INDEPENDENT AUDITOR'S REPORT

To
The Members of Zydus Healthcare Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Zydus Healthcare Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 March, 2022, and its profit, total comprehensive income, its cash flows and the changes in equity 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 specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Notes 42 and 43 to the Financial Statements, relating to the Schemes of Amalgamation of Zydus Healthcare Limited and Biochem Pharmaceuticals Industries Limited with the Company (formerly known as "German Remedies Limited"). These Schemes have been accounted for under the "Purchase Method" as per the Accounting Standard 14 – Accounting for Amalgamations and resulting goodwill on amalgamations is being amortised over a period of 10 years, in compliance with the Scheme of Amalgamation pursuant to Section 391 and 394 of the Companies Act, 1956 and Section 230 to 232 of the Companies Act, 2013, approved by the Hon'ble High Court of Gujarat and Hon'ble National Company Law Tribunal, Ahmedabad Bench, respectively. The accounting treatment provided in the Schemes prevails over the requirements of the Indian Accounting Standard ("Ind AS"), in accordance with the Ministry of Corporate Affairs notification for Ind AS dated February 16, 2015.

Our report is not modified in respect of this matter.

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

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

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 (i) in 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

1. As required by Section 143(3) of the Act, based on our audit, we report that:

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the 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, read with matter stated in the Emphasis of Matter paragraph above, 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 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". 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, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

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

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

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

      iv. a) The Management has represented that, to the best of their knowledge and belief, as stated in the Note 50 to the financial statements, 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, 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 on behalf of the Ultimate Beneficiaries.

b)The Management has represented, that, to the best of their knowledge and belief, as stated in the Note 50 to the financial statements, 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, 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) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins and Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

/sd
Manoj H. Dama
Partner
(Membership No. 107723)
UDIN:22107723AJDYSS2654

Place: Mumbai
Date: 18 May, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZYDUS HEALTHCARE LIMITED

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

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

We have audited the internal financial controls over financial reporting of Zydus Healthcare Limited ("the Company") as of 31 March, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm‘s Registration No. 117366W/W-100018)

/sd
Manoj H. Dama
Partner
(Membership No. 107723)
UDIN:22107723AJDYSS2654

Place: Mumbai
Date: 18 May, 2022

AUDITOR'S REPORT ON CARO 2020 (COMPANY AUDITOR'S REPORT ORDER)

(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Zydus Healthcare Limited of even date)

In terms of information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief we state that:

(i) In respect of Company's Property, Plant and Equipment and intangible assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, 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 programme 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 favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress, 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 title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except for the following:

(Rs in million)

Description of property	As at the Balance sheet date		Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of Company
	Gross carrying value	Carrying value in the financial statements				
Freehold land located at Daman	126	126		No	6 years	

admeasuring 7,000 sq. mtr						
Freehold Building located at Daman admeasuring 47,721sq. mtr	99.95	73.57	Biochem Pharmaceuticals Industries Limited	No	6 years	The title deeds are in the name of erstwhile Biochem Pharmaceuticals Industries Limited, which was amalgamated with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Court of judicature of Gujarat. The Company is in the process of transferring the lease deeds in its name.
Freehold Building located at Mumbai admeasuring 10,042 sq. mtr	185.46	166.93		No	6 years	
Leasehold Building at Vatva, Ahmedabad admeasuring 5,204 sq. mtr	1.18	1.01	Zydus lifesciences Limited(formerly known as Cadila Healthcare Limited)	No	6 years	The title deeds are in the name of Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited), have been transferred and vested in the company under the scheme of arrangement of Indian Human Formulations Undertaking [‘IHFU’] u/s 230 to 232 of the Companies Act, 2013, as sanctioned by the Honourable National Company Law Tribunal, Ahmedabad Bench [‘NCLT’]. The Company is in the process of transferring the lease deeds in its name.
Leasehold Land at vatva, Ahmedabad admeasuring 5,204 sq. mtr	1.00	1.00		No	6 years	

(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) No proceedings have been initiated during the year or are pending against the Company as at 31March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories, except for (goods-in-transit and stocks held with third parties), were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained and in respect of goods in transit, the goods have been received subsequent to the year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories/alternate procedures performed as applicable, when compared with the books of account.

