

## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of ZYDUS ANIMAL HEALTH AND INVESTMENTS Limited**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of Zydus Animal Health and Investments Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March 2024, 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 material accounting policies and other explanatory information ("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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2024, and its profit, total comprehensive income, the changes in equity and 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

##### **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, but does not include the financial statements and our audit reports 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind-AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the financial statements**

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

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

- 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.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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, so far as it appears from our examination of those books. The backup of the books of account and other books and papers maintained in electronic mode, has been maintained on a daily basis on servers physically located in India during the year.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors, is disqualified as on March 31, 2024 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" attached to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund by the Company.
  - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries except for the transactions disclosed in Note 40 of the Financial Statements;  
  
(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of

the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations given under (a) and (b) above, contain any material misstatement.

- v. During the year, the company has not declared any dividends. Hence, reporting of compliance under section 123 of the Companies Act, 2013 is not applicable.
- i) Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended 31 March 2024 which has a feature of recording audit trail (edit log) facility and the same has been operational throughout the year for all relevant transactions recorded in the software except that no audit trail enabled at the database level for accounting software to log any direct data changes. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with, in respect of accounting software for the period for which the audit trail feature was operating.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), is applicable from April 1, 2023, reporting under rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

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

Place: Ahmedabad  
Date: 10<sup>th</sup> May, 2024  
UDIN: 24042132BJZXEN1368

sd/-  
**Chandresh S. Shah**  
Partner  
Membership No.: 042132

## **“Annexure A” to the Independent Auditors’ Report**

### **The Annexure referred to in Independent Auditors’ Report to the members of the Company on the financial statements for the year ended March 31, 2024.**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment (PPE), capital work in progress and relevant details of right of use assets.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) Some of the Property, plant and equipment, capital work in progress and right of use assets were physically verified during the year by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment, capital work in progress and right of use assets at reasonable intervals having regard to the size of the company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) With respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the Company) disclosed in the financial statements included in property, plant and equipment, according to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the lease agreements of such immovable properties are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (e) According to the information and explanations given to us and the records examined by us and based on the examination, no proceedings have been initiated during the year or are pending against the Company as at 31<sup>st</sup> March, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the company and the nature of its business. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (b) According to the information and explanations given to us and based on the records examined by us, the Company has not been sanctioned any working capital facility from banks or financial institutions in excess of five crore rupees, in aggregate, on the basis of security of current assets. Accordingly, reporting under clause (ii)(b) of the order is not applicable.
- (iii) (a) According to the information and explanations given to us, the company has provided loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships and other parties details of which are as follows:

Particulars	Aggregate Amount during the year (Amount in Million)	Balance Outstanding at March 31, 2024 (Amount in Million)
Loans to ultimate holding company	1500	21720

Loans to fellow Subsidiaries company	0.1	0.1
Loans to subsidiaries company	-	417

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions on which above loans have been granted by the company during the year are not prejudicial to the company.
- (c) According to the information and explanations given to us, repayment of loan instalments together with interest, wherever stipulated, are regular.
- (d) According to the information and explanations and based on our audit procedures, there is no overdue amount remains outstanding as at year end.
- (e) None of the loan or Advance in the nature of loan, granted and has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties except as under-

<b>Name of the Parties</b>	<b>Aggregate amount of existing loans renewed or extended during the year (Rs. In Million)</b>	<b>Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year</b>
Viona Pharmaceuticals Inc. USA, a wholly owned subsidiary of the company	417	21.75%

- (f) According to information and explanations given to us and based on the audit procedures performed, the company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence reporting under clause (iii)(f) of the order is not applicable.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of loans, making investments and providing guarantees or securities, as applicable.
- (v) The Company has not accepted any deposits within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Further, according to the information and explanations given to us, no order has been passed by the Company Law Board of National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal, in this regard.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The company has been generally regular in depositing undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Custom, Duty of Excise, Value added Tax, Cess and any other material statutory dues applicable to it with the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Custom, Duty of Excise, Value added Tax, Cess and any other material statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.
  - (c) There are no dues under dispute for the Income Tax, Sales Tax, Service tax, Goods and Service Tax, Customs duty, Excise Duty, and Value added tax and other material statutory dues as on 31<sup>st</sup> March, 2024.
- (viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) According to the information and explanations given to us and on the basis of our examination of the books of account, we report that:
- (a) The company has not taken any loans or other borrowings; hence, reporting under clause (ix)(a) of the order is not applicable.
  - (b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
  - (c) The company has not taken any term loans from any banks or financial institutions. Hence, reporting under clause (ix)(c) of the order is not applicable;
  - (d) The company has not raised any funds during the year for short term purpose. Hence, reporting under clause (ix)(d) of the order is not applicable.
  - (e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
  - (f) The Company has not raised any loans during the year on the pledge of securities held in its associate company.
- (x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under this clause of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.
- (c) According to the information and explanations given to us, there is no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi company. Accordingly, reporting under clause (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) (a) According to the information and explanations given to us and based on our examination of the records of the Company, we are of the opinion that the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports issued to the Company during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them and, hence, provisions of section 192 of the Act is not applicable to the company. Accordingly, reporting under clause (xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us and based on our examination of the records of the Company, we report that
- (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934;
- (b) The Company has not conducted any non-banking or housing finance activities during the year;
- (c) The Company is not a Core Investment Company, as defined in the regulations made by the Reserve Bank of India;
- (d) The Group has more than One Core Investment Company (two Core Investment Companies) as part of the Group.
- (xvii) The company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The company has fully spent the required amount towards Corporate Social Responsibility ("CSR") and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Act or special account in compliance with the provisions of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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

Place: Ahmedabad  
Date: 10<sup>th</sup> May, 2024  
UDIN: 24042132BJXEN1368

sd/-  
**Chandresh S. Shah**  
Partner  
Membership No.: 042132



## **"ANNEXURE B" TO THE AUDITORS' REPORT**

### **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 Animal Health and Investments Limited ("the company") as of March 31, 2024 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, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Ahmedabad  
Date: 10<sup>th</sup> May, 2024  
UDIN: 24042132BJZXEN1368

sd/-  
**Chandresh S. Shah**  
Partner  
Membership No.: 042132

## Zydus Animal Health and Investments Limited [CIN : U24236GJ2018PLC102269]

## Balance Sheet as at March 31, 2024

Particulars	Note No.	INR-Million	
		As at March 31	
		2024	2023
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Property, Plant and Equipment	3[A]	600	596
Capital work-in-progress	3[C]	34	7
Goodwill	3[B]	153	153
Other Intangible Assets	3[B]	-	-
Financial Assets:			
Investments	4	1,095	35
Loans	5	22,137	23,191
Other Financial Assets	6	3	3
Other Non-Current Assets	7	54	30
Assets for Current tax [Net]	8	-	3
		24,076	24,018
<b>Current Assets:</b>			
Inventories	9	405	156
Financial Assets:			
Investments	10	206	292
Trade Receivables	11	495	1
Cash and Cash Equivalents	12 [A]	55	6
Bank Balances other than Cash and Cash Equivalents	12 [B]	574	3
Other Current Financial Assets	13	784	687
Other Current Assets	14	48	26
		2,567	1,171
<b>Total</b>		26,643	25,189
<b>EQUITY AND LIABILITIES:</b>			
<b>Equity:</b>			
Equity Share Capital	15	17,744	17,744
Other Equity	16	8,609	7,166
		26,353	24,910
<b>Non-Current Liabilities:</b>			
Provisions	17	4	2
Deferred Tax Liabilities [Net]	18	11	11
		15	13
<b>Current Liabilities:</b>			
Financial Liabilities:			
Trade Payables:			
Due to Micro and Small enterprises	19	1	-
Due to other than Micro and Small enterprises	19	215	190
Other Financial Liabilities	20	17	10
Other Current Liabilities	21	3	2
Provisions	22	1	1
Current Tax Liabilities [Net]	23	38	63
		275	266
<b>Total</b>		26,643	25,189
<b>Material Accounting Policies</b>	2		
<b>Notes to the Financial Statements</b>	1 to 41		

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

sd/-  
Mr. Chandresh S. Shah  
Partner  
Membership Number : 042132  
Ahmedabad, Dated : May 10, 2024

sd/-  
Mr. Hiren Mistry  
Chief Financial Officer

sd/-  
Mr. Mihir J Mehta  
Company Secretary

For and on behalf of the Board

sd/-  
Mr. Nitin D Parekh  
Chairman  
DIN : 00155570

sd/-  
Mr. Pramod Lokhande  
Whole Time Director  
DIN : 09344837  
Ahmedabad, Dated : May 10, 2024

**Zydus Animal Health and Investments Limited [CIN : U24236GJ2018PLC102269]**  
**Statement of Profit and Loss for the year ended March 31, 2024**

