : Unquoted National Savings Certificates	0.03	0.03
Aggregate amount of unquoted investments	**535.98**	**463.53**

Rs. in Millions

Note 6 Loans	March 31, 2019	March 31, 2018
Deposits to related parties (Refer note 46)	1.00	1.00
Other security deposits	53.12	50.91
Total	**54.12**	**51.91**

Note : Held as lien by bank against guarantees and earnest money deposited.

Rs. in Millions

Break-up of security details	March 31, 2019	March 31, 2018
Loans considered good - Unsecured	54.12	51.91
Total	**54.12**	**51.91**
Less: Loss allowance	-	-
Total Loans	**54.12**	**51.91**

Rs. in Millions

Note 7 Other Financials Assets	March 31, 2019	March 31, 2018
Term deposits with banks for remaining maturity period more than 12 months	2.59	5.59
Total	**2.59**	**5.59**

Rs. in Millions

Note 8 Other non-current assets	March 31, 2019	March 31, 2018
Unsecured considered good, unless otherwise stated :		
Capital advances	1.04	30.40
Prepaid expenses	1.51	1.74
Balances with government authorities	38.40	41.99
Total	**40.95**	**74.13**

Rs. in Millions

Note 9 Inventories	March 31, 2019	March 31, 2018
Raw materials [includes in transit : Rs. 1.84 million (March 31, 2018 : Rs. 4.94 million)]	178.83	103.95
Packing materials	34.67	33.12
Work-in-progress	41.62	22.46
Finished goods	360.92	260.36
Traded goods [Includes in transit : Rs.43.58 million (March 31, 2018 : Rs. 1.99 million)]	264.54	535.14
Stock of consumables	3.58	0.28
Stores and spares	0.17	0.14
Total	**884.33**	**955.45**

Amounts recognised in profit or loss

Write-downs of inventories amounted to Rs.15.03 millions (March 31, 2018 : Rs. 62.71 millions). These were recognised as an expense during the year and included in 'cost of material consumed or changes in inventories of finished goods, work in progress and traded goods' in statement of profit and loss.

Inventories have been hypothecated as security against the long term as well as short term borrowings.

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Rs. in Millions

Note 10 Trade receivables	March 31, 2019	March 31, 2018
Trade receivables considered good - Unsecured	811.50	640.48
Trade receivables - credit impaired	34.42	40.87
	845.92	681.35
Less: Loss allowance	(34.42)	(40.87)
Total	811.50	640.48

Of the above, trade receivables from related parties are as below

Rs. in Millions

Particulars	March 31, 2019	March 31, 2018
Total trade receivables from related parties (refer note 46)	6.41	8.30
Less: Allowance for doubtful debts	-	-
Net trade receivables	6.41	8.30

For terms and conditions of trade receivables owing from related parties, Refer Note 46
For receivables secured against borrowings, Refer Note 41
The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in Note 37.

Rs. in Millions

Note 11 Cash and cash equivalents	March 31, 2019	March 31, 2018
Cash on hand	0.15	0.19
Bank balances	5.27	63.55
Demand deposits (with original maturity of less than 3 months)	-	0.56
Total	5.42	64.30

Rs. in Millions

Note 12 Bank balances other than cash and cash equivalents	March 31, 2019	March 31, 2018
Term deposits with banks having initial maturity of more than 3 months but remaining maturity of less than 12 months (Refer Note below)	5.01	0.56
Total	5.01	0.56

Note : Held as lien by bank against bank guarantees and letter of credit.

Rs. in Millions

Note 13 Other Current Financials Assets	March 31, 2019	March 31, 2018
Unsecured considered good, unless otherwise stated:		
Interest accrued on deposits with bank	2.88	2.47
Other advances	3.23	3.51
Total	6.11	5.98

Rs. in Millions

Note 14 Other current assets	March 31, 2019	March 31, 2018
Unsecured considered good, unless otherwise specified:		
Advances for supply of goods and services	47.58	48.85
Balances with government authorities	222.89	244.37
Advance to employees	17.26	15.95
Prepaid expenses	5.66	2.87
Other current assets	11.38	-
Total	304.77	312.04

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Rs. in Millions

Note 15 Equity Share Capital	March 31, 2019		March 31, 2018	
	Number of shares	Value	Number of shares	Value
a. Authorised share capital				
Equity shares of Rs. 10 each	25,000,000	250.00	25,000,000	250.00
b. Issued, subscribed and paid up capital*				
Equity shares of Rs. 10 each	20,055,180	200.55	20,055,180	200.55

* All issued shares are fully paid up

c. Reconciliation of the number of the shares outstanding at the beginning and at the end of the year

Rs. in Millions

Particulars	March 31, 2019		March 31, 2018	
	Number of shares	Value	Number of shares	Value
Equity shares outstanding at the beginning and at the end of the year	20,055,180	200.55	20,055,180	200.55

d. Shares held by holding company

Particulars	March 31, 2019		March 31, 2018	
	No. of shares held	% of Shareholding	No. of shares held	% of Shareholding
Equity shares				
Emcure Pharmaceuticals Limited, the holding Company	15,960,000	79.58%	15,960,000	79.58%

e. Equity shareholders holding shares more than 5%

Particulars	March 31, 2019		March 31, 2018	
	No. of shares held	% of Shareholding	No. of shares held	% of Shareholding
Emcure Pharmaceuticals Limited	15,960,000	79.58%	15,960,000	79.58%
Mr. Prakash Kumar Guha	2,511,000	12.52%	2,511,000	12.52%
Total	**18,471,000**	**92.10%**	**18,471,000**	**92.10%**

f. Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

g. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

Particulars	Number of shares issued				
	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Equity shares allotted as fully paid up bonus shares in 3:1 ratio by capitalisation of securities premium account	-	-	-	-	15,041,385

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Note 16 Reserves and Surplus	March 31, 2019	March 31, 2018
General Reserve		
Balance as at the beginning and at the end of the year	**161.67**	**161.67**
Surplus in statement of profit and loss		
Balance as at the beginning of the year	2,061.86	1,798.88
Profit for the year	517.22	328.57
Items of other comprehensive income transferred to retained earnings		
Remeasurement of post employment benefit obligation, net of tax	(10.17)	(5.24)
Appropriations		
Dividend - Final - FY 2016-17	-	(50.14)
- Final - FY 2017-18	(90.25)	-
Tax on Dividend	(18.55)	(10.21)
Balance as at the end of the year	**2,460.11**	**2,061.86**
Equity contribution from Holding Company		
Balance as at the end of the year	4.18	3.83
Issue of share options to employees of the company	0.11	0.35
Balance as at the begining of the year	**4.29**	**4.18**
Total	**2,626.07**	**2,227.71**

The following dividends were declared and paid by the Company during the year:

Rs. in Millions

Particulars	March 31, 2019	March 31, 2018
Final dividend on equity shares FY 2017-18(Rs. 4.5 per equity share)*	90.25	-
Dividend distribution tax on above	18.55	-
Final dividend on equity shares FY 2016-17(Rs. 2.5 per equity share)	-	50.14
Dividend distribution tax on above	-	10.21
Total	**108.80**	**60.35**

* Final dividend paid during the year ended March 31, 2019 amounting to Rs.90.25 million is related to dividend proposed for the year ended March 31, 2018.

