Zydus dedicated to life

Cadila Healthcare Limited

Bombay Stock Exchange Limited 1st Floor, P.J. Towers Dalal Street Mumbai – 400 001 **Kind Attn.:** Mr. Sanjay Golecha / Mr. Gopalkrishnan	**National Stock Exchange of India Limited** Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai – 400 051 **Kind Attn.:** Famroze Pochara Asst. Vice President
Date: August 14, 2018	
Re.: Annual Report of the Company for the Financial Year 2017–2018	

Dear Sir / Madam

Please find enclosed the Annual Report of the Company for the Financial Year 2017 – 2018, pursuant to the provisions of regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please take the same on record.

Thanking you,

Yours faithfully,
For, **CADILA HEALTHCARE LIMITED**

UPEN H. SHAH
COMPANY SECRETARY

CADILA HEALTHCARE LIMITED AHMEDABAD

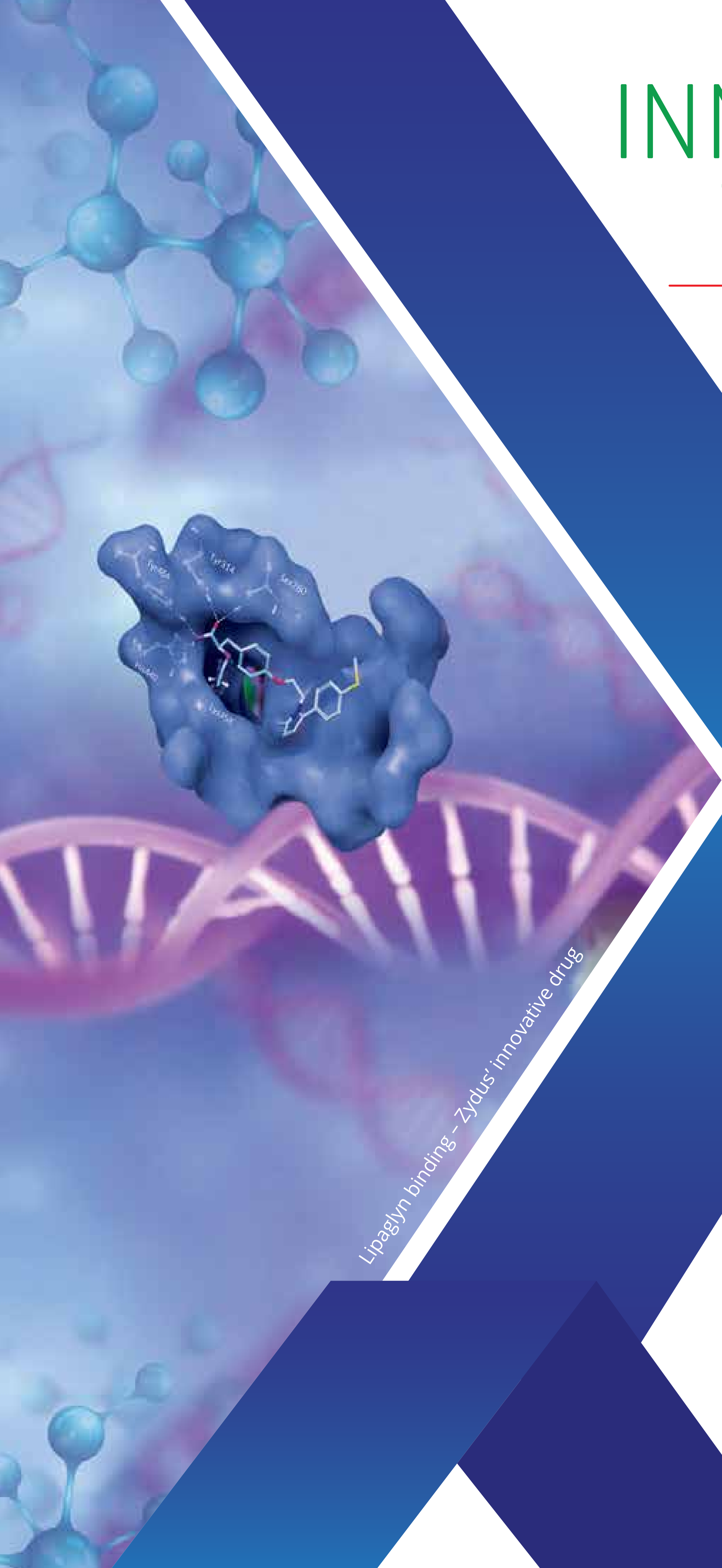
Encl.: As above.

INNOVATING TO **GROW**

Cadila Healthcare Ltd.

Annual Report

2017-18



Lipaglyn binding – Zydus' innovative drug

Zydus dedicated to life

Corporate information

Founder

Late Ramanbhai B. Patel

Board of Directors

Pankaj R. Patel
Chairman

Dr. Sharvil P. Patel
Managing Director

Ganesh N. Nayak
Executive Director (w.e.f. July 12, 2017)

Mukesh M. Patel

Humayun R. Dhanrajgir

Nitin R. Desai

Dharmishta N. Raval

Apurva S. Diwanji

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Registered and Corporate Office

Zydus Tower
Satellite Cross Road
Sarkhej-Gandhinagar Highway
Ahmedabad - 380 015

Statutory Auditors

Deloitte Haskins and Sells LLP
Chartered Accountants
Ahmedabad

Zydus Research Centre

Survey No. 396/403,
Sarkhej-Bavla N.H. No. 8A, Moraiya
Ahmedabad - 382 213

Registrar and Share Transfer Agents

Link Intime India Private Limited
506-508, Amarnath Business Centre-1
(ABC-1), Besides Gala Business
Centre, Off. C G Road, Ellisbridge
Ahmedabad - 380 006

Formulation Units

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

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

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

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

API Units

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

GIDC Estate
Ankleshwar 393 002, Gujarat

Dabhasa, Taluka: Padra 391 440
District: Vadodara

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

Biologics Unit

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

Animal Health Unit

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

Mr. Ramanbhai B. Patel

Founder Chairman, Zydus Cadila
August 19, 1925 - September 19, 2001

It is our Founder Chairman, the Late Mr. Ramanbhai B. Patel and his vision that had first sown the seeds of innovation. He was a researcher and explorer, who believed in thinking differently and inspiring novel approaches.

To be able to offer what didn't exist and bridge an unmet need – was a simple maxim and created a strong edifice of a company that made innovation its cornerstone. The culture of innovation that he sparked off, has become a part of our DNA today. It continues to inspire and guide all that we do, with the belief that innovation must impact and improve lives.

What's inside

Corporate Overview

Statutory Reports

Financial Statements


Vaccines
Diagnostics
Peptides
Small molecules
Formulation development
Biologicals
NCEs
Nutraceuticals
Monoclonal antibodies
Controlled Substances
API research
Wellness products

Innovating to grow

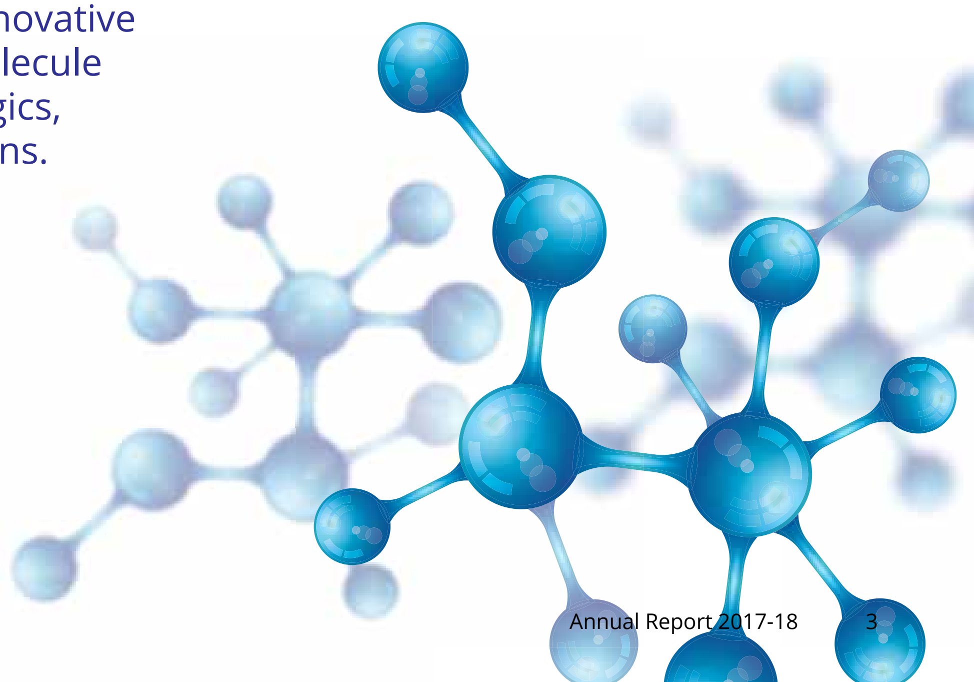
At Zydus, innovation truly forms the core of our being. As a global healthcare provider our mission is to create healthier communities globally and it is our constant endeavour to look at innovative solutions to bridge unmet healthcare needs.

From an innovative therapy for treating pernicious anemia in the 1950s to India's approved new chemical entity (NCE), Lipaglyn in 2013 for treating diabetic dyslipidemia, we have been fuelling our journey of growth with innovation.

In our growth journey over the last two decades, we have invested in building a culture of innovation at Zydus to create a robust portfolio of innovative medicines, including small molecule NCEs, biosimilars, novel biologics, vaccines and novel formulations.

The critical questions shaping our world are: How can innovation lead to new ways of tackling the enormous disease burden and improve healthcare outcomes? How do we bring innovation to the frontline? How do we equip ourselves and more importantly, are we equipped to ride the next wave of innovation which may not just be restricted to products but extend to our business as well?

Sustaining and spurring this innovation culture remains our priority as we race ahead into the future.



Innovating for healthier lives

How do we offer cutting-edge therapies that are affordable and accessible? At Zydus, this is the question that inspires 1,300 researchers to work on differentiated therapies for better healthcare solutions.

Lipaglyn

A novel drug to treat diabetic dyslipidemia* – an unmet healthcare need.

Impact

Helping more than 7,00,000 people suffering from diabetic dyslipidemia in India lead healthier lives. Exploring newer treatment options for Non-Alcoholic SteatoHepatitis (NASH) and Primary Biliary Cholangitis (PBC).

Exemptia

The world's first biosimilar of Adalimumab – the largest-selling therapy globally for treating autoimmune disorders made available for the first time in India.

Impact

Provides a new lease of life to millions of Indians suffering from autoimmune disorders like rheumatoid arthritis, ankylosing spondylitis, psoriatic arthritis and juvenile idiopathic arthritis, who did not have access to this revolutionary therapy so far.

Patients benefitted from Exemptia

**Approved in India for treating diabetic dyslipidemia or hypertriglyceridemia in Type II diabetes, not controlled by statins alone*

Vaxiflu 4

India's 1st Tetravalent Inactivated Influenza vaccine for seasonal flu. Zydus is only the second in the world to launch this vaccine. It provides protection from the four influenza viruses - H1N1, H3N2, Type B (Brisbane) and Type B (Phuket).

Impact

VaxiFlu – 4, the first quadrivalent influenza vaccine in India, serves the cause of public health and meets the twin challenge of affordability and accessibility.

Zypitamag

Launched during the year under review, Zypitamag marks the first-ever branded product launch for our Group in the US. This 505(b)(2) new drug application product – pitavastatin magnesium – is used to manage cholesterol levels and is approved in the strengths of 1 mg, 2 mg and 4 mg. Medicure International Inc. markets the drug for our Group in the US.

Thinking differently – Institutionalising a culture of quality

QUEST – Quality Excellence by Sustainable Transformation, a programme that focuses on building a robust quality culture, adopting novel approaches to create awareness amongst employees on the best-practices on the shopfloor, and simplifying current operations and procedures.

16
Sites covered through Quest

7,800+
Employees covered

124+
Circle mentors & Implementation Champions (ICs) trained

938+
Circle representatives trained

QUEST
Quality Excellence by Sustainable Transformation
Dedicated to Quality & You

5,000+
Quality improvement ideas implemented

6,500+
Frontline employees rewarded

227+
Visual dashboards installed across shopfloors

25+
Culture Academy team members on-boarded

938+
Trainers on-boarded to create quality-related awareness among frontline employees

213+
Circle mentors and ICs trained on QUEST

Innovating to drive operational excellence

1,100+

Ideas generated in the Operational Excellence programme during FY18

We believe that the power of ideas and collective thinking can be a lighthouse of inspiration. Improving the employee experience, reducing the lead time in getting the product to the market, improving employee engagement or effective ways to optimise costs can be fuelled by a people-powered idea bank. It is not only important to farm ideas but equally crucial to get them to the implementation process. This is what forms the foundation of our Operational Excellence programme.

> Strategic Lean Integrated Manufacturing (SLIM) programme expanded to new locations, taking the engagement to 913 SLIM team members spread across 23 locations/categories. The team engaged in identifying and implementing 699 ideas.

> PRISM wave 6 & 7 driven with 227 ideas in 23 categories.

> The newly set-up Manufacturing Excellence initiative drove multiple Lean Six Sigma projects, which are:

- Throughput improvement at key manufacturing sites Moraiya, Baddi, Goa, Sikkim and SEZ. More than 20 Theory of Constraints (ToC), Overall Equipment Effectiveness (OEE) and Single Minute Exchange of Dice (SMED) improvement projects completed.
- Batch size increase for 92 Oral Solid Dosage products initiated.
- Yield improvement in five product families implemented and 21 product families initiated.
- OEE improvement on more than 60 packing lines initiated and an improvement of absolute 6% from baseline delivered.
- Product Value Enhancement projects driven with 11 products.

During the year, a cross-functional initiative called PACE - Planning and Collaboration Excellence, which ingrains a new approach to our way of working based on speed, collaboration and long-term planning, was rolled out.
The initiative is aimed at leveraging our ability to launch new products, building on our long range planning capabilities and increasing efficiencies through the digital platform.

APEX (API Performance Excellence Programme), an integrated, end-to-end business transformation programme was also launched across API sites with a two-fold objective of bottomline improvement through holistic transformation across the spend base and building deeper capability to ensure sustainability of implementation and continuous improvement across end to end API operations.

Chairman's message

"LIVING THE CORE BEHAVIOURS EVERY DAY—IS THE FOUNDATION OF ZYDUS' CULTURE."

Pankaj R. Patel
Chairman

Friends,

By every measure, FY18 was an eventful year for us. We delivered significant growth, executed our core business well, continued improving productivity, made strides with our innovation programme, and advanced ZyNext strategies. Our team is rising to the opportunities before us, as we chart the course to our end-of-the-decade goals with increasing speed and confidence. We are well on our way to shaping the Zydus of the future that will make the coming decade as exciting and rewarding as the last 23 years.

A year of leadership transition

The one distinctive feature about our Company is the accelerated growth and the reasons why we have been able to grow so rapidly is the ability to champion change. While the core elements of who we are remains the same, we have changed and transformed ourselves into a global corporation over the last 23 years. The foundation of any enterprise needs to be nurtured, strengthened and sustained by successive generations. We need to think of the future, the decades ahead of us, and start planning for it today. When we talk about succession planning, it is from this perspective of making sure that the business we've built takes on a life of its own and takes new wings.

At Zydus, we have always believed and laid emphasis on the highest levels of Corporate Governance and had been working on our succession planning programme over the last decade. In line with this, and also to ensure the continuity of the business going forward, Dr. Sharvil Patel was appointed as the Managing Director in July 2017. As a young leader with a global perspective, he shares the same commitment - to take our enterprise to newer heights, spur innovation and build people to build our business.

Shaping Zydus of the future

When we started out in 1995, we identified three main priorities for the organisation: to accelerate the pace of growth, innovate and create value, and deliver it in a consistent and sustained way to our stakeholders. We have been working hard towards fulfilling these goals and when we look closely, there are six core behaviours that connect all our efforts in creating a future-ready organisation.

Living the core behaviours every day — is the foundation of Zydus' culture. Culture takes roots only when it is lived and constantly renewed. It is the unifying thread that inspires our people to do the right thing at the right time in the right way. Our culture has helped us make sure that we never forget who we are, even as the markets, our industry constantly change and evolve.

"ABILITY TO RIDE THE WINDS OF CHANGE, THE CONFIDENCE OF BEING ABLE TO ADAPT AND DELIVER OUTCOMES AMIDST CHALLENGES WILL KEEP OUR COMPANY AT THE FOREFRONT."

Adaptability to change

All through our journey of growth, we have been able to fashion positive responses to change. The most visible manifestation of this has been our journey of 23 years - from a turnover of ₹200 crore to ₹11,600 crore, from a India-focussed company to a global healthcare organisation. How were we able to make the transition and successfully tackle the winds of change? To understand this, we need to step back and look at the strategic choices we made several years ago. We focussed and stayed firm on innovation. We committed ourselves to continuous adaptation and change, as that was the need of the hour. It was quite apparent that innovation would be the key to drive differentiation and growth in a competitive landscape. To capture the most valuable opportunities, we have had to change our mix of product offerings, skills and technologies. We marched on, adapting to change, looking at solutions that can redefine the value we offer. This has helped us grow. The coming decade will bring in a fresh set of challenges. This ability to ride the winds of change and the confidence of being able to adapt and deliver outcomes amidst challenges will keep our Company at the forefront.

Excellence in Execution

The priorities that we set for ourselves to achieve sustained growth and continued improvements in the global pharma markets are increasingly relevant today. Shifting market dynamics have been demanding more differentiation and greater efficiency, at competitive costs. While we have made considerable progress in creating a complex mix in our product offerings in recent years, this new reality requires us to do even more—and do it faster, in an ever evolving regulatory landscape, and excelling at it.

To bring greater thrust to our execution focus we have launched enterprise-wide initiatives: The first is a cultural transformation programme called Quest which aims at creating a culture of quality and drives significant improvements towards quality excellence. The second is a programme that looks at operational excellence and combines two of our flagship programmes, SLIM and PRISM which are focussed on lean manufacturing and cost optimisation.

Let us first look at Quest. Zydans across the manufacturing and quality organisation come together each day to drive Quest. With over 120 quality circles, over 200 circle mentors and Implementation Champions and a 23-member strong central Quest academy which drives Quest, it has now become a way of life at 16 of our manufacturing sites. Nearly 8,000 Zydans are a part of Quest everyday with over 5,000 ideas having been taken up for implementation with more than 6,500 Zydans being rewarded for championing the Quest Quality Culture.

Over the years, the Operational Excellence programmes, PRISM and SLIM have evolved from being a cost saving or process improvement programme to become an established part of our work culture which continue to open up new pathways and add value at every step of our manufacturing process.

PRISM which was first launched in 2003 drives cost excellence across various verticals and processes by delivering cost savings in the entire spend base especially focused on the Direct material and Indirect cost savings. Relaunched in 2012 with new goals, PRISM has successfully generated substantial savings from categories driven along six waves.

Strategic Lean Integrated Manufacturing (SLIM) is a top-driven (Strategy Deployment) and bottom-up (Kaizen Ideas) approach with a focus on improving the value in the end-to-end manufacturing operations. Since the inception of SLIM, more than 6,500 ideas have been generated by the 25 sites/teams covering key operational efficiency improvement levers like OEE, cycle time, changeover time, manpower productivity, yield improvement, energy conservation etc.

With a pulse on the immediate and future challenges, these Operational Excellence programmes are supported by 'Manufacturing Excellence' a new initiative. The idea is to create a capable Lean Sigma organisation, which provides hands-on support to the manufacturing sites on project execution and performance improvement.

Being Innovative

To be innovative in all that we do is one of the core behaviors that shapes our culture and guides how we run our business. It's in the unwavering dedication when we commit ourselves to create healthier, happier communities. Innovation at Zydus is reflected in multiple ways. From the traditional application of it in R&D to a broader sense of seeking newness in all that we do, innovation is spread all across our operations.

"OUR RESEARCHERS ARE WORKING ON AN ENTIRE SPECTRUM OF RESEARCH FROM NMEs TO BIOLOGICS, VACCINES, NEW TECHNOLOGIES TO EXPLORE NEW THERAPIES AND ADDRESS THE HEALTHCARE CHALLENGES THAT WE FACE TODAY."

Our researchers are working on an entire spectrum of research from NMEs to biologics, vaccines and new technologies to explore novel therapies and address the healthcare challenges that we face today.

One of the novel drugs from our pipeline, Lipaglyn™ (Saroglitazar Magnesium) was approved in Mexico for the treatment of Dyslipidemia in patients with diabetes mellitus type 2 and Hypertriglyceridemia in patients with diabetes mellitus type 2 not controlled by statins. Approved in India in 2013, Lipaglyn™ is an important scientific and medical breakthrough in our efforts to develop medicines for patients suffering from hypertriglyceridemia and diabetic dyslipidemia. More than 7,00,000 patients in India are currently benefitting from this therapy.

Elevated triglycerides and insulin resistance are two key components of the metabolic syndrome, which medical science believes are responsible for diseases like hypertriglyceridemia, diabetic dyslipidemia or Non-Alcoholic Steatohepatitis (NASH) disease. Increased triglyceride accumulation in the liver can also lead to inflammation, fibrosis, cirrhosis and liver failure, a serious medical condition known as Non-alcoholic Fatty Liver Disease (NAFLD) or NASH. Additionally, we are also currently evaluating Saroglitazar in several clinical trials for treating liver conditions like NASH and Primary Biliary Cholangitis (PBC).

Our researchers are also working on a small molecule which improves iron mobilisation and has the potential to reduce or eliminate the need for iron supplementation. Desidustat (ZYAN1) which in Phase II clinical trials has been designed to inhibit hypoxia-inducible factor prolyl hydroxylase, and thereby increase the natural production of hemoglobin and RBCs in anaemic patients.

During the year, our first 505(b)(2) New Drug Application (NDA) product, pitavastatin magnesium ZYPITAMAG™ was launched in the United States. The launch of ZYPITAMAG™, which is used to manage cholesterol levels, marks the first branded product launch for Zydus in the US.

While we work on an innovation pipeline for novel drugs, we also collaborate and work closely with research-based organisations to address unmet needs. Recently, we signed a pact with CSIR-IMTECH to work in the areas of microbiology and genomics to develop new drug combinations against drug-resistant pathogens which cause severe diseases in India and across the world.

We also worked with ICMR to launch cost-effective diagnostic kits to detect transmittable infectious diseases to ensure timely interventions to control outbreaks, in a public-private partnership. Diagnostic tools are now available in India for timely detection of Japanese Encephalitis Virus (JEV) in mosquito vectors and the Crimean-Congo Haemorrhagic Fever (CCHF) in sheep, goat and cattle. Additionally, we are working on diagnostic kits for measles, Kyasanur Forest Disease Virus (KFDV) and Chandipura Virus (CHPV) in humans; and multiplex real-time Polymerase Chain Reaction (PCR) for simultaneous detection of dengue and chikungunya. These tools will help us tackle neglected infectious diseases where timely diagnosis and treatment are critical.

Collaboration

Our people have been our most valuable asset. Alongwith their expertise and wisdom, they bring a unique mix of personal accountability which shapes individual performances and a collective responsibility for larger overarching, organisation-impacting goals. With a mindset of 'We Not I', they step out and collaborate with each other and work seamlessly across boundaries to drive solutions. Today, over 22,000 Zydans are expanding the realms of diversity by combining different experiences, alongwith the perspectives and viewpoints they bring. These perspectives help us simplify our processes, add new dimensions and capitalise on opportunities for the betterment of the organisation.

Respect, Trust and Integrity

One of the fundamentals or the building blocks of our organisation has been to show respect, foster trust and create the grounds where integrity can hold its head high. These are behaviours that not only impact who we are but also reflect in the way we work and conduct our business. We are ever mindful of these behaviours and values as we serve our stakeholders.

"ZYDUS FIRST PROMPTS THOUGHTS AND ACTIONS WHICH ARE TAKEN IN THE LARGER INTERESTS OF THE ORGANISATION AND CREATE A POSITIVE ECOSYSTEM WHICH IS PROACTIVE AND SUPPORTIVE."

Thinking Zydus First

'If its good for the organisation, it's good.' This is the kind of enterprise thinking that puts Zydus at the heart of all that we do. Thinking of the enterprise first and seeking to put the interest of the organisation above everything else, guides our actions. 'Zydus First' prompts thoughts and actions that are taken in the larger interests of the organisation and create a positive ecosystem which is proactive and supportive.

Future Beckons

Zydus is well positioned to address the needs of the future. We will be aggressive in our pursuit of growth opportunities. We will continue to improve upon our competitiveness. We shall continue to invest in innovation, technology, strategic initiatives— and most importantly, in building capabilities of our people. The aim is to constantly learn, adapt, and optimise operations and stay sharp in today's evolving landscape.

Let me close by thanking each member of the worldwide Zydus team for bringing us to this point, and my gratitude to you, our shareholders, for your unwavering support. We are excited to build on our growth momentum and pursue the opportunities that lie ahead as we continue to innovate, evolve and grow. Thank you for your continued support.

Pankaj R. Patel
Chairman

Highlights of operations - FY18

Consolidated financial highlights

TOTAL INCOME FROM OPERATIONS
₹119.4 billion
↑25% y-o-y

EBIDTA
₹28.5 billion
↑50% y-o-y

EBIDTA MARGIN
23.9%
↑4% y-o-y

GLOBAL GENERICS BUSINESS

The US

> Filed **26** Abbreviated New Drug Applications (ANDAs) with the USFDA

> **330** cumulative ANDA filings

> First-ever ANDA submitted from the injectable manufacturing facility of Liva Pharmaceuticals Limited near Baroda

> **77** ANDA approvals (including eight tentative approvals)

> Highest number of ANDA approvals in a financial year

> **186** cumulative ANDA approvals

> Launched **20** new products in the US market

> Posted sales of ₹**58,348** million, up **57%**

Key launches

> Mesalamine 1.2 g DR tablets (generic version of Lialda®) with 180 days of exclusivity

> Oseltamivir powder for oral suspension 6 mg/ml (generic version of Tamiflu®)

India

> Amongst top three in the promoted covered market of gynecology, respiratory, pain management, cardiovascular, dermatology and gastrointestinal therapeutic areas

> Launched **64** new products including line extensions

> **10** first-in-India launches

> Posted sales of ₹**33,324** million, up **3%** on a like-to-like basis; adjusting for GST impact, the growth was 6%

Latin America

> Launched **3** new products in Brazil and **4** in Mexico during the year

> In Brazil, filed **3** new product dossiers and received approval of **1** new product from the regulatory authority ANVISA during the year

> In Mexico, filed **2** new product dossiers and received approval of **3** new products from the regulatory authority COFEPRIS during the year

> Posted sales of ₹**2,605** million, up **7%**

Emerging markets

> **10** new products launched in markets across Asia Pacific, Africa and Middle East

> Posted sales of ₹**5,014** million, down **1%**

Europe

> **7** new products (including 5 from India) launched in France

> **6** new products (all from India) launched in Spain

> Posted sales of ₹**2,404** million, down **8%**

SPECIALTY BUSINESS – THE US

> Moved a step further to build the specialty business in the US as the USFDA granted the approval for pitavastatin magnesium tablets, the first product filed through 505(b)(2) route, which was recently launched in the US as Zypitamag™

APIs

> Filed **6** DMFs with the USFDA, taking the cumulative US DMF filings to **133**.

> Posted sales of ₹**3,656** million, down **4%**

BIOLOGICS

> Completed Phase III clinical trials in India and received marketing authorisation from Drug Controller General of India (DCGI) for one more monoclonal antibody, viz. Bevacizumab. Subsequently, the product was launched in India under the brand name Bryxta™

> Received marketing authorisation from DCGI for **2** more products viz. Follitropin alpha and Pegasparagase during the year

> On the emerging markets front, received **5** product registrations in different countries of emerging markets. Launched **2** biosimilars viz. 'Colstim' (biosimilar of

NET PROFIT

₹17.8 billion

↑19% y-o-y

NET PROFIT MARGIN

14.9%

filgrastim) and 'Pegstim' (biosimilar of pegylated filgrastim) in the emerging markets of Philippines and Sri Lanka, respectively

> On the novel biologics front, initiated Phase III clinical trials in India for Rabimabs™

VACCINES

> Successfully completed Phase III clinical trials in India for **1** more vaccine and applied for Marketing Authorisation to DCGI

ANIMAL HEALTH

> Commenced export of products from India to four new countries during the year

> Sold the entire stake in Bremer Pharma GmbH, Germany, in April 2018

> Posted sales of ₹**4,426** million, up **11%** on a like-to-like basis; adjusting for GST impact, the growth in sales was 14%

CONSUMER WELLNESS

> All three pillar brands, namely SugarFree™, EverYuth™ and Nutralite™ registered improvement in growth rates

> SugarFree™ maintained leadership position in the artificial sweetener category with a market share of **94.2%**

> EverYuth™ maintained leadership in the peel off mask and scrub categories with market shares of **86%** and **33.6%**, respectively

> Posted sales of ₹**4,920** million, up **7%** on a like-to-like basis, adjusting for GST impact, the growth in sales was 16%; net profit was at ₹**1,339** million, up **23%** from ₹**1,090** million last year

JVs AND ALLIANCES

> Zydus Takeda JV received the 'Certificate of Appreciation in Safety' for 2017 in the manufacturing sector category from the National Safety Council

> Zydus Hospira JV received the 'Silver Award Certification' for sustainability and operational excellence from Frost and Sullivan

> Out of the total **50%** stake held in Bayer Zydus Pharma Pvt. Ltd. JV, sold **25%** stake to the other JV partner post the closure of the financial year

MANUFACTURING AND QUALITY

> Both Moraiya formulations facility and Topical formulations facility near Ahmedabad successfully completed the USFDA inspections twice without any observations

> API manufacturing facility at Dabhasa also successfully completed the USFDA inspection without any observations during the year

> API manufacturing facilities both at Ankleshwar and Dabhasa, two biologics drug substance facilities and the biologics fill and finish facility near Ahmedabad, successfully completed the audit by the regulatory authority of Mexico, COFEPRIS

> Moraiya formulations facility received 'Golden Peacock Award' for excellence in Environment, Health and Safety (EHS)

NCE RESEARCH

> Received the marketing approval from the regulatory authority of Mexico, COFEPRIS to commercialise Lipaglyn™, a novel PPARα/γ agonist having predominant PPAR alpha activity, in Mexico, for the treatment of Dyslipidemia in patients with diabetes mellitus type 2 and Hypertriglyceridemia in patients with diabetes mellitus type 2 not controlled by statins

> Initiated Phase II clinical trials in India for investigating ZYAN 1 as a treatment for anaemia associated with chronic kidney disease (CKD)

Management Discussion and Analysis

The Global Pharmaceuticals Market

The global sales of prescription pharmaceutical drugs is expected to have grown by only 1% in 2017. During the period 2011 to 2017 too, the global prescription drug sales are estimated to have grown at a CAGR of only about 1%. Large sized pharmaceutical brands losing patent protection and continuous pricing pressure on generic drugs fuelled by competition and government actions in the large markets have been the key factors behind such low growth over the last few years. Drug affordability and accessibility continue to create downward pressure on the market with payers across the globe continuously making all possible attempts to limit prescribing options to drugs.

Going forward, however, the global prescription drugs market is expected to grow at a CAGR of over 6% between 2018 and 2024. The growth will be driven by the continued uptake and anticipated launch of novel therapies addressing key unmet needs, as well as increasing access to medicines globally. Payer scrutiny and sales losses from the entry of generic players due to the loss of patent protection and competition from biosimilars will impact growth adversely to a certain extent. This, however, should work positively for the generics and biosimilar players. The orphan drugs sector is expected to outperform the market, which highlights the industry's continued efforts to address small groups of neglected patients with high unmet need and to benefit from traditionally reduced payer scrutiny on orphan drugs, as well as regulatory and financial incentives. Specialty medicines, gene and cell therapies will also increasingly contribute to growth, going forward (Source: Industry Estimates).

Cadila Healthcare Ltd.

About the Company

Cadila Healthcare Ltd. is one of the leading pharmaceutical companies in India with presence across the pharmaceutical value chain of research, development, manufacturing, marketing and selling of finished dosage human formulations (generics, branded generics and specialty formulations, including biosimilars and vaccines), active pharmaceutical ingredients ('APIs'), animal healthcare products and consumer wellness products. The Company has a global presence and sells its products in the United States, India, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa. The Company has a pool of modern, cost efficient and regulatory compliant manufacturing facilities which ensures continuous supply of high-quality products at the most competitive prices to its customers across the globe. The Company is also engaged in research and development activities focused across the value chain of API process development, generics development for simple as well as differentiated dosage forms like modified release oral solids, transdermals, topicals and nasals, biologics, vaccines, and New Chemical Entities ('NCE').

Year 2017-18 for the Company

It was a very successful year for the Company's largest business viz. the US formulations business. During the year, the Company's largest formulations manufacturing facility located at Moraiya, started receiving approvals for new products for the US market from USFDA, post successful resolution of the warning letter. The Company received approval for 77 new products (including eight tentative approvals) for the US market during the year, which was the highest number of approvals received in a single financial year. Launch of mesalamine 1.2 g DR tablets (generic version of Lialda®) in July 2017 with 180 days exclusivity was the Company's first large First to File (FTF) opportunity. The launch of Oseltamivir Powder for oral suspension 6 mg/ml (generic version of Tamiflu®) coupled with the strong flu season also boosted the performance of the US business. During the year, the Company moved a step further in its endeavour to build the specialty pipeline in the US as the USFDA granted approval for pitavastatin magnesium tablets, the first product filed through the 505(b)(2) route, which was recently launched in the US as Zypitamag™.

On the regulatory front, both the Moraiya and the Topical formulations facilities successfully completed the USFDA inspections twice without any observations. The API facility at Dabhasa also successfully completed the USFDA inspection with no observations.

The year turned out to be a challenging one for the Company's second largest business viz. the India formulations business on account of the nationwide roll out of the Goods and Services Tax (GST) Act with effect from July 1, 2017, resulting in de-stocking of inventories by distributors, thereby impacting the performance of the first quarter adversely.

Consolidated Financial Highlights

The financial statements for the current financial year and the comparative financial statements of the previous financial year have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

Total operating revenues

The total income from operations grew by 25% to ₹119,364 million from ₹95,724 million, last year. The US formulations business, the largest contributor to the consolidated revenues, grew by 57% during the year, driving the overall growth of revenues.

Profits and margins

The EBIDTA (Earnings before Interest, Depreciation, Taxation and Amortisation) grew by 50% to ₹28,475 million from ₹19,045 million, last year. The EBIDTA margin as % to total income from operations improved by 400 basis points to 23.9% from 19.9% last year. Net profit grew by 19% to ₹17,758 million from ₹14,877 million last year. The net profit margin as % to total income from operations stood at 14.9% during the year.

Equity

Consolidated equity attributable to equity holders of the parent Company increased to ₹87,445 million, at the end of March 2018, up by 26% from ₹69,600 million, at the end of March 2017. Out of this, other equity, which comprises reserves and retained earnings increased by ₹17,845 million, to ₹86,421 million, at the end of FY18 from ₹68,576 million last year. The book value per share increased to ₹85.42 as on March 31, 2018 from ₹67.99 last year.

The return on adjusted equity (ROAE = Net profit excluding exceptional items net of tax/Average equity adjusted for exceptional items) stood at 22.6% during the year.

Debt

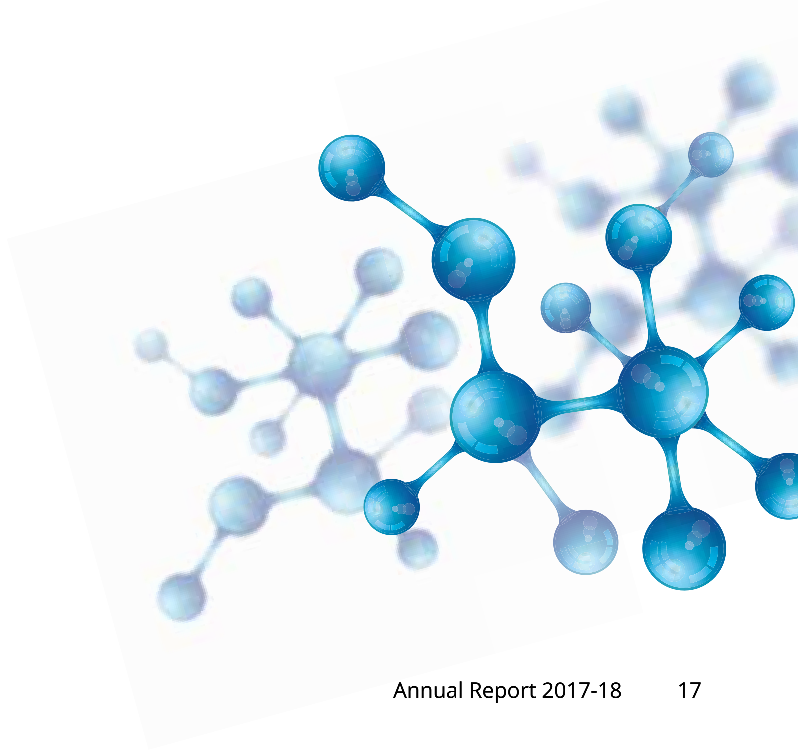
The consolidated net debt (adjusted for cash and bank balances and liquid investments) of the Company as on March 31, 2018 stood at ₹38,170 million, as against ₹36,146 million last year. Net debt-equity ratio was 0.44:1 as on March 31, 2018, against 0.52:1 as on March 31, 2017.

Fixed Assets and Capital Expenditure

The consolidated gross block (including capital work in progress) at the end of the year was ₹108.7 billion, up by about ₹12.2 billion from ₹96.5 billion last year. The net capital expenditure including capital work in progress during the year was ₹9,824 million The capex during the year was incurred mainly for creation of new facilities and upgradation and capacity expansion of existing facilities.

Capital employed and operating efficiency

The total Capital Employed (CE), adjusted for deferred expenses, at the end of the year was ₹135.1 billion, up from ₹113.9 billion at the end of the previous year. The increase in capital employed was mainly due to the increase in other equity attributable to the equity shareholders of the parent Company. Return on Capital Employed (ROCE = Adjusted earnings before interest net of tax / Average CE) stood at 14.8% during the year.



An analysis of the performance of different business verticals of the Company is given below:

Global Generics Business

The US

The US is the world's largest pharmaceutical market, where unbranded generics have reached the highest prescription share of over 85% of the total market, with annual sales value of over USD 90 billion (Source: Industry Estimates). 2017 was a record year for ANDA approvals by USFDA, with over 1000 approvals. While unbranded generic prescription volume continues to have a steady demand in the US, the generic drugs market is facing price deflation, decreased value growth and concentrated buying power, with the top 3 generic drugs purchasers holding over 90% share.

The aging population in the US will continue to drive increased demand for prescription pharmaceutical drugs. The small molecule brands having sales value of over USD 22 billion lost patent protection in 2017 and over a period of the next 5 years, small molecule brands having sales value of over USD 72 billion are expected to lose patent protection, paving the way for the growth of generic drugs. Apart from small molecules, patent expires of key large biologics brands over next 5 years are also expected to boost growth for biosimilars. This would result in a further shift of prescription share from brands to generics in times to come. Growth of specialty drugs is also expected to outpace the overall market growth rates in the US (Source: Industry Estimates).

The US is the largest market for the Company with more than 50% share of its total revenues. The Company is ranked ninth amongst US generic companies (based on prescriptions) with 3.05% market share (Source: IQVIA, NPA Audit, MAT March 2018 TRx). In terms of the products currently being sold in the market, the Company is ranked amongst the top three players in all of its top 10 products (Source: IMS National Sales Perspective Audit, MAT March 2018 and National Prescription Audit, March 2018).

The financial year 2017-18 was one of the most successful years for the Company's US formulations business as it registered its highest ever sales during the year on the back of a few key product launches and full year impact of Sentynl Therapeutics Inc., a specialty pharmaceutical company which was acquired in the fourth quarter of the previous financial year. In all, the Company launched 20 new products in the US market during the year. New launches include the launch of Mesalamine 1.2 g DR tablets (generic version of Lialda®) with a 180 days exclusivity and Oseltamivir powder for oral suspension 6 mg/ml (generic version of Tamiflu®). In terms of ANDA filings, 26 ANDAs were filed with the USFDA during the year, taking the cumulative number of ANDA filings to 330. It includes the first ever ANDA submitted from injectable manufacturing facility of Liva Pharmaceuticals Limited near Vadodara.

In terms of ANDA approvals, the year gone by was the most successful one for the Company as it received the highest number of ANDA approvals during the year. The Company received approval for 77 ANDAs (including eight tentative approvals) during the year, taking the cumulative number of ANDA approvals to 186. These include the receipt of the final approval for Mesalamine 1.2 g DR tablets (generic version of Lialda®), Mesalamine 800 mg DR tablets (generic version of Asacol® HD), Oseltamivir powder for oral suspension 6 mg/ml (generic version of Tamiflu®), Metoprolol Succinate ER tablets (generic version of Toprol XL®) and tentative approval for Mesalamine rectal suppository 1000 mg (generic version of Canasa®).

Overall, the Company's formulations business in the US posted sales of ₹58,348 million during the year, up 57%.

India

The Indian Pharmaceutical Market grew by 5.7% during FY18. The NLEM portfolio i.e. the medicines covered under the National List of Essential Medicines de-grew by 0.8% while

the non-NLEM portfolio grew by 6.7% during the year. Out of the total market growth, around two-third was led by volume expansion. Following the nation-wide roll-out of GST from July 1, 2017, prices of the finished dosage formulations declined which led to price-led de-growth of around 0.8%. New product introductions contributed to around half of the overall market growth (Source: AWACS MAT March 2018).

Anti-infective was the largest therapeutic area, accounting for around 14% of the market while the anti-diabetic was one of the fastest growing therapeutic areas during the year with a growth of around 12% (Source: AWACS MAT March 2018).

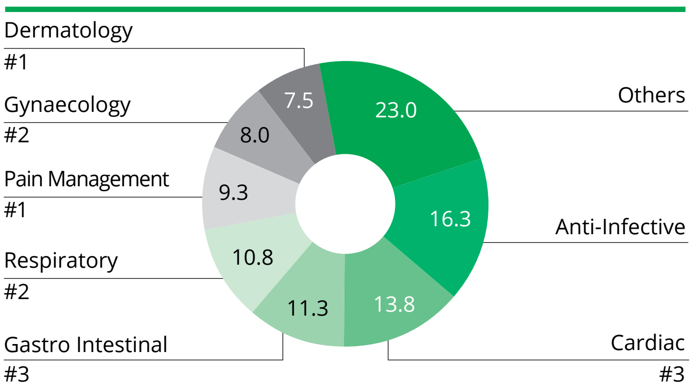
The Company's formulations business in India, currently the second largest contributor to the consolidated revenues, registered lower growth during the year as the business got impacted on account of a nation-wide rollout of GST, resulting in de-stocking of inventory by distributors, thereby impacting the performance of the first quarter adversely.

The Company is the fourth largest pharmaceutical company in India with approximately 8.1% market share in the covered market and is ranked amongst the top three players in the promoted covered market of gynecology, respiratory, pain management, cardiovascular, dermatology and gastrointestinal therapeutic areas. Sixteen of the Company's brands feature amongst the top 300 pharmaceutical brands in India with five brands having sales of more than ₹100 crore (Source: AWACS MAT March 2018). During the year, the Company launched 64 new products, including line extensions, of which 10 were first-in-India launches. During the year, the Company successfully launched the acquired brands of Organon (India) Limited and Astra Zeneca, which were acquired during the previous financial year.

Overall, the Company's formulations business in India posted sales of ₹33,324 million during the year, up 3%. On a like-to-like basis, adjusting for GST impact, the growth was 6%.

Therapeutic area-wise break-up of formulations sales in India along-with the Company's ranking in the promoted covered market of these therapeutic areas as per AWACS MAT March 2018 is as under:

(%)



Represents Zydus' ranking in the promoted covered market

Latin America

The Company's business in Latin America is primarily concentrated in Brazil and Mexico, which are two large pharmaceutical markets in the region.

During the year, the Company's business in Brazil faced several challenges mainly in the form of delays in getting new product approvals and price erosion in the existing portfolio. Political instability, depreciation of the local currency and a recessionary economic environment impacted the purchasing power of the general public as well as trade channels which, in turn, resulted in sluggish demand. During the year, the Company launched three new products in the market. The Company filed three new product dossiers with the regulatory authority, ANVISA and received approval for 1 new product.

In Mexico, the emergence of the generic generics market impacted the growth of the branded generics market during the year.

During the year, the Company launched four new products in the Mexican market, taking the cumulative number of launches to 25. The Company filed two new product dossiers with the regulatory authority COFEPRIS, taking the cumulative number of filings to 45 and received approvals for three new products, taking the cumulative number of approvals to 41.

Overall, the Company's formulations business in Latin America posted sales of ₹2,605 million during the year, up 7%.

Emerging Markets

The Company operates in different markets of Asia Pacific, Africa and Middle East with leadership positions in few of these markets. The year 2017-18 was a mixed bag for the Company's formulations business in the emerging markets as in some of these markets, the business was impacted on account of political and economic uncertainties, while in the others, the Company registered robust growth on the back of strong volume expansion. The Company continued to focus on brand building initiatives and strengthening the branded generics portfolio in these key markets despite various challenges faced by the Company in some of the markets. During the year, the Company launched 10 new products in different markets of Asia Pacific, Africa and the Middle East.

Overall, the Company's business in the emerging markets of Asia Pacific, Africa and the Middle East posted sales of ₹5,014 million during the year, down 1%.

Europe

The Company is present in the generics markets of France and Spain through its wholly owned subsidiaries. The year was a challenging one for the Company's operations both in France and Spain. In France, the Government introduced price cuts during the year which offset the volume gains and in turn, led to the flattish market growth. In addition to the price cuts, the French generics market continued to remain highly competitive as the companies continue to compete with one another for a market share in a static market. The French generics market is likely to be tough for the Company in keeping with the ongoing introduction of price cuts to keep the healthcare costs down. However, volume growth is likely to compensate the pricing pressure to some extent as the French government has identified some clear actions which it is supporting to assist generic penetration. The Spanish generics market, which is highly competitive, registered flattish growth during the year.

The Company launched seven new products in France (five from India) and six new products in Spain (all six from India). On account of the pricing pressure currently being faced by the Company due to the price cuts being imposed by the Government and increased competition, the Company will focus on increasing the proportion of products being supplied from India so as to remain competitive in these markets.

Overall, the Company's business in Europe posted sales of ₹2,404 million during the year, down 8%.

Specialty Business – The US

The Company intends to expand its presence in the specialty business in the US to counter the challenges of the generics business in the form of increased competition and resultant price erosion and in turn, build a sustainable, high margin business in times to come.

The Company undertook its first major initiative to build the specialty business during the previous financial year 2016-17 by acquiring Sentynl Therapeutics Inc., which is a US based pharmaceutical company, specialising in the pain management therapeutic area.

During the year, the Company moved a step further in an endeavour to build the specialty business in the US as the USFDA granted the approval for Pitavastatin Magnesium tablets, the first product filed through the 505(b)(2) route, which was recently launched in the US as Zypitamag™. The Company has identified dermatology, oncology, gastro intestinal and pain management as the focused therapeutic areas for its specialty business.

