

B S R & Co. LLP

Chartered Accountants

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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 2020, 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 2020, 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 on the financial statements.

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. LLP

Zuventus Healthcare Limited

Independent Auditors' Report – 31 March 2020 (Continued)

Management's and Board of Directors' 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 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 Accounting Standards 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 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, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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 auditors' 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 in the financial statements made by the Management and Board of Directors.



Zuventus Healthcare Limited

Independent Auditors' Report – 31 March 2020 (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.

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. (A) 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 standalone statement of changes in equity and 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 Accounting Standards specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.



B S R & Co. LLP

Zuventus Healthcare Limited

Independent Auditors' Report – 31 March 2020 (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 39 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

- (C) With respect to the matter to be included in the Auditors Report under section 197(16):

In our opinion and according to the information and explanation given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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



Nirav Patel
Partner

Membership No. 113327
UDIN: 20113327AAAABW8356

Place: Mumbai
Date: 21 July 2020

Zuventus Healthcare Limited

Annexure A to the Independent Auditors' Report on financial statements – 31 March 2020

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 financial statements for the year ended 31 March 2020, 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) The title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory, except goods in transit, has been physically verified by management during the year as well as subsequent to year end in accordance with the programme of physical verification. 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 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.



Zuventus Healthcare Limited

**Annexure A to the Independent Auditors' Report on financial statements – 31 March 2020
(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 for delay in payment of Profession Tax where there are delays ranging from 23 to 206 days and 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 2020, 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 government or dues to financial institutions. The Company has not issued debentures as at balance sheet date.
- (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.



Zuventus Healthcare Limited

Annexure A to the Independent Auditors' Report on financial statements – 31 March 2020
(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:20113327AAAABW8356

Place: Mumbai
Date: 21 July 2020

Zuventus Healthcare Limited**Annexure A to the Independent Auditors' Report on financial statements – 31 March 2020
(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 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	97.94	19.59	AY 2012-13	Commissioner of Income Tax (Appeals)
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)
The Income Tax Act, 1961	Income tax	71.12	12.71	AY 2017-18	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.



Annexure B to the Independent Auditors' report on the standalone financial statements of Zuventus Healthcare Limited for the period ended 31 March 2020.

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) (A) (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 2020 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 2020, 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.



B S R & Co. LLP

Annexure B to the Independent Auditors' report on the financial statements of Zuventus Healthcare Limited for the year ended 31 March 2020 (continued)

Auditors' Responsibility (continued)

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 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 Registration No: 101248W/W-100022

Nirav Patel

Partner

Membership No. 113327

UDIN: 20113327AAAABW8356

Place: Mumbai
Date: 21 July 2020

ZUVENTUS HEALTHCARE LTD.

**FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2020**

ZUVENTUS HEALTHCARE LTD.
Financial Statements together with the
Independent Auditors Report
For the Financial Year 2019-20

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ZUVENTUS HEALTHCARE LIMITED
Balance Sheet as at March 31, 2020

Particulars	Note	Rs. in Millions	
		March 31, 2020	March 31, 2019
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	2	2,174.91	2,247.51
Capital work-in-progress	3	6.60	83.22
Right of use of Assets	48	280.81	-
Intangible assets	4	2.52	5.49
Financial assets			
i) Investments	5	547.73	535.98
ii) Loans	6	61.29	54.12
iii) Other financial assets	7	6.75	2.59
Income tax assets	35	131.70	103.51
Other non-current assets	8	55.48	40.95
Total non-current assets		3,267.79	3,073.37
Current Assets			
Inventories	9	953.96	884.33
Financial assets			
i) Trade receivables	10	1,024.33	811.50
ii) Cash and cash equivalents	11	5.52	5.42
iii) Bank balances other than (ii) above	12	4.65	5.01
iv) Other financial assets	13	18.01	6.11
Other current assets	14	358.52	304.77
Total current assets		2,364.99	2,017.14
Total assets		5,632.78	5,090.51
Equity and liabilities			
Equity			
Equity share capital	15	200.55	200.55
Other equity			
Reserves and surplus	16	2,753.58	2,626.07
Total equity		2,954.13	2,826.62
Liabilities			
Non-Current Liabilities			
Financial liabilities			
i) Borrowings	17	-	359.01
ii) Lease liabilities	48	160.85	-
iii) Other financial liabilities	18	34.55	34.25
Provisions	19	222.57	189.41
Deferred Tax Liabilities (Net)	34	65.01	57.56
Total Non-current liabilities		482.98	640.23
Current liabilities			
Financial liabilities			
i) Borrowings	20	540.41	89.44
ii) Trade payables			
Total outstanding dues to Micro and Small Enterprises	21	-	0.48
Total outstanding dues to others	21	753.97	494.55
iii) Lease liabilities	48	77.56	-
iv) Other financial liabilities	22	332.35	589.53
Provisions	23	413.57	373.09
Other current liabilities	24	60.93	62.94
Current tax liabilities	35	16.88	13.63
Total current liabilities		2,195.67	1,623.66
Total liabilities		2,678.65	2,263.89
Total equity and liabilities		5,632.78	5,090.51

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: 20113327AAA8W8356

Place: Mumbai
Date: 21 July 2020.

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

Sarish Mehta
Chairman
DIN - 00118691

P. K. Guha
Managing Director
DIN - 00118415

Shemal Kulkarni
Company Secretary
Membership No. A31277

A. P. Kalera
Chief Financial Officer
DIN - AGOPK9902F

Place: Pune
Date: July 21, 2020



ZUVENTUS HEALTHCARE LIMITED

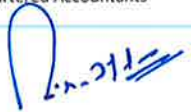
Statement of Profit & Loss for the year ended March 31, 2020

Rs. in Millions

Particulars	Note	March 31, 2020	March 31, 2019
Revenue :			
Revenue from operations	25	8,231.63	7,488.64
Other income	26	16.54	94.67
Total Income		8,248.17	7,583.31
Expenses :			
Cost of materials consumed	27	1,278.08	1,007.44
Purchases of stock-in-trade		1,455.06	1,659.00
Changes in inventories of finished goods, work-in-progress and traded goods	28	16.07	150.88
Employee benefit expenses	29	1,922.34	1,721.87
Depreciation and amortization expense	31	273.68	173.87
Finance cost	32	112.74	96.02
Other expenses	30	2,257.14	2,031.68
Total Expenses		7,315.11	6,840.76
Profit before taxation		933.06	742.55
Tax expenses	33		
Current tax		305.11	183.48
Deferred tax		19.20	41.85
Total tax expenses		324.31	225.33
Profit for the year		608.75	517.22
Other comprehensive income (OCI)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of post-employment benefit obligations		(33.62)	(15.63)
Income tax relating to these items		11.75	5.46
Net other comprehensive income not to be reclassified subsequently to profit or loss		(21.87)	(10.17)
Total comprehensive income for the year		586.88	507.05
Earnings per equity share:			
Basic earnings per share	42	30.35	25.79
Diluted earnings per share		30.35	25.79
Face value per share : Rs. 10 (March 31, 2019 : 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