Note: After the reporting dates the following dividend (excluding dividend distribution tax) were proposed by the directors subject to approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

Rs. in Millions

Particulars	March 31, 2019
Final dividend on equity shares (Rs. 9.0 per equity share)	180.50
Total	**180.50**

Nature and purpose of reserves :

Retained earnings

Retained earnings are the profits earned till date, less any transfers to other reserves and dividends distributed.

General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Equity contribution from Holding Company

Equity contribution from holding Company in the nature of employee stock option issued to employees.

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Note 17 Long-term borrowings	As at March 31, 2019	 March 31, 2018
Secured		
Term loans:		
Indian currency loans from banks	579.17	783.33
Vehicle loans	10.36	16.23
Less: Current maturities of long term debt (Refer note 22)	(225.00)	(204.17)
Less: Current maturities of vehicle loans (Refer note 22)	(5.52)	(6.69)
Total	**359.01**	**588.70**

Statement of principal terms of secured term loans outstanding as on March 31, 2019

Nature of facility	Repayment terms	Rate of interest % (Per Annum)	Currency	Amount outstanding as on March 31, 2019 (Rs. in Millions)	Amount outstanding as on March 31, 2018 (Rs. in Millions)	Security
Term Loan	48 equal monthly instalments of Rs. 14.6 million starting from August, 2017.	12M MCLR + 1.2%	INR	412.50	583.33	As per note given below
Term Loan	48 equal monthly instalments of Rs. 4.17 million starting from September, 2018.	12M MCLR + 1.2%	INR	166.67	200.00	As per note given below
Vehicle loan	Monthly instalments starting from June 2016 to October, 2021	8.50% - 9.50%	INR	10.36	16.23	Secured by vehicles for which loan is taken.
	Total			**589.53**	**799.56**	
	Less: Current maturities of Long Term debt as per Note 22			230.52	210.86	
	Total			**359.01**	**588.70**	

Note :

1. Exclusive charge over the immovable and movable fixed assets situated at Block Kamerey, Elaka Pakyong, Post office Rangpo, Police Station-Roarathang, Dist.-Gangtok, Sikkim-737132.
2. Exclusive second charge on the current assets of the Zuventus Healthcare Ltd.

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Note 18 Other non current financials liabilities	March 31, 2019	March 31, 2018
Trade deposits	31.25	31.25
Other deposits	3.00	3.00
Total	34.25	34.25

Rs. in Millions

Note 19 Non-current provisions	March 31, 2019	March 31, 2018
Provision for employee benefits		
Provision for compensated absences (Refer Note 44)	74.28	64.50
Other provisions		
Provision for sales returns and breakage expiry (Refer Note 23)	115.13	128.62
Total	189.41	193.12

Rs. in Millions

Note 20 Short-term borrowings	March 31, 2019	March 31, 2018
Secured		
Cash credit facilities / bank overdraft repayable on demand from banks	89.44	158.11
Total	89.44	158.11

Note:
Working capital loans from banks are secured by hypothecation of entire current assets.
The loans are repayable within a year with at the rate of 3 Months MCLR+1.25% p.a.(Refer Note 37)

Rs. in Millions

Note 21 Trade payables	March 31, 2019	March 31, 2018
Trade payables to related parties (Refer Note 46)	7.05	11.25
Other trade payables		
Total outstanding dues of micro and small Enterprises (Refer Note 50)	0.48	-
Total outstanding dues of creditors other than micro & small enterprises	487.50	530.64
Total	495.03	541.89

All trade payable are current
The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 37.

Rs. in Millions

Note 22 Other financials liabilities	March 31, 2019	March 31, 2018
Current maturities of term loan (Refer Note 17)	225.00	204.17
Current maturities of vehicle loan (Refer Note 17)	5.52	6.69
Interest accrued but not due on borrowings	4.94	5.69
Interest accrued and due on borrowings	-	0.69
Employee benefits payable	247.46	282.11
Creditors for capital assets	102.60	150.89
Other liabilities (Refer Note below)	4.01	4.01
Total	589.53	654.25

Note : Other liabilities includes commission payable to directors .

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Note 23 **Short-term provisions**	**March 31, 2019**	**March 31, 2018**
Provision for employee benefits		
Provision for compensated absences (Refer Note 44)	49.83	43.37
Provision for gratuity (Refer Note 44)	55.16	46.43
Provision for sales returns and breakage expiry	253.41	181.51
Other provisions	14.69	-
Total	**373.09**	**271.31**

i) Information about individual provisions

Sales Returns

When a customer has a right to return the product within a given period, the company has recognised a provision for returns . This is measured on a net basis at the margin on the sale. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The company has a constructive obligation to replace the goods which will expire. The company has recognised a provision for such returns on expiry. This is measured on a basis of historical trend of expiry expected against the sales value. Management considers the sales for the period which is equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

Significant estimates

The company has constructive obligation to accept the returns and expired products after sales to customers. Management estimates the related provision for future expected returns based on historical information as well as recent trends and change in business conditions that might suggest that past information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior years. Factors that could impact the estimated return include pattern of return and success of new products launched, company's marketing initiatives shelf life of products. Were the value of expected returns to differ by 5% from management's estimates, the return provisions would be an estimated Rs. 8.12 millions higher or lower (March 31, 2018 - Rs. 8.87 millions).

Movements in provisions

Movements in provision are set out below:

Rs. in Millions

Particulars	**March 31, 2019**	**March 31, 2018**
Balance at beginning of the year	310.12	317.01
Provision made during the year	391.69	323.90
Provision utilised during the year	(333.27)	(330.79)
Total	368.54	310.12

Rs. in Millions

Note 24 **Other current liabilities**	**March 31, 2019**	**March 31, 2018**
Statutory dues including provident fund and tax deducted at source	52.16	24.69
Contract liability (Advances from customers)	10.78	10.87
Total	**62.94**	**35.56**

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Rs. in Millions

Note 25 Revenue from Operations	March 31, 2019	March 31, 2018
Sale of products	7,481.64	6,488.72
Other operating revenue		
Scrap sales	0.93	2.50
Excise/GST refund received (Refer Note 51)	6.07	32.64
Total	**7,488.64**	**6,523.86**

Rs. in Millions

Note 26 Other Income	March 31, 2019	March 31, 2018
Interest income under the effective interest method from:		
Banks and others	7.28	0.91
Provision written back to the extent no longer required	6.45	-
Gains on foreign exchange fluctuation (net)	-	0.74
Net changes in fair value of preference share-mandatorily measured at FVTPL	72.45	12.94
Miscellaneous income	8.49	9.99
Total	**94.67**	**24.58**