APIs

The Company's APIs and intermediates' business is the backbone of the Company's formulations business globally as it ensures uninterrupted supply of the key input materials to the formulations manufacturing plants in a timely and cost efficient manner which in turn, supplies the finished dosage formulations to different customers globally. The Company is also a preferred source of API supplies for various third party customers in India, United States, select markets of Latin America, the Asia Pacific region and Europe.

During the year, the Company continued its thrust on cost optimisation by undertaking various initiatives so as to improve the bottom-line and build a sustainable culture of cost efficiency. The Company filed six more DMFs with the USFDA during the year, taking the cumulative number of filings to 133.

The Company's API business posted sales of ₹3,656 million during the year, down 4%.

Biologics

The Company's Biologics pipeline comprises 21 biosimilars (both in the pipeline as well as launched) and six novel products (all in pipeline).

During the year, the Company completed Phase III clinical trials in India and received the marketing authorisation from the Drug Controller General of India (DCGI) for one more monoclonal antibody viz. Bevacizumab. Subsequently, the product was launched in India under the brand name Bryxta™. Apart from this, the Company received the marketing authorisation from the DCGI for two more products viz. Follitropin alpha and Pegasparagase during the year. The Company received the regulatory approval to initiate Phase III clinical trials in India for one more monoclonal antibody during the year. On the emerging markets front, the Company continued to file the dossiers of first generation biosimilars and monoclonal antibodies in various countries of the emerging markets. During the year, the Company received five product registrations in different countries of the emerging markets. The Company launched two biosimilars viz. 'Colstim' (biosimilar of filgrastim) and 'Pegstim' (biosimilar of pegylated filgrastim) in the emerging markets of Philippines and Sri Lanka respectively.

On the novel biologics front, the Company initiated Phase III clinical trials in India for Rabimabs.

During the year, the Company received the GMP certificate from the regulatory authorities of Colombia, Philippines, Turkey, Mexico and Nepal for its biologics fill and finish manufacturing facility.

Vaccines

The Company has a portfolio of over 20 vaccines (both in the pipeline as well as launched) covering both pediatric and adult vaccines. During the year, the Company successfully completed Phase III clinical trials in India for one more vaccine and applied for marketing authorisation to the DCGI. The Company initiated Phase III clinical trials in India for two more vaccines and received regulatory approval to initiate Phase III clinical trials in India for one more vaccine during the year.

Animal Health

The Company is one of the leading animal healthcare players in India having a portfolio of drugs, vaccines and feed supplements for livestock, poultry and companion animals. During the year, the Company's business in India got impacted on account of the rollout of GST with effect from July 1, 2017 which impacted the inventory uptake, especially in the rural areas. During the year, the Company created a separate vertical viz. Farm care for greater focus on the farm care health business. The Company expanded the exports business from India as it commenced export of products to four more countries during the year. The Company received nine new marketing authorisations and launched four new products in India during the year. Post the closure of the financial year, in April, 2018, the Company sold its entire stake in Bremer Pharma GmBH, Germany.

Overall, the Company's animal health business posted sales of ₹4,426 million during the year, up 11%. On a like-to-like basis, adjusting for GST impact, the growth in sales was 14%.

Consumer Wellness

The Company's operations in the consumer wellness space are driven by its subsidiary viz. Zydus Wellness Limited which has three pillar brands viz. Sugar Free™, a low calorie sugar substitute, EverYuth™, a range of skincare products and Nutralite™, a cholesterol free table spread.

The year gone by was a challenging one for the Company due to economic headwinds i.e. GST roll-out which impacted the growth momentum for the first quarter of the financial year. However, a focused strategy and approach helped the Company recover well and register improvement in the growth rates of all the flagship brands viz. Sugar Free™, EverYuth™ and Nutralite™.

During the year, the Company continued to make investments towards various marketing initiatives to grow the categories and market share of the brands. The Company also continued to make investments towards product innovations to offer differentiated products to the consumers and drive the growth of its brands.

In terms of the performance of the brands, Sugar Free™ maintained its leadership position in the artificial sweetener category with a market share of 94.2%. EverYuth™ maintained its leadership position in the peel off mask and scrub categories with market shares of 86% and 33.6% respectively (Source : A.C. Nielsen MAT March'18 report). Nutralite™ continued to register strong volume growth during the year.

On the international business front, the Company continued to open new export markets with entry into couple of African countries and enhanced the portfolio with the launch of Nutralite™ in some Middle East countries.

During the year, Zydus Wellness Ltd. registered sales of ₹4,920 million, up 7% and net profit of ₹1,339 million, up 23%. On a like-to-like basis, adjusting for GST impact, the growth in sales was 16%.

JVs and Alliances

Zydus Takeda Healthcare Pvt. Ltd.

Zydus Takeda is a 50:50 JV between the Company and Takeda Pharmaceuticals Co. Ltd., Japan. The JV manufactures a gamut of generic APIs covering various therapeutic categories and exports exclusively to the JV partner for its generic portfolio. During the year, the JV commenced manufacturing one more product and supplied it to the JV partner. The JV received the 'Certificate of Appreciation in Safety' for the year 2017 in the manufacturing sector category from the National Safety Council. The JV also received the second prize for 'Excellence in Energy Conservation' for 2017 among the drug industries of Maharashtra from the Maharashtra Energy Development Agency (MEDA).

Zydus Hospira Oncology Pvt. Ltd.

Zydus Hospira is a 50:50 JV between the Company and Hospira Inc., USA (now part of Pfizer group), which manufactures oncology injectable products for marketing by both the JV partners in the respective markets assigned to them. During the year, the JV received the 'President's Gold Award' for the best site from Pfizer for the third year in a row. The JV also received the 'Silver Award Certification' for sustainability and operational excellence from Frost and Sullivan.

Bayer Zydus Pharma Pvt. Ltd.

Out of the total 50% stake held in the joint venture, the Company sold 25% stake to the other JV partner post the closure of the financial year.

Manufacturing and Quality

The Company's business across the globe is aptly supported by a pool of its modern, cost efficient and regulatory compliant manufacturing facilities which ensures a continuous supply of high quality products at the most competitive prices to its customers across the globe. The Company has 32 manufacturing facilities across the globe spread across India, United States and Brazil. Of these, 28 facilities are for manufacturing of finished dosage formulations and active pharmaceutical ingredients. 11 of these 28 facilities have been inspected by the USFDA.

During the year, both the Moraiya formulations facility and Topical formulations facility near Ahmedabad successfully completed the USFDA inspections twice without any observations. The Dabhasa API facility also successfully completed the USFDA inspection without any observations during the year. Apart from this, API manufacturing sites both at Ankleshwar and Dabhasa, two biologics drug substance facilities and the biologics fill and finish facility near Ahmedabad successfully completed the audit by the regulatory authority of Mexico, COFEPRIS.

The Company runs two organisation-wide programmes viz. PRISM and SLIM which focus on cost optimisation through multiple levers. Recently, the Company has launched the APEX (API Performance Excellence) programme with an aim to deliver excellence across end-to-end API operations which focuses on manufacturing excellence, direct and indirect spend optimisation and structural/ business model excellence. The Company has also recently launched a programme called PACE (Planning and Collaboration Excellence), a cross functional initiative designed to enhance long range planning processes to build capacities for the future and to enhance capabilities to launch new products across the markets.

Environment, Health and Safety

The Company is fully committed to and continuously endeavours to achieve environment, health and safety excellence across all the units. The Company continued to invest substantial resources towards sustaining and continuously improving the standards of environment, occupational health and safety as it believes that its responsibility towards the society and the environment extends beyond those that are laid down by the regulatory authorities. At present, eighteen units of the Company are accredited with ISO 14001 and OHSAS 18001.

NCE Research

The Company conducts research activities in novel drug discovery and development at Zydus Research Centre (ZRC), a state-of-the-art facility having the capability of taking a drug right from the concept stage to human trials. The focus areas of NCE research include cardio-metabolic disorder, inflammation, pain, oncology and infectious diseases.

During the year, the Company received the marketing approval from the regulatory authority of Mexico, COFEPRIS to commercialise Lipaglyn™, a novel PPARα/γ agonist having predominant PPAR alpha activity, in Mexico for the treatment of Dyslipidemia in patients with diabetes mellitus type 2 and Hypertriglyceridemia in patients with diabetes mellitus type 2 not controlled by statins. Lipaglyn™ is currently undergoing Phase II clinical trials in the US for 3 indications viz. Severe Hypertriglyceridemia, Non Alcoholic Steato Hepatitis (NASH) and Primary Biliary Cholangitis (PBC). The molecule is also undergoing Phase III clinical trials in India for 3 indications viz. Lipodystrophy, NASH and Type 2 Diabetes and Phase III clinical trials in Mexico for 3 indications viz. Severe Hypertriglyceridemia, NASH and PBC.

During the year, the Company initiated Phase II clinical trials in India for investigating ZYAN 1 as a treatment for anemia associated with chronic kidney disease (CKD).

Corporate Social Responsibility

The Company's CSR initiatives are spearheaded by the Ramanbhai Foundation. Zydus Srishti encourages employee volunteerism and is solely an in-house effort. The team undertakes initiatives in education, health and research. The focus through these programmes is to develop communities surrounding the Company's operations through inclusive education and creating knowledge platforms.

Supporting the GCS Medical College, Hospital and Research Centre

The Company contributes to the GCS Medical College, Hospital and Research Centre (GCSMCH), which has been set up in public-private partnership by the Gujarat Cancer Society (GCS) and the Government of Gujarat. GCS has been providing comprehensive cancer care and treatment over the last five decades to the less privileged and economically disadvantaged sections of the society.

During the year, the second batch of medical students (MBBS) passed out of the college in March 2018 and are ready to serve the community. GCSMCH is committed to providing advanced medical care to the needy and underprivilged citizens at affordable costs. The institute continually undertakes several initiatives to upgrade its staff and caregivers to offer the best services and quality care. During the year, several comprehensive training programmes were conducted focussing on quality and offering better healthcare services.

11 Modular OTs

1,500+ Daily Outpatients

3,75,000+ Patients every year

300+ Doctors

60+ Beds ICU & Critical care

13,000+ Surgeries

Supporting education and skill building of specially-abled children and adults

Reaching out to make a difference in the community, the Company also extends support to the School for Deaf-Mutes Society. Established in the year 1908, the School for the Deaf and Mutes Society is one of the oldest organisations working in the field of education and rehabilitation of persons with hearing, speech and visual impairment. With the aim of empowering specially-abled people, the School for the Deaf-Mutes Society caters to the educational needs of students with hearing, speech and visual impairment, followed by vocational needs. The institute focusses on providing education alongwith creating employment opportunities. The school has nearly 700 students from kindergarten to college and the school imparts general as well as technical education. The adults are also trained for physiotherapy, technical and vocational courses.

Committed to developing the communities with health and care

Contributing to the communities that it forms a part of, the Group conducts rural healthcare camps at villages close to its facilities. The team at the API manufacturing facility at Dabhasa undertakes initiatives in health, education, sanitation, agriculture, animal husbandry, women empowerment, environment and community development, sports and cultural activities in the neighbouring villages of Dabhasa, Umraya, Luna, Jaspur, Ekalbara and Mahuvad. During the year, in the field of education the team undertook several initiatives like the Road and Safety Awareness Programme, Zydus Buddy4Study, Exam Success Workshops and School Health Awareness Programmes for schools in these villages.

The other community initiatives undertaken in and around Dabhasa include health check-up and awareness camps, distribution of nutritional kits to TB patients, 'Fruits and Vegetable Preservation and Preparation Training and Certification' programme for women, and several programmes for the empowerment and development of farmers. The API team also reached out to the communities in and around Bharuch through an NGO, Seva Yagna Samiti, which is dedicated to socio-medical services for the poor and needy people.

Zydan at Baddi came together to organise a charity camp where they donated clothes, shoes, toys and some useful electronic appliances. The team also gave blankets and warm clothes to orphans and homeless people living on the streets.

Contributing to the foundations of learning and building better communities through education

As part of the activities in education, the Group has supported the Zydus School for Excellence which was established as a community initiative of the Ramanbhai Foundation. The school was the brainchild of Founder Chairman, Late Mr. Ramanbhai Patel, who believed that a school is not just a place where young minds come to learn, it is an institution where character is built, and a fountainhead where children can constantly seek creative expressions for their endeavours. The school now has two campuses with 2,400 students and more than 150 educators. During the year, the students won several awards for academic, cocurricular as well as excellence in sports.

The Ramanbhai Patel College of Pharmacy (RPCP) was established in 2004 at Changa in memory of the Late Founder Chairman to promote excellence in pharmacy education and to prepare young men and women to meet the challenges of industrial pharmacy and pharmacy practice. The College offers Bachelors of Pharmacy and Masters of Pharmacy in Pharmaceutical Technology. With an excellent faculty, the college is one of the most reputed institutes in pharmacy education.

To serve the needs of the patients and bring world-class medical education to the rural interiors of Gujarat, the Government of Gujarat and the Zydus Group in a Public Private Partnership (PPP) model is setting up the Zydus Medical College at Dahod. As a part of this, our group will also take over and operate the Government-run Civil Hospital which will form a part of the campus. Spread over 22 acres of land, the campus will be an educational hub for aspiring medical professionals in the state. With this strong background, Zydus Medical College, Dahod, aspires to set new benchmarks in medical education in the state of Gujarat.

Zydus Medical College and Hospital

Awards and Accolades

Mr. Pankaj Patel is seen here at the Gujarat Glory award function with the Hon'ble Chief Minister of Gujarat, Shri Vijay Rupani

For his innovative, trailblazing efforts in the field of healthcare, our Chairman, Mr. Pankaj Patel was conferred the Gujarat Glory and the Gujarat Ratna Awards. The Gujarat Ratna Award is instituted by the Gujarat Innovation Society (GIS) which has been honouring innovators and developing an innovative culture in the Industry.

Our Managing Director, Dr. Sharvil Patel received the Economic Times '40 Under Forty' India's Young Business Leader's Award. Instituted by The Economic Times in association with SpencerStuart, the annual 40 Under Forty list is a celebration of India's best professionals and entrepreneurs under the age of 40. During the year, our MD was also recognised amongst the '40 Most Influential Asians Under 40' at the Asian Business & Social Forum 2018 (ABSF).

During the year the Company also received several awards

Our manufacturing facility at Moraiya bagged the 83rd FM & CRE Leadership Award for Professional Excellence in Environment Health and Safety by Lance Rest Assured and the Golden Peacock Award for Environment Management. Our formulations manufacturing plant at Baddi received the National level Grow Care Gold Award in Occupational Health & Safety in the Pharmaceutical Formulation sector.

The manufacturing sites at Moraiya, Baddi and Sikkim received the Silver medal at the National Award for Manufacturing Competitiveness (NAMC) by IRIM global.

Our API manufacturing facility at Ankleshwar Ank Unit I bagged a Silver at the Greentech Safety Award 2017 in recognition of its safety systems from the Greentech Foundation, Environment.

Zydus USA received the Cardinal Health's Supply Chain Excellence Award for 2017, which is presented to those suppliers that recognise the value of collaboration and successful partnerships. Zydus USA's Mesalamine 1.2 gram launch bagged the prestigious 'Excellence in Product Value and Innovation' Award by AmerisourceBergen (ABC).

18 of our brands made it to the top honours at the Indiastar 2017, the national competition for packaging excellence. Instituted by the Indian Institute of Packaging (IIP), the Indiastar Awards recognise innovative design & development in packaging. Our group set a new record of having the highest ever awards bagged by any pharmaceutical company since the inception of these awards in 1972.

Our group ranked amongst India's top 50 companies with a high degree of employee satisfaction about its talent development efforts and programmes by The People Capital Index, India's first and most significant standard of talent delight.

Human Resources

Building people capabilities and providing them platforms and opportunities to grow and spread their wings has always been a unique strength of our organisation. An essential part of our value proposition is 'GROW', which looks at Global opportunities; Respect, recognition, care and building talent from within; Opportunities across the value chain and Working with the best. We build People to Build our Business – was the motto since 1995, and the HR team has been focusing its efforts on this ethos at every step of the journey as we grew into a multi-locational, innovation-driven global healthcare company.

During the year, the HR initiatives have focussed on -

Talent management: In keeping with the changing business and technological landscape, a technical competency framework has been built for the teams driving innovation, operations and the commercial cluster. This framework is being used for hiring talent and developing internal talent. A customised framework for the marketing team has also been created, as a part of which all product managers and brand manager will undergo a brand building competency programme.

Talent pool: A group of young and prospective leaders were taken through a structured leadership development programme called LEAP in which business objectives were linked to their individual roles and career development and business projects were linked to their individual development based on our leadership competencies.

Manufacturing excellence: For the manufacturing teams, the Company has mapped critical processes, machines and the expected levels to drive productivity and performance. Hiring guidelines have been created for all the critical products based on critical machine and processes. Skills matrix has been mapped for all manufacturing employees and the development journey for skills development is underway. As a part of the capability building initiatives, FTEs are being enrolled for customised education programmes.

Driving sales force effectiveness and efficiency: Critical high productive headquarters have been mapped, and customised engagement programmes are being driven for higher productivity and sustainability.

Mission to Institutionalise Excellence in Leadership, Execution and Strategy (MILES): Corporate manufacturing and quality leadership teams are working on developing the next level of quality and excellence culture in the organisation.

ZCLOM: Zydus Collaborative Leadership Operating Model (ZCLOM) is an initiative aimed at creating a culture of collaboration, trust and positivity by focusing on peer-based strengths which will eventually define the 'Leadership Culture' of the Company.

Risk Identification, Risk Mitigation and Internal Controls

The Company is one of the leading pharmaceutical companies in India with presence across the pharmaceutical value chain of research, development, manufacturing, marketing and selling of finished dosage human formulations (generics, branded generics and specialty formulations, including biosimilars and vaccines), active pharmaceutical ingredients ('APIs'), animal healthcare products and consumer wellness products. The Company has a global presence and sells its products in the United States, India, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa. The variety of business activities being performed and the geographies being served by the Company poses various risks and challenges, which are explained below.

Risk related to economic and political environment across the world

The Company's business operations are spread across different advanced and emerging economies of the world. As a result, macro political and economic environment prevailing across the globe has a bearing on the Company's business operations. Various macro-environmental factors such as political unrest, credit market crisis, high levels of unemployment, currency devaluation, slower growth, rising commodity prices and resultant higher level of inflation and other challenges affecting the global economy can affect the operations of the Company adversely. The Company continuously evaluates the economic and political scenario emerging across the globe to identify the risks, if any, arising out of the same to its operations.

Risk of competition, price pressure and Government controls on prices

The Company is a generic pharmaceutical player which sells generic medications across the globe. Governments across the globe encourage generic competition to provide patients high-quality medicines at affordable prices. This in turn puts constant pressure on prices that the generics players charge to customers. Apart from this, there is always a possibility of new players entering the market and bringing with them incremental competition that results in both further price erosion and volume loss. In addition to this, the Government in some countries, by law, mandate pharmaceutical companies to reduce the prices of products periodically, which also adversely affects the pricing of the products. The Company tries to mitigate the impact of such price reduction by expanding the volumes of existing products and launching high value-added, new products.

Risk of regulatory actions due to non-compliance of quality standards

Pharmaceutical industry is characterised by stringent quality standards prescribed by the regulatory authorities of different countries to protect the interests of the patients of their countries. The Company must comply with all applicable quality standards prescribed by regulatory authorities of countries where it either supplies products or intends to do the same. Applicable regulations are increasingly becoming stricter and penalties for non-compliance with these regulations can be severe, including the revocation or suspension of licenses, imposition of fines and criminal sanctions apart from loss of reputation.

The Company continuously evaluates the quality of its products, their manufacturing and supply chain processes to ensure that all the applicable regulations are complied with at all times by focusing on building the robust quality culture among its employees, simplifying and improving the existing processes and investing the resources towards newer technologies and automation initiatives.

Risk of litigation related to quality of products, intellectual properties and other litigations

Pharmaceutical products and their manufacturing and supply chain processes are subject to stringent regulations and quality standards. Any deviation from prescribed regulations or any variation in quality from standards laid down by regulatory authorities can lead to actions from these authorities or litigation from the customers. To mitigate the risk of litigation which may arise due to product quality, the Company takes 'Product Liability Insurance' as a safeguard against the potential claims regarding the quality of the products.

Litigation may also arise if the Company's products and processes infringe upon the products and processes of patent holders. To mitigate this risk, the Company has put in place a review mechanism to check for possible infringement of intellectual property rights of patent holders before developing and filing product dossiers for global markets.

Risk of delays in approval of new product registrations in various markets

Generic pharmaceutical industry is characterised by a presence of a large number of players in the market who compete with each other to get the market share which in turn, puts constant pressure on the prices which the companies charge to the customers. To mitigate the risk of revenue loss from the existing business on account of competition, companies in the generic pharmaceutical space need to keep on launching new products to ensure continued growth in the business. Non-receipt/ significant delay in receipt of approvals for new products from the regulatory authorities can severely affect the growth of the business of the companies.

The Company has established a stringent mechanism to review the new product dossiers submitted with the regulatory authorities to ensure quality of such dossiers. The Company has also established a system of providing speedy response to the queries raised by the regulatory authorities on the product dossiers so as to expedite the approvals.

Risk of international operations including foreign exchange risk

Indian Rupee is the reporting currency of the Company. However, the Company's net revenue from operations for the international business and a portion of the expenditure are denominated in foreign currencies. While, as a result of portions of both expenditures and net revenues from operations being denominated in foreign currencies, the Company has a natural hedge against exchange rate risks, the balance of expenses and revenues of the Company are affected by fluctuations in exchange rates. Exchange rate fluctuations could affect the amount of income and expenditure that can be recognised, the Company's ability to service the debt obligations denominated in foreign currencies and the value of investments in subsidiaries, associates and joint ventures.

Risk Management and Internal Control Systems

Though it is not possible to completely eliminate various risks associated with the business of the Company, efforts are made to minimise the impact of such risks on the operations of the Company. The Company has established a well-defined process of risk management which includes identification, analysis and assessment of various risks, measurement of probable impact of such risks, formulation of risk mitigation strategies and their implementation to minimise the impact of such risks on the operations of the Company. An enterprise wide risk evaluation and validation process is carried out regularly and the review of the risk management policy is also carried out at regular intervals by the Risk Management Committee and the Board of Directors to ensure new risks which might arise or the impact of existing risks which might have increased are identified and a proper strategy is put in place for mitigating them. The Company has put in place various internal controls for different activities to minimise the impact of various risks. Also, as mandated by the Companies Act, 2013, the Company has implemented an Internal Financial Control (IFC) framework to ensure proper internal controls over financial reporting. Apart from this, a well-defined system of internal audit is in place to independently review and strengthen these internal controls. The Audit Committee of the Company regularly reviews the reports of the internal auditors and recommends steps for further improvement of internal controls.

Disclaimer

This Management Discussion & Analysis (MDA) includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'anticipates', 'projects', 'expects', 'intends', 'may', 'will', 'seeks' or 'should' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, aims, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout the MDA and include statements regarding the Company's intentions, beliefs or current expectations concerning, amongst other things, its results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Company operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance including those relating to general business plans and strategy of the Company, its future outlook and growth prospects, and future developments in its businesses and its competitive and regulatory environment. No representation, warranty or undertaking, express or implied, is made or assurance given that such statements, views, projections or forecasts, if any, are correct or that the objectives of the Company will be achieved. There are some important factors that could cause material differences to Company's actual results. These include (i) its ability to successfully implement its strategy (ii) its growth and expansion plans (iii) changes in regulatory norms applicable to the Company (iv) technological changes (v) investment income (vi) cash flow projections etc.

The Company, as such, makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to the fairness, accuracy, completeness or correctness of any information or opinions contained herein. The information contained in the MDA, unless otherwise specified is only current as of the date of this MDA. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events, or otherwise. Unless otherwise stated in this MDA, the information contained herein is based on management information and estimates.

Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2018.

Section A : General Information about the Company

1.	Corporate Identification Number (CIN) of the Company			L24230GJ1995PLC025878
2.	Name of the Company			Cadila Healthcare Limited
3.	Address of the Registered Office of the Company			Zydus Tower, Satellite Cross Roads Sarkhej Gandhinagar Highway Ahmedabad–380015
4.	Website			www.zyduscadila.com
5.	Email id			upen.shah@zyduscadila.com
6.	Financial year reported			2017–2018
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)			
	Group	Class	Sub Class	Description
	210	2100	21001	Drugs and Pharmaceuticals
8.	Key products / Services			The Company manufactures and markets a wide range of healthcare products.
9.	Locations where business activity is undertaken by the Company			The Company's businesses and operations are spread across different geographies. There are more than 20 locations in India, where the manufacturing and research and development activities are carried out, details whereof are provided in this annual report. Details of business performance in Indian markets as well as International markets are reported as a part of the Management Discussion and Analysis Report, which forms a part of this Annual Report.
10.	Markets served by the Company–Local / State / National / International			As a global healthcare provider, the Company has a significant presence nationally and globally.

Section B: Financial Details of the Company

Paid-up Capital (₹)	1,024 million
Total turnover (sale of products) (₹)	55,887 million
Total profit after taxes (₹)	10,908 million

Section C : Other Details

List of activities in which expenditure on CSR has been incurred and total spending as a percentage of profits after tax:

The Company has spent ₹ 262.44 million towards Corporate Social Responsibility (CSR), being 2% of the average net profits for previous three years computed as prescribed under the Companies Act, 2013 on education and healthcare, including preventive healthcare and infrastructure development. Annual Report on CSR activities is attached to the Directors' Report.

The Company is a global pharmaceutical Company with subsidiaries in India and across the world. As on date, the Company has 37 subsidiary Companies, including 26 subsidiaries outside India. Names of the subsidiary Companies are provided in the statement of salient features of the subsidiary Companies under section 129(3) of the Companies Act, 2013 and Rules made thereunder, which is a part of this Annual Report. Each of the Company's subsidiaries abides by the law of the respective land, where it operates in a responsible manner. The subsidiary companies' Business Responsibility (BR) initiatives are aligned with those of the Company.

Section D : BR Information

1. Details of Director responsible for BR:

a) Details of the Director responsible for implementation of the BR Policy / Policies:

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

b) Details of the BR head:

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

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

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

NVG Principle	Chapter in BR Report	Page No.	Details in Annual Report
Business should conduct and govern themselves with Ethics, Transparency and Accountability.	Corporate Governance Structure	32	Yes
Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Quality Principles and Credo for Value Creation	32	Yes
Businesses should promote the well-being of all employees.	Building people to build our business	32-33	Yes
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	Zydus' Corporate Social Responsibility	33	Yes
Businesses should respect and promote human rights.	Human Rights	33	Yes
Businesses should respect, protect, and make efforts to restore the environment.	Green Impact	33	Yes
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Policy advocacy	33-34	Yes
Business should support inclusive growth and equitable development.	Zydus Shrishti	34	Yes
Business should engage with and provide value to their customers and consumers in a responsible manner.	The Zydus Way of manufacturing and marketing healthcare products	34	Yes

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

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

Sr. No.	Questions	Business Ethics P1	Product responsibility P2	Wellbeing of Employees P3	Stakeholder Engagement & CSR P4	Human Rights P5	Environment P6	Public Policy P7	CSR P8	Customer Relations P9
1.	Do you have a policy / policies for?	Y	Y	Y	Y	Y[1]	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy confirm to any national / international standards?	The Company is abiding by the various laws and while framing the policies, the Company takes into account the best practices and national and international standards.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Y	Y[2]	Y[3]	Y	N	Y	N	Y	Y[4]
All statutory policies are approved by the Board of Directors, whereas other policies are signed by the Chairman or Managing Director or the respective business / unit head.										
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
The policies are implemented and being reviewed regularly by the respective business / unit head.										
6.	Indicate the link for the policy to be viewed online?	www.zyduscadila.com http://zydusehs								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, all the policies are communicated to the employees via internal portal, where each employee has an access and the external stakeholders through Company's website. [www.zyduscadila.com]								
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Yes, respective business / unit heads attend to any grievances pertaining to their department and address the grievances. The Company has formed a Stakeholders' / Investors' Relationship Committee to redress any grievances of shareholders and investors. Product related grievances are also resolved by the respective business heads to which the product pertains to.								
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Company regularly carries out an independent audit on working of policy on environment. CSR expenditure is also audited by the Company's statutory auditors.								

1. The Policy is embedded in the Company's Code of Conduct, HR policies and various other HR practices.
2. The Policy is embedded in the Company's Quality and Environmental Policies, which inter alia relate to safe and sustainable products.
3. The policies for the wellbeing of employees are for internal circulation to the employees and approved by the Managing Director.
4. The Company fulfills the requirements by introducing innovative products and services. The Company has a customer complaint redressal system.

b) **If answer to the questions at serial number 1 against any principle, is "No", please explain why:**
N.A.

4. Governance related to BR:

a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year.**
The BR performance of the Company is regularly monitored by the Company and reviewed by the Chairman and respective departmental heads.

b) **Does the Company publish BR or sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**
The Company publishes BR Report as a part of Annual Report. The Company publishes BR report annually. Report is posted on the Company's website– www.zyduscadila.com.

Section E : Principle-wise Performance

Principle 1:

Business should conduct and govern themselves with Ethics, Transparency and Accountability

The Company firmly believes and adheres to transparent, fair and ethical governance practices.

The Board of Directors has approved a Code of Business Conduct and Ethics, which is applicable to all Board Members and employees of the Company. This is reviewed and reported annually. The Company also has a Whistle Blower Policy approved by the Board and is applicable to all employees of the Company. Further, our major suppliers are also required to agree and to confirm to the code of responsible business conduct. The Company has also prescribed a very detailed Code of Ethics for its employees and every employee has to sign and affirm its compliance. Though the Code of Business Conduct and Ethics for Directors and Senior Management Personnel is posted on the Company's website, the internal code of conduct is available on a portal, which is accessible to all employees.

Details relating to shareholders' complaints are provided in Corporate Governance Report, which is a part of this Annual Report. However, there was no stakeholder complaint during the reporting period with regard to ethics, bribery and corruption.

Principle 2:

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

All our manufacturing facilities are inspected by the leading regulatory agencies of US, Brazil, India, etc. The approvals are given after a thorough audit of standard operating procedures and protocols. Hence utmost care is taken to ensure that products conform to stringent quality standards and biostability of products is also submitted during the periodic audits. All these manufacturing plants have received environment audit certifications from ISO and OHSAS.

The Company produces large number of diverse Formulations and Active Pharmaceutical Ingredients (APIs) at various manufacturing sites and therefore ascertaining consumption of energy, water and raw material, etc. on per unit of product basis is not possible.

The Company has identified approved vendors for procuring materials and a Standard Operating Procedure is in place for sourcing raw materials. This includes sample approvals, performance trials, plant audit and regulatory clearances. Majority of procurement of materials is from the approved manufacturers.

The Company procures goods and services from the local and small producers for its manufacturing premises and offices. It improves operational efficiency and helps save on transportation costs, inventory management and helps in risk mitigation. Adequate guidance and counselling are provided to them about system and procedures for regulated markets.

The waste generated in the Company's operations is either recycled or disposed of safely & scientifically as per applicable rules / laws. Every manufacturing facility has its own Effluent Treatment Plant, which ensures discharge of waste meets the norms prescribed by respective pollution control boards.

Important raw materials and solvents are recovered and recycled. It is a part of operational management. Full-fledged Solvent Recovery Plant at our API manufacturing sites recovers solvents generated during the process of manufacturing & reuses solvents in the manufacturing process.

Principle 3:

Businesses should promote the well-being of all employees

1. Please indicate the total number of employees and the number of contractual employees, woman employees and permanent employees with disabilities:

   The Company does not discriminate among existing employees or during the process of recruitment on the grounds of religion, race, color, gender and disability. The Company provides equal opportunities to all employees. Key employee data as on March 31, 2018 is provided in the below table.

Sr. No.	Category of Employees	No. of Employees
1.	Management staff	6325
2.	Marketing field staff	1295
3.	Others	4199
4.	Total	11819
5.	Contractual employees	3086
6.	Permanent Woman employees	778
7.	Permanent employees with disabilities	29

2. The Company has a recognised employees association and 2.99% of our permanent employees are members of this association. The Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year.

3. The permanent and contractual employees at the Company's manufacturing site, Research and Development Centre and other corporate offices are provided training on relevant Environment, Health and Safety aspects. Further all other employees are given soft skill up-gradation training to improve their skills as may be relevant to the respective functions. 52.95% employees were imparted training for skill development, EHS, etc. from the total strength.

Principle 4:

Business should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

The Company has mapped its internal and external stakeholders. We recognise employees, business associates, joint venture partners, suppliers, vendors, NGOs, communities, shareholders / investors, regulatory authorities and other governmental bodies and intermediaries as our key stakeholders.

The Company has also identified disadvantaged, vulnerable and marginalised stakeholders. The Senior Management of the Company also devotes their time and resources to various agencies involved in education and health arena as a part of its Corporate Social Responsibility. The Company works actively to enhance the employability of youth, leading to income generation and economic empowerment in the marginalised section of the communities.

The shop floor workers in our manufacturing premises are from the economically disadvantaged groups and local communities. The Company invests in their skill development and upgradation, health check-ups and ensures other quality of life parameters. We have processes in place to ensure upholding of the rights of our employees and protect them against any form of discrimination.

Principle 5:

Businesses should respect and promote human rights

The Company is committed to promote human rights and adheres to the same in spirit and deed. This extends to all areas of business operations and various stakeholder groups. The Company is also committed to provide equal opportunities at all levels, safe and healthy workplaces and protecting human health and environment. The Company strives to provide a non-discriminatory and harassment-free workplace for all its employees and contract staff. The Factories Act, 1948 provides the overarching framework for the Company's policy on human rights for the employees working at different factories. The Company provides equal opportunities to all its employees to improve their skills and capabilities. The Company also has a policy in place to foster a professional, open and trusting workplace and safeguard the interests of its women employees. The Company provides help to its neighbouring communities to improve their education, cultural, economic and social well-being. There were no stakeholder complaints in the reporting period pertaining to human rights.

Principle 6:

Business should respect, protect, and make efforts to restore environment

The Company is committed towards conservation of the environment and compliance with all requirements related to Environment, Health and Safety [EHS]. We have been looking at these initiatives beyond statutory compliance with a focus on the 4 Rs–Reduce, Reuse, Recycle and Recover for valuable resources. The Company has been engaging and involving every stakeholder across the Company in creating a unique culture in EHS.

The Company continues to invest substantial resources towards sustaining and continuously improving standards of environment, occupational health and safety. Competent EHS cell has been instituted at each facility to cater to the day to day EHS related activities.

To gratify the EHS value as a whole with systematic approach, 18 company units are accredited for ISO 14001 and 18 company units are accredited for OHSAS 18001.

Towards green initiatives, the Company is reusing the hazardous waste by the activity of co-processing, water conservation, solvent recovery, using energy efficient techniques, developing green belt, etc. The Company circulates in house newsletter title Green Impact to enlist the plant level activities & initiatives undertaken to comply with EHS norms and raise awareness among all employees.

To develop safety culture at work place, the Company has implemented Process Safety Management (PSM) and Behavior Based Safety Management tools across the units & as a part of Environment Management System and stringent monitoring, the Company has installed TOC monitoring system at its API units.

To bring the information asymmetry amongst the EHS group members & all employees, the Company has created dedicated EHS portal system and from time to time documents are posted for internal review and compliance, which include EHS management–SOPs, guidelines, checklists, etc. The Company organises EHS group discussions at various levels as a part of awareness and updation on regular basis.

The Company is committed to achieve all the norms within the limits for emission and discharge of air and water, as may be laid down by the regulators. The Company complies with pollution and environmental laws.

Principle 7:

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company is a member of following Chambers and Associations:

A. Indian Pharmaceutical Alliance,

B. Federation of Indian Chambers of Commerce and Industry (FICCI),

C. The Indian Drug Manufacturers Association,

D. Pharmexcil, Hyderabad, and

E. Gujarat Chamber of Commerce & Industry.

The Company interacts with Government / Regulatory Authorities on any public policy framework through apex industry institutions, like Indian Pharmaceutical Alliance, Federation of Indian Chambers of Commerce and Industry, The Indian Drug Manufacturers Association, Pharmexcil and Gujarat Chamber of Commerce and Industry. The Company puts forth its views on new standards or regulatory developments pertaining to the pharmaceutical manufacturing industry, broadly in the areas concerning access to medicines, best practices, corporate governance, corporate social responsibility, etc.

Principle 8:

Businesses should support inclusive growth and equitable development

The Company's CSR initiatives are spearheaded by Ramanbhai Foundation. Zydus Shrishti encourages employee volunteerism and is completely an in-house effort. The team carries out initiatives in the field of education, health and research. The focus through these programmes is to develop communities which we are a part of, inclusive education and creating knowledge platforms for the research community.

In line with its policy, the Company has contributed towards education, healthcare and social outreach programmes and a majority of its CSR spending in the previous financial year has been in these areas. The Company has contributed to the Gujarat Cancer Society (GCS). GCS has set-up a GCS Medical College, Hospital and Research Centre (GCSMCH) in public private partnership by the GCS and the Government of Gujarat. GCS has been providing comprehensive cancer care and treatment over the last five decades to the less privileged and economically disadvantaged sections of the society.

Reaching out to make a difference in the community, the Company also extends support to the School for Deaf-Mutes Society. Established in the year 1908, the School for the Deaf and Mutes Society is one of the oldest organisations working in the field of education and rehabilitation of persons with hearing, speech and visual impairment.

A report in the prescribed format on CSR activities carried out by the Company forms a part of this Annual Report.

Principle 9:

Businesses should engage with and provide value to their customers and consumers in a responsible manner

There were no customer complaints received in the reporting period. There are no complaints or consumer cases pending as on the end of the financial year. There are no cases filed by any customer or consumer against the Company as at the end of Financial Year 2017–2018.

The Company displays all product information on the product label, which is mandatory and as may be required for the use of the products by the consumers.

The Company shall never engage in any unfair trading practices, irresponsible advertising or anti-competitive behavior. The Company has various checks and balances to ensure that the business of the Company is done in a fair and responsible manner. This is the Zydus Way of manufacturing and marketing healthcare products.

The Company carries out the consumer satisfaction survey to measure the satisfaction among its consumers. A full-fledged Pharmacovigilance cell has been set up to track, review and act on any adverse event complaints. Post marketing surveillance is also carried out by the marketing team to track and monitor the efficacy and safety of the products.

Board's Report

Your Directors are pleased to present the Twenty Third Annual Report and the Financial Statements for the financial year ended on March 31, 2018.

Financial Highlights:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The standalone and consolidated financial performance of the Company, for the Financial Year ended on March 31, 2018 is summarised below:

₹ in million

Particulars	Standalone		Consolidated	
	For the year ended on March 31, 2018	**For the year ended on March 31, 2017**	**For the year ended on March 31, 2018**	**For the year ended on March 31, 2017**
Revenue from Operations and other Income	60,305	38,576	120,496	97,007
Profit before Interest, Depreciation, Amortisation and Impairment Expenses & Tax [PBIDT]	18,542	9,042	29,607	20,325
Less: Finance Cost	639	111	911	446
Less: Depreciation, Amortisation and Impairment Expenses	2,931	2,509	5,388	3,733
Profit Before Tax [PBT]	**14,972**	6,422	**23,308**	16,146
Less: Tax Expenses	4,064	(197)	5,644	1,289
Profit After Tax [PAT]	**10,908**	6,619	**17,664**	14,857
Share of Profit of Joint venture (net of tax)	-	-	628	338
Profit for the year from Continuing Operations	**10,908**	6,619	**18,292**	15,195
Less: Loss after tax from Discontinued operations	-	-	188	27
Profit for the year	**10,908**	6,619	**18,104**	15,168
Attributable to:				
Owners of the Parent	10,908	6,619	17,758	14,877
Non-Controlling Interests	-	-	346	291
Other Comprehensive Income/(Loss) (net of tax)	362	57	195	51
Total Comprehensive Income	**11,270**	6,676	**18,299**	15,219
Attributable to:				
Owners of the Parent	11,270	6,676	17,953	14,928
Non-Controlling Interests	-	-	346	291
Opening balance in Retained Earnings	47,315	44,072	50,073	37,742
Amount available for appropriation	**58,127**	50,610	**67,717**	54,016
Dividend:				
Interim - FY 2016-17	-	3,276	-	3,276
Corporate Dividend Tax on Interim Dividend (net of CDT Credit)	-	19	10	667
Closing Balance in Retained Earnings	**58,127**	47,315	**67,707**	50,073
Earnings Per Share [EPS] from Continuing Operations [Face Value of shares of ₹ 1/- each]	10.66	6.47	17.53	14.56
Earnings Per Share [EPS] from Continuing and Discontinued Operations [Face Value of shares of ₹ 1/- each]	10.66	6.47	17.35	14.53

The Company proposes to retain an amount of ₹ 58,127 million in the Statement of Profit and Loss.

Results of Operations:

During the year under review, the consolidated revenue from operations and other income was ₹ 1,20,496 million. The Company has achieved consolidated Profit Before Tax of ₹ 23,308 million and Profit After Tax of ₹ 18,104 million. The Company achieved a consolidated total Comprehensive Income of ₹ 18,299 million. The EPS from continuing operations on consolidated financials for the year ended on March 31, 2018 was ₹ 17.53.

Dividend:

Your Directors have recommended a dividend of ₹ 3.50 (350%) per equity share on 102,37,42,600 Equity Shares of ₹ 1/- each fully paid-up for the financial year ended on March 31, 2018, amounting to ₹ 3,592 million. (inclusive of Corporate Dividend tax (net of CDT) of ₹ 9 million.) The dividend, if declared by the members at the ensuing Annual General Meeting (AGM), will be paid to those shareholders, whose names stand registered in the Register of Members on August 13, 2018. In respect of shares held in dematerialised form, it will be paid to the members whose names are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited, as beneficial owners. The Dividend Payout Ratio for the current year (inclusive of Corporate Dividend Tax) is 19.8% of profits.

During the year, the unclaimed dividend pertaining to the dividend for the year ended March 31, 2010 was transferred to Investors Education and Protection Fund.

As per SEBI Notification, the Company has formulated Dividend Distribution Policy, which is approved by the Board of Directors and is uploaded on Company's website www.zyduscadila.com. The link for the same is https://zyduscadila.com/wp-content/uploads/2017/05/Dividend-Distribution-Policy-CHL.pdf.

Management Discussion and Analysis (MDA):

MDA, for the year under review, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is presented in a separate section, which forms a part of the Annual Report.

Consolidated Financial Statements:

In accordance with the Ind AS–110 on Consolidation of Financial Statements read with Ind AS–28 on Accounting for Investments in Associates and Joint Ventures and as provided under the provisions of the Companies Act, 2013 (hereinafter referred to as "Act") read with Schedule III to the Act and Rules made thereunder and the Listing Regulations, the Audited Consolidated Financial Statements are provided in the Annual Report, which show the financial resources, assets, liabilities, income, profits and other details of the Company, its associate companies and its subsidiaries after elimination of minority interest, as a single entity.

Subsidiary Companies and Joint Ventures:

The Company has divested the entire holding in Bremer Pharma GmbH, Germany (Bremer) on April 17, 2018 and therefore, though on the year end Bremer was a wholly owned subsidiary Company, it ceased to be a subsidiary of the Company with effect from April 17, 2018.

The Company has incorporated a new company in the name of Violio Pharmaceuticals Limited as a wholly owned subsidiary of the Company on May 10, 2018. Violio Pharmaceuticals Limited in turn has incorporated a new Company in the name of Violio Pharmaceuticals Inc., USA on May 11, 2018.

The Company had entered into Joint Venture Agreement ("JVA") with Bayer (South East Asia) Pte. Limited ('Bayer') on January 28, 2011. Both Bayer and the Company held 2,50,00,000 Equity Shares of ₹ 10/- each fully paid-up of Bayer Zydus Pharma Private Limited ('Joint Venture Company'). As per the terms of the JVA, the Company has sold 1,25,00,001 Equity Shares, on May 2, 2018, at a value determined in terms of JVA, to Bayer by executing a Share Purchase Agreement amongst the Company, Bayer and the Joint Venture Company. The Company has received the Exit Price for such sale of shares in terms of the JVA.

Further, as provided in section 136 of the Act, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available free of cost the Audited Financial Statements of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Financial Statements of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

As provided under section 129(3) of the Act and Rules made thereunder a statement containing the salient features of the financial statements of its subsidiaries in the format prescribed under the rules is attached to the financial statements. The policy relating to material subsidiaries as approved by the Board may be accessed on the Company's website at the link: http://zyduscadila.com/wp/content/uploads/2015/05/Policy-on-Material-Subsidiary.pdf.

Particulars of Loans, Guarantees and Investments:

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

Related Party Transactions:

All contracts / arrangements / transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. As provided under section 134(3)(h) of the Act and Rules made thereunder disclosure of particulars of material transactions with related parties entered into by the Company in the prescribed format is annexed to this report as **Annexure–A**. Disclosures on related party transactions are set out in Note No. 41 to the financial statements.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http://zyduscadila.com/wp-content/uploads/2015/05/Policy-on-Related-Party-Transactions.pdf

Directors:

i) Appointment of Directors:

During the year upon recommendation of Nomination and Remuneration Committee, Dr. Sharvil P. Patel (DIN–00131995) was appointed as a Managing Director of the Company for a period of five years w.e.f. April 1, 2017. Further, Mr. Ganesh N. Nayak (DIN–00017481) was appointed as an Additional Director and a Whole Time Director, designated as Chief Operating Officer and Executive Director for a period of three years w.e.f. July 12, 2017. Appointment of Mr. Ganesh N. Nayak was regularised by the shareholders at the Annual General Meeting held on August 11, 2017. Further, Mr. Pankaj R. Patel (DIN–00131852) stepped down as the Managing Director of the Company w.e.f. July 12, 2017. However he continues as a Non–Executive Chairman.

ii) Retirement by rotation:

In accordance with the provisions of section 152(6) of the Act and in terms of the Articles of Association of the Company, Mr. Pankaj R. Patel, Non–Executive Director (DIN–00131852) will retire by rotation at the ensuing AGM and being eligible, offers himself for re–appointment. The Board recommends his re–appointment.

iii) Declaration of independence:

The Company has received declarations of independence as stipulated under section 149(7) of the Act and regulation 16(b) of the Listing Regulations from Independent Directors confirming that they are not disqualified for continuing as an Independent Director.

iv) Profile of Director seeking re–appointment:

As required under regulation 36(3) of the Listing Regulations, particulars of Director seeking re–appointment at the ensuing AGM are annexed to the notice convening Twenty Third AGM.

v) Key Managerial Personnel:

The following persons are/were the Key Managerial Personnel (KMP):

1. Mr. Pankaj R. Patel, Chairman (ceased to be the Managing Director and KMP w.e.f. July 12, 2017),
2. Dr. Sharvil P. Patel, Managing Director (appointed as a Managing Director w.e.f. April 1, 2017),
3. Mr. Ganesh N. Nayak, Executive Director (appointed as an Executive Director w.e.f. July 12, 2017),
4. Mr. Nitin D. Parekh, Chief Financial officer and
5. Mr. Upen H. Shah, Company Secretary.

vi) Board Evaluation:

Pursuant to provisions of the Act and Rules made thereunder and as provided in Schedule IV to the Act and the Listing Regulations, the Nomination and Remuneration Committee / Board has carried out the annual performance evaluation of itself, the Directors individually as well as the evaluation of its committees. The manner in which the evaluation was carried out has been provided in the Corporate Governance Report, which is a part of this Annual Report.

vii) Nomination and Remuneration Policy:

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy on selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report, which is a part of this Annual Report.