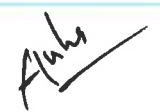


Nirav Patel
Partner
Membership No. 113327
UDIN: 20113327AAAABW8356

For and on behalf of the Board of Directors
of Zuventus Healthcare Limited
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
PAN - AGOPK9902F

Place: Mumbai
Date: 21 July 2020

Place: Pune
Date: July 21, 2020



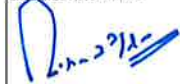
ZUVENTUS HEALTHCARE LIMITED
Statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share Capital	Note	Rs. in millions
As at April 1, 2018	15	200.55
Changes in equity share capital		-
As at March 31, 2019	15	200.55
Changes in equity share capital		-
As at March 31, 2020	15	200.55

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	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
Profit for the year		-	608.75	-	-	608.75
Items of other comprehensive income recognised directly in retained earnings		-	(21.87)	-	-	(21.87)
Issue of share options by holding company to the employees of the company	29	-	-	-	-	-
Dividend paid	16	-	(381.05)	-	-	(381.05)
Dividend distribution tax	16	-	(78.32)	-	-	(78.32)
As at March 31, 2020		161.67	2,587.62	4.29	-	2,753.58

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: 20113327AAAA8W8356

For and on behalf of the Board of Directors
of Zuventus Healthcare Limited
CIN: U55320PN2002PLC018324



Salish Mehta
Chairman
DIN - 00118691



P. K. Guha
Managing Director
DIN - 00118415



Sheetal Kulkarni
Company Secretary
Membership No. A31277



R. P. Kalaria
Chief Financial Officer
PAN - AADPK9902F

Place: Mumbai
Date: 21 July 2020

Place: Pune
Date: July 21, 2020



ZUVENTUS HEALTHCARE LIMITED		
Cash Flow Statement for the year ended March 31, 2020		
	Rs. in Millions	
Particulars	March 31, 2020	March 31, 2019
Cash flow from operating activities :-		
Profit before taxation	933.06	742.55
Adjustment for:		
Depreciation and amortisation expenses	273.68	173.87
Finance cost	112.74	96.02
Employee share based expenses	-	0.11
Interest from bank and others	(0.82)	(7.28)
Provision for doubtful debts written back	(3.10)	(6.45)
Change in fair value of investment in preference shares	(11.75)	(72.45)
Profit/(loss) on sale of property, plant and equipment	(0.24)	0.99
Operating profit before working capital changes	1,303.57	927.36
Working capital adjustments:		
- (Increase) in other assets	(58.79)	11.08
- Increase/(decrease) in other liabilities	(2.01)	27.36
- (Increase)/decrease in other financial assets	(22.95)	(3.37)
- Increase/(decrease) in other financial liability	11.66	(34.66)
- Increase/(decrease) in trade payables	258.94	(46.87)
- (Increase) in trade receivables	(209.73)	(164.57)
- (Increase) in inventories	(69.63)	71.12
- Increase/(decrease) in provisions	47.05	82.45
Cash generated from operating activities	1,258.11	869.90
Income taxes paid (net)	(332.43)	(198.44)
Net cash inflow from operating activities (A)	925.68	671.46
Cash flows from investing activities		
Acquisition of property, plant and equipment, intangibles and capital work-in-progress	(165.20)	(249.35)
Proceeds from sale of property, plant and equipment	2.31	0.78
Sale of Investment	-	0.01
Interest received from banks and others	0.90	(0.41)
Net cash outflow from investing activities (B)	(161.99)	(248.97)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	9.62
Repayment of long-term borrowings(refer note 1)	(589.53)	(219.65)
Repayment of Lease Liabilities	(101.49)	-
Interest paid	(64.17)	(93.87)
Interim dividend paid (and related dividend distribution tax)	(241.77)	-
Final dividend paid (and related dividend distribution tax)	(217.60)	(108.80)
Net cash (outflow)/inflow from financing activities (C)	(1,214.56)	(412.70)
Net increase in cash and cash equivalents (A+B+C)	(450.87)	9.79
Cash and cash equivalent at 1 April (refer below)	(84.02)	(93.81)
Cash and cash equivalent at 31 March (refer below)	(534.89)	(84.02)
Components of cash and cash equivalent:	March 31, 2020	March 31, 2019
Cash on hand (refer note no. 11)	0.30	0.15
Balances with bank in current accounts (refer note no. 11)	5.22	5.27
Bank overdrafts used for cash management purpose (refer note no. 20)	(540.41)	(89.44)
Total cash and cash equivalent*	(534.89)	(84.02)

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



ZUVENTUS HEALTHCARE LIMITED

Cash Flow Statement for the year ended March 31, 2020

Rs. in Millions

Changes in liabilities arising from financing activities	March 31, 2020	March 31, 2019
Long term borrowings:		
Opening balance	589.53	799.56
Amount borrowed during the year	-	9.62
Amount repaid during the year	(589.53)	(219.65)
Closing balance (Refer Note 17)	-	589.53
Finance cost		
Opening balance	4.94	6.38
Finance cost during the year	112.74	96.02
Amount paid during the year	(117.68)	(97.46)
Closing balance (Refer Note 22)	-	4.94

Notes to the cash flow statement:

1. This includes prepayment of term loan and vehicle loan amounting to Rs. 405.95 million.

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: 20113327AAAABW8356

**For and on behalf of the Board of Directors
of Zuventus Healthcare Limited**

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

PAN - AGOPK9902F

Place: **Mumbai**

Date: **21 July 2020**

Place: Pune

Date: July 21, 2020



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 21, 2020.

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 obligations

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, 2018 is included in following notes:

Note B. c. Useful lives of property, plant, equipment and intangibles;

Note 9 - Valuation of inventories

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 44 - Measurement of defined benefit obligations: key actuarial assumptions;

Note 48 - Measurement of discount rate for initial recognition of ROU and Lease Liability as per IND AS 116

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.

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).

e. Measurement of fair values

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



A. Basis of preparation (continued)

f. Current versus non current classification (continued)

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:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- 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:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- It is expected to be settled within 12 months after the reporting date; or
- 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. Significant 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.

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.



B. Significant accounting policies (continued)

b. Financial Instruments (continued)

ii. Classification and subsequent measurement (continued)

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:

- 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.



B. Significant 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 Lease 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.

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 losses.

ii. Subsequent expenditure

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

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 to 6 Years

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

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.



B. Significant accounting policies (continued)

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.

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 or 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.



B. Significant 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 results 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.

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.



B. Significant accounting policies (continued)

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

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

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.

j. Lease

The Company as a lessee

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

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.

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.

B. Significant accounting policies (continued)

I. Income tax (continued)

ii. Deferred tax (continued)

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 date.

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.

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

Ministry of Corporate Affairs notifies amendments to the existing Ind AS or new Ind AS. There is no such amendment to the existing Ind AS or new Ind AS which are notified and applicable from April 1, 2020.