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Rs. in Millions

Note 27 Cost of material consumed	March 31, 2019	March 31, 2018
A: Raw material consumed		
Opening inventory	103.95	91.05
Add : Purchases (net)	864.83	509.11
	968.78	600.16
Less: Closing inventory	178.83	103.95
Cost of raw materials consumed during the year	789.95	496.21
B: Packing material consumed		
Opening inventory	33.12	30.15
Add : Purchases (net)	219.04	181.56
	252.16	211.71
Less: Closing inventory	34.67	33.12
Cost of packing materials consumed during the year	217.49	178.59
Total (A+B)	**1,007.44**	**674.80**

Rs. in Millions

Note 28 Changes in inventory of finished goods,work in progress and traded goods.	March 31, 2019	March 31, 2018
Opening inventory		
Finished goods	260.36	298.00
Work-in-process	22.46	19.20
Traded goods	535.14	510.57
	817.96	827.77
Less: Closing inventory		
Finished goods	360.92	260.36
Work-in-process	41.62	22.46
Traded goods	264.54	535.14
	667.08	817.96
Increase/decrease in inventories of finished goods, work-in-progress and traded goods.	**150.88**	**9.81**

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Note 29 Employee benefit expenses	March 31, 2019	March 31, 2018
Salaries, wages and bonus	1,504.08	1,338.73
Contribution to provident and other funds (Refer Note 44)	95.02	87.84
Gratuity (Refer Note 44)	27.92	23.06
Employee share-based payment expenses (Refer Note 45)	0.11	0.35
Staff welfare expenses	94.74	75.33
Total	**1,721.87**	**1,525.31**

Rs. in Millions

Note 30 Other expenses	March 31, 2019	March 31, 2018
Processing charges	47.36	65.08
Factory consumables	49.24	44.98
Power and fuel	146.85	97.93
Insurance	5.37	6.32
Repair and maintenance	29.34	26.96
Rent	94.11	90.17
Rates and taxes	21.83	58.84
Freight	34.25	62.99
Advertisement & promotional materials	610.81	521.58
Travelling, conveyance and vehicle expenses	513.41	509.31
Commission on sales	159.37	146.02
Printing, stationery, postage and telephones expenses	35.11	30.86
Legal and professional fees	96.81	111.05
Contractual Services	96.47	71.02
Payment to auditors	1.41	1.27
Commission to Non-Executive Directors	4.00	4.00
Directors sitting fees	0.35	0.33
Provision for doubtful debts	-	2.20
Loss on sale of asset	0.99	0.07
Bad debts written off	5.62	0.22
Loss on foreign exchange fluctuation (net)	2.39	-
Expenditure towards corporate social responsibility (Refer Note 52)	8.49	3.45
Miscellaneous expenses	68.10	92.87
Total	**2,031.68**	**1,947.52**

Note : Payment to auditor:

Rs. in Millions

Particulars	March 31, 2019	March 31, 2018
Audit fees	1.20	1.20
Other services	0.10	-
Out of pocket expenses	0.11	0.07
Total	**1.41**	**1.27**

Rs. in Millions

Note 31 Depreciation and amortisation expenses	March 31, 2019	March 31, 2018
Depreciation on property, plant and equipment	170.76	146.14
Amortisation on intangible assets	3.11	1.91
Total	**173.87**	**148.05**

Rs. in Millions

Note 32 Finance cost	March 31, 2019	March 31, 2018
Interest on long-term borrowings measured at amortised cost	69.52	77.93
Interest on short-term borrowings measured at amortised cost	19.63	22.27
Interest on shortfall of advance tax	3.58	0.02
Other borrowing costs	3.29	2.99
Total	**96.02**	**103.21**

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Rs. in Millions

Note 33 Tax expenses	March 31, 2019	March 31, 2018
Current tax expenses		
Current tax on profits for the year	182.80	114.13
Change in estimate relating to prior years	0.68	2.66
Total current tax expense	183.48	116.79
Deferred tax		
Origination and reversal of temporary differences	59.28	28.60
Difference in tax rate	(8.44)	1.36
Changes in recognised temporary differences of earlier years	(8.99)	(18.55)
Total deferred tax expense/(benefit)	41.85	11.41
Total income tax expense	**225.33**	**128.20**

Rs. in Millions

Tax income/(expenses) recognised in OCI	March 31, 2019	March 31, 2018
Remeasurements of post-employment benefit obligations	5.46	2.81
	5.46	**2.81**

Rs. in Millions

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:	March 31, 2019		March 31, 2018	
Profit before tax expense		**742.55**		**456.77**
Tax using the Company's Domestic tax rate @ 34.94% (March 31, 2018 : 34.61%)	**34.94%**	**259.47**	**34.61%**	**158.08**
Effects of following on tax rates:				
Weighted deduction on research and development expenditure	-1.05%	(7.79)	-1.53%	(6.98)
Non deductible expenses	0.57%	4.21	0.26%	1.19
Additional allowances for tax purpose	-1.86%	(13.79)	-2.53%	(11.57)
Change in estimate related to prior years	0.09%	0.68	0.58%	2.66
Difference in tax rate	-1.14%	(8.44)	0.30%	1.36
Other items	0.00%	(0.02)	0.44%	2.01
Changes in recognised temporary differences of earlier years	-1.21%	(8.99)	-4.06%	(18.55)
Effective tax rate	**30.34%**	**225.33**	**28.07%**	**128.20**

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Note 34 Deferred tax assets (net)	March 31, 2019	March 31, 2018
Deferred tax assets on:		
Allowance for doubtful debts on trade receivables	12.03	14.28
Provision - employee benefit	77.07	69.22
Minimum alternate tax credit entitlement	-	34.78
Total deferred tax assets	89.10	118.28
Deferred tax liabilities on:		
Property, plant and equipment	124.85	100.18
Intangible assets	1.91	1.48
Investment in preference shares	19.90	3.02
Total deferred tax labilities	146.66	104.68
Deferred tax Liability - net	**(57.56)**	**13.60**

Significant estimates

In assessing the realisability of the minimum alternate tax (MAT) credit entitlements, management has assessed the utilisation of the MAT credit entitlement. The ultimate utilisation of the MAT credit is dependent upon the generation of future taxable income greater than the book profit computed as per the provisions of Income Tax Act, 1961, before expiry of the credit period over which the MAT credit can be utilised. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making the assessment. Based on the historical details of the taxable income, book profit and projections of future taxable income over the periods in which the MAT credit is available, management believes that the Company will be able to realise / utilise the MAT credit. The amount of the MAT credit is considered realisable as at the reporting date, however, the utilisation could be reduced in the near term if the future taxable income undergoes any change as compared to the estimates made by the management as at reporting date.