Particulars	Note No.	INR-Million	
		Year ended March 31	
		2024	2023
Revenue from Operations	25	1,008	74
Other Income	26	1,845	1,448
<b>Total Income</b>		<b>2,853</b>	1,522
<b>EXPENSES:</b>			
Cost of Materials Consumed	27	429	1
Purchases of Stock-in-Trade	28	102	29
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	29	(163)	18
Employee Benefits Expense	30	69	36
Depreciation, Amortisation and Impairment expense	3 [D]	44	39
Other Expenses	31	513	428
<b>Total Expenses</b>		<b>994</b>	551
<b>Profit before Tax</b>		<b>1,859</b>	971
Less: Tax Expense:			
Current Tax	32	414	309
Deferred Tax	32	-	4
		<b>414</b>	313
<b>Profit for the year</b>		<b>1,445</b>	658
<b>OTHER COMPREHENSIVE INCOME [OCI]:</b>			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		(2)	-
Income tax effect		-	-
		<b>(2)</b>	-
<b>Other Comprehensive Income for the year [Net of tax]</b>		<b>(2)</b>	-
<b>Total Comprehensive Income for the year [Net of Tax]</b>		<b>1,443</b>	658
<b>Basic Earning per Equity Share [EPS] [in Rupees]</b>	33	<b>1,417.86</b>	645.64
<b>Diluted Earning per Equity Share [EPS] [in Rupees]</b>	33	<b>0.81</b>	0.37
<b>Material Accounting Policies</b>	2		
<b>Notes to the Financial Statements</b>	1 to 41		

As per our report of even date

For Mukesh M. Shah & Co.,  
Chartered Accountants  
Firm Registration Number : 106625W

sd/-  
Mr. Chandresh S. Shah  
Partner  
Membership Number : 042132  
Ahmedabad, Dated : May 10, 2024

sd/-  
Mr. Hiren Mistry  
Chief Financial Officer

sd/-  
Mr. Mihir J Mehta  
Company Secretary

For and on behalf of the Board

sd/-  
Mr. Nitin D Parekh  
Chairman  
DIN : 00155570

sd/-  
Mr. Pramod Lokhande  
Whole Time Director  
DIN : 09344837  
Ahmedabad, Dated : May 10, 2024

**Zybus Animal Health and Investments Limited [CIN : U24236GJ2018PLC102269]**

**Cash Flow Statement for the year ended March 31, 2024**

Particulars	INR-Million	
	Year ended March 31	
	2024	2023
<b>A Cash flows from operating activities:</b>		
Profit before tax	1,859	971
Adjustments for:		
Depreciation, Amortisation and Impairment expense	44	39
Profit on sale of investments [Net]	(26)	-
FVTPL gain/ profit on sale of investments [Net]	-	(131)
Interest income	(1,819)	(1,317)
Provisions for employee benefits	3	-
Total	<b>(1,798)</b>	<b>(1,409)</b>
Operating profit before working capital changes	61	(438)
Adjustments for:		
[Increase] / Decrease in trade receivables	(494)	160
[Increase] in inventories	(249)	(135)
[Increase] / Decrease in other assets	(151)	4,419
Increase / [Decrease] in trade payables	26	(77)
Increase in other liabilities	7	-
Total	<b>(861)</b>	<b>4,367</b>
Cash [used in] / generated from operations	<b>(800)</b>	3,929
Direct taxes paid [Net of refunds]	<b>(436)</b>	(280)
Net cash [used in] / generated from operating activities	<b>(1,236)</b>	3,649
<b>B Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(75)	(84)
Proceeds from sale of property, plant and equipment	-	1
[Purchase] / Sale of non current investments - Other than subsidiaries	(1,060)	100
Investments in liquid mutual funds [net]	112	17,751
Bank balances (including fixed deposits) not considered as cash and cash equivalents [Net]	(571)	-
Loan to parent	(1,500)	(22,780)
Repayment of loans by parent	2,560	-
Interest received	1,819	1,317
Net cash generated from / [used in] investing activities	1,285	(3,695)
<b>C Cash flows from financing activities:</b>		
Net cash used for financing activities	-	-
<b>Net increase / [decrease] in cash and cash equivalents</b>	<b>49</b>	<b>(47)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>6</b>	<b>53</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>55</b>	<b>6</b>

**Notes to the Cash Flow Statement**

- The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".
- All figures in brackets are outflows.
- Summary of Cash and cash equivalents, Bank balance and Liquid Mutual funds:

	INR-Million		
	As at March 31		
	2024	2023	2022
a Cash and Cash Equivalents:	55	6	53
b Bank balance other than cash and cash equivalents:	574	3	3
c Investment in Liquid Mutual Funds	206	292	17,912
d Total	<b>835</b>	301	17,968

As per our report of even date

For Mukesh M. Shah & Co.,

Chartered Accountants

Firm Registration Number : 106625W

For and on behalf of the Board

sd/-

Mr. Nitin D Parekh

Chairman

DIN : 00155570

sd/-

Mr. Chandresh S. Shah

Partner

Membership Number : 042132

Ahmedabad, Dated : May 10, 2024

sd/-

Mr. Hiren Mistry

Chief Financial Officer

sd/-

Mr. Mihir J Mehta

Company Secretary

sd/-

Mr. Pramod Lokhande

Whole Time Director

DIN : 09344837

Ahmedabad, Dated : May 10, 2024

**Zydus Animal Health and Investments Limited [CIN : U24236GJ2018PLC102269]**  
**Statement of Change in Equity for the year ended March 31, 2024**

**a Equity Share Capital:**

	No. of Shares	INR-Million
<b>Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:</b>		
As at March 31, 2022	1,019,143	10
As at March 31, 2023	1,019,143	10
As at March 31, 2024	1,019,143	10
<b>8% Optionally Convertible Non-Cumulative Redeemable Preference Shares [OCRPS] of INR 10/- each, Issued, Subscribed and Fully Paid-up:</b>		
As at March 31, 2022	1,773,350,000	17,734
As at March 31, 2023	1,773,350,000	17,734
As at March 31, 2024	1,773,350,000	17,734

**b Other Equity:**

	INR-Million		
	Retained Earnings	Capital Redemption Reserve	Total
<b>As at March 31, 2022</b>	1,508	5,000	6,508
Add: Profit for the year	658	-	658
Add: Other Comprehensive income	-	-	-
<b>As at March 31, 2023</b>	2,166	5,000	7,166
Add: Profit for the year	1,445	-	1,445
Add: Other Comprehensive income	(2)	-	(2)
<b>Total Comprehensive Income</b>	1,443	-	1,443
<b>As at March 31, 2024</b>	3,609	5,000	8,609

As per our report of even date

For Mukesh M. Shah & Co.,  
Chartered Accountants  
Firm Registration Number : 106625W

For and on behalf of the Board

sd/-  
Mr. Nitin D Parekh  
Chairman  
DIN : 00155570

sd/-  
Mr. Chandresh S. Shah  
Partner  
Membership Number : 042132  
Ahmedabad, Dated : May 10, 2024

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Company Secretary

sd/-  
Mr. Pramod Lokhande  
Whole Time Director  
DIN : 09344837  
Ahmedabad, Dated : May 10, 2024

## Zydus Animal Health and Investments Limited

### Note: 1-Company overview:

Zydus Animal Health and Investments Limited [The Company] [CIN : U24236GJ2018PLC102269] is in the business of production, marketing and distribution of Animal Health and Veterinary products in the markets of United States of America and Europe [other than Belarus, Russia and Ukraine]. The Company is the holding company of Viona Pharmaceuticals INC., Violio Healthcare Limited and Biochem Pharmaceutical Private Limited. The registered office is situated at Zydus Corporate Park, Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj [Gandhinagar], S.G. Highway, Ahmedabad - 382481. These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 10, 2024.

### Note: 2- Material Accounting Policies :

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

#### 1 Basis of preparation:

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

**B** The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair values at the end of the reporting periods:

- i Derivative financial instruments
- ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]
- iii Defined benefit plans
- iv Contingent consideration

#### 2 Use of Estimates:

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

#### Critical estimates and judgments

##### a Taxes on Income:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions. Refer Note-32.

##### b Property, Plant and Equipment:

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Management reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Refer Note-2[6].

##### c Employee benefits:

Actuarial valuation involves key assumption of life expectancy, discounting rate, salary increase, etc. which significantly affect the working of the present value of future liabilities on account of employee benefits by way of defined benefit plans. Refer Note-17.

##### d Product warranty and expiry claims:

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

##### e Impairment of property, plant and equipment, goodwill and investments:

Significant judgment is involved in determining the estimated future cash flows from the Investments, Property, Plant and Equipment, Intangible asset and Goodwill to determine its value in use to assess whether there is any impairment in its carrying amount as reflected in the financials.

##### F Contingent liabilities:

Significant judgments are involved in determining whether there is a possible obligation, that may, but probably will not require an outflow of resources.