(b) According the information and explanations given to us, at any point of time of the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from a bank on the basis of security of current assets of the Company. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising of (stock statements, book debt statements), filed by the Company with a bank till the date of this report are in agreement with unaudited books of account of the Company of the respective quarters.

(iii) The Company has made investments in, provided guarantee or security and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

(a) The Company has provided loans during the year and details of which are given below:

(Rs. in million)

	Loans
A. Aggregate amount granted / provided during the year:	7,232
-Parent	1,700
- Fellow Subsidiaries	5,532
B. Balance outstanding as at balance sheet date in respect of above cases:	10,207
-Parent	1,700
- Fellow Subsidiaries	8,507

The Company has not provided any advances in the nature of loans, guarantee or security to any other entity during the year.

(b) The investments made and the terms and conditions of the grant of all the above-mentioned loans during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.

(d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) During the year loan aggregating to Rs. 1,700 million fell due from the Parent and the same was renewed. The details of such loans that fell due and renewed during the year are stated below:

(Rs in million)

Name of the party	Aggregate amount of existing loans renewed or extended	Percentage of the aggregate to the total loans granted during the year
Zydus Lifesciences Limited	1,700	24%

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

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

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at 31 March, 2022 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31 March, 2022 on account of disputes are given below:

(Rs. in million)

Name of the Statute	**Nature of the Dues**	**Forum where dispute is pending**	**Period to**	**Amount Involved**	**Amount unpaid**
Central Sales Tax Act, 1956	Demand for Central Sales Tax and Interest	Commissioner Appeals, Ahmedabad	2016-2017	8.57	7.63
Bihar Goods and Service Tax Act, 2017	Demand for GST and Penalty	Joint Commissioner of Patna	April 2020 to June 2020	6.38	-
The Central Excise Act, 1944	Demand for Excise Duty and Penalty	CESTAT, Mumbai	July 2006 to Mar 2007	0.06	0.03
The Central Excise Act, 1944	Demand for penalty	Commissioner (Appeal), Siliguri	2015-2016	2.64	0.24
The Central Excise Act, 1944	Demand for Excise Duty, Interest and penalty	CESTAT, Calcutta	April 2016 to Nov 2016	177.97	164.62
The Central Excise Act, 1944	Demand for Excise Duty and Penalty	High Court, Gangtok	Sep 2013 to March 2015	25.28	25.28
The Central Excise Act, 1944	Demand for Excise Duty and Penalty	Adjudicating Commissioner, Daman	Jan 2014 to March 2016	3.84	3.57
The Central Excise Act, 1944	Demand for Tax and Penalty	CESTAT, Vapi	Nov 2015 to Sep 2016	0.11	0.10

The Central Excise Act, 1944	Demand for Tax and Penalty	CESTAT, Siliguri	Dec 2016 to June 2017	221.57	213.26
The Income tax Act, 1961	Demand for Tax and Interest	Deputy Commissioner of Income Tax, Circle-3(2), Gangtok	2013-2014	0.52	0.52

(viii) 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) (a) The Company has not taken any loans or borrowings from any lender Hence reporting under clause(ix)(a) of the order is not applicable to the company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) We report that the Company has neither taken any funds from any entity or person during the year nor it had any unutilised funds as at the beginning of the year of the funds raised through issue of shares or borrowings in the previous year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year, and hence reporting under clause (x)(a) of the Order is not applicable.

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

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

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

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

(xiv) (a) In our opinion 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 and covering the period upto December 2021 and the draft of the internal audit report where issued after the balance sheet date covering the period of January 1, 2022 to March 31, 2022 for the period under audit.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it’s holding company, subsidiary company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(b) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and 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 are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision 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 Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