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Note 34 Recognised deferred tax assets and liabilities

Rs. in millions

Movement of Deferred tax assets / liabilities	Balance of Deferred tax asset as at April 1, 2018	Balance of Deferred tax liability as at April 1, 2018	Transferred to statement of profit and loss	Transferred to Other comprehensive income	Others	Balance of Deferred tax asset as at March 31, 2019	Balance of Deferred tax liability as at March 31, 2019
Allowance for doubtful debts on trade receivables	14.28	-	(2.25)	-	-	12.03	-
Provision - employee benefit	69.22	-	2.39	5.46	-	77.07	-
Minimum alternate tax credit entitlement	34.78				(34.78)	-	-
Investment in preference shares	-	(3.02)	(16.88)	-	-	-	(19.90)
Property, plant and equipment	-	(100.17)	(24.68)	-	-	-	(124.85)
Intangible assets		(1.48)	(0.43)			-	(1.91)
Total	**118.28**	**(104.67)**	**(41.85)**	**5.46**	**(34.78)**	**89.10**	**(146.66)**

Rs. in millions

Note 35 Income tax assets/liabilities (net)	March 31, 2019	March 31, 2018
Income tax assets (net of provision)	103.51	75.99
Income tax liability (net of advance tax)	(13.63)	(39.55)
Total (net of advance tax)	**89.88**	**36.44**

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Note 36 : Capital management

Risk management

The Company`s objectives when managing capital are to :

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholder's and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder's, return capital to share holders or issue new shares.

Generally consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalent's)
divided by
Total equity as shown in the balance sheet.

The Company's strategy is to maintain a gearing ratio less than 1.50x, which is acceptable under bank norms. The gearing ratio at year end is as follows:

Rs. in Millions

Particulars	March 31, 2019	March 31, 2018
Net debt	673.55	893.37
Equity attributable to owners of Zuventus Healthcare Limited	2,826.62	2,428.26
Net Debt to Equity ratio	**0.24**	**0.37**

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Note 37 : Financial risk management

The Company is exposed to a variety of financial risks which results from the Company's operating and investing activities. The Company's risk management is carried out by treasury department under guidance of board of directors and the core management team, and it focuses on actively ensuring the minimal impact of company's financial position.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (Rs.)	Cash flow forecasting Sensitivity analysis	Effective management of foreign exchange inflows & outflows
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Ongoing review of existing borrowing rates and seeking for new facilities at lower rate.

A. Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and other financial assets. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Other financial assets that are potentially subject to credit risk consists of cash equivalents and deposits.

Further, the Company also recognises loss allowance by using a provision matrix based on historical credit loss experience wherein fixed provision rates are defined for each financial asset which is past due / not due. The Company depending on the diversity of its asset base, uses appropriate groupings if the historical credit loss experience shows significant different loss patterns for different customer segments / financial assets.

Also, the Company limits its exposure to credit risk from receivables by establishing a maximum payment period for customers.

The Company considers the recoverability from financial assets on regular intervals so that such financial assets are received within the due dates.

The Company has exposure to credit risk which is limited to carrying amount of financial assets recognized at the date of Balance sheet.

Trade receivables

Trade receivables are usually due within 7-180 days. Generally, and by practice significant domestic customers enjoy a credit period of approximately 7-45 days and for export customers, the credit period ranges from 30 to 180 days. The receivables are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure except for receivables from government agencies and related parties. However, the Company does not identify specific concentration of credit risk with regard to trade receivables, as the amounts recognized represent a large number of receivables from various customers. Further, majority of the receivables pertains to receivables from Subsidiaries, wherein the concentration of credit risk is considered to be low. Certain receivables are also backed by letter of credit from the banks, resulting into negligible credit risk in recovery of such receivables.

The Company uses a provision matrix (simplified approach) to measure the expected credit loss of trade receivables and other financial assets measured at amortised cost.

Year ended March 31, 2019:

Expected credit loss for trade receivables under simplified approach

Rs. in Millions

Ageing	Not due	0-90 days past dues	91-180 days past dues	181-270 days past dues	271-360 days past dues	More than 361 days past dues	Total
Gross carrying amount	561.37	238.55	14.93	3.65	8.74	18.68	845.92
Expected loss rate (includes interest as well as credit loss)	1.55%	1.51%	4.93%	18.20%	26.16%	98.56%	4.07%
Expected credit losses (loss allowance provision)	8.71	3.61	0.74	0.66	2.29	18.41	34.42
Carrying amount of trade receivables (net of impairment)	**552.66**	**234.94**	**14.19**	**2.99**	**6.45**	**0.27**	**811.50**

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Year ended March 31, 2018:
Expected credit loss for trade receivables under simplified approach

Rs. in Millions

Ageing	Not due	0-90 days past dues	91-180 days past dues	181-270 days past dues	271-360 days past dues	More than 361 days past dues	Total
Gross carrying amount	465.87	178.63	3.62	0.49	1.68	31.06	681.35
Expected loss rate (includes interest as well as credit loss)	1.55%	1.88%	6.35%	18.37%	33.33%	94.62%	6.00%
Expected credit losses (Loss allowance provision)	7.24	3.36	0.23	0.09	0.56	29.39	40.87
Carrying amount of trade receivables (net of impairment)	**458.63**	**175.27**	**3.39**	**0.40**	**1.12**	**1.67**	**640.48**

During the period, the Company has made write-offs of trade receivables amount to Rs.5.62 million (March 31, 2018 : Rs.0.22 million).

There are no financial assets which have been written off during the year which are subject to enforcement activity.

Reconciliation of loss allowance provision — Trade receivables

Rs. in Millions

Particulars	Amount Rs.
As at April 01,2017	**38.68**
Amounts written off	0.22
Net remeasurement of loss allowances	1.97
As at April 01,2018	**40.87**
Amounts written off	5.62
Net remeasurement of loss allowances	(12.07)
Loss allowance on March 31, 2019	**34.42**

Cash and cash equivalents and deposits with banks:
With respect to the cash and cash equivalents and deposits with banks, the concentration of credit risk is negligible as these are kept with the reputable banks with very high credit worthiness.

B. Liquidity risk

Liquidity risk management implies maintaining sufficient cash and availability of funds through adequate amount of committed credit facility to meet the commitments arising out of financials liabilities. Due to the dynamic nature of the underlying business, company maintains flexibility in funding by maintaining availability under committed credit lines. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet future requirements, monitoring balance sheet liquidity ratios against debt covenants and maintaining debt financing plans and ensuring compliance with regulatory requirements.

The Company manages its liquidity needs by carefully monitoring scheduled debt payments as well as cash requirement for day-to-day business. Liquidity needs are monitored regularly as well as on the basis of a rolling 30 day cash flow projection. Long-term liquidity needs for a period from 180 to 360 days period are identified and revised at regular intervals.