#### 3 Foreign Currency Transactions:

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

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

**B** Foreign Exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognised in the Statement of Profit and Loss.

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

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

#### 4 Revenue Recognition:

**A** The following are the material accounting policy related to revenue recognition under Ind AS 115.

##### a Sale of Goods:

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer. The goods are often sold with volume discounts/ pricing incentives and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts, net of discounts. When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price [excluding estimates of variable consideration] that is allocated to that performance obligation. Historical experience, specific contractual terms and future expectations of sales returns are used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

**Note: 2- Material Accounting Policies-Continued:**

**b Service Income:**

Service income is recognised as per the terms of contracts with the customers when the related services are performed as per the stage of completion or on the achievement of agreed milestones and are net of indirect taxes, wherever applicable.

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

**a 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 discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

**b Dividend:**

Dividend income is recognised when the Company's right to receive the payment is established.

**c Other Income:**

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

**5 Taxes on Income:**

Tax expenses comprise of current and deferred tax.

**A Current Tax:**

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

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

**B Deferred Tax:**

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

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

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

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

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

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

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

**6 Property, Plant and Equipment:**

**A** 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** Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognised separately as independent items and are depreciated over their estimated economic useful lives.

**C** Depreciation on tangible assets is provided on "straight line method" based on the useful lives as prescribed under Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. However, management reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods.

Asset Class	No. of years
Leasehold Land	Over the period of lease
Buildings	30 to 60 Years
Plant and Equipment	3 to 15 Years
Furniture, Fixtures and Office Equipments	5 to 10 Years
Vehicles	8 Years

**D** Depreciation on impaired assets is calculated on its reduced value, if any, on a systematic basis over its remaining useful life.

**E** Depreciation on additions/ disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are used.

**F** Where the actual cost of purchase of an asset is below INR 10,000/-, the depreciation is provided @ 100%.

**G** Capital work in progress is stated at cost less accumulated impairment loss, if any.

**H** An item of Property, Plant and Equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

**7 Intangible Assets:**

**A** Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

**B** Internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

**C** Trade Marks, Technical Know-how Fees, commercial rights and other similar rights are amortised over their estimated useful life.



**Note: 2-Material Accounting Policies-Continued:**

- D** Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life of four years as estimated by the management at the time of capitalisation.
- E** Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
- F** An item of intangible asset initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

**8 Research and Development Cost:**

- A** Expenditure on research and development is charged to the Statement of Profit and Loss of the year in which it is incurred.
- B** Capital expenditure on research and development is given the same treatment as Property, Plant and Equipment.

**9 Borrowing Costs:**

- A** Borrowing costs consist of interest and other borrowing costs that are incurred in connection with the borrowing of funds. Other borrowing costs include ancillary charges at the time of acquisition of a financial liability, which is recognised as per EIR method. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.
- B** Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date the assets are ready for their intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**10 Impairment of Assets:**

The Property, Plant and Equipment and Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets [cash generating units]. Non-financial assets other than Goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**11 Inventories:**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- A** Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.
- B** Cost [Net of Input tax credit availed] of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods & Stock-in-Trade is and Work-in-Progress is determined on Moving Average Method.
- C** Costs of Finished Goods and Works-in-Progress are determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Write down of inventories to net realisable value is recognised as an expense and included in "Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade" and "Cost of Material Consumed" in the relevant note in the Statement of Profit and Loss.

**12 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.

**13 Leases:**

**As a lessee:**

For any new contracts entered into, the Company considers whether a contract is, or contains a lease.

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset [the underlying asset] for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee:

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date [net of any incentives received].

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments [including in substance fixed], variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in other financial liabilities.

**Note: 2-Material Accounting Policies-Continued:****14 Provisions, Contingent Liabilities and Contingent Assets:**

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

**B** If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

**15 Provision for Product Expiry Claims:**

Provisions for product expiry related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of product expiry claim related costs is revised annually.

**16 Employee Benefits:****A Short term obligations:**

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**B Long term employee benefits obligations:****a Leave Wages and Sick Leave:**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months period after the end of the period in which the employees render the related service. They are therefore, measured at the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the projected unit credit method as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in Statement of profit and loss.

**b Defined Benefit Plans:****i Gratuity:**

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The liability or 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;
- ii Net interest expense or income.

**c Defined Contribution Plans - Provident Fund Contribution:**

Eligible employees of the Company 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 company has no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

**C Employee Separation Costs:**

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

**17 Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**A Financial Assets:****a Initial recognition and measurement:**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place [regular way trades] are recognised on the settlement date, i.e., the date that the Company settles to purchase or sell the asset.

**b Subsequent measurement:**

For purposes of subsequent measurement, financial assets are classified in five categories:

**i Debt instruments at amortised cost:**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held with an objective of collecting contractual cash flows
- Contractual terms of the asset give rise on specified dates to cash flows that are "solely payments of principal and interest" [SPPI] on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate [EIR] method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of profit and loss.

**ii Debt instruments at fair value through other comprehensive income [FVTOCI]:**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The asset is held with objective of both - for collecting contractual cash flows and selling the financial assets
- The asset's contractual cash flows represent SPPI.

**Note: 2-Material Accounting Policies-Continued:**

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**iii Debt instruments and derivatives at fair value through profit or loss [FVTPL]:**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**iv Equity instruments:**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company has made such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**v Investments in subsidiaries :**

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the differences between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss. Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amounts as their deemed costs on the date of transition to Ind AS i.e., April 1, 2019.

**c Derecognition:**

A financial asset [or, where applicable, a part of a financial asset] is primarily derecognised [i.e. removed from the Company's balance sheet] when:

- i The rights to receive cash flows from the asset have expired, or
- ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either [a] the Company has transferred substantially all the risks and rewards of the asset, or [b] the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. When the Company has transferred the risk and rewards of ownership of the financial asset, the same is derecognised.

**d Impairment of financial assets:**

In accordance with Ind AS 109, the Company applies expected credit loss [ECL] model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a Financial assets that are debt instruments, and are measured at amortised cost
- b Trade receivables or any contractual right to receive cash or another financial asset
- c Financial assets that are debt instruments and are measured as at FVTOCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point b above.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it requires the Company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR. ECL impairment loss allowance [or reversal] recognized during the period is recognized as income/ expense in the Statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics.

**B Financial Liabilities:****a Initial recognition and measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables 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 at amortised cost, using EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

**c Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit and loss.

**Note: 2-Material Accounting Policies-Continued:****d Embedded derivatives:**

An embedded derivative is a component of a hybrid [combined] instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of profit and loss, unless designated as effective hedging instruments.

**C Reclassification of financial assets:**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model as per Ind AS 109.

**D Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**18 Fair Value Measurement:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a In the principal market for the asset or liability, or
- b In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a Level 1 — Quoted [unadjusted] market prices in active markets for identical assets or liabilities
- b Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation [based on the lowest level input that is significant to the fair value measurement as a whole] at the end of each reporting period.

**19 Business combinations and Goodwill:**

- A** Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value. Acquisition-related costs are expensed as incurred.
- B** At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the Deferred tax assets or liabilities and the assets or liabilities related to employee benefit arrangements acquired in a business combination are recognised and measured in accordance with Ind AS-12 "Income Tax" and Ind AS-19 "Employee Benefits" respectively.
- C** When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.
- D** Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS-109 "Financial Instruments", is measured at fair value with changes in fair value recognised in Statement of profit and loss. If the contingent consideration is not within the scope of Ind AS-109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequently its settlement is accounted for within equity.
- E** Goodwill is initially measured at the excess of, the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as Capital Reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as Capital Reserve, without routing the same through OCI.
- F** After initial recognition, Goodwill is not amortised. Goodwill is accordingly recognised at original value, less any accumulated impairment. For the purpose of impairment testing, Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.
- G** A cash generating unit to which Goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any Goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for Goodwill is recognised in Statement of profit and loss. An impairment loss recognised for Goodwill is not reversed in subsequent periods.

**Note: 2-Material Accounting Policies-Continued:**

**H** If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

**I** Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ National Company Law Tribunal [NCLT], the business combination is accounted for as per the accounting treatment sanctioned in the Scheme. Goodwill arising on such business combination is amortised over the period, as provided in the Scheme, as approved by the Hon'ble High Court or NCLT.

**20 Non-Current Assets held for Sale:**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale of asset and disposal group is highly probable. The Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification. Non-current assets [and disposal groups] classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss before tax from discontinued operations in the statement of profit and loss.

**21 Earnings per Share:**

Basic earnings per share are calculated by dividing the net profit or loss [excluding other comprehensive income] for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits [consolidation of shares] that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted EPS, the net profit or loss [excluding other comprehensive income] for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**B Recent Accounting Pronouncements:**

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. For the year ended March 31, 2024, there are no new standards or amendments to the existing standards which are notified but not yet effective.

