

ZYDUS FOUNDATION

Regd. Office: "Zydus Corporate Park", Scheme No. 63, Survey No. 536
Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Ahmedabad-382481

Phone: +91-79-48040000; +91-79-71800000

CIN: U85300GJ2019NPL105919

Website: www.zydusfoundation.com

NOTICE

NOTICE is hereby given that the **Second** Annual General Meeting of the Company will be held on Thursday, August 27, 2020 at 3.00 p.m. at the registered office of the Company situated at Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad – 382481, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements for the year ended on March 31, 2020 along with the report of the Board of Directors and Auditors thereon.
2. To consider the re-appointment of Mrs. Sujatha Rajesh (DIN-08071096) as a Director, who retires by rotation and being eligible, offers herself for re-appointment.

By order of the Board of Directors



Pankaj R. Patel
Chairman

Place: Ahmedabad

Date: July 31, 2020

NOTE:

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 NO TO BE MEMBER OF THE COMPANY

However, the proxy forms duly stamped, completed and signed should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.

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Boards' Report

Your Directors are pleased to present the Second Annual Report and the Audited Financial Statements for the Financial Year ended on March 31, 2020.

Financial Results:

| (Rs. in Lakhs) | | |
|--------------------------------|---------|---------|
| Particulars | 2018-19 | 2019-20 |
| Total Income | 378 | 3692 |
| Less: Total Expenditure | 2323 | 3978 |
| Surplus/(Deficit) before Tax | (1945) | (286) |
| Tax Expenses | - | - |
| Surplus/(Deficit) for the year | (1945) | (286) |

Operations of the Company:

To serve the needs of the patients and bring world-class medical education to rural interiors of Gujarat, the Company has set up the Zydus Medical College and Hospital at Dahod. The hospital provides free treatment including OPD, indoor, all investigations, surgeries, anesthesia, oral medicines, injectables and food for patients. A new 750 bed hospital is also nearing completion.

Located in a sprawling 20-acre campus, the Zydus Medical College and Hospital Dahod, is a self-financed brownfield medical college project, set up in a Public Private Partnership (PPP) model of Government of Gujarat. The Zydus Medical College is the first Medical College to be set up in Dahod and the first batch of the MBBS programme commenced in August 2018. 350 students are now enrolled for the MBBS programme. The college would also start postgraduate courses in due course of time. In the ongoing fight against Coronavirus, 100 bed quarantine facility was created at the Zydus Medical Hospital, Dahod. The hospital has been serving as a healthcare hub for needy and underprivileged patients.

Issue and Listing of Non-Convertible Debentures (NCDs):

During the year under review, your Company raised funds through private placement of 1850 Unsecured, Listed, Rated, Redeemable Non-Convertible Debentures of the face value of Rs. 10 Lakh each ("NCDs") aggregating to Rs. 185 Crores having maturity period of 5 years.

The said NCDs carrying interest rate 0.1% were issued and allotted on March 24, 2020 to Recon Pharmaceuticals and Investments and subsequently the NCDs were listed on the Wholesale Debt Market of National Stock Exchange of India Limited ("NSE"). The Company has entered into Debenture Trustee Agreement for the aforesaid issue of NCDs with IDBI Trusteeship Services Limited having its registered office at Asian Building, Ground Floor, 17, R. Kamani

Marg, Ballard Estate, Mumbai – 400 001, Phone No. +91-22-40807000| Fax: +91-22-66311776, Email id: itsl@idbitrustee.com, Website: idbitrustee.com.

Directors:

In accordance with the provisions of section 152[6] of the Act and in terms of the Articles of Association of the Company, Mrs. Sujatha Rajesh [DIN: 08071096], Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. The Board recommends her re-appointment.

Deposits:

Your Company has not accepted any fixed deposit from the public.

Related Party Transactions:

All contracts / arrangements / transactions entered by the Company during the financial year with Related Parties were in the ordinary course of business and at an arm's length basis. There is no material transactions with related parties entered into by the Company during the year, required the disclosure of particulars thereof as provided under section 134[3][h] of the Act and Rules made thereunder.

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 that:

- (a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (b) such accounting policies have been selected and applied them consistently and made judgments and estimates 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, 2020 and of the expenditure of the Company for that period;
- (c) 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) the annual financial statements have been prepared on going concern basis,
- (e) proper internal financial controls are in place and that the financial controls are adequate and operating effectively and
- (f) the systems to ensure compliance with the provisions of all applicable laws were in place and are adequate and operating effectively.

Board Meetings:

During the year, five Board Meetings were held on May 28, 2019, October 7, 2019, January 22, 2020, February 22, 2020 and March 24, 2020 in compliance with the provisions of the Companies Act, 2013.

Statutory Auditors and their Report:

M/s. Mukesh M. Shah & Co. Chartered Accountants, Ahmedabad (Firm Registration No. 106625W) was appointed as the Statutory Auditors of the Company for a period of five years from the conclusion of the First Annual General Meeting till the conclusion of Sixth Annual General Meeting.

The Company has received a certificate from the Statutory Auditors to the effect that their appointment will be within the limits defined under section 139 of the Companies Act, 2013.

The Board has duly reviewed the Statutory Auditor's Report on the Financial Statements. The observations and comments, appearing in the Auditor's 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.

Corporate Social Responsibility (CSR):

The Company does not fall in any of the criteria laid down in section 135(1) of the Act and Rules made thereunder and therefore is not required to comply with the relevant provisions of the said section during the year under review.

Reporting of Frauds:

There have been no instances of fraud reported by the Statutory Auditors under section 143 [12] of the Act and the Rules framed thereunder either to the Company or to the Central Government.

Particulars of Loans, Guarantees or Investments:

The Company has not granted any loan and/or guarantee to any party. The particulars of investment covered under section 186 of the Act are given in the notes to the financial statements.

Internal control systems 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, 2020, 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 controls whenever the effect of such gaps would have a material effect on the Company's operations.

Extract of annual return:

The relevant information in the prescribed form MGT-9 pertaining to abstract of annual return is attached to this report as **Annexure–“A”**.

Secretarial Standards:

The Company has complied with the provisions of the applicable Secretarial Standards.

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 the Companies [Accounts] Rules, 2014, are not required to be disclosed separately, as the same is not applicable to the Company.

General Disclosures:

Your Directors state that the Company has made disclosures in this report, 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.

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.

Particulars of Employees:

No employee of the Company was in receipt of remuneration in excess of the amount specified in section 197 of the Companies Act, 2013 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the year under review.

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 endeavors 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 2019–2020, the Company has not received any complaint of sexual harassment.