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Note 2 Property, plant and equipment	Gross book value				Accumulated depreciation			Net book value		
	As at April 1, 2019	Additions during the Year	Disposals during the Year	Regrouped as ROU	As at March 31, 2020	As at April 1, 2019	Charge for the year	Deletion during the Year	As at March 31, 2020	As at March 31, 2020
Freehold land	13.02	-	-	-	13.02	-	-	-	-	13.02
Leasehold land	60.34	-	-	60.34	-	3.02	-	3.02	-	-
Leasehold improvements	18.24	10.23	-	-	28.47	8.46	3.84	-	12.30	16.17
Building	1,144.14	41.27	-	-	1,185.41	88.65	39.00	-	127.65	1,057.76
Plant and machinery	1,005.44	32.55	1.20	-	1,036.79	179.62	82.82	0.11	262.33	774.46
Electrical installation	120.34	68.81	0.67	-	188.48	34.24	13.88	0.13	47.99	140.49
Air handling equipment	133.52	2.43	0.30	-	135.65	26.68	10.13	0.06	36.75	98.90
Computers	40.62	4.30	-	-	44.92	26.43	10.33	-	36.76	8.16
Office equipment's	15.84	3.45	0.24	-	19.05	6.83	3.00	0.18	9.65	9.40
Furniture and fixtures	54.88	1.17	0.26	-	55.79	10.93	5.54	0.12	16.35	39.44
Vehicles	53.77	1.31	-	-	55.08	27.78	10.19	-	37.97	17.11
Total	2,650.15	165.52	2.67	60.34	2,752.66	412.54	178.73	0.60	587.75	2,174.91

Note 2 Property, plant and equipment	Gross book value				Accumulated depreciation			Net book value		
	As at April 1, 2018	Additions during the Year	Deletion during the Year	Regrouped as ROU	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	1.56	-	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	-	2,650.15	247.56	170.78	5.88	412.64	2,247.51

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



ZIVENTUS HEALTHCARE LIMITED
Notes to the financial statements
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Rs. in Millions					
Note 3	As at April 1, 2019	Additions during the year	Capitalised during the year	Acquired through	As at March 31, 2020
Capital work in progress	83.22	22.72	99.34	-	6.60
Capital in work in progress			99.34		
Total	83.22	22.72	99.34	-	6.60

The capital work in progress at the year end of Rs. 6.60 millions mainly consisted of buildings.

Rs. in Millions					
Note 3	As at April 1, 2018	Additions during the year	Capitalised during the year	Acquired through	As at March 31, 2019
Capital work in progress	87.61	111.73	116.12	-	83.22
Capital in work in progress			116.12		
Total	87.61	111.73	116.12	-	83.22

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

Note 4 Intangible assets	Gross Book Value				Accumulated depreciation			Net book value		
	As at April 1, 2019	Additions during the year	Deletion during the year	Acquired through business	As at April 1, 2019	Charge for the year	Deletion during the year	Other Adjustments	As at March 31, 2020	As at March 31, 2020
Software	12.28	0.13	-	-	6.79	3.10	-	-	9.89	2.52
Total	12.28	0.13	-	-	6.79	3.10	-	-	9.89	2.52

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	Acquired through business	As at April 1, 2018	Charge for the year	Deletion during the year	Other Adjustments	As at March 31, 2019	As at March 31, 2019
Software	7.95	4.37	0.04	-	3.70	3.11	0.02	-	6.79	5.49
Total	7.95	4.37	0.04	-	3.70	3.11	0.02	-	6.79	5.49



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
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	Rs. in Millions	
	March 31, 2020	March 31, 2019
Note 5		
Non-current investments		
Investment in preference share		
Investment in optionally convertible redeemable preference shares (fully paid-up):		
Unquoted - Valued at fair value through profit and loss	547.70	535.95
45,000,000 (March 31, 2019: 45,000,000) fully paid Optionally Redeemable Convertible Preference Shares having face value of Rs. 10 each		
Investment in Government Securities :		
Unquoted	0.03	0.03
National Savings Certificates		
	547.73	535.98
Aggregate amount of unquoted investments		

Note: Optionally convertible redeemable preference shares ('OCRPS') are issued by the fellow subsidiary of the Company viz., Genova Biopharmaceuticals Limited. The OCRPS have a par value of Rs.10 with a maximum tenure of 12 years and is optionally convertible in equity share of the fellow subsidiary in the ratio of 1 equity share for every 5 OCRPS. The redemption option can be availed anytime after the expiry of the 10th anniversary of the allotment date but on or before the 12th anniversary of the allotment date, provided that the Company has not exercised the conversion option. The conversion option can be availed anytime after the 8th anniversary of the allotment date but on or before the 12th anniversary of the allotment date. Subsequent to the year end, the company has redeemed 15,000,000 at par value of Rs.10.

	Rs. in Millions	
	March 31, 2020	March 31, 2019
Note 6		
Loans		
Deposits to related parties (Refer note 46)	1.00	1.00
Other Security deposits	60.29	53.12
	61.29	54.12
Total		

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

	Rs. in Millions	
	March 31, 2020	March 31, 2019
Break-up of security details		
Loans considered good - unsecured	61.29	54.12
	61.29	54.12
Total		
Less : Loss Allowance		
Total Security details	61.29	54.12

	Rs. in Millions	
	March 31, 2020	March 31, 2019
Note 7		
Other Financial Assets		
Term deposits with banks for remaining maturity period more than 12 months	6.75	2.59
	6.75	2.59
Total		

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

	Rs. in Millions	
	March 31, 2020	March 31, 2019
Note 8		
Other non-current assets		
Unsecured considered good, unless otherwise stated :		
Capital advances	10.53	1.04
Prepaid expenses	0.41	1.51
Balances with government authorities	44.54	38.40
	55.48	40.95
Total		

	Rs. in Millions	
	March 31, 2020	March 31, 2019
Note 9		
Inventories		
Raw materials [includes in transit : Rs. 22.24 million (March 31, 2019 : Rs. 1.84 million)]	250.09	178.83
Packing materials [includes in transit : Rs. 0.70 million (March 31, 2019 : Rs. NIL)]	42.07	34.67
Work-in-progress	31.33	41.62
Finished goods	347.38	360.92
Traded goods [Includes in transit : Rs. NIL (March 31, 2019 : Rs. 43.58 million)]	272.30	264.54
Stores and spares	10.79	3.75
	953.96	884.33
Total		

Amounts recognised in profit or loss

Write-downs of inventories amounted to Rs.21.95 millions (March 31, 2019 : Rs.15.03 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 short term borrowings. Also refer Note 41.