**Zydus Animal Health and Investments Limited**

**Notes to the Financial Statements**

**Note: 3-Property, Plant and Equipment, Intangible Assets & Capital work-in-progress:**

[A] Property, Plant and Equipment:						INR-Million
	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Total
Gross Block:						
As at March 31, 2022	255	113	271	3	3	645
Additions	-	6	46	-	1	53
Disposals	-	-	(1)	-	-	(1)
As at Mar 31, 2023	255	119	316	3	4	697
Additions	-	6	41	1	-	48
As at March 31, 2024	255	125	357	4	4	745
Depreciation and Impairment:						
As at March 31, 2022	5	7	49	-	2	63
Depreciation for the year	2	4	31	1	-	38
As at Mar 31, 2023	7	11	80	1	2	101
Depreciation for the year	3	7	33	-	1	44
As at March 31, 2024	10	18	113	1	3	145
Net Block:						
As at March 31, 2023	248	108	236	2	2	596
As at March 31, 2024	245	107	244	3	1	600

[B] Intangible Assets:	Goodwill	Other Intangible Assets	
		Computer Software	Total
Gross Block:			
As at March 31, 2022	153	2	2
Additions	-	-	-
As at March 31, 2023	153	2	2
Additions	-	-	-
As at March 31, 2024	153	2	2
Amortisation and Impairment:			
As at March 31, 2022	-	1	1
Amortisation for the year	-	1	1
As at March 31, 2023	-	2	2
Amortisation for the year	-	-	-
As at March 31, 2024	-	2	2
Net Block:			
As at March 31, 2023	153	-	-
As at March 31, 2024	153	-	-

[C] Ageing of Capital-work-in progress [CWIP]:	INR-Million	
	As at March 31	
	2024	2023
<b>A Projects in progress:</b>		
Less than 1 year	34	7

Project execution plans are modulated on the basis of capacity requirement assessment annually and all the projects are executed based on rolling annual plan.

[D] Depreciation, Amortisation and Impairment expenses:	INR-Million	
	Year ended March 31	
	2024	2023
Depreciation	44	38
Amortisation	-	1
<b>Total</b>	44	39

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

	Face Value [*]	Nos. [**]	INR-Million			
			As at March 31			
			2024	2023		
<b>Note: 4-Investments [Non-Current]:</b>						
Investments in Subsidiaries:						
Investments in Equity Instruments			35	35		
Investments - Others:						
Investments in Equity Instruments			35	35		
<b>Total</b>			<b>1,060</b>	<b>-</b>		
A Details of Investments in Subsidiaries [Unquoted] [Valued at cost]:						
In fully paid-up equity shares of Viona Pharmaceuticals INC [USA]	USD 1	500,000	34	34		
In fully paid-up equity shares of Violio Healthcare Limited	10	50,000	1	1		
In fully paid-up equity shares of Biochem Pharmaceuticals Private Limited [INR 100,000/-]	10	10,000	-	-		
			<b>35</b>	<b>35</b>		
B Details of Investments other than Subsidiaries [Unquoted] [Valued at cost]:						
In fully paid-up equity shares of Mylab Discovery Solutions Private Limited	1	6,506,500 [0]	1,060	-		
			<b>1,060</b>	<b>-</b>		
<b>Total</b>			<b>1,095</b>	<b>35</b>		
C Aggregate book value of unquoted investments			<b>1,095</b>	<b>35</b>		
D Explanations:						
a In "Face Value [*]" figures in Indian Rupees unless stated otherwise.						
b In "Nos. [**]" figures of previous year are same unless stated in [ ].						
<b>Note: 5-Loans:</b>						
[Unsecured, Considered Good unless otherwise stated]						
Loans to Related Parties [*]			22,137	23,191		
<b>Total</b>			<b>22,137</b>	<b>23,191</b>		
[*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):						
Name of the party and relationship with the party to whom loan given:						
	<b>INR-Million</b>					
	As at March 31, 2024			As at March 31, 2023		
	Non-Current	Current	Maximum outstanding balance	Non-Current	Current	Maximum outstanding balance
A Parent Company:						
Zydus Lifesciences Limited	21,720	-	23,580	22,780	-	22,780
B Subsidiary Company:						
Viona Pharmaceuticals INC [USA]	417	-	417	411	-	411
C Fellow subsidiary Company:						
Dialforhealth Unity Limited	-	-	-	-	-	-
[As at March 31, 2024 INR 100,000/- {as at March 31, 2023 INR Nil}]						
<b>Total</b>	<b>22,137</b>	<b>-</b>		<b>23,191</b>	<b>-</b>	
(#) Loans which are outstanding at the end of the respective financial year.						
a All the above loans have been given for business purposes.						
b Loan to Zydus Lifesciences Limited is repayable within a period upto 2 years.						
c Loan to Viona Pharmaceuticals INC [USA] is repayable within a period upto 5 years.						
d Loan to Dialforhealth Unity Limited is repayable within a period upto 5 years.						
<b>Note: 6-Other Financial Assets:</b>						
[Unsecured, Considered Good unless otherwise stated]						
Security Deposits				3		3
<b>Total</b>				<b>3</b>		<b>3</b>
<b>Note: 7-Other Non-Current Assets:</b>						
[Unsecured, Considered Good unless otherwise stated]						
Capital Advances - Considered Good				49		23
Capital Advances - Considered Doubtful				1		1
				<b>50</b>		<b>24</b>
Less: Impairment Allowances				(1)		(1)
				<b>49</b>		<b>23</b>
Other non current assets				5		7
<b>Total</b>				<b>54</b>		<b>30</b>
<b>Note: 8-Current Tax Assets [Net]:</b>						
Advance payment of Tax [Net of provision for taxation of INR Nil {as at March 31, 2023: INR 309} Million]				-		3
<b>Total</b>				<b>-</b>		<b>3</b>

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

		INR-Million					
		As at March 31					
		2024	2023				
<b>Note: 9-Inventories:</b>							
[The Inventory is valued at lower of cost and net realisable value]							
Classification of Inventories:							
Raw Materials		197	152				
Work-in-progress		33	3				
Finished Goods		133	-				
Others:							
Packing Materials		42	1				
<b>Total</b>		<b>405</b>	<b>156</b>				
The above includes Goods in transit as under:							
Raw Materials [As on March 31, 2024: INR 25,500/- {as on March 31, 2023: Nil}]		-	-				
Packing Materials [As on March 31, 2024: Nil {as on March 31, 2023: 32,462/-}]		-	-				
<b>Note: 10-Investments</b>							
	<b>Nos. [*]</b>						
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss]:							
ICICI Prudential Equity Arbitrage Fund - Direct Plan - Growth	159,683 [241,742]	206	292				
<b>Total</b>		<b>206</b>	<b>292</b>				
[*] In "Nos." figures of previous year are stated in [ ].							
<b>Note: 11-Trade Receivables:</b>							
Secured - Considered good		-	-				
Unsecured - Considered good		495	1				
Unsecured - Credit impaired		-	-				
		495	1				
Less: Allowances for Credit Losses		-	-				
<b>Total</b>		<b>495</b>	<b>1</b>				
<b>Ageing of Trade Receivables :</b>							
		Outstanding from due date of payment					INR-Millions
Particulars	Not due						Total
		Less than 6 Months	6 Months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
<b>As at March 31, 2024</b>							
Undisputed – considered good	493	1	-	-	1	-	495
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	-	-	-	-
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>493</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>495</b>
<b>As at March 31, 2023</b>							
Undisputed – considered good	-	-	-	1	-	-	1
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	-	-	-	-
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Note: 12-Cash and Bank Balances:</b>							
<b>A Cash and Cash Equivalents:</b>							
Balances with Banks		55	6				
<b>Total</b>		<b>55</b>	<b>6</b>				
<b>B Bank balance other than cash and cash equivalents:</b>							
Fixed deposits		574	3				
<b>Total</b>		<b>574</b>	<b>3</b>				
A Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.							
B There are no amounts of cash and cash equivalent balances held by the entity that are not available for use.							
<b>Note: 13-Other Current Financial Assets:</b>							
[Unsecured, Considered Good]							
Interest Receivable [Refer Note 5 for details]		784	687				
<b>Total</b>		<b>784</b>	<b>687</b>				
<b>Note: 14-Other Current Assets:</b>							
[Unsecured, Considered Good]							
Balances with Statutory Authorities		28	15				
Advances to Suppliers		20	2				
Prepaid Expenses		-	9				
<b>Total</b>		<b>48</b>	<b>26</b>				