/sd
Manoj H. Dama
Partner
(Membership No. 107723)
UDIN:22107723AJDYSS2654

Place: Mumbai
Date: 18 May, 2022

ZYDUS HEALTHCARE LIMITED
Balance Sheet as at March 31, 2022

Particulars	Note No.	INR- Million	
		As at March 31	
		2022	2021
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	6,276	6,558
Capital work-in-progress	3 [C]	8	51
Goodwill	3 [B]	17,738	22,338
Other Intangible Assets	3 [B]	2,615	3,187
Financial Assets:			
Investments	4	2,317	2,301
Loans	5	8,277	3,125
Other Financial Assets	6	221	218
Other Non-Current Assets	7	136	108
Assets for Current Tax [Net]	8	389	188
		37,977	38,074
Current Assets:			
Inventories	9	5,312	4,663
Financial Assets:			
Investments	10	3,000	1,354
Trade Receivables	11	2,532	2,205
Cash and Cash Equivalents	12	1,079	1,425
Bank balance other than cash and cash equivalents	12	2,907	22
Loans	13	2,072	9,072
Other Current Financial Assets	14	4	4
Other Current Assets	15	1,402	2,259
		18,308	21,004
Total		56,285	59,078
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	16	217	10,282
Other Equity	17	45,054	38,059
		45,271	48,341
Non-Current Liabilities:			
Financial Liabilities:			
Lease Liabilities	45	14	23
Other Financial Liabilities	18	46	29
Provisions	19	1,180	1,001
Deferred Tax Liabilities [Net]	20	1,153	1,837
		2,393	2,890
Current Liabilities:			
Financial Liabilities:			
Lease Liabilities	45	9	10
Trade Payables :			
Dues to Micro and Small Enterprises	21	18	23
Dues to Other than Micro and Small Enterprises	21	5,349	4,902
Other Financial Liabilities	22	856	732
Other Current Liabilities	23	371	325
Provisions	24	2,010	1,672
Current Tax Liabilities [Net]	25	8	183
		8,621	7,847
Total		56,285	59,078
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 53		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman
DIN - 00131995

Sd/-
Manoj H. Dama
Partner
Mumbai
May 18, 2022

Sd/-
N V Chalapathi Rao
Chief Financial Officer

Sd/-
Sanjay D Gupta
Company Secretary

Sd/-
Harish Sadana
Managing Director
DIN - 00026483
Ahmedabad
May 18, 2022

ZYDUS HEALTHCARE LIMITED
Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Note No.	INR- Million	
		Year ended March 31	
		2022	2021
INCOME:			
Revenue from Operations	27	34,720	31,819
Other Income	28	699	594
Total Income		35,419	32,413
EXPENSES:			
Cost of Materials Consumed	29	7,515	6,274
Purchases of Stock-in-Trade	30	2,683	3,141
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	31	(291)	(404)
Employee Benefits Expense	32	6,516	6,224
Finance Costs	33	6	53
Depreciation and Amortisation expense	3[D]	5,749	5,692
Other Expenses	34	6,749	6,691
Total Expenses		28,927	27,671
Profit before Exceptional Items and Tax		6,492	4,742
Add : Exceptional items	48	1,127	-
Profit before Tax		7,619	4,742
Less: Tax Expense:			
Current Tax	35	1,329	951
Deferred Tax	35	(684)	1,523
		645	2,474
Profit for the year		6,974	2,268
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement loss/[gain] on post employment defined benefit plans		10	(12)
Income tax effect		(3)	4
		7	(8)
Net [Loss] on Fair Value through OCI [FVTOCI] Equity Securities		14	11
Income tax effect		-	-
		14	11
Other Comprehensive Income for the year [Net of tax]		21	3
Total Comprehensive Income for the year [Net of Tax]		6,995	2,271
Basic and Diluted Earning per Equity Share [EPS] [in Rupees]	36	3,128.52	677.57
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 53		