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Rs. in Millions

	March 31, 2020	March 31, 2019
Note 10		
Trade receivables		811.50
Trade Receivable considered good - Unsecured	1,024.33	34.42
Trade receivables - credit impaired	33.02	845.92
	1,057.35	
Less: Loss Allowance	(33.02)	(34.42)
Total	1,024.33	811.50

Rs. in Millions

	March 31, 2020	March 31, 2019
Of the above, trade receivables from related parties are as below		
Particulars		6.41
Total trade receivables from related parties (refer note 46)	-	-
Less: Allowance for doubtful debts	-	6.41
Net trade receivables		

For terms and conditions of trade receivables owing from related parties, Refer Note 46
For receivables pledge 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

	March 31, 2020	March 31, 2019
Note 11		
Cash and cash equivalents		0.15
Cash on hand	0.30	5.27
Bank balances	5.22	
Total	5.52	5.42

Rs. in Millions

	March 31, 2020	March 31, 2019
Note 12		
Bank balances		5.01
Term deposits with banks having initial maturity of more than 3 months but remaining maturity of less than 12 months (Refer Note below)	4.65	
Total	4.65	5.01

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

Rs. in Millions

	March 31, 2020	March 31, 2019
Note 13		
Other Current Financial Assets		2.88
Unsecured considered good, unless otherwise stated:	2.79	-
Interest accrued on deposits with bank	0.01	3.23
Interest accrued on investments	15.21	
Others:		
Total	18.01	6.11

Rs. in Millions

	March 31, 2020	March 31, 2019
Note 14		
Other current assets		47.58
Unsecured considered good, unless otherwise specified:	138.63	222.89
Advances for supply of goods and services	167.25	17.26
Balances with government authorities	16.82	5.66
Advance to employees	6.24	11.38
Prepaid expenses	29.58	
Other current assets		
Total	358.52	304.77

This assets are pledge against short term borrowing, Please refer note 41



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Note 15 Equity Share Capital	March 31, 2020		March 31, 2019	
	Number of shares	Value	Number of shares	Value
	Rs. in Millions			
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

Particulars	March 31, 2020		March 31, 2019	
	Number of shares	Value	Number of shares	Value
Rs. in Millions				
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, 2020		March 31, 2019	
	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, 2020		March 31, 2019	
	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.



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Rs. in Millions

Note 16	March 31, 2020	March 31, 2019
Reserves and Surplus		
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	2,460.11	2,061.86
Profit for the year	608.75	517.22
Items of other comprehensive income transferred to retained earnings		
Remeasurement of post employment benefit obligation, net of tax	(21.87)	(10.17)
Appropriations		
Interim Dividend - FY 2019-20	(200.55)	-
Dividend Distribution Tax on Interim Dividend	(41.22)	-
Final Dividend - FY 2017-18	-	(90.25)
Final Dividend - FY 2018-19	(180.50)	-
Dividend Distribution Tax on Final Dividend	(37.10)	(18.55)
Balance as at the end of the year	2,587.62	2,460.11
Equity contribution from Holding Company		
Balance as at the end of the year	4.29	4.18
Issue of share options to employees of the company	-	0.11
Balance as at the beginning of the year	4.29	4.29
Total	2,753.58	2,626.07

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

Particulars	March 31, 2020	March 31, 2019
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 2018-19(Rs. 9.0 per equity share)*	180.50	-
Dividend distribution tax on above	37.10	-
Interim dividend on equity shares FY 2019-20(Rs. 10.0 per equity share)	200.55	-
Dividend distribution tax on above	41.22	-
Total	459.37	108.80

* Final dividend paid during the year ended March 31, 2020 amounting to Rs.180.50 million is related to dividend proposed during the year ended March 31, 2019.

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.



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Note 17	Rs. in Millions	
	As at	
Long-term borrowings	March 31, 2020	March 31, 2019
Secured		
Term loans:		
Indian currency loans from banks	-	579.17
Vehicle loans	-	10.36
Less: Current maturities of long term debt (Refer note 22)	-	(225.00)
Less: Current maturities of vehicle loans (Refer note 22)	-	(5.52)
Total	-	359.01

Statement of principal terms of secured term loans.

Nature of facility	Repayment terms	Rate of interest % (Per Annum)	Currency	Amount outstanding as on March 31, 2020 (Rs. in Millions)	Amount outstanding as on March 31, 2019 (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	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	As per note given below
Vehicle loan	Monthly instalments starting from June 2016 to October, 2021	8.50% - 9.50%	INR	-	10.36	Secured by vehicles for which loan is taken.
Total				-	589.53	
	Less: Current maturities of Long Term debt as per Note 22			-	230.52	
Total				-	359.01	

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.



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Rs. in Millions

Note 18 Other non current financial liabilities	March 31, 2020	March 31, 2019
Trade deposits	31.25	31.25
Other deposits	3.30	3.00
Total	34.55	34.25

Rs. in Millions

Note 19 Non-current provisions	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for compensated absences (Refer Note 44)	103.54	74.28
Other provisions		
Provision for sales returns and breakage expiry (Refer Note 23)	119.03	115.13
Total	222.57	189.41

Rs. in Millions

Note 20 Short-term borrowings	March 31, 2020	March 31, 2019
Secured		
Cash credit facilities / bank overdraft repayable on demand from banks	540.41	89.44
Total	540.41	89.44

Note:

Working capital loans from banks are secured by hypothecation of entire current assets.

The loans are repayable within a year with a range of interest for rupee loans 3 Months MCLR+1.10% p.a.(Refer note 37)

Rs. in Millions

Note 21 Trade payables	March 31, 2020	March 31, 2019
Trade payables to related parties (Refer Note 46)	18.71	7.04
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	735.26	487.51
Total	753.97	495.03

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 financial liabilities	March 31, 2020	March 31, 2019
Current maturities of term loan (Refer Note 17)	-	225.00
Current maturities of vehicle loan (Refer Note 17)	-	5.52
Interest accrued but not due on borrowings	-	4.94
Employee benefits payable	293.24	247.46
Creditors for capital assets	35.90	102.60
Commission payable to directors	3.21	4.01
Total	332.35	589.53



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
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Rs. in Millions

Note 23	March 31, 2020	March 31, 2019
Short-term provisions		
Provision for employee benefits		
Provision for compensated absences (Refer Note 44)	54.97	49.83
Provision for gratuity (Refer Note 44)	70.70	55.16
Provision for sales returns and breakage expiry	268.19	253.41
Other provisions	19.71	14.69
Total	413.57	373.09

i) Information about individual provisions and significant estimates service warranties

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. 10.08 millions higher or lower (March 31, 2019 - Rs. 8.12 millions).