Directors' Responsibility Statement:

In terms of section 134(3)(c) of the Act and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

(a) that in preparation of the Financial Statements, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any,

(b) that such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2018 and of the profit of the Company for the year ended on that date,

(c) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities,

(d) that the annual financial statements have been prepared on going concern basis,

(e) that proper internal financial controls were in place and that the financial controls were adequate and operating effectively, and

(f) that the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Transfer of Shares to Investor Education and Protection Fund (IEPF) Account:

In compliance with the provisions of section 124 of the Companies Act, 2013 and rules made thereunder, the Company has transferred the shares of the shareholders whose dividend has remained unclaimed / unpaid for a consecutive period of seven years to the Investor Education and Protection Fund (IEPF).

Board Meetings:

Information of meetings of the Board of Directors is given in Corporate Governance Report, forming a part of this report.

Audit Committee:

As provided in section 177(8) of the Act, the information about composition of Audit Committee and other details are given in Corporate Governance Report, forming a part of this report. The Board has accepted the recommendations of the Audit Committee. The Audit Committee comprises of Mr. Nitin R. Desai, Chairman, Mr. Humayun R. Dhanrajgir, Mr. Mukesh M. Patel, Mr. Apurva S. Diwanji and Ms. Dharmishta N. Raval as members.

Corporate Governance:

The Company has complied with the Corporate Governance requirements under the Act and as stipulated under Listing Regulations. A separate section on detailed report on the Corporate Governance practices followed by the Company under the Listing Regulations, along with a certificate from Manoj Hurkat & Associates, Practicing Company Secretaries, confirming the compliance forms a part of this Annual Report.

Auditors:

i) Statutory Auditors and Audit Report:

Deloitte Haskins & Sells LLP, Chartered Accountants, are appointed as the Statutory Auditors of the Company for a period of five years from the conclusion of Twenty Second AGM till the conclusion of Twenty Seventh AGM.

Deloitte Haskins & Sells LLP, Chartered Accountants have furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non–audit assignments for the Company.

The Board has duly reviewed the Statutory Auditor's Report of Deloitte Haskins & Sells LLP, Chartered Accountants and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors as provided under section 134 of the Act.

ii) Cost Auditors:

Pursuant to the provisions of section 148(3) of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of the Drugs and Pharmaceuticals are required to be audited. The Board had, on the recommendation of the Audit Committee, appointed Dalwadi & Associates, Cost Accountants to audit the cost records of the Company for the Financial Year 2018–2019 on a remuneration of ₹ 1.08 million plus applicable taxes and out of pocket expenses on actuals. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members in a general meeting for ratification. Accordingly, a resolution seeking ratification by members for the remuneration payable to Dalwadi & Associates is included at Item No. 4 of the Notice convening Twenty Third AGM.

iii) Secretarial Auditors and Secretarial Audit Report:

Pursuant to the provisions of section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Manoj Hurkat and Associates, a firm of Company Secretaries in Whole–time Practice to undertake the Secretarial Audit of the Company for the Financial Year 2017–2018. The Secretarial Audit Report is annexed herewith as **Annexure–B**. The Board has duly reviewed the Secretarial Auditors' Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors as provided under section 134 of the Act.

Business Responsibility Reporting:

As per Regulation 34(2)(f) of the Listing Regulations, a separate section on Business Responsibility Reporting forms a part of this Annual Report.

Corporate Social Responsibility (CSR):

Your Company, being a Pharmaceutical Company, having objective as "Dedicated to Life" has contributed for healthcare, education and research in cancer as a part of initiatives under "Corporate Social Responsibility" for the year under review. Pursuant to section 135 of the Act and the relevant rules, the Board has constituted a Corporate Social Responsibility (CSR) Committee under the Chairmanship of Mr. Pankaj R. Patel. The other members of the Committee are Dr. Sharvil P. Patel and Ms. Dharmishta N. Raval. CSR Policy has been framed and placed on the Company's website. Other details of the CSR activities, as required under section 135 of the Act, are given in the CSR Report at **Annexure–C**.

Business Risk Management:

Pursuant to the provisions of section 134(3)(n) of the Act and requirements under the Listing Regulations, the Company has constituted a Risk Management Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report, which forms a part of this Annual Report.

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimise the impact of risks identified and taking advance actions to mitigate them. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks. The Company has formally framed a Risk Management Policy to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure.

Discussion on risks and concerns are covered in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

Internal control system and its adequacy:

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) within the meaning of the explanation to section 134(5)(e) of the Act. For the year ended on March 31, 2018, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved internal controls whenever the effect of such gaps would have a material effect on the Company's operations.

Managing the Risks of fraud, corruption and unethical business practices:

i) Vigil Mechanism / Whistle Blower Policy:
The Company has established vigil mechanism and framed whistle blower policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. Whistle Blower Policy is disclosed on the website of the Company.

ii) Zydus Business Conduct Policy:
The Company has framed "Zydus Business Conduct Policy" and is monitored by the Senior Vice President (Human Resources). Every employee is required to review and sign the policy at the time of joining and an undertaking shall be given for adherence to the Policy. The objective of the Policy is to conduct the business in an honest, transparent and ethical manner. The policy provides for anti-bribery and avoidance of other corruption practices by the employees of the Company.

Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment.

During the Financial Year 2017–2018, the Company has not received any complaint of sexual harassment.

Extract of annual return:

As per the provisions of section 92(3) of the Act, an extract of the Annual Return in the prescribed form MGT–9 is attached to this Report as **Annexure–D**.

Particulars of Employees:

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure–E**.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134(3)(m) of the Act read with rule 8(3) of the Companies (Accounts) Rules, 2014, is provided in **Annexure–F** and forms a part of this Report.

General Disclosures:

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134(3) of the Act and rule 8 of the Companies (Accounts) Rules, 2014 to the extent the transactions took place on those items during the year.

Apart from what are mentioned in this report, there are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

Acknowledgment:

Your Directors place on record their sincere appreciation for the continued co-operation and support extended to the Company by various Banks. Your Directors also thank the Medical Profession, the Trade and Consumers for their patronage to the Company's products. Your Directors also place on record sincere appreciation of the continued hard work put in by the employees at all levels. The Directors also thank the Company's vendors, investors, business associates, Stock Exchanges, Government of India, State Government and various departments and agencies for their support and co-operation.

On behalf of the Board of Directors

PANKAJ R. PATEL
Chairman

Place : Ahmedabad
Date : May 25, 2018

Annexure A

Form No. AOC–2

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

Disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto.

A. Details of contracts or arrangements or transactions not on an arm's length basis:

There were no contracts or arrangements or transactions entered into with related parties during the year, which were not on an arm's length basis.

B. Details of material contracts or arrangements or transactions on an arm's length basis:

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

On behalf of the Board of Directors

PANKAJ R. PATEL
Chairman

Place : Ahmedabad
Date : May 25, 2018

Annexure B

Secretarial Audit Report

For the Financial year ended March 31, 2018

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members of
CADILA HEALTHCARE LIMITED
'Zydus Tower' Satellite Cross Roads,
Sarkhej–Gandhinagar Highway,
Ahmedabad–380015.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CADILA HEALTHCARE LIMITED** (hereinafter called the **"Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the Rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d) The Securities and Exchange Board of India (Share Based Employee Benefits), Regulations, 2014;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also examined compliance with the applicable clauses of the following:

I. Secretarial Standards issued by The Institute of Company Secretaries of India.

II. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

We hereby report that during the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

VI. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the provisions of The Drugs and Cosmetics Act, 1940 and Rules made thereunder, as is specifically applicable to the Company.

We further report that:

a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b) Adequate notice is given to all Directors to schedule the Board Meetings at least seven days in advance. Agenda and detailed notes on agenda are also sent to all Directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) Majority decision is carried through while the dissenting members' views are captured and recorded as a part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the audit period, no events / actions has taken place which have major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For MANOJ HURKAT AND ASSOCIATES
Practicing Company Secretaries

MANOJ HURKAT
Partner
FCS No. 4287
C P No.: 2574

Place : Ahmedabad
Date : May 25, 2018

Note: This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report.

Annexure A

To
The Members
CADILA HEALTHCARE LIMITED
"Zydus Tower" Satellite Cross Roads,
Sarkhej–Gandhinagar Highway,
Ahmedabad–380015

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts and cost records of the Company.

4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, secretarial records and other factual position which cannot be otherwise verified etc. wherever required or necessary.

5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of the same on a test basis.

6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MANOJ HURKAT AND ASSOCIATES
Practicing Company Secretaries

MANOJ HURKAT
Partner
FCS No. 4287
C P No.: 2574

Place : Ahmedabad
Date : May 25, 2018

Annexure C

Annual Report on Corporate Social Responsibility (CSR) activities:

1. **Brief outline of the Company's CSR Policy, including overview of the projects or programmes proposed to be undertaken and a reference to a web–link to the CSR Policy and projects or programmes.**

   The Company has framed a CSR Policy in compliance with the provisions of section 135 of the Companies Act, 2013 and is placed on the website of the Company. Visit the web-link http://www.zyduscadila.com/wp-content/uploads/2015/05/Policy-on-csr.pdf for more information on the CSR Policy.

   The Company has outlined the following thrust areas in the CSR Policy:

   i) Swasthya–Health, Safety and Environment,

   ii) Shiksha and Sodh–Education, Knowledge Enhancement and Research, and

   iii) Saath–Social care, concern and outreach in times of emergencies.

The Board of Directors, on the recommendation of CSR Committee, approved the CSR spending, apart from others, on providing financial support for creating additional infrastructure / renovations and other assistance to a Charitable Institution, which runs hospitals and medical college. The said institution provides hospital services to the patients and carries out medical research. The medical college provides education and facilities to the medical students. The objectives of the institution include, amongst others, to help the marginalised and economically weaker section people of the society.

2. **Composition of the CSR Committee.**

   Mr. Pankaj R. Patel – Chairman,

   Dr. Sharvil P. Patel – Member, and

   Ms. Dharmishta N. Raval – Member.

3. **Average net profits of the Company for last three financial years.**

   ₹ 13121.76 million

4. **Prescribed CSR expenditure (2% of the amount as in item No. 3 above).**

   ₹ 262.44 million

5. **Details of CSR spent during the financial year.**

   a. Total amount to be spent during the financial year– ₹ 262.44 million

   b. Amount unspent, if any–Nil

   c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs [1] Local area or other, [2] Specify the state and district where project or programs were undertaken.	Amount outlay [Budget] Project or Program wise ₹ in million	Amt. spent on the Projects or Programs Sub-heads: [1] Direct expenditure on projects of programs, [2] Overheads ₹ in million	Cumulative expenditure upto the reporting period ₹ in million	Amount spent: Direct or through implementing Agency *
1.	Healthcare	Contribution towards creating infrastructure and renovation at Cancer Hospital	Ahmedabad Gujarat	20.93	20.93	20.93	Gujarat Cancer Society
2.	Healthcare	Contribution towards free / concessional rate medicines and other services to the poor patients for their treatment at the Cancer Hospitals	Ahmedabad Gujarat	55.59	55.59	55.59	
3.	Healthcare	Contribution towards subsidized food and other consumables at the Cancer Hospitals	Ahmedabad Gujarat	32.99	32.99	32.99	
4.	Healthcare	Contribution towards purchasing new medical equipment, professional and consultation fees and fellowship fees for the Cancer Hospitals	Ahmedabad Gujarat	114.33	114.33	114.33	
5.	Education	Promotion of Education	Ahmedabad Gujarat	1.10	1.10	1.10	Ahmedabad Education Society
6.	Healthcare	Contribution towards free / concessional rate medicines and other services to the poor patients for their treatment at the Cancer Division of the Hospital	Ankleshwar Gujarat	0.20	0.20	0.20	Smt. Jayaben Mody Hospital
7.	Education	Contribution towards special education for the differently abled people	Bharuch Gujarat	0.05	0.05	0.05	Sewa Yagya Samiti
8.	Healthcare	Contribution for various socio-medical services for poor, downtrodden and needy people	Vadodara Gujarat	0.01	0.01	0.01	Donation for CSR awareness
9.	Education	Promotion of Education	Ahmedabad Gujarat	7.50	7.50	7.50	School for Deaf and Mutes Society
10.	Education	Contribution towards infrastructure development	Ahmedabad Gujarat	17.50	17.50	17.50	Indian Institute of Management**
11.	Healthcare	Contribution towards animal health check-up	Ahmedabad Gujarat	0.03	0.03	0.03	Vetgrow Animal Healthcare
12.	Education and Healthcare	Contribution towards promotion of education and healthcare	Ahmedabad Gujarat	5.10	5.10	5.10	All India Social Educational Charitable Trust
13.	Education and Healthcare	Contribution towards promotion of education and healthcare	Ahmedabad Gujarat	5.10	5.10	5.10	Aadhar Foundation
Total				**262.44**	**262.44**	**262.44**	

* Those CSR activities carried out through implementing agencies by way of support to Charitable Institutions.

** The Company has contributed the amount and monitors the actual spending by IIM, Ahmedabad

d. Responsibility Statement:
The implementation and monitoring of Corporate Social Responsibility [CSR] Policy, is in compliance with CSR objectives and policy of the Company.

On behalf of the Board of Directors

PANKAJ R. PATEL
Chairman–CSR Committee

DR. SHARVIL P. PATEL
Managing Director

Place : Ahmedabad
Date : May 25, 2018

Annexure D

Form No. MGT-9

Extract of Annual Return
as on the Financial Year ended on March 31, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

CIN	L24230GJ1995PLC025878
Registration Date	May 15, 1995
Name of the Company	Cadila Healthcare Limited
Category / Sub-Category of the Company	Public Limited Company, Limited by shares
Address of the Registered Office and Contact details	"Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad–380 015 Phone +91–79–26868100 (20 lines) Fax +91–79–26862365 www.zyduscadila.com
Whether listed company	Yes
Name Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited 5th Floor, 506 to 508, Amarnath Business Centre–1 (ABC–1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off C G Road, Navrangpura, Ahmedabad–380 006. Tel: 079–26465179 Fax No. 079–26465179 Email: ahmedabad@linkintime.co.in

II. Principal Business Activities of the Company

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main products/services	NIC Code of the Product / Service	% to total turnover of the Company
Pharmaceutical Products	2100	100%

III. Particulars of Holding, Subsidiary and Associate Companies:

Sr. No.	Name of the Company	Address	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Dialforhealth India Limited	Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad–380 015.	U85110GJ2000PLC037488	Subsidiary	100	2[87][ii]
2	Dialforhealth Unity Limited		U51390GJ2005PLC046314		55	
3	Dialforhealth Greencross Limited		U51397GJ2005PLC061284		100	
4	Zydus Healthcare Limited		U51900GJ1989PLC079501		100	
5	Zydus Technologies Limited		U24230GJ2009PLC056149		85	
6	Violio Pharmaceuticals Limited *		U24299GJ2018PLC101374		100	
7	Violio Healthcare Limited	House No. 3, Sigma Commerce Zone, Near Iscon Temple, Ahmedabad - 380015	U24236GJ2018PLC102269		100	
8	Alidac Pharmaceuticals Limited	Plot No. 1A, "Pharmez", Sarkhej-Bavla NH 8A, Village Matoda, Gujarat–382213.	U24230GJ2005PTC046915		100	
9	Liva Pharmaceuticals Limited	Survey No. 434/6/B and 434/1/K, Village: Jarod, Taluka Vaghodia, District–Vadodara–391510.	U24100GJ2013PLC077080		100	

Sr. No.	Name of the Company	Address	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
10	Zydus Wellness Limited	House No. 6 and 7, Sigma Commerce Zone, Near Iscon Temple, S. G. Highway, Ahmedabad–380015.	L15201GJ1994PLC023490	Subsidiary	72.08	2[87][ii]
11	Acme Pharmaceuticals Private Limited	PF 61 and 62, Sanand Industrial Estate, Sanand, Ahmedabad	U24230GJ2010PTC063425		100	
12	Zydus International Private Limited, Ireland	FDW House, Blackthorn Business Park, Coes Road, Dundalk, Co. Louth, Ireland.	Not Applicable		100	
13	Zydus Healthcare SA (Pty.) Ltd., South Africa	Southdowns Office Park, 22, Karee Street, Centurion, Pretoria 0157.			100	
14	Simayla Pharmaceuticals (Pty) Limited, South Africa				100	
15	Script Management Services (Pty.) Limited, South Africa				100	
16	Zydus Pharmaceuticals USA Inc., USA	73 Route 31 N, Pennington, NJ 08534.			100	
17	Zydus Healthcare USA LLC, USA				100	
18	Zydus Noveltech INC., USA	1775, Williston Road, Suite 210, South Burlington, VT 05403.			85	
19	Nesher Pharmaceuticals (USA) LLC, USA	120, South Central Avenue, Clayton, Missouri-63105, State of Missouri.			100	
20	Hercon Pharmaceuticals LLC, USA [Sole Member Zydus Noveltech Inc.]	101 Sinking Springs Lane, Emigsville PA 17318, United States of America.			100	
21	Sentynl Therapeutics Inc., USA	420, Stevens Avenue, Suite 200, Salona Beach, CA 92075.			100	
22	Zydus France SAS, France	25, Batiment L, ZAC des Hautes Patures, Rue des Peupliers, 92752 NANTEREE, France.			100	
23	Zydus Netherlands BV, The Netherlands	Amerika Building, Hoogoorddreef, 15, 1101, BA, Amsterdam, Netherlands.			100	
24	ZAHL B.V., the Netherlands				100	
25	ZAHL Europe B.V., the Netherlands				100	
26	Zydus Nikkho Farmaceutica Ltda., Brazil	Estrada Governador Chagas Freitas, 340, Ilha do Governador, Rio de Janeiro RJ, CEP 21932-820.			100	
27	Laboratorios Combix, S. L., Spain	C/ Badajoz, 2, Pozuelo de Alarcon, 28223 Madrid, Spain.			100	
28	Bremer Pharma GmbH, Germany#	Werkstr. 42, 34414 Warburg, Germany.			100	
29	Etna Biotech S.R.L., Italy	Stradale V. Lancia, 57, 95121, Catania-Italy.			100	
30	Zydus Lanka (Private) Limited, Sri Lanka	Level 26 & 34, East Tower, World Trade Centre, Echelon Square, Colombo 01, Sri Lanka.			100	
31	Zydus Healthcare Philippines Inc., Philippines	Unit Nos. 903 & 904, Corner 9th Avenue, 32nd Street, Fort Bonifacio Global City, Taguig, Philippine–1634.			100	
32	Zydus Worldwide DMCC, Dubai	Unit No. 909, Armada Tower 2, Plot No. PH2-P2, Jumeirah Lakes Towers, Dubai, United Arab Emirates.			100	
33	Zydus Discovery DMCC, Dubai	Unit No. 908, Armada Tower 2, Plot No. PH2-P2, Jumeirah Lakes Towers, Dubai, United Arab Emirates.			100	

Sr. No.	Name of the Company	Address	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
34	Zydus Pharmaceuticals Mexico, S. A. de CV, Mexico	Carretera Picacho Ajusco 154, Oficina 601-B Col. Jardines en la Montana, Del. Tlalpan, C. P. 14210, Mexico D.F.	Not Applicable	Subsidiary	100	2[87][ii]
35	Zydus Pharmaceuticals Mexico Service Company SA de CV, Mexico				100	
36	Alidac Healthcare (Myanmar) Limited, Myanmar	Plot No. B 19, Thilawa SEZ Zone A, Yangon Region, Myanmar.			100	
37	Violio Pharmaceuticals Inc., USA $	58, Buckthorn Court, Paramus, New Jersey 07652.			100	
38	Zydus Takeda Healthcare Private Limited	C-4, MIDC, Village: Pawne, Thane Belapur Road, Navi Mumbai–400705.	U24231MH1999PTC119171	Associate	50	2[87]
39	Zydus Hospira Oncology Private Limited	Plot No. 3, Pharmez, Special Economic Zone, Sarkhej-Bavla Highway, Village–Matoda, Taluka–Sanand, Dist. Ahmedabad–382210.	U24230GJ2005PTC046246		50	
40	Bayer Zydus Pharma Private Limited	Bayer House, Central Avenue, Hiranandani Gardens, Powai Mumbai–400076.	U24233MH2011PTC213118		24.999998@	

* Incorporated as a wholly owned subsidiary of the Company on May 10, 2018.

Ceased to be a subsidiary company w.e.f. April 17, 2018.

$ Incorporated as a wholly owned subsidiary of Violio Pharmaceuticals Limited on May 11, 2018.

@ The Company was holding 50% shares as on March 31, 2018. However, the Company sold certain shares held in Bayer Zydus Pharma Private Limited and due to which the % holding reduced to 24.999998% on May 2, 2018.

IV. Shareholding Pattern (Equity Share Capital Breakup as a percentage of Total Equity)

I) Category-wise Shareholding:

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	765672230	-	765672230	74.79	765672230	-	765672230	74.79	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	18000	-	18000	-	18000	-	18000	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	**765690230**	**-**	**765690230**	**74.79**	**765690230**	**-**	**765690230**	**74.79**	**-**
(2) Foreign									**-**
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	**765690230**	**-**	**765690230**	**74.79**	**765690230**	**-**	**765690230**	**74.79**	**-**

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	35664299	14415	35678714	3.49	44912467	13140	44925607	4.39	+ 0.90
b) Banks / FI	37114855	6720	37121575	3.63	36194110	5415	36199525	3.54	- 0.09
c) Central Govt.	1494763	-	1494763	0.15	1702409	-	1702409	0.17	+ 0.02
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs / Foreign Portfolio Investor	101178540	-	101178540	9.88	89048796	-	89048796	8.70	- 1.18
h) Foreign Venture Capital funds	-	-	-	-					
i) Alternate Investment Funds	-	-	-	-	142605	-	142605	0.01	+ 0.01
j) Others (specify)	-	-	-	-					
Sub-Total (B)(1):	**175452457**	**21135**	**175473592**	**17.15**	**172000387**	**18555**	**172018942**	**16.81**	**- 0.34**
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	24547327	-	24547327	2.40	28775495	-	28775495	2.81	+ 0.41
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Share-holders holding nominal share capital upto 2 lakh	38386344	5221353	43607697	4.26	39014857	4119417	43134274	4.21	- 0.05
ii) Individual share-holders holding nominal share capital in excess of 2 lakh	8743760	-	8743760	0.85	9275626	-	9275626	0.90	+ 0.05
c) Others (specify)									
i) Shares held by Pakistani citizens vested with the Custodian of Enemy Property	-	-	-	-	-	-	-	-	
ii) Other Foreign Nations	-	-	-	-	-	-	-	-	-
iii) Foreign Bodies	-	1875	1875	0.00	-	-	-	0.00	0.00
iv) NRI / OCBs	2231779	23760	2255539	0.22	2120914	12255	2133169	0.21	- 0.01
v) Clearing Members/ Clearing House	761913	-	761913	0.07	634234	-	634234	0.06	- 0.01
vi) Trusts	832319	-	832319	0.08	361433	-	361433	0.04	- 0.04
vii) Hindu Undivided Family	1828348	-	1828348	0.18	1719197	-	1719197	0.17	- 0.01
viii) Limited Liability Partnership	-	-	-	-	-	-	-	-	-
ix) Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	**77331790**	**5246988**	**82578778**	**8.06**	**81901756**	**4131672**	**86033428**	**8.40**	**+ 0.34**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**252784247**	**5268123**	**258052370**	**25.21**	**253902143**	**4150227**	**258052370**	**25.21**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-					
Grand Total (A+B+C)	**1018474477**	**5268123**	**1023742600**	**100.00**	**1019592373**	**4150227**	**1023742600**	**100.00**	**0.00**

ii) Shareholding of Promoters:

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
Zydus Family Trust	765537230	74.78	Nil	765537230	74.78	Nil	-
Pripan Investment Pvt. Ltd.	18000	0.002	Nil	18000	0.002	Nil	-
Shivani Pankajbhai Patel Jtly.	15000	0.001	Nil	15000	0.001	Nil	-
Pankajbhai Ramanbhai Patel							
Pankajbhai Ramanbhai Patel Jtly.	15000	0.001	Nil	15000	0.001	Nil	-
Pritiben Pankajbhai Patel							
Pankajbhai Ramanbhai Patel (HUF)	15000	0.001	Nil	30,000	0.002	Nil	0.001
Pritiben Pankajbhai Patel Jtly.	15000	0.001	Nil	15000	0.001	Nil	-
Pankajbhai Ramanbhai Patel							
Ramanbhai B. Patel (HUF)	15000	0.001	Nil	0	0	N.A.	-0.001
Pankajbhai Ramanbhai Patel Jtly.	15000	0.001	Nil	15000	0.001	Nil	-
Pritiben Pankajbhai Patel							
(R. B. Patel Will Pankaj Trust)							
Pankajbhai Ramanbhai Patel Jtly.	15000	0.001	Nil	15000	0.001	Nil	-
Sharvil Pankajbhai Patel							
(P. R. Patel Smaller HUF)							
Sharvil Pankajbhai Patel	15000	0.001	Nil	15000	0.001	Nil	-
Pankaj Ramanbhai Patel Jtly.	15000	0.001	Nil	15000	0.001	Nil	-
Sharvil Pankajbhai Patel							
[Taraben Patel Family Will Trust]							
Total	**765690230**	**74.79**	**Nil**	**765690230**	**74.79**	**Nil**	**-**

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1. Pankaj Ramanbhai Patel HUF				
At the beginning of the year	15000	0.001	15000	0.001
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) Purchase on March 26, 2018	15000	0.001	15000	0.001
At the end of the year	30000	0.002	30000	0.002

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2. Ramanbhai B Patel HUF				
At the beginning of the year	15000	0.001	15000	0.001
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) Sale on March 26, 2018	15000	0.001	15000	0.001
At the end of the year	0	0.00	0	0.00

iv) Shareholding Pattern of top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
1.	**Life Insurance Corporation of India**	**At the beginning of the year**			**29899663**	**2.92**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.					
		26.01.2018	-198000	-0.02	29701663	2.90
		02.02.2018	-425257	-0.04	29276406	2.86
		16.02.2018	-186345	-0.02	29090061	2.84
		23.02.2018	-89683	-0.01	29000378	2.83
		02.03.2018	-186520	-0.02	28783606	2.81
		09.03.2018	30252	0.00	28783606	2.81
		At the end of the year			**28783606**	**2.81**
	Franklin Templeton Mutual Fund A/c Franklin India Prima Plus	**At the beginning of the year**			**14843439**	**1.45**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	21.04.2017	100000	0.01	14943439	1.46
		26.05.2017	100000	0.01	15043439	1.47
		02.06.2017	100000	0.01	15143439	1.48
		16.06.2017	-385230	-0.04	14758209	1.44
		23.06.2017	-4862	0.00	14753347	1.44
		07.07.2017	-66166	-0.01	14687181	1.43
		14.07.2017	-56660	0.00	14630521	1.43
		21.07.2017	-69129	-0.01	14561392	1.42
		28.07.2017	-253033	-0.02	14308359	1.40
		11.08.2017	90000	0.01	14398359	1.41
		18.08.2017	397700	0.04	14796059	1.45
		25.08.2017	262300	0.02	15058359	1.47
		29.09.2017	40000	0.00	15098359	1.47
		03.11.2017	-340000	-0.03	14758359	1.44
		10.11.2017	-343041	-0.03	14415318	1.41
		15.12.2017	43041	0.00	14458359	1.41
		02.02.2018	100000	0.01	14558359	1.42
		09.02.2018	123890	0.01	14682249	1.43
		16.02.2018	22434	0.00	14704683	1.43
		02.03.2018	102078	0.01	14806761	1.44
		09.03.2018	167486	0.02	14974247	1.46
		31.03.2018	70000	0.01	15044247	1.47
		At the end of the year			**15044247**	**1.47**
3	**Government Pension Fund Global**	**At the beginning of the year**			**10900598**	**1.06**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.					
		At the end of the year			**10900598**	**1.06**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
4.	**Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund**	**At the beginning of the year**			**4154120**	**0.41**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	14.04.2017	825000	0.08	4979120	0.49
		12.05.2017	167500	0.01	5146620	0.50
		26.05.2017	-150000	-0.01	4996620	0.49
		02.06.2017	1058500	0.10	6055120	0.59
		09.06.2017	276000	0.03	6331120	0.62
		16.06.2017	500000	0.05	6831120	0.67
		23.06.2017	123000	0.01	6954120	0.68
		30.06.2017	866182	0.08	7820302	0.76
		07.07.2017	-6924	0.00	7813378	0.76
		14.07.2017	380000	0.04	8193378	0.80
		21.07.2017	-6258	0.00	8187120	0.80
		28.07.2017	160000	0.01	8347120	0.81
		04.08.2017	170000	0.02	8517120	0.83
		11.08.2017	-181000	-0.02	8336120	0.81
		18.08.2017	72298	0.01	8408418	0.82
		01.09.2017	200000	0.02	8608418	0.84
		08.09.2017	553885	0.06	9162303	0.90
		15.09.2017	120000	0.01	9282303	0.91
		06.10.2017	362800	0.03	9645103	0.94
		13.10.2017	400000	0.04	10045103	0.98
		03.11.2017	-23047	0.00	10022056	0.98
		10.11.2017	-160000	-0.02	9862056	0.96
		17.11.2017	-380000	-0.03	9482056	0.93
		08.12.2017	58489	0.00	9540545	0.93
		15.12.2017	140800	0.02	9681345	0.95
		29.12.2017	-93256	-0.01	9588089	0.94
		26.01.2018	-470987	-0.05	9117102	0.89
		02.02.2018	732000	0.07	9849102	0.96
		09.02.2018	-248800	-0.02	9600302	0.94
		16.02.2018	61600	0.00	9661902	0.94
		23.02.2018	-1398400	-0.13	8263502	0.81
		02.03.2018	500000	0.05	8763502	0.86
		31.03.2018	-36362	-0.01	8727140	0.85
		At the end of the year			**8727140**	**0.85**
5.	**Barclays Merchant Bank (Singapore) Ltd.**	**At the beginning of the year**			**9327162**	**0.91**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	07.04.2017	54400	0.01	9381562	0.92
		02.06.2017	-6764	0.00	9374798	0.92
		21.07.2017	-292212	-0.03	9082586	0.89
		28.07.2017	-250495	-0.03	8832091	0.86
		04.08.2017	-57942	0.00	8774149	0.86
		24.11.2017	-56174	-0.01	8717975	0.85
		08.12.2017	-3682	0.00	8714293	0.85
		12.01.2018	-40000	0.00	8674293	0.85
		26.01.2018	-49312	-0.01	8624981	0.84
		16.02.2018	-81590	-0.01	8543391	0.83
		23.02.2018	-121614	-0.01	8421777	0.82
		02.03.2018	-153531	-0.01	8268246	0.81
		09.03.2018	-597337	-0.06	7670909	0.75
		16.03.2018	-132739	-0.02	7538170	0.73
		23.03.2018	-14247	0.00	7523923	0.73
		At the end of the year			**7523923**	**0.73**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
6.	**Kotak Select Focus Fund**	**At the beginning of the year**			**3189516**	**0.31**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.					
		07.04.2017	132800	0.01	3322316	0.32
		14.04.2017	-210818	-0.02	3111498	0.30
		21.04.2017	-25530	0.00	3085968	0.30
		28.04.2017	-99200	-0.01	2986768	0.29
		05.05.2017	-128000	-0.01	2858768	0.28
		12.05.2017	27000	0.00	2885768	0.28
		19.05.2017	-1600	0.00	2884168	0.28
		26.05.2017	194348	0.02	3078516	0.30
		02.06.2017	100800	0.01	3179316	0.31
		09.06.2017	-8000	0.00	3171316	0.31
		16.06.2017	-16000	0.00	3155316	0.31
		23.06.2017	150000	0.01	3305316	0.32
		30.06.2017	-1600	0.00	3303716	0.32
		07.07.2017	10600	0.00	3314316	0.32
		14.07.2017	-20800	0.00	3293516	0.32
		21.07.2017	-83200	-0.01	3210316	0.31
		28.07.2017	43200	0.01	3253516	0.32
		04.08.2017	-24000	0.00	3229516	0.32
		11.08.2017	54800	0.00	3284316	0.32
		18.08.2017	225000	0.02	3509316	0.34
		25.08.2017	390400	0.04	3899716	0.38
		01.09.2017	-121200	-0.01	3778516	0.37
		08.09.2017	-11200	0.00	3767316	0.37
		15.09.2017	556800	0.05	4324116	0.42
		22.09.2017	16000	0.00	4340116	0.42
		29.09.2017	119800	0.02	4459916	0.44
		06.10.2017	40800	0.00	4500716	0.44
		13.10.2017	-20800	0.00	4479916	0.44
		20.10.2017	51200	0.00	4531116	0.44
		27.10.2017	-14400	0.00	4516716	0.44
		03.11.2017	49600	0.01	4566316	0.45
		10.11.2017	176200	0.01	4742516	0.46
		17.11.2017	193987	0.02	4936503	0.48
		24.11.2017	241400	0.03	5177903	0.51
		01.12.2017	131200	0.01	5309103	0.52
		08.12.2017	235413	0.02	5544516	0.54
		15.12.2017	272800	0.03	5817316	0.57
		22.12.2017	133600	0.01	5950916	0.58
		29.12.2017	118400	0.01	6069316	0.59
		05.01.2018	57600	0.01	6126916	0.60
		12.01.2018	-81600	-0.01	6045316	0.59
		19.01.2018	13700	0.00	6059016	0.59
		26.01.2018	28700	0.00	6087716	0.59
		02.02.2018	38400	0.01	6126116	0.60
		09.02.2018	-195013	-0.02	5931103	0.58
		16.02.2018	436800	0.04	6367903	0.62
		23.02.2018	-462000	-0.04	5905903	0.58
		16.03.2018	-8000	0.00	5897903	0.58
		23.03.2018	22400	0.00	5920303	0.58
		At the end of the year			**5920303**	**0.58**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
7.	**Kotak Funds – India Midcap Fund**	**At the beginning of the year**			**0**	**0.00**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	16.06.2017	53179	0.01	53179	0.01
		23.06.2017	238790	0.02	291969	0.03
		30.06.2017	113425	0.01	405394	0.04
		07.07.2017	266551	0.03	671945	0.07
		14.07.2017	320000	0.03	991945	0.10
		11.08.2017	40000	0.00	1031945	0.10
		18.08.2017	125000	0.01	1156945	0.11
		15.09.2017	-131789	-0.01	1025156	0.10
		20.10.2017	140582	0.01	1165738	0.11
		27.10.2017	530335	0.06	1696073	0.17
		10.11.2017	226790	0.03	1922863	0.19
		17.11.2017	319564	0.03	2242427	0.22
		01.12.2017	100000	0.01	2342427	0.23
		08.12.2017	78493	0.01	2420920	0.24
		15.12.2017	1000000	0.09	3420920	0.33
		05.01.2018	210154	0.02	3631074	0.35
		12.01.2018	112695	0.02	3743769	0.37
		19.01.2018	45794	0.00	3789563	0.37
		26.01.2018	14240	0.00	3803803	0.37
		02.02.2018	8519	0.00	3812322	0.37
		09.02.2018	560000	0.06	4372322	0.43
		16.02.2018	200000	0.02	4572322	0.45
		23.02.2018	128183	0.01	4700505	0.46
		02.03.2018	425000	0.04	5125505	0.50
		09.03.2018	243785	0.02	5369290	0.52
		16.03.2018	11102	0.00	5380392	0.52
		23.03.2018	48316	0.01	5428708	0.53
		31.03.2018	104557	0.01	5533265	0.54
		At the end of the year			**5533265**	**0.54**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
8.	**SBI Life Insurance Co. Ltd.**	**At the beginning of the year**			**2459457**	**0.24**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	07.04.2017	880	0.00	2460337	0.24
		14.04.2017	165000	0.02	2625337	0.26
		21.04.2017	17102	0.00	2642439	0.26
		28.04.2017	177303	0.02	2819742	0.28
		05.05.2017	30374	0.00	2850116	0.28
		12.05.2017	325000	0.03	3175116	0.31
		19.05.2017	125000	0.01	3300116	0.32
		26.05.2017	75000	0.01	3375116	0.33
		02.06. 2017	569404	0.06	3944520	0.39
		09.06. 2017	362547	0.03	4307067	0.42
		16.06. 2017	-109252	-0.01	4197815	0.41
		23.06. 2017	-95651	-0.01	4102164	0.40
		21.07.2017	-39200	0.00	4062964	0.40
		28.07.2017	110000	0.01	4172964	0.41
		04.08.2017	-95000	-0.01	4077964	0.40
		11.08.2017	-50747	-0.01	4027217	0.39
		18.08.2017	696400	0.07	4723617	0.46
		25.08.2017	39000	0.01	4762617	0.47
		08.09.2017	-50000	-0.01	4712617	0.46
		15.09.2017	116630	0.01	4829247	0.47
		29.09.2017	100000	0.01	4929247	0.48
		06.10.2017	44688	0.01	4973935	0.49
		13.10.2017	-14800	0.00	4959135	0.48
		27.10.2017	-50000	0.00	4909135	0.48
		03.11.2017	-93850	-0.01	4815285	0.47
		17.11.2017	200000	0.02	5015285	0.49
		24.11.2017	-1800	0.00	5013485	0.49
		01.12.2017	-1954	0.00	5011531	0.49
		22.12.2017	106437	0.01	5117968	0.50
		05.01.2018	200000	0.02	5317968	0.52
		12.01.2018	-200000	-0.02	5117968	0.50
		19.01.2018	-163141	-0.02	4954827	0.48
		26.01.2018	20000	0.01	4974827	0.49
		02.02.2018	-20789	-0.01	4954038	0.48
		09.02.2018	-10042	0.00	4943996	0.48
		16.02.2018	-147511	-0.01	4796485	0.47
		23.02.2018	-5000	0.00	4791485	0.47
		02.03.2018	50000	0.00	4841485	0.47
		09.03.2018	-25000	0.00	4816485	0.47
		16.03.2018	400000	0.04	5216485	0.51
		23.03.2018	9179	0.00	5225664	0.51
		31.03.2018	135000	0.01	5360664	0.52
		At the end of the year			**5360664**	**0.52**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
9.	**UTI–Equity Fund**	**At the beginning of the year**			**5088856**	**0.50**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	14.04.2017	-182600	-0.02	4906256	0.48
		28.04.2017	-9600	0.00	4896656	0.48
		19.05.2017	50000	0.00	4946656	0.48
		02.06.2017	8000	0.00	4954656	0.48
		09.06.2017	-8000	0.00	4946656	0.48
		23.06.2017	-61000	0.00	4885656	0.48
		21.07. 2017	-64386	-0.01	4821270	0.47
		28.07. 2017	13000	0.00	4834270	0.47
		11.08.2017	114121	0.01	4948391	0.48
		18.08.2017	35000	0.01	4983391	0.49
		25.08.2017	3000	0.00	4986391	0.49
		01.09.2017	-1443	0.00	4984948	0.49
		08.09.2017	-306	0.00	4984642	0.49
		15.09.2017	-166002	-0.02	4818640	0.47
		22.09.2017	-94470	-0.01	4724170	0.46
		29.09.2017	-48673	0.00	4675497	0.46
		06.10.2017	1300	0.00	4676797	0.46
		20.10.2017	-428	0.00	4676369	0.46
		27.10.2017	-31591	-0.01	4644778	0.45
		03.11.2017	-1949	0.00	4642829	0.45
		10.11.2017	-115718	-0.01	4527111	0.44
		17.11.2017	-77290	-0.01	4449821	0.43
		24.11.2017	-324	0.00	4449497	0.43
		01.12.2017	-324	0.00	4449173	0.43
		08.12.2017	3092	0.00	4452265	0.43
		15.12.2017	19600	0.00	4471865	0.43
		22.12.2017	-216	0.00	4471649	0.43
		29.12.2017	174527	0.02	4646176	0.45
		05.01.2018	-11306	0.00	4634870	0.45
		12.01.2018	-30530	0.00	4604340	0.45
		19.01.2018	-106	0.00	4604234	0.45
		26.01.2018	-150000	-0.01	4454234	0.44
		02.02.2018	8000	0.00	4462234	0.44
		09.02.2018	-48192	0.00	4414042	0.44
		16.02.2018	43537	0.00	4457579	0.44
		23.02.2018	20000	0.00	4477579	0.44
		09.03.2018	65000	0.00	4542579	0.44
		31.03.2018	3604	0.00	4546183	0.44
		At the end of the year			**4546183**	**0.44**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / decrease	% of total share capital		
10.	**HDFC Standard Life Insurance Company Limited**	**At the beginning of the year**			**6203484**	**0.61**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	07.04.2017	54250	0.00	6257734	0.61
		14.04.2017	-4262	0.00	6253472	0.61
		21.04.2017	-500	0.00	6252942	0.61
		28.04.2017	-2777	0.00	6250195	0.61
		12.05.2017	37037	0.00	6287232	0.61
		19.05.2017	-750	0.00	6286482	0.61
		02.06.2017	-341935	-0.03	5944547	0.58
		09.06.2017	-338318	-0.03	5606229	0.55
		16.06.2017	-27196	0.00	5579033	0.55
		23.06.2017	-175098	-0.02	5403935	0.53
		30.06.2017	-48887	0.00	5355048	0.53
		14.07.2017	-636	0.00	5354412	0.53
		21.07.2017	-89762	-0.01	5264650	0.52
		20.07.2017	1640	0.00	5266290	0.52
		04.08.2017	10000	0.00	5276290	0.52
		11.08.2018	-133	0.00	5276157	0.52
		25.08.2018	-8450	0.00	5267707	0.52
		01.09.2017	-300	0.00	5267407	0.52
		08.09.2017	450	0.00	5267857	0.52
		15.09.2017	850	0.00	5268707	0.52
		22.09.2017	329	0.00	5269036	0.52
		29.09.2017	-806	0.00	5268230	0.52
		06.10.2017	24366	0.00	5292596	0.52
		27.10.2017	-67	0.00	5292529	0.52
		03.11.2017	-1358	0.00	5291171	0.52
		10.11.2017	-37856	0.00	5253315	0.52
		17.11.2017	1	0.00	5253316	0.52
		24.11.2017	17824	0.00	5271140	0.52
		01.12.2017	-24057	0.00	5247083	0.52
		08.12.2017	218015	0.02	5465098	0.54
		15.12.2017	55258	0.00	5520356	0.54
		22.12.2017	21265	0.00	5541621	0.54
		29.12.2017	-30596	0.00	5511025	0.54
		05.01.2018	-16293	0.00	5494732	0.54
		12.01.2018	-24987	0.00	5469745	0.54
		19.01.2018	-3734	0.00	5466011	0.54
		26.01.2018	-14654	0.00	5451357	0.54
		09.02.2018	325000	0.03	5776357	0.57
		16.02.2018	26496	0.00	5802853	0.57
		23.02.2018	18590	0.00	5821443	0.57
		02.03.2018	8555	0.00	5829998	0.57
		09.03.2018	8090	0.00	5838088	0.57
		23.03.2018	-32696	0.00	5805392	0.57
		31.03.2018	-1300000	-0.13	4505392	0.44
		At the end of the year			**4505392**	**0.44**

v) Shareholding of Directors and Key Managerial Personnel [KMP]:

A. Directors [Other than KMP]:

Particulars	Mr. Apurva S. Diwanji	Mr. Mukesh M. Patel	Mr. Humayun R. Dhanrajgir	Mr. Nitin R. Desai	Ms. Dharmishta N. Raval
At the beginning of the year:					
• Number of Shares	Nil	12000	Nil	442000	Nil
• % of total shares held	-	0.001	-	0.04	-
At the end of the year:					
• Number of Shares	Nil	12000	Nil	442000	Nil
• % of total shares held	-	0.001	-	0.04	-

* Including shares held by HUF and as a trustee of a trust.

B. Key Managerial Personnel

Particulars	Mr. Pankaj R. Patel Chairman @	Dr. Sharvil P. Patel Managing Director	Mr. Ganesh N. Nayak Executive Director #	Mr. Nitin D. Parekh Chief Financial Officer	Mr. Upen H. Shah Company Secretary
At the beginning of the year:					
• Number of Shares	765627230*	15000	N.A.	40000	300
• % of total shares held	74.78	0.001		0.003	0.00
Date wise increase / decrease in shareholding Date:	Nil	Nil	Nil	Nil	Nil
At the end of the year:					
• Number of Shares	765627230*	15000	151120	40000	300
• % of total shares held	74.78	0.001	0.015	0.003	0.00

@ Ceased to be the KMP w.e.f. July 12, 2017

Appointed as the KMP w.e.f. July 12, 2017

* Includes shares held by Family Trust and HUFs

V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

₹ in million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9614	19784	-	29398
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5	6	-	11
Total (i+ii+iii)	**9619**	**19790**	**-**	**29409**
Change in Indebtedness during the financial year				
Addition	513	26497	-	27010
Reduction	(7665)	(20013)	-	(27678)
-Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	2467	26258	-	28725
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	16	-	16
Total (i+ii+iii)	**2467**	**26274**	**-**	**28741**

VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Mr. Pankaj R. Patel Managing Director (upto July 11, 2017)	Dr. Sharvil P. Patel Managing Director	Mr. Ganesh N. Nayak Executive Director (w.e.f. July 12, 2017)	Total
	Gross Salary				
1	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	449.89	2476.63	2320.62	5247.14
	b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.11	23.37	1.12	24.60
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Options	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- As % of profit	-	-	-	-
	- Others, specify....	-	-	-	-
5	Other, please				
	i. Deferred bonus				
	ii. Retirement benefits				
	Total (A)	**450.00**	**2500.00**	**2321.74**	**5271.74**
	Ceiling as per the Act	7422	7422	7422	

B. Remuneration to other Directors:

1. Independent Directors:

(₹ in lakh)

Particulars of Remuneration	Name of the Director				Total
	Mr. Humayun Dhanrajgir	Mr. Nitin R. Desai	Ms. Dharmishta N. Raval	Mr. Apurva S. Diwanji	
- Fee for attending Board / Committee Meetings	9.00	9.00	16.00	12.00	46.00
- Commission	25.00	25.00	25.00	25.00	100.00
- Others, please specify		-	-	-	-
Total (B)(1)	**34.00**	**34.00**	**41.00**	**37.00**	**146.00**

2. Other Non-Executive Directors:

(₹ in lakh)

Particulars of Remuneration	Name of the Director		Total
	Mr. Mukesh M. Patel	Mr. Pankaj R. Patel*	
- Fee for attending Board / Committee Meetings	13.00	10.00	23.00
- Commission	25.00	-	25.00
- Others, please specify	-	-	-
Total (B)(2)	**38.00**	**10.00**	**48.00**
Total (B)=(B)(1)+(B)(2)		**194.00**	

* w.e.f. July 12, 2017

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

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Nitin D. Parekh CFO	Mr. Upen H. Shah CS	
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	449.24	51.89	501.13
	b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.38	0.22	0.60
	c) Profit in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2.	Stock Options			
3.	Sweat Equity			
4.	Commission			
	- as % of profit			
	- Others, specify.......			
5.	Others, please specify – Retiral			
	Total (C)	**449.52**	**51.22**	**501.73**

VII. Penalties / Punishment / Compounding of offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment			None		
Compounding					
B. Directors					
Penalty					
Punishment			None		
Compounding					
C. Other Officers in Default			None		
Penalty					

On behalf of the Board of Directors

PANKAJ R. PATEL
Chairman

Place : Ahmedabad
Date : May 25, 2018

Annexure E

Particulars of remuneration as per section 197[12] of the Companies Act, 2013 read with Rule 5[1] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014.

a. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Name of the Director	Ratio of each Director to the median remuneration of the employee
Mr. Pankaj R. Patel	115.38
Dr. Sharvil P. Patel	641.03
Mr. Humayun R. Dhanrajgir	6.41
Mr. Nitin R. Desai	6.41
Mr. Mukesh M. Patel	6.41
Ms. Dharmishtha N. Raval	6.41
Mr. Apurva S. Diwanji	6.41
Mr. Ganesh N. Nayak	595.32

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

Name of the Director, Chief Financial Officer and the Company Secretary	% increase in the remuneration in the financial year
Mr. Pankaj R. Patel	(75%)
Dr. Sharvil P. Patel	108.33%
Mr. Humayun R. Dhanrajgir	19.00%
Mr. Nitin R. Desai	19.00%
Mr. Mukesh M. Patel	19.00%
Ms. Dharmishta N. Raval	19.00%
Mr. Apurva S. Diwanji	19.00%
Mr. Ganesh N. Nayak (w.e.f. July 12, 2017)	N. A. as appointed during the year
Mr. Nitin D. Parekh Chief Financial Officer	16.00%
Mr. Upen H. Shah Company Secretary	24.00%

c. The percentage increase in the median remuneration of employees in the financial year was 9.90%.

d. There were 11,819 permanent employees on the roll of the Company as on March 31, 2018.

e. The profits after tax for the financial year ended on March 31, 2018 increased by 19.40% and the average increase in remuneration of employees was 13.60%.

f. The remuneration of Key Managerial Personnel, viz. [1] the Managing Director (Dr. Sharvil P. Patel), [2] Chief Financial Officer and [3] Company Secretary increased by 108.33%, 16.00% and 24.00% respectively. As Mr. Pankaj R. Patel ceased to be KMP during the year, the percentage increase is not applicable. Further, Mr. Ganesh N. Nayak was appointed during the year as a KMP and hence, the percentage increase is not applicable.

g. The market capitalisation of the Company was ₹ 38,764 crore as on March 31, 2018 as against ₹ 45,377 crore as on March 31, 2017.