Acknowledgment:

Your Directors take this opportunity to place on record the valuable cooperation and support extended by Banks and its shareholders for their continued confidence reposed in the Company and look forward to having the same support in all its future endeavors.

On behalf of the Board of Directors



Pankaj R. Patel
Chairman

Date : July 31, 2020

Place: Ahmedabad

Form No. MGT-9

EXTRACT OF ANNUAL RETURN**as on the financial year ended on March 31, 2020**

(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 | U85300GJ2019NPL105919 |
| Registration Date | January 7, 2019 |
| Name of the Company | Zydus Foundation |
| Category / Sub-Category of the Company | Public Limited Company Limited by shares |
| Address of the Registered Office and Contact details | "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Ahmedabad-382481 Phone: +91-79-48040101 |
| Whether listed company | No |
| Name, address and contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited 506-508, Amarnath Business Centre, Nr. St. Xavier's College Corner, Navrangpura, Ahmedabad-380009 |

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:

Zydus Foundation is a Section 8 Company incorporated under the Companies Act, 2013.

| III. Particulars of holding, subsidiary and Associate Companies | | | | | |
|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------------|-------------------------|---------------------------|
| Sr. No. | Name and Address of the Company | CIN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section |
| 1. | Cadila Healthcare Limited "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Ahmedabad-382481 | L24230GJ1995PLC025878 | Holding | 100 | 2(46) |

i) Category-wise Shareholding:

[illegible]

| 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 | |
| ii) Individual share-holders holding nominal share capital in excess of 2 Lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | | | | | | | | | |
| i) Shares held by Pakistani citizens vested with the Custodian of Enemy Property | - | - | - | - | - | - | - | - | - |
| ii) Other Foreign Nations | - | - | - | - | - | - | - | - | - |
| iii) Foreign Bodies | - | - | - | - | - | - | - | - | - |
| iv) NRI / OCBs | - | - | - | - | - | - | - | - | - |
| v) Clearing Members/ Clearing House | - | - | - | - | - | - | - | - | - |
| vi) Trusts | - | - | - | - | - | - | - | - | - |
| vii) Limited Liability Partnership | - | - | - | - | - | - | - | - | - |
| viii) Foreign Portfolio Investor (Corporate) | - | - | - | - | - | - | - | - | - |
| ix) Qualified Foreign Investors | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(2): | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 50,000 | - | 50,000 | 100% | 50,000 | - | 50,000 | 100% | - |

ii) Shareholding of Promoters:

| Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share-holding 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 | |
| Cadila Healthcare Limited | 49,994 | 100% | Nil | 49,994 | 100% | Nil | - |
| Mr. Pankaj Ramanbhai Patel | *1 | - | Nil | *1 | - | Nil | - |
| Dr. Sharvil Pankajbhai Patel | *1 | - | Nil | *1 | - | Nil | - |
| Mr. Nitinkumar Dalsukhray Parekh | *1 | - | Nil | *1 | - | Nil | - |
| Dr. Mukesh Raojibhai Patel | *1 | - | Nil | *1 | - | Nil | - |
| Mr. Jyotindra Bhogilal Gor | *1 | - | Nil | *1 | - | Nil | - |
| Mr. Vishal Jyotindra Gor | *1 | - | Nil | *1 | - | Nil | - |
| Total | 50,000 | 100.00% | - | 50,000 | 100.00% | - | - |

* Shares held as nominees of Cadila Healthcare Limited

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 |
| At the beginning of the year | No change during the year | | | |
| Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | | | | |
| At the end of the year | | | | |

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

| For each of the top 10 shareholders | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|-------------------------------------|-------------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| NIL | | | | |

v) **Shareholding of Directors and Key Managerial Personnel (KMP):**

A. Directors (Other than KMP)

| Particulars | Pankaj Patel | Sharvil Patel | Jyotindra Gor | Sujatha Rajesh |
|-----------------------------------------------------------------------------|--------------|---------------|---------------|----------------|
| At the beginning of the year: Number of Shares % of total shares held | *1 - | *1 - | *1 - | Nil - |
| Date wise increase / decrease in shareholding: | Nil | Nil | Nil | Nil |
| At the end of the year: Number of Shares % of total shares held | *1 - | *1 - | *1 - | Nil - |

*Shares held as nominee of Cadila Healthcare Limited

B. Key Managerial Personnel: N.A.

V. INDEBTEDNESS

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

(Rs. in lakhs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|------------------------------------------------------------|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | 18500 | - | - |
| Reduction | - | - | - | - |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 18500 | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 0.1010 | - | - |
| Total (i+ii+iii) | - | - | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other Director:

1. Independent Directors: N.A.

2. Other Non-Executive Directors: N.A.

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

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 | None | | | | |
| Punishment | | | | | |
| compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | None | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | None | | | | |

On behalf of the Board of Directors


Pankaj R. Patel
Chairman

Date : July 31, 2020

Place: Ahmedabad

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZYDUS FOUNDATION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zydus Foundation ("the Company"), which comprise the balance sheet as at 31st March 2020 and the statement of Profit and Loss (including other comprehensive income), the statement of changes in Equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.



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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit



evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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



Report on Other Legal and Regulatory Requirements

This report does not contain a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act as, in our opinion, and according to the information and explanations given to us, Order is not applicable in the case of the company.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration paid by the Company to its directors during the year.

B. 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, in our opinion and to the best of our information and according to the explanations given to us:

- a) The Company has disclosed the impact of pending litigations on its financial statements in its financial statements;
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



7th Floor, Heritage Chambers
B/h. Bikanerwala, Off S.M. Road,
Nr. Azad Society, Nehru Nagar, Ahmedabad-380 015.
Phone : (B) 079 - 2647 2000 E mail : contact@mmsco.in
Website : www.mmsco.in

MUKESH M. SHAH & CO.

CHARTERED ACCOUNTANTS

AHMEDABAD • MUMBAI • BANGALORE

- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Ahmedabad
Date: July 31, 2020
UDIN: 20030190AAAAAC9972



For MUKESH M. SHAH & CO.,
Chartered Accountants
Firm Registration No.: 106625W

Mukesh M. Shah
Partner
Membership No.: 030190

"Annexure A" referred to in the Independent Auditors' Report of even date to the members of "Zydus Foundation" on the Financial Statements for the year ended 31st March, 2020.