Movements in provisions

Movements in provision are set out below:

Particulars	Rs. in Millions	
	March 31, 2020	March 31, 2019
Balance at beginning of the year	368.54	310.12
Provision made during the year	331.08	391.69
Unwinding of discounting on provision	26.59	-
Provision utilised during the year	(338.99)	(333.27)
Total	387.22	368.54

Note 24	Rs. in Millions	
	March 31, 2020	March 31, 2019
Other current liabilities		
Statutory dues including provident fund and tax deducted at source	49.55	52.16
Advances from customers	11.38	10.78
Total	60.93	62.94



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Rs. in Millions

Note 25 Revenue from Operations	March 31, 2020	March 31, 2019
Sale of products	8,205.80	7,481.64
Other operating revenue		
Scrap sales	1.13	0.93
GST refund received (Refer Note 51)	24.70	6.07
Total	8,231.63	7,488.64

Rs. in Millions

Note 26 Other Income	March 31, 2020	March 31, 2019
Interest income under the effective interest method from:		
Banks and others	0.82	7.28
Provision written back to the extent no longer required	3.10	6.45
Profit on sale of property, plant and equipment	0.24	-
Net changes in fair value of preference share-mandatorily measured at	11.75	72.45
Miscellaneous income	0.63	8.49
Total	16.54	94.67



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Rs. in Millions

Note 27	March 31, 2020	March 31, 2019
Cost of material consumed		
A: Raw material consumed		
Opening inventory	178.83	103.95
Add : Purchases (net)	1,029.48	864.83
	1,208.31	968.78
Less: Closing inventory	250.09	178.83
Cost of raw materials consumed during the year	958.22	789.95
B: Packing material consumed		
Opening inventory	34.67	33.12
Add : Purchases (net)	327.26	219.04
	361.93	252.16
Less: Closing inventory	42.07	34.67
Cost of packing materials consumed during the year	319.86	217.49
Total (A+B)	1,278.08	1,007.44

Rs. in Millions

Note 28	March 31, 2020	March 31, 2019
Changes in inventory of finished goods, work in progress and traded goods.		
Opening inventory		
Finished goods	360.92	260.36
Work-in-process	41.62	22.46
Traded goods	264.54	535.14
	667.08	817.96
Less: Closing inventory		
Finished goods	347.38	360.92
Work-in-process	31.33	41.62
Traded goods	272.30	264.54
	651.01	667.08
Increase/decrease in inventories of finished goods, work-in-progress and traded goods.	16.07	150.88



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Note 29 Employee benefit expenses	Rs. in Millions	
	March 31, 2020	March 31, 2019
Salaries, wages and bonus	1,679.21	1,504.08
Contribution to provident and other funds (Refer Note 44)	114.21	95.02
Gratuity (Refer Note 44)	31.34	27.92
Employee share-based payment expenses (Refer Note 45)	-	0.11
Staff welfare expenses	97.58	94.74
Total	1,922.34	1,721.87

Note 30 Other expenses	Rs. in Millions	
	March 31, 2020	March 31, 2019
Processing charges	47.60	47.36
Factory consumables	59.29	49.24
Power and fuel	147.29	146.85
Insurance	5.77	5.37
Repair and maintenance	35.47	29.34
Rent	2.21	94.11
Rates and taxes	44.45	21.83
Freight	64.41	34.25
Advertisement & promotional materials	675.17	610.81
Travelling, conveyance and vehicle expenses	621.39	513.41
Commission on sales	172.96	159.37
Printing, stationery, postage and telephones expenses	28.92	35.11
Legal and professional fees	137.19	96.81
Contractual Services	115.01	96.47
Payment to auditors	1.58	1.41
Commission to Non-Executive Directors	3.20	4.00
Directors sitting fees	0.35	0.35
Loss on sale of asset	-	0.99
Bad debts written off	9.52	5.62
Loss on foreign exchange fluctuation (net)	1.16	2.39
Expenditure towards corporate social responsibility (Refer Note 52)	11.08	8.49
Miscellaneous expenses	73.12	68.10
Total	2,257.14	2,031.68

Note : Payment to auditor:

Particulars	Rs. in Millions	
	March 31, 2020	March 31, 2019
Audit fees	1.39	1.20
Other services	0.10	0.10
Out of pocket expenses	0.09	0.11
Total	1.58	1.41

Note 31 Depreciation and amortisation expenses	Rs. in Millions	
	March 31, 2020	March 31, 2019
Depreciation on property, plant and equipment	178.73	170.76
Amortisation on intangible assets	3.10	3.11
Depreciation on ROU	91.85	-
Total	273.68	173.87

Note 32 Finance cost	Rs. in Millions	
	March 31, 2020	March 31, 2019
Interest on long-term borrowings measured at amortised cost	31.28	69.52
Interest on short-term borrowings measured at amortised cost	21.21	19.63
Interest on shortfall of advance tax	2.38	3.58
Interest Accrued On lease Liability	24.54	-
Unwinding of discounts on provision	26.59	-
Other borrowing costs	6.74	3.29
Total	112.74	96.02



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Notes to the financial statements
For the year ended March 31, 2020

Rs. In Millions

Note 33	March 31, 2020	March 31, 2019
Tax expenses		
Current tax expenses		
Current tax on profits for the year	302.60	182.80
change in estimate relating to prior years	2.51	0.68
Total current tax expense	305.11	183.48
Deferred tax		
Originating and reversal of temporary differences	8.38	59.28
Difference in tax rate	-	(8.44)
Changes in recognised temporary differences of earlier years	10.82	(8.99)
Total deferred tax expense/(benefit)	19.20	41.85
Total Income tax expense	324.31	225.33

Rs. In Millions

Tax income/(expenses) recognised in OCI	March 31, 2020	March 31, 2019
Remeasurements of post-employment benefit obligations	11.75	5.46
	11.75	5.46

Rs. In Millions

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:	March 31, 2020		March 31, 2019	
Profit before tax expense		933.06		742.55
Tax using the Company's Domestic tax rate @ 34.94% (March 31, 2019 : 34.94%)	34.94%	326.05	34.94%	259.47
Effects of following on tax rates:				
Weighted deduction on research and development expenditure	-0.79%	(7.35)	-1.05%	(7.79)
Non deductible expenses	0.50%	4.70	0.57%	4.21
Additional allowances for tax purpose	-1.18%	(11.04)	-1.86%	(13.79)
Change in estimate related to prior years	0.27%	2.51	0.09%	0.68
Difference in tax rate	-0.15%	(1.37)	-1.14%	(8.44)
Other items	0.00%	(0.01)	0.00%	(0.02)
Changes in recognised temporary differences of earlier years	1.16%	10.82	-1.21%	(8.99)
Effective tax rate	34.75%	324.31	30.34%	225.33



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Rs. in millions

Note 34	March 31, 2020	March 31, 2019
Deferred tax liabilities - net		
Deferred tax assets on:		
Allowance for doubtful debts on trade receivables	11.54	12.03
Provision - employee benefit	86.29	77.07
Lease Liabilities	83.31	-
Total deferred tax assets	181.14	89.10
Deferred tax liabilities on:		
Property, plant and equipment	144.28	124.85
Intangible assets	0.88	1.91
Investment in preference shares	22.63	19.90
Right to use asset	78.36	-
Total deferred tax liabilities	246.15	146.66
Deferred tax liabilities - net	(65.01)	(57.56)



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Note 34 Recognised deferred tax assets and liabilities

	Balance of Deferred tax asset as at April 1, 2019	Balance of Deferred tax liability as at April 1, 2019	Transferred to statement of profit and loss	Transferred to Other comprehensive Income	MAT credit utilised	Balance of Deferred tax asset as at March 31, 2020	Balance of Deferred tax liability as at March 31, 2020
Allowance for doubtful debts on trade receivables	12.03	-	(0.49)	-	-	11.54	-
Provision - employee benefit	77.07	-	(2.59)	11.75	-	86.29	-
Lease Liabilities	-	-	83.31	-	-	83.31	-
Investment in preference shares	-	(19.90)	(2.73)	-	-	-	(22.63)
Property, plant and equipment	-	(124.85)	(19.43)	-	-	-	(144.28)
Intangible assets	-	(1.91)	1.03	-	-	-	(0.88)
Right to use asset	-	-	(78.36)	-	-	-	(78.36)
Total	89.10	(146.66)	(19.20)	11.75	-	181.14	(246.15)