Whereas, Price Earnings Ratio of the Company was 21.78 as on March 31, 2018 as against 29.83 as at March 31, 2017.

h. The Company came out with Initial Public Offer [IPO] in February, 2000 at a price of ₹250 per share for face value of ₹ 5/- per equity share. During the year 2015–2016, the Company has split the face value of equity shares from ₹ 5/- per share at the time of IPO to ₹ 1/- per share. The market price of the share of the face value ₹ 1/- as on March 31, 2018 was ₹ 378.65 on BSE Limited and ₹ 377.85 on the National Stock Exchange of India Limited. The variation in price is 189.00%, apart from the issue of bonus shares and dividends received by the members.

i. The average annual increase in the salaries of the employees, other than managerial personnel was 13.60%, whereas the weightage average increase in the managerial remuneration was 13.17% for the financial year. The increase in remuneration was on the recommendation of Nomination and Remuneration Committee considering the performance of the managerial personnel and the Company.

j. The members have, at the Annual General Meeting of the Company held on August 3, 2016, approved the payment of commission to the Non-Executive Directors within the ceiling of 1% of the Net Profits of the Company, subject to maximum of ₹ 30 million in aggregate, as computed under the applicable provisions of the Act. The performance of the Company in terms of sales and profitability are the key parameters, apart from size of the Company and contributions of the Directors at the Board and Committee meetings.

k. There is no employee who is in receipt of remuneration in excess of the highest paid Director during the year.

l. The Company affirms remuneration is as per the Nomination and Remuneration Policy of the Company.

m. The statement containing particulars of employees as required under section 197[12] of the Act read with Rule 5[2] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, is provided in a separate annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any member interested in obtaining a copy of the same may write to the Company Secretary.

On behalf of the Board of Directors

PANKAJ R. PATEL
Chairman

Place : Ahmedabad
Date : May 25, 2018

Annexure F

Information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo pursuant to section 134(1)(m) of the Companies Act, 2013 read with Rule No. 8 of the Companies [Accounts] Rules, 2014.

A. Conservation of Energy:

1. Steps taken and capital investment and impact on conservation of energy:

a. Particulars of major steps taken and capital investments made:

(₹ in lakh)

Sr. No.	Steps taken by installing following equipment / fittings	Capital Investments
i.	Replaced existing chilling plant with high efficiency chilling plant (Zydus Research Centre)	128.00
ii.	Installed Variable Frequency Drive (VFD) Panel in HVAC Systems of main R&D building along with programming of reducing speed of AHU boiler and room temperature feedback (Zydus Research Centre)	10.80
iii.	Installed LED lights in replacement of conventional CFL / TL lights (Zydus Research Centre)	0.65
iv.	Replaced cooling water supply pump of MEE & ATFD equipment (Dabhasa)	5.20
v.	Replaced U-1 brine plant cooling water supply pump with optimised & correct duty points pump (Dabhasa)	1.33
vi.	Replaced light fittings from 125 / 25 watts to 45 LED (Ankleshwar Unit II)	9.03
vii.	Installed VFD (Ankleshwar Unit II)	2.53
viii.	Installed back pressure steam turbine in steam distribution network (Ankleshwar Unit I and II)	131.92
ix.	Installed on / off valve in steam line, with inter lock ejector pump.	3.46
x.	Replaced all utility rusted pipe lines in the RC plant and upgraded the utility facility by replacing the utility header of reactor to avoid breakdown (API, Ahmedabad)	4.50
xi.	Installed new PLC system in the RO-I generation plant and system automated (API, Ahmedabad)	3.00
xii.	Installed Ackley laser drilling machine, Granurex 125, air compressor and hot water system (SEZ)	1434.93
xiii.	Installed high efficiency motors, APFC panel, UPS and centrifugal chillers (Biologics)	301.00
xiv.	Installed 3 ton boiler	38.00
xv.	Installed automatic tube brushing unit for chiller	8.00
	Total	**2082.35**

b. Impact on conservation of energy:

i. Reduction in power consumption

ii. Reduction in ETP power consumption

iii. Reduction in discharge pressure of hot water pump & process cooling tower

iv. Power generation

v. Reduction in steam losses

vi. Improvement in quality of production

vii. Reduction in water losses

viii. Reduction in water, HSD and power consumption, improvement in environment, improvement of efficiency of air compressor and minimisation of steam losses.

ix. Reduction in fuel consumption

x. Reduction in energy consumption

2. Steps taken by the Company for utilising alternate sources of energy:

- Steps taken to purchase the steam from steam supplier.
- Reused the RO reject water of new pretreatment plant for urinal flush.
- Reused the steam condensate water as feed water for boiler.
- Water conservation by using treated water in cooling tower.

B. Technology Absorption:

1. Efforts made towards technology absorption:

- Replacement of mercury light fittings with LED light fittings.
- Manufactured complex products like wruster coated products.

- Used laser drilling technology for tablets.
- High speed compression and capsule filling machines.
- Replaced multiple screw chillers with single large capacity centrifugal chiller to save on generation cost.
- Glass ware washer, inverted fluorescence microscope, ASRS storage system and micro plate reader.
- Manufactured complex products like wruster coated products by using new technology.
- 2D bar-coding machine.
- Used laser drilling technology for printing on tablets.
- Fixing of dehumidifiers for maintaining level of temperature at SEZ Unit.
- High speed compression machines.

2. Benefits derived:

- Capacity enhancement.
- Strengthening quality standards,
- Maintaining high primary ETP standards.
- Increased output.

3. Details of technology imported in last three years:

The Company has imported the following technology:

A. SEZ Unit:

- GEA compression machine
- Fette compression machine
- Viswill tablet inspection machine
- Encloy tablet inspection machine
- Sensum tablet inspection machine
- CVC bulk packing line
- IMA bulk packing line
- Trane chiller
- Trane Heat Pump
- IR Centrifugal air compressor
- Ackley laser drilling machine
- MG2 high speed capsule filling machine
- ACG wruster coater machine
- Glatt integrated line
- Atlas Copco air compressor

B. Biologics Unit:

- 2 Lyophilisers for capacity enhancement
- High speed automatic leak testing machine
- High speed automatic inspection machine
- High speed plunger insertion & labeling machine
- Automatic loading & unloading system for lyophiliser
- Glass ware washer
- Beckman coulter centrifuge

The above technologies / machines were imported during the years 2016–2018 and were fully absorbed.

4. Expenditure incurred on Research and Development:

The Company has incurred expenditure of ₹ 6,900 million under the head Research and Development.

C. Foreign Exchange Earnings and outgo:

During the year, the foreign exchange earned in terms of actual inflows was ₹ 42,683 million, whereas the foreign exchange in terms of actual outflows was ₹ 11,242 million.

On behalf of the Board of Directors

PANKAJ R. PATEL
Chairman

Place : Ahmedabad
Date : May 25, 2018

Corporate Governance Report

Company's Philosophy on Corporate Governance Code:

Cadila Healthcare Limited believes in continuous good corporate governance and always strives to improve performance at all levels by adhering to corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

1. Governance Structure:

Governance structure of the Company comprises of the Board of Directors (the Board) and the Committees of the Board at the top level and the internal governance structure at the operational level. The responsibility of the Board is to determine the overall corporate objectives and give direction and freedom to the management to achieve those objectives within a given framework. The organisational and governance structure enables an environment for value creation through sustainable and profitable growth.

The governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibilities.

The primary role of the Board is to protect the interest and enhance the value for all the stakeholders. It conducts the overall strategic supervision and control by setting policies, reporting mechanism and accountability and decision making process to be followed.

The Chairman and the Managing Director are in overall control and responsible for the overall working of the Company. They give strategic directions, lays down the policy guidelines and ensure the implementation of the decisions of the Board and its committees.

The governance system encourages the entrepreneurship, risk taking and growth orientation with an objective to lead full accountability enabled by appropriate empowerment.

2. Board of Directors:

The Managing Director and the Executive Director look after the day-to-day business affairs of the Company. The Board of Directors reviews the overall business operations at least once in a quarter based on updates on the Company's performance provided by the Chairman / Managing Director.

A) Composition of the Board:

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets with the requirements of the Code of Corporate Governance. The Board is headed by Non–Executive Chairman, Mr. Pankaj R. Patel, who is also the promoter Director. As on March 31, 2018, your Company's Board comprised of eight Directors; which include two Executive Directors and six Non–Executive Directors, including four Independent Directors, who have considerable experience in their respective fields. As required under the provisions of section 149(1) of the Companies Act, 2013 and Rules made thereunder and regulation 17 of the Listing Regulations, the constitution of Board meets with the requirements stated therein. Non–Executive and Independent Directors have expert knowledge in the fields of finance, taxation, legal and industry. Thus, the Board represents a balanced mix of entrepreneurs and professionals, who bring the benefits of their knowledge and expertise.

B) Board Meetings / Directors' Particulars:

In compliance with regulation 17 of the Listing Regulations and as required under the Companies Act, 2013, the Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days. During the year under review, six board meetings were held on May 27, 2017, June 26, 2017, July 12, 2017, August 11, 2017, November 14, 2017 and February 8, 2018.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly / half yearly unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure, compliance with applicable laws and regulations. It monitors overall performance of the Company and reviews performance of its subsidiaries and joint ventures. The Agenda for the board meeting covers items set out as guidelines in regulation 17 of Listing Regulations to the extent the same are applicable and relevant. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

The meetings of the Board of Directors are scheduled well in advance and usually held in Ahmedabad, where the

Registered Office of the Company is situated. The Chief Financial Officer and the Company Secretary, in consultation with the Chairman and the Managing Director, prepare detailed agenda for the meetings. Directors are also free to bring up any other matter for discussion at the Board Meetings with the permission of the Chairman.

The draft minutes of the meeting approved by the Chairman is circulated to all the Directors within fifteen days after the conclusion of the meetings. Decisions taken at Board / Committee meetings are communicated to the concerned departments promptly for actions and an Action Taken Report on the status of the decisions taken at the Board / Committee meetings is placed, for the information, to the Board / Committee members.

The Board of Directors has complete access to the information within the Company, which interalia includes –

1. Annual revenue and capital expenditure plans / budgets,

2. Quarterly results and results of operations of Company, its subsidiaries and joint ventures,

3. All borrowings, investments, loans and guarantees,

4. Minutes of the meetings of the Board of Directors, Committees of the Board and the summary of minutes of the subsidiary Companies,

5. Details of any joint ventures, acquisitions of brands, trademarks or companies or any collaboration agreements,

6. Quarterly report on any fatal or serious accidents or dangerous occurrences and material effluent or pollution problems,

7. Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any,

8. Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company,

9. Compliance or non-compliance of any regulatory, statutory nature or listing requirements and matters related to investors' service such as non-payment of dividend, delay in transfer of shares, etc.

The Independent Directors play an important role in the deliberations in Board Meetings and bring with them rich expertise in the field of pharmaceuticals, industry, marketing, accountancy, finance, taxation and other areas.

While constituting the Committee of Directors, the requirements that a Director shall not be a member of more than 10 committees and Chairman of not more than 5 committees have been ensured and complied with. None of the Independent Directors serves as an Independent Director in more than seven listed companies.

The following table gives the attendance of the Directors at the Board meetings of the Company and also the number of other Directorships held in Indian Public Limited Companies (other than the Company) and Chairmanship / Membership in Board Committees of Public Limited Companies as at March 31, 2018.

Name of the Director	Category and Position	No. of Board Meetings held during the year	No. of Board Meetings attended	Whether attended last AGM	Member (Chairman)[1] of other Board Committees[2]	No. of other Directorships held
Mr. Pankaj R. Patel[3]	Non-executive Chairman	6	6	Yes	2(1)	4
Mr. Humayun R. Dhanrajgir	Non-executive and Independent Director	6	4	Yes	9(2)	7
Mr. Nitin R. Desai	Non-executive and Independent Director	6	4	Yes	2(1)	3
Mr. Apurva S. Diwanji	Non-executive and Independent Director	6	5	No	3	3
Ms. Dharmishta N. Raval	Non-Executive and Independent Woman Director	6	6	Yes	4	5

Name of the Director	Category and Position	No. of Board Meetings held during the year	No. of Board Meetings attended	Whether attended last AGM	Member (Chairman)[1] of other Board Committees[2]	No. of other Directorships held
Mr. Mukesh M. Patel	Non-executive Director	6	4	Yes	7(4)	4
Dr. Sharvil P. Patel[4]	Managing Director	6	6	Yes	3(2)	4
Mr. Ganesh N. Nayak[5]	Executive Director	6	4	Yes	2(1)	3

1 Figures in ( ) indicate the number of Board Committees of which a Director is a Chairman.

2 Other committee means Audit Committee and Investors' / Stakeholders' Relationship Committee.

3 Promoter Director and father of Dr. Sharvil P. Patel.

4 Son of Mr. Pankaj R. Patel.

5 Appointed w.e.f. July 12, 2017.

C) Familiarisation Programme:

At the time of appointment of an Independent Director, a formal letter of appointment is given to him / her, which interalia explains the role, functions, duties and responsibilities expected from him / her as a Director of the Company. All our Directors are aware and also updated, whenever required, of their role, responsibilities, liabilities and obligations under the provisions of the Companies Act, 2013 and Rules made thereunder and regulation 25 of the Listing Regulations.

Familiarisation programme is posted on the website of the Company and any member can visit the Company's website by clicking the link–http://www.zyduscadila.com /wp-content/uploads/2015/05/Familiarization-programmeMar15.pdf.

D) Evaluation:

During the year, the Nomination and Remuneration Committee / Board have carried out evaluation of its own performance and the performance of the committees of the Board of Directors, individual Directors and the Chairman of the Board. The Board has evaluated the composition of Board, its committees, experience and expertise, performance of specific duties and obligations, governance matters, etc. Performance evaluation of individual Directors and the Board Chairman was also carried out in terms of their respective attendance at Board / Committee meetings, contributions at the meetings, circulation of sufficient documents and information to the Directors, timely availability of the agenda, etc. Directors were satisfied with the evaluation on different criteria.

3. Committees of the Board:

The Board currently has the following committees:

A) Audit Committee;

B) Share Transfer Committee;

C) Investors' / Stakeholders' Relationship Committee;

D) Nomination and Remuneration Committee;

E) Risk Management Committee;

F) Corporate Social Responsibility (CSR) Committee;

G) QIP Committee; and

H) Committee of Directors.

The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of the Board Committees are convened by the Chairman of the respective Committee.

A) Audit Committee:

I. Terms of Reference:

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible,

2. Reviewing with the management the quarterly / annual, unaudited / audited financial statements and Limited Review Report / Audit Reports of the Statutory Auditors before recommending for approval by the Board of Directors,

3. Reviewing changes in the accounting policies, major accounting estimates based on exercise of judgment by the management, significant adjustments made in the financial statements, etc,

4. Review of Management Discussion and Analysis of financial and operational performance,

5. Review of inter-corporate loans and investments,

6. Review the adequacy and effectiveness of internal financial controls and systems,

7. Review and discuss with the management major financial risk exposures and steps taken to monitor and control them,

8. Overseeing and review the functioning of vigil mechanism (implemented by the Company as a Whistle Blower Policy),

9. Review the scope of the Internal Auditors and Audit Plan to ensure reasonable coverage of different areas of operations,

10. Review, discuss and monitor the observations reported by Statutory / Internal Auditors and their compliance,

11. Review and recommend to the Board the appointment / re-appointment of the Statutory and Cost Auditors after due consideration of their independence and effectiveness,

12. Approving the payment towards additional services rendered by the Statutory Auditors except those enumerated in section 144 of the Companies Act, 2013,

13. Recommending to the Board the remuneration of the Statutory and Cost Auditors,

14. Review of Cost Audit Report submitted by the Cost Auditors,

15. Approval of the appointment, removal and terms of remuneration of Internal Auditors,

16. Approval of the Related Party Transactions and granting omnibus approvals for certain related party transactions, which are in the ordinary course of business and on an arm's length basis.

II. Composition, meetings held and attendance at the meetings during the year:

The Audit Committee held four meetings during Financial Year 2017–2018 on May 27, 2017, August 11, 2017, November 13, 2017 and February 7, 2018. The time gap between any two meetings was less than 120 days. The composition of the Audit Committee as at March 31, 2018 and details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Member	Category	No. of Meetings held	No. of Meetings Attended
Mr. Nitin R. Desai, Chairman	Non–Executive / Independent	4	3
Mr. Humayun Dhanrajgir	Non–Executive / Independent	4	3
Ms. Dharmishta N. Raval	Non–Executive / Independent	4	4
Mr. Mukesh M. Patel	Non–Executive	4	3
Mr. Apurva S. Diwanji	Non–Executive / Independent	4	4

All the members of the Audit Committee have the requisite qualifications for appointment on the Committee and possess sound knowledge of accounting practices, financial and internal controls.

The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on August 11, 2017 to respond to shareholders' queries.

III. Invitees at the Audit Committee Meetings:

The representative of the Statutory Auditors is regularly invited and he has attended all the Audit Committee meetings held during the year where the financial results are considered. The representative of the Cost Auditors attends the Audit Committee meeting, where the Cost Audit Report is tabled for discussion. The Managing Director, Chief Financial Officer and Management Auditor are invited to attend and participate in these meetings. The Company Secretary acts as the Secretary to the Committee.

The Company continues to derive benefits from the deliberations of the Audit committee meetings as the members are experienced in the areas of finance, accounts, taxation, corporate laws and industry. It ensures accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

B) Share Transfer Committee:

I. Terms of reference:

The Committee is empowered to perform all the functions of the Board in relation to approval and monitoring of transfer, transmission, dematerialisation, rematerialisation, issue of duplicate share certificate, splitting and consolidation of shares issued by the Company. The Committee also oversees the functions of the Registrar and Share Transfer Agent. The Board has delegated the powers to approve the transfer of shares to the Committee.

II. Composition:

As at March 31, 2018, the Share Transfer Committee comprises of the following members:

1. Mr. Pankaj R. Patel–Chairman,

2. Mr. Mukesh M. Patel, and

3. Dr. Sharvil P. Patel.

The Company Secretary acts as the Secretary to the Committee.

III. Meetings held and the attendance of members at the meetings:
The Committee meets on a need basis to ensure the regular process of transfers / transmission of shares, split, consolidation, demat / remat and issuance of duplicate Share Certificates.

C) Investors' / Stakeholders' Relationship Committee:

In compliance with the provisions of section 178 of the Companies Act, 2013 and regulation 20 of the Listing Regulations, the Board has formed an Investors' / Stakeholders' Relationship Committee.

I. Terms of reference:
The Investors' / Stakeholders' Relationship Committee reviews the redressal of grievances of stakeholders pertaining to the requests / complaints of the shareholders related to transfer of shares, dematerialisation of shares, non-receipt of annual accounts, non-receipt of dividend or revalidation of expired dividend warrants, recording the change of address, nomination, etc.

The role of the Investors' / Stakeholders' Relationship Committee has been specified in Part D of the Schedule II of the Listing Regulations.

II. Composition:
The composition of the Committee as at March 31, 2018 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met four times during the year.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Mukesh M. Patel, Chairman	4	3
Mr. Pankaj R. Patel	4	4
Dr. Sharvil P. Patel	4	4

The Company Secretary acts as the Secretary to the Committee, who is designated as Compliance Officer pursuant to regulation 6 of the Listing Regulations.

The Committee ensures that the shareholders' / investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 23 investor grievances were received and all of them have been resolved. There was no investor grievance remaining unattended and pending as on March 31, 2018.

634234 equity shares remained in the in-transit account with National Securities Depository Limited and Central Depository Services (India) Limited as at March 31, 2018.

III. Number of requests / complaints:
During the year, the Company has resolved investor grievances expeditiously. The Company and / or its Registrar and Transfer Agents have received the following requests / complaints from SEBI / Stock Exchanges and also directly from the shareholders, which were resolved within the time frames laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending
Complaints:				
SEBI / Stock Exchange	0	4	4	0
From Shareholders	0	19	19	0
Shareholder queries / requests:				
Dividend Related	0	169	169	0
Transfer / Transmission	0	36	36	0
Demat / Remat	0	219	219	0
Changes (address / bank mandates)	0	221	221	0

D) Nomination and Remuneration Committee:

In compliance with the provisions of section 178 of the Companies Act, 2013 and regulation 19 of the Listing Regulations, the Board has constituted a Nomination and Remuneration Committee (NRC). The Terms of reference of the NRC are specified in clause A of Part D of Schedule II of the Listing Regulations which are mentioned hereunder:

I. Terms of reference:
The functions of Nomination and Remuneration Committee, interalia, include the following:

1. To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management,
2. To recommend to the Board, appointment and removal of the Director(s) and evaluation of each Director's performance,
3. To formulate criteria for determining qualifications, positive attributes and independence of a Director,
4. To review on annual basis the compensation to the Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel and recommend to the Board the remuneration and incentive payable to each of them,
5. Ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear and meets appropriate performance benchmarks and
6. To develop and review the succession plan for the Board.

II. Composition and Meetings:
The composition of the Committee as on March 31, 2018 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met twice during the year. All members of the Committee are Non-Executive Directors and except Mr. Mukesh M. Patel, other members are Independent Directors.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Nitin R. Desai, Chairman	2	2
Mr. Humayun Dhanrajgir	2	1
Ms. Dharmishta N. Raval	2	2
Mr. Mukesh M. Patel	2	1
Mr. Apurva S. Diwanji	2	1

The Company Secretary acts as the Secretary to the Committee.

III. **Nomination and Remuneration Policy and details of remuneration paid / payable to the Directors for the year ended March 31, 2018:**

The Board of Directors approved the Nomination and Remuneration Policy on the recommendation of Nomination and Remuneration Committee. The salient aspects of the Policy are outlined below:

a) Objectives:

1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel,
2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board, and
3. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel.

The Company follows a policy on remuneration of Directors and Senior Management Employees.

b) Remuneration to Non-Executive Directors:

1. Non-Executive Director is paid sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Board of Directors has approved the payment of sitting fees at ₹1 lakh to each Non–Executive Director towards each of the Board / Committee meetings attended by them.
2. A Non-Executive Director except the Chairman is also paid commission on an annual basis, of such sum as may be approved by the Board. The total commission payable to the Non–Executive Directors shall not exceed 1% of the net profit of the Company and subject to the limits approved by the members.
3. In determining the quantum of commission payable to Non–Executive Directors, the Nomination and Remuneration Committee considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Non–Executive Directors. The commission is being paid on uniform basis to reinforce the principles of collective responsibility of the Board.
4. A Non–Executive Director is also reimbursed the expenses incurred by him / her for attending the Board and / or Committee of Board meetings and shareholders meetings.
5. Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on March 31, 2018.

c) Remuneration to the Managing Director and the Executive Director:

Mr. Pankaj R. Patel ceased to be the Managing Director of the Company w.e.f. July 12, 2017. Dr. Sharvil P. Patel is the Managing Director of the Company. Mr. Ganesh N. Nayak was appointed as the Executive Director of the Company w.e.f. July 12, 2017. On the recommendation of the Nomination and Remuneration Committee, the Board decides and approves the remuneration payable to the Managing Director and Executive Director within the ceiling fixed by shareholders.

As per the recommendation of the Nomination and Remuneration Committee, Mr. Pankaj R. Patel, Chairman, Dr. Sharvil P. Patel, Managing Director and Mr. Ganesh N. Nayak, Executive Director were paid / will be paid remuneration of ₹ 45 million (from April 1, 2017 to July 11, 2017), ₹ 250 million (from April 1, 2017 to March 31, 2018) and ₹ 232.17 million (from July 12, 2017 to March 31, 2018) respectively by way of salary and allowances for the financial year ended on March 31, 2018.

The Company has entered into agreements with Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak for their respective employment for a period of five years and three years respectively. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 months' or 6 months' notice in writing to the other party in case of Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak respectively.

d) Remuneration to Senior Management Employees:

The Managing Director and the Executive Director with the help of the Group President (Human Resources and Corporate Communication), carry out the individual performance review based on the standard appraisal matrix and after taking into account the appraisal score card and other factors like–Key Performance Area v/s initiatives, balance between fixed and variable pay, fixed components and perquisites and retirement benefits, criticality of roles and responsibilities, industry benchmarks and current compensation trends in the market. Further, any promotion at a senior level management is approved by the Management based on a predetermined process and after assessing the candidate's capability to shoulder higher responsibility.

iv **Details of the commission / sitting fees paid to the Non-Executive Directors for the year 2017–2018 are given below:**

Name of the Non-Executive Directors	Commission@	Board Meetings	Audit Committee Meetings	CSR Committee Meetings	NRC Meetings	Investors'/ Stakeholders' Relationship Committee Meetings	Other Meetings*	Total
Mr. Pankaj R. Patel	--	3.00	0	2.00	0	3.00	2.00	10.00
Mr. Nitin R. Desai	25.00	4.00	3.00	0	2.00	0	0	34.00
Mr. Humayun R. Dhanrajgir	25.00	4.00	3.00	0	1.00	0	1.00	34.00
Ms. Dharmishta N. Raval	25.00	6.00	4.00	3.00	2.00	0	1.00	41.00
Mr. Mukesh M. Patel	25.00	4.00	3.00	0	1.00	3.00	2.00	38.00
Mr. Apurva S. Diwanji	25.00	5.00	4.00	0	2.00	0	1.00	37.00

@ The Board of Directors, based on the performance of the Company, has decided the payment of Commission to the Non-Executive Directors.

* Other meetings include meeting of Committee of Directors, Meeting of Independent Directors and Risk Management Committee.

v) **Stock Option:**

The Company does not have any stock option scheme for its Directors or employees. Moreover, there is no separate provision for payment of severance fees to the Directors.

E) Risk Management Committee:

In compliance of regulation 21 of the Listing Regulations, the Company has constituted a Risk Management Committee and majority of the members of the Committee are Directors. The Company has a well-defined risk management framework to identify, recognise, monitor and mitigate risks and also identify business opportunities. Business risk evaluation and its management is a continuous process within the organisation.

The Committee reviewed the risks and extent of exposure and potential impact analysis was carried out by the Management. It was confirmed by the Managing Director and Chief Financial Officer that the mitigation actions are monitored.

The Committee is headed by Mr. Pankaj R. Patel, Chairman. Dr. Sharvil P. Patel, Mr. Mukesh M. Patel and Mr. Nitin D. Parekh are the members of the Committee. The Committee meets at least once during the year.

The Company Secretary acts as the secretary to the Committee.

F) Corporate Social Responsibility Committee: (CSR Committee)

The terms of reference of CSR Committee includes, to frame the CSR Policy and review it from time to time to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in schedule VII of the Companies Act, 2013 and Rules made thereunder and to provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

The composition of the CSR Committee as at March 31, 2018 and the details of members' participation at the meetings of the Committee are as under:

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

G) Committee of Directors for QIP issue:

The Board of Directors has constituted a QIP Committee on August 12, 2015 mainly to take various decisions for the private placement of shares under SEBI (ICDR) Regulations, 2009 and for stock split approved by the members. The Committee was lastly reconstituted on May 27, 2017, by inducting Ms. Dharmishta N. Raval as an additional member. The committee comprises of Mr. Pankaj R. Patel, as the Chairman, Dr. Sharvil P. Patel, Mr. Mukesh M. Patel and Ms. Dharmishta N. Raval as members. No meeting of QIP Committee was held during the financial year ended on March 31, 2018.

H) Committee of Directors:

Committee of Directors comprises of three members namely; Mr. Pankaj R. Patel, Chairman, Dr. Sharvil P. Patel and Mr. Mukesh M. Patel as members. The Committee looks after the businesses, which are administrative in nature and within the overall board approved directions and framework. One meeting of the Committee was held during the year. The Company Secretary acts as the Secretary to the Committee.

4. Independent Directors' Meeting:

During the year under review, a separate meeting of Independent Directors was held on February 7, 2018, interalia, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole,

2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors,

3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

5. Subsidiary Companies:

Zydus Healthcare Limited is the only material non-listed Indian subsidiary company. The financial statements of subsidiaries, in particular, the investments made by subsidiaries, if any, during the quarter are reviewed by the Audit Committee of the Board of Directors. The policy relating to material subsidiaries as approved by the Board may be accessed on the Company's website at the link: http://zyduscadila.com/wp/content/uploads/2015/05/Policy-on-Material-Subsidiary.pdf.

The Board Minutes of Indian unlisted subsidiary companies are placed at the Board Meeting of the Company, for information of the Board of Directors.

6. Disclosures:

A) Related Party Transactions:

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict of interest of the Company. Suitable disclosures, as required by the Ind AS 24, have been made in the notes to the Financial Statements.

The Board has approved a policy on related party transactions which has been uploaded on the website of the Company.

B) Code of Conduct:

The Company has laid down a Code of Conduct for all Board members and Senior Management Personnel. The Code of Conduct is available on the website of the Company www.zyduscadila.com. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review. The declaration of Managing Director is given below:

To the shareholders of Cadila Healthcare Limited

Sub.: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Place: Ahmedabad
Date: May 25, 2018

Sharvil P. Patel
Managing Director

C) Prohibition of Insider Trading:

In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Officers and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

Shares held by the Directors as at March 31, 2018:

Name of the Directors	No. of shares held as at March 31, 2018	Details of shares bought (+) / sold (-) during 2017–2018
Mr. Pankaj R. Patel[1]	76,56,27,230	15,000
Mr. Mukesh M. Patel	12,000	Nil
Mr. Humayun R. Dhanrajgir	Nil	Nil
Mr. Nitin R. Desai[2]	4,42,000	Nil
Ms. Dharmishta N. Raval	Nil	Nil
Dr. Sharvil P. Patel	15,000	Nil
Mr. Apurva S. Diwanji	Nil	Nil
Mr. Ganesh N. Nayak[3]	1,51,120	Nil

1 Held also as a Karta of HUF and Trustee of the Family Trusts.

2 Held also as a Karta of HUF.

3 Appointed as an Executive Director w.e.f. July 12, 2017.

D) Whistle Blower Policy:

The Company has a whistle blower policy to deal with any instance of fraud and mismanagement. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination is done with any person for a genuinely raised concern.

E) Management:

i) Management Discussion and Analysis Report:

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Report.

ii) Disclosure of material financial and commercial transactions:

As per the disclosures received from senior management, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the year under report.

F) Disclosure regarding re-appointment of Director:

The particulars about the brief resume and other information for the Director seeking re-appointment as required to be disclosed under this section are provided as an annexure to the notice convening the Twenty Third Annual General Meeting.

G) Compliance by the Company:

The Company has complied with all the mandatory requirements of the Listing Regulations with the Stock Exchanges, regulations and guidelines of SEBI. Further, during last three years, no penalties or strictures are imposed on the Company by any Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

H) CEO/CFO Certification:

The requisite certification from the Managing Director and Chief Financial Officer required to be given under regulation 17(8) read with Part B of Schedule II was placed before the Board of Directors of the Company.

I) Unclaimed Shares:

As per the notification issued by Ministry of Corporate Affairs, 882646 equity shares held by 870 equity shareholders were transferred to IEPF Suspense Account for which the Company has complied with the necessary requirements.

7. Means of Communication:

i) The Company has 1,00,392 shareholders as on March 31, 2018. The main channel of communication to the shareholders is through Annual Report, which includes inter-alia, the Directors' Report, Management Discussion and Analysis Report, Corporate Governance Report and Audited Financial Results.

ii) The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Chairman makes presentation on the performance, operating and financial results of the Company. The Chairman and other key managerial personnel also respond to the specific queries of the shareholders.

iii) The Company intimates to the Stock Exchanges all price sensitive matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on such matters, wherever necessary.

iv) The quarterly and half yearly results are published in widely circulating national and local daily 'Financial Express', in English and Gujarati. The results are also posted on the website of the Company www.zyduscadila.com, and the same are not sent individually to the shareholders.

v) The Company's results and official news releases are displayed on the Company's website www.zyduscadila.com. The Company holds meetings and makes presentations to the institutional investors and analysts. The copies of such presentations and the transcripts of the phone calls are also made available on the Company's web-site. Information to the Stock Exchanges is now being filed online on NEAPS for NSE and online listing portal of BSE.

8. General Body Meetings:

i) Details of last three Annual General Meetings held are provided hereunder.

Year	Date and Time	Venue
2016–2017	22nd AGM on August 11, 2017 at 1:00 p.m.	J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380015
2015-2016	21st AGM on August 3, 2016 at 11:00 a.m.	J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380015
2014-2015	20th AGM on August 12, 2015 at 10.00 a.m.	H.T. Parekh Hall, Ahmedabad Management Association ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380015

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

The shareholders of the Company have passed the following special resolutions in the previous three Annual General Meetings.

Sr. No.	Nature of Special Resolutions Passed	Relevant provisions of the Companies Act	AGM details
1.	Payment of commission to Directors other than Managing Director, Deputy Managing Director or Whole-time Director.	section 197 of the Companies Act, 2013	21st AGM held on August 3, 2016
2.	Issue of securities through Qualified Institutional Placement/ Foreign Currency Convertible bonds etc.	sections 23, 41, 42, 62 and 71 of the Companies Act, 2013	
3.	Issue of Secured / Unsecured Redeemable Non-convertible Debentures / Bonds.	section 42 of the Companies Act, 2013	
4.	Issue of securities through Qualified Institutional Placement/ Foreign Currency Convertible bonds etc.	sections 23, 41, 42, 62 and 71 of the Companies Act, 2013	22nd AGM held on August 11, 2017
5.	Issue of Secured / Unsecured Redeemable Non-convertible Debentures / Bonds.	section 42 of the Companies Act, 2013	

iii) Approval of members through Postal Ballot:

During the year, no approval was sought from the members through Postal Ballot.

9. General Shareholder information

i) General Information:

Date and Time of 23rd AGM	August 13, 2018 at 10.00 a.m.
Venue of 23rd AGM	J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380015
Financial Year	April 1, 2017 to March 31, 2018
Book Closure Date	August 2, 2018 to August 13, 2018
Registered Office Address	"Zydus Tower", Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad–380015
Dividend Payment Date	On or after August 18, 2018
Compliance Officer	Mr. Upen H. Shah, Company Secretary
Website Address	www.zyduscadila.com

ii) Tentative financial calendar:

First Quarter Results	On or before August 14, 2018
Half Yearly Results	On or before November 14, 2018
Third Quarter Results	On or before February 14, 2019
Audited Results for the year 2018–2019	On or before May 30, 2019

iii) Listing of shares:

The equity shares of the Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

iv) Listing fees:

The Company has paid the annual listing fees for the Financial Year 2018–2019 to the above Stock Exchanges.

v) Stock Code and closing price:

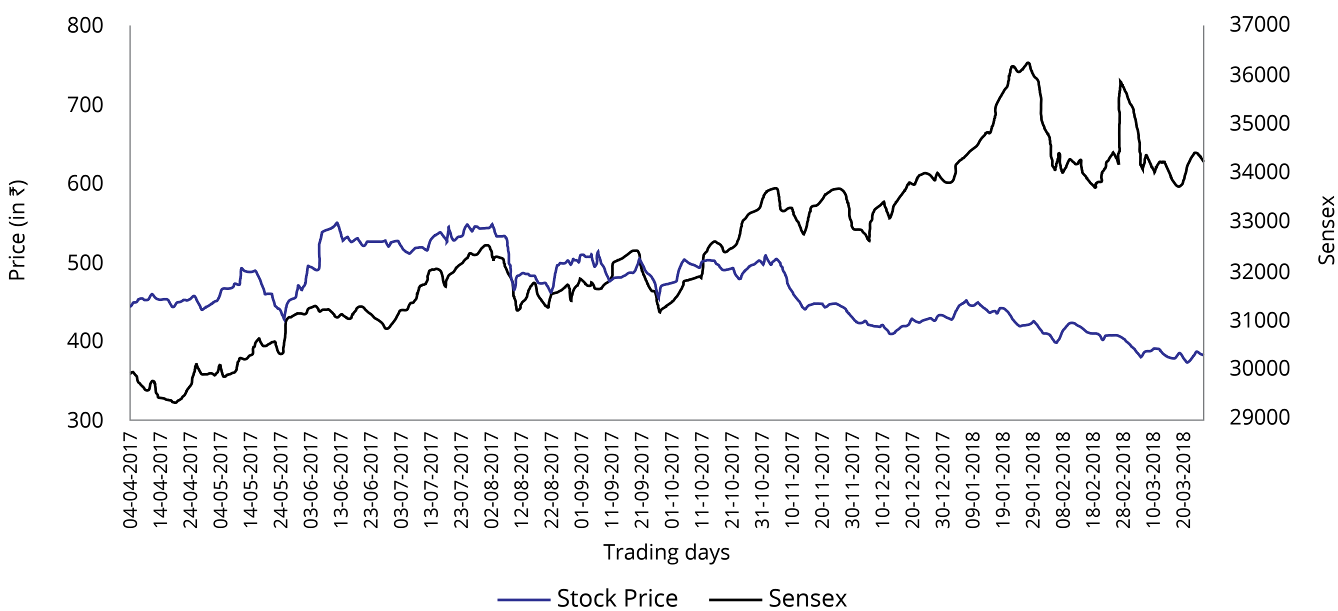
Name of the Stock Exchange	Stock Code	Closing Price as on March 31, 2018 (₹)
The National Stock Exchange of India Limited	CADILAHC	377.85
BSE Limited	532321	378.65

vi) Stock price and BSE Sensex data:

Month	BSE Sensex	BSE Limited			The National Stock Exchange of India Limited		
		High (₹)	Low (₹)	Av. Volume (In Nos.)	High (₹)	Low (₹)	Av. Volume (In Nos.)
April, 17	29918.40	466.10	438.00	104564.00	466.85	438.45	707330.00
May, 17	31145.80	497.25	417.20	159630.00	497.00	417.05	1031397.00
June, 17	30921.61	558.00	464.30	195732.00	558.50	464.15	1849053.00
July, 17	32514.94	554.20	508.35	103554.00	560.00	508.10	999970.00
August, 17	31730.49	553.00	436.00	126914.00	553.00	435.10	1387076.00
September, 17	31283.72	519.90	450.00	99003.00	470.20	451.20	1264687.00
October, 17	33213.13	511.00	471.60	75082.00	507.70	471.25	680803.00
November, 17	33149.35	515.00	428.00	103504.00	515.00	427.55	1195222.00
December, 17	34056.83	437.40	401.75	141702.00	437.00	401.45	989710.00
January, 18	35965.02	456.10	414.35	125503.00	456.75	414.05	753350.00
February, 18	34184.04	433.05	373.05	82866.00	434.05	378.55	1223653.00
March, 18	32968.68	409.30	361.45	54011.00	409.50	362.00	903871.00

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

CHL Daily Share Price Vs Sensex



viii) Registrar and Share Transfer Agents (R&T):

Link Intime India Private Limited is the Registrar and Share Transfer Agents of the Company.

For lodgment of transfer deeds and other documents or any grievances / complaints, investors may contact the Company's Registrar and Share Transfer Agent at the following address:

Link Intime India Private Limited
506–508, Amarnath Business Centre–1,
Beside Gala Business Centre,
Near St. Xavier's College Corner,
Off. CG Road, Navrangpura, Ahmedabad–380006.
Telephone: 079–2646 5179 | Fax number: 079 - 2646 5179
Email: ahmedabad@linkintime.co.in

ix) Share transfer system:

A Committee of Directors has been constituted to approve the transfers, transmission, issue of duplicate shares, etc. The Company's Registrar and Share Transfer Agents–Link Intime India Private Limited has adequate infrastructure to process the above matters.

A predetermined process cycle at regular interval ensures the transfer of shares (in physical form) within the stipulated time limit.

As per the requirements of regulation 40 (9) of the Listing Regulations, a Company Secretary in Practice has certified due compliance of share transfer formalities on half yearly basis.

x) Reconciliation of Share Capital Audit:

A practicing Chartered Accountant carried out audit in respect of each of the quarters in the financial year 2017–2018, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with depositories.

xi) Distribution of shareholding of equity shares as at March 31, 2018:

No. of Equity Shares	No. of Folios	% to total folios	No. of Shares	% of Shareholding
1 to 500	81267	80.95	7844323	0.78
501 to 1000	9768	9.73	7413616	0.72
1001 to 2000	4370	4.35	6397651	0.62
2001 to 3000	1796	1.79	4526830	0.44
3001 to 4000	755	0.75	2656906	0.26
4001 to 5000	674	0.67	3100643	0.30
5001 to 10000	895	0.89	6144218	0.60
10001 to 20000	867	0.86	985658413	96.28
Grand Total	100392	100.00	1023742600	100.00
Shareholders in Physical Mode	3144	3.13	4150227	0.41
Shareholders in Electronic Mode	97248	96.87	1019592373	99.59
Grand Total	**100392**	**100.00**	**1023742600**	**100.00**

xii) Categories of shareholders as at March 31, 2018:

Category	No. of Shares Held		Total Shares	% of Shareholding
	Physical	Electronic		
Promoters' holding	0	765690230	765690230	74.79
Mutual Funds and UTI	13140	44912467	44925607	4.39
Banks, FIs and Insurance Companies	5415	36194110	36199525	3.54
Foreign Institutional Investors/ Foreign Venture Capital Investors	0	89048796	89048796	8.70
NRIs / OCBs / Foreign Portfolio Corporate	12255	2120914	2133169	0.21
Other Corporate Bodies	0	29409729	29409729	2.87
Central and State Government	0	1702409	1702409	0.17
Indian public	4119417	48290483	52409900	5.12
Others	0	2223235	2223235	0.21
Total	**4150227**	**1019592373**	**1023742600**	**100.00**

xiii) Dematerialisation of shares and liquidity:

The Company's equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialised form. Approximately 99.59% of the equity shares have been dematerialised. ISIN number for dematerialisation of the equity shares of the Company is INE010B01027.

xiv) Location of the Company's manufacturing plants:

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

xv) Address for correspondence:

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

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

Mr. Upen H. Shah, Company Secretary and Compliance Officer
Tele. Nos. 079–26868100–Extension–326
e-mail id : investor.grievance@zyduscadila.com
investor.grievance@zyduscadila.com, a special e-mail ID has been created.

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

xvi) Outstanding GDRs / ADRs / Warrants, its conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs / warrants or any convertible instruments.

xvii) Details of non-compliance:

There was no non-compliance during the year and no penalties were imposed or strictures passed on the Company by any Stock Exchange, SEBI or any other statutory authority. A practicing company secretary has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Directors' Report and sent the same to all the shareholders of the Company. The certificate shall also be sent to all the concerned Stock Exchanges along with the annual reports to be filed by the Company.

10. Non-Mandatory requirements of regulation 27 (1) & Part E of Schedule II of the Listing Regulations:

i) The Company has a Non–Executive Chairman.

ii) The quarterly / half yearly results are not sent to the shareholders. However, the same are published in the newspapers and are also posted on the Company's website.

iii) The Company's financial statements for the financial year 2017–2018 do not contain any audit qualification.

iv) The internal auditors report to the Audit Committee.

Managing Director (MD) and Chief Financial Officer (CFO) Certification

To
The Board of Directors,
Cadila Healthcare Limited

As required under the Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) read with Schedule II part B of the Listing Regulations, we hereby certify that;

(A) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief;

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

(C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.

(D) We have indicated to the auditors and the Audit committee:

1. significant changes in internal control over financial reporting during the year;

2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

SHARVIL P. PATEL
Managing Director

NITIN D. PAREKH
Chief Financial Officer

Date: May 25, 2018
Place: Ahmedabad

Corporate Governance Compliance Certificate

To,
The Members
CADILA HEALTHCARE LIMITED
'Zydus Tower', Satellite Cross Roads,
Sarkhej–Gandhinagar Highway,
Ahmedabad–380015

We have examined all relevant records of CADILA HEALTHCARE LIMITED ("Company") for the purpose of certifying compliance of the conditions of Corporate Governance as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the said Regulations") for the financial year ended March 31, 2018. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulations 46 (2) and paragraph C, D and E of schedule V of the Listing Regulations during the year ended March 31, 2018.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, **Manoj Hurkat & Associates**
Practicing Company Secretaries

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

Place: Ahmedabad
Date: May 25, 2018

Independent Auditor's Report

To
The Members of
Cadila Healthcare Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Cadila Healthcare Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the Company's branch located at Philippines.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor in terms of their report referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of the branch auditor on separate financial statements of the branch referred to in the Other Matters paragraph below, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

a) We did not audit the financial statements of one branch included in the standalone Ind AS financial statements of the Company whose financial statements reflect total assets of

₹ 12.21 million as at March 31, 2018 and total revenues of ₹ 0.01 million for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements of the branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the branch auditor on the separate financial statements of the branch, referred to in the Other Matters paragraph above we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.

    c) The report on the accounts of the branch office of the Company audited under Section 143(8) of the Act by branch auditor has been sent to us and has been properly dealt with by us in preparing this report.

    d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us.

    e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

    g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

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

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

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

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

Gaurav J. Shah
Partner
(Membership No. 35701)

Place: Ahmedabad
Date: May 25, 2018

Annexure "A" to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of Cadila Healthcare Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Gaurav J. Shah
Partner
(Membership No. 35701)

Place: Ahmedabad
Date: May 25, 2018

Annexure "B" to the Independent Auditor's Report

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

(i) In respect of the Company's fixed assets:

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

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of the land and building	Gross Block (as at March 31, 2018) (₹ in millions)	Net Block (as at March 31, 2018) (₹ in millions)	Remarks
Freehold land for Zydus Animal Health admeasuring 500 sq. ft.	0.71	0.71	The title deeds are in the name of Zydus Animal Health Limited, which was amalgamated with the Company pursuant to the scheme of amalgamation. The Company is in the process of transferring the title in its name.