The Company maintains cash and marketable securities to meet its liquidity requirements. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

i. ***Financing arrangements***

The company has access to the following undrawn borrowing facilities of Rs. 851.39 million as at March 31,2019 (March 31,2018: Rs.417.46 million).

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

ii. ***Maturities of financial liabilities***

The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities. Balance's due within 12 months equal their carrying balance's as the impact of discounting is not significant.

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Contractual maturities of financial liabilities	within 1 Years	1 to 2 years	2 to 5 years	Total
March 31, 2019				
Trade payable	495.03	-	-	495.03
Short term borrowings	89.44	-	-	89.44
Long term borrowings	235.46	230.52	128.49	594.47
Financial liabilities				
Trade deposits	-	3.00	31.25	34.25
Other financial liabilities	354.07			354.07
		-	-	-
Total	**1,174.00**	**233.52**	**159.74**	**1,567.26**
March 31, 2018				
Trade payable	541.89	-	-	541.89
Short term borrowings	158.11	-	-	158.11
Long term borrowings	217.23	230.20	358.50	805.93
Trade deposits	3.00	-	31.25	34.25
Other financial liabilities	437.02	-	-	437.02
Total	**1,357.25**	**230.20**	**389.75**	**1,977.20**

C. Market risk

Market risk is the risk that changes in Market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of it's holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i. *Foreign currency risk*

The Company transacted in USD for procurement of raw material and sale of goods. Consequently the Company is exposed to a minimal foreign exchange risk through its purchases from overseas suppliers and sales to overseas customers in foreign currency.

Rs. In Millions

Particulars	Currency	March 31, 2019		March 31, 2018	
		Foreign	Local Currency	Foreign Currency	Local Currency
Trade receivable	USD	0.00474	0.33	-	-
Trade payable	USD	0.12322	8.57	-	-

Sensitivity:

The company operates mainly in local currency and no/or minimum exposures to foreign currency. Hence no sensitivity analysis has been carried out.

ii. *Interest rate risk*

The company's main interest rate risk arises from long-term borrowings with variable rates, which expose the company to cash flow interest rate risk. During the year ended on March 31, 2019 and March 31, 2018, the company's borrowings at variable rate were mainly denominated in INR.

a. Interest rate risk exposure

The Company's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Company to interest rate risk.

As a part of Company's interest risk management policy, treasury department closely tracks the base interest rate movements on regular basis. Based on regular review, management assesses the need to enter into interest rate swaps, contracts to hedge foreign currency risk. Management reviews the future movement in base rate against different factors such as overall micro and macro economic factors, liquidity in the system, expected spending cycle. Further on regular basis management assess the possibility of entering into new facilities which would reduce the future finance cost which helps management to mitigate the risk related to interest rate movement.

b. Sensitivity :

The Company's policy is to minimize interest rate cash flow risk exposures on long-term borrowing. The company has exposure to local currency. The local currency loans are linked to bank base rate/ marginal cost of funds based lending (MCLR).

The sensitivity of profit or loss due to changes in base rate / MCLR is as follows

Rs. in Millions

Particulars	Impact on profit before tax	
	March 31, 2019	March 31, 2018
Interest rates — increase by 25 basis points (25 bps) *	1.67	2.35
Interest rates — decrease by 25 basis points (25 bps) *	(1.67)	(2.35)

* Holding all other variables constant

The bank deposits are placed on fixed rate of interest of approximately 6% to 9%. As the interest rate does not vary unless such deposits are withdrawn and renewed, sensitivity analysis is not performed.

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Note 38 : Fair value measurements

A. Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

March 31, 2019 — **Rs. in Millions**

Particulars	Carrying amounts valued at				Fair value			
	FVTPL	Amortised cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investments in preference shares of subsidiary	535.95	-	-	535.95	-	-	535.95	535.95
Financial assets not measured at fair value*								
Investments in government securities	-	0.03	-	0.03	-	-	-	-
Trade receivables	-	811.50	-	811.50	-	-	-	-
Cash and cash equivalents	-	5.42	-	5.42	-	-	-	-
Security deposits	-	54.12	-	54.12	-	-	-	-
Term deposit with banks	-	10.48	-	10.48	-	-	-	-
Other financial assets	-	3.23	-	3.23	-	-	-	-
Total financial assets	535.95	884.78	-	1,420.73	-	-	535.95	535.95
Financial liabilities not measured at fair value*								
Long term borrowings(including current maturities)	-	589.53	-	589.53	-	-	-	-
Short term borrowings	-	89.44	-	89.44	-	-	-	-
Trade deposits	-	31.25	-	31.25	-	-	-	-
Other deposits	-	3.00	-	3.00	-	-	-	-
Trade payables	-	495.03	-	495.03	-	-	-	-
Creditors for capital goods	-	102.60	-	102.60	-	-	-	-
Other financials liabilities	-	256.41	-	256.41	-	-	-	-
Total financial liabilities	-	1,567.26	-	1,567.26	-	-	-	-

* The Company has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value, due to their short-term nature.

March 31, 2018 — **Rs. in Millions**

Particulars	Carrying amounts valued at				Fair value			
	FVTPL	Amortised cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investments in preference shares of subsidiary	463.50	-		463.50	-	-	463.50	463.50
Financial assets not measured at fair value*								
Investments in government securities	-	0.03		0.03	-	-	-	-
Trade receivables	-	640.48		640.48	-	-	-	-
Cash and cash equivalents	-	64.30		64.30	-	-	-	-
Security deposits	-	51.91		51.91	-	-	-	-
Term deposit with banks	-	8.63		8.63	-	-	-	-
Other financial assets	-	23.51		23.51	-	-	-	-
Total financial assets	463.50	788.86	-	1,252.36	-	-	463.50	463.50
Financial liabilities not measured at fair value*								
Long term borrowings(including current maturities)	-	799.56		799.56	-	-	-	-
Short term borrowings	-	158.11		158.11	-	-	-	-
Trade deposits	-	31.25		31.25	-	-	-	-
Other deposits	-	3.00		3.00	-	-	-	-
Trade payables	-	541.89		541.89	-	-	-	-
Creditors for capital goods	-	150.89		150.89	-	-	-	-
Other financials liabilities	-	292.50		292.50	-	-	-	-
Total financial liabilities	-	1,977.20	-	1,977.20	-	-	-	-

* The Company has not disclosed the fair value for financial instruments such as trade receivables, trade payables,creditors for capital goods, short term borrowings, other financial assets and cash and cash equivalents are considered to be the same as their fair values.

There are no transfers between any levels during the year.

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B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial instruments measured at fair value	Discounted cash flows: The valuation model considers present value of expected cashflows to be generated by the investee discounted using a risk-adjusted discount rate.	a. Earnings growth rate b. Risk adjusted discount rate	The estimated fair value would increase (decrease) if: - annual expected cashflows were higher (lower) - the risk-adjusted discount rate were lower (higher)

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial instruments not measured at fair value	Discounted cash flows: The valuation model considers the present value of expected payment discounted using a risk-adjusted discount rate.	Not applicable	Not applicable

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
- Estimating future cash flow and discounted cash flow analysis.