**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

		INR-Million	
		As at March 31	
		2024	2023
<b>Note: 15-Equity Share Capital:</b>			
<b>Authorised:</b>			
5,000,000 [As at March 31, 2023 : 5,000,000] Equity Shares of INR 10/- each		50	50
2,295,000,000 [As at March 31, 2023: 2,295,000,000] 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares [OCRPS] of INR 10/- each		22,950	22,950
		<b>23,000</b>	<b>23,000</b>
<b>Issued, Subscribed and Paid-up:</b>			
1,019,143 [As at March 31, 2023: 1,019,143] Equity Shares of INR 10/- each, fully paid up		10	10
1,773,350,000 [As at March 31, 2023: 1,773,350,000] 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares [OCRPS] ["Preference Shares"] of INR 10/- each		17,734	17,734
<b>Total</b>		<b>17,744</b>	<b>17,744</b>
A The reconciliation in number of Equity shares is as under:			
Number of shares at the beginning of the year		1,019,143	1,019,143
Number of shares at the end of the year		1,019,143	1,019,143
The reconciliation in number of Preference Shares is as under:			
Number of shares at the beginning of the year		1,773,350,000	1,773,350,000
Number of shares at the end of the year		1,773,350,000	1,773,350,000
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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.			
C 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares [OCRPS] are redeemable at par. At anytime during tenure of OCRPS, the Issuer of OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during tenure of OCRPS, the Holder and issuer of OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. The tenure of the OCRPS shall be 20 years from date of allotment. At any time during the tenure of the OCRPS, the company shall have right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential rights with respect to dividend on the paid up capital in the event of distribution of profits by the Company.			
D Shares in the company held by each shareholder holding more than 5% shares			
a. Equity shares			
i) Zydus Lifesciences Limited and its Nominees			
Number of Shares		900,000	900,000
% to total share holding		88.31%	88.31%
ii) Zydus Healthcare Limited			
Number of Shares		119,143	119,143
% to total share holding		11.69%	11.69%
b. Preference shares			
Zydus Lifesciences Limited			
Number of Shares		1,773,350,000	1,773,350,000
% to total share holding		100.00%	100.00%
E Equity Shares allotted as fully paid up without consideration received in cash during the last five years		119,143	119,143
F Equity Shares held by the promoters of the Company as at the end of the year March 31, 2024 and March 31, 2023:			
#	Promoter's Name	No. of Shares	% of total shares
1	Zydus Lifesciences Limited	900,000	88.31%
2	Zydus Healthcare Limited	119,143	11.69%
			%
			change during the year
<b>Note: 16-Other Equity:</b>			
<b>Capital Redemption Reserve: [*]</b>			
Balance as at the end of the year		5,000	5,000
<b>Retained Earnings:</b>			
Balance as per last Balance Sheet		2,166	1,508
Add: Profit for the year		1,445	658
Add: Other Comprehensive income		(2)	-
Balance as at the end of the year		<b>3,609</b>	<b>2,166</b>
<b>Total</b>		<b>8,609</b>	<b>7,166</b>
[*] Capital Redemption Reserve is created for redemption of preference shares from General Reserve. The amount in Capital Redemption Reserve is equal to nominal amount of the preference shares redeemed. Capital Redemption Reserve may be applied by the Company in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares.			

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

	INR-Million	
	As at March 31	
	2024	2023
<b>Note: 17-Provisions:</b>		
Provision for Employee Benefits	4	2
<b>Total</b>	<b>4</b>	<b>2</b>

**Defined benefit plan and long term employment benefit**

**A General description:**

**Leave wages [Long term employment benefit]:**

The leave encashment scheme is administered through Life Insurance Corporation of India's Employees' Group Leave Encashment cum Life Assurance [Cash Accumulation] Scheme. The employees of the company are entitled to leave as per the leave policy of the company. The liability on account of accumulated leave as on last day of the accounting year is recognised [net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method.

**Gratuity [Defined benefit plan]:**

The Company has a defined benefit gratuity plan. Every employee who has completed continuous services of five years or more gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary increment risk.

**Investment risk:**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**Interest risk:**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Longevity risk:**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk:**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**INR-Million**  
**As at March 31**

	2024			2023		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
<b>B Change in the present value of the defined benefit obligation:</b>						
Opening obligation	-	3	3	-	2	2
Current service cost	-	2	1	-	1	1
Benefits paid	-	(1)	-	-	-	-
Actuarial losses on obligation	-	1	1	-	-	-
Closing obligation	-	5	5	-	3	3
<b>C Change in the fair value of plan assets:</b>						
Opening fair value of plan assets	-	-	10	-	-	8
Transfer in	-	-	-	-	-	1
Interest Income	-	-	1	-	-	-
Expected return on plan assets	-	-	-	-	-	1
Benefits paid	-	-	(1)	-	-	-
Actuarial [losses]/ gains	-	-	-	-	-	-
Closing fair value of plan assets	-	-	10	-	-	10
Total actuarial losses to be recognised	-	(1)	(1)	-	-	-
<b>D Actual return on plan assets:</b>						
Expected return on plan assets	-	-	-	-	-	1
Actuarial [losses]/ gains on plan assets	-	-	-	-	-	-
Actual return on plan assets	-	-	-	-	-	1
<b>E Amount recognised in the balance sheet:</b>						
Liabilities at the end of the year	-	5	5	-	3	3
Fair value of plan assets at the end of the year	-	-	(10)	-	-	(10)
Difference	-	5	(5)	-	3	(7)
Unrecognised past service cost	-	-	-	-	-	-
Liabilities/ [Assets] recognised in the Balance Sheet	-	5	(5)	-	3	(7)

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

**Note: 17-Provisions-Continued:**

	<b>INR-Million</b>					
	<b>As at March 31</b>					
	<b>2024</b>			<b>2023</b>		
	<u>Medical Leave</u>	<u>Leave Wages</u>	<u>Gratuity</u>	<u>Medical Leave</u>	<u>Leave Wages</u>	<u>Gratuity</u>
<b>F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:</b>						
Current service cost	-	1	2	-	1	1
Interest income on plan assets	-	-	(1)	-	-	(1)
Net actuarial [gains]/ losses in the year	-	1	-	-	-	-
Amount included in "Employee Benefit Expense"	-	2	1	-	1	-
Return on plan assets excluding amounts included in interest income	-	-	-	-	-	-
Net actuarial [gains]/ losses in the year	-	-	2	-	-	-
Amounts recognized in OCI	-	-	2	-	-	-
<b>G Movement in net liabilities recognised in Balance Sheet:</b>						
Opening net liabilities	-	3	(7)	-	2	(6)
Interest Income	-	1	(1)	-	-	-
Expenses as above [P & L Charge]	-	2	2	-	1	-
Transfer in/ [out]	-	-	-	-	-	(1)
Amount recognised in OCI	-	-	2	-	-	-
Benefits Paid	-	(1)	-	-	-	-
Balance Sheet	-	5	(4)	-	3	(7)
<b>H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:</b>						
Discount rate	7.2%	7.2%	7.2%	7.4%	7.4%	7.4%
[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations]						
Annual increase in salary cost	12% for next 2 year, 9% thereafter			12% for next 2 year, 9% thereafter		
[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]						
Withdrawal rates [p.a.]	40% at younger ages reducing to 1% at older ages			40% at younger ages reducing to 1% at older ages		
[The estimates of level of attrition is based on broad economic outlook, type of sector the Company operates in and measures taken by the management to retain/ relieve the employees]						
<b>I The categories of plan assets as a % of total plan assets are:</b>						
Insurance plan	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%
The expected contributions for Defined Benefit Plan for the next financial year will be INR 1.18 Million.						
The average duration of the defined benefit plan obligation at the end of the reporting period is 8.16 years [as at March 31, 2023: 7.27 years]						

**Sensitivity analysis:**

A quantitative sensitivity analysis for significant assumption is shown below:

Assumptions	<b>INR-Million</b>					
	<b>Medical Leave</b>		<b>Leave Wages</b>		<b>Gratuity</b>	
	<b>As at March 31</b>					
	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
Impact on obligation:						
Discount rate increase by 0.5%	-	-	-	-	-	-
Discount rate decrease by 0.5%	-	-	-	-	-	-
Annual salary cost increase by 0.5%	-	-	-	-	-	-
Annual salary cost decrease by 0.5%	-	-	-	-	-	-
Withdrawal rate increase by 10%	-	-	-	-	-	-
Withdrawal rate decrease by 10%	-	-	-	-	-	-

[\*] Amounts shown in the above table doesn't exceed one million.

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

	<b>INR-Million</b>	
	<b>As at March 31</b>	
	<b>2024</b>	2023
Within the next 12 months [next annual reporting period]	2	2
Between 2 and 5 years	5	2
Between 6 and 10 years	2	3
<b>Total expected payments</b>	<b>9</b>	<b>7</b>

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

**Note: 18-Deferred Tax:**

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

	As at March 31 2022	Charge for the current year	As at March 31 2023	Charge for the current year	INR-Millions
					As at Mar 31 2024
Deferred Tax Liabilities:					
Depreciation	8	3	11	-	11
Fair valuation of Mutual Funds	-	1	1	-	1
	8	4	12	-	12
Deferred Tax Assets:					
Employee benefits/ Payable to statutory authorities	-	-	-	1	1
Others	1	-	1	(1)	-
	1	-	1	-	1
<b>Net Deferred Tax Liability</b>	<b>7</b>	<b>4</b>	<b>11</b>	<b>-</b>	<b>11</b>

B The Net Deferred Tax Expense of INR 126,319/- for the year has been charged [Previous Year of INR 4 Millions] in the Statement of Profit and Loss.