In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in million)	Amount unpaid (₹ in million)
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2009-10, 2011-12, 2012-13, 2013-14	69.72	69.32
		Income Tax Appellate Tribunal	AY 2012-13 & 2013-14	97.67	97.13
Finance Act, 1994	Service Tax	Supreme Court	2006-07 & 2007-08	4.14	4.14
		Customs Excise and Service Tax Appellate Tribunal	2003-04 to 2015-16	309.08	291.43
		Appellate Authority upto Commissioner's level	2013-14 to 2015-16	12.81	11.94
Central Excise Act, 1944	Excise Duty	Customs Excise and Service Tax Appellate Tribunal	1995-96 to 1999-00, 2006-07 to 2007-08, 2009-10 2013-14	18.27	16.30
		Appellate Authority upto Commissioner's level	1985-86 to 1988-89, 1991-92 to 1998-99	9.81	9.54
Customs Act, 1962	Custom Duty	Customs Excise and Service Tax Appellate Tribunal	2008-09	5.20	3.71
Sales Tax Act and VAT Laws	Value Added Tax	Appellate Authority upto Commissioner's level	2006-07, 2008-09 to 2015-16	113.54	96.70
		Tribunal	2006-07	7.42	5.89
	Sales Tax	Appellate Authority upto Commissioner's level	1996-97, 1998-99, 2000-01, 2001-02, 2005-06, 2007-08, 2012-13	83.06	49.65
	Central Sales Tax	Appellate Authority upto Commissioner's level	1997-98, 1998-99, 2001-02, 2002-03, 2005-06, 2006-07, 2008-09 to 2010-11, 2012-13 to 2013-14, 2015-16, 2016-17	22.12	15.17

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government. The Company has not taken any loans or borrowings from financial institutions and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Gaurav J. Shah
Partner
(Membership No. 35701)

Place: Ahmedabad
Date: May 25, 2018

Balance Sheet

as at March 31, 2018

₹ million

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS:			
Non-Current Assets:			
Property, plant and equipment	3 [A]	**25,454**	22,050
Capital work-in-progress		**6,592**	6,784
Goodwill	3 [B]	**18**	18
Other Intangible assets	3 [B]	**1,330**	1,452
Financial Assets:			
Investments	4	**36,181**	39,237
Loans	5	**13,013**	14,271
Other Financial Assets	6	**1,212**	2,242
Other Non-Current Assets	7	**1,722**	2,492
Assets for Current tax [Net]	8	**541**	534
		86,063	89,080
Current Assets:			
Inventories	9	**13,207**	9,329
Financial Assets:			
Trade Receivables	10	**12,551**	9,290
Cash and Cash Equivalents	11	**1,838**	168
Loans	12	**178**	371
Other Current Financial Assets	13	**3,317**	1
Other Current Assets	14	**4,423**	2,235
		35,514	21,394
Assets classified as held for sale	45	**60**	-
Total		**121,637**	110,474
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	15	**1,024**	1,024
Other Equity	16	**76,431**	65,159
		77,455	66,183
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	17	**13,511**	12,394
Other Financial Liabilities	18	**87**	82
Provisions	19	**741**	621
Deferred Tax Liabilities [Net]	20	**1,936**	1,055
		16,275	14,152
Current Liabilities:			
Financial Liabilities:			
Borrowings	21	**13,009**	15,456
Trade Payables	22	**9,921**	9,961
Other Financial Liabilities	23	**4,110**	4,009
Other Current Liabilities	24	**347**	415
Provisions	25	**283**	273
Current Tax Liabilities [Net]	26	**237**	25
		27,907	30,139
Total		**121,637**	110,474
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 48		

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

For and on behalf of the Board

Pankaj R. Patel
Chairman

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 25, 2018

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Statement of Profit and Loss

for the year ended March 31, 2018

₹ million

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from Operations	29	**58,226**	32,745
Other Income	30	**2,079**	5,831
Total Income		**60,305**	38,576
EXPENSES:			
Cost of Materials Consumed	31	**15,640**	9,267
Purchases of Stock-in-Trade	32	**3,186**	2,288
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	33	**(1,869)**	(1,470)
Excise Duty on Sales		**127**	438
Employee Benefits Expense	34	**8,260**	6,508
Finance Costs	35	**639**	111
Depreciation, Amortisation and Impairment expense	3	**2,931**	2,509
Other Expenses	36	**16,419**	12,503
Total Expenses		**45,333**	32,154
Profit before Tax		**14,972**	6,422
Less: Tax Expense:			
Current Tax	37	**3,183**	594
Deferred Tax	37	**881**	(791)
		4,064	(197)
Profit for the year		**10,908**	6,619
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		**(122)**	(103)
Income tax effect		**26**	22
		(96)	(81)
Net Gain on Fair Value through OCI [FVTOCI] Equity Securities		**458**	138
Income tax effect		**-**	-
		458	138
Other Comprehensive Income for the year [Net of tax]		**362**	57
Total Comprehensive Income for the year [Net of Tax]		**11,270**	6,676
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	38	**10.66**	6.47
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 48		

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

For and on behalf of the Board

Pankaj R. Patel
Chairman

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 25, 2018

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Cash Flow Statement

for the year ended March 31, 2018

₹ million

Particulars	Year ended March 31, 2018		Year ended March 31, 2017
A Cash flows from operating activities:			
Profit before tax		**14,972**	6,422
Adjustments for:			
Depreciation, Amortisation and Impairment expense	**2,931**		2,509
Loss on sale of property, plant and equipment [Net]	**-**		7
Profit on sale of investments [Net]	**(19)**		(59)
Interest income	**(852)**		(1,021)
Gain on valuation of Forward Contract value related to investment in a Joint Venture	**(470)**		(567)
Dividend income	**(495)**		(4012)
Interest expenses [including effect of foreign exchange movement in borrowings] [Refer Note - 5]	**819**		231
Bad debts written off	**-**		2
Provision for doubtful debts [net of written back]	**49**		6
Provision for doubtful advances [net of written back]	**26**		-
Provisions for employee benefits	**4**		(433)
Provisions for probable product expiry claims and return of goods [net of written back]	**4**		(34)
Total		**1,997**	(3,371)
Operating profit before working capital changes		**16,969**	3,051
Adjustments for:			
[Increase]/ Decrease in trade receivables	**(3,292)**		7,746
[Increase]/ Decrease in inventories	**(3,878)**		(2,754)
[Increase]/ Decrease in other assets	**(3,588)**		633
[Decrease]/ Increase in trade payables	**(232)**		1,149
[Decrease]/ Increase in other liabilities	**(137)**		(76)
Total		**(11,127)**	6,698
Cash generated from operations		**5,842**	9,749
Direct taxes paid [Net of refunds]		**(2,952)**	(1,118)
Foreign Currency Monetary items Translation Difference Account written off		**2**	40
Net cash from operating activities		**2,892**	8,671
B Cash flows from investing activities:			
Purchase of property, plant and equipment	**(6,036)**		(7,774)
Proceeds from sale of property, plant and equipment	**30**		43
Purchase of non current investments	**(3,600)**		(15,560)
Proceeds from sale/ redemption of non current investments	**7,077**		-
Proceeds from sale of current investments	**19**		46
Advances to subsidiaries	**(2,266)**		(16,314)
Repayment of advances by subsidiary companies	**3,531**		9,920
Interest received	**1,015**		830
Dividend received	**495**		4,012
Net cash from investing activities		**265**	(24,797)

Cash Flow Statement

for the year ended March 31, 2018

₹ million

	Particulars		Year ended March 31, 2018	Year ended March 31, 2017
C	**Cash flows from financing activities:**			
	Proceeds from non current borrowings	**3,199**		9,881
	Repayment of non current borrowings	**(1,543)**		(2,124)
	Current Borrowings [Net]	**(2,612)**		9,413
	Interest paid	**(531)**		(224)
	Dividends paid	**-**		(3,271)
	Tax on dividends paid	**-**		(19)
	Net cash from financing activities		**(1,487)**	13,656
	Net [Decrease]/ increase in cash and cash equivalents		**1,670**	(2,470)
	Cash and cash equivalents at the beginning of the year		**168**	2,638
	Cash and cash equivalents at the end of the year		**1,838**	168

Notes to the Cash Flow Statement

1 All figures in brackets are outflows.
2 Previous year's figures have been regrouped wherever necessary.
3 Cash and cash equivalents at the end [beginning] of the year include ₹ 52 [₹ 30] million not available for immediate use.
4 Cash and cash equivalents comprise of:

₹ million

	Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31 2016
a	Cash on Hand	**3**	4	7
b	Balances with Banks	**1,835**	164	1,630
c	Investment in Liquid Mutual Funds	**-**	-	1,001
d	**Total**	**1,838**	168	2,638

5 Change in Liability arising from financing activities:

Particulars	As at April 1, 2017	Cash flow	Foreign exchange movement	As at March 31, 2018
Borrowing - Non Current [Refer Note 15]	13,942	1,656	118	**15,716**
Borrowing - Current [Refer Note 19]	15,456	(2,612)	165	**13,009**
	29,398	(956)	283	**28,725**

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

For and on behalf of the Board

Pankaj R. Patel
Chairman

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 25, 2018

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Statement of Change in Equity

for the year ended March 31, 2018

a Equity Share Capital:

Particulars	No. of Shares	₹ million
Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2016	1,023,742,600	1,024
As at March 31, 2017	1,023,742,600	1,024
As at March 31, 2018	**1,023,742,600**	**1,024**

b Other Equity:

₹ million

Particulars	Reserves and Surplus				Items of OCI	Total
	International Business Development Reserve	General Reserve	Foreign Currency Monetary Items Translation Difference Account [FCMITDA]	Retained Earnings	FVTOCI Reserve	
As at March 31, 2016	2,000	15,550	(49)	44,072	165	**61,738**
Add: Profit for the year	-	-	-	6,619	-	**6,619**
[Less]: Other Comprehensive income	-	-	-	(81)	138	**57**
Total Comprehensive Income	2,000	15,550	(49)	50,610	303	**68,414**
Net movement in FCMITDA			40			**40**
Transactions with Owners in their capacity as owners:						
Dividends				(3,276)		**(3,276)**
Corporate Dividend Tax on Dividend [Net of CDT Credit]				(19)		**(19)**
As at March 31, 2017	2,000	15,550	(9)	47,315	303	**65,159**
Add: Profit for the year				10,908		**10,908**
Add [Less]: Other Comprehensive income				(96)	458	**362**
Total Comprehensive Income	2,000	15,550	(9)	58,127	761	**76,429**
Net movement in FCMITDA	-	-	2	-	-	**2**
As at March 31, 2018	2,000	15,550	(7)	58,127	761	**76,431**

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

For and on behalf of the Board

Pankaj R. Patel
Chairman

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 25, 2018

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Notes to Financial Statements

Note: 1-Company overview:

Cadila Healthcare Limited ["the Company"], a Company limited by shares, incorporated and domiciled in India, operates as an integrated pharmaceutical company with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Company includes Active Pharmaceutical Ingredients [API], animal health & veterinary and human formulations. The Company's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited. The registered office of the Company is located at "Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad - 380015.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 25, 2018.

Note: 2-Significant Accounting Policies:

A The following note provides list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

1 Basis of preparation:

A The financial statements are in compliance with the Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.

B For all periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP].

Effective form April 1, 2016 the Company has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013. The adoption was carried out in accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards. Amount for the year ended March 31, 2017 and as at March 31, 2017 were audited by previous auditors, MS/Mukesh M. Shah & Co., Chartered Accountants.

C The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

i Derivative financial instruments

ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]

iii Defined benefit plans

iv Contingent consideration

2 Use of Estimates:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions.

These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments are provided below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Critical judgments:

a Taxes Income:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions and possibility of utilisation of critical estimates Minimum Alternate Tax [MAT] credit in future.

Critical Estimates:

a Property, plant and equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Management reviews the residual values,

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

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

b **Employee benefits:**
Significant judgments are involved in making judgments about the life expectancy, discounting rate, salary increase, etc. which significantly affect the working of the present value of future liabilities on account of employee benefits by way of defined benefit plans.

c **Product warranty and expiry claims:**
Significant judgments are involved in determining the estimated stock lying in the market with product shelf life and estimates of likely claims on account of expiry of such unsold goods lying with stockiest.

d **Impairment of property, plant and equipment and investments:**
Significant judgment is involved in determining the estimated future cash flows from the Investments, Property, plant and equipment and Goodwill to determine their value in use to assess whether there is any impairment in their carrying amounts as reflected in the financials.

e **Contingent Liabilities:**
Significant judgment is involved in determining whether there is a possible obligation, that may, but probably will not require an outflow of resources.

3 Foreign Currency Transactions:

The Company's financial statements are presented in Indian Rupees [₹], which is the functional and presentation currency.

A The transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of transactions.

B Foreign Exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities [except as covered in "E" below] denominated in foreign currencies at the year end exchange rates are recognised in the Statement of Profit and Loss.

C Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss within finance costs. All the other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis.

D Investments in foreign subsidiaries and other companies are recorded in INR [functional currency] at the rates of exchange prevailing at the time when the investments were made.

E The net gain or loss on account of exchange rate differences either on settlement or on translation of long term foreign currency monetary items recognised on or after April 1, 2016 is recognised as income or expense in the Statement of Profit and Loss in the year in which they arise. The net gain or loss on long term foreign currency monetary items recognised in the financial statement for the period ended on March 31, 2016 is recognised under "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], except in case of foreign currency loans taken for funding of Property, plant and equipment, where such difference is adjusted to the cost of respective Property, plant and equipment. This is as per the exemption given under Ind AS 101 to defer/ capitalize exchange differences arising on long-term foreign currency monetary items.

The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.

4 Revenue Recognition:

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

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

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

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

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

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

The goods are often sold with volume discounts/ pricing incentives and customers have a right to return damaged or expired products.

Revenue from sales is based on the price in the sales contracts/MRP, net of discounts. Historical experience is used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

b **Service Income:**
Service income is recognised as per the terms of contracts with the customers when the related services are performed as per the stage of completion or on the achievement of agreed milestones and are net of service tax, wherever applicable.

c **Interest Income:**
For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate [EIR]. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

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

e **Other Income:**
Other income is recognised when no significant uncertainty as to its determination or realisation exists.

5 Government Grants:

A Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

B Government grants related to revenue are recognised on a systematic and gross basis in the Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1 2015, the Company uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of the loan.

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

6 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

b. Current tax items are recognised in co-relation to the underlying transaction either in Statement of Profit and Loss, OCI or directly in equity.

B Deferred Tax:

a. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

b. Deferred tax liabilities are recognised for all taxable temporary differences.

c. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.

d. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

e. Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.

f. Deferred tax items are recognised in co-relation to the underlying transaction either in OCI or directly in equity.

g. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

C MAT Credit Entitlement:

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

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

7 Property, plant and equipment:

A Freehold land is carried at historical cost. All other items of Property, plant and equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in financial statement for the period ended on March 31, 2016, attributable to Property, plant and equipment is adjusted to the cost of respective

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

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

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

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

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

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

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

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

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

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

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

8 Intangible assets:

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

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

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

D Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life of four years as estimated by the management at the time of capitalisation.

E Intangible assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of infinite life is reviewed annually to determine whether the infinite life continues to

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

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

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

9 Research and Development Cost:

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

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

10 Borrowing Costs:

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

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

11 Impairment of Assets:

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

12 Inventories:

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

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

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

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

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

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

Write down of inventories to net realisable value is recognised as an expense and included in "Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade" and "Cost of Material Consumed" in the relevant note in the Statement of Profit and Loss.

13 Cash and Cash Equivalents:

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

14 Leases:

As a lessee:

The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease.

Lease under which the Company assumes potentially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalised at fair value or present value of the minimum lease payment at the inception of the lease, whichever is lower.

Lease payments under operating leases are recognised as an expense on straight line basis in the Statement of Profit and Loss over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate lessor's expected inflationary cost increases.

As a lessor:

Lease income from operating leases where the Company is lessor is recognised as income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

15 Provisions, Contingent Liabilities and Contingent Assets:

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

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

16 Provision for Product Expiry Claims:

Provisions for product expiry related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of product expiry claim related costs is revised annually.

17 Employee Benefits:

A Short term obligations:

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months period after the end of the period in which the employees render the related service. They are therefore, measured at the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the projected unit credit method as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in Statement of profit and loss.

b Defined Benefit Plans:

i Gratuity:

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The liability or

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss. Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the Statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and

ii Net interest expense or income.

ii Company administered Provident Fund:

In case of a specified class of employees, such contributions are deposited to Cadila Healthcare Limited Employees' Provident Fund Trust.

The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

Contributions to such provident fund are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

c Defined Contribution Plans - Provident Fund Contribution:

Employees of the Company, other than covered in point (ii) above, receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

C Employee Separation Costs:

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

18 Dividends :

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

19 Excise Duty:

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

20 Financial Instruments:

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

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

A Financial Assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

i Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held with an objective of collecting contractual cash flows

- Contractual terms of the asset give rise on specified dates to cash flows that are "solely payments of principal and interest" [SPPI] on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate [EIR] method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of profit and loss.

ii Debt instruments at fair value through other comprehensive income [FVTOCI]:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The asset is held with objective of both - for collecting contractual cash flows and selling the financial assets

- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii Debt instruments and derivatives at fair value through profit or loss [FVTPL]:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv Equity instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income . The Company has made such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

c **Derecognition:**

A financial asset [or, where applicable, a part of a financial asset] is primarily derecognised [i.e. removed from the Company's balance sheet] when:

i The rights to receive cash flows from the asset have expired, or

ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either [a] the Company has transferred substantially all the risks and rewards of the asset, or [b] the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

d **Impairment of financial assets:**

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

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

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

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

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point b above.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it requires the Company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR.

ECL impairment loss allowance [or reversal] recognized during the period is recognized as income/ expense in the Statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance , i.e., as an integral part of the measurement of those assets in the balance sheet, which reduces the net carrying amount. Until the

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics.

B Financial Liabilities:

a **Initial recognition and measurement:**
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b **Subsequent measurement:**
Subsequently all financial liabilities are measured as amortised cost except for loans and borrowings, as described below:

Loans and borrowings:
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

c **Derecognition:**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit and loss.

d **Embedded derivatives:**
An embedded derivative is a component of a hybrid [combined] instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of profit and loss, unless designated as effective hedging instruments.

C Reclassification of financial assets:
The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model as per Ind AS 109.

D Offsetting of financial instruments:
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

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

21 Derivative Financial Instruments and Hedge Accounting:

Derivatives are recognised initially at fair value and subsequently at fair value through profit and loss.

Fair value hedges:

The Company applies fair value hedge accounting for changes in fair value of trade receivables [non-derivative financial assets] attributable to foreign currency risk. The Company designates certain non-derivative foreign currency financial liabilities [hedging instrument] to hedge the risks of changes in fair value of trade receivables attributable to the movement in foreign exchange rates. The Company documents at the time of designation the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking such hedging transactions. The Company also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the risk management objectives are met with the hedging relationship.

Changes in fair values of both hedging instruments and hedged items are recognised in foreign exchange gains / losses as a part of other income or other expenses as the case may be. If the hedge no longer meets the criteria for hedge accounting, this accounting treatment is discontinued.

22 Fair Value Measurement:

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

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

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

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

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

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

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

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

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

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

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

23 Business combinations and Goodwill:

A In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

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

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

related costs are expensed as incurred.

C At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the Deferred tax assets or liabilities and the assets or liabilities related to employee benefit arrangements acquired in a business combination are recognised and measured in accordance with Ind AS-12 "Income Tax" and Ind AS-19 "Employee Benefits" respectively.

D When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

E Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS-109 "Financial Instruments", is measured at fair value with changes in fair value recognised in Statement of profit and loss. If the contingent consideration is not within the scope of Ind AS-109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequently its settlement is accounted for within equity.

G Goodwill is initially measured at the excess of, the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as Capital Reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as Capital Reserve, without routing the same through OCI.

H After initial recognition, Goodwill is not amortised. Goodwill is accordingly recognised at original value, less any accumulated impairment. For the purpose of impairment testing, Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

I A cash generating unit to which Goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any Goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for Goodwill is recognised in Statement of profit and loss. An impairment loss recognised for Goodwill is not reversed in subsequent periods.

J If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Notes to Financial Statements

Note: 2-Significant Accounting Policies: Continued

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

24 Non-Current Assets held for Sale:

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less cost to sell includes use of management estimates and assumptions. The fair value of the asset held for sale has been estimated using valuation techniques [mainly income and market approach], which include unobservable inputs.

25 Earnings per Share:

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

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

B Standards issued but not yet effective:

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

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

Ind AS 115:

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

The standard permits two possible methods of transition:

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

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

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

Appendix B to Ind AS 21:

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

Notes to Financial Statements

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

[A] Property, plant and equipment:

₹ million

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2016	864	310	5,697	23,223	527	609	262	**31,492**
Adjusted due to de-merger[$]	-	(3)	(27)	(489)	(9)	(53)	(10)	**(591)**
Additions	985	12	437	3,396	59	101	74	**5,064**
Disposals	-	-	-	(68)	-	(43)	(1)	**(112)**
Other adjustments	-	-	(12)	(55)	-	-	-	**(67)**
As at March 31, 2017	1,849	319	6,095	26,007	577	614	325	**35,786**
Additions	92	124	712	4,956	69	69	143	**6,165**
Disposals	-	-	-	(22)	(1)	(42)	(1)	**(66)**
Other adjustments	-	-	-	2	-	-	-	**2**
As at March 31, 2018	1,941	443	6,807	30,943	645	641	467	**41,887**
Depreciation and Impairment:								
As at March 31, 2016	-	28	1,329	9,348	396	265	140	**11,506**
Adjusted due to de-merger[$]	-	(1)	(1)	(112)	(2)	(14)	(6)	**(136)**
Depreciation for the year	-	4	172	2,132	23	61	36	**2,428**
Impairment for the year	-	-	-	-	-	-	-	**-**
Disposals	-	-	-	(41)	-	(21)	-	**(62)**
As at March 31, 2017	-	31	1,500	11,327	417	291	170	**13,736**
Depreciation for the year	-	4	187	2,397	27	64	54	**2,733**
Impairment for the year	-	-	-	-	-	-	-	**-**
Disposals	-	-	-	(11)	(1)	(23)	(1)	**(36)**
As at March 31, 2018	-	35	1,687	13,713	443	332	223	**16,433**
Net Block:								
As at March 31, 2017	1,849	288	4,595	14,680	160	323	155	**22,050**
As at March 31, 2018	1,941	408	5,120	17,230	202	309	244	**25,454**

Notes to Financial Statements

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

[B] Intangible assets:

₹ million

Particulars	Goodwill	Other Intangible assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2016	**120**	3,629	392	456	1,116	**5,593**
Adjusted due to de-merger[$]	**-**	(1,963)	(19)	(101)	(613)	**(2,696)**
Additions	**-**	(1)	161	-	-	**160**
Disposals	**-**	-	-	-	-	**-**
Other adjustments	**-**	-	-	-	-	**-**
As at March 31, 2017	**120**	1,665	534	355	503	**3,057**
Additions		-	86	7	-	**93**
Disposals		-	-	-	-	**-**
Other adjustments		-	-	-	-	**-**
As at March 31, 2018	**120**	1,665	620	362	503	**3,150**
Amortisation and Impairment:						
As at March 31, 2016	**82**	2,525	287	277	980	**4,069**
Adjusted due to de-merger[$]	**-**	(1,959)	(19)	(70)	(613)	**(2,661)**
Amortisation for the year	**20**	111	57	15	14	**197**
Impairment for the year	**-**	-	-	-	-	**-**
Disposals	**-**	-	-	-	-	**-**
As at March 31, 2017	**102**	677	325	222	381	**1,605**
Amortisation for the year		111	75	15	14	**215**
Impairment for the year		-	-	-	-	**-**
Disposals		-	-	-	-	**-**
As at March 31, 2018	**102**	788	400	237	395	**1,820**
Net Block:						
As at March 31, 2017	**18**	988	209	133	122	**1,452**
As at March 31, 2018	**18**	877	220	125	108	**1,330**

₹ million

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

[$] Refer Note-47

Notes to Financial Statements

Notes:

1 **Leased Assets:**

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

₹ million

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

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

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

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

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

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

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

7 Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Liva Healthcare Limited, Zydus Animal Health Limited and Zydus Pharmaceuticals Limited with the Company are in the process of being transferred in the name of the Company.

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

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

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

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

Notes to Financial Statements

Note: 4-Investments [Non-Current]:

₹ million

Particulars	Face Value [*]	Nos. [**]	As at March 31, 2018	As at March 31, 2017
Investments in Subsidiaries and Joint Ventures:				
Investments in Equity Instruments			**18,320**	17,997
Investments in Preference Shares			**181**	180
Investments in Equity Instruments via Convertible Loan			**-**	298
Investments in Equity Instruments via Optionally Convertible Preference Shares			**16,597**	20,137
			35,098	38,612
Investments - Others:				
Investments in Equity Instruments			**1,074**	616
Investments in Preference Shares			**9**	9
			1,083	625
Total			**36,181**	39,237
A Details of Investments in Subsidiaries and Joint Ventures:				
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Quoted]:				
In fully paid-up equity shares of Zydus Wellness Limited	10	28,163,755	**570**	570
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Technologies Limited	10	42,500,000	**425**	425
Dialforhealth India Limited	10	5,000,000	**112**	112
Zydus Healthcare Limited [Formerly known as German Remedies Limited] [$]	100	2,161,742 [1,938,242]	**5,342**	100
Biochem Pharmaceutical Industries Limited [$]	10	0 [7,500,000]	**-**	5,242
Liva Pharmaceuticals Limited	10	2,000,000	**20**	20
Alidac Pharmaceuticals Limited	10	22,330,000	**158**	158
Zydus International Private Limited, Ireland	€ 1.462843	62,340,456	**6,518**	6,518
Zydus Lanka (Private) Limited, Sri Lanka [898,000 share subscribed during the year]	LKR 10	1,097,000 [199,000]	**5**	1
Zydus Healthcare Philippines Inc.	PHP 10	24,965,120	**351**	351
Zydus Worldwide DMCC [20,200 share subscribed during the year]	AED 1,000	84,480 [64,280]	**1,505**	1,148
Sentynl Therapeutics Inc	$0.0001	1,000	**2,038**	2,038
Bremer Pharma GmbH [Germany] [Classified as Asset held for sale] [Refer Note-45 A]	€ 50,000 € 30,000 € 400,000	1 1 1	**-**	60
Zydus Healthcare (USA) LLC	$1	200,000	**12**	12
			16,486	16,185
In fully paid-up Common Stock of:				
Zydus Pharmaceuticals (USA) Inc.	$1	2,300,000	**519**	519
Zydus Noveltech Inc. [USA]	No par value	850	**207**	207
			726	726

Notes to Financial Statements

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

₹ million

Particulars	Face Value [*]	Nos. [**]	As at March 31, 2018	As at March 31, 2017
Joint Venture Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Hospira Oncology Private Limited	10	7,500,000	**75**	75
Zydus Takeda Healthcare Private Limited	10	10,000,000	**100**	100
Bayer Zydus Pharma Private Limited [Refer Note-45 B]	10	25,000,000	**250**	250
			425	425
Deemed investment in equity of:				
Equity Component of Bayer Zydus Pharma				
Private Limited			**113**	91
			18,320	17,997
Investment in Preference Shares [Carried at amortised cost]:				
Joint Venture Company [Unquoted]:				
In fully paid-up, 5%, Redeemable Non-Cumulative				
Preference Shares of Bayer Zydus Pharma Private Limited	10	20,000,000	**181**	180
Investment in Equity Instruments via Convertible Loan [Valued at cost]:				
Subsidiary Companies:				
Zydus International Private Limited			**-**	298
Investment in Equity Instruments via Optionally Convertible				
Redeemable Preference Shares [Valued at cost]:				
Subsidiary Companies:				
Zydus Technologies Limited	100	900,000	**90**	90
Dialforhealth India Limited	100	2,000,000	**200**	200
Zydus Healthcare Limited	100	123,650,000	**12,365**	12,365
Alidac Pharmaceuticals Limited	100	7,300,000	**689**	689
Zydus Healthcare Philippines Inc.	PHP 10	983,180	**14**	14
Liva Pharmaceuticals Limited	100	32,390,000 [0]	**3,239**	-
Zydus International Private Limited	€ 1	0 [88,334,982]	**-**	6,779
			16,597	20,137
B Details of Investments - Others [Valued at fair value through OCI]:				
Investment in Equity Instruments [Quoted]:				
In fully paid-up Common Stock of:				
Onconova Therapeutic Inc. USA	$0.01	65,111	**4**	13
Pieris Pharmaceuticals Inc., USA	$0.001	1,415,539	**629**	239
			633	252
In fully paid-up Equity Shares of:				
Housing Development Finance Corporation Limited	2	219,500	**401**	330
HDFC Bank Limited	2	4,000	**8**	6
Kokuyo Camlin Limited	1	72,090	**8**	6
Camlin Fine Sciences Limited	1	152,000	**15**	13
Accelya Kale Consultants Limited	10	383	**1**	1
Saket Projects Limited [5,000 shares disposed under exit offer during the year] [As at March 31, 2017:₹ 50,000/-]	10	0 [5,000]	**-**	-
			433	356

Notes to Financial Statements

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

₹ million

Particulars	Face Value [*]	Nos. [**]	As at March 31, 2018	As at March 31, 2017
Investment in Equity Instruments [Unquoted]:				
In fully paid-up Equity Shares of:				
Bharuch Enviro Infrastructure Limited [₹ 12,140/-]	10	1,214	-	-
Narmada Clean Tech	10	625,813	6	6
Enviro Infrastructure Company Limited	10	50,000	1	1
Gujarat Venture Finance Limited	10	50,000	1	1
Saraswat Co-Op Bank Limited [₹ 20,350/-]	10	2,500	-	-
Shamrao Vithal Co-Op Bank Limited [₹ 2,500/-]	25	100	-	-
The Green Environment Co-operative Society Limited [₹ 5,000/-]	100	50	-	-
Shivalik Solid Waste Management Limited [₹ 2,00,000/-]	10	20,000	-	-
			8	8
			1,074	616
Investment in Preference Shares [Unquoted]:				
[Carried at amortised cost]:				
In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited	10	900,000	9	9
Total [Aggregate Book Value of Investments]			36,181	39,237
C a i Aggregate book value of quoted investments			1,636	1,178
ii Market value of quoted investments			34,104	25,090
b Aggregate book value of unquoted investments			34,545	38,059
D Explanations:				
a In "Face Value [*]", figures in Indian Rupees unless stated otherwise.				
b In "Nos. [**]" figures of previous year are same unless stated in [ ].				
[$] Refer Note-46				

Notes to Financial Statements

Note: 5-Loans:

₹ million

Particulars			As at March 31, 2018	As at March 31, 2017
[Unsecured, Considered Good unless otherwise stated]				
Loans and Advances to Related Parties [*]			**13,013**	14,271
Total			**13,013**	14,271
[*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):				
	Name of the party and relationship with the party to whom loan given:			
A	Subsidiary Company:			
	a	Zydus Technologies Limited	**5,134**	4,032
	b	Dialforhealth India Limited	**80**	91
	c	Liva Pharmaceuticals Limited	**-**	2,372
	d	Zydus Worldwide DMCC	**7,522**	7,776
	e	Zydus International Private Limited	**277**	-
Total			**13,013**	14,271
(#) Loans which are outstanding at the end of the respective financial year.				
Notes:				
a	All the above loans have been given for business purposes.			
b	All the loans are interest bearing except the loan given to Dialforhealth India Limited.			
c	All the above loans are repayable within a period of 2 years.			

Note: 6-Other Financial Assets:

₹ million

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

Note: 7-Other Non-Current Assets:

₹ million

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

Notes to Financial Statements

Note: 8-Current Tax Assets [Net]:

₹ million

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

Note: 9-Inventories:

₹ million

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

Note: 10-Trade Receivables:

₹ million

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

Notes to Financial Statements

Note: 11-Cash and Cash Equivalents:

₹ million

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

Note: 12-Loans:

₹ million

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

Note: 13-Other Current Financial Assets:

₹ million

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

Notes to Financial Statements

Note: 14-Other Current Assets:

₹ million

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

Note: 15-Equity Share Capital:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised:		
1,725,000,000 [as at March 31, 2017: 1,725,000,000] Equity Shares of ₹ 1/- each	**1,725**	1,725
	1,725	1,725
Issued, Subscribed and Paid-up:		
1,023,742,600 [as at March 31, 2017: 1,023,742,600] Equity Shares of ₹ 1/- each, fully paid-up	**1,024**	1,024
Total	**1,024**	1,024
A There is no change in the number of shares as at the beginning and end of the year.		
Number of shares at the beginning and at the end of the year	**1,023,742,600**	1,023,742,600
B The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholder holding more than 5% of aggregate Equity Shares of ₹ 1/- each		
Zydus Family Trust		
Number of Shares	**765,537,230**	765,537,230
% to total share holding	**74.78%**	74.78%

Notes to Financial Statements

Note: 16-Other Equity:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	**2,000**	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	**15,550**	15,550
Foreign Currency Monetary Items Translation Difference Account: [***]		
Balance as per last Balance Sheet	**(9)**	(49)
Add/ [Less]: Credited/ [Debited] during the year	**2**	40
	(7)	(9)
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**303**	165
[Less]/ Add: [Debited]/ Credited during the year	**458**	138
	761	303
Retained Earnings:		
Balance as per last Balance Sheet	**47,315**	44,072
Add: Profit for the year	**10,908**	6,619
	58,223	50,691
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	**(96)**	(81)
Less: Dividends:		
Dividends	**-**	3,276
Corporate Dividend Tax on Dividend [Net of CDT Credit]	**-**	19
	-	3,295
Balance as at the end of the year	**58,127**	47,315
Total	**76,431**	65,159

[*] International Business Development Reserve was created pursuant to Composite Scheme of Amalgamation approved by the Hon'able High Court of Gujarat and its utilization shall be as provided in the scheme.

[**] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.

[***] The Company had opted for accounting the exchange rate differences arising on the Long Term Foreign Currency Monetary Items [LTFCMI] in accordance with the notification dated March 31, 2009 and amended on December 29, 2011 under the Companies [Accounting Standards] Amendment Rules, 2009 on Accounting Standard 11 relating to "the effects of changes in foreign exchange rates". Accordingly, the effects of exchange rate differences arising on translation or settlement of long term foreign currency loans availed for funding acquisition of Property, plant and equipment have been adjusted to the cost of respective items of Property, plant and equipment. In other cases, such exchange rate difference on the LTFCMI is transferred to "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA]. The option of transferring exchange rate differences to FCMITDA is available on LTFCMI outstanding as on March 31, 2016 only. The FCMITDA is amortised during the tenure of the respective LTFCMI but not beyond March 31, 2020.

[#] The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes to Financial Statements

Note: 17-Borrowings:

₹ million

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

A Securities and Terms of Repayment for Secured Long Term Borrowings:

a Foreign Currency Loans:

i ECB of USD 20 million is secured by hypothecation of a specific trade mark of the Company. The loan is repayable in three equal yearly installments starting from the end of forth year from the date of its origination [March 20, 2014] along with accrued interest for the period. The outstanding amount of loan as at March 31, 2018 is ₹ 869 [as at March 31, 2017: ₹ 1,297] million.

B Terms of Repayment for Unsecured Long Term Borrowings:

a Foreign Currency Loans:

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

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

iii ECB of USD 30 million is repayable in three yearly installments starting from January 17, 2020 along with interest for the period. The outstanding amount as at March 31, 2018 is ₹ 1,956 [as at March 31, 2017: ₹ 1,946] million.

iv ECB of USD 20 million is repayable in three yearly installments starting from March 1, 2020 along with interest for the period. The outstanding amount as at March 31, 2018 is ₹ 1,304 [as at March 31, 2017: ₹ 1,298] million.

v ECB of USD 100 million is repayable in three yearly installments starting from March 27, 2021 along with interest for the period. The outstanding amount as at March 31, 2018 is ₹ 6,520 [as at March 31, 2017: ₹ 6,488] million.

vi ECB of USD 30 million is repayable in three yearly installments starting from April 26, 2020 along with interest for the period. The outstanding amount as at March 31, 2018 is ₹ 1,956 [as at March 31, 2017: ₹ NIL] million.

vii ECB of USD 20 million is repayable in three yearly installments starting from September 18, 2020 along with interest for the period. The outstanding amount as at March 31, 2018 is ₹ 1,304 [as at March 31, 2017: ₹ NIL] million.

Notes to Financial Statements

Note: 17-Borrowings: Continued

b Rupee Loans:

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

ii Biotechnology Industry Research Assistance Council [BIRAC] has sanctioned a loan of ₹ 12 million. Out of the sanctioned amount, BIRAC has disbursed ₹ 4 million on December 28, 2015 and ₹ 2 million on November 1, 2017. The loan is repayable in ten equal half-yearly installments starting from August 25, 2019 along with interest accrued thereon. The outstanding amount as at March 31, 2018 is ₹ 6 [as at March 31, 2017: ₹ 4] million.

Note: 18-Other Financial Liabilities:

₹ million

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

Note: 19-Provisions:

₹ million

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

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

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

Notes to Financial Statements

Note: 19-Provisions: Continued

₹ million

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

Notes to Financial Statements

Note: 19-Provisions: Continued

₹ million

Particulars	As at March 31, 2018			As at March 31, 2017		
	Medical Leave	**Leave Wages**	**Gratuity**	Medical Leave	Leave Wages	Gratuity
G Movement in net liabilities recognised in Balance Sheet:						
Opening net liabilities	**67**	**374**	**320**	123	591	319
Transfer under the Scheme [*]	**-**	**-**	**-**	(50)	(200)	(124)
Expenses as above [P & L Charge]	**15**	**125**	**122**	-	89	102
Employer's contribution	**-**	**-**	**(138)**	-	(1)	(80)
Amount recognised in OCI	**-**	**-**	**122**	-	-	103
Benefits Paid	**(1)**	**(29)**	**-**	(6)	(104)	-
Liabilities/ [Assets] recognised in the Balance Sheet	**81**	**470**	**426**	67	374	320
H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:						
Discount rate	**7.30%**	**7.30%**	**7.30%**	6.95%	6.95%	6.95%
[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations].						
Annual increase in salary cost	**12% for next 3 years & 10% thereafter**			12% for 1st 4 years, 9% thereafter		
[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market).						
I The categories of plan assets as a % of total plan assets are:						
Insurance plan	**0.00%**	**100.00%**	**100.00%**	0.00%	100.00%	100.00%

J Amount recognised in current and previous four years:

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

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

[*] Refer Note-47

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

Notes to Financial Statements

Note: 19-Provisions: Continued

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

₹ million

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

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

₹ million

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

Note: 20-Deferred Tax:

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

₹ million

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

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

C The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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

Notes to Financial Statements

Note: 21-Borrowings:

₹ million

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

[*] Working Capital Loans which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares relating to plant and machineries [consumable stores and spares], including goods in transit, bills receivables and book debts. The value of such current asset is ₹ 25,758 [as at March 31, 2017 ₹ 18,619] million.

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

Note: 22-Trade Payables:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Micro, Small and Medium Enterprises [*]	**143**	72
Others	**9,778**	9,889
Total	**9,921**	9,961
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	**143**	72
B Interest due thereon	**-**	-
C Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	**8**	4
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	**-**	-
E Amount of interest accrued and remaining unpaid at the end of the accounting year	**-**	-
F Amount of further interest remaining due and payable in succeeding years. The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.	**-**	-

Note: 23-Other Financial Liabilities:

₹ million

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

Notes to Financial Statements

Note: 24-Other Current Liabilities:

₹ million

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

Note: 25-Provisions:

₹ million

Particulars			As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits			**255**	249
Provision for claims for product expiry and return of goods [*]			**28**	24
Total			**283**	273
[*]	Provision for claims for product expiry and return of goods:			
	a	Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.		
	b	The movement in such provision is stated as under:		
	i	Carrying amount at the beginning of the year	**24**	58
	ii	Transfer due to de-merger [Refer Note-47]	**-**	40
	iii	Additional provision made during the year	**28**	24
	iv	Amount used	**24**	18
	v	Carrying amount at the end of the year	**28**	24

Note: 26-Current Tax Liabilities [Net]:

₹ million

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

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

₹ million

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

Notes to Financial Statements

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

₹ million

Particulars				As at March 31, 2018	As at March 31, 2017
	c	Other money for which the company is contingently liable:			
		i	In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	337	348
		-	Net of advance of	22	27
		-	Includes in respect of Amalgamated [*] Companies	10	9
		ii	In respect of the demands raised by the Ministry of Chemicals & Fertilizers, Govt. of India under Drug Price Control Order, 1979/ 1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations and disputed by the Company, which the Company expect to succeed based on the legal advice	104	68
			- Net of advance of	65	43
			- Includes in respect of Amalgamated [*] Companies	25	25
		iii	In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts	168	40
			- Net of advance of	16	16
		iv	In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts	351	150
			- Net of advance of	62	37
		v	Letters of Credit for Imports	39	1
		vi	The Company has imported certain capital equipment at concessional rate of custom duty under "Export promotion of Capital Goods Scheme" of the Central Government. The Company has undertaken an incremental export obligation to the		
		-	extent of US $ million	7	7
		-	equivalent to ₹ million approx.	448	458
			to be fulfilled during a specified period as applicable from the date of imports. The unprovided liability towards custom duty payable thereon in respect of unfulfilled export obligations	75	76
		[*] represents contingent liabilities taken over by the Company under the Scheme of Arrangement and Amalgamation of Cadila Laboratories Limited and erstwhile Cadila Chemicals Limited, Cadila Antibiotics Limited, Cadila Exports Limited and Cadila Veterinary Private Limited with the Company w.e.f. June 1, 1995.			
B	Commitments:				
	a	Estimated amount of contracts remaining to be executed on capital account and not provided for		3,366	3,480
		-	Net of advance of	232	538

Note: 28-Dividends proposed to be distributed:

The Board of Directors, at its meeting held on May 28, 2018, recommended the final dividend of ₹ 3.50 per equity share of ₹ 1/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Notes to Financial Statements

Note: 29-Revenue from Operations:

₹ million

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

Note: 30-Other Income:

₹ million

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

Note: 31-Cost of Materials Consumed:

₹ million

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

Notes to Financial Statements

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

₹ million

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

Note: 33-Changes in Inventories:

₹ million

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

Note: 34-Employee Benefits Expense:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	**7,191**	5,353
Contribution to provident and other funds [*]	**488**	544
Staff welfare expenses	**288**	311
Managing Directors' Remuneration	**293**	300
Total	**8,260**	6,508
Above expenses includes Research related expenses as follows:		
Salaries and wages	**1,268**	1,064
Contribution to provident and other funds	**95**	82
Staff welfare expenses	**54**	46
Total	**1,417**	1,192
[*] The Company’s contribution towards defined contribution plan. The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees, as specified under the law. The contributions are paid to the Provident Fund Trust set up by the Company or to the respective Regional Provident Fund Commissioner under the Pension Scheme. The Company is generally liable for annual contribution and any shortfall in the trust fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year it is incurred.	**358**	292

Notes to Financial Statements

Note: 35-Finance Cost:

₹ million

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

Note: 36-Other Expenses:

₹ million

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

Notes to Financial Statements

Note: 36-Other Expenses: Continued

₹ million

			Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Impairment allowances			26	-
				26	-
Directors' fees				7	8
Net Loss on disposal of Property, plant and equipment [₹ 442,763] [Net of gain of ₹ 5 {Previous Year: ₹ 1} million]				-	7
Donations [***]				223	14
Miscellaneous Expenses [#]				2,889	2,481
Total				**16,419**	12,503
Above expenses includes Research related expenses as follows:					
	Research Materials			1,172	1,228
	Analytical expenses			1,058	1,128
	Consumption of Stores and spare parts			506	768
	Power & Fuel			149	131
	Repairs to Buildings			19	15
	Repairs to Plant and Machinery			105	45
	Repairs to Others			32	12
	Insurance			7	9
	Traveling Expenses			53	52
	Legal and Professional fees			939	946
	Net Loss on foreign currency transactions and translation			35	-
	Miscellaneous Expenses [excluding Depreciation of ₹ 313 {Previous Year: ₹ 293} million]			889	915
Total				**4,964**	5,249
[*] The Company has taken various residential/ office premises/ godowns under operating lease or leave and license agreement with no restrictions and are renewable/ cancellable at the option of either of the parties. There are no sub-leases. The lease payments recognised under "Rent Expenses" are:				42	22
[**]	Legal and Professional Fees include:				
	Payment to the Statutory Auditors [excluding Service Tax]:				
i	-	As Auditor		6	8
	-	For Other Services		1	3
	-	**Total**		**7**	11
ii	Cost Auditor's Remuneration including fees for other services [excluding Service Tax]			1	1
[***] Donations include political donations pursuant to Section 182 (3) of the Companies Act, 2013 to:					
	a	Bharatiya Janta Party		100	-
	b	Gujarat Pradesh Congress Committee		20	-
[#]	Miscellaneous Expenses include:				
	a	Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013		262	292

Notes to Financial Statements

Note: 37-Tax Expenses:

₹ million

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

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

₹ million

	Particulars		Year ended March 31, 2018	Year ended March 31, 2017
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A	Profit attributable to Shareholders	₹ million	**10,908**	6,619
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**10.66**	6.47

Note: 39-Segment Information:

Segment Information has been given in the Consolidated Financial Statements of the Company. Hence, as per Ind AS-108 "Operating Segments" issued by the Institute of Chartered Accountants of India, no separate disclosure on segment information is given in these financial statements.

Notes to Financial Statements

Note: 40-Related Party Transactions:

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

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

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

Notes to Financial Statements

Note: 40-Related Party Transactions: Continued

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business and at arm's length terms:

a Details relating to parties referred to in Note 40-A [a, b & d]

Value of the Transactions [₹ million]

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

Notes to Financial Statements

Note: 40-Related Party Transactions: Continued

Value of the Transactions [₹ million]

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

Notes to Financial Statements

Note: 40-Related Party Transactions: Continued

Value of the Transactions [₹ million]

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

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

₹ million

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

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

₹ million

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

Notes to Financial Statements

Note: 42-Financial Instruments:

A Fair values hierarchy:

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices [unadjusted] in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

₹ million

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

₹ million

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

Notes to Financial Statements

Note: 42-Financial Instruments: Continued

C Fair value of instruments measured at amortised cost:

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

₹ million

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

₹ million

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

Financial Assets:

The carrying amounts of trade receivables, loans and advances to related parties and other financial assets [other than investment in preference shares], cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities:

Fair values of loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

Fair values of investment in preference shares were calculated based on cash flows discounted using the applicable adjusted market interest rates.

D Valuation process and technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

a The use of quoted market prices for similar instruments.

b Fair value of Forward Contract value related to investment in a Joint Venture has been determined considering the estimated exercise price and value of the underlying entity. The valuation has been derived using the Present Value technique under Income Approach. The valuation includes significant unobservable inputs like Weighted Average Cost of Capital [WACC], revenue forecast, etc.