The fair values have been determined based on present values and the discount rates used were adjusted for counterparty credit risk.

C. Level 3 fair values:

i. Reconciliation of Level 3 fair values:

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

Rs. in Millions

Particulars	Investment in preference shares
As at April 01,2017	450.56
Gains/losses recognised in profit or loss	12.94
As at April 01,2018	463.50
Gains/losses recognised in profit or loss	72.45
As at March 31, 2019	535.95

ii. Sensitivity analysis:

For the fair values of investment in preference shares of subsidiary, reasonable possible chnages at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects on the fair value:

Particulars	Fair value as at		Significant unobservable inputs *	Probability-weighted range	
	March 31, 2019	March 31, 2018		March 31, 2019	March 31, 2018
Unquoted preference shares	535.95	463.50	Earnings growth rate Risk adjusted discount rate	5% 15.00%	2%-20% 14.98%
Increased earnings growth factor (+50 basis points (bps)) and lower discount rate (-50 bps)				58.59	63.76
lower earnings growth factor (-50 bps) and higher discount rate (+50 bps)				(49.14)	(57.01)

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see above.

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Note 39 : Contingent liabilities

Claims against the Company not acknowledged as debts as at March 31, 2019

Rs. in Millions

Sr. No.	Particulars	March 31, 2019	March 31, 2018
a)	Sales Tax/Entry Tax matters	4.57	24.36
b)	Service Tax	10.54	-
c)	Provident Fund matter	53.61	53.61
d)	Other matters	-	16.49
	Total	**68.72**	**94.46**

The Company is in the process of evaluating the impact of the Supreme Court ("SC") judgement dated February 28, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to non-inclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to Provident Fund ("PF") under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. Based on legal advice received by the management, there are interpretation issues relating to the said SC judgement and review petitions are pending before the SC in this matter. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in the financial statements.

Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The Company does not expect the outcome of these proceedings to have any effect on its financial position.

Note 40 : Capital and other commitments (to the extent not provided for)

Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs. 4.0 millions (March 31, 2018: Rs. 9.74 millions)

Note 41 : Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Rs. in millions

Particulars	Note	March 31, 2019	March 31, 2018
Current			
Financial assets			
Trade receivables	10	811.50	640.48
Cash and cash equivalents	11	5.42	64.30
Bank balances other than (ii) above	12	5.01	0.56
Other financial assets	13	6.11	5.98
Other current assets	14	304.77	312.04
Non-financial assets			
Inventories	9	884.33	955.45
Total current assets pledged as security		**2,017.14**	**1,978.81**
Non Current			
Property, plant and equipment	2	1,382.15	1,446.36
Vehicles	2	15.55	19.98
Total non current assets pledged as security		**1,397.70**	**1,466.34**
Total assets pledged as security		**3,414.84**	**3,445.15**

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Note 42 : Earnings per share

Particulars	March 31, 2019	March 31, 2018
Basic / Diluted earning per share		
A. Profit after tax attributable to equity shareholders (Rs. millions)	517.22	328.57
B. Weighted average number of equity shares for the year	20,055,180	20,055,180
Basic/Diluted earnings per share (Rs.) (A/B)	**25.79**	**16.38**
Face value per share (Rs.)	**10.00**	**10.00**

Note 43 : Segmental reporting
The Company has identified "Pharmaceuticals" as the only primary reportable segment.

Secondary Segment (By geographical segment)

Rs. in Millions

Particulars	March 31, 2019	March 31, 2018
Sales		
India	7,480.68	6,487.78
Outside India	0.96	0.94
Sub Total (A)	**7,481.64**	**6,488.72**
Other Operating revenue		
India	7.00	35.14
Outside India	-	-
Sub Total (B)	**7.00**	**35.14**
Total (A+B)	**7,488.64**	**6,523.86**

Fixed assets used in the Company's business or liabilities contracted have not been identified to any segment as the fixed assets and services are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities is made.

In view of the interwoven/intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

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Note 44 : Assets and liabilities relating to employee benefits

a. ***Defined contribution plans***

The company has certain defined contribution plans. Contributions are made to provident fund and family pension fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund and family pension fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 78.38 million, (March 31, 2018 Rs. 71.33 million.).

Defined Contribution Plans: The company has recognised the following amount in the statement of profit and loss for the year

Rs. in Millions

Particulars	March 31, 2019	March 31, 2018
Contribution to employees' provident fund	49.08	43.19
Contribution to employees' family pension fund	29.30	28.14
Total	**78.38**	**71.33**

b. ***Post-employment obligations***

Gratuity

The company provides for gratuity for employees as per the payment of gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to fund managed by Life Insurance Corporation of India. Contributions are made as per the demands by LIC of India.

These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, etc.

c. ***Defined benefit plans***

The amounts recognised in the balance sheet, profit or loss, other comprehensive income and the movements in the net defined benefit obligation are as follows:

Rs. in Millions

Particulars	Present Value of Obligation	Fair Value of Plan assets	Total
As at April 1, 2017	**138.54**	**(98.74)**	**39.80**
Current service cost	19.73	-	19.73
Transfer In/(Out)	0.59	(0.46)	0.13
Interest expenses/(income)	8.93	(7.11)	1.82
Mortality charges and taxes	-	1.38	1.38
Total amount recognised in profit and loss	**29.25**	**(6.19)**	**23.06**
Remeasurements of:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(1.35)	(1.35)
(Gain)/loss from change in demographic assumptions	2.49	-	2.49
(Gain)/loss from change in financial assumptions	(2.71)	-	(2.71)
Experience (gains)/losses	9.61	-	9.61
Total amount recognised in Other Comprehensive Income	**9.39**	**(1.35)**	**8.04**
Employer contribution	-	(24.47)	(24.47)
Benefit payments	(6.99)	6.99	-
As at March 31, 2018	**170.19**	**(123.76)**	**46.43**
Current service cost	24.30		24.30
Transfer In/(Out)	0.26	(0.27)	(0.01)
Interest expenses/(income)	11.66	(9.57)	2.09
Mortality charges and taxes		1.53	1.53
Total amount recognised in statement of profit & loss	**36.22**	**(8.31)**	**27.91**
Re measurements of:			
Return on plan assets, excluding amounts included in interest expense/(income)		(0.91)	(0.91)
(Gain)/loss from change in demographic assumptions	(0.26)		(0.26)
(Gain)/loss from change in financial	8.85		8.85
Experience (gains)/losses	7.96		7.96
Total amount recognised in Other Comprehensive Income	**16.55**	**(0.91)**	**15.64**
Employer contribution	-	(34.83)	(34.83)
Benefits payments	(16.74)	16.74	-
As at March 31, 2019	**206.22**	**(151.07)**	**55.15**