Report on the Internal Financial Control clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the act")

We have audited the internal financial controls over financial reporting of Zydus Foundation ("the company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Controls and, both issued by the ICAI. 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 control 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 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 authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at 31st March 2020 in all material respect based on the internal control over financial reporting criteria by the Company considering the essential components of control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Ahmedabad
Date: July 31, 2020
UDIN: 20030190AAAAAC9972



For MUKESH M. SHAH & CO.,
Chartered Accountants
Firm Registration No.: 106625W

Mukesh M. Shah
Partner
Membership No.: 030190

Zydus Foundation
Balance Sheet as at March 31, 2020

| Particulars | Note No. | INR- Lacs | |
|----------------------------------------------|----------|----------------|----------------|
| | | As at March 31 | As at March 31 |
| | | 2020 | 2019 |
| ASSETS: | | | |
| Non-Current Assets: | | | |
| Property, Plant and Equipment | 3 | 1,573 | 1,006 |
| Intangible asset | 3 [B] | 3 | 4 |
| Capital work-in-progress | | 19,943 | 2,500 |
| Financial Assets: | | | |
| Other Financial Assets | 4 | 42 | 67 |
| Other Non-Current Assets | 5 | - | 19 |
| | | 21,561 | 3,596 |
| Current Assets: | | | |
| Inventories | 6 | 30 | 20 |
| Financial Assets: | | | |
| Trade receivable | 7 | 142 | 44 |
| Cash and Cash Equivalents | 8 | 861 | 544 |
| Other Current Financial Assets | 9 | 319 | 1,203 |
| | | 1,322 | 1,791 |
| Other Current Assets | 10 | 4,870 | 9 |
| | | 6,192 | 1,800 |
| | | 27,783 | 5,416 |
| Total | | | |
| EQUITY AND LIABILITIES: | | | |
| Equity: | | | |
| Equity Share Capital | 11 | 5 | 5 |
| Other Equity | 12 | 3,784 | 791 |
| | | 3,789 | 796 |
| Non-Current Liabilities: | | | |
| Financial Liabilities: | | | |
| Borrowings | 13 | 12,542 | - |
| Provisions | 14 | 108 | - |
| Other Non-Current Liabilities | 15 | 7,724 | 1,195 |
| | | 20,374 | 1,195 |
| Current Liabilities: | | | |
| Provisions | 16 | 21 | - |
| Financial Liabilities: | | | |
| Trade Payables: | | | |
| Due to Micro and Small Enterprise | 17 | - | - |
| Due to other than Micro and Small Enterprise | 17 | 2,401 | 359 |
| Other current financial liabilities | 18 | 1,016 | 2,991 |
| Other current Liabilities | 19 | 182 | 75 |
| | | 3,620 | 3,425 |
| | | 27,783 | 5,416 |
| Total | | | |
| Significant Accounting Policies | 2 | | |
| Notes to the Financial Statements | 1 to 32 | | |

As per our report of even date
Mukesh M. Shah & Co.
Chartered Accountants
Firm Registration Number: 106625W

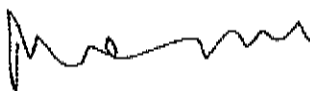
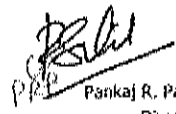

Mukesh M. Shah
Partner
Membership Number: 030190
Ahmedabad, Dated: July 31, 2020



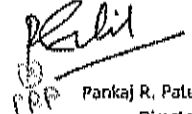
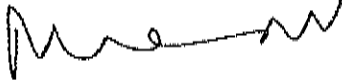
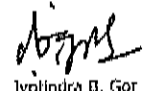
For and on behalf of the Board

Pankaj R. Patel
Director

Jyotindra B. Gor
Director



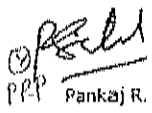

| Zydus Foundation | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Statement of Income and Expenditure for the year ended March 31, 2020 | | | |
| Particulars | Note No. | INR- Lacs | INR- Lacs |
| | | For the period ended on March | For the period ended on March 31 |
| | | 2020 | 2019 |
| Revenue | 18 | 2,817 | 378 |
| Other Income | 19 | 875 | - |
| Total Income | | 3,692 | 378 |
| EXPENSES: | | | |
| Employee Benefits Expense | 20 | 2,370 | 45 |
| Finance Costs | 21 | 23 | 6 |
| Depreciation, Amortisation and Impairment expense | 3 | 134 | 1 |
| Project Hospital and Medical College Related expenses | | - | 2,054 |
| Administration and other expenses | 22 | 1,451 | 217 |
| Total Expenses | | 3,978 | 2,323 |
| Excess of Expenditure over income (before tax) | | (286) | (1,945) |
| Tax Expense | | - | - |
| Excess of Expenditure over income | | (286) | (1,945) |
| Other Comprehensive Income for the year [Net of Tax] | | - | - |
| Total Comprehensive Income for the year [Net of Tax] | | (286) | (1,945) |
| Significant Accounting Policies | 2 | | |
| Notes to the Financial Statements | 1 to 32 | | |
| As per our report of even date Mukesh M. Shah & Co. Chartered Accountants Firm Registration Number: 106625W  Mukesh M. Shah Partner Membership Number: 030190 Ahmedabad, Dated: July 31, 2020 | | For and on behalf of the Board  Pankaj R. Patel Director  Jyotindra B. Gor Director | |



| Zydus Foundation | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------|
| Statement of Changes in Equity for the year ended March 31, 2020 | | | |
| a Equity Share Capital: | | No. of Shares | INR- Lacs |
| Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up: | | | |
| As at March 31, 2020 | | 50,000 | 5 |
| As at March 31, 2019 | | 50,000 | 5 |
| | | 50,000 | 5 |
| b Other Equity: | | INR- Lacs | |
| | Reserves and Surplus | | Total |
| | Building Development Reserve [*] | Retained Earnings | |
| As at March 31, 2018 | - | - | - |
| Less: Excess of Expenditure over income | - | (1,945) | (1,945) |
| Add: Contribution received during the year for specific purpose | 2,736 | - | 2,736 |
| As at March 31, 2019 | 2,736 | (1,945) | 791 |
| Less: Excess of Expenditure over income | - | (286) | (286) |
| Add: Contribution received during the year for specific purpose | 3,279 | - | 3,279 |
| As at March 31, 2020 | 6,015 | (2,231) | 3,784 |
| As per our report of even date | | For and on behalf of the Board | |
| Mukesh M. Shah & Co. Chartered Accountants Firm Registration Number: 106625W | |  Pankaj R. Patel Director | |
|  Mukesh M. Shah Partner Membership Number: 030190 Ahmedabad, Dated: July 31, 2020 | |  Jyotindra B. Gor Director | |