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ZYDUS HEALTHCARE LIMITED

Cash Flow Statement for the year ended March 31, 2022

Particulars		INR-Million	
		Year ended March 31	
	2022		2021
A Cash flows from Operating Activities:			
Profit before Tax:		7,619	4,742
Adjustments for:			
Depreciation and Amortisation expenses	5,749		5,692
Profit on Sale of Investments measured through FVTPL	(109)		(38)
Interest Income on Financial Assets measured at Amortised Cost	(563)		(551)
Dividend Income	(2)		-
Interest Expense	3		50
Provision for doubtful debts [net of written back]	10		27
Impairment Allowances for Advances [net of written back]	(86)		(20)
Provision for Employee Benefits	197		261
Provisions for probable product expiry claims and return of goods [net of written back]	330		768
Profit on Sale of Brands [Net]	(1,127)		-
Total		4,402	6,189
Operating profit before working capital changes		12,021	10,931
Adjustments for:			
[Increase] in Trade Receivables	(359)		(453)
[Increase] in Inventories	(649)		(909)
Decrease / [Increase] in Other Assets	614		(247)
Increase in Trade Payables	633		927
Increase/ [Decrease] in Other Liabilities	193		(316)
Total		432	(998)
Cash generated from Operations		12,453	9,933
Direct taxes paid [Net of refunds]		(1,708)	(776)
Net cash from Operating Activities		10,745	9,157
B Cash flows from Investing Activities:			
Purchase of Property, Plant and Equipment	(218)		(674)
Proceeds from disposal of Property, Plant and Equipment	-		20
Investment in Partnership Firm/ Subsidiaries	(2)		(24)
Investment in Partnership Firm- others	-		(400)
and cash equivalents	109		38
Loans repaid by/(given to) Group Companies	1,879		(7,515)
Interest Received	618		440
Dividend Received	2		-
Profit on Sale of Brands [Net]	1,127		
Net cash used from/ Used (in) Investing Activities		3,515	(8,115)
C Cash flows from Financing Activities:			
Repayment of Non Current Borrowing	-		(132)
Repayment of Preference Shares	(10,065)		-
Interest Paid	-		(49)
Dividend Paid	-		(33)
Lease liabilities [Net]	(10)		(16)
Net cash [used in] financing activities		(10,075)	(230)
Net Increase in Cash and Cash Equivalents		4,185	812
Cash and Cash Equivalents at the beginning of the year		2,801	1,989
Cash and Cash Equivalents at the end of the year		6,986	2,801

Notes to the Cash Flow Statement

1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".

2 All figures in brackets are outflows/ non cash items/ pertaining to other activities.

3 Previous year's figures have been regrouped wherever necessary.

ZYDUS HEALTHCARE LIMITED
Cash Flow Statement for the year ended March 31, 2021

4 Cash and Cash Equivalents comprise of:

		As at March 31		
		2022	2021	2020
a	Cash on Hand	1	1	1
b	Balances with Banks	3,737	1,446	935
c	Deposits other than Banks	-	-	687
d	Cheques on Hand	248	-	366
e	Investment in Mutual Funds	3,000	1,354	-
		6,986	2,801	1,989

In terms of our report attached
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Managing Director
DIN - 00026483
Ahmedabad
May 18, 2022

ZYDUS HEALTHCARE LIMITED
Statement of Change in Equity for the year ended March 31, 2022

a Equity Share Capital:

	No. of Shares	INR - Million
Equity Shares of INR 100/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2020	21,61,742	**217**
As at March 31, 2021	21,61,742	**217**
As at March 31, 2022	21,61,742	**217**

b Other Equity:

	INR- Million					
	Reserves and Surplus				Items of OCI	Total
	General Reserve	Securities Premium	Capital Redemption Reserve	Retained Earnings	FVTOCI Reserve	
As at March 31, 2020	**26,986**	**5,541**	**2,300**	**996**	**(2)**	**35,821**
Add: Profit for the year	-	-	-	2,268	-	**2,268**
Add [Less]: Other Comprehensive income	-	-	-	(8)	11	**3**
Total Comprehensive Income	**26,986**	**5,541**	**2,300**	**3,256**	**9**	**38,092**
Transactions with Owners in their capacity as owners:						
Dividends	-	-	-	(33)	-	**(33)**
Corporate Dividend Tax on Dividend	-	-	-	-	-	**-**
As at March 31, 2021	**26,986**	**5,541**	**2,300**	**3,223**	**9**	**38,059**
Add: Profit for the year	-	-	-	6,974	-	**6,974**
Add [Less]: Other Comprehensive income	-	-	-	7	14	**21**
Total Comprehensive Income	**26,986**	**5,541**	**2,300**	**10,204**	**23**	**45,054**
Transfer from [to] Reserve	**-**	**-**	**10,065**	**-**	**-**	**10,065**
Transactions with Owners in their capacity as owners:						
Add [Less]: Other adjustments	(10,065)	-	-	-	-	**(10,065)**
Dividends	-	-	-	-	-	**-**
As at March 31, 2022	**16,921**	**5,541**	**12,365**	**10,204**	**23**	**45,054**

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

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DIN - 00131995

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Manoj H. Dama
Partner
Mumbai

May 18, 2022

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Chief Financial Officer

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Sanjay D Gupta
Company Secretary

Sd/-
Harish Sadana
Managing Director
DIN - 00026483
Ahmedabad
May 18, 2022

ZYDUS HEALTHCARE LIMITED

Note: 1-Company overview:

Zydus Healthcare Limited ["the Company"], a company limited by shares, incorporated and domiciled in India, operates as an integrated pharmaceutical company with business encompassing the entire value chain in the production, marketing and distribution of pharmaceutical products. The product portfolio of the Company includes human formulations. The registered office of the Company is located at "Zydus Corporate Park", Scheme no.: 63, Survey No.: 536, Khoraj (Gandhinagar), Sarkhej-Gandhinagar Highway, Near Vaishnodevi Circle, Ahmedabad - 382481. These financial statements were authorised for issue in accordance with a resolution passed by the Board of directors at its meeting held on May 18, 2022.