Significant unobservable inputs:

Budgeted Sales growth rate : 8% - 10% per annum
Weighted Average Cost of Capital : 15.4% per annum

For recurring fair value measurements using significant unobservable inputs [Level 3], the effect of the measurement on profit or loss or other comprehensive income for the period is provided below:

Movement in Forward Contract value related to investment in a Joint Venture:

₹ million

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

Notes to Financial Statements

Note: 42-Financial Instruments: Continued

Sensitivity analysis for valuation of Forward Contract value related to investment in a Joint Venture:

a Sensitivity in value for 50 basis points change in Weighted Average Cost of Capital [WACC]-

₹ million

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

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

₹ million

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

Note: 43-Financial Risk Management:

₹ million

Particulars	As at March 31, 2018			
	FVTPL	FVOCI	Amortised Cost	Total
A Financial instruments by category:				
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]		1,074		1,074
Preference shares			190	190
Non Current Loans			13,013	13,013
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]			76	76
Trade receivables			12,551	12,551
Forward Contract value related to investment in a JV	2,560			2,560
Cash and Cash Equivalents			1,838	1,838
Current Loans			178	178
Other Current Financial Assets			1,893	1,893
Total	2,560	1,074	29,739	33,373
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			28,741	28,741
Trade payables			9,921	9,921
Non Current Other Financial Liabilities			87	87
Payable for capital Goods			663	663
Other Current Financial Liabilities			1,226	1,226
Total	-	-	40,638	40,638

Notes to Financial Statements

Note: 43-Financial Risk Management: Continued

₹ million

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

B Risk Management:

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

The Company's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Company's short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

a Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk from investment in preference shares measured at amortised cost, loans and advances to related parties, trade receivables, bank deposits and other financial assets. The Company periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

i Investments at Amortised Cost : They are strategic investments in the normal course of business of the company.

ii Bank deposits : The Company maintains its Cash and cash equivalents and Bank deposits with reputed and highly rated banks. Hence, there is no significant credit risk on such deposits.

iii Loans to related parties : They are given for business purposes. The Company reassesses the recoverability of loans periodically. Interest recoveries from these loans are regular and there is no event of defaults.

iv The counter party to the forward contract value related to the Investment in a Joint Venture is the associate entity of co-venturer of one of Joint

Notes to Financial Statements

Note: 43-Financial Risk Management: Continued

Venture. The contract is governed by a shareholder's agreement which has the needful representations by the counter party. The Company is exposed to insignificant credit risk in relation to the same.

v Trade Receivable: The Company trades with recognized and credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

vi There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Adequate expected credit losses are recognized as per the assessments.

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

b Liquidity risk:

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

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

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

Maturities of financial liabilities:

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ million

Particulars	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As at March 31, 2018				
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	15,601	1,873	4,671	7,935	30,080
Other non current financial liabilities				87	87
Trade payable	9,921	-	-	-	9,921
Accrued Expenses	1,192	-	-	-	1,192
Payable for Capital Goods	663	-	-	-	663
Unpaid dividend	34	-	-	-	34
Corporate Guarantees	9,880	8,115	3,356	2,696	24,047
Total	37,291	9,988	8,027	10,718	66,024

Notes to Financial Statements

Note: 43-Financial Risk Management: Continued

₹ million

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

c Foreign currency risk:

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's operations in foreign currency creates natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Company.

Sensitivity:

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

₹ million

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

* Holding all other variables constant

Sensitivity impact on profit after tax includes exposures for which the Company has the policy of capitalising exchange differences to reserves -

FCMITDA or eligible items of Property, plant and equipment [refer note-2 for detailed policy]. The outstanding amount of such foreign currency loans are ₹ 2,630 [as at March 31, 2017: ₹ 4,156] million.

d Interest rate risk:

Liabilities:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in Fixed Deposits are at fixed interest rates.

Notes to Financial Statements

Note: 43-Financial Risk Management: Continued

d Interest rate risk:

Sensitivity *:

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

₹ million

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

* Holding all other variables constant

e Price risk:

Exposure:

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

Sensitivity *:

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

₹ million

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

* Holding all other variables constant

C Hedge:

Disclosure of effects of hedge accounting on financial position:

Hedged item - Changes in fair value of trade receivables attributable to changes in foreign exchange rates.

Hedging instrument - Changes in fair value of certain foreign currency borrowings attributable to foreign exchange rates.

As at March 31, 2018

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

Notes to Financial Statements

Note: 43-Financial Risk Management: Continued

C Hedge: Continued

As at March 31, 2017

Type of hedged risk	Carrying amount of hedging instrument (USD million)		Carrying amount of hedging instrument (₹ million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings		88		5,709	Range - Within 6 months	1:1	Borrowings	228
Hedged item: Certain foreign currency receivables	88		5,709		Range - Within 6 months		Trade receivables	228

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

Note: 44-Capital Management:

The Company' s capital management objectives are:

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

b to provide an adequate return to shareholders

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

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

₹ million

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

Loan covenants:

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants, based on consolidated financial information:

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

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

Notes to Financial Statements

Note: 45-Events after the Reporting Period:

A Assets classified as held for sale:

Pursuant to the Share and Loan Purchase Agreement dated April 17, 2018 ["Closing Date"] amongst the Company, Zydus International Private Limited ["ZIPL"], Ireland, Bremer Pharma GmbH ["Bremer"] and Alivira Animal Health Limited ["Alivira"], Ireland , the Company has sold its 100% equity holding and ZIPL has sold and transferred its outstanding loan together with accrued interest in Bremer to Alivira with effect from April 01, 2018 ["Effective Date"].

In accordance with Ind AS 105 "Non-Current Assets held for Sale and Discontinued Operations" and as required under Schedule III of the Companies Act, 2013, the investment of Bremer is classified as "Assets held for sale" and disclosed separately for the year ended March 31, 2018 at the lower of its carrying amount and fair value less cost to sell.

B Investment in Bayer Zydus Pharma Private Limited:

Pursuant to the terms of the Joint Venture Agreement [JVA] between the Company and Bayer [South East Asia] Pte. Limited ["Bayer"] dated, January 28, 2011, the Company has sold 12,500,001 equity shares of Bayer Zydus Pharma Private Limited to Bayer on April 27, 2018.

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

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

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

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

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

Note: 48:

Figures of previous reporting periods have been regrouped/ reclassified to conform to current period's classification.

Signatures to Significant Accounting Policies and Notes 1 to 48 to the Financial Statements

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

For and on behalf of the Board

Pankaj R. Patel
Chairman

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 25, 2018

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Independent Auditor's Report

To
The Members of
Cadila Healthcare Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Cadila Healthcare Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), which includes Group's share of profit in its joint ventures, comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements"), in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the branch of the Group located at Philippines.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Joint ventures in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor and other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the branch auditor on separate financial statements of the branch, the subsidiaries and joint ventures referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of a branch included in the standalone financial statements of the companies included in the Group whose financial statements reflect total assets of ₹ 12.21 million as at March 31, 2018 and total revenues of ₹ 0.01 million for the year ended on that date, as considered in the respective standalone financial statements of the companies included in the Group. The financial statements of this branch have been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch is based solely on the report of such branch auditor.

(b) We did not audit the financial statements of 17 subsidiaries, whose financial statements reflect total assets of ₹ 106,536.13 million as at March 31, 2018, total revenues of ₹ 74,569.83 million and net cash inflows/ (outflows) amounting to ₹ 3,622.86 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(c) We did not audit the financial statements of 16 subsidiaries, whose financial statements reflect total assets of ₹ 15,824.09 million as at March 31, 2018, total revenues of ₹ 7,349.31 million and net cash inflows/ (outflows) amounting to ₹ (7,858.10) million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 407.45 million for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of 2 joint ventures, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the branch auditor and other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the branch auditor and other auditors on separate financial statements of subsidiaries and joint venture companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept and proper returns adequate for the purposes of our audit have been received from the branch not visited so far as it appears from our examination of those books, returns and the reports of the other auditors.

(c) The report on the accounts of the branch office of a company included in the Group audited under Section 143(8) of the Act by branch auditor has been sent to us and have been properly dealt with by us in preparing this report.

(d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements and with the returns received by us from the branch not visited.

(e) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(f) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies and joint venture companies incorporated in India, none of the directors of the Group companies and joint venture companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiary companies, and joint venture companies incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and joint ventures.

   ii. The Group and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies and joint venture companies incorporated in India.

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

Gaurav J. Shah
Partner
(Membership No. 35701)

Place: Ahmedabad
Date: May 25, 2018

Annexure "A" to the Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Cadila Healthcare Limited (hereinafter referred to as "Parent") and its subsidiary companies, which includes internal financial controls over financial reporting of the Company's joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and joint ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, and its joint ventures, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 8 subsidiary companies and 3 joint ventures, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

Gaurav J. Shah
Partner
(Membership No. 35701)

Place: Ahmedabad
Date: May 25, 2018

Consolidated Balance Sheet

as at March 31, 2018

₹ million

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS:			
Non-Current Assets:			
Property, plant and equipment	3 [A]	**38,157**	32,904
Capital work-in-progress		**15,272**	15,433
Goodwill	3 [B]	**13,853**	11,494
Other Intangible assets	3 [B]	**12,816**	13,153
Investments in Joint Ventures	4	**3,605**	3,214
Financial Assets:			
Investments	5	**1,104**	643
Other Financial Assets	6	**1,529**	2,631
Deferred Tax Assets [Net]	7	**9,246**	8,955
Other Non-Current Assets	8	**2,034**	2,845
Assets for Current tax [Net]	9	**740**	712
		98,356	91,984
Current Assets:			
Inventories	10	**23,853**	18,037
Financial Assets:			
Investments	11	**2,748**	491
Trade Receivables	12	**32,063**	22,775
Cash and Cash Equivalents	13	**13,149**	15,435
Other Current Financial Assets	14	**3,448**	123
Other Current Assets	15	**6,744**	3,362
		82,005	60,223
Assets classified as held for sale	52	**292**	-
Total		**180,653**	152,207
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	16	**1,024**	1,024
Other Equity	17	**86,421**	68,576
Equity attributable to equity holders of the Parent		**87,445**	69,600
Non-Controlling Interests		**1,910**	1,561
		89,355	71,161
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	18	**25,551**	24,684
Other Financial Liabilities	19	**524**	628
Provisions	20	**1,559**	1,512
Deferred Tax Liabilities [Net]	7	**2,821**	1,164
Other Non-Current Liabilities	21	**13**	-
		30,468	27,988
Current Liabilities:			
Financial Liabilities:			
Borrowings	22	**25,575**	24,769
Trade Payables	23	**18,884**	15,479
Other Financial Liabilities	24	**13,352**	10,602
Other Current Liabilities	25	**1,387**	1,519
Provisions	26	**1,002**	573
Current Tax Liabilities [Net]	27	**520**	116
		60,720	53,058
Liabilities directly associated with assets classified as held for sale	52	**110**	-
Total		**180,653**	152,207
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 54		

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

For and on behalf of the Board

Pankaj R. Patel
Chairman

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 25, 2018

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

₹ million

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from Operations	31	**119,364**	95,723
Other Income	32	**1,132**	1,284
Total Income		**120,496**	97,007
EXPENSES:			
Cost of Materials Consumed	33	**25,233**	18,078
Purchases of Stock-in-Trade	34	**19,141**	17,499
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	35	**(3,154)**	(1,388)
Excise Duty on Sales		**315**	1,958
Employee Benefits Expense	36	**18,545**	15,198
Finance Costs	37	**911**	446
Depreciation, Amortisation and Impairment expense	38	**5,388**	3,733
Other Expenses	39	**30,809**	25,334
Total Expenses		**97,188**	80,858
Profit before Exceptional items and Tax		**23,308**	16,149
Less : Exceptional Items	40	**-**	3
Profit before Tax		**23,308**	16,146
Less: Tax Expense:			
Current Tax	41	**6,436**	1,918
Deferred Tax	41	**(792)**	(629)
		5,644	1,289
Profit for the year before share of profit/ [loss] of Joint Ventures		**17,664**	14,857
Add: Share of profit of Joint Ventures [net of tax]	4	**628**	338
Profit for the year from Continuing Operations		**18,292**	15,195
Profit/(loss) before tax from discontinued operations	52	**(188)**	(27)
Tax expense of discontinued operations		**-**	-
Profit/(loss) after tax from Discontinued operations		**(188)**	(27)
Profit for the year		**18,104**	15,168
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		**(151)**	(212)
Income tax effect		**37**	45
		(114)	(167)
Net Loss/ [Gain] on Fair Value through OCI [FVTOCI] Equity Instruments		**459**	147
Income tax effect		**-**	-
		459	147
Share of Joint Ventures		**-**	(5)
Income tax effect		**-**	1
		-	(4)
Total		**345**	(24)
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(132)**	75
Exchange differences on translation of discontinued foreign operations reclassified to Statement of Profit and Loss		**(18)**	-
Income tax effect		**-**	-
Total		**(150)**	75
Other Comprehensive Income for the year [Net of tax]		**195**	51
Total Comprehensive Income for the year [Net of Tax]		**18,299**	15,219
Profit for the year		**18,104**	15,168
Attributable to:			
Owners of the Parent		**17,758**	14,877
Non-Controlling Interests		**346**	291
OCI for the year		**195**	51
Attributable to:			
Owners of the Parent		**195**	51
Non-Controlling Interests		**-**	-
Total Comprehensive Income for the year		**18,299**	15,219
Attributable to:			
Owners of the Parent		**17,953**	14,928
Non-Controlling Interests		**346**	291
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	42		
Continuing Operations		**17.53**	14.56
Discontinued Operations		**(0.18)**	(0.03)
Continuing and Discontinued Operations		**17.35**	14.53
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 54		

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

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 25, 2018

For and on behalf of the Board

Pankaj R. Patel
Chairman

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Consolidated Cash Flow Statement

for the year ended March 31, 2018

₹ million

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
A Cash flows from operating activities:			
Profit before tax from			
Continuing operations	**23,308**		16,146
Discontinued operations	**(188)**		(27)
Profit before tax including discontinued operations		**23,120**	16,119
Adjustments for:			
Depreciation, Amortisation and Impairment expense	**5,405**		3,750
Loss on sale of property, plant and equipment [Net]	**23**		8
Profit on sale of investments [Net]	**(116)**		(61)
Interest income	**(494)**		(573)
Dividend income	**(6)**		(5)
Gain on valuation of Forward Contract value related to investment in a Joint Venture	**(470)**		(567)
Interest expenses [including effect of foreign exchange movement in borrowing] [Refer Note - 5 below]	**1,468**		568
Bad debts written off	**10**		7
Provision for doubtful debts [net of written back]	**62**		59
Provision for doubtful advances [net of written back]	**27**		(2)
Provisions for employee benefits	**(98)**		152
Provisions for probable product expiry claims and return of goods [net of written back]	**432**		1
Total		**6,243**	3,337
Operating profit before working capital changes		**29,363**	19,456
Adjustments for:			
[Increase] in trade receivables	**(9,690)**		(5,051)
[Increase]/ Decrease in inventories	**(5,924)**		(4,666)
[Increase] in other assets	**(4,649)**		(6)
Increase in trade payables	**3,164**		2,337
Increase in other liabilities	**2,911**		3,071
Change in Non-Controlling Interest	**349**		203
Total		**(13,839)**	(4,112)
Cash generated from operations		**15,524**	15,344
Direct taxes paid [Net of refunds]		**(6,206)**	(2,376)
Foreign Currency Monetary items Translation Difference Account written off		**(90)**	116
Exchange Rate Fluctuation and other adjustments arising on Consolidation		**(35)**	33
Net cash from operating activities		**9,193**	13,117
B Cash flows from investing activities:			
Purchase of property, plant and equipment	**(10,493)**		(29,397)
Proceeds from sale of property, plant and equipment	**140**		47
Profit from sale of current investments	**116**		53
Interest received	**494**		573
Dividend received	**6**		5
Net cash from investing activities		**(9,737)**	(28,719)

Consolidated Cash Flow Statement

for the year ended March 31, 2018

₹ million

Particulars	Year ended March 31, 2018		Year ended March 31, 2017
C Cash flows from financing activities:			
Proceeds from non current borrowings	**3,655**		21,439
Repayment of non current borrowings	**(2,646)**		(6,447)
Current Borrowings [Net]	**565**		12,660
Interest paid	**(1,049)**		(556)
Dividends paid	**-**		(3,271)
Tax on dividends paid	**(10)**		(667)
Net cash from financing activities		**515**	23,158
Net increase in cash and cash equivalents		**(29)**	7,556
Cash and cash equivalents at the beginning of the year		**15,926**	8,370
Cash and cash equivalents at the end of the year		**15,897**	15,926

Notes to the Cash Flow Statement

1 All figures in brackets are outflows.
2 Previous year's figures have been regrouped wherever necessary.
3 Cash and cash equivalents at the end [beginning] of the year include ₹ 334 [₹ 360] million not available for immediate use.
4 Cash and cash equivalents comprise of:

₹ million

	Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
a	Cash on Hand	**11**	10	12
b	Balances with Banks	**13,138**	15,425	6,375
c	Investment in Liquid Mutual Funds	**2,748**	491	1,983
d	**Total**	**15,897**	15,926	8,370

5 Change in Liability using from financing activities:

₹ million

Particulars	As at March 31, 2017	Cash Flow	Foreign exchange movement	As at March 31, 2018
Borrowing - Non Current [Refer Note 18]	27,303	1,009	180	**28,492**
Borrowing - Current [Refer Note 22]	24,769	565	241	**25,575**
	52,072	1,574	421	**54,067**

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

For and on behalf of the Board

Pankaj R. Patel
Chairman

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 25, 2018

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Statement of Change in Consolidated Equity

for the year ended March 31, 2018

a Equity Share Capital:

Particulars	No. of Shares	₹ million
Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2016	1,023,742,600	1,024
As at March 31, 2017	1,023,742,600	1,024
As at March 31, 2018	**1,023,742,600**	**1,024**

b Other Equity:

₹ million

Particulars	Attributable to the equity holder of the parent								Non-Controlling Interests	Total Equity
	Reserves and Surplus					Items of OCI		Total		
	Capital Reserve	International Business Development Reserve	General Reserve	Foreign Currency Monetary Items Translation Difference Account [FCMITDA]	Retained Earnings	FVTOCI Reserve	Foreign Currency Translation Reserve			
As at March 31, 2016	293	2,000	15,988	(108)	37,742	164	(111)	55,968	1,358	57,326
Add: Profit for the year					14,877			14,877	291	15,168
Add [Less]: Other Comprehensive income					(171)	147	75	51		51
Total Comprehensive Income	293	2,000	15,988	(108)	52,448	311	(36)	70,896	1,649	72,545
Less: Capital Reserve arising due to consolidation	(12)							(12)		(12)
Less: Stamp duty paid on issue of Equity Shares			(49)					(49)		(49)
Net movement in FCMITDA				116				116		116
Transactions with Owners in their capacity as owners:										
Dividends					(3,276)			(3,276)	(72)	(3,348)
Corporate Dividend Tax on Dividend [Net of CDT Credit]					(667)			(667)	(16)	(683)
Add: Relinquishment of Financial Liability of a Joint Venture, net of tax and other					1,568			1,568		1,568
As at March 31, 2017	281	2,000	15,939	8	50,073	311	(36)	68,576	1,561	70,137
Add: Profit for the year					17,758			17,758	346	18,104
Add [Less]: Other Comprehensive income					(114)	459	(132)	213	3	216
[Less]: Exchange differences on translation of discontinued foreign operations reclassified to Statement of Profit and Loss							(18)	(18)		(18)
Total Comprehensive Income	281	2,000	15,939	8	67,717	770	(186)	86,529	1,910	88,439
Less: Capital Reserve arising due to consolidation	(2)							(2)		(2)
Less: Stamp duty paid on issue of Equity Shares			(6)					(6)		(6)
Net movement in FCMITDA				(90)				(90)		(90)
Transactions with Owners in their capacity as owners:										
Dividends					-			-		-
Corporate Dividend Tax on Dividend [Net of CDT Credit]					(10)			(10)		(10)
As at March 31, 2018	279	2,000	15,933	(82)	67,707	770	(186)	86,421	1,910	88,331

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

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 25, 2018

For and on behalf of the Board

Pankaj R. Patel
Chairman

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Notes to Consolidated Financial Statements

Note: 1-Group overview:

The consolidated financial statements comprise financial statements of Cadila Healthcare Limited ["the Parent"] and its subsidiaries [collectively, "the Group"] and the jointly controlled entities for the year ended March 31, 2018. The Group is in the business of integrated pharmaceutical operations with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Group includes Active Pharmaceutical Ingredients [API], animal health & veterinary, human formulations, health and wellness products. The Parent's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited. The registered office of the Parent is located at "Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad - 380015.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 25, 2018.

Note: 2-Significant Accounting Policies:

A The following note provides list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

1 Basis of preparation:

A The financial statements are in compliance with Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.

B For all periods up to and including the year ended March 31, 2016, the Group had prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP].

Effective from April 1, 2016, the Group has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013. The adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

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

C The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- i Derivative financial instruments
- ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]
- iii Defined benefit plans

2 Basis of Consolidation:

A The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at March 31, 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- a Power over the investee [i.e. existing rights that give it the current ability to direct the relevant activities of the investee]
- b Exposure, or rights, to variable returns from its involvement with the investee, and
- c The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- a The contractual arrangement with the other vote holders of the investee.
- b Rights arising from other contractual arrangements.
- c The Group's voting rights and potential voting rights.
- d The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

B The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

3 Business combinations and Goodwill:

A In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward. The same first time adoption exemption is also used for joint ventures.

B Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value. Acquisition-related costs are expensed as incurred.

C At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the Deferred tax assets or liabilities and the assets or liabilities related to employee benefit arrangements acquired in a business combination are recognised and measured in accordance with Ind AS-12 "Income Tax" and Ind AS-19 "Employee Benefits" respectively.

D When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

E Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS-109 "Financial Instruments", is measured at fair value with changes in fair value recognised in Statement of profit and loss. If the contingent consideration is not within the scope of Ind AS-109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequently its settlement is accounted for within equity.

F Goodwill is initially measured at the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as Capital Reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as Capital Reserve, without routing the same through OCI.

G After initial recognition, Goodwill is not amortised. Goodwill is accordingly recognised at original value less any accumulated impairment. For the purpose of impairment testing, Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

H A cash generating unit to which Goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any Goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for Goodwill is recognised in Statement of profit and loss. An impairment loss recognised for Goodwill is not reversed in subsequent periods.

I If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through Goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

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

4 Common Control Transactions:

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

a The assets and liabilities of the combining entities are reflected at their carrying amounts.

b No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

c The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against General Reserve.

d The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

e The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of Share Capital of the transferor is transferred to Capital Reserve and is presented separately from other Capital Reserves.

f Wherever any business combination is governed by the Scheme approved by the Hon'able High Court/ NCLT, the business combination is accounted for as per the accounting treatment sanctioned in the Scheme.

5 Investment in joint ventures:

A The Group's investments in its joint ventures are accounted for using the equity method. Under the equity method, the investment in joint ventures is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint ventures since the acquisition date.

B The Statement of profit and loss reflects the Group's share of the results of operations of the joint ventures. Any change in OCI of those investees is

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of any changes, when applicable, in the Statement of changes in equity.

C If an entity's share of losses of joint ventures equals or exceeds its interest in the joint ventures [which includes any long term interest that, in substance, form part of the Group's net investment in the joint ventures], the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

D The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

E After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value, and then recognises the loss as "Share of profit of joint ventures" in the Statement of profit and loss.

6 Use of Estimates:

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments are provided below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Critical judgments:

a Taxes on Income:
Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions and possibility of utilisation of Minimum Alternate Tax [MAT] Credit in future.

b Employee benefits:
Significant judgments are involved in making estimates about the life expectancy, discounting rate, salary increase, etc. which significantly affect the working of the present value of future liabilities on account of employee benefits by way of defined benefit plans.

c Product warranty and expiry claims:
Significant judgments are involved in determining the estimated stock lying in the market with product shelf life and estimates of likely claims on account of expiry of such unsold goods lying with stockists.

d Impairment of property, plant and equipment and investments:
Significant judgment is involved in determining the estimated future cash flows from the Investments, Property, Plant and Equipment and Goodwill to determine their value in use to assess whether there is any impairment in their carrying amounts as reflected in the financial.

e Contingent liabilities:
Significant judgment is involved in determining whether there is a possible obligation, that may, but probably will not require an outflow of resources.

Critical estimates:

a Property, plant and equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Management reviews the residual values, useful lives and methods of depreciation of

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

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

7 Foreign Currency Transactions:

The Group's consolidated financial statements are presented in Indian Rupees [INR], which is the functional currency of the Parent Company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

A The transactions in foreign currencies are translated into functional currency by the Groups' entities at their respective functional currency rates of exchange prevailing on the dates of transactions.

B Foreign Exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities [except as covered in "E" below] denominated in foreign currencies at the year end exchange rates are recognised in the Statement of Profit and Loss.

C Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss within finance costs. All the other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis.

D Investments in foreign companies are recorded in functional currency of the entity at the rates of exchange prevailing at the time when the investments were made.

E The net gain or loss on account of exchange rate differences either on settlement or on translation of long term foreign currency monetary items recognised on or after April 1, 2016 is recognised as income or expense in the Statement of Profit and Loss in the year in which they arise. The net gain or loss on long term foreign currency monetary items recognised in the financial statement for the period ended on March 31, 2016 is recognised under "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], except in case of foreign currency loans taken for funding of Property, Plant and Equipment, where such difference is adjusted to the cost of respective Property, Plant and Equipment. This is as per the exemption given under Ind AS 101 to defer/ capitalize exchange differences arising on long-term foreign currency monetary items. The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.

F Group Companies:

a On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their Statements of profit and loss are translated at average exchange rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

b Any Goodwill arising in the acquisition/ business combination of a foreign operation on or after April 1, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the reporting date.

c Any Goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS [April 1, 2015], are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the Parent and no further translation differences occur.

d Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., April 1, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

8 Revenue Recognition:

A Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government and is shown net of returns, trade allowances, rebates, value added taxes and volume discounts.

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

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

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

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

The goods are often sold with volume discounts/ pricing incentives and customers have a right to return damaged or expired products.

Revenue from sales is based on the price in the sales contracts/MRP, net of discounts. Historical experience is used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Group.

b **Service Income:**
Service income is recognised as per the terms of contracts with the customers when the related services are performed as per the stage of completion or on the achievement of agreed milestones and are net of service tax, wherever applicable.

c **Interest Income:**
For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate [EIR]. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

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

e **Other Income:**
Other income is recognised when no significant uncertainty as to its determination or realisation exists.

9 Government Grants:

A Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

B Government grants related to revenue are recognised on a systematic and gross basis in the Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1, 2015, the Group uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of loan.

10 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

a Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961 for Indian entities or provisions of respective countries where the group operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

b Current tax items are recognised in co-relation to the underlying transaction either in Statement of Profit and Loss, OCI or directly in Equity.

B Deferred Tax:

a Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

b Deferred tax liabilities are recognised for all taxable temporary differences.

c Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.

d The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

e Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.

f Deferred tax items are recognised in co-relation to the underlying transaction either in OCI or directly in equity.

g Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

h Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangement where the group is able to control the timing of reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangement where it is not probable the group is able to control the timing of reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

C MAT/ AMT Credit Entitlement:

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

b The Group recognizes MAT/AMT credit available as an asset based on historical experience of actual utilisation of such credit and only when

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

and to the extent there is a convincing evidence that the Group will pay normal income tax during the specified period i.e., the period for which MAT/AMT Credit is allowed to be carried forward. Such asset, if any recognised, is reviewed at each Balance sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the Group will be liable to pay normal tax during the specified period.

11 Property, Plant and Equipment:

A Freehold land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in financial statement for the period ended on March 31, 2016, attributable to Property, Plant and Equipment is adjusted to the cost of respective Property, Plant and Equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

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

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

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

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

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

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

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

12 Intangible Assets:

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

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

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

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

D Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life as estimated by the management at the time of capitalisation.

E Intangible assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

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

13 Research and Development Cost:

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

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

14 Borrowing Costs:

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

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

15 Impairment of Assets:

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

16 Inventories:

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

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

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

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

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

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

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

Write down of inventories to net realisable value is recognised as an expense and included in "Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade" and "Cost of Materials Consumed" in the relevant note in the Statement of Profit and Loss.

17 Cash and Cash Equivalents:

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

18 Leases:

As a lessee:

The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease.

Lease under which the Group assumes potentially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalised at fair value or present value of the minimum lease payment at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on straight line basis in the Statement of profit and loss over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate lessor's expected inflationary cost increases.

As a lessor:

Lease income from operating leases where the Group is lessor is recognised in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

19 Provisions, Contingent Liabilities and Contingent Assets:

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

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

20 Provision for Product Expiry Claims:

Provisions for product expiry related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of product expiry claim related costs is revised annually.

21 Employee Benefits:

A Short term obligations:

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months period after the end of the period in which the employees render the related service. They are therefore, measured at the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the projected unit credit method, as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in Statement of profit and loss.

b Defined Benefit Plans:

i Gratuity:

The Group provides for gratuity, a defined benefit plan covering eligible employees of the Parent, its subsidiaries in India and few overseas subsidiaries. The gratuity contributions of the Parent and its Indian subsidiaries are to be made to separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at end of the reporting period using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the Statement of Profit and Loss.

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in “other comprehensive income” and are included in retained earnings in the Statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Group recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and

ii Net interest expense or income.

ii Group administered Provident Fund:

In case of a specified class of employees of the Parent, who are eligible to receive benefits of Group administered provident fund, the contributions are deposited to Employees’ Provident Fund Trusts. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Contributions to such provident fund are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

c Defined Contribution Plans - Provident Fund Contribution:

Specified class of employees receive benefits of provident fund, which is a defined contribution plan. Both the eligible employee and the entities make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee’s salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

For details of significant post employment benefit plans refer Note 20.

C Employee Separation Costs:

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

22 Dividends :

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

dividends are recorded as liability on the date of declaration by the Parent's Board of Directors.

23 Excise Duty:

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

24 Financial Instruments:

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

A Financial Assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

i Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held with an objective of collecting contractual cash flows

- Contractual terms of the asset give rise on specified dates to cash flows that are "solely payments of principal and interest" [SPPI] on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate [EIR] method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of profit and loss.

ii Debt instruments at fair value through other comprehensive income [FVTOCI]:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria's are met:

- The asset is held with objective of both - for collecting contractual cash flows and selling the financial assets

- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii Debt instruments and derivatives at fair value through profit or loss [FVTPL]:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv Equity instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL.

For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Group has made such election on an instrument by instrument

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

c **Derecognition:**
A financial asset [or, where applicable, a part of a financial asset] is primarily derecognised [i.e. removed from the Group's balance sheet] when:

i The rights to receive cash flows from the asset have expired, or

ii The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either [a] the Group has transferred substantially all the risks and rewards of the asset, or [b] the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. When the Group has transferred the risk and rewards of ownership of the financial asset, the same is derecognised.

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

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

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

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

The Group follows 'simplified approach' for recognition of impairment loss allowance on Point b above.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it requires the Group to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR.

ECL impairment loss allowance [or reversal] recognized during the period is recognized as expense/income in the Statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance , i.e., as an integral part of the measurement of those assets in the balance sheet, which reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics.

B Financial Liabilities:

a **Initial recognition and measurement:**
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b **Subsequent measurement:**
Subsequently all financial liabilities are measured as amortised cost except for loans and borrowings, as described below:

Loans and borrowings:
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

c **Derecognition:**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit and loss.

d **Embedded derivatives:**
An embedded derivative is a component of a hybrid [combined] instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of profit and loss, unless designated as effective hedging instruments.

C Reclassification of financial assets:

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model as per Ind AS 109.

D **Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

25 Derivative Financial Instruments and Hedge Accounting:

Derivatives are recognised initially at fair value and subsequently at fair value through profit and loss.

Fair value hedges:

The Group applies fair value hedge accounting for changes in fair value of trade receivables [non-derivative financial assets] attributable to foreign currency risk. The Group designates certain non-derivative foreign currency financial liabilities [hedging instrument] to hedge the risks of changes in fair value of trade receivables attributable to the movement in foreign exchange rates. The Group documents at the time of designation the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking such hedging transactions. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the risk management objectives are met with the hedging relationship.

Changes in fair values of both hedging instruments and hedged items are recognised in foreign exchange gains / losses as a part of other income or other expenses as the case may be. If the hedge no longer meets the criteria for hedge accounting, this accounting treatment is discontinued.

Net Investment hedges:

The Group applies net investment hedge for hedges of adjustments arising from translating the functional currency financial statements of foreign operations (hedges of net investments) into functional currency of the Parent. The effective portion of change in the fair value of non-derivative financial liabilities is recorded as a foreign currency translation adjustment in other comprehensive income in Group's Consolidated Statement of Comprehensive Income. The change in fair value of the hedging instrument relating to the effective portion of the hedge are subsequently recognised in Group's Consolidated Income Statement on disposal of the foreign operation(s). The ineffective portion of the change in fair value of the non-derivative financial liabilities is recognised in Group's Consolidated Income Statement.

26 Fair Value Measurement:

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note: 2-Significant Accounting Policies - Continued:

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

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

27 Non-Current assets and disposal group held for sale:

Assets and liabilities of disposal groups held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less cost to sell includes use of management estimates and assumptions. The fair value of the disposal groups has been estimated using valuation techniques [including income and market approach] which includes unobservable inputs.

28 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker [CODM] of the Group.

29 Earnings per share:

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

B Standards issued but not yet effective:

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

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

Ind AS 115:

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

The standard permits two possible methods of transition:

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

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

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

Appendix B to Ind AS 21:

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

Notes to Consolidated Financial Statements

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

[A] Property, plant and equipment:

₹ million

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2016	1,159	574	8,876	28,341	847	665	376	40,838
Acquired Subsidiaries	-	3	-	9	6	-	-	18
Additions	1,932	274	2,170	5,422	105	122	104	10,129
Disposals/ adjustments	-	-	(6)	(207)	(3)	(60)	(1)	(277)
Other adjustments	(6)	(4)	(75)	(106)	-	-	(4)	(195)
As at March 31, 2017	3,085	847	10,965	33,459	955	727	475	50,513
Acquired Subsidiaries	74	-	176	169	36	1	-	456
Additions	93	124	1,152	6,694	227	96	329	8,715
Disposals/ adjustments	-	-	-	(74)	(23)	(37)	6	(128)
Assets classified as held for sale *	(7)	-	(138)	(300)	(7)	(1)	(36)	(489)
Other adjustments	2	5	58	18	1	-	7	91
As at March 31, 2018	3,247	976	12,213	39,966	1,189	786	781	59,158
Depreciation and Impairment:								
As at March 31, 2016	-	44	1,872	11,774	569	288	224	14,771
Acquired Subsidiaries	-	-	-	-	-	-	-	-
Depreciation for the year	-	11	265	2,663	55	74	49	3,117
Impairment for the year	-	-	-	-	-	-	-	-
Disposals/ adjustments	-	-	-	(196)	(1)	(28)	(1)	(226)
Other adjustments	-	-	(20)	(31)	1	1	(4)	(53)
As at March 31, 2017	-	55	2,117	14,210	624	335	268	17,609
Acquired Subsidiaries	-	-	32	54	15	1	-	102
Depreciation for the year	-	10	320	3,140	71	80	79	3,700
Impairment for the year	-	-	-	-	-	-	-	-
Disposals/ adjustments	-	-	(1)	(34)	(7)	(23)	1	(64)
Assets classified as held for sale *	-	-	(113)	(270)	(6)	-	(35)	(424)
Other adjustments	-	-	34	37	1	-	6	78
As at March 31, 2018	-	65	2,389	17,137	698	393	319	21,001
Net Block:								
As at March 31, 2017	3,085	792	8,848	19,249	331	392	207	32,904
As at March 31, 2018	**3,247**	**911**	**9,824**	**22,829**	**491**	**393**	**462**	**38,157**

Notes to Consolidated Financial Statements

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

[B] Intangible assets:

₹ million

Particulars	Goodwill	Other Intangible assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2016	9,077	5,210	586	666	1,296	7,758
Adjustment pursuant to acquisition of subsidiaries	2,590	20	5	6,111	-	6,136
Additions	-	5,108	191	1	17	5,317
Disposals/ adjustments	-	(99)	(6)	-	-	(105)
Other adjustments	(24)	(73)	2	(166)	4	(233)
As at March 31, 2017	11,643	10,166	778	6,612	1,317	18,873
Acquired Subsidiaries	-	-	2	-	-	2
Adjustment pursuant to acquisition of subsidiaries	2,419	1,113	109	7	-	1,229
Disposals/ adjustments	(92)	(26)	(6)	(1)	-	(33)
Assets classified as held for sale *	-	(29)	(7)	-	-	(36)
Other adjustments	26	139	1	59	(3)	196
As at March 31, 2018	13,996	11,363	877	6,677	1,314	20,231
Amortisation and Impairment:						
As at March 31, 2016	131	3,400	415	420	1,057	5,292
Acquired Subsidiaries	-	-	-	-	-	-
Amortisation for the year	20	378	80	161	21	640
Impairment for the year	-	(20)	-	-	-	(20)
Disposals/ adjustments	-	(98)	(4)	-	-	(102)
Other adjustments	(2)	(71)	(2)	(16)	(1)	(90)
As at March 31, 2017	149	3,589	489	565	1,077	5,720
Acquired Subsidiaries	-	-	1	-	-	1
Amortisation for the year	-	712	92	633	21	1,458
Impairment for the year	-	3	-	98	33	134
Disposals/ adjustments	-	(26)	-	-	-	(26)
Assets classified as held for sale *	-	(26)	(7)	-	-	(33)
Other adjustments	(6)	124	4	32	1	161
As at March 31, 2018	143	4,376	579	1,328	1,132	7,415
Net Block:						
As at March 31, 2017	11,494	6,577	289	6,047	240	13,153
As at March 31, 2018	**13,853**	**6,987**	**298**	**5,349**	**182**	**12,816**

* Refer Note - 52.

Notes to Consolidated Financial Statements

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

Impairment of goodwill:

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Cash Generating Unit [CGU], which represents the operating segment of the Group. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU/ groups of CGU over a period of five years. An average of the range of key assumptions used is mentioned below. As of March 31, 2018 and March 31, 2017 the estimated recoverable amount of the CGU exceeded its carrying amount. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows :

₹ million

Particulars	As at March 31 2018	As at March 31 2017
Long Term Growth Rate	**2.0% - 5.5%**	2.0% - 5.5%
Discount Rate	**7.06%**	7.17%

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

Notes:

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

2 Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Liva Healthcare Limited, Zydus Animal Health Limited and Zydus Pharmaceuticals Limited with the Parent are in the process of being transferred in the name of the Parent.

3 A freehold land amounting to ₹ 120 million and Plant and Machinery amounting to ₹ 725 million have been offered as a security in favour of a lender for loan taken by a subsidiary.

4. For details of assets pledged as security refer Note 18.

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

₹ million

Particulars	As at March 31 2018	As at March 31 2017
Balance as at the beginning of the year	**15,433**	9,508
Add: Expenditure incurred during the year	**8,199**	12,578
Add: Borrowing costs	**77**	10
Add: Other directly attributable costs	**715**	1,247
Less: Capitalized during the year	**(9,152)**	(7,910)
Balance as at the end of the year	**15,272**	15,433

Notes to Consolidated Financial Statements

Note: 4-Interest in Joint Ventures:

The Group has 50% interest in Zydus Takeda Healthcare Private Limited, Zydus Hospira Oncology Private Limited and Bayer Zydus Pharma Private Limited [Refer Note - 53]. The Group's interest in all the three entities is accounted using the "equity method" in the CFS. None of them individually contribute materially to the Group's revenues and assets. Summarised financial information of the Joint Ventures, based on its Ind AS financial statements, are as under:

₹ million

	Particulars			As at March 31 2018	As at March 31 2017
A	Summarised Balance Sheet of three entities:				
	Non-Current Assets			**2,884**	2,654
	Current Assets			**5,908**	6,678
	Non-Current Liabilities			**(148)**	(128)
	Current Liabilities			**(1,434)**	(2,776)
	Equity			**7,210**	6,428
	Carrying amount of investment in Joint Venture @ 50%			**3,605**	3,214
B	Summarised Statement of Profit and Loss of three entities for the year ended March 31:				
	Revenue			**9,132**	8,396
	Profit before tax			**1,844**	1,120
	Profit after Tax			**1,256**	676
	Other Comprehensive Income for the year, net of tax			**-**	(8)
	Total Comprehensive Income for the year, net of Tax			**1,256**	668
	Group's share in Profit after Tax for the year @ 50%			**628**	338
	Group's share in OCI for the year @ 50%			**-**	(4)
C	Summarised Contingent Liabilities and Commitments [to the extent not provided for] of three entities @ 50%:				
	a	Contingent liabilities:			
		i	In respect of guarantees given by Banks and/ or counter guarantees given by the JV	**-**	8
		ii	In respect of the demands raised by the Central Excise, State Excise and Customs Authorities	**12**	8
		iii	In respect of Income Tax matters pending before appellate authorities	**957**	1,131
	b	Commitments:			
		Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]		**69**	15
D	Dividend declared by Joint Venture during the year @50%			**440**	823

Note: 5-Investments [Non-Current]:

₹ million

Particulars	Nos. [*]	Face Value [**]	As at March 31, 2018	As at March 31, 2017
Investments [Valued at fair value through OCI]:				
In fully paid-up Common Stock of:				
Onconova Therapeutic Inc. USA	65,111	$0.01	**4**	13
Pieris Pharmaceuticals Inc., USA	1,415,539	$0.001	**629**	239
			633	252
Investments in Equity Instruments, fully paid-up:				
Quoted:				
Housing Development Finance Corporation Limited	219,500	2	**401**	330
HDFC Bank Limited	4,000	2	**8**	6
Kokuyo Camlin Limited	72,090	1	**8**	6
Camlin Fine Sciences Limited	152,000	1	**15**	13
Accelya Kale Consultants Limited	383	10	**1**	1
Saket Projects Limited [as at March 31, 2017: ₹ 50,000/-]	0 [5,000]	10	**-**	-

Notes to Consolidated Financial Statements

Note: 5-Investments [Non-Current] - Continued:

₹ million

Particulars	Nos. [*]	Face Value [**]	As at March 31, 2018	As at March 31, 2017
Reliance Industries Limited [INR:307,215 {as at March 31, 2017: ₹ 229,544}]	174	10	**-**	-
Vedanta Limited/ Cairns India Limited #	57,750	10	**17**	18
Tanla Solution Limited [₹ 62,097 {As at March 31, 2017: ₹ 97,755}]	2,026	1	**-**	-
			450	374
Unquoted:				
Bharuch Enviro Infrastructure Limited [₹ 12,140/-]	1,214	10	**-**	-
Narmada Clean Tech	625,813	10	**6**	6
Enviro Infrastructure Company Limited	50,000	10	**1**	1
Gujarat Venture Finance Limited	50,000	10	**1**	1
Saraswat Co-Op Bank Limited [₹ 20,350/-]	2,500	10	**-**	-
Shamrao Vithal Co-Op Bank Limited [₹ 2,500/-]	100	25	**-**	-
The Green Environment Co-operative Society Limited [₹ 5,000/-]	50	100	**-**	-
Shivalik Solid Waste Management Limited [₹ 2,00,000/-]	20,000	10	**-**	-
The Kalupur Commercial Co-Op. Bank Ltd.	88,500 [0]	25	**2**	-
			10	8
			460	382
Investment in Preference Shares [Carried at amortised cost] [Unquoted]:				
In fully paid-up, 1%, Redeemable Cumulative preference Shares of Enviro Infrastructure Company Limited	900,000	10	**9**	9
In fully paid-up, 7.5%, Redeemable Non-Convertible Preference Shares of Vedanta Limited #	231,000 [0]	10	**2**	-
Total [Aggregate Book Value of Investments]			**1,104**	643
a i Aggregate book value of quoted investments			**1,083**	626
ii Market value of quoted investments			**1,083**	626
b Aggregate book value of unquoted investments			**19**	17
Explanations:				
a In "Nos. [*]" figures of previous year are same unless stated in [ ].				
b In "Face Value [**]", figures in Indian Rupees unless stated otherwise.				

Pursuant to merger of Cairns India Limited with Vedanta Limited, the group has received one equity share and four Redeemable Non-Convertible Preference Shares for each share held in Cairns India Limited during the year.

Note: 6-Other Financial Assets:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**286**	290
Forward Contract value related to investment in a Joint Venture	**1,136**	2,090
Others	**107**	251
Total	**1,529**	2,631

Notes to Consolidated Financial Statements

Note: 7-Deferred Tax:

₹ million

Particulars	Consolidated Balance Sheet As at March 31		Statement of Profit and Loss Year ended March 31	
	2018	2017	**2018**	2017
Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under:				
Deferred Tax Liabilities:				
Depreciation	**2,511**	2,930	**(419)**	343
Fair Value Adjustment – Financial Instruments	**325**	325	**-**	-
Amortization of stepped-up basis for intangible assets	**1,110**	-	**1,110**	-
Others	**89**	-	**89**	-
	4,035	3,255	**780**	343
Deferred Tax Assets:				
Employee benefits/ Payable to Statutory Authorities	**961**	797	**164**	271
Receivables	**1,308**	1,624	**(316)**	256
Unabsorbed depreciation	**3,697**	3,990	**(293)**	2,259
MAT/AMT Credit Entitlement	**3,968**	3,785	**183**	174
Others	**526**	850	**(324)**	(1,988)
Total	**10,460**	11,046	**(586)**	972
Net Deferred Tax [Assets]/ Liabilities	**(6,425)**	(7,791)	**1,366**	(629)
Out of above:				
a Disclosed as Deferred Tax Assets	**9,246**	8,955		
b Disclosed as Deferred Tax Liabilities	**2,821**	1,164		
c Deferred Tax Asset acquired in business combination	**-**	231		
d Deferred Tax Liabilities recognised against Goodwill pursuant to business combination			**2,117**	
e Charged to Statement of Profit and Loss			**(792)**	(629)
f Included in OCI			**41**	30

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

The Group has tax losses which arose in India of ₹ 11,403 million [March 31, 2017: ₹ 11,649 million] that are available for offsetting for indefinite period, except losses of ₹ 647 million which are available for offset for eight years against future taxable profits of the companies in which the losses arose. Out of ₹ 647 million, majority of these losses will expire in March 2026.

MAT credit of ₹ 7,220 million that are available for set off against future tax liabilities have not been recognised and the same will be eligible for set off upto fifteen years from the year in which the same arises.