Signature

| Zydus Foundation | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------|
| Cash Flow Statement for the year ended March 31, 2020 | | |
| Particulars | INR-Lacs | |
| | For the period ended on March 31 | |
| | 2020 | 2019 |
| Cash flows from operating activities: | | |
| [Loss] before tax | (286) | (1,945) |
| Adjustments for: | | |
| Depreciation and amortisation expense | 134 | 1 |
| Interest income | (24) | - |
| Provision for employee benefit | 129 | - |
| Interest expense | 23 | - |
| Operating profit before working capital changes | (24) | (1,944) |
| Adjustments for: | | |
| (Increase) in inventories | (10) | (20) |
| (Increase) in trade receivable | (98) | (45) |
| Decrease/(Increase) in other Non current assets | 44 | (85) |
| (Increase) in other current assets | (3,977) | (87) |
| Increase in trade payables | 2,042 | 359 |
| Increase in other non current liabilities | 1,658 | - |
| (Decrease)/Increase in other current liabilities | (2,954) | 3,136 |
| Total | (3,295) | 3,258 |
| Net cash from operating activities | (3,319) | 1,314 |
| B Cash flows from investing activities: | | |
| Purchase of property, plant and equipment and CWIP | (18,144) | (3,511) |
| Contribution received for specific purpose | 3,279 | 2,736 |
| Interest received | 24 | - |
| Interest paid | (23) | - |
| Net cash (used in) investing activities | (14,864) | (775) |
| C Cash flows from financing activities: | | |
| Issue of equity shares | 18,500 | 5 |
| Issue of Non convertible debentures | 18,500 | 5 |
| Net cash from financing activities | 317 | 544 |
| Net (Decrease)/ Increase in cash and cash equivalents | 544 | - |
| Cash and cash equivalents at the beginning of the year | 861 | 544 |
| Cash and cash equivalents at the end of the year | 861 | 544 |
| Notes to the Cash Flow Statement | | |
| 1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows". | | |
| 2 All figures in brackets are outflows. | | |
| Cash and cash equivalents comprise of: | | |
| | As at March 31, 2020 | As at March 31, 2019 |
| a Cash on Hand | 860 | 544 |
| b Balances with Banks | 1 | - |
| c Total | 861 | 544 |
| <div> <div> <p>As per our report of even date</p> <p>Mukesh M. Shah & Co.</p> <p>Chartered Accountants</p> <p>Firm Registration Number: 106625W</p> </div> <div>  <p>Mukesh M. Shah</p> <p>Partner</p> <p>Membership Number: 030190</p> <p>Ahmedabad, Dated: July 31, 2020</p> </div> <div>  </div> </div> <div> <p>For and on behalf of the Board</p> <p> Pankaj R. Patel</p> <p>Director</p> <p> Jyotindra B. Gor</p> <p>Director</p> </div> | | |

Zydus Foundation
Notes to the Financial Statements

Note: 1-Company overview:

Zydus foundation ("the Company") has been incorporated on January 7, 2019 under section 8 of the Companies Act, 2013 as a company limited by shares. The main activity of the Company is to run, operate and maintain medical college and hospital in rural areas. The financial statements are presented in Indian Rupee (INR) which is also the functional currency of the company.

The registered office of the Company is situated at "Zydus Corporate Park", Scheme No. 63, Survey No. 536 Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S G Highway, Ahmedabad - 382481. These financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors at their meeting held on July 31, 2020.

Note: 2-Significant Accounting Policies:

A The following note provides list of the significant accounting policies adopted in the preparation of these financial statements.

1 Basis of preparation:

A The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standard) Rules, 2015

B The financial statements of the Company are prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair value at end of each reporting period. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

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 financial statements.

3 Revenue Recognition:

A Grant/contribution:

Revenue from Donations/ Grants are recognised upon compliance with the significant condition, if any, and where it is reasonable to expect ultimate collection. Amounts received with a specific direction from donors that such amounts shall form part of the Corpus of the Foundation are recognised accordingly.

B Sale of Services:

Income from services rendered to patients in Hospital is recorded and recognised during the period in which the hospital service is provided. Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used.

C Fees Income:

Fee income is stated gross of any expenditure and credited to the Statement of Income and Expenditure over the period in which it accrues.

D 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 expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

4 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 Income and expenditure 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.

5 Taxes on Income:

Tax expenses comprise of current and deferred tax.

Current Tax:

Provision for current tax has not been made in the books of accounts in view of the exemption of income of the Company under Section-11 read with Section 2 (15) of the provisions of the Income Tax Act, 1961.



Note: 2-Significant Accounting Policies-Continued:

6 Property, Plant and Equipment:

- A** All 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. 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.
- B** 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.
- C** 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.
- D** Where the actual cost of purchase of an asset is below INR 10,000/-, the depreciation is provided @ 100%.
- E** Capital work in progress is stated at cost less accumulated impairment loss, if any.
- F** 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 Income and expenditure when the asset is derecognised.

7 Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost of inventories is based on first-in, first out (FIFO) principle.

8 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.

9 Leases:

The Company has adopted Ind AS 116 "Leases" which is effective for an annual period beginning on or after from April 1, 2019. The following is the significant accounting policy related to revenue recognition under Ind AS 116.

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period.

Prior periods have not been restated. For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.

10 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 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.



Note: 2-Significant Accounting Policies-Continued:**11 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 up to 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 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.

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 their 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.

12 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 transaction costs, in the case of financial assets not recorded at fair value through profit or loss, that are attributable to the acquisition of the financial asset. All recognised financial assets are subsequently measured at either amortised cost or fair value depending upon the classification of the financial asset.

b 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 risks and rewards of ownership of the financial asset, the same is derecognised.

c 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 financial assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applies depends on whether there has been a significant increase in credit risk.



Note: 2-Significant Accounting Policies-Continued:**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, using EIR method. Gains and losses are recognised in Statement of Income and expenditure 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. The difference in the respective carrying amounts is recognised in the Statement of profit and loss.

C 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.

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable effective from April 1, 2020.