Note: 2-Significant Accounting Policies:

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

1 Basis of preparation:

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

B 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 accounting judgments and estimates:

A Property, Plant and Equipment:

Property, Plant and Equipment represent a large 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 lives, such as changes in technology.

B Impairment of property, plant and equipment, goodwill and investments:

Significant judgments are involved in determining the estimated future cash flows from the Investments, Property, Plant and Equipment and Goodwill to determine their value in use to assess whether there is any impairment in their carrying amounts as reflected in the financials.

C Employee benefits:

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

D Product expiry claims:

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

E Taxes on Income:

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

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 adjustments to borrowing costs are presented in the Statement of Profit and Loss within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis.

4 Revenue Recognition:

A The following are the significant accounting policies 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.

Note: 2-Significant Accounting Policies-Continued:

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, sales tax/ Goods and Services Tax [GST]. 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.

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 Government Grants:

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

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

6 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

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

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

h Minimum Alternate Tax [MAT] paid in a year is charged to the Statement of Profit and Loss as current tax.

i The Company recognizes MAT credit available as an asset only when and to the extent there is a convincing evidence of actual utilisation of such credit and also based on historical experience that the company will pay normal income tax during the specified period i.e. the period for which MAT Credit is allowed to be carried forward. Such asset, if recognised, is reviewed at each Balance sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the Company will be liable to pay normal tax during the specified period.

7 Property, Plant and Equipment:

A Freehold land is carried at historical cost, less impairment, if any. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in the financial statements for the period ended on March 31, 2016, attributable to Property, Plant and Equipment is adjusted to the cost of respective Property, Plant and Equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.

Note: 2-Significant Accounting Policies-Continued:

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Property, Plant and Equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

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

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

The estimated useful lives are as follows:

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 the reduced values, if any, on a systematic basis over their remaining useful lives.

E Depreciation on additions/ disposals of the property, plant and equipment during the year is provided on pro-rata basis according to the period during which assets are used.

F Where the actual cost of purchase of an asset is below 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.

8 Intangible Assets:

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

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

C Goodwill arising on Amalgamation is amortised over ten years, as provided in the Scheme of Amalgamation.

D Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful life of ten years.

E 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.

F Intangible assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

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

9 Research and Development Cost:

A Expenditure on research and development is charged to the Statement of Profit and Loss of the year in which it is incurred.

B Capital expenditure on research and development is given the same treatment as Property, Plant and Equipment.

10 Borrowing Costs:

A Borrowing costs consist of interest and other borrowing costs that are incurred in connection with the borrowing of funds. Other borrowing costs include ancillary charges at the time of acquisition of a financial liability, which is recognised as per EIR method. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

B Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date the assets are ready for their intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

11 Impairment of Non Financial 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.

12 Inventories:

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

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

A Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Work-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, and Stock-in-Trade is determined on Moving Average Method.

C Costs of Finished Goods and Work-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.

Note: 2-Significant Accounting Policies-Continued:

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

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

13 Cash and Cash Equivalents:

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

14 Leases:

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

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

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

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

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.

As a lessee:

For any new contracts entered into on or after April 1 2019, 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.

As a lessor:

\ As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

15 Provisions, Contingent Liabilities and Contingent Assets:

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

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

16 Provision for Product Expiry Claims:

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

Note: 2-Significant Accounting Policies-Continued:

17 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

i Gratuity:

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss. Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the Statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and

ii Net interest expense or income.

ii Company administered Provident Fund:

In case of a specified class of employees, monthly contributions of such employees and the company, are deposited to Cadila Healthcare Limited Employees' Provident Fund Trust. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Contributions to such provident fund are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

c Defined Contribution Plans - Provident Fund Contribution:

Employees of the Company, other than covered in point (ii) above, receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The company has no further obligation to the plan beyond their monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

C Employee Separation Costs:

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

18 Dividends :

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

19 Financial Instruments:

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

A Financial Assets:

a Initial recognition and measurement:

All financial assets are recognised initially at fair value plus transaction costs, in the case of financial assets not recorded at fair value through profit or loss, that are attributable to the acquisition of the financial asset. 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.