	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	MAT credit utilised	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	-
Deferred income tax Assets/(liabilities) - net	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)

	March 31, 2020	March 31, 2019
Note 35		
Income tax assets/liabilities (net)		
Income tax assets (net of provision)	131.70	103.51
Income tax liability (net of advance tax)	(16.88)	(13.63)
Total (net of advance tax)	114.82	89.88



ZUVENTUS HEALTHCARE LIMITED

Notes to the financial statements
For the year ended March 31, 2020

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:

Particulars	Rs. in Millions	
	March 31, 2020	March 31, 2019
Net debt	534.89	673.55
Equity attributable to owners of Zuventus Healthcare Limited	2,954.13	2,826.62
Net Debt to Equity ratio	0.18	0.24



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.	Aging 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 pertain 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, 2020:

Expected credit loss for trade receivables under simplified approach

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	509.04	479.47	32.52	10.88	4.46	20.98	1,057.35
Expected loss rate (includes interest as well as credit loss)	1.62%	1.11%	4.03%	16.64%	25.34%	72.50%	3.12%
Expected credit losses (loss allowance provision)	8.26	5.30	1.31	1.81	1.13	15.21	33.02
Carrying amount of trade receivables (net of Impairment)	500.78	474.17	31.21	9.07	3.33	5.77	1,024.33

Year ended March 31, 2019:

Expected credit loss for trade receivables under simplified approach

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

During the period, the Company has made write-offs of trade receivables amount to Rs.9.52 million (March 31, 2019 : 5.62 million).

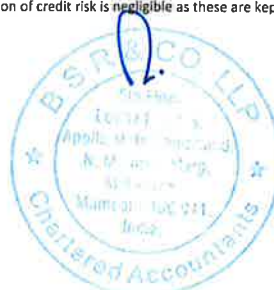
There are no financial assets which have been written off during the year which are subject to enforcement activity.

Reconciliation of loss allowance provision — Trade receivables

Particulars	Rs. in Millions	
		Amount Rs.
Loss allowance on 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
Amounts written off		9.52
Net remeasurement of loss allowances		(10.92)
Loss allowance on March 31, 2020		33.02

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 financial 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. 242.72 million as at March 31, 2020 (March 31, 2019 : Rs.851.39 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.

Contractual maturities of financial liabilities	Rs. in Millions			
	within 1 Years	1 to 2 years	2 to 5 years	Total
March 31, 2020				
Trade payable	753.97	-	-	753.97
Short term borrowings	540.41	-	-	540.41
Long term borrowings	-	-	-	-
Trade and other deposits	-	-	34.55	34.55
Lease liabilities	96.39	172.95	35.32	304.66
Other financial liabilities	332.35	-	-	332.35
Total	1,723.12	172.95	69.87	1,965.94
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
Trade and other 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

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 its 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.

Particulars	Currency	In Millions			
		March 31, 2020		March 31, 2019	
		Foreign Currency	Local Currency	Foreign Currency	Local Currency
Trade receivable	USD	-	-	0.00	0.33
Claim receivable	USD	0.20	15.20	-	-
Trade payable	USD	0.05	3.88	0.12	8.57
Trade payable	GBP	0.08	7.69	-	-

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, 2020 and March 31, 2019, 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

Particulars	Rs. in Millions	
	Impact on profit before tax	
	March 31, 2020	March 31, 2019
Interest rates — increase by 25 basis points (25 bps) *	1.35	1.67
Interest rates — decrease by 25 basis points (25 bps) *	(1.35)	(1.67)

* 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.



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
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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, 2020									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	547.70	-	-	547.70	-	-	547.70	547.70	
Financial assets not measured at fair value*									
Investments in government securities	-	0.03	-	0.03	-	-	-	-	
Trade receivables	-	1,024.33	-	1,024.33	-	-	-	-	
Cash and cash equivalents	-	5.52	-	5.52	-	-	-	-	
Security deposits	-	61.29	-	61.29	-	-	-	-	
Term deposit with banks	-	4.65	-	4.65	-	-	-	-	
Other financial assets	-	24.76	-	24.76	-	-	-	-	
Total financial assets	547.70	1,120.58	-	1,668.28	-	-	547.70	547.70	
Financial liabilities not measured at fair value*									
Long term borrowings(including current maturities)	-	-	-	-	-	-	-	-	
Short term borrowings	-	540.41	-	540.41	-	-	-	-	
Trade deposits	-	31.25	-	31.25	-	-	-	-	
Other deposits	-	3.30	-	3.30	-	-	-	-	
Trade payables	-	753.97	-	753.97	-	-	-	-	
Creditors for capital goods	-	35.90	-	35.90	-	-	-	-	
Lease liabilities	-	238.41	-	238.41	-	-	-	-	
Other financial liabilities	-	296.45	-	296.45	-	-	-	-	
Total financial liabilities	-	1,899.69	-	1,899.69	-	-	-	-	

* 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, 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 financial 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, 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.



ZUVENTUS HEALTHCARE LIMITED

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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)

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 March 31, 2018	469.50
Gains/losses recognised in profit or loss	72.45
As at March 31, 2019	535.95
Gains/losses recognised in profit or loss	11.75
As at March 31, 2020	547.70

ii. Sensitivity analysis:

For the fair values of investment in preference shares of subsidiary, reasonable possible changes 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, 2020	March 31, 2019		March 31, 2020	March 31, 2019
Unquoted preference shares	547.70	535.95	Earnings growth rate Risk adjusted discount rate	5% 14.5%	5% 15%
Increased earnings growth factor (+50 basis points (bps)) and lower discount rate (-50 bps)				67.50	58.59
lower earnings growth factor (-50 bps) and higher discount rate (+50 bps)				(55.40)	(49.14)

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 information presented above.



ZUVENTUS HEALTHCARE LIMITED
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Note 39 : Contingent liabilities

Claims against the Company not acknowledged as debts as at March 31, 2020

Sr. No.	Particulars	Rs. in Millions	
		March 31, 2020	March 31, 2019
a)	Sales Tax/Entry Tax matters	15.58	4.57
b)	Service Tax	10.54	10.54
c)	Provident Fund matter	53.61	53.61
	Total	79.73	68.72

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. 15.43 millions (March 31, 2019: Rs. 4.0 millions)

Note 41 : Assets pledged as security

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

Particulars	Note	Rs. in millions	
		March 31, 2020	March 31, 2019
Current			
Financial assets			
Trade receivables	10	1,024.33	811.50
Cash and cash equivalents	11	5.52	5.42
Bank balances other than (ii) above	12	4.65	5.01
Other financial assets	13	18.01	6.11
Other current assets	14	358.52	304.77
Non-financial assets			
Inventories	9	953.96	884.33
Total current assets pledged as security		2,364.99	2,017.14
Non Current			
Property, plant and equipment	2	-	1,382.15
Vehicles	2	-	15.55
Total non current assets pledged as security		-	1,397.70
Total assets pledged as security		2,364.99	3,414.84



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Note 42 : Earnings per share

Particulars	March 31, 2020	March 31, 2019
Basic / Diluted earning per share		
A. Profit after tax attributable to equity shareholders (Rs. millions)	608.75	517.22
B. Weighted average number of equity shares for the year	20,055,180	20,055,180
Basic/Diluted earnings per share (Rs.) (A/B)	30.35	25.79
Face value per share (Rs.)	10.00	10.00

Note 43 : Segmental reporting

Board of Directors along with its Managing director, examines the company's performance and has identified single reportable segment, viz. 'Pharmaceuticals'. Board of directors primarily use revenue as a measure to assess the performance of the operating segment.