C The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

INR-Million	
As at March 31	
2024	2023

**Note: 19-Trade Payables:**

Due to Micro and Small Enterprises [*]	1	-
Due to other than Micro and Small Enterprises	215	190
<b>Total</b>	<b>216</b>	<b>190</b>
[*] Disclosure in respect of Micro and Small Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end [INR 144,480/- as at March 31, 2023]	1	-
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 [INR 295,359/- as at March 31, 2024] {INR 53,674/- as at March 31, 2023}	-	-
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 and Small Enterprises on the basis of information available with the Company.		

**Ageing of Trade Payables :**

Particulars	Not Due	Outstanding from due date of payment				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
		As at March 31, 2024				
Undisputed Micro and Small Enterprises [MSME]	1	-	-	-	-	1
Undisputed Others	53	161	-	-	1	215
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
<b>Total</b>	<b>54</b>	<b>161</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>216</b>
As at March 31, 2023						
Undisputed Micro and Small Enterprises [MSME] [INR 1,44,480/- as at March 31, 2023]	-	-	-	-	-	-
Undisputed Others	70	111	9	-	-	190
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
<b>Total</b>	<b>70</b>	<b>111</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>190</b>

INR-Million	
As at March 31	
2024	2023

**Note: 20-Other Financial Liabilities:**

Accrued Expenses	8	3
Payable for capital goods	9	7
<b>Total</b>	<b>17</b>	<b>10</b>

**Note: 21-Other Current Liabilities:**

Advances from Customers	1	-
Payable to Statutory Authorities	2	2
<b>Total</b>	<b>3</b>	<b>2</b>

**Note: 22-Provisions:**

Provision for Employee Benefits	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

	INR-Million	
	As at March 31	
	2024	2023
<b>Note: 23-Current Tax Liabilities [Net]:</b>		
Provision for Taxation [Net of advance payment of INR 748 Million {as at March 31, 2023 INR 2,031 Million}]	38	63
<b>Total</b>	<b>38</b>	<b>63</b>
<b>Note: 24-Contingent Liabilities and Commitments [to the extent not provided for]:</b>		
<b>A Contingent Liabilities:</b>		
a Claims against the Company not acknowledged as debts	-	-
<b>B Commitments:</b>		
a Estimated amount of contracts remaining to be executed on capital account and not provided for	136	53
- Net of advance of	49	24
<b>Note: 25-Revenue from Operations:</b>		
INR-Million		
Year ended March 31		
2024                      2023		
<b>Note: 25-Revenue from Operations:</b>		
Sale of Products	999	51
Other Operating Revenues:		
Net Gain on foreign currency transactions and translation	9	23
<b>Total</b>	<b>1,008</b>	<b>74</b>
<b>Note: 26-Other Income:</b>		
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	1,819	1,317
Gain on Investments mandatorily measured at FVTPL	26	131
<b>Total</b>	<b>1,845</b>	<b>1,448</b>
<b>Note: 27-Cost of Materials Consumed:</b>		
Raw Materials:		
Stock at commencement	152	-
Add: Purchases	447	153
	599	153
Less: Stock at close	197	152
	402	1
Packing Materials consumed	27	-
<b>Total</b>	<b>429</b>	<b>1</b>
<b>Note: 28-Purchases of Stock-in-Trade:</b>		
Purchases of Stock-in-Trade	102	29
<b>Total</b>	<b>102</b>	<b>29</b>
<b>Note: 29-Changes in Inventories:</b>		
Stock at commencement		
Work-in-progress	3	-
Finished Goods	-	21
	3	21
Less: Stock at close:		
Work-in-progress	33	3
Finished Goods	133	-
	166	3
<b>Total</b>	<b>(163)</b>	<b>18</b>
<b>Note: 30-Employee Benefits Expense:</b>		
Salaries and wages	62	33
Contribution to provident and other funds [*]	4	2
Staff welfare expenses	3	1
<b>Total</b>	<b>69</b>	<b>36</b>
[*] The Company's contribution towards defined contribution plan [INR 2,085/- for FY 2023-24]	-	2

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

	INR-Million	
	Year ended March 31	
	2024	2023
<b>Note: 31-Other Expenses:</b>		
Research Materials	36	18
Analytical Expenses	47	35
Product Development Expense	208	219
Consumption of Stores and spare parts	67	32
Power & fuel	24	12
Repairs to Building	1	4
Repairs to Plant and Machinery	4	5
Repairs to Others	1	1
Insurance	1	1
Traveling Expenses	-	1
Legal and Professional Fees [*]	2	1
Freight and forwarding on sales	33	-
Other marketing expenses	-	2
Corporate Social Responsibility [CSR] expenses [#]	14	8
Miscellaneous Expenses	75	89
<b>Total</b>	<b>513</b>	<b>428</b>
[*] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding GST]:		
- As Auditor [INR 275,000 {Previous Year: INR 190,000}]	-	-
- For Other Services [INR 128,000 {Previous Year: INR 133,000}]	-	-
- Total	-	-
[#] Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013.	14	8
Particulars with regard to CSR activities :		
1 Amount required to be spent during the year as per section 135(5)	14	8
2 Amount spent on:		
i Construction/ acquisition of any asset	-	8
ii On purposes other than (i) above	14	-
3 Amount of excess CSR spent of earlier years utilized for the financial year	-	-
4 Excess / (Shortfall) at the end of the financial year	-	-
5 Amount available for set off in succeeding financial year	-	-
6 Total of previous years shortfall	-	-
7 Reasons for shortfall	N.A	N.A
8 Nature of CSR Activities:		
A Healthcare and Education	14	8
9 Details of Related Parties:		
A Contribution to Zydus Foundation, a wholly owned subsidiary of the Holding Company, is a company incorporated under Section 8 of the Companies Act, 2013	14	8
<b>Note: 32-Tax Expenses:</b>		
<b>The major components of income tax expense are:</b>		
<b>A Statement of profit and loss:</b>		
<b>Profit or loss section:</b>		
<b>Tax expense on Continuing Operations</b>		
Current Tax	475	309
Deferred Tax - Relating to origination and reversal of temporary differences [Refer Note:18]	-	4
Prior Period Tax Adjustment	(61)	-
<b>Total Tax reported in the statement of Profit and Loss</b>	<b>414</b>	<b>313</b>
<b>OCI Section:</b>		
Tax related to items recognised in OCI during in the year:		
Net loss/ (gain) on remeasurements of defined benefit plans [Net Gain of INR 432,296/- for FY 2023-24] {Net Loss of INR 29,728/- for FY 2023-24}	-	-
<b>Total Tax charged to OCI</b>	<b>-</b>	<b>-</b>
<b>B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:</b>		
Profit before tax	1,859	971
Enacted Tax Rate in India (%)	25.17%	25.17%
Expected Tax Expenses	468	244
Adjustments for:		
Effect of unrecognized deferred tax assets/ liabilities	2	1
Effect of non-deductible expenses	4	113
Effect of different tax rates for capital gain as per books and Income tax	-	(45)
Others (Including prior period tax adjustment)	(60)	-
Total	(54)	69
<b>Tax Expenses as per Statement of Profit and Loss</b>	<b>414</b>	<b>313</b>

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

**Note: 33-Calculation of Earnings per Equity Share [EPS]:**

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

A Profit attributable to Equity Share Holders	INR-Millions	1,445	658
B Basic and weighted average number of Equity shares outstanding during the year	Numbers	1,019,143	1,019,143
C Effect of dilution - Optionally Convertible Non-Cumulative Redeemable Preference Share	Numbers	1,773,350,000	1,773,350,000
D Weighted average number of Equity Shares outstanding during the year	Numbers	1,774,369,143	1,774,369,143
E Nominal value of equity share	INR	10	10
F Basic EPS	INR	1,417.86	645.64
G Diluted EPS	INR	0.81	0.37

**Note: 34-Segment Information:**

The Chief Operating Decision Maker [CODM] reviews the Company as a single segment, namely "Animal Health and Veterinary products".