On the principles of conservative accounting, the deferred tax assets have not been recognised in respect of unabsorbed losses of subsidiaries ₹ 5,582 [as at March 31, 2017 - ₹ 6,739] million as they may not be used to offset taxable profits and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Note: 8-Other Non-Current Assets:

₹ million

Particulars	**As at March 31, 2018**	As at March 31, 2017
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	**1,082**	1,689
Balances with Statutory Authorities	**892**	1,156
Others	**60**	-
Total	**2,034**	2,845

Notes to Consolidated Financial Statements

Note: 9-Current Tax Assets [Net]:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
[Unsecured, Considered Good unless otherwise stated]		
Advance payment of Tax [Net of provision for taxation]	**740**	712
Total	**740**	712

Note: 10-Inventories:

₹ million

Particulars	As at March 31 2018	As at March 31 2017
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	**8,728**	6,379
Work-in-progress	**2,794**	2,288
Finished Goods	**5,152**	4,034
Stock-in-Trade	**5,932**	4,400
Stores and Spares	**-**	14
Others:		
Packing Materials	**1,247**	922
Total	**23,853**	18,037
Amount recognised as an expense in Statement of profit and loss resulting from write-down of inventories - Net of reversal of write-down For details of inventories pledged as security, refer Note 22.	**128**	32

Note: 11-Investments [Current]:

₹ million

Particulars	Nos. [**]	As at March 31, 2018	As at March 31, 2017
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss][*]			
ICICI Prudential Liquid - Direct Plan - Growth	0 [1639,008.172]	**-**	394
J M Mutual Fund	0 [2,220,440.42]	**-**	97
DSP Black Rock Liquidity Fund - Direct Plan - Growth	643,775.654 [0]	**1,600**	-
Reliance Liquidity Fund - Direct Plan - Growth	438,450.402 [0]	**1,148**	-
Total		**2,748**	491

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

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

Note: 12-Trade Receivables:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Secured - Considered good	**922**	664
Unsecured - Considered good	**31,141**	22,111
Unsecured - Considered doubtful	**157**	81
	32,220	22,856
Less: Impairment allowances	**157**	81
Total	**32,063**	22,775

Notes to Consolidated Financial Statements

Note: 13-Cash and Cash Equivalents:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with Banks	**13,138**	15,425
Cash on Hand	**11**	10
Total	**13,149**	15,435

Note: 14-Other Current Financial Assets:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
[Unsecured, Considered Good]		
Forward Contract value related to investment in a Joint Venture	**1,424**	-
Others	**2,024**	123
Total	**3,448**	123

Note: 15-Other Current Assets:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
[Unsecured, Considered Good]		
Balances with Statutory Authorities	**4,233**	1,834
Advances to Suppliers	**1,044**	728
Export Incentive Receivables	**826**	323
Prepaid Expenses	**574**	467
Others	**67**	10
Total	**6,744**	3,362

Note: 16-Equity Share Capital:

₹ million

Particulars		As at March 31, 2018	As at March 31, 2017
Authorised:			
1,725,000,000 [as at March 31, 2017: 1,725,000,000] Equity Shares of ₹ 1/- each		**1,725**	1,725
		1,725	1,725
Issued, Subscribed and Paid-up:			
1,023,742,600 [as at March 31, 2017: 1,023,742,600] Equity Shares of ₹ 1/- each, fully paid-up		**1,024**	1,024
Total		**1,024**	1,024
A	There is no change in the number of shares as at the beginning and end of the year.		
	Number of shares at the beginning and at the end of the year	**1,023,742,600**	1,023,742,600
B	The Parent has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the parent company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C	Details of Shareholder holding more than 5% of aggregate Equity Shares of ₹ 1/- each, fully paid:		
	Zydus Family Trust		
	Number of Shares	**765,537,230**	765,537,230
	% to total share holding	**74.78%**	74.78%

Notes to Consolidated Financial Statements

Note: 17-Other Equity:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Capital Reserve:		
Balance as per last Balance Sheet	**281**	293
Add/ [Less]: Capital Reserve arising due to consolidation	**(2)**	(12)
	279	281
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	**2,000**	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	**15,939**	15,988
Less: Stamp duty paid on issue of Equity Shares	**(6)**	(49)
	15,933	15,939
Foreign Currency Monetary Items Translation Difference Account: [***]		
Balance as per last Balance Sheet	**8**	(108)
Add/ [Less]: Credited/ [Debited] during the year	**(90)**	116
	(82)	8
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**311**	164
Add: Credited during the year	**459**	147
	770	311
Foreign Currency Translation Reserve:		
Balance as per last Balance Sheet	**(36)**	(111)
[Less]/ Add: Exchange differences on consolidation	**(132)**	75
[Less]: Exchange differences on translation of discontinued foreign operations reclassified to Statement of Profit and Loss	**(18)**	-
	(186)	(36)
Retained Earnings:		
Balance as per last Balance Sheet	**50,073**	37,742
Add: Profit for the year	**17,758**	14,877
	67,831	52,619
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	**(114)**	(167)
Share of Other Comprehensive Income of Joint Ventures [net of tax]	**-**	(4)
Less: Dividends:		
Dividends	**-**	3,276
Corporate Dividend Tax on Dividend [Net of CDT Credit]	**10**	667
	10	3,943
Add: Relinquishment of Financial Liability of a Joint Venture, net of tax and others	**-**	1,568
Balance as at the end of the year	**67,707**	50,073
Total	**86,421**	68,576

[*] International Business Development Reserve was created pursuant to Composite Scheme of Amalgamation approved by the Hon'able High Court of Gujarat and its utilization shall be as provided in the scheme.

[**] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.

[***] The Group had opted for accounting the exchange rate differences arising on the Long Term Foreign Currency Monetary Items [LTFCMI] in accordance with the notification dated March 31, 2009 and amended on December 29, 2011 under the Companies [Accounting Standards] Amendment Rules, 2009 on Accounting Standard 11 relating to "the effects of changes in foreign exchange rates". Accordingly, the effects of exchange rate differences arising on translation or settlement of long term foreign currency loans availed for funding acquisition of Property, plant and equipment have been adjusted to the cost of respective items of Property, plant and equipment. In other cases, such exchange rate difference on the LTFCMI is transferred to "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA]. The option of transferring exchange rate differences to FCMITDA is available on LTFCMI outstanding as on March 31, 2016 only. The FCMITDA is amortised during the tenure of the respective LTFCMI but not beyond March 31, 2020.

[#] The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes to Consolidated Financial Statements

Note: 18-Borrowings:

₹ million

Particulars	Non-current portion		Current Maturities	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
A Term Loans from Banks:				
Term Loans:				
a Secured	**100**	134	**-**	-
b Unsecured	**10,468**	9,959	**-**	1,071
	10,568	10,093	**-**	1,071
External Commercial Borrowings in Foreign Currency:				
a Secured	**1,906**	3,062	**1,171**	1,084
b Unsecured	**13,040**	11,484	**1,760**	454
	14,946	14,546	**2,931**	1,538
B From Others [Unsecured]	**37**	45	**10**	10
Total	**25,551**	24,684	**2,941**	2,619
The above amount includes:				
Secured borrowings	**2,006**	3,196	**1,171**	1,084
Unsecured borrowings	**23,545**	21,488	**1,770**	1,535
Amount disclosed under the head "Other Current Financial Liabilities" [Note-24]	**-**	-	**(2,941)**	(2,619)
Net amount	**25,551**	24,684	**-**	-

A Securities and Terms of Repayment for Secured Borrowings:

a Term Loans:

i Loan of ₹ 2,880 million availed by one of the subsidiary is secured by creating charge on plant and machinery and other movable present and future assets of the subsidiary company and additionally secured by creating charge on the immovable property of the Parent company offered on long term lease to the subsidiary. The loan is repayable in eight equal quarterly installments and first installment shall become due and payable after end of the 9th quarter from December 31, 2018 along with accrued interest for the period. The outstanding amount of loan as at March 31, 2018 is ₹ 100 [as at March 31, 2017: ₹ 100] million.

b External Commercial Borrowings [ECB] in Foreign Currency Loans:

i ECB of USD 20 million is secured by hypothecation of a specific brand of the Parent. The loan is repayable in three equal yearly installments starting from the end of four years from the date of its origination [March 20, 2014] along with accrued interest for the period. The outstanding amount of loan as at March 31, 2018 is ₹ 869 [as at March 31, 2017: ₹ 1,297] million.

ii ECB availed by one of the subsidiary of USD 33.86 million is secured by hypothecation of a specific trade mark of the Group and pledge of 7,500,000 equity shares held by non-controlling interest holder of one of the subsidiary companies. Loan repayment to bank will start from May 15, 2018 in three yearly equal instalments of USD 11,285,330 each. The outstanding amount of loan as at March 31, 2018 is ₹ 2,208 [as at March 31, 2017: ₹ 2,197] million.

B Terms of Repayment for Unsecured Borrowings:

a Term Loans:

i Loan of USD 7.50 million is secured by creating charge on plant and machinery of one of the subsidiary companies. The loan is repayable at the end of three years from respective drawdown dates starting from [December 19, 2019] along with accrued interest for the period. The outstanding amount of loan as at March 31, 2018 is ₹ 501 [as at March 31, 2017: ₹ 34] million.

Notes to Consolidated Financial Statements

Note: 18-Borrowings - Continued:

ii Term Loan of USD 50 million of one of the subsidiary companies is repayable in three installments starting from February 28, 2018. The outstanding amount of loan as at March 31, 2018 is ₹ 2,184 [as at March 31, 2017: ₹ 3,244] million.

iii Term loan of USD 120 million of one of the subsidiary companies is repayable in three yearly installments starting from January 18, 2020 along with interest for the period. The outstanding amount of loan as at March 31, 2018 is ₹ 7,783 [as at March 31, 2017: ₹ 7,786] million.

b ECB in Foreign Currency Loans:

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

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

iii ECB of USD 30 million is repayable in three yearly installments starting from January 17, 2020 along with interest for the period. The outstanding amount as at March 31, 2018 is ₹ 1,956 [as at March 31, 2017: ₹ 1,946] million.

iv ECB of USD 20 million is repayable in three yearly installments starting from March 1, 2020 along with interest for the period. The outstanding amount as at March 31, 2018 is ₹ 1,304 [as at March 31, 2017: ₹ 1,298] million.

v ECB of USD 100 million is repayable in three yearly installments starting from March 27, 2021 along with interest for the period. The outstanding amount as at March 31, 2018 is ₹ 6,520 [as at March 31, 2017: ₹ 6,488] million.

vi ECB of USD 30 million is repayable in three yearly installments starting from April 26, 2020 along with interest for the period. The outstanding amount as at March 31, 2018 is ₹ 1,956 [as at March 31, 2017: ₹ NIL] million.

vii ECB of USD 20 million is repayable in three yearly installments starting from September 18, 2020 along with interest for the period. The outstanding amount as at March 31, 2018 is ₹ 1,304 [as at March 31, 2017: ₹ NIL] million.

c Rupee Loans:

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

ii Biotechnology Industry Research Assistance Council [BIRAC] has sanctioned a loan of ₹ 12 million. Out of the sanctioned amount, BIRAC has disbursed ₹ 4 million on December 28, 2015 and ₹ 2 million on November 1, 2017. The loan is repayable in ten equal half-yearly installments starting from August 25, 2019 along with interest accrued thereon. The outstanding amount as at March 31, 2018 is ₹ 6 [as at March 31, 2017: ₹ 4] million.

Notes to Consolidated Financial Statements

Note: 19-Other Financial Liabilities:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Deposits	**65**	65
Others	**459**	563
Total	**524**	628

Note: 20-Provisions:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits	**1,559**	1,512
Total	**1,559**	1,512

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

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

₹ million

	Particulars	As at March 31, 2018			As at March 31, 2017		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	Change in the present value of the defined benefit obligation:						
	Opening obligation	**143**	**865**	**1,503**	126	800	1,165
	Interest cost	**10**	**46**	**98**	9	62	92
	Current service cost	**9**	**110**	**173**	8	56	147
	Benefits paid	**(1)**	**(71)**	**(125)**	(6)	(119)	(109)
	Actuarial [gains]/ losses on obligation	**11**	**118**	**124**	6	66	208
	Closing obligation	**172**	**1,068**	**1,773**	143	865	1,503
C	Change in the fair value of plan assets:						
	Opening fair value of plan assets	**-**	**175**	**931**	-	164	828
	Expected return on plan assets	**-**	**13**	**64**	-	12	65
	Return on plan assets excluding amounts included in interest income	**-**	**(1)**	**(27)**	-	2	(4)
	Contributions by employer	**-**	**-**	**221**	-	-	152
	Benefits paid	**-**	**-**	**(125)**	-	-	(109)

Notes to Consolidated Financial Statements

Note: 20-Provisions - Continued:

₹ million

	Particulars	As at March 31, 2018			As at March 31, 2017		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
	Actuarial [losses]/ gains				-	(3)	(1)
	Closing fair value of plan assets	**-**	**187**	**1,064**	-	175	931
	Total actuarial [losses]/ gains to be recognised	**(11)**	**(118)**	**(124)**	(6)	(69)	(209)
D	**Actual return on plan assets:**						
	Expected return on plan assets	**-**	**13**	**64**	-	12	65
	Actuarial [losses]/ gains on plan assets	**-**	**-**	**-**	-	(3)	(1)
	Actual return on plan assets	**-**	**13**	**64**	-	9	64
E	**Amount recognised in the balance sheet:**						
	Liabilities/ [Assets] at the end of the year	**172**	**1,068**	**1,773**	143	865	1,503
	Fair value of plan assets at the end of the year	**-**	**(187)**	**(1,064)**	-	(175)	(931)
	Difference	**172**	**881**	**709**	143	690	572
	Unrecognised past service cost	**-**	**-**	**-**	-	-	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**172**	**881**	**709**	143	690	572
F	**Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	**9**	**110**	**173**	8	56	147
	Interest cost on benefit obligation	**10**	**46**	**98**	9	62	92
	Expected return on plan assets	**-**	**(13)**	**(64)**	-	(12)	(65)
	Return on plan assets excluding amounts included in interest income	**-**	**1**	**-**	-	(2)	-
	Net actuarial [gains]/ losses in the year	**11**	**118**	**-**	6	69	-
	Amount included in “Employee Benefit Expense”	**30**	**263**	**207**	23	174	174
	Return on plan assets excluding amounts included in interest income			**27**			4
	Net actuarial [gains]/ losses in the year			**124**			209
	Amounts recognized in OCI	**-**	**-**	**151**	-	-	213
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	**143**	**690**	**572**	126	636	337
	Expenses as above [P & L Charge]	**30**	**263**	**207**	23	174	174
	Amount recognised in OCI			**151**			213
	Employer’s contribution	**-**	**-**	**(221)**	-	(1)	(152)
	Benefits Paid	**(1)**	**(71)**	**-**	(6)	(119)	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**172**	**881**	**709**	143	690	572
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate	**7.30%**	**7.30%**	**7.30%**	6.95%	6.95%	6.95%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations]						

Notes to Consolidated Financial Statements

Note: 20-Provisions - Continued:

₹ million

Particulars	As at March 31, 2018			As at March 31, 2017		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
Annual increase in salary cost [The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market	**12% for next 3 years & 10% thereafter**			12% for 1st 4 years, 9% thereafter		
I The categories of plan assets [India] as a % of total plan assets are:						
Insurance plan	**0.00%**	**100.00%**	**100.00%**	0.00%	100.00%	100.00%

J Amount recognised in current and previous four years:

Gratuity:	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Defined benefit obligation	**1,773**	1,503	1,165	942	722
Fair value of Plan Assets	**1,064**	931	828	807	769
Deficit/ [Surplus] in the plan	**709**	572	337	127	(53)
Actuarial Loss/ [Gain] on Plan Obligation	**124**	208	211	180	125
Actuarial Loss/ [Gain] on Plan Assets	**-**	(1)	-	(5)	(2)

The average duration of defined benefit plan obligation at the end of the year is 23.98 to 30.23 years [as at March 31, 2017 : 19.81 to 30.58 years].

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

₹ million

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2018	2017	2018	2017	**2018**	2017
Impact on obligation:						
Discount rate increase by 0.5%	**(6)**	(5)	(4)	(19)	**(53)**	(43)
Discount rate decrease by 0.5%	**7**	5	3	19	**55**	49
Annual salary cost increase by 0.5%	**6**	6	3	19	**55**	45
Annual salary cost decrease by 0.5%	**(7)**	(6)	(4)	(19)	**(52)**	(41)

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

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Within the next 12 months [next annual reporting period]	**402**	463
Between 2 and 5 years	**1,014**	866
Between 5 and 10 years	**852**	736
Total expected payments	**2,266**	2,065

Notes to Consolidated Financial Statements

Note: 21-Other Non-Current Liabilities:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Others	**13**	-
Total	**13**	-

Note: 22-Borrowings:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured]	**1,635**	7,690
Working Capital Loans from Banks [Unsecured]	**23,940**	17,079
Total	**25,575**	24,769

A Securities and Terms of Repayment for Secured Borrowings:

i Working Capital Loans of the Parent are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares not relating to plant and machineries (consumable stores), including goods in transit, bills receivables and book debts. The value of such current asset is ₹ 25,758 [as at March 31,2017: ₹ 18,619] million. The outstanding amount of loans as at March 31, 2018 is ₹ 1,599 [as at March 31, 2017: ₹ 7,665] million.

ii Working Capital Loans of one of the subsidiary companies, which are repayable on demand, are secured by hypothecation of receivables of the subsidiary. The value of such current asset is ₹ 373 [as at March 31, 2017 ₹ 230] million. The outstanding amount of loan as at March 31, 2018 is ₹ 36 [as at March 31, 2017: ₹ 3] million.

B Terms of Repayment for Unsecured Borrowings:

i PCFC loans of the Parent are payable during April, 2018 to September, 2018. The outstanding amount of loans as at March 31, 2018 is ₹ 11,410 [as at March 31, 2017: ₹ 7,791] million.

ii Working capital loan of one of the subsidiary companies, which is repayable on demand. The outstanding amount of loan as at March 31, 2018 is ₹ 12,530 [as at March 31, 2017: ₹ 9,333] million.

Notes to Consolidated Financial Statements

Note: 23-Trade Payables:

₹ million

Particulars		As at March 31, 2018	As at March 31, 2017
Micro, Small and Medium Enterprises [*]		214	130
Trade Payables		18,670	15,349
Total		**18,884**	15,479
[*]	Disclosure in respect of Micro, Small and Medium Enterprises:		
A	Principal amount remaining unpaid to any supplier as at year end	214	130
B	Interest due thereon	2	3
C	Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the payment made to the supplier beyond the appointed day during the year	10	7
D	Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act		
E	Amount of interest accrued and remaining unpaid at the end of the accounting year		
F	Amount of further interest remaining due and payable in succeeding years		
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.			

Note: 24-Other Financial Liabilities:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Current Maturities of Long Term Debt [Refer Note- 18]	2,941	2,619
Interest accrued but not due on borrowings	19	17
Book overdraft	294	344
Accrued Expenses	9,271	6,327
Payable for Capital Goods	787	1,257
Unpaid Dividends	40	38
Total	**13,352**	10,602

Note: 25-Other Current Liabilities:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Advances from Customers	403	660
Payable to Statutory Authorities	773	770
Others	211	89
Total	**1,387**	1,519

Notes to Consolidated Financial Statements

Note: 26-Provisions:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits	**454**	456
Provision for claims for product expiry and return of goods [*]	**548**	117
Total	**1,002**	573
[*] Provision for claims for product expiry and return of goods:		
a Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Group does not expect such claims to be reimbursed by any other party in future.		
b The movement in such provision is stated as under:		
i Carrying amount at the beginning of the year	**117**	116
ii Additional provision made during the year	**548**	117
iii Amount used	**117**	116
iv Carrying amount at the end of the year	**548**	117

Note: 27-Current Tax Liabilities [Net]:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Taxation [Net of advance payment of tax]	**520**	116
Total	**520**	116

Note: 28-Contingent Liabilities and Commitments [to the extent not provided for]:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
A Contingent Liabilities:		
a Claims against the Group not acknowledged as debts	**270**	129
b Other money for which the Group is contingently liable:		
i In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	**970**	845
ii In respect of the demands raised by the Ministry of Chemicals & Fertilizers, Govt. of India under Drug Price Control Order, 1979/ 1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations and disputed by the Group, which the Group expect to succeed based on the legal advice	**104**	237
iii In respect of Income Tax matters pending before appellate authorities	**168**	59
iv In respect of Sales Tax matters pending before appellate authorities	**478**	427
v In respect of custom duty liability under EPCG scheme	**498**	90
vi In respect of letters of credit for Imports	**39**	10
vii In respect of other matters [Employees Indemnity on retirement/ guaranteed severance package]	**388**	193
B Commitments:		
a Estimated amount of contracts remaining to be executed on capital account and not provided for	**3,759**	4,303

Notes to Consolidated Financial Statements

Note: 29- Lease arrangements:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
A The Group has taken certain properties on operating leases. Minimum lease payments payable under non-cancellable leases are as under:		
Within one year	**23**	55
After one year but not more than five years	**32**	46
More than five years	**-**	-
Total	**55**	101

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
B Minimum lease payment recognised as an expenses in statement of profit and loss	**23**	55

Note: 30-Dividends proposed to be distributed:

The Board of Directors, at its meeting held on May 28, 2018, recommended the final dividend of ₹ 3.50 per equity share of ₹ 1/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Note: 31-Revenue from Operations:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sale of Products	**116,308**	93,631
Other Operating Revenues:		
Export Incentives	**1,371**	859
Royalty Income	**8**	68
Net Gain on foreign currency transactions and translation [*]	**181**	111
Miscellaneous Income	**1,496**	1,054
	3,056	2,092
Total	**119,364**	95,723
[*] includes research related Net Loss on foreign currency transactions and translation	**35**	14

Note: 32-Other Income:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	**494**	573
Gain on valuation of Forward Contract value related to investment in a Joint Venture	**470**	567
	964	1,140
Dividend Income:		
From FVOCI Investments	**6**	5
Gain on Investments mandatorily measured at FVTPL	**116**	61
Other Non-operating Income	**46**	78
Total	**1,132**	1,284

Notes to Consolidated Financial Statements

Note: 33-Cost of Materials Consumed - Continued:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Raw Materials:		
Stock at commencement	6,379	3,616
Add: Purchases	22,931	17,302
	29,310	20,918
Less: Stock at close	8,728	6,379
	20,582	14,539
Packing Materials consumed	4,651	3,539
Total	25,233	18,078

Note: 34-Purchases of Stock-in-Trade:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Purchases of Stock-in-Trade	19,141	17,499
Total	19,141	17,499

Note: 35-Changes in Inventories:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Stock at commencement:		
Work-in-progress	2,288	1,658
Finished Goods	4,034	2,768
Stock-in-Trade	4,400	4,706
Acquired subsidiaries	2	115
	10,724	9,247
Less: Stock at close:		
Work-in-progress	2,794	2,288
Finished Goods	5,152	4,034
Stock-in-Trade	5,932	4,400
	13,878	10,722
	(3,154)	(1,475)
Differential Excise Duty on Opening and Closing stock of Finished Goods	-	87
Total	(3,154)	(1,388)

Notes to Consolidated Financial Statements

Note: 36-Employee Benefits Expense:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	16,158	12,877
Contribution to provident and other funds	1,451	1,297
Staff welfare expenses	594	678
Managing Directors' Remuneration	342	346
Total	18,545	15,198
Above expenses includes Research related expenses as follows:		
Salaries and wages	1,601	1,360
Contribution to provident and other funds	142	130
Staff welfare expenses	62	57
Total	1,805	1,547

Note: 37-Finance Cost:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense [*]	1,047	568
Other Borrowing Costs	1	2
Net [Gain]/ Loss on foreign currency transactions and translation	(197)	(185)
Bank commission & charges	60	61
Total	911	446
[*] The break up of interest expense into major heads is given below:		
On term loans	779	376
On working capital loans	182	94
Others	86	98
Total	1,047	568

Note: 38-Depreciation, Amortisation and Impairment expenses:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation, Amortisation and Impairment expenses	5,388	3,733
Total	5,388	3,733

Note: 39-Other Expenses:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Research Materials	1,689	1,442
Analytical Expenses	1,532	1,175
Consumption of Stores and spare parts	2,209	1,911
Power & fuel	2,263	1,745
Rent	254	210
Repairs to Buildings	361	257
Repairs to Plant and Machinery	719	518
Repairs to Others	148	117
Insurance	445	328
Rates and Taxes [excluding taxes on income]	299	323

Notes to Consolidated Financial Statements

Note: 39-Other Expenses - Continued:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Processing Charges	**666**	594
Commission to Directors	**62**	22
Traveling Expenses	**1,378**	1,259
Legal and Professional Fees [*]	**2,301**	2,158
Advertisement Expenses	**817**	750
Commission on sales	**1,155**	1,043
Freight and forwarding on sales	**2,925**	1,862
Representative Allowances	**1,149**	904
Other marketing expenses	**5,248**	4,609
Bad Debts:		
Bad debts written off	**10**	7
Impairment allowances	**63**	57
	73	64
Less: Transferred from impairment allowances	**(1)**	-
	72	64
Doubtful Advances:		
Doubtful advances written off	**-**	-
Impairment allowances	**27**	-
	27	-
Less: Transferred from impairment allowances	**-**	(2)
	27	(2)
Directors' fees	**14**	14
Net Loss on disposal of Property, Plant and Equipment [Net of gain]	**23**	8
Donations	**244**	16
Miscellaneous Expenses [**]	**4,809**	4,007
Total	**30,809**	25,334
Above expenses includes Research related expenses as follows:		
Research Materials	**1,689**	1,442
Analytical expenses	**1,532**	1,175
Consumption of Stores and spare parts	**562**	857
Power & Fuel	**149**	139
Repairs to Buildings	**19**	16
Repairs to Plant and Machinery	**109**	49
Repairs to Others	**32**	14
Insurance	**7**	9
Traveling Expenses	**56**	60
Legal and Professional fees	**996**	955
Miscellaneous Expenses [excluding Depreciation]	**1,677**	1,264
Total	**6,828**	5,980
[*] Legal and Professional fees include:		
b Payment to the Statutory Auditors [excluding Service Tax]:		
i - As Auditor	**37**	35
- For Other Services	**2**	5
- **Total**	**39**	40
ii Cost Auditor’s Remuneration including fees for other services [excluding Service Tax]	**1**	1
[**] Miscellaneous Expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	**295**	**319**

Notes to Consolidated Financial Statements

Note: 40-Exceptional items:

₹ million

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
A	Provision for various expenses related to the closure of business operations in Japan	-	3
Total		**-**	3

Note: 41-Tax Expenses:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
The major components of income tax expense are:		
A Statement of profit and loss:		
Profit or loss section:		
Current income tax:		
Current income tax charge	**6,487**	1,921
Adjustments in respect of current income tax of previous year	**(51)**	(3)
	6,436	1,918
Deferred tax:		
Relating to origination and reversal of temporary differences	**(792)**	(629)
Tax expense reported in the statement of profit and loss	**5,644**	1,289
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss/ (gain) on remeasurements of defined benefit plans	**37**	45
Tax charged to OCI	**37**	45
B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Profit before tax from continuing operations	**23,308**	16,146
Enacted Tax Rate in India (%)	**34.61%**	34.61%
Expected Tax Expenses	**8,067**	5,588
Adjustments for:		
Tax effect due to non-taxable income for Indian tax purposes	**(2)**	(410)
Effect of unrecognized/ excess deferred tax assets / liabilities	**1,088**	317
Effect of non-deductible expenses	**170**	177
Effect of additional deductions in taxable income	**(3,769)**	(5,255)
Effect of difference between Indian and Foreign tax rates	**(440)**	-
Effect of MAT/AMT Tax Credit not recognised	**584**	1,066
Others	**(54)**	(194)
Total	**(2,423)**	(4,299)
Tax Expenses as per Statement of Profit and Loss	**5,644**	1,289

Notes to Consolidated Financial Statements

Note: 42-Calculation of Earnings per Equity Share [EPS]:

₹ million

Particulars			Year ended March 31 2018	Year ended March 31 2017
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
Continuing Operations:				
A	Profit attributable to Shareholders	₹ million	**17,946**	14,904
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**17.53**	14.56
Discontinued Operations:				
A	Loss attributable to Shareholders	₹ million	**(188)**	(27)
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**(0.18)**	(0.03)
Continuing & Discontinued Operations:				
A	Profit attributable to Shareholders	₹ million	**17,758**	14,877
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**17.35**	14.53

Note: 43-Segment Information:

₹ million

Particulars				Year ended March 31 2018	Year ended March 31 2017
A	The Chief Operating Decision Maker [CODM] reviews the Group as a single "Pharmaceuticals" segment.				
B	Geographical market:				
	a	Revenue [*]:			
		i	India	**45,801**	43,872
		ii	US	**60,304**	38,839
		iii	Others	**13,259**	13,012
		iv	Total	**119,364**	95,723
	b	Non-current operating assets [**]:			
		i	India	**60,001**	55,530
		ii	US	**15,290**	13,582
		iii	Others	**4,807**	3,872
		iv	Total	**80,098**	72,984
C	Revenues derived from single external customer which amount to 10% or more of the Group's revenue			**11,968**	9,851

[*] The revenue information above is based on the locations of the customers.

[**] Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

Notes to Consolidated Financial Statements

Note: 44-Group information:

Consolidated Financial Statements as at March 31, 2018 comprise the Financial Statements [FS] of Cadila Healthcare Limited [CHL] and its subsidiaries as well as its interest in Joint Ventures, which are as under:

No.	Name	Principal activities	Country of incorporation	Status of FS at March 31, 2018	% equity Interest as at March 31	
					2018	2017
A	**Indian subsidiaries:**					
1	Zydus Healthcare Limited [Formerly known as German Remedies Limited]	Human Pharmaceutical Formulations	India	Audited	**100.00**	100.00
2	Zydus Wellness Limited	Consumer Health & Wellness	India	Audited	**72.08**	72.08
3	Liva Pharmaceuticals Limited	Human Pharmaceutical Formulations	India	Audited	**100.00**	100.00
4	Zydus Technologies Limited	Human Pharmaceutical Formulations	India	Audited	**85.00**	85.00
5	Alidac Pharmaceuticals Limited	Human Pharmaceutical Formulations	India	Audited	**100.00**	100.00
6	Dialforhealth India Limited	Retail Pharmacy	India	Audited	**100.00**	100.00
7	Dialforhealth Greencross Limited	Retail Pharmacy	India	Audited	**100.00**	100.00
8	Dialforhealth Unity Limited	Retail Pharmacy	India	Audited	**55.00**	55.00
9	Violio Healthcare Limited	Human Pharmaceutical Formulations	India	Note - 1	**100.00**	Note-1
10	Acme Pharmaceuticals Private Limited	Human Pharmaceutical Formulations	India	Audited	**100.00**	Note-2
B	**Foreign subsidiaries:**					
1	Zydus Lanka (Private) Limited	Human Pharmaceutical Formulations	Sri Lanka	Audited	**100.00**	100.00
2	Zydus International Private Limited	Investment and Holding	Ireland	Audited	**100.00**	100.00
3	Zydus Netherlands B.V.	Investment and Holding	Netherlands	Unaudited	**100.00**	100.00
4	Zydus France, SAS	Human Pharmaceutical Formulations	France	Unaudited	**100.00**	100.00
5	Laboratorios Combix S.L.	Human Pharmaceutical Formulations	Spain	Unaudited	**100.00**	100.00
6	Bremer Pharma GmbH [*]	Animal Health and Veterinary	Germany	Audited	**100.00**	100.00
7	Etna Biotech S.R.L.	Research and Development	Italy	Unaudited	**100.00**	100.00
8	ZAHL B.V.	Investment and Holding	Netherlands	Unaudited	**100.00**	100.00
9	ZAHL Europe B. V.	Investment and Holding	Netherlands	Unaudited	**100.00**	100.00
10	Zydus Healthcare (USA) LLC	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**100.00**	100.00
11	Zydus Pharmaceuticals (USA) Inc.	Human Pharmaceutical Formulations	U. S. A.	Audited	**100.00**	100.00
12	Nesher Pharmaceuticals (USA) LLC	Human Pharmaceutical Formulations	U. S. A.	Audited	**100.00**	100.00
13	Sentynl Therapeutics, Inc	Human Pharmaceutical Formulations	U. S. A.	Audited	**100.00**	100.00
14	Zydus Noveltech Inc., USA	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**85.00**	85.00
15	Hercon Pharmaceuticals, LLC	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**85.00**	85.00

Notes to Consolidated Financial Statements

Note: 44-Group information - Continued:

No.	Name	Principal activities	Country of incorporation	Status of FS at March 31, 2018	% equity Interest as at March 31	
					2018	2017
16	Zydus Worldwide DMCC	Human Pharmaceutical Formulations	Dubai	Audited	**100.00**	100.00
17	Zydus Discovery DMCC	Human Pharmaceutical Formulations	Dubai	Audited	**100.00**	100.00
18	Zydus Nikkho Farmaceutica Ltda.	Human Pharmaceutical Formulations	Brazil	Unaudited	**100.00**	100.00
19	Zydus Healthcare SA (Pty) Ltd.	Human Pharmaceutical Formulations	South Africa	Unaudited	**100.00**	100.00
20	Simayla Pharmaceuticals (Pty) Ltd	Human Pharmaceutical Formulations	South Africa	Unaudited	**100.00**	100.00
21	Script Management Services (Pty) Ltd.	Human Pharmaceutical Formulations	South Africa	Unaudited	**100.00**	100.00
22	Zydus Healthcare Philippines Inc.	Human Pharmaceutical Formulations	Philippines	Unaudited	**100.00**	100.00
23	Alidac Healthcare (Myanmar) Limited	Human Pharmaceutical Formulations	Myanmar	Audited	**100.00**	100.00
24	Zydus Pharmaceuticals Mexico SA De CV	Human Pharmaceutical Formulations	Mexico	Unaudited	**100.00**	100.00
25	Zydus Pharmaceuticals Mexico Service Company SA De CV.	Manpower Supply & Administration	Mexico	Unaudited	**100.00**	100.00
26	Zydus Pharma Japan Co. Ltd.	Human Pharmaceutical Formulations	Japan	Note - 3	**Note - 3**	100.00
C	**Partnership firm:**					
1	M/s. Zydus Wellness- Sikkim	Consumer Health & Wellness	India	Audited	**98.00**	98.00
D	**Joint Ventures:**					
1	Zydus Takeda Healthcare Private Limited	API	India	Audited	**50.00**	50.00
2	Zydus Hospira Oncology Private Limited	Human Pharmaceutical Formulations	India	Audited	**50.00**	50.00
3	Bayer Zydus Pharma Private Limited	Human Pharmaceutical Formulations	India	Audited	**50.00**	50.00

Notes:

1 The Group has incorporated Violio Healthcare Limited as a wholly owned subsidiary in India on March 20, 2018.

2 The Group has acquired Acme Pharmaceuticals Private Limited as a wholly owned subsidiary in India on March 29, 2018.

3 Zydus Pharma Japan Co. Ltd. had been liquidated in December 2016.

[*] Refer Note-52

Notes to Consolidated Financial Statements

Note: 45-Statutory Group Information:

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

Particulars	Net Assets i.e. total assets minus total liabilities		Share in Profit / [Loss]		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of Consolidated Net Assets	₹ million	As % of Consolidated Profit / [Loss]	₹ million	As % of Consolidated Profit / [Loss]	₹ million	As % of Consolidated Profit / [Loss]	₹ million
Parent:								
Cadila Healthcare Limited	86.68	77,455	61.43	10,908	185.64	362	62.78	11,270
Subsidiaries:								
Indian:								
Zydus Wellness Limited	7.74	6,913	7.54	1,338	1.49	3	7.47	1,341
Zydus Healthcare Limited	64.59	57,711	5.07	900	(9.74)	(19)	4.91	881
Alidac Pharmaceuticals Limited	1.25	1,121	0.87	155	0.33	1	0.87	156
Liva Pharmaceuticals Limited	3.11	2,776	(2.55)	(452)	(0.29)	(1)	(2.52)	(453)
Zydus Technologies Limited	0.50	448	(0.68)	(120)	-	-	(0.67)	(120)
Dialforhealth India Limited	0.15	130	0.05	9	0.16	0	0.05	9
Dialforhealth Unity Limited	(0.00)	(2)	(0.00)	(0)	-	-	(0.00)	(0)
Dialforhealth Greencross Limited	0.00	1	(0.00)	(0)	-	-	(0.00)	(0)
M/s. Zydus Wellness- Sikkim	1.78	1,593	7.34	1,303	(0.05)	(0)	7.26	1,303
Foreign:								
Zydus Lanka (Private) Limited	0.00	2	(0.01)	(2)	-	-	(0.01)	(2)
Zydus International Private Limited	5.39	4,820	(1.93)	(343)	-	-	(1.91)	(343)
Zydus Netherlands B.V.	6.90	6,162	(0.04)	(6)	-	-	(0.03)	(6)
Zydus France, SAS	0.62	556	0.01	2	-	-	0.01	2
Laboratorios Combix S.L.	0.27	245	(0.11)	(19)	-	-	(0.10)	(19)
Bremer Pharma GmbH	0.15	132	(0.26)	(46)	-	-	(0.26)	(46)
Etna Biotech S.R.L.	0.02	17	-	-	-	-	-	-
ZAHL B.V.	(0.00)	(2)	(0.04)	(7)	-	-	(0.04)	(7)
ZAHL Europe B. V.	(0.00)	(2)	(0.03)	(5)	-	-	(0.03)	(5)
Zydus Healthcare (USA) LLC	0.03	25	(0.01)	(2)	-	-	(0.01)	(2)
Zydus Pharmaceuticals (USA) Inc.*	7.21	6,441	9.89	1,756	-	-	9.78	1,756
Sentynl Therapeutics, Inc	5.05	4,512	13.69	2,431	-	-	13.54	2,431
Zydus Noveltech Inc., USA	(0.06)	(56)	0.08	15	-	-	0.08	15
Hercon Pharmaceuticals, LLC	(1.46)	(1,301)	(1.43)	(254)	-	-	(1.42)	(254)
Zydus Worldwide DMCC	(0.31)	(273)	(8.46)	(1,503)	-	-	(8.37)	(1,503)
Zydus Discovery DMCC	(0.23)	(208)	(2.76)	(490)	-	-	(2.73)	(490)
Zydus Nikkho Farmaceutica Ltda.	2.13	1,904	0.30	54	-	-	0.30	54
Zydus Healthcare SA (Pty) Ltd.	0.77	684	(0.21)	(37)	-	-	(0.21)	(37)
Simayla Pharmaceuticals (Pty) Ltd	(0.63)	(562)	(0.00)	(0)	-	-	(0.00)	(0)
Script Management Services (Pty) Ltd.	0.00	3	0.00	0	-	-	0.00	0
Zydus Healthcare Philippines Inc.	0.34	300	0.03	5	-	-	0.03	5
Zydus Pharmaceuticals Mexico SA De CV	(0.14)	(129)	0.19	34	-	-	0.19	34
Zydus Pharmaceuticals Mexico Service Company SA De CV.	(0.00)	(4)	(0.02)	(4)	-	-	(0.02)	(4)
Alidac Healthcare (Myanmar) Limited	0.69	620	(0.04)	(7)	-	-	(0.04)	(7)
Minority Interests in all subsidiaries	(2.14)	(1,911)	(1.95)	(346)	-	-	(1.93)	(346)
Share of Joint Ventures [as per equity method]	-		3.54	628	-	-	3.50	628
Total Eliminations/ Consolidation Adjustments	(90.39)	(80,767)	10.48	1,862	(77.54)	(151)	9.53	1,710
Grand Total	100.00	89,355	100.00	17,758	100.00	195	100.00	17,953

*Consolidated accounts of Zydus Pharmaceuticals (USA) Inc. including Nesher Pharmaceuticals (USA) LLC

Notes to Consolidated Financial Statements

Note: 46-Related Party Transactions:

A	Name of the Related Parties and Nature of the Related Party Relationship:		
	a	Joint Venture Companies:	
		Zydus Takeda Healthcare Private Limited	Bayer Zydus Pharma Private Limited
		Zydus Hospira Oncology Private Limited	
	b	Key Managerial Personnel:	
		Mr. Pankaj R. Patel	Chairman [*]
		Dr. Sharvil P. Patel	Managing Director & son of Chairman [**]
		Mr. Ganesh N. Nayak	Executive Director [with effect from July 12, 2017]
		Mr. Mukesh M. Patel	Non-Executive Director
		Mr. H. Dhanrajgir	Independent Director
		Mr. Apurva Diwanji	Independent Director
		Mr. Nitin Raojibhai Desai	Independent Director
		Ms. Dharmishtaben N. Rawal	Independent Director
		Mr. Nitin D. Parekh	Executive Officer [Chief Financial Officer]
		Mr. Upen H. Shah	Executive Officer [Company Secretary]
	c	Enterprises significantly influenced by Directors and/ or their relatives:	
		Cadmach Machinery Company Private Limited	Pripan Investment Private Limited
		Zydus Hospitals and Healthcare Research Private Limited	Zydus Hospital LLP
		Zydus Hospitals (Vadodra) Private Limited	Zandra Infrastructure LLP
		Zydus Hospitals (Rajkot) Private Limited	Zandra Herbs and Plantations LLP
		MabS Biotech Private Limited	M/s. C. M. C. Machinery
		Zydus Infrastructure Private Limited	M/s. Cadam Enterprises
		Cadila Laboratories Private Limited	Mukesh M. Patel & Co.
		Biochem Pharmaceutical Private Limited	M/s. International Tax and Investments Consultants
		Western Ahmedabad Effluent Conveyance Company Private Limited	

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

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

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business and at arm's length terms:

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

₹ million

Particulars	Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31			
	2018	2017	2018	2017
Purchases:				
Goods:				
Zydus Hospira Oncology Private Limited	18	62		
Cadmach Machinery Company Private Limited			3	8
Others			1	-
Total	18	62	4	8
Property, Plant and Equipment:				
Cadmach Machinery Company Private Limited			135	72
Zydus Infrastructure Private Limited			124	-
Total	-	-	259	72

Notes to Consolidated Financial Statements

Note: 46-Related Party Transactions - Continued:

₹ million

Particulars	Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31			
	2018	2017	2018	2017
Services:				
Zydus Infrastructure Private Limited	-	-	51	24
Others	-	4	12	9
Total	-	4	63	33
Sales:				
Goods:				
Bayer Zydus Pharma Private Limited	164	357	-	-
Zydus Takeda Healthcare Private Limited	134	71	-	-
Others	-	-	5	-
Total	298	428	5	-
Property, Plant and Equipment:				
Cadmach Machinery Company Private Limited	-	-	9	-
Services:				
Bayer Zydus Pharma Private Limited	-	5	-	-
Finance:				
Interest Received:				
Bayer Zydus Pharma Private Limited	23	20	-	-
	As at March, 31			
Outstanding:				
Payable:				
Zydus Hospira Oncology Private Limited	3	-	-	-
Cadila Laboratories Private Limited			22	22
	3	-	22	22
Receivable:				
Bayer Zydus Pharma Private Limited	45	254	-	-
Others	-	2		124
Total	45	256	-	124

b Details relating to persons referred to in Note 46-A [b] above:

₹ million

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(i)	Salaries and other employee benefits to Chairman & Managing Director [upto July 12, 2017], Managing Director, Joint Managing Director [upto March 31, 2017], Executive Director [from July 12, 2017] and other executive officers	577	348
(ii)	Commission and Sitting Fees to Non Executive/ Independent Directors	21	18
(iii)	Outstanding payable to above (i) and (ii)	279	295

Note: 47-Business Combination:

Summary of acquisition:

Pursuant to the agreement between Zydus Healthcare Limited ["ZHL"], a wholly owned subsidiary of the Parent and Acme Pharmaceuticals Private Limited ["Acme"] dated March 29, 2018 ["Effective Date"], ZHL has acquired 100% of equity shareholding of Acme. The acquisition was made with an objective of enhancing the manufacturing capacity.

Notes to Consolidated Financial Statements

Note: 47-Business Combination - Continued:

The entire purchase consideration is settled by way of Cash. The Cash paid for purchase consideration is ₹ 18 million.
The assets and liabilities recognised as a result of the acquisition are as follows:

Particulars	₹ million
Inventories	2
Trade Receivables	22
Cash and cash equivalents	57
Property, Plant and Equipment	356
Other Assets	10
Current Liabilities	(499)
Non-Current Liabilities	(105)
Net Identifiable assets acquired	(157)
Goodwill	175
Total purchase consideration paid	18

Consideration transferred settled in Cash	₹ million
Consideration transferred	18
Less: Cash and cash equivalents acquired	57
Net Cash outflow on acquisition	(39)

The fair value of trade and other receivables acquired as part of the business combination amounted to ₹ 22 million.

The above is the same as the Contractual amount of such receivables.

The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to Goodwill and it is not expected to be deductible for tax purposes.

Initial recognition and measurement of the assets and liabilities on acquisition date are determined on the basis of available facts and information.

Considering that the acquisition was completed shortly before the end of the reporting period, such provisional amounts are subject to change within the measurement period as provided by Ind AS 103.

Note: 48-Material partly-owned subsidiaries:

Financial information of a subsidiary that have material non-controlling interests [NCI] is provided below:

Name of Subsidiary - Zydus Wellness Limited

Place of Incorporation and operations : India

% of ownership : 72.08%

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Summarised balance sheet:		
Current assets	**6,939**	5,551
Current liabilities	**469**	462
Net current assets	**6,470**	5,089
Non-current assets	**453**	496
Non-current liabilities	**11**	14
Net non-current assets	**442**	482
Net assets	**6,912**	5,571
Accumulated NCI	**1,930**	1,555

Notes to Consolidated Financial Statements

Note: 48-Material partly-owned subsidiaries - Continued:

₹ million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Summarised statement of profit and loss:		
Revenue	**2,924**	2,525
Expenses	**1,583**	1,437
Profit for the year	**1,338**	1,093
Other Comprehensive Income for the year	**2**	(1)
Total comprehensive income	**1,340**	1,092
Profit allocated to NCI	**374**	305
Dividends paid to NCI	**-**	72
Summarised Cash Flow Statement:		
Net cash in flow from operating activities	**1,127**	881
Net cash (outflow) from investing activities	**(1,088)**	(782)
Net cash inflow (outflow) from financing activities	**(17)**	(61)

Note: 49-Financial Instruments:

A Fair values hierarchy:

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices [unadjusted] in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

₹ million

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

Notes to Consolidated Financial Statements

Note: 49-Financial Instruments - Continued:

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

₹ million

Particulars	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	491			491
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture			2,090	2,090
Financial Investments at FVOCI:				
Quoted equity instruments	626			626
Unquoted equity instruments		8		8
Total financial assets	1,117	8	2,090	3,215
Financial liabilities	-	-	-	-

C Fair value of instruments measured at amortised cost:

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

Financial Assets:

The carrying amounts of trade receivables, Loans and advances to related parties and other financial assets [other than derivatives], cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities:

Fair values of loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

D Valuation process and technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

a The use of quoted market prices for similar instruments.

b Fair value of Forward Contract value related to investment in a Joint Venture has been determined considering the estimated exercise price and value of the underlying entity. The valuation has been derived using the Present Value technique under Income Approach. The valuation includes significant unobservable inputs like Weighted Average Cost of Capital [WACC], revenue forecast, etc.