Zydus Foundation
Notes to the Financial Statements

Note: 3-Property, Plant & Equipment and Intangible Assets:

(A) Property, Plant and Equipment:

| | <u>Computer and data processing</u> | <u>Furniture and fittings</u> | <u>Office equipments</u> | <u>Plant & Machinery</u> | <u>Vehicles</u> | INR- Lacs Total |
|----------------------------------------|-----------------------------------------|-----------------------------------|------------------------------|------------------------------|-----------------|--------------------------------------|
| Gross Block: | | | | | | |
| As at March 31, 2018 | - | - | - | - | - | - |
| Additions | - | - | 8 | - | - | 8 |
| Transferred Assets | 55 | 373 | 47 | 523 | - | 998 |
| As at March 31, 2019 | 55 | 373 | 55 | 523 | - | 1,006 |
| Additions | 6 | 148 | 25 | 450 | 72 | 700 |
| As at March 31, 2020 | 61 | 521 | 80 | 973 | 72 | 1,706 |
| Depreciation and Impairment: | | | | | | |
| As at March 31, 2018 | - | - | - | - | - | - |
| Depreciation for the year (INR 30,910) | 0 | 0 | 0 | 0 | - | 0 |
| As at March 31, 2019 | 0 | 0 | 0 | 0 | - | 0 |
| Depreciation for the year | 19 | 50 | 17 | 43 | 5 | 133 |
| As at March 31, 2020 | 19 | 50 | 17 | 43 | 5 | 134 |
| Net Block: | | | | | | |
| As at March 31, 2020 | 42 | 472 | 63 | 930 | 67 | 1,573 |
| As at March 31, 2019 | 55 | 373 | 55 | 523 | - | 1,006 |

(B) Intangible assets:

| | <u>Software</u> | INR- Lacs Total |
|-------------------------------------|-----------------|--------------------------------------|
| Gross Block: | | |
| As at March 31, 2018 | - | - |
| Additions | - | - |
| Transferred Assets | 5 | 5 |
| As at March 31, 2019 | 5 | 5 |
| Additions | - | - |
| As at March 31, 2020 | 5 | 5 |
| Depreciation and Impairment: | | |
| As at March 31, 2018 | - | - |
| Impairment for the year | 1 | 1 |
| As at March 31, 2019 | 1 | 1 |
| Impairment for the year | 1 | 1 |
| As at March 31, 2020 | 2 | 2 |
| Net Block: | | |
| As at March 31, 2020 | 3 | 3 |
| As at March 31, 2019 | 4 | 4 |

| INR- Lacs | INR- Lacs |
|-----------------------|-----------------------|
| As at March 31 | As at March 31 |
| 2020 | 2019 |

Note: 4-Other Financial Assets:

[Unsecured, Considered Good unless otherwise stated]

| | | |
|-------------------|-----------|-----------|
| Security Deposits | 35 | 12 |
| Others | 7 | 55 |
| Total | 42 | 67 |

Note: 5-Other Non-Current Assets:

| | | |
|--------------|----------|-----------|
| Others | - | 19 |
| Total | - | 19 |

Note: 6-Inventories:

| | | |
|----------------------|-----------|-----------|
| Medicines and others | 30 | 20 |
| Total | 30 | 20 |

Note: 7 -Trade receivable:

[Unsecured, Considered Good]

| | | |
|-------------------|------------|-----------|
| Claim receivables | 142 | 44 |
| Total | 142 | 44 |

Note: 8-Cash and Bank Balances:

Cash and Cash Equivalents:

| | | |
|-------------------------------------------------|------------|------------|
| Balances with Banks | 860 | 544 |
| Cash on Hand (As at March 31, 2019: INR 10,603) | 1 | 0 |
| Total | 861 | 544 |



| Zydus Foundation Notes to the Financial Statements | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | INR- Lacs As at March 31 2020 | INR- Lacs As at March 31 2019 |
| Note: 9-Other Current Financial Assets: | | |
| Grant receivable | - | 1,125 |
| Fees receivable | 314 | 78 |
| Others | 6 | - |
| Total | 319 | 1,203 |
| Note: 10-Other Current Assets: | | |
| [Unsecured, Considered Good] | | |
| Capital Advances | 4,840 | 0 |
| Prepaid Expenses | 9 | 9 |
| Others | 20 | - |
| Total | 4,870 | 9 |
| Note: 11-Equity Share Capital: | | |
| Authorised: | | |
| 50,000 Equity shares of Rs. 10 each | 5 | 5 |
| Issued, Subscribed and Paid-up: | | |
| 50,000 Equity shares of Rs. 10 each, fully paid up | 5 | 5 |
| Total | 5 | 5 |
| A Number of shares at the time of Incorporation and at the end of the year | | |
| Opening balance | 50,000 | - |
| Issued during the year | - | 50,000 |
| Closing balance | 50,000 | 50,000 |
| B The Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity share is entitled to one vote per share. In the event of winding up or dissolution of the company, there remains, after the satisfaction of all the debts and liabilities, any property whatsoever, the same shall not be distributed amongst the members of the company. | | |
| C Details of Shareholder holding more than 5% of aggregate Equity Shares of INR 10/- each | | |
| Cadila Healthcare Limited and its nominees | 50,000 | 50,000 |
| Number of Shares | 100% | 100% |
| % to total share holding | | |
| Note: 12-Other Equity: | | |
| Other Reserves: | | |
| Building and Infrastructure Development Fund: [*] | | |
| Balance as per last Balance Sheet | 2,736 | - |
| Add: Contribution received during the year for specific purpose | 3,279 | 2,736 |
| Balance as at the end of the year | 6,015 | 2,736 |
| Retained Earnings: | | |
| Balance as per last Balance Sheet | (1,945) | - |
| Add: Excess of Expenditure over Income | (286) | (1,945) |
| Balance as at the end of the year | (2,231) | (1,945) |
| Total | 3,784 | 791 |
| [*] Building and Infrastructure development fund has been set up specifically for the purpose of construction of Property, Plant and Equipment. | | |
| Note: 13-Borrowings | | |
| 1850; 0.10% Non-Convertible Debentures (unsecured) of face value of Rs. 10,00,000 each | 12,542 | - |
| Total | 12,542 | - |
| <p>The Company had issued and allotted Unsecured Redeemable Non-Convertible Debentures (NCDs) of INR 18,500 lacs on March 24, 2020 which are repayable on March 25, 2025. The NCDs carries prepayment option, it can be repaid in full or part with due consent from majority Debenture holders. The first interest payment is due for payment on March 25, 2021 of INR 18.55 Lacs.</p> <p>The NCDs have been rated "BBB+" by CARE Ratings Limited ("CARE"). This indicates "moderate degree of safety" regarding timely servicing of financial obligation. There is no change in rating of the NCDs post issuance of NCDs.</p> <p>The NCDs are unsecured hence asset cover is not applicable. Value of Debenture Redemption Reserve as on March 31, 2020 is INR NIL. Value of outstanding NCDs as on March 31, 2020 is INR 18,500 Lacs, which is grouped as INR 12,542 Lacs under the head of "Borrowings", INR 4,942 lacs under the head of "Other Non Current Liabilities" and INR 1,016 under the head of "Other current financial Liabilities". Following are the key ratios as on March 31, 2020 -</p> | | |
| Debt Equity Ratio | 4.88 | |
| Debt Service Coverage Ratio | (11.50) | |
| Interest Service Coverage Ratio | (11.50) | |



Zydus Foundation
Notes to the Financial Statements

| | INR-Lacs | |
|--------------------------------|----------------|------|
| | As at March 31 | |
| | 2020 | 2019 |
| Note: 14-Provisions | | |
| Provision for employee benefit | 108 | - |
| Total | 108 | - |

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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.