Note: 2-Significant Accounting Policies-Continued:

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 objectives of both collecting contractual cash flows and selling the financial assets
- The asset's contractual cash flows represent SPPI.

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

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

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv Equity instruments:

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

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

v Investments in subsidiaries and associates:

Investments in subsidiaries andassociates 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 andassociates, 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 andassociates at the Previous GAAP carrying amounts as their deemed costs on the date of transition to Ind AS i.e., April 1, 2015.

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 risks 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 trade receivables or any contractual right to receive cash or another financial asset. The Company follows 'simplified approach' for recognition of impairment loss allowance.

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] is recognized as expense/ income in the Statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

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

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

B Financial Liabilities:

a Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Note: 2-Significant Accounting Policies-Continued:

b Subsequent measurement:

Subsequently all financial liabilities are measured as 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.

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. An embedded derivative is a component of a hybrid [combined] instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

v Investments in subsidiaries and joint ventures:

Investments in subsidiaries and joint ventures 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 and joint ventures, 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 and joint ventures at the Previous GAAP carrying amounts as their deemed costs on the date of transition to Ind AS i.e., April 1, 2015.

20 Convertible Preference Shares:

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost [net of transaction costs] until it is extinguished on conversion or redemption. For the part of the convertible preference shares that meets the Ind AS 32 criteria for fixed to fixed classification are recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

21 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, maximizing the use of relevant observable inputs and minimizing 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.

22 Business combinations and Goodwill:

A In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2016. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward without any adjustment.

Note: 2-Significant Accounting Policies-Continued:

B Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value.

C At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 "Income Tax" and Ind AS 19 "Employee Benefits" respectively.

D When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.
This includes the separation of embedded derivatives in host contracts by the acquiree.

E Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 "Financial Instruments", is measured at fair value with changes in fair value recognised in statement of profit or 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 subsequent its settlement is accounted for within equity.

F Goodwill is initially measured at cost, being 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.

G After initial recognition, goodwill is measured at cost less any accumulated impairment losses. 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.

H A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in statement of profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

I Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

J Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ relevant government authority, the business combination is accounted for as per the accounting treatment sanctioned in the Scheme.

K Goodwill arising on Amalgamation is amortised over the period as provided in the Scheme of Amalgamation, as approved by the Hon'ble High Court or relevant government authority.

23 Earnings per Share:

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

24 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.

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs ["MCA"] notifies new standard or amendments to the existing standards under Companies [Indian Accounting Standards] Rules as issued from time to time. On March 23, 2022, the MCA amended the Companies [Indian Accounting Standards] Amendment Rules, 2022, applicable from April 1, 2022, as below:

a Ind AS 16 – Property, Plant and Equipments:

The amendments clarifies, the excess of net sale proceeds of items produced over the cost of testing, if any, should not be recognised in the statement of profit or loss but deducted from the directly attributable costs considered as part of cost of an item of PPE. The Company does not expect the amendment to have any material impact on its financial statements.

b Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

The amendments clarifies the nature of costs that can be directly related to the contract for the purpose of assessing the contract is onerous. The Company does not expect the amendment to have any material impact in its financial statements.

c Ind AS 103 – Business Combination:

The amendment clarifies that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards [Conceptual Framework] issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any impact on its financial statements.

d Ind AS 109 – Financial Instruments:

The amendment clarifies the nature of fees which can be included by the entity for the purpose of assessing the '10 percent' test for derecognition of financial liabilities. The Company does not expect the amendment to have any material impact in its financial statements.