Revenue derived from single customer which amount to 10% or more of total sales	895	48
Revenue derived from other customers	104	3
<b>Total</b>	<b>999</b>	<b>51</b>

**Note: 35-Related Party Transactions:**

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

<b>a Holding Company:</b>	Zydus Lifesciences Limited
<b>b Subsidiary Companies:</b>	
Violio Healthcare Limited	Viona Pharmaceuticals Inc. [USA]
Biochem Pharmaceutical Private Limited	
<b>c Fellow subsidiary Companies/concerns:</b>	
Zydus Healthcare Limited	Zydus Pharmaceuticals (USA) Inc. [USA]
German Remedies Pharmaceuticals Private Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Zydus Wellness Limited	ZyVet Animal Health Inc. [USA]
Zydus Wellness Products Limited	Zydus Healthcare (USA) LLC [USA]
Liva Nutritions Limited	Sentyln Therapeutics Inc. [USA]
Liva Investment Limited	Zydus Noveltech Inc. [USA] [dissolved on December 15, 2023]
Zydus Animal Health and Investments Limited	Hercon Pharmaceuticals LLC [USA] [dissolved on May 24, 2023]
Dialforhealth Unity Limited	Zydus Therapeutics Inc. [USA]
Dialforhealth Greencross Limited	Zynext Ventures USA LLC [USA]
Zydus Pharmaceuticals Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Zydus Strategic Investments Limited	Alidac Pharmaceuticals SA Pty. Ltd. [Formerly known as Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Zydus VTEC Limited	Script Management Services (Pty) Ltd [South Africa]
Zydus Foundation	Zydus Wellness [BD] Pvt Ltd [Bangladesh]
LM Manufacturing India Private Limited	Zydus Pharmaceuticals Mexico SA De C.V. [Mexico]
M/s. Recon Pharmaceuticals and Investments, a Partnership Firm	Zydus Pharmaceuticals Mexico Services Company SA De C.V. [Mexico]
Zydus International Private Limited [Ireland]	Zydus Worldwide DMCC [UAE]
Zydus Netherlands B.V. [the Netherlands]	Zydus Wellness International DMCC [UAE]
Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Lifesciences Global FZE [UAE]
Zydus Nikkho Farmaceutica Ltda. [Brazil]	Zydus Pharmaceuticals (Canada) Inc. [Canada]
Alidac Healthcare (Myanmar) Limited [Myanmar]	Zydus Pharmaceuticals UK Limited [UK]
Zydus Healthcare Philippines Inc. [Philippines]	LM Manufacturing Limited [UK]
Zynext Ventures PTE. LTD. [Singapore]	Medsolutions (Europe) Limited [UK]
Zydus France, SAS [France]	LiqMeds Worldwide Limited [UK]
Laboratorios Combix S.L. [Spain]	LiqMeds Limited [UK]
Etna Biotech S.R.L. [Italy]	LiqMeds Lifecare Limited [UK]
<b>d Joint Venture Companies:</b>	
Zydus Hospira Oncology Private Limited	Bayer Zydus Pharma Private Limited
Zydus Takeda Healthcare Private Limited	Oncosol Limited
<b>e Enterprises significantly influenced by Directors and/or their relatives with whom transactions have taken place:</b>	
Zydus Infrastructure Private Limited	
<b>f Key Managerial Personnel:</b>	
Mr. Nitin D. Parekh	Chairman
Mr. Pramod Lokhande	Whole Time Director
Mr. Chimanlal P. Patel	Director
Ms. Bhavana Doshi	Director
Mr. Upen H. Shah	Nominee Director
Mr. Hiren Mistry	Executive Officer [Chief Financial Officer]
Mr. Mihir Mehta	Executive Officer [Company Secretary]

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

**Note: 35-Related Party Transactions - Continued:**

**B Transactions with Related Parties:**

The following transactions were carried out with the related parties in the ordinary course of business and at arm's length terms:

a Details relating to parties referred to in Note 35-A [a, b, c & e]

Nature of Transactions	Value of the Transactions [INR-Millions]					
	<u>Holding Company</u>		<u>Subsidiary/ Fellow subsidiary Companies</u>		<u>Enterprises significantly influenced by the Holding Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Year ended March 31						
<b>Purchases:</b>						
<b>Goods:</b>						
Zydus Lifesciences Limited	9	5	-	-	-	-
<b>Property, Plant and Equipment:</b>						
Zydus Lifesciences Limited	1	1	-	-	-	-
Recon Pharmaceuticals and Investments	-	-	1	-	-	-
Nesher Pharmaceuticals (USA) LLC	-	-	-	36	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>36</b>	<b>-</b>	<b>-</b>
<b>Reimbursement of Expenses paid:</b>						
Zydus Lifesciences Limited	92	108	-	-	-	-
ZyVet Animal Health Inc.	-	-	133	215	-	-
<b>Total</b>	<b>92</b>	<b>108</b>	<b>133</b>	<b>215</b>	<b>-</b>	<b>-</b>
<b>Services:</b>						
Zydus Lifesciences Limited	9	13	-	-	-	-
Zydus Infrastructure Private Limited	-	-	-	-	8	7
<b>Total</b>	<b>9</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>7</b>
<b>Sales:</b>						
<b>Property, Plant and Equipment:</b>						
Zydus Pharmaceuticals Limited	-	-	-	1	-	-
<b>Goods:</b>						
Zydus Lifesciences Limited	1	-	-	-	-	-
ZyVet Animal Health Inc.	-	-	895	-	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>895</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CSR Expenses:</b>						
Zydus Foundation	-	-	14	8	-	-
<b>Finance:</b>						
<b>Inter Corporate Loans Given:</b>						
Zydus Lifesciences Limited	1,500	22,780	-	-	-	-
Dialforhealth Unity Limited [INR 100,000/- for FY 2023-24]	-	-	-	-	-	-
<b>Total</b>	<b>1,500</b>	<b>22,780</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Inter Corporate Loans repaid by:</b>						
Zydus Lifesciences Limited	2,560	-	-	-	-	-
<b>Interest Income:</b>						
Zydus Lifesciences Limited	1,774	1,117	-	-	-	-
Viona Pharmaceuticals Inc.	-	-	24	14	-	-
Dialforhealth Unity Limited [INR 112/- for FY 2023-24]	-	-	-	-	-	-
<b>Total</b>	<b>1,774</b>	<b>1,117</b>	<b>24</b>	<b>14</b>	<b>-</b>	<b>-</b>



**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

**Note: 35-Related Party Transactions - Continued:**

Nature of Transactions	INR-Million					
	Holding Company		Subsidiary/Fellow subsidiary Companies		Enterprises significantly influenced by the Holding Company	
	2024	2023	Year ended March 31		2024	2023
<b>Outstanding:</b>						
<b>Receivables:</b>						
Zydus Lifesciences Limited	22,506	23,467	-	-	-	-
Dialforhealth Unity Limited [INR 100,112/- for FY 2023-24]	-	-	-	-	-	-
ZyVet Animal Health Inc.	-	-	493	-	-	-
Viona Pharmaceuticals Inc.	-	-	417	411	-	-
<b>Total</b>	<b>22,506</b>	<b>23,467</b>	<b>910</b>	<b>411</b>	<b>-</b>	<b>-</b>
<b>Payables:</b>						
Zydus Lifesciences Limited	41	49	-	-	-	-
Zydus Pharmaceuticals (USA) Inc.	-	-	-	7	-	-
ZyVet Animal Health Inc.	-	-	91	52	-	-
Zydus Infrastructure Private Limited	-	-	-	-	1	1
<b>Total</b>	<b>41</b>	<b>49</b>	<b>91</b>	<b>59</b>	<b>1</b>	<b>1</b>

C Details relating to persons referred to in Note 35-A [f] above:	INR-Million	
	Year ended March 31	
	2024	2023
i Salaries and other employee benefits to Whole Time Director and other executive officers	5	5
ii Commission to Non Executive / Independent Directors	0.1	0.1
iii Outstanding payable to above	0.1	0.3

**Note: 36-Financial Instruments:**

**A Fair values hierarchy:**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices [unadjusted] in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data relying as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**B Financial assets and liabilities measured at fair value - recurring fair value measurements:**

	INR-Million			
	As at March 31, 2024			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
<b>Financial assets at FVTPL:</b>				
Mutual funds	206	-	-	206
	<b>206</b>	<b>-</b>	<b>-</b>	<b>206</b>
<b>Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	As at March 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
<b>Financial assets at FVTPL:</b>				
Mutual funds	292	-	-	292
	<b>292</b>	<b>-</b>	<b>-</b>	<b>292</b>
<b>Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**C Fair value of instruments measured at amortised cost:**

**Financial Assets:**

The carrying amounts of trade receivables, loans 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.