Secondary Segment (By geographical segment)

Particulars	Rs. in Millions	
	March 31, 2020	March 31, 2019
Sales		
India	8,205.48	7,480.68
Outside India	0.32	0.96
Sub Total (A)	8,205.80	7,481.64
Other Operating revenue		
India	25.83	7.00
Outside India	-	-
Sub Total (B)	25.83	7.00
Total (A+B)	8,231.63	7,488.64

Non-current assets used in the Company's business or liabilities contracted have not been identified to any segment as the non-current 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.



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. 99.16 million, (March 31, 2019 Rs. 78.38 million.).

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

Particulars	Rs. in Millions	
	March 31, 2020	March 31, 2019
Contribution to employees' provident fund	61.74	49.08
Contribution to employees' family pension fund	37.42	29.30
Others	15.05	16.64
Total	114.21	95.02

- 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:

Particulars	Rs. in Millions		
	Present Value of Obligation	Fair Value of Plan assets	Total
As at April 1, 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 profit and loss	36.22	(8.31)	27.91
Remeasurements 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 assumptions	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)
Benefit payments	(16.74)	16.74	-
As at March 31, 2019	206.22	(151.07)	55.15
Current service cost	28.36	-	28.36
Transfer In/(Out)	0.28	(0.42)	(0.14)
Interest expenses/(income)	13.17	(11.95)	1.22
Mortality charges and taxes	-	1.90	1.90
Total amount recognised in statement of profit & loss	41.81	(10.47)	31.34
Remeasurements of: (Gain)/loss from change in demographic assumptions	(0.79)	-	(0.79)
(Gain)/loss from change in financial assumptions	8.74	0.70	9.44
Experience (gains)/losses	27.06	(2.09)	24.97
Total amount recognised in Other Comprehensive Income	35.01	(1.39)	33.62
Employer contribution	-	(49.41)	(49.41)
Benefits payments	(25.24)	25.24	-
As at March 31, 2020	257.80	(187.10)	70.70



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:

Particulars	Rs. in Millions	
	Year ended March 31, 2020	Year ended March 31, 2019
Present value of obligation	257.80	206.22
Fair value of plan assets	(187.10)	(151.07)
Deficit of funded plan	70.70	55.15

The company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The company intends to continue to contribute the defined benefit plans as per the demand from LIC of India.

Principal actuarial assumptions as at the reporting date:

Particulars	As At	
	March 31, 2020	March 31, 2019
Discount rate	5.50%	6.80%
Expected rate of return on plan assets	6.80%	7.20%
Salary escalation rate	10.00%	10.00%

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 actuarial 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, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	1.0%	1.0%	(6.77)	(5.26)	7.18	5.59
Salary escalation rate	1.0%	1.0%	4.57	3.64	(4.40)	(3.48)
Withdrawal rate	1.0%	1.0%	(1.08)	(0.66)	1.14	0.71

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

- 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.
- Changes in bond yields: A decrease in bond yields will increase plan liabilities.
- 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, 2021 are Rs. 50.00 millions (March 31, 2020 : 34 million)
The weighted average duration of the defined benefit obligation is 3.19 years (March 31, 2019 : 3.04 years). The following benefits payments are expected to be paid:

Particulars	Rs. in million				Total
	Less than 1 year	between 1-2 years	between 2-5 years	over 5 years	
March 31, 2020	88.46	66.84	117.03	90.70	363.03
Defined benefit obligation - gratuity March 31, 2019	76.57	47.01	99.82	78.04	301.44

h) Major plan assets

Particulars	Rs. in million	
	March 31, 2020	March 31, 2019
Investment funds	187.10	151.07
Insurance funds (LIC pension and group schemes fund)	187.10	151.07
Total	187.10	151.07

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.

Particulars	Tranche - 1		
	Exercise Price	March 31, 2020	March 31, 2019
		October 01, 2013	
Date of grant			
Opening balance	885	70,000	70,000
Grant during the year	221*	-	-
Adjustment for bonus Issue*	221*	-	-
Forfeited / expired during the year	221*	-	-
Exercised during the year	221*	70,000	70,000
Closing balance		-	-
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, 2020	Number of share options March 31, 2020	Exercise Share options price (Rs.) March 31, 2019	Number of share options March 31, 2019
October 1, 2013	221	70,000	221	70,000
Total	221	70,000	221	70,000
Weighted average remaining contractual life of options	6 Years		7 Years	

Expenses arising from share-based payment transaction

Particulars	Rs. in millions	
	March 31, 2020	March 31, 2019
Expense arising from employee share-based payment plan	-	0.11



ZUVENTUS HEALTHCARE LIMITED
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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
 UTH Beverage Factory Pvt Ltd
 Juris Corp
 Parinam Law Associates

ii) Transactions with related parties:

Sr. No.	Description of the nature of the Transaction	Volume of transactions during		Amount outstanding as at			
		2019-20	2018-19	Tuesday, 31 March, 2020		Sunday, 31 March, 2019	
				Receivable	Payable	Receivable	Payable
1)	Purchase of goods and services (Net of returns)						
	Emcure Pharmaceuticals Limited	182.47	254.63	-	15.63	-	4.55
	Gennova Biopharmaceuticals Limited	26.12	41.98	-	-	-	-
	Juris Corp	-	0.77	-	-	-	-
	UTH Beverage Factory Pvt Ltd	-	0.50	-	-	-	-
	Parinam Law Associates	0.29	-	-	-	-	-
2)	Purchase of assets						
	Emcure Pharmaceuticals Limited	-	0.87	-	-	-	-
3)	Sale of goods and services						
	Emcure Pharmaceuticals Limited	46.54	62.77	-	-	6.41	-
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	11.37	9.94	-	2.99	-	2.49
7)	Reimbursement of expenses made						
	H.M. Sales Corporation	0.73	0.69	-	0.09	-	-
8)	Employee share based Investments						
	Emcure Pharmaceuticals Limited	-	0.11	-	-	-	4.29
9)	Fair value changes in investment in preference shares						
	Gennova Biopharmaceuticals Limited	11.75	72.45	547.70	-	535.95	-
10)	Remuneration paid						
	Mr. P K Guha	44.18	37.06	-	6.22	-	4.93
11)	Post-employment obligations						
	Mr. P K Guha	2.37	2.56	-	17.04	-	14.68
12)	Compensated absences provisions						
	Mr. P K Guha	0.41	0.54	-	4.97	-	4.56
13)	Dividend paid						
	Emcure Pharmaceuticals Limited	303.24	71.82	-	-	-	-
	Mr. P K Guha	47.71	11.30	-	-	-	-
	Mr. Satish Mehta	1.20	0.28	-	-	-	-
	Mr. Sanjay Mehta	0.20	0.05	-	-	-	-
14)	Commission paid - Non Whole Time Directors						
	Mr. S.K. Bapat	2.50	2.80	-	2.50	-	2.80
	Mr. Hitesh Jain	0.70	1.20	-	0.70	-	1.20
15)	Sitting fees paid - Non Whole Time Directors						
	Mr. S.K. Bapat	0.20	0.20	-	-	-	-
	Mr. Hitesh Jain	0.15	0.15	-	-	-	-
16)	Rent paid						
	Emcure Pharmaceuticals Limited	8.99	8.50	-	-	-	-