ZYDUS HEALTHCARE LIMITED

Notes to the Financial Statements

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

[A] Property, Plant and Equipment: **INR-Million**

	Freehold Land	Leasehold Land	Buildings *	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	**Total**
Gross Block:								
As at March 31, 2020	1,078	509	2,161	3,561	150	159	286	**7,904**
Additions	-	-	292	349	-	25	1	**667**
Disposals	-	-	(2)	-	-	(11)	-	**(13)**
As at March 31, 2021	1,078	509	2,451	3,910	150	173	287	**8,558**
Additions	-	-	27	230	2	32	12	**303**
Disposals	-	-	(27)	(5)		(13)	-	**(45)**
As at March 31, 2022	1,078	509	2,451	4,135	152	192	299	**8,816**
Depreciation and Impairment:								
As at March 31, 2020	-	20	182	1,080	50	39	119	**1,490**
Depreciation for the year	-	6	68	353	15	20	53	**515**
Disposals	-	-	-	(1)	-	(4)	-	**(5)**
As at March 31, 2021	-	26	250	1,432	65	55	172	**2,000**
Depreciation for the year	-	7	69	410	15	21	53	**575**
Disposals	-	-	(25)	(4)	-	(6)	-	**(35)**
As at March 31, 2022	-	33	294	1,838	80	70	225	**2,540**
Net Block:								
As at March 31, 2021	1,078	483	2,201	2,478	85	118	115	**6,558**
As at March 31, 2022	1,078	476	2,157	2,297	72	122	74	**6,276**

[B] Intangible Assets:

	Goodwill	Other Intangible Assets: Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	**Total**
Gross Block:						
As at March 31, 2020	46,008	5,609	50	31	27	**5,717**
Additions	-	-	5	-	-	**5**
As at March 31, 2021	46,008	5,609	55	31	27	**5,722**
Additions	-	-	2	-	-	**2**
As at March 31, 2022	46,008	5,609	57	31	27	**5,724**
Amortisation and Impairment:						
As at March 31, 2020	19,069	1,891	37	20	11	**1,959**
Amortisation for the year	4,601	561	7	5	3	**576**
As at March 31, 2021	23,670	2,452	44	25	14	**2,535**
Amortisation for the year	4,600	561	5	5	3	**574**
As at March 31, 2022	28,270	3,013	49	30	17	**3,109**
Net Block:						
As at March 31, 2021	22,338	3,157	11	6	13	**3,187**
As at March 31, 2022	17,738	2,596	8	1	10	**2,615**

[C] Ageing of Capital-work-in progress (CWIP):

		As at March 31 **2022**	2021
A	**Projects in progress:**		
1	Less than 1 year	**8**	25
2	1 - 2 years	**-**	16
3	2 - 3 years	**-**	10
4	More than 3 years	**-**	-
	Total Capital Work-in-Progress	**8**	51

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

Impairment of goodwill:

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Cash Generating Unit [CGU], which represents the operating segment of the Company. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level. The Company has only one segment. i.e. Pharmaceuticals. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU over a period of five years. Key assumptions used are as mentioned below. As of March 31, 2022 and March 31, 2021 the estimated recoverable amount of the CGU exceeded its carrying amount.

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

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

INR- Million
Year ended March 31

The key assumption used for the calculations are as follows:

	2022	2021
Long Term Growth Rate	3.00%	3.00%
Discount Rate	9.00%	10.00%

The above discount rate is based on the Weighted Average Cost of Capital [WACC]. These estimates are likely to differ from future actual results of operations and cash flows.

[D] Depreciation and Amortisation expenses:	2022	2021
Depreciation *	575	515
Amortisation	5,174	5,177
Total	5,749	5,692

Notes:

1 Additions of INR 10 Million [Previous Year: INR 8 Million] in research assets during the year are included in "Additions" under the respective heads of Gross Block of Tangible assets as above.

2 Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Biochem Pharmaceutical Industries Limited and acquired pursuant to Scheme of Arrangement of Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited) with the Company are in the process of being transferred in the name of the Company.[Refer Note 46]

[*] Includes right of use assets, refer Note-45 for detailed breakup.

Note: 4-Investments [Non-Current]:

	Face Value [*]	Nos. [**]	INR- Million As at March 31 2022	2021
Investments in Subsidiaries and Associate Companies [Unquoted]:				
Investments in Subsidiaries and Associate Companies			34	34
Investments in a Partnership Firm			1,853	1,851
Investments in others:				
Investments in Equity Instruments [Quoted]			27	16
Investments in a Partnership Firm			403	400
			2,317	2,301
A Details of Investments in Subsidiaries and Associate Company:				
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
German Remedies Pharmaceuticals Pvt. Ltd.	10	35,00,000	33	33
			33	33
Associate Company [Unquoted]