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

**Note: 37-Financial Risk Management:**

**A Financial instruments by category:**

	INR-Million			
	As at March 31, 2024			
	FVTPL	FVOCI	Amortised Cost	Total
<b>Financial assets:</b>				
Investments:				
Equity Instruments [other than investment in Equity of Subsidiaries and Joint Ventures]	-	-	1,060	1,060
Mutual Funds	206	-	-	206
Non current Loans	-	-	22,137	22,137
Non Current Other Financial Assets	-	-	3	3
Trade receivables	-	-	495	495
Cash and Cash Equivalents	-	-	55	55
Bank Balances other than Cash and Cash Equivalents	-	-	574	574
Current loans	-	-	-	-
Other Current Financial Assets	-	-	784	784
<b>Total</b>	<b>206</b>	<b>-</b>	<b>25,108</b>	<b>25,314</b>
<b>Financial liabilities:</b>				
Trade payables	-	-	216	216
Other Current Financial Liabilities	-	-	17	17
<b>Total</b>	<b>-</b>	<b>-</b>	<b>233</b>	<b>233</b>
	INR-Millions			
	As at March 31, 2023			
	FVTPL	FVOCI	Amortised Cost	Total
<b>Financial assets:</b>				
Investments:				
Mutual Funds	292	-	-	292
Non current Loans	-	-	23,191	23,191
Non Current Other Financial Assets	-	-	3	3
Trade receivables	-	-	1	1
Cash and Cash Equivalents	-	-	6	6
Bank Balances other than Cash and Cash Equivalents	-	-	3	3
Current loans	-	-	-	-
Other Current Financial Assets	-	-	687	687
<b>Total</b>	<b>292</b>	<b>-</b>	<b>23,891</b>	<b>24,183</b>
<b>Financial liabilities:</b>				
Trade payables	-	-	190	190
Other Current Financial Liabilities	-	-	10	10
<b>Total</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>200</b>

**B Risk Management:**

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements. The Company's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Company's short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

**a Credit risk:**

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk from trade receivables, bank deposits and other financial assets. The Company periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

- i Investments at Amortised Cost : They are strategic investments in the normal course of business of the company.
- ii Bank deposits : The Company maintains its Cash and cash equivalents and Bank deposits with reputed and highly rated banks. Hence, there is no significant credit risk on such deposits.
- iii Loans to related parties : They are given for business purposes. The Company reassesses the recoverability of loans periodically. Interest recoveries from these loans are regular and there is no event of defaults.
- iv Trade Receivable: The Company trades with recognized and credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

**Note: 37-Financial Risk Management-Continued:**

v There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Adequate expected credit losses are recognized as per the assessments. There are third party customers who contribute to more than 10% of outstanding accounts receivable as at March 31, 2024. There is one third party customer who contributes to more than 10% of outstanding accounts receivable as at March 31, 2023.

The Company has used expected credit loss [ECL] model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

Financial assets for which loss allowances is measured using the expected credit loss:

Class of financial assets: carrying amounts	INR-Million	
	As at March 31	
	2024	2023
<b>Trade Receivables:</b>		
Less than 180 days [including not due]	494	-
180 - 365 days	-	-
Above 365 days	1	1
<b>Total</b>	<b>495</b>	<b>1</b>

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.

**b Liquidity risk:**

- a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding 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 in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**Maturities of financial liabilities:**

The tables below analyse the 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.

	INR-Million				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As at March 31, 2024				
<b>Non-derivative Financial Liabilities:</b>					
Trade payable	216	-	-	-	216
Other current financial liabilities	17	-	-	-	17
<b>Total</b>	<b>233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233</b>
	As at March 31, 2023				
<b>Non-derivative Financial Liabilities:</b>					
Trade payable	190	-	-	-	190
Other current financial liabilities	10	-	-	-	10
<b>Total</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>

**c Foreign currency risk:**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

**Note: 37-Financial Risk Management-Continued:**

**Foreign currency risk exposure:**

The Company's exposure to foreign currency risk at the end of the reporting period expressed as follows:

	INR-Million	
	Exposure of USD	
	2024	2023
<b>Financial assets:</b>		
Trade receivable	495	-
Loans to Related Parties alongwith interest	417	411
Advances to supplier	8	-
<b>Total exposure to foreign currency risk [assets]</b>	<b>920</b>	<b>411</b>
<b>Financial liabilities:</b>		
Trade and other payable	107	127
<b>Total exposure to foreign currency risk [liabilities]</b>	<b>107</b>	<b>127</b>
<b>Net exposure to foreign currency risk</b>	<b>813</b>	<b>284</b>
	Exposure of Other Foreign Currencies	
	2024	2023
<b>Financial assets:</b>		
Advances to Suppliers	22	-
<b>Total exposure to foreign currency risk [assets]</b>	<b>22</b>	<b>-</b>
<b>Financial liabilities:</b>		
Trade and other payable	-	-
<b>Total exposure to foreign currency risk [liabilities]</b>	<b>-</b>	<b>-</b>
<b>Net exposure to foreign currency risk</b>	<b>22</b>	<b>-</b>

**Sensitivity:**

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:

	INR-Millions					
	As at March 31, 2024			As at March 31, 2023		
	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	1.50%	9	-	8.00%	17	-
USD	-1.50%	(9)	-	-8.00%	(17)	-
Others	1.00%	0	-	6.00%	-	-
Others	-1.00%	(0)	-	-6.00%	-	-

\* Holding all other variables constant

**d Interest rate risk:**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2024, the Company is not exposed to changes in market interest rates. The Company's investments in Fixed Deposits are at fixed interest rates.

**e Price risk:**

**Exposure:**

The Company's exposure to price risk arises from investments in mutual funds held by the Company and classified in the balance sheet as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

**Sensitivity \*:**

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period.

	Movement in Rate	INR-Millions			
		As at March 31, 2024		As at March 31, 2023	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
<b>Mutual Funds [Quoted]</b>					
Increase	+2.00%	4	-	6	-
Decrease	-2.00%	(4)	-	(6)	-

\* Holding all other variables constant

**Note: 38-Disclosure of transactions with Struck off Companies:**

The Company did not have any material transaction with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the current and previous financial year.

**Zydus Animal Health and Investments Limited**  
**Notes to the Financial Statements**

**Note: 39-Analytical Ratios:**

#	Ratio	Numerator	Denominator	FY 23-24	FY 22-23	% Change
1	Current Ratio [*]	Current Assets	Current Liabilities	9.33	4.40	112.0%
2	Debt-Equity Ratio	Total Debt	Shareholder's Equity	-	-	N.A.
3	Debt Service Coverage Ratio	Earnings available for debt service	Finance cost + Repayment of Debt	N.A.	N.A.	N.A.
4	Return on Equity Ratio [*]	Net Profits after taxes	Average Shareholder's Equity	5.6%	2.7%	110.6%
5	Inventory turnover ratio [*]	Revenue from operations	Average Inventory	3.59	0.84	329.8%
6	Trade Receivables turnover ratio [*]	Revenue from operations	Average Trade Receivables	4.06	0.80	410.8%
7	Trade Payables turnover ratio [*]	Net Purchases and Other Expenses	Average Trade Payables	5.36	2.68	100.5%
8	Net capital turnover ratio [*]	Revenue from operations	Average Working Capital	0.63	0.08	671.2%
9	Net profit ratio [*]	Net Profits after taxes	Net Sales	143.4%	889.2%	-83.9%
10	Return on Capital employed [*]	Earnings before interest and taxes	Average Capital Employed	7.2%	3.9%	83.6%
11	Return on investments:					
a	Fixed Deposits [^]	Income from investments during the year	Time weighted average of investments	7.0%	5.1%	37.8%
b	Mutual Funds [^]	Income from investments during the year	Time weighted average of investments	6.7%	4.0%	66.6%

[\*] Mainly due to increase in sales, profit, inventories and debtors as the plant got commercialised during the year.

[^] Mainly due to market indices.

**Note: 40:**

- [a] The Company has not advanced or loaned or invested funds (either from borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities, including foreign entities [Intermediaries], with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company [Ultimate Beneficiaries] or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- [b] The Company has not received any funds from any persons or entities, including foreign entities [Funding Party] with the understanding [whether recorded in writing or otherwise], that the Company shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party [Ultimate Beneficiaries] or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- [c] The Company has used accounting software for maintaining its books of accounts for the year ended on March 31, 2024 which has a feature of recording audit trail [edit log] facility and the same has been operational throughout the year for all relevant transactions recorded in the software except that no audit trail has been enabled at the database level for accounting software to log any direct data changes. The Company is in process of implementing the audit trail at the database level.
- [d] The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.
- [e] No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions [Prohibition] Act, 1988 (45 of 1988) and the rules made thereunder.
- [f] The Company has not been declared as wilful defaulter by any bank or financial Institution or other lender.
- [g] The Company does not have any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.
- [h] The Company has complied with the number of layers prescribed under clause [87] of section 2 of the Act read with Companies [Restriction on number of Layers] Rules, 2017.
- [i] No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- [j] The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 [such as, search or survey or any other relevant provisions of the Income Tax Act, 1961].

**Note: 41:**

Figures of previous reporting periods have been regrouped/ reclassified to conform to current period's classification.

**Signatures to Material Accounting Policies and Notes 1 to 41 to the Financial Statements**

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

For and on behalf of the Board

sd/-  
Mr. Nitin D Parekh  
Chairman  
DIN : 00155570

sd/-  
Mr. Chandresh S. Shah  
Partner  
Membership Number : 042132  
Ahmedabad, Dated : May 10, 2024

sd/-  
Mr. Hiren Mistry  
Chief Financial Officer

sd/-  
Mr. Mihir J Mehta  
Company Secretary

sd/-  
Mr. Pramod Lokhande  
Whole Time Director  
DIN : 09344837  
Ahmedabad, Dated : May 10, 2024