B Change in the present value of the defined benefit obligation:

| | Medical Leave | Leave Wages | Gratuity | Medical Leave | Leave Wages | Gratuity |
|-------------------------------------------------|---------------|-------------|----------|---------------|-------------|----------|
| Opening obligation | - | - | - | - | - | - |
| Interest cost | - | - | - | - | - | - |
| Current service cost | 2 | 30 | 19 | - | - | - |
| Past service cost | 3 | 60 | 14 | - | - | - |
| Benefits paid | - | - | - | - | - | - |
| Actuarial (gains)/ losses on obligation due to: | | | | | | |
| Experience | - | - | - | - | - | - |
| Change in financial assumptions | - | - | - | - | - | - |
| Closing obligation | 5 | 90 | 33 | - | - | - |

C Change in the fair value of plan assets:

| | | | | | | |
|-----------------------------------|---|---|---|---|---|---|
| Opening fair value of plan assets | - | - | - | - | - | - |
| Transfer under the | - | - | - | - | - | - |
| Expected return on plan assets | - | - | - | - | - | - |
| Return on plan assets excluding | - | - | - | - | - | - |
| Interest cost | - | - | - | - | - | - |
| Contributions by employer | - | - | - | - | - | - |
| Benefits paid | - | - | - | - | - | - |
| Actuarial (losses)/ gains | - | - | - | - | - | - |
| Closing fair value of plan assets | - | - | - | - | - | - |
| Total actuarial (losses)/ gains | - | - | - | - | - | - |

D Actual return on plan assets:

| | | | | | | |
|------------------------------------------|---|---|---|---|---|---|
| Expected return on plan assets | - | - | - | - | - | - |
| Actuarial (losses)/ gains on plan assets | - | - | - | - | - | - |
| Actual return on plan assets | - | - | - | - | - | - |

E Amount recognised in the balance sheet:

| | | | | | | |
|-------------------------------------------------------|---|----|----|---|---|---|
| Liabilities/ (Assets) at the end of the year | 5 | 90 | 33 | - | - | - |
| Fair value of plan assets at the end of the year | - | - | - | - | - | - |
| Difference | 5 | 90 | 33 | - | - | - |
| Liabilities/ (Assets) recognised in the Balance Sheet | 5 | 90 | 33 | - | - | - |



Zydus Foundation
Notes to the Financial Statements

Note: 14-Provisions- continued

F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:

| | | | | | | |
|-----------------------------------------------------------------|---|----|----|---|---|---|
| Current service cost | 2 | 30 | 19 | - | - | - |
| Past service cost | 3 | 60 | 14 | - | - | - |
| Interest cost on benefit obligation | - | - | - | - | - | - |
| Expected return on plan assets | - | - | - | - | - | - |
| Return on plan assets excluding amount incl. in Interest Income | - | - | - | - | - | - |
| Net actuarial [gains]/ losses in the year | - | - | - | - | - | - |
| Amount included in "Employee Benefit Expense" | 5 | 90 | 33 | - | - | - |

G Movement in net liabilities recognised in Balance sheet:

| | | | | | | |
|-------------------------------------------------------|---|----|----|---|---|---|
| Opening net liabilities | - | - | - | - | - | - |
| Expenses as above (P & L Charge) | 5 | 90 | 33 | - | - | - |
| Employer's contribution | - | - | - | - | - | - |
| Benefits Paid | - | - | - | - | - | - |
| Liabilities/ [Assets] recognised in the Balance sheet | 5 | 90 | 33 | - | - | - |

H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:

| | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-------|-------|
| Discount rate | 6.45% | 6.45% | 6.45% |
| [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 1 year and 9% p.a. 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 Amount recognised in current and previous four years:

| | | |
|-------------------------------------------|----------------|------|
| | As at March 31 | |
| Gratuity: | 2020 | 2019 |
| Defined benefit obligation | 33 | - |
| Fair value of Plan Assets | - | - |
| Deficit/ [Surplus] in the plan | 33 | - |
| Actuarial Loss/ [Gain] on Plan Obligation | - | - |
| Actuarial Loss/ [Gain] on Plan Assets | - | - |

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is shown below:

| Assumptions | Medical Leave | | Leave Wages | | Gratuity | |
|-------------------------------------|---------------|------|-------------|------|----------|------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Impact on obligation: | | | | | | |
| Discount rate increase by 0.5% | (0) | - | (3) | - | (2) | - |
| Discount rate decrease by 0.5% | 0 | - | 3 | - | 2 | - |
| Annual salary cost increase by 0.5% | 0 | - | 3 | - | 2 | - |
| Annual salary cost decrease by 0.5% | (0) | - | (3) | - | (2) | - |

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

| | INR-Lacs | |
|----------------------------------------------------------|----------|------|
| | 2020 | 2019 |
| Within the next 12 months [next annual reporting period] | 21 | - |
| Between 2 and 5 years | 41 | - |
| Between 5 and 10 years | 52 | - |



Zydus Foundation
Notes to the Financial Statements

| | INR-Lacs | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------|
| | As at March 31 | |
| | 2020 | 2019 |
| Note: 15-Other Non Current Liabilities: | | |
| Government Grant | 2,625 | 1,125 |
| Caution Money Deposit | 158 | 70 |
| Unamortised premium on 0.10% Non-convertible debentures [Refer Note - 13] | 4,942 | - |
| Total | 7,724 | 1,195 |
| Note: 16-Provisions | | |
| Provision for employee benefit | 21 | - |
| Total | 21 | - |
| Note: 17-Trade Payables: | | |
| Due to Micro and Small Enterprise | - | - |
| Due to other than Micro and Small Enterprise | 2,401 | 359 |
| Total | 2,401 | 359 |
| [*] Disclosure in respect of Micro and Small Enterprises: | | |
| A Principal amount remaining unpaid to any supplier as at year end | - | - |
| 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 | - | - |
| 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: 18-Other current financial Liabilities: | | |
| Payable to related party | - | 2,991 |
| Unamortised premium on 0.10% Non-convertible debentures [Refer Note - 13] | 1,016 | - |
| Others [INR 10,109] | 0 | - |
| Total | 1,016 | 2,991 |
| Note: 19-Other current Liabilities: | | |
| Payable to Statutory Authorities | 182 | 75 |
| Total | 182 | 75 |
| Note: 20-Commitments [to the extent not provided for]: | | |
| Commitments: | | |
| a Estimated amount of contracts remaining to be executed on capital account and not provided for | 14,328 | 30,948 |