All transactions with the related parties are priced on an arm's length basis.



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Note 47 : Revenue from contract with customer

Particulars	Rs. in millions	
	Year ended 31 March 2020	Year ended 31 March 2019
Revenue recognised from contracts with customers		
Disaggregation of revenue		
Total	8,206.93	7,488.64
Based on markets		
Within India	8,206.61	7,487.68
Outside India -		
Other continents	0.32	0.96
Total	8,206.93	7,488.64
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	10.78	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:

Particulars	Rs. in millions	
	Amount	Amount
Contract price	8,549.72	7,880.33
Less:		
Sales returns	(331.08)	(391.69)
Allowance for interest loss	(11.71)	-
Revenue recognised in statement of profit and loss	8,206.93	7,488.64



Note 48 : Lease - 116

Transition to Ind AS 116

The Company adopted Ind AS 116 on April 01, 2019, using the modified retrospective transition method and used the effective date as the date of initial application. Consequently, financial information is not updated and the disclosures required under Ind AS 116 are not provided for dates and periods before April 01, 2019.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to Lease which are expiring within 12 months from the date of transition by class of asset and Lease for which the underlying asset is of low value on a lease-by lease basis. The Company has used a single discount rate to a portfolio of Lease with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at an amount equivalent to the lease liability at the transition date. Accordingly, a right-of-use asset of Rs.315.35 million and a corresponding lease liability of Rs.315.35 million has been recognized. The weighted average incremental borrowing rate of 9.20% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of Rs. 57.32 million has been reclassified from property, plant and equipment to right-of-use assets.

Lease contracts entered by the Company majorly pertains for Land & buildings taken on lease to conduct its business in the ordinary course. Information about Lease for which the company is lessee is presented as below:

Right-Of-Use Of Asset

Particulars	Rs. in million		
	Leasehold Land	Properties	Total
Initial Recognition As On 1st April, 2019	-	315.35	315.35
Reclassification From Property, Plant & Equipment	57.32	-	57.32
Depreciation Charge For The Year	(0.76)	(91.09)	(91.85)
Balance As On 31st March 2020	56.56	224.25	280.81

Lease Liabilities

Maturity analysis - contractual undiscounted cash flows-

Particulars	March 31, 2020
Less than one year	96.39
One to five years	172.95
More than five years	35.32
Total undiscounted lease liabilities as on 31st March, 2020	304.66

Particulars	March 31, 2020
Lease liabilities included in the balance sheet	238.41
- Current	77.56
- Non-current	160.85

Amount recognised in statement of Profit or Loss

Particulars	March 31, 2020
Interest on lease liabilities	24.54
Depreciation on ROU	91.85
Expenses relating to short term Lease	0.85
Expenses relating to Lease of low value assets, excluding Lease of low value assets	1.36
Total	118.60

Amounts recognised in statement of cash flow

Cash flow from financing activities	March 31, 2020
- Repayment Of Lease Liabilities.	101.49



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Note 49 : Expenditure on research and development during the year

Revenue expenditure incurred on Research and Development including in house research & development is Rs. 61.13 millions (March 31, 2019 : Rs. 60.27 millions). Capital expenditure in relation to acquisition of fixed assets, incurred on research and development including in house research and development is Rs. 2.88 millions (March 31, 2019 : Rs. 4.76 millions).

Note 50 : Information regarding Micro, Small and Medium Enterprises

The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	Rs. in millions	
	31st March 2020	31st March 2019
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 : GST refund received

a) 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 and Sikkim for a period not exceeding ten years from the date of start of commercial production. 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. 12.21 millions (March 31, 2019 : Rs.13.31 millions) required to be spent by the company during the year.
b) Amount spent during the year on

Particulars	Rs. in Millions					
	March 31, 2020			March 31, 2019		
	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes as mentioned above	11.08	-	11.08	8.49	-	8.49

Note 53 : Impact of COVID-19 Pandemic :

The COVID-19 outbreak has spread rapidly during the last quarter of the financial year. Governments across the globe, including in India, have undertaken various measures to contain the spread of virus including restrictions on travel, social distancing and other emergency measures. The Company is engaged in the business of manufacture, distribution and marketing of pharmaceutical drugs. Products supplied by the Company have been classified as essential goods during the COVID-19 pandemic. The Company initially experienced some delays in deliveries of supplies to customers due to travel restrictions and restriction on courier and transport services, but this has gradually stabilized. In view of the lockdown announced across various states in India, the Company has undertaken and strengthened various measures to ensure safety and well-being of its employees and has focused on continued delivery of medicines across the country by ensuring that the key functions of procurement, manufacturing, supply chain and sales operate smoothly.

Management has considered its liquidity position as at March 31, 2020 and over the next twelve months from the date of approval of these financial statements by performing cash flow assessments with a sensitivity analysis thereon and has concluded that the Company will have adequate liquidity in ordinary course of business. As at the year end, management has assessed the recoverability of the carrying amounts of property, plant and equipment, financial assets, inventory, trade receivables, etc. and has concluded that no further adjustments are required to be made in respect of these as at 31 March 2020. However, the actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation continues to evolve in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.



ZUVENTUS HEALTHCARE LIMITED
Notes to the financial statements
For the year ended March 31, 2020

Note 54 : 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 2020.

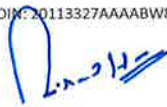
Note 55 : Prior year comparatives

Prior year comparative have been regrouped / reclassified 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
UDIN: 20113327AAAABW8356



Nirav Patel
Partner
Membership No. 113327

For and on behalf of the Board of Directors
of **Zuventus Healthcare Limited**
CIN U85320AN2002PLC018324



Suresh Mehta
Chairman
DIN - 00118691



P. K. Guha
Managing Director
DIN - 00118415



Sheetal Kulkarni
Company Secretary
Membership No. A23772



R. P. Kalera
Chief Financial Officer
PAN - AGOPK9902F

Place: **Mumbai**
Date: **21 July 2020,**

Place: Pune
Date: July 21, 2020