Significant unobservable inputs:

Budgeted Sales growth rate : 8% - 10% per annum

Weighted Average Cost of Capital : 15.4% per annum

For recurring fair value measurements using significant unobservable inputs [Level 3], the effect of the measurement on profit or loss or other comprehensive income for the period is provided below:

Movement in Forward Contract Value related to investment in a joint venture:

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Value at the beginning of the year	**2,090**	1,523
Add: Gain on valuation of forward contact value related to investment in a joint venture	**470**	567
Value at the end of the year	**2,560**	2,090
Out of above, amount disclosed under -		
Other Non-Current Financial Asset [Note-6]	**1,136**	2,090
Other Current Financial Assets [Note-14]	**1,424**	-

Notes to Consolidated Financial Statements

Note: 49-Financial Instruments - Continued:

Sensitivity analysis for valuation of Forward Contract value related to investment in a Joint Venture:

a Sensitivity in the value for a 50 basis points change in Weighted Average Cost of Capital [WACC]-

₹ million

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

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

₹ million

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

Note: 50-Financial Risk Management:

A Financial instruments by category:

₹ million

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

Notes to Consolidated Financial Statements

Note: 50-Financial Risk Management - Continued:

₹ million

Particulars	As at March 31, 2017			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments		634		634
Preference shares			9	9
Mutual funds	491			491
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]			541	541
Forward Contract value related to investment in a Joint Venture	2,090			2,090
Trade receivables			22,775	22,775
Cash and Cash Equivalents			15,435	15,435
Other Current Financial Assets			123	123
Total	2,581	634	38,883	42,098
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			52,089	52,089
Non Current Other Financial Liabilities			628	628
Trade payables			15,479	15,479
Payable for Capital Goods			1,257	1,257
Book Overdraft			344	344
Other Current Financial Liabilities			6,365	6,365
Total	-	-	76,162	76,162

B Risk Management:

The Group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

The Group's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Group's short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below:

a Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Group is exposed to credit risk from investment in preference shares measured at amortised cost, loans and advances to related parties, trade receivables, bank deposits and other financial assets. The Group periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

i Investments at Amortised Cost : They are strategic investments in the normal course of business of the Group. The Group closely monitors the performance of these Companies.

ii Bank deposits : The Group maintains its Cash and cash equivalents and Bank deposits with reputed and highly rated banks. Hence, there is no significant credit risk on such deposits.

iii Loans to related parties : They are given for business purposes. The Group reassesses the recoverability of loans periodically. Interest recoveries from these loans are regular and there is no event of defaults.

iv The counter party to the forward contract value related to the Investment in a Joint Venture is the associate entity

Notes to Consolidated Financial Statements

Note: 50-Financial Risk Management - Continued:

of co-venturer of one of Joint ventures. The contract is governed by a shareholder's agreement which has the needful representations by the counter party. The Group is exposed to insignificant credit risk in relation to the same.

v Trade Receivable: The Group trades with recognized and credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

vi There are no significant credit risks with related parties of the Group. The Group is exposed to credit risk in the event of non-payment by customers.

Credit risk concentration with respect to trade receivables is mitigated by the Group's large customer base. Adequate expected credit losses are recognized as per the assessments.

The history of trade receivables shows an impairment allowance of ₹ 157 million as at March 31, 2018 [₹ 81 million as at March 31, 2017]. The Group has made allowance of ₹ 70 million [Previous Year- ₹ 57 million], against trade receivables of ₹ 32,063 million [Previous year - ₹ 22,775 million].

b Liquidity risk:

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

b Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities:

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ million

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

Notes to Consolidated Financial Statements

Note: 50-Financial Risk Management - Continued:

₹ million

	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As at March 31, 2017				
Non-derivatives Financial Liabilities:					
Borrowings [including current maturities and interest]	27,919	3,426	7,489	15,214	54,048
Other non current financial liabilities		138	49	441	628
Trade payable	15,479				15,479
Accrued Expenses	6,327				6,327
Payable for Capital Goods	1,257				1,257
Unpaid dividend	38				38
Other Current Financial Liabilities	344				344
Total	51,364	3,564	7,538	15,655	78,121

c Foreign currency risk:

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group's operations in foreign currency creates natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Group.

Sensitivity:

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

₹ million

Currency	As at March 31, 2018			As at March 31, 2017		
	Movement in Rate	**Impact on PAT [*]**	**Impact on Other Equity [*]**	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	**4.00%**	**(526)**	**25**	4.00%	(522)	10
USD	**-4.00%**	**526**	**(25)**	-4.00%	522	(10)
EUR	**7.00%**	**40**		8.00%	29	
EUR	**-7.00%**	**(40)**		-8.00%	(29)	
Others	**5.00%**	**(1)**		5.00%	9	
Others	**-5.00%**	**1**		-5.00%	(9)	

* Holding all other variables constant.

Sensitivity impact on profit after tax includes exposures for which the Group has the policy of capitalising exchange differences to reserves - FCMITDA or eligible items of Property, Plant and Equipment [refer Note 2 for detailed policy]. The outstanding amount of such foreign currency loans are ₹ 4,837 [as at March 31, 2017 ₹ 6,352] million.

Notes to Consolidated Financial Statements

Note: 50-Financial Risk Management - Continued:

d Interest rate risk:

Liabilities:

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2018, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in Fixed Deposits are at fixed interest rates.

Sensitivity *:

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

₹ million

	Movement in Rate	As at March 31 2018	As at March 31 2017
Interest rates	+0.50%	**(177)**	(170)
Interest rates	-0.50%	**177**	170

* Holding all other variables constant

e Price risk:

Exposure:

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

Sensitivity *:

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

₹ million

	Movement in Rate	As at March 31, 2018		As at March 31, 2017	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%		**108**		63
Decrease	-10.00%		**(108)**		(63)
Mutual Funds [Quoted]					
Increase	+2.00%	**55**		10	
Decrease	-2.00%	**(55)**		(10)	

* Holding all other variables constant

C Hedge:

Disclosure of effects of hedge accounting on financial position:

Fair Value Hedge:

Hedged item - Changes in fair value of trade receivables attributable to changes in foreign exchange rates.

Hedging instrument - Changes in fair value of certain foreign currency borrowings attributable to foreign exchange rates

Net Investment Hedge:

Hedged item - Changes towards translation adjustments resulting from translating the functional currency financial statements of foreign operations.

Hedging instrument - Changes in fair value of certain foreign currency borrowings attributable to foreign exchange rates

Notes to Consolidated Financial Statements

Note: 50-Financial Risk Management - Continued:

As at March 31, 2018

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

As at March 31, 2017

Type of hedged risk	Carrying amount of hedging instrument (USD million)		Carrying amount of hedging instrument (₹ million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings		88		5,709	Range - Within 6 months	1:1	Borrowings	228
Hedged item: Certain foreign currency receivables	88		5,709		Range - Within 6 months		Trade receivables	228

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

Notes to Consolidated Financial Statements

Note: 51-Capital Management:

The Group' s capital management objectives are:

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

b to provide an adequate return to shareholders

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

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

₹ million

Particulars	As at March 31, 2018	As at March 31, 2017
Gross debts	54,067	52,072
Total equity	89,355	71,161
Net debt to equity ratio [No. of times]	**0.61**	0.73

Loan covenants:

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenant:
- Total Debt to Equity must be less than 2:1
This is in line with the Group's covenants as agreed with external Lenders.

Note: 52- Non-Current Assets held for Sale and Discontinued Operations:

A Description:

Pursuant to the Share and Loan Purchase Agreement dated April 17, 2018 ["Closing Date"] amongst the Company, Zydus International Private Limited, Ireland ["ZIPL"], Bremer Pharma GmbH ["Bremer"] and Alivira Animal Health Limited, Ireland ["Alivira"], the Parent has sold its 100% equity holding and ZIPL has sold and transferred its outstanding loan together with accrued interest in Bremer to Alivira with effect from April 01, 2018 ["Effective Date"].

In accordance with Ind AS 105 "Non-Current Assets held for Sale and Discontinued Operations" and as required under Schedule III of the Companies Act, 2013, the operations of Bremer are classified as Discontinued Operations and disclosed separately for the year ended March 31, 2018. Operations of Bremer for the previous year ended March 31, 2017 have also been reclassified and disclosed separately under the head "Profit / [Loss] from the Discontinued Operations".

Net assets of discontinued operations have been measured at their fair value, being the value at which equity shares of Bremer have been transferred to Alivira. Total assets and total liabilities of discontinued operations as at March 31, 2018 have been separately disclosed in the financial statement as at March 31, 2018.

Notes to Consolidated Financial Statements

Note: 52- Non-Current Assets held for Sale and Discontinued Operations - Continued:

B Financial performance and cash flow information:

The financial performance and cash flow information of discontinued operations is as under:

₹ million

	Particulars	As at March 31, 2018	As at March 31, 2017
A	Financial performance		
1	Total Revenue	**496**	532
2	Total expenses	**551**	559
3	**Loss before tax**	**(55)**	(27)
4	Tax Expense	**-**	-
5	Loss after tax	**(55)**	(27)
6	Loss recognized on measurement of net assets to fair value *	**(133)**	-
7	**Loss after tax from discontinued operations (attributable to equity holder of the Parent)**	**(188)**	(27)
8	Exchange differences on translation of discontinued operations	**18**	-
9	**Other comprehensive income from discontinued operations**	**18**	-
B	Cash flow information		
1	Net cash inflow (outflow) from operating activities	**(55)**	(27)
2	Net cash inflow (outflow) from investing activities	**-**	-
3	Net cash inflow (outflow) from financing activities	**-**	-
4	**Net increase (decrease) in cash generated from discontinued operations**	**(55)**	(27)

*** Loss recognized on measurement of net assets to fair value as at March 31, 2018 is as under:**

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

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

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

C Assets and liabilities classified as held for sale:

The following assets and liabilities are reclassified as held for sale in relation to discontinued operations as at March 31, 2018:

	Particulars	₹ million
1	Property, plant and equipment (at fair value)	76
2	Trade receivables	96
3	Other current assets	179
A	Total Assets classified as held for sale	292
1	Trade payables	75
2	Other current liabilities	35
B	Total Liabilities classified as held for sale	110
C	Net Assets classified as held for sale (Carrying amount)	241
D	Fair value adjustment on above	(59)
E	Net Assets classified as held for sale (Fair value)	182

Notes to Consolidated Financial Statements

Note: 53-Events after the Reporting Period:

Sale of Investment in Bayer Zydus Pharma Private Limited:

Pursuant to the terms of the Joint Venture Agreement [JVA] between the Parent and Bayer [South East Asia] Pte. Limited ["Bayer"] dated, January 28, 2011, the Parent has sold 12,500,001 equity shares of Bayer Zydus Pharma Private Limited to Bayer on April 27, 2018.

Note: 54:

Figures of previous reporting periods have been regrouped/ reclassified to conform to current period's classification.

Signatures to Significant Accounting Policies and Notes 1 to 54 to the Financial Statements

As per our report of even date

Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Gaurav J. Shah
Partner
Membership Number: 035701
Ahmedabad, Dated: May 25, 2018

For and on behalf of the Board

Pankaj R. Patel
Chairman

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Statement containing the salient features of the financial statements of Subsidiaries/ Associates/ Joint Ventures

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014]

Part: "A" - Subsidiaries:

₹ million

Sr. No.	Name of the Subsidiary	Reporting year ended	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiaries	Turnover & Other income from Operations *	Profit/ [Loss] before Taxation *	Provision for Taxation *	Profit/ [Loss] after taxation *	Proposed Dividend	% of shareholding
1	Zydus Wellness Limited	March 31, 2018	INR	1.00	390.72	6,521.20	7,391.60	479.70	1,475.53	2,648.80	1,341.20	3.20	1,338.00	312.58	72.08%
2	Zydus Healthcare Limited	March 31, 2018	INR	1.00	12,582.00	45,130.00	64,814.00	7,102.00	1,026.00	29,988.00	2,065.00	1,165.00	900.00	2,323.87	100.00%
3	Alidac Pharmaceuticals Limited	March 31, 2018	INR	1.00	953.30	167.95	1,790.06	668.81	265.60	1,530.22	160.84	5.69	155.15	-	100.00%
4	Liva Pharmaceuticals Limited	March 31, 2018	INR	1.00	3,259.00	(482.66)	2,936.99	160.65	-	32.86	(432.83)	19.34	(452.17)	-	100.00%
5	Zydus Technologies Limited (#)	March 31, 2018	INR	1.00	590.00	(141.59)	8,020.10	7,571.69	-	-	(120.34)	0.05	(120.39)	-	85.00%
6	Dialforhealth India Limited	March 31, 2018	INR	1.00	250.00	(120.40)	211.79	82.19	-	19.12	12.10	3.02	9.08	-	100.00%
7	Dialforhealth Unity Limited	March 31, 2018	INR	1.00	0.50	(2.65)	0.03	2.17	-	-	(0.04)	-	(0.04)	-	55.00%
8	Dialforhealth Greencross Limited	March 31, 2018	INR	1.00	2.50	(1.99)	0.53	0.02	-	-	(0.02)	-	(0.02)	-	100.00%
9	Acme Pharmaceuticals Private Limited (^)	March 31, 2018	INR	1.00	35.00	(190.63)	397.22	552.85	-	3.07	1.61	-	1.61	-	100.00%
10	Zydus Lanka (Private) Limited (#)	March 31, 2018	LKR	0.44	4.83	(2.52)	2.35	0.04	-	-	(1.66)	-	(1.66)	-	100.00%
11	Zydus Healthcare Philippines Inc.	December 31, 2017	PHP	1.30	338.26	(33.65)	368.19	63.58	-	464.34	13.76	6.24	7.52	-	100.00%
12	Zydus International Private Limited	December 31, 2017	Euro	76.68	6,992.76	(2,336.44)	4,693.89	37.57	-	76.73	(342.51)	0.37	(342.88)	-	100.00%
13	Zydus Netherlands B.V.	December 31, 2017	Euro	76.68	6,562.27	(673.56)	6,062.63	173.91	-	-	(27.64)	-	(27.64)	-	100.00%
14	Zydus France, SAS	December 31, 2017	Euro	76.68	596.34	(57.97)	1,315.06	776.69	-	1,902.11	(3.85)	-	(3.85)	-	100.00%
15	Laboratorios Combix S.L.	December 31, 2017	Euro	76.68	573.72	(319.15)	591.20	336.63	-	702.59	(44.81)	0.22	(45.03)	-	100.00%
16	Etna Biotech S.R.L.	December 31, 2017	Euro	76.68	6.90	5.13	337.00	324.97	-	28.37	(13.89)	-	(13.89)	-	100.00%
17	ZAHL B.V.	March 31, 2018	Euro	80.26	1.45	(3.30)	0.24	2.09	-	-	(6.94)	-	(6.94)	-	100.00%
18	ZAHL Europe B.V.	March 31, 2018	Euro	80.26	1.45	(3.46)	0.08	2.09	-	-	(4.98)	-	(4.98)	-	100.00%
19	Bremer Pharma GmbH [Refer Note - 52]	March 31, 2018	Euro	80.26	38.53	93.42	353.71	221.76	-	505.25	(46.24)	-	(46.24)	-	100.00%
20	Zydus Pharmaceuticals (USA) Inc. ($)	December 31, 2017	USD	63.90	146.97	2,472.80	30,632.83	28,013.06	-	45,443.85	1,783.82	1,417.90	365.92	-	100.00%
21	Zydus Healthcare (USA) LLC	December 31, 2017	USD	63.90	12.78	12.46	186.27	161.03	-	14.00	0.59	0.52	0.07	-	100.00%
22	Sentynl Therapeutics, Inc.	December 31, 2017	USD	63.90	1,917.64	2,021.54	14,876.88	10,937.70	-	5,563.00	2,358.85	305.11	2,053.74	-	100.00%
23	Zydus Noveltech Inc.	December 31, 2017	USD	63.90	319.50	(377.52)	2,044.35	2,102.37	-	111.08	9.96	0.07	9.90	-	85.00%
24	Hercon Pharmaceuticals LLC	December 31, 2017	USD	63.90	6.39	(1,238.58)	893.96	2,126.15	-	207.58	(311.87)	-	(311.87)	-	85.00%
25	Zydus Worldwide DMCC	March 31, 2018	USD	65.20	1,500.51	(1,773.57)	11,300.01	11,573.07	-	1,025.40	(1,503.10)	-	(1,503.10)	-	100.00%
26	Zydus Discovery DMCC	March 31, 2018	USD	65.20	522.51	(730.43)	1,118.57	1,326.49	-	-	(490.40)	-	(490.40)	-	100.00%
27	Zydus Healthcare S.A. (Pty) Ltd	December 31, 2017	ZAR	5.19	729.22	(79.41)	1,254.45	604.64	-	1,145.05	37.50	10.55	26.95	-	100.00%
28	Simayla Pharmaceuticals (Pty) Ltd	December 31, 2017	ZAR	5.19	28.55	(553.11)	0.01	524.57	-	-	(0.02)	-	(0.02)	-	100.00%
29	Script Management Services (Pty) Ltd	December 31, 2017	ZAR	5.19	0.00	3.23	3.56	0.33	-	105.07	0.01	-	0.01	-	100.00%
30	Zydus Nikkho Farmaceutica Ltda.	December 31, 2017	BRL	19.31	2,813.87	(1,176.61)	2,446.83	809.57	-	2,205.69	(37.49)	9.91	(47.40)	-	100.00%
31	Alidac Healthcare (Myanmar) Limited (#)	March 31, 2018	MMK	0.05	624.65	(5.05)	1,176.84	557.24	-	-	(6.57)	-	(6.57)	-	100.00%
32	Zydus Pharmaceuticals Mexico SA De CV	December 31, 2017	MXN	3.27	553.66	(586.00)	411.27	443.61	-	445.81	2.19	(48.84)	51.03	-	100.00%
33	Zydus Pharmaceuticals Mexico Services Company SA De C.V.	December 31, 2017	MXN	3.27	18.31	(21.19)	35.30	38.18	-	168.33	0.27	0.51	(0.24)	-	100.00%

The above does not include Violio Healthcare Limited as it has no operation and no asset, liability or equity as on the close of the financial year.

* Converted using average exchange rates prevailing during the year.

(^) The Group has acquired Acme Pharmaceuticals Private Limited as a wholly owned subsidiary in India on March 29, 2018.

(#) Subsidiaries are yet to commence commercial operations.

($) Consolidated accounts of Zydus Pharmaceuticals (USA) Inc. including Nesher Pharmaceuticals (USA) LLC

For and on behalf of the Board

Nitin D. Parekh
Chief Financial Officer
Ahmedabad, Dated: May 25, 2018

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Pankaj R. Patel
Chairman

Statement pursuant to section 129[3] of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Part: "B" - Joint Ventures:

Sr. No.	Name of the Joint Venture	Latest Audited Balance Sheet Date	Shares held by the Company			Description of how there is significant influence	Reason why the Joint Venture is not consolidated	Net worth attributable to Shareholding as per latest audited balance sheet [₹ million]	Profit / [Loss] for the year	
			No. of Shares	Amount invested [₹ million]	Extent of holding [%]				Considered in consolidation [₹ million]	Not considered in consolidation [₹ million]
1	Zydus Hospira Oncology Private Limited	March 31, 2018	7,500,000	75	50.00%	N.A.	N.A.	2,117	325	-
2	Zydus Takeda Healthcare Private Limited	March 31, 2018	10,000,000	100	50.00%	N.A.	N.A.	945	221	-
3	Bayer Zydus Pharma Private Limited	March 31, 2018	25,000,000	250	50.00%	N.A.	N.A.	543	82	-

For and on behalf of the Board

Nitin D. Parekh
Chief Financial Officer
Ahmedabad, Dated: May 25, 2018

Upen H. Shah
Company Secretary

Dr. Sharvil P. Patel
Managing Director

Pankaj R. Patel
Chairman

Notice

CADILA HEALTHCARE LIMITED
[CIN L24230GJ1995PLC025878]
Regd. Office: "Zydus Tower", Satellite Cross Roads,
Sarkhej-Gandhinagar Highway, Ahmedabad–380 015.
Email: investor.grievance@zyduscadila.com | **Website:** www.zyduscadila.com
Phone Numbers: +91 79 268 68 100 [20 lines] | **Fax Number:** +91 79 268 62 365

Notice is hereby given that the Twenty Third Annual General Meeting of the members of the Company will be held on Monday, August 13, 2018 at 10.00 a.m. at J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements [including consolidated financial statements] of the Company for the year ended on March 31, 2018 and the reports of the Board of Directors and Auditors thereon.

2. To declare dividend on equity shares for the financial year ended on March 31, 2018.

3. To appoint a Director in place of Mr. Pankaj R. Patel [DIN 00131852], who retires by rotation and being eligible, offers himself for re–appointment.

Special Business:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of section 148[3] and other applicable provisions, if any, of the Companies Act, 2013, and the Companies [Audit and Auditors] Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Company hereby ratifies the remuneration of ₹ 1.08 million plus applicable GST and out of pocket expenses at actuals for the Financial Year ending on March 31, 2019 to Dalwadi & Associates, Cost Accountants [Firm Registration No. 000338], who were appointed as Cost Auditors to conduct the audit of cost records maintained by the Company pertaining to Drugs and Pharmaceuticals manufactured by the Company for the Financial Year 2018–2019."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

   "RESOLVED THAT in supersession of the earlier special resolution passed by the members at the Twenty Second Annual General Meeting held on August 11, 2017, the consent of the members be and is hereby accorded pursuant to the provisions of sections 23, 41, 42, 62 and 71 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], as amended from time to time, Foreign Exchange Management Act, 1999, as amended from time to time ("FEMA"), and regulations thereunder including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time ("FEMA 20 Regulations"), as amended or restated and the FEMA (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended or restated ("FEMA 120 Regulations"), Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("ICDR Regulations"), Listing Agreement entered into by the Company with the stock exchanges read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), where equity shares of the Company of the face value ₹ 1/- each are listed, all ministries, departments or other authorities of the Government of India ("GOI"), the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), the Stock Exchanges and/or any other competent authorities, and in accordance with applicable laws and regulations including the rules, regulations, guidelines, notifications, circulars and clarifications issued by the GOI, RBI, SEBI, the Stock Exchanges and/or any other competent authorities from time to time, enabling provisions of the Memorandum and Articles of Association of the Company, the Issue of Foreign Convertible (through Depository Receipt Mechanism) Scheme, 1993, as amended from time to time and clarifications issued thereon from time to time and subject to other applicable laws, rules, regulations, guidelines, notifications and circulars issued by various competent authorities / bodies, whether in India or abroad and subject to such approvals, consents, permissions and sanctions of the SEBI, GOI, RBI, Department of Industrial Policy & Promotion ("DIPP") and all other appropriate and / or competent authorities or bodies and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred as "Board" which term shall include any Committee thereof, which the Board may have constituted to exercise its powers including the powers conferred by this Resolution), the consent of the Company be and is hereby accorded to the Board to offer, create, issue and allot in one or more tranches, to investors whether Indian or Foreign, including Foreign Institutions, Qualified Institutional Buyers ("QIB"), Non-Resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pensions Funds, Trusts, Stabilizing Agents or otherwise or any combination thereof, whether or not such investors are shareholders, promoters, directors or associates of the Company, through issue of Equity Shares and / or Global Depository Receipts ("GDRs") and / or American Depository Receipts ("ADRs") and / or Convertible Bonds / Debentures or any equity linked instruments ("Securities") representing either Equity Shares or a combination of any other Securities in one or more tranches and / or in one or more series (with different tenures), whether rupee denominated or denominated in foreign currency, to any eligible person as permissible under applicable law including Qualified Institutional Buyers, foreign/resident investors (whether institutions, incorporated bodies, mutual funds and/or individuals or otherwise), Foreign Institutional Investors, Venture Capital Funds, Foreign Venture Capital Investors, Indian and/or Multilateral Financial Institutions, Foreign Portfolio Investors, Mutual Funds, Stabilizing Agents and/ or other entities, authorities and/or any other categories of investors, whether they be holders of Equity Shares of the Company or not (collectively called the "Investors") whether or not such Investors are members of the Company as may be decided by the Board in their discretion and permitted under applicable laws and regulations, through private placement issue and / or Qualified Institutional Placement ("QIP") and / or any other permitted modes, as the Board may deem appropriate, in terms of the SEBI Regulations or as per other applicable rules and regulations, through one or more placement(s) of Securities for an amount not exceeding ₹ 10,000 crore (Rupees Ten Thousand Crore only) in Indian Rupees or its equivalent in Indian Rupees or one or more foreign currencies, inclusive of such premium as may be fixed on such Securities by offering the Securities in one or more countries through public issue(s) of prospectus, private placement(s), follow on offer or a combination thereof at such time or times, at such price or prices, at a discount or premium to the market price or prices, including discounts as permitted under applicable law in such manner and on such terms and conditions including security, rate of interest, conversion etc., as may be decided by and deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the lead managers, or other advisor(s) for such issue(s), either in foreign currency or equivalent Indian rupees inclusive of such premium as may be determined by the Board, in any convertible foreign currency, as the Board in its absolute discretion may deem fit and appropriate.

RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by the applicable laws.

RESOLVED FURTHER THAT in the event of issue of GDRs / ADRs, the pricing shall be determined in compliance with principles and provisions set out in the Issue of Foreign Currency Convertible Bonds (through Depository Receipt Mechanism) Scheme, 1993 and other applicable provisions, as amended from time to time and other applicable provisions.

RESOLVED FURTHER THAT in the event that convertible securities which are convertible into Equity Shares of the Company (whether, immediately or after a designated date and in any event within 60 (sixty) months from the date of allotment in accordance with the ICDR Regulations) are issued along with Non-Convertible Debentures to Qualified Institutional Buyers under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of such securities/warrants, shall be either:

(a) the date of the meeting in which the Board or the Committee of Directors duly authorised by the Board decides to open the issue of such convertible securities simultaneously with Non-Convertible Debentures; or

(b) the date on which the holders of such convertible securities become entitled to apply for the Equity Shares, as the Board may decide and specify in the placement document/s, and such price as determined in accordance with Regulation 85 of the ICDR Regulations shall not be less than the price determined as per the pricing formula provided therein.

RESOLVED FURTHER THAT in the event the Equity Shares are issued in the course of QIP under Chapter VIII of ICDR Regulations, the pricing shall be determined in compliance with principles and provisions set out in the regulation 85 of Chapter VIII of the ICDR Regulations and the Board may offer a discount of not more than 5% (five per cent) on the price calculated for the QIP or such other discount as may be permitted under said ICDR Regulations.

RESOLVED FURTHER THAT in the event the Equity Shares are issued in the course of QIP under Chapter VIII of ICDR Regulations, the relevant date for the purpose of the pricing of the Equity Shares shall be the meeting in which the Board decides to open the issue.

RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into any arrangement with any agencies or bodies for the issue of GDRs and / or ADRs represented by underlying equity shares in the share capital of the

Company with such features and attributes as are prevalent in international / domestic capital markets for instruments of this nature and to provide for the tradability and free transferability thereof in accordance with market practices as per the domestic and / or international practice and regulations and under the norms and practices prevalent in the domestic / international capital markets and subject to applicable laws and regulations and the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Securities, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, finalization and approval of the offer document(s), private placement offer letter, determining the form, proportion and manner of the issue, including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted, issue price, premium / discount amount on issue / conversion / exercise / redemption, rate of interest, redemption period, fixing record date, listings on one or more stock exchanges in India or abroad, entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and for other related matters and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Securities to be created, issued, allotted and offered in terms of this resolution shall be subject to the provisions of the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT the Equity Shares so issued shall in all respects rank pari passu with the existing Equity Shares of the Company and shall be listed with the Stock Exchanges, where the Company's existing equity shares are listed.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint merchant bankers, underwriters, depositories, custodians, registrars, trustees, bankers, lawyers, advisors and all such agencies as may be involved or concerned in the issue and to remunerate them by way of commission, brokerage, fees or the like (including reimbursement of their actual expenses) and also to enter into and execute all such arrangements, contracts / agreements, memorandum, documents, etc., with such agencies, to seek the listing of Securities on one or more recognized stock exchange(s), to affix common seal of the Company on any arrangements, contracts / agreements, memorandum, documents, etc. as may be required.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised in consultation with the merchant banker(s), advisors and / or other intermediaries as may be appointed in relation to the issue of Securities to take all actions and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the issue and allotment of Securities and listing thereof with the stock exchanges or otherwise as may be required in relation to the issue and to resolve and settle all questions and difficulties that may arise in the issue, offer and allotment of Securities, including finalization of the number of Securities to be issued in each tranche thereof, form, terms and timing of the issue of Securities including for each tranche of such issue of Securities, identification of the investors to whom Securities are to be offered, utilization of the proceeds and other related, incidental or ancillary matters as the Board may deem fit, at its absolute discretion, to make such other applications to concerned statutory or regulatory authorities as may be required in relation to the issue of Securities and to agree to such conditions or modifications that may be imposed by any relevant authority or that may otherwise be deemed fit or proper by the Board and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit and to settle any questions, difficulties or doubts that may arise in relation to the any of the aforesaid or otherwise in relation to the issue of Securities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any Committee formed for the purpose or to an officer of the Company."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of section 42 and other applicable provisions, if any, of the Companies Act, 2013 [the Act] read with Rule 14 of the Companies [Prospectus and Allotment of Securities] Rules, 2014 on Private Placement of securities and Regulations 19 to 22 of the Securities and Exchange Board of India [Issue and Listing of Debt Securities] Regulations, 2008 read with schedule I thereof [including any statutory modification(s)] or re-enactment(s) thereof, for the time being in force] and subject to provisions of Articles of Association of the Company, approval of the members be and is hereby accorded to authorize the Board of Directors of the Company to offer and invite subscription for the Secured Redeemable Non-Convertible Debentures ["Bonds"], to the extent of ₹ 3,500 crore [Rupees Three Thousands Five Hundred Crore], in one or more tranches, during the current financial year ending on March 31, 2019, through private placement in conformity with rules, regulations and enactments as applicable from time to time subject to the total borrowing of the Company not exceeding the borrowing powers approved by the members under section 180 (1) (c) of the Act and to do, from time to time, all such acts, deeds and things as may be deemed necessary in respect of issue of Bonds including but not limited to the face value, issue price, issue size, timing, amount, security, coupon / interest rate[s], yield, listing, allotment and other terms and conditions of issue of Bonds as they may, in their absolute discretion, deem necessary.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do or cause to be done all such acts, deeds and other things as may be required or considered necessary or incidental thereto to give effect to this resolution."

By order of the Board of Directors

UPEN H. SHAH
Company Secretary

Place : Ahmedabad
Date : May 25, 2018

NOTES:

1. The Explanatory Statement pursuant to the provisions of section 102 of the Companies Act, 2013, in respect of the businesses under items 4 to 6 of the Notice are annexed hereto.

2. The Register of Members and Share Transfer Books will be closed from August 2, 2018 to August 13, 2018 [both days inclusive] for the purpose of Annual General Meeting (AGM).

3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY**. A person can act as a proxy on behalf of members not exceeding 50 [fifty] and holding in aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company, then such proxy shall not act as a proxy for any other person or member.

   Proxies in order to be effective must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the AGM i.e. by 10:00 a.m. on Saturday, August 11, 2018. A Proxy form is sent herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority together with specimen signature, as applicable.

4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company at its Registered Office, a certified copy of the Board Resolution / authorization document authorising their representative to attend and vote on their behalf at the Meeting.

5. Those members who have not encashed their dividend warrants pertaining to the following financial years are requested to approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund [IEPF] on the respective dates mentioned there against pursuant to provisions of section 125 of the Companies Act, 2013 and the Rules made thereunder.

Accounting Year ended	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF Account
March 31, 2011	July 19, 2011	125%	September 25, 2018
March 31, 2012	August 8, 2012	150%	August 15, 2019
March 31, 2013	May 30, 2013	@150%	July 15, 2020
March 31, 2014	July 30, 2014	180%	October 6, 2021
March 31, 2015	August 12, 2015	240%	October 19, 2022
March 31, 2016	March 8, 2016	@320%	April 15, 2023
March 31, 2017	March 7, 2017	@320%	April 14, 2024

@ Interim dividend

   Pursuant to the IEPF [Uploading of information regarding unpaid and unclaimed amount lying with the Companies] Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the Twenty Second AGM held on August 11, 2017 on its website–www.zyduscadila.com and on the website of Ministry of Corporate Affairs www.mca.gov.in.

6. Members holding shares in physical form are requested to intimate the Registrar and Transfer Agent of the Company viz., Link Intime India Private Limited [Unit: Cadila Healthcare Limited], 5th Floor, 506 to 508, Amarnath Business Centre–1 (ABC–1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off. C G Road, Navrangpura, Ahmedabad–380006, changes, if any, in their registered address along with pin code number and relevant evidences. Members holding shares in electronic form shall update such details with their respective Depository Participant.

7. The information of the Director seeking re-appointment at the ensuing AGM is provided at **Annexure–A** to this Notice as prescribed under regulation 36[3] of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015.

8. Notice of the Twenty Third AGM of the Company, interalia, indicating the process and manner of e–voting along with Attendance Slip and Proxy Form is being sent to the members, whose email ids are registered with the Company or Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Twenty Third AGM of the Company, interalia, indicating the process and manner of e–voting along with Attendance Slip and Proxy Form are being sent through permitted mode.

9. **Members who have not registered their e–mail addresses so far are requested to register their e–mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.**

   Members may also note that the Notice of the Twenty Third AGM and the Annual Report will also be available on the Company's website www.zyduscadila.com for download. The physical copies of the documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e–communication, members are entitled to receive such communication in physical form, upon making a request for the same free of cost. For any communication, the members may also send requests to the Company's investor email id investor.grievance@zyduscadila.com.

10. **E–Voting [voting through electronic means]:**
    The businesses as set out in the Notice may be transacted through electronic voting system. In compliance with the provisions of section 108 of the Companies Act, 2013 read with the Companies [Management and Administration] Rules, 2014, Standard 8 of the Secretarial Standards on General Meetings and in compliance with Regulation 44 of the Listing Regulations, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with Central Depository Services (India) Limited (CDSL) to facilitate the members to cast their votes from a place other than venue of the AGM [remote e–voting]. The facility for voting shall be made available at the AGM through electronic voting and the members attending the Meeting who have not cast their vote by remote e–voting shall be able to exercise their right at the meeting. Please note that the voting through electronic means is optional for the members.

    A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut–off date shall be entitled to avail the facility of remote e–voting or voting at the AGM. Persons who are not members as on the cut–off date should treat this notice for information purpose only.

    The Notice will be displayed on the website of the Company www.zyduscadila.com and on the website of CDSL www.cdslindia.com.

    The members who have cast their vote by remote e–voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again.

    The Members whose names appear in the Register of Members / List of Beneficial Owners as on Tuesday, August 7, 2018 are entitled to vote on Resolutions set forth in the Notice. Eligible members who have acquired shares after the dispatch of the Annual Report and holding shares as on the cut–off date may approach the Company for issuance of the User Id and Password for exercising their right to vote by electronic means.

Members are requested to follow the instructions below to cast their vote through e–voting:

(i) The remote e–voting period commences at 9:00 a.m. on Friday, August 10, 2018 and ends at 5:00 p.m. on Sunday, August 12, 2018. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut–off date i.e. August 7, 2018, may cast their vote by remote e–voting. The remote e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The members should log on to the remote e–voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,

   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

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

(viii) After entering these details appropriately, click on “SUBMIT” tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for CADILA HEALTHCARE LIMITED on which you choose to vote.

(xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the vote cast by clicking on “Click here to print” option on the Voting page.

(xvii) If Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xviii) Members can also use mobile app - “m-voting” for e-voting. M-voting app is available on Apple, Android and Windows based mobiles. Members may login to m-voting using their e-voting credentials to vote for the Company Resolutions..

(xix) Note for Non–Individual Members and Custodians

- Non–Individual members (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance Users would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Contact Details:
Name: Mr. Rakesh Dalvi
Designation: Deputy Manager, CDSL
Address: Phirozee Jeejeebhoy Towers, Dalal Street,
Fort, Mumbai–400001
Email id: helpdesk.evoting@cdslindia.com
Tel: 18002005533

A member can opt for only one mode of voting i.e. either through remote e-voting or at the Meeting. If a member casts votes by both modes, then voting done through remote e-voting shall prevail.

The Company has appointed Mr. Manoj Hurkat, Practicing Company Secretary [Membership No. 4287], to act as the Scrutinizer for conducting the voting and remote e-voting process in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorised by him immediately after the results are declared.

The results declared along with the Scrutinizer's Report, will be posted on the website of the Company www.zyduscadila.com and on the website of the CDSL www.cdslindia.com and will be displayed on the Notice Board of the Company at its Registered Office immediately after the declaration of the results by the Chairman or any other person authorised by him and communicated to the Stock Exchanges.

Request to the members:

1. Members desiring any relevant information on the accounts at the AGM are requested to write to the Company at least seven days in advance of the date of AGM at its Registered Office, so as to enable the Company to keep the information ready.

2. Members are requested to bring their copy of the Annual Report to the Meeting.

Zydus dedicated to life

CADILA HEALTHCARE LIMITED
[CIN L24230GJ1995PLC025878]
Regd. Office: "Zydus Tower", Satellite Cross Roads,
Sarkhej-Gandhinagar Highway, Ahmedabad–380 015.
Email: investor.grievance@zyduscadila.com | **Website:** www.zyduscadila.com
Phone Numbers: +91 79 268 68 100 [20 lines] | **Fax Number:** +91 79 268 62 365

Explanatory Statement pursuant to section 102[1] of the Companies Act, 2013:

The following statement sets out all material facts relating to the business under items 4 to 6 of the accompanying notice dated May 25, 2018.

Item No. 4:

In accordance with the provisions of section 148 of the Companies Act, 2013 [the Act] and the Companies [Audit and Auditors] Rules, 2014 [the Rules], the Company is required to appoint a Cost Auditor to audit the cost records of the Company pertaining to Drugs and Pharmaceuticals manufactured by the Company.

On the recommendation of the Audit Committee, the Board of Directors had approved the appointment of Dalwadi & Associates, Cost Accountants [Firm Registration Number 000338] as the Cost Auditors of the Company to conduct audit of cost records of the Company for the Financial Year 2018–2019, at a remuneration of ₹ 1.08 million plus GST and out of pocket expenses.

Dalwadi & Associates, Cost Accountants have furnished certificate regarding their eligibility for appointment as Cost Auditors of the Company. As per the provisions of section 148(3) of the Act, read with the Rules, the remuneration payable to the Cost Auditors shall be ratified by the members of the Company.

The Board recommends the Ordinary Resolution as set out in this Notice for the approval of the Members of the Company.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

Item No. 5:

The members of the Company approved the Special Resolution at the Twenty Second AGM held on August 11, 2017 and authorised the Board of Directors (including any Committee thereof authorized for the purpose) to raise funds through issuance of Equity Shares and / or Global Depository Receipts ("GDRs") and / or American Depository Receipts ("ADRs") and / or Convertible Bonds / Debentures or any equity linked instruments ("Securities") as may be appropriate, who may or may not be the existing members, through private placement and / or Qualified Institutional Placement ("QIP") and / or any other permitted modes at a price to be determined as per the SEBI (Issue of Capital and Disclosure Requirement) Regulations or as per other applicable rules and regulations, for an amount not exceeding ₹ 10,000 crore (Rupees Ten Thousand Crore Only) in Indian Rupees and / or an equivalent amount in any foreign currency under section 62 read with section 179 of the Act and other applicable laws. While no specific instrument or instruments of Securities have been identified at this stage, the Board may opt for an appropriate instrument in the best interest of the Company. Such issue shall be subject to the provisions of the Act and Rules made thereunder, Articles of Association of the Company, Securities and Exchange Board of India [Issue of Capital & Disclosure Requirement] Regulations and other applicable laws.

The Company has been pursuing, both through organic process and inorganic opportunities, for its growth. This would require sufficient resources including funds to be available and to be allocated, from time to time. The generation of internal funds may not always be adequate to meet all the requirements of the Company's growth plans. It would be therefore, prudent for the Company to have requisite enabling approvals in place for meeting the fund requirements of its organic and inorganic growth, capital expenditure, long term working capital, refinancing the existing borrowings and also such other corporate purposes as may be permitted under the applicable laws and as may be specified in the appropriate approvals. This would also help the Company to take quick and effective action to capitalize on the opportunities, as and when available.

The requirement of funds is proposed to be met both from equity and debt issuance of appropriate securities as defined in the resolutions and from both domestic and international markets. Prudence would require the funding to be structured with an appropriate mix of equity and debt to meet with the objective of optimization of the cost.

Pursuant to the provisions of section 62(1) of the Companies Act, 2013 (hereinafter referred to as "the Act") and Rules made thereunder, in case the Company proposes to issue equity shares to any persons other than existing members, whether or not such persons are members, approval of members through a Special Resolution is required.

Pursuant to the provisions of section 42 and 62 of the Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company offering or making an invitation to subscribe aforesaid Equity Shares is required to obtain prior approval of the members by way of a Special Resolution. If approved by the members, QIP shall be completed within one year from the date of passing of Special Resolution.

Since the QIP issue was not completed within one year from the date of the passing of Special Resolution, it is proposed to obtain the consent of the members once again.

In view of the above, it is proposed to seek approval from the members of the Company by way of Special Resolution to offer, create, issue and allot securities in one or more tranches, to investors interalia through QIP by way of private placement and to authorize the Board of Directors (including any Committee thereof authorized for the purpose) to do all such acts, deeds and things in the matter.

The Board may offer a discount of not more than 5% on the price calculated for the QIP or such other discount as may be permitted under said ICDR Regulations.

The resolutions contained in Item No. 5 of the accompanying Notice, accordingly, seek members' approval through Special Resolution for raising funds as above through issue of Securities in one or more tranches and authorizing Board of Directors (including any Committee thereof authorized for the purpose) of the Company to complete all the formalities in connection with the issuance of Securities.

The Board recommends the Special Resolution as set out in this Notice for the approval of the Members of the Company.

Directors or Key Managerial Personnel of the Company or their relatives may be deemed to be concerned or interested in the resolution to the extent of their shareholding in the Company.

Item No. 6:

Rule 14 of the Companies [Prospectus and Allotment of Securities] Rules, 2014 prescribed, interalia, under section 42 of the Companies Act, 2013 deals with the private placement of securities by a Company. It provides that in case of an offer or invitation to subscribe for non–convertible debentures on private placement, the Company shall obtain previous approval of its members by means of a Special Resolution only once in a year for all the offers or invitations for such debentures during the year.

In order to augment long term resources for financing, interalia, the ongoing capital expenditure and for general corporate purposes, the Company may offer or invite for subscription Secured Redeemable Non–convertible Debentures, in one or more series or tranches on a private placement.

Accordingly, consent of the members is sought for passing a Special Resolution as set out at Item No. 6 of the Notice. This resolution enables the Board of Directors of the Company to offer or invite for subscription of Non-convertible Debentures, as may be required by the Company, from time to time during the current financial year ending on March 31, 2019.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends passing of the Special Resolution as set out in this Notice for the approval of the Members of the Company.

By order of the Board of Directors

UPEN H. SHAH
Company Secretary

Place : Ahmedabad
Date : May 25, 2018

Annexure A

Details of Director seeking re-appointment at the forthcoming Annual General Meeting

(Pursuant to the Listing Regulations)

Name of the Director	Mr. Pankaj R. Patel
Age	65 years
Date of Appointment on the Board	May 15, 1995
Brief resume and nature of expertise in functional areas	Mr. Pankaj Patel is the Chairman of Cadila Healthcare Limited, an innovation-driven, global healthcare company with operations in more than 50 countries worldwide. With an experience spanning over 40 years in the Indian pharmaceutical industry, Mr. Patel combines both research and techno-commercial expertise. He has published over 100 research papers in peer reviewed journals and is a co-inventor in more than 64 patents. Mr. Patel is an Immediate Past President of Federation of Indian Chamber of Commerce & Industry (FICCI). FICCI has also nominated him as a member in reconstituted Court of the Indian Institute of Science. He is also a member on the Board of Management at The Indian Institute of Foreign Trade (IIFT). He is a Member of the Board of Governors of the Indian Institute of Management (IIM), Ahmedabad. He is also the Chairman of the Board of Governors and Society, IIM, Udaipur. He is the Chairperson of the Board of Governors of IIT, Bhubaneswar. Mr. Patel is currently on the Governing Board of The Ahmedabad University and the Chairman of School of Life Sciences, Ahmedabad University. He is also a Member of the Board of Management of the Narsee Monjee Institute of Management Studies and a Member on the Governing Board of the Gujarat Law Society and Nirma University. He is also a Member on the Board of Governors of the Anant National University, Ahmedabad. Mr. Pankaj Patel is the Executive Chairman, Vice President and Trustee of the Gujarat Cancer Society and Chairman of the Gujarat Cancer and Research Institute, a Regional Cancer Centre and one of the largest cancer centres of India, reaching out to the needy and underprivileged cancer patients. Mr. Pankaj Patel also officiates as the Chairman of the Deaf and Mute School, Ahmedabad.
Relationship between Directors inter-se	Mr. Pankaj R. Patel is father of Dr. Sharvil P. Patel, Managing Director of the Company.
Name of the listed companies in which the person holds Directorships and Memberships of Committees of the Board	**Other Directorships:** 1. Torrent Power Limited 2. Gruh Finance Limited 3. Bayer CropScience Limited **Committees:** **A. Stakeholders' / Investors' Relationship Committee:** **Chairman:** Torrent Power Limited **Member:** Cadila Healthcare Limited
Shareholding of Non–Executive Director	76,56,27,230 *

* Including shares held as a Trustee of Trust and Karta of HUFs.

CADILA HEALTHCARE LIMITED
[CIN L24230GJ1995PLC025878]
Regd. Office: "Zydus Tower", Satellite Cross Roads,
Sarkhej-Gandhinagar Highway, Ahmedabad–380 015.
Email: investor.grievance@zyduscadila.com | **Website:** www.zyduscadila.com
Phone Numbers: +91 79 268 68 100 [20 lines] | **Fax Number:** +91 79 268 62 365

ATTENDANCE SLIP

TWENTY THIRD ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the Twenty Third Annual General Meeting of the Company at J. B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad–380015 on August 13, 2018 at 10.00 a.m.

Member's Folio / DP ID-Client ID No.	Member's/Proxy's name in Block letters	Member's/Proxy's Signature

Note:

1. Please fill the details of your Folio / DP ID–Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.

2. Electronic copy of the Annual Report for the Financial Year 2017–2018 and Notice of the AGM along with Attendance Slip and Proxy Form are being sent to all the members whose email addresses are registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.

3. Physical copy of the Annual Report for the Financial Year 2017–2018 and Notice of the AGM along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email addresses are not registered or have requested for a hard copy.

CADILA HEALTHCARE LIMITED
[CIN L24230GJ1995PLC025878]
Regd. Office: "Zydus Tower", Satellite Cross Roads,
Sarkhej-Gandhinagar Highway, Ahmedabad–380 015.
Email: investor.grievance@zyduscadila.com | **Website:** www.zyduscadila.com
Phone Numbers: +91 79 268 68 100 [20 lines] | **Fax Number:** +91 79 268 62 365

PROXY FORM

Name of the member (s): ....

Registered address: ....

E-mail Id: ....

Folio / DP ID-Client ID No. ....

I/We being the member(s) holding .... shares of the above named Company hereby appoint:

(1) Name:..

Address:..

E-mail ID:.. Signature:...or failing him / her;

(2) Name:..

Address:..

E-mail ID:.. Signature:...or failing him / her;

(3) Name:..

Address:..

E-mail ID:.. Signature:...

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company, to be held on Monday, August 13, 2018 at 10.00 a.m. at J B Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad–380015 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars of Resolution	Optional	
		For	Against
	Ordinary Business		
1.	Adoption of Financial Statements [including consolidated financial statements] for the Financial Year ended on March 31, 2018.		
2.	Declaration of Dividend on Equity Shares for the financial year ended on March 31, 2018.		
3.	Re–appointment of Mr. Pankaj R. Patel, Director retiring by rotation.		
	Special Business:		
4.	Ratification of remuneration to Cost Auditors.		
5.	Issue of securities through Qualified Institutional Placement / Foreign Currency Convertible Bonds, etc.		
6.	Issue of Secured / Unsecured Redeemable Non–Convertible Debentures / Bonds.		

Signed this .... day of 2018

Signature of member ....

Signature of Proxy holder(s) ....

Affix
Revenue
Stamp not
Less than
₹ 0.15

Note:

1. This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Twenty Third Annual General Meeting.
3. It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission

ROUTE MAP OF THE AGM VENUE

We are committed to the core behaviours that define the Zydan Way of Life and are our **Pride and Passion**. These are the guiding principles that we live by, in the quest to make our vision a reality – in the way we behave and in everything that we do.

Core Behaviours

The Zydus Way of Being

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

www.zyduscadila.com

CIN : L24230GJ1995PLC025878