| Zydus Foundation Notes to the Financial Statements | | |
|----------------------------------------------------------------------------------|---------------------|---------------------|
| | INR-lacs | INR-lacs |
| | Year ended March 31 | Year ended March 31 |
| | 2020 | 2019 |
| Note: 21-Revenue: | | |
| Sale of services | 290 | 45 |
| Fees income | 2,528 | 333 |
| Total | 2,817 | 378 |
| Note: 22-Other Income: | | |
| Grant | 850 | - |
| Interest | 24 | - |
| Other Non-operating Income | 1 | - |
| Total | 875 | - |
| Note: 23-Employee Benefits Expense: | | |
| Salaries and wages | 2,209 | 45 |
| Contribution to provident and other funds | 158 | - |
| Staff welfare expenses | 4 | - |
| Total | 2,370 | 45 |
| Note: 24-Finance Cost: | | |
| Interest expense | 23 | 6 |
| Bank commission & charges [INR 30,538; For year ended March 31,2019: INR 19,500] | 0 | 0 |
| Total | 23 | 6 |
| Note: 25-Administration and other expenses: | | |
| Fees paid to Professionals | 166 | 127 |
| Housekeeping Expenses | 297 | 25 |
| Security Expenses | 170 | 13 |
| Power and fuel expenses | 148 | 1 |
| Medical Disposable and Consumable Expenses | 287 | 29 |
| Advertisement Expenses | 3 | - |
| Canteen Expenses | 50 | 4 |
| Computer and Internet Expenses [For year ended March 31,2019: INR 41,000] | 6 | 0 |
| Effluent Treatment Expenses | 9 | 1 |
| Fuel Expenses | 16 | 1 |
| Laboratory Expenses | 3 | - |
| Legal & professional Expenses | 2 | 1 |
| Misc. & Other Expenses | 126 | 5 |
| Printing & Stationary Expenses | 19 | 2 |
| Rent Expenses | 41 | 2 |
| Repairs and Maintenance-Building | 32 | 4 |
| Repairs and Maintenance Expense- Others | 24 | 2 |
| Travelling Expenses [For year ended March 31,2019: INR 9,000] | 19 | 0 |
| University Affiliation Fees | 26 | - |
| Books and periodicals | 6 | - |
| Total | 1,451 | 217 |
| Legal and Professional Expenses include: | | |
| Payment to the Statutory Auditors (excluding GST): | | |
| - As Auditor | 2 | 1 |
| - For Other Services | - | - |
| - Total | 2 | 1 |



Zydus Foundation
Notes to the Financial Statements

Note 26: -Related Party Transactions:

A Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:

a Holding company

Cadila Healthcare Limited

b Fellow subsidiaries

Dialforhealth India Limited [*]

Dialforhealth Unity Limited

Dialforhealth Greencross Limited

Zydus Healthcare Limited

Zydus Wellness Limited

M/s. Zydus Wellness-Sikkim, a Partnership Firm [#]

Zydus Wellness Products Limited [Formerly known as

Zydus Nutritions Limited] [#]

Liva Pharmaceuticals Limited [*]

Liva Nutritions Limited

Liva Investment Limited

Zydus Technologies Limited [*]

German Remedies Pharmaceuticals Private Limited [Formerly known as Acme Pharmaceuticals Private Limited]

Allidac Pharmaceuticals Limited [*]

Violio Healthcare Limited

Zydus Animal Health and Investments Limited [Formerly known as Violio Pharmaceuticals and Investments Limited]

Windlas Healthcare Private Limited

Zydus Pharmaceuticals Limited [Formerly known as Allidac Healthcare Limited]

Biochem Pharmaceutical Private Limited

M/s. Recon Pharmaceuticals and Investments, a Partnership Firm

Allidac Healthcare (Myanmar) Limited [Myanmar]

Zydus Healthcare Philippines Inc. [Philippines]

Zydus International Private Limited [Ireland]

Zydus Netherlands B.V. [the Netherlands]

Zydus Lanka (Private) Limited [Sri Lanka]

Etna Biotech S.R.L. [Italy]

Zydus Pharmaceuticals (USA) Inc. [USA]

Nesher Pharmaceuticals (USA) LLC [USA]

Zydus Healthcare (USA) LLC [USA]

Sentynl Therapeutics Inc. [USA]

Zydus Noveltex Inc. [USA]

Hercon Pharmaceuticals LLC [USA]

Viona Pharmaceuticals Inc. [USA]

Windlas Inc. [USA]

ZyVet Animal Health Inc. [USA]

Zydus Healthcare S.A. (Pty) Ltd [South Africa]

Simayla Pharmaceuticals (Pty) Ltd [South Africa]

Script Management Services (Pty) Ltd [South Africa]

Zydus France, SAS [France]

Laboratorios Combix S.L. [Spain]

Zydus Nikkho Farmaceutica Ltda. [Brazil]

Zydus Pharmaceuticals Mexico SA De CV [Mexico]

Zydus Pharmaceuticals Mexico Services Company SA De C.V. [Mexico]

Zydus Worldwide DMCC [Dubai]

Zydus Discovery DMCC [Dubai]

Zydus Wellness International DMCC [Dubai]

[*] Merged with the Holding Company w.e.f. April 1, 2019.

[#] M/s. Zydus Wellness- Sikkim, a partnership firm, was converted into a public limited company, in the name of Zydus Nutritions Limited, w.e.f. February 28, 2019 and subsequently, name changed to Zydus Wellness Products Limited.

c Enterprises significantly influenced by Directors and their relatives of company and its Holding Company

Zydus Infrastructure Private Limited

Ramanbhai Foundation

Cadmach Machinery Company Private Limited

Pripan Investment Private Limited

d Joint Venture of the Holding Company

Zydus Hospira Oncology Private Limited

Zydus Takeda Healthcare Private Limited

Bayer Zydus Pharma Private Limited

US Pharma Windlas LLC

e Key managerial personnel

Pankaj R. Patel

Dr. Sharvil P. Patel

Director Jyotindra B. Gor

Director Sujatha Rajesh

Director

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 26-A [a,b,c & d]

| Nature of Transactions | Value of the Transactions (INR-Lacs) | | | |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------|------|---------------------------------------------------------------------------|-------|
| | Holding, Subsidiary and Joint venture Companies | | Enterprises significantly Influenced by Directors and/ or their relatives | |
| | 2020 | 2019 | 2020 | 2019 |
| Equity share capital: | | | | |
| Subscription to equity shares by holding company | - | 5 | - | - |
| Debentures Issued | | | | |
| M/s. Recon Pharmaceuticals and Investments | 18,500 | - | - | - |
| Outstanding: | | | | |
| Payable: | | | | |
| Ramanbhai Foundation | - | - | - | 2,991 |
| M/s. Recon Pharmaceuticals and Investments [INR 10,109] | 0 | - | - | - |
| Debentures: | | | | |
| M/s. Recon Pharmaceuticals and Investments | 18,500 | - | - | - |
| Reimbursement of Expenditure [Project Hospital and Medical College Related expenses]: | | | | |
| Ramanbhai Foundation | - | - | - | 2,054 |
| Reimbursement of Capital Expenditure [Project Hospital and Medical College Related expenses]: | | | | |
| Ramanbhai Foundation | - | - | - | 937 |



Zydus Foundation
Notes to the Financial Statements

Note 26: -Related Party Transactions-continued:

| Nature of Transactions | Value of the Transactions (INR-Lacs) | | | | |
|---------------------------|--------------------------------------|-------------------------------------------------|------|---------------------------------------------------------------------------|------|
| | 2020 | Holding, Subsidiary and Joint venture Companies | | Enterprises significantly influenced by Directors and/ or their relatives | |
| | | Year ended March 31, | | | |
| | | 2019 | 2020 | 2019 | 2020 |
| CSR contribution: | | | | | |
| Cadila Healthcare Limited | 2,199 | 2,155 | | | |
| Zydus Healthcare Limited | 530 | 269 | | | |
| Zydus Wellness Limited | 165 | 231 | | | |
| Others | 253 | - | 83 | | 81 |
| | 3,147 | 2,655 | 83 | | 81 |
| Finance: | | | | | |
| Interest expense: | | | | | |
| Zydus Healthcare Limited | - | 7 | - | | - |

Note 27-Financial Instruments:

A Fair values

Financial Assets:

The carrying amounts of receivables, loans and advances to related parties and other financial assets cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities:

Fair values of other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

Note 28-Financial Risk Management:

A Financial instruments by category:

| | INR- Lacs | |
|-------------------------------------|----------------------|---------------|
| | As at March 31, 2020 | |
| | Amortised Cost | Total |
| Financial assets: | | |
| Non Current Other Financial Assets | 42 | 42 |
| Trade receivable | 142 | 142 |
| Cash and Cash Equivalents | 861 | 861 |
| Other Current Financial Assets | 319 | 319 |
| Total | 1,364 | 1,364 |
| Financial liabilities: | | |
| Borrowings | 12,542 | 12,542 |
| Other Non-Current Liabilities | 7,724 | 7,724 |
| Trade payables | 2,401 | 2,401 |
| Other Current Financial Liabilities | 1,016 | 1,016 |
| Total | 23,684 | 23,684 |

A Financial instruments by category:

| | INR- Lacs | |
|-------------------------------------|----------------------|--------------|
| | As at March 31, 2019 | |
| | Amortised Cost | Total |
| Financial assets: | | |
| Non Current Other Financial Assets | 67 | 67 |
| Trade receivable | 44 | 44 |
| Cash and Cash Equivalents | 544 | 544 |
| Other Current Financial Assets | 1,203 | 1,203 |
| Total | 1,858 | 1,858 |
| Financial liabilities: | | |
| Trade payables | 359 | 359 |
| Other Current Financial Liabilities | 2,991 | 2,991 |
| Total | 3,350 | 3,350 |

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. The company's capital management is intended to create value for shareholders by facilitating meeting of long term and short term goals of the Company. The most significant financial risks to which the Company is exposed are described below:



Zydus Foundation
Notes to the Financial Statements

Note: 27-Financial Instruments- continued:

a Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle its obligations as agreed. The Company is exposed to credit risk from trade receivables. The Company deals with recognized and credit worthy third parties and Government authorities. Receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

b Liquidity risk:

- a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.
- 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 and considering the level of liquid assets necessary to meet its obligations.
- The tables 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.

As at March 31, 2020

| | < 1 year | 1- 5 years | Total |
|----------------------------------------------|--------------------|-------------------|---------------|
| Non-derivative Financial Liabilities: | | | |
| Borrowings | - | 12,542 | 12,542 |
| Other non current liabilities | - | 7,724 | 7,724 |
| Trade payable | 2,401 | - | 2,401 |
| Other Current Financial Liabilities | 1,016 | - | 1,016 |
| Total | 3,417 | 20,266 | 23,684 |

INR- Lacs

As at March 31, 2019

| | < 1 year | 1- 5 years | Total |
|----------------------------------------------|--------------------|-------------------|--------------|
| Non-derivative Financial Liabilities: | | | |
| Borrowings | - | - | - |
| Other non current liabilities | - | 1,195 | 1,195 |
| Trade payable | 359 | - | 359 |
| Other Current Financial Liabilities | 2,991 | - | 2,991 |
| Total | 3,350 | 1,195 | 4,545 |

c Interest rate risk:

The sensitivity analysis have been determined based on the exposure to interest rates for financial assets and liabilities at the end of the reporting period. The Company does not have variable rate instruments as at the balance sheet date. This mitigates the company interest rate risk.

Note 29: Covid 19 Impact

The World Health Organisation (WHO) declared Covid-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into lockdown situation all throughout April 2020 and major part of May 2020, impacting business operations across various sectors with severe restrictions on movement of people and goods. The Company has implemented several initiatives including allowing social distancing at work places, proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. As per the current assessment of the situation based on the internal and external information available up to the date of approval of these financial results by the Board of Directors, the Company believes that the impact of Covid-19 on its business, assets, internal financial controls and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results and the Company will closely monitor any material changes to the economic environment and their impact on its business in the times to come.



Zydus Foundation
Notes to the Financial Statements

Note 30:

The Company is a Section 8 Company, hence disclosure for Earning Per Share (EPS) is not applicable.

Note 31:

Previous year numbers are not comparable as Company started the operations from January 7, 2019 onwards.

Note 32:

Amounts have been rounded off to the nearest rupees lacs and previous year's figures have been regrouped, rearranged and reclassified wherever considered necessary to confirm to the current presentation.

Signatures to Significant Accounting Policies and Notes 1 to 32 to the Financial Statements

As per our report of even date

Mukesh M. Shah & Co.

Chartered Accountants

Firm Registration Number: 106625W



Mukesh M. Shah


Partner

Membership Number: 030190

Ahmedabad, Dated: July 31, 2020



For and on behalf of the Board


Pankaj R. Patel
Director
Jyotindra B. Gor
Director