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Note 44 : Assets and liabilities relating to employee benefits (continued)

d. ***The net liability disclosed above relates to funded and unfunded plans are as follows:***

Rs. in Millions

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Present value of obligation	206.22	170.19
Fair value of plan assets	(151.07)	(123.76)
Deficit of funded plan	**55.15**	**46.43**

Principal actuarial assumptions as at the reporting date:

Particulars	As At	
	March 31, 2019	March 31, 2018
Discount rate	6.80%	7.20%
Expected rate of return on plan assets	7.20%	6.60%
Salary escalation rate	10.00%	8.00%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

e. ***Sensitivity analysis:***

Reasonably possible changes at the reporting date to one of the relevant acturial assumptions , holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

Particulars	Change in Assumption		Impact on defined benefit obligation			
			Increase in Assumption		Decrease in Assumption	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	1.0%	1.0%	(5.26)	(4.30)	5.59	4.58
Salary escalation rate	1.0%	1.0%	3.64	3.04	(3.48)	(2.90)
Withdrawal rate	1.0%	1.0%	(0.66)	(0.26)	0.71	0.30

Assumptions regarding future mortality for gratuity benefit is set based on actuarial advice in accordance with published statistics and experience in the domicile country of the Company.

f. ***Risk exposure***

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed

i. Asset volatility : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. All assets are maintained with fund managed by LIC of India.

ii. Changes in bond yields: A decrease in bond yields will increase plan liabilities.

iii. Future salary escalation and inflation risk : Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence Company is encouraged to adopt asset-liability management.

The Company's assets are maintained in a trust fund managed by public sector insurance company via, LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

g. ***Defined benefit liability and employer contributions***

The Company has agreed that it will aim to eliminate the deficit in gratuity plan over the years. Funding levels are assessed by LIC on annual basis and the company makes contribution as per the instructions received from LIC. The Company compares the expected contribution to the plan as provided by actuary with the instruction from LIC and assesses whether any additional contribution may be required. The company considers the future expected contribution will not be significantly increased as compared to actual contribution.

Expected contributions to post-employment benefit plans for the year ending March 31, 2020 are Rs. 34 million (March 31,2019 : 46.4 million).

The weighted average duration of the defined benefit obligation is 3.04 years (March 31, 2018 : 3.05 years). The following benefits payments are expected to be paid:

Rs. In million

Particulars	Less than 1 year	between 1-2	between 2-5	over 5 years	Total
March 31, 2019 Defined benefit obligation - gratuity	76.57	47.01	99.82	78.04	301.44
March 31, 2018 Defined benefit obligation - gratuity	61.61	40.59	88.36	64.30	254.86

h) ***Major plan assets***

Rs. In million

Particulars	March 31, 2019	March 31, 2018
	Unquoted	Unquoted
Investment funds Insurance funds (LIC pension and group schemes fund)	151.07	123.76
Total	**151.07**	**123.76**

The category wise details of the plan assets is not available as it's maintained by LIC.

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Note 45 : Employees stock option plan

Share-based compensation benefits are provided to employees via the holding company's Employees Stock Option Plan ("Emcure ESOS 2013")

The fair value of options granted under the "Emcure ESOS 2013" is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options on the grant date:
- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions, and

- including the impact of any non-vesting conditions.

In the given case all options are issued by the holding company. The company does not have an obligation to settle these share based payment transactions, therefore these options are treated as equity settled transactions. Expense is recognised over the vesting period with corresponding increase in other equity.

Summary of options granted under the plan:

Particulars	Tranche - 1		
	Exercise Price	March 31, 2019	March 31, 2018
Date of grant	October 01, 2013		
Opening balance	885	70,000	70,000
Grant during the year		-	-
Adjustment for bonus Issue*	221*	-	-
Forfeited / expired during the year	221*	-	-
Exercised during the year	221*	-	-
Closing balance	**221***	**70,000**	**70,000**
Exercisable		-	-

*During the year ended March 31, 2016, the company had issued bonus shares to its shareholders in the ratio of 3:1. Correspondingly, proportionate adjustment has been made by increasing the number of options granted and reducing exercise price per option. Board of directors vide resolution dated January 29, 2016 has approved the adjustments to options granted.

No options expired during the periods covered in the above tables.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Exercise Share options price (Rs.) March 31, 2019	Number of share options March 31, 2019	Exercise Share options price (Rs.) March 31, 2018	Number of share options March 31, 2018
October 1, 2013	221	70,000	221	70,000
Total	221	70,000	221	70,000
Weighted average remaining contractual life of options	7 Years		8 Years	

Expenses arising from share-based payment transaction

Rs. in millions

Particulars	March 31, 2019	March 31, 2018
Expense arising from employee share-based payment plan	0.11	0.35

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Note 46 : Related Party disclosure

i) Related parties and the nature of relationship

Holding Company
Emcure Pharmaceuticals Limited

Fellow Subsidiary
Gennova Biopharmaceuticals Limited

Key Management Personnel
Mr. Satish Mehta - (Chairman)
Mr. Prakash Guha - (Managing Director)
Mr. Sanjay Mehta - (Director)
Mrs. Namita Thapar - (Director)
Mr. S K Bapat - (Independent Director)
Mr. Hitesh Jain - (Independent Director)

Enterprise over which Key Management Personnel have significant influence:
H.M. Sales Corporation
Juris Corp
UTH Beverage Factory Pvt Ltd

ii) Transactions with related parties:

Rs. in Millions

Sr. No.	Description of the nature of the Transaction	Volume of transactions during		Amount outstanding as at			
				31st March 2019		31st March 2018	
		2018-19	2017-18	Receivable	Payable	Receivable	Payable
1)	**Purchase of goods and services (Net of returns)**						
	Emcure Pharmaceuticals Limited	254.63	417.79	-	4.55	-	8.59
	Gennova Biopharmaceuticals Limited	41.98	33.12	-	-	-	-
	Juris Corp	0.77	-	-	-	-	-
	UTH Beverage Factory Pvt Ltd	0.50	-	-	-	-	-
2)	**Purchase of assets**						
	Emcure Pharmaceuticals Limited	0.87	0.08	-	-	-	-
3)	**Sale of goods and services**						
	Emcure Pharmaceuticals Limited	62.77	33.07	6.41	-	8.30	-
4)	**Sale of assets**						
	Emcure Pharmaceuticals Limited	0.31	-	-	-	-	-
5)	**Deposits paid**						
	Emcure Pharmaceuticals Limited	-	-	1.00	-	1.00	-
6)	**Commission paid**						
	H.M. Sales Corporation	9.94	8.95	-	2.49	-	2.50
7)	**Reimbursement of expenses made**						
	Emcure Pharmaceuticals Limited	-	5.92	-	-	-	-
	H.M. Sales Corporation	0.69	0.36		-		0.17
8)	**Employee share based investments**						
	Emcure Pharmaceuticals Limited	0.11	0.35	-	4.29	-	4.18
09)	**Fair value changes in investment in preference shares**						
	Gennova Biopharmaceuticals Limited	72.45	12.94	535.95	-	463.50	-
10)	**Remuneration paid**						
	Mr. Prakash Kumar Guha	37.06	32.85	-	4.93	-	3.60
11)	**Post-employment obligations**						
	Mr. Prakash Kumar Guha	2.56	2.14	-	14.68	-	12.12
12)	**Compensated absences provisions**						
	Mr. Prakash Kumar Guha	0.54	0.47	-	4.56	-	4.02
13)	**Dividend paid**						
	Emcure Pharmaceuticals Limited	71.82	39.90	-	-	-	-
	Mr. Prakash Kumar Guha	11.30	6.28	-	-	-	-
	Mr. Satish Mehta	0.28	0.16	-	-	-	-
	Mr. Sanjay Mehta	0.05	0.03	-	-	-	-
14)	**Commission paid - Non Whole Time Directors**						
	Mr. S.K. Bapat	2.80	2.80	-	2.80	-	2.80
	Mr. Hitesh Jain	1.20	1.20	-	1.20	-	1.20
15)	**Sitting fees paid - Non Whole Time Directors**						
	Mr. S.K. Bapat	0.20	0.20	-	-	-	-
	Mr. Hitesh Jain	0.15	0.12	-	-	-	-
16)	**Rent paid**						
	Emcure Pharmaceuticals Limited	8.50	8.50	-	-	-	-

All transaction with these related parties are prices on an arm's length basis and resulting outstanding balance to be settles in cash within six month of the reporting date. None of the balance is secured.

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ZUVENTUS HEALTHCARE LTD.

ZUVENTUS HEALTHCARE LIMITED

Notes to the financial statements

For the year ended March 31, 2019

Note 47 : Revenue from contract with customer

Rs. in Millions

Particulars	Year ended 31 March 2019
Revenue recognised from contracts with customers	
Disaggregation of revenue	
Based on markets	
Within India	7,487.68
Outside India -	
Other continents	0.96
Total	**7,488.64**
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	10.87
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-

There is no significant change in the contract liabilities.

The Company satisfies its performance obligations pertaining to the sale of goods at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract is a fixed price contract subject to return and do not contain any financing component. The payment is generally due within 30 to 60 days.

The Company is obliged for returns/refunds due to expiry & saleable returns . There are no other significant obligations attached in the contract with customer.

There is no significant judgement involve in ascertaining the timing of satisfaction of performance obligation and in evaluating when a customer obtains control of promised goods.

The transaction price is ascertained and allocated to the performance obligations based on the standalone price of individual performance obligation.

The transaction price ascertained for the only performance obligation of the Company (i.e. Sale of goods) is agreed in the contract with the customer. There is no variable consideration involved in the transaction price.

Reconciliation of contract price with revenue recognised in statement of profit and loss:

Rs. in Millions

Particulars	Amount
Contract price	7,880.33
Less:	
Sales returns	(391.69)
Revenue recognised in statement of profit and loss	**7,488.64**

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ZUVENTUS HEALTHCARE LTD.

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Notes to the financial statements
For the year ended March 31, 2019

Note 48 : As a Lessee in an operating Lease:
The Company has leased office premises under non-cancellable operating leased arrangement at stipulated rentals. The future minimum payments under these leases as of March 31, 2019.

Rs. in Millions

Particulars	Due within 12 months		Due between 12-60 months		Due beyond 60 months		Total amount Due	
	2019	2018	2019	2018	2019	2018	2019	2018
Minimum lease payments	94.85	88.50	198.96	236.35	31.79	16.81	325.60	341.66

Lease rent debited to Statement of Profit and Loss is Rs. 94.11 millions (March 31, 2018: Rs. 90.17 millions)

Note 49 : Expenditure on research and development during the year
Revenue expenditure incurred on Research and Development including in house research & development is Rs. 60.27 millions (March 31, 2018 : Rs. 58.64 millions). Capital expenditure in relation to acquisition of fixed assets, incurred on research and development including in house research and development is Rs. 4.76 millions (March 31, 2018 : Rs. 1.30 millions).

Note 50 : Information regarding Micro, Small and Medium Enterprises
The information regarding Micro Enterprises and Small Enterproses has been determined to the extent such parties have been identified on the basis of information available with the Company.

Rs. in millions

Particulars	31st March 2019	31st March 2018
i) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	0.48	-
ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
Total	**0.48**	-

Note 51 : Excise / GST refund received
a) Under notification no. 56/2002- Central Excise dated November 14, 2002 issued by the Ministry of Finance, Government of India, the Company is entitled to subsidy in the form of refund of proportion of excise duty paid on value additions by its unit at Jammu for the period of 10 years from the date of start of production at Jammu unit on July 23, 2011.

b) Under Notification dated 05 October 2017 and Circular No. 1060/9/2017-CX dated 27th November, 2017 issued by the Department of Industrial Policy and Promotion (DIPP), the Company is entitled to subsidy in the form of proportionate refund of GST paid in cash (i.e. other than utilising input credit) by its unit at Jammu for a period not exceeding ten years from the date of start of commercial production at Jammu unit . There are no unfulfilled conditions or other contingencies attached to this grant.

Note 52 : Corporate Social Responsibility
As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting education, healthcare and ensuring environmental sustainability. Amount spent during the year on activities which are specified in Schedule VII of the Companies Act 2013 are as mentioned below :

a) Gross amount of Rs. 13.31 millions (March 31, 2018 : Rs.14.75 millions) required to be spent by the company during the year.

b) Amount spent during the year on

Rs. in Millions

Particulars	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
	March 31, 2019			March 31, 2018		
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes as mentioned above	8.49	-	8.49	3.45	-	3.45

B S R & Co. LLP Chartered Accountants Pune 411001 India

ZUVENTUS HEALTHCARE LTD.

Note 53 : Specified Bank Notes (SBNs)

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

Note 54 : Prior year comparatives

Prior year comparative have been regrouped / reclassed wherever necessary to confirm with current year's classification.

The notes referred to above form an integral part of the financial statement.

As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327
UDIN: 19113327AAAAAY4717

Place: Mumbai

Date: July 16, 2019

For and on behalf of the Board of Directors
of Zuventus Healthcare Ltd
CIN U85320PN2002PLC018324

Satish Mehta
Chairman
DIN - 00118691

P. K. Guha
Managing Director
DIN - 00118415

Sheetal Kulkarni
Company Secretary
Membership No. A31277

R. P. Kalera
Chief Financial Officer

Place: Pune

Date: July 16, 2019

ZUVENTUS HEALTHCARE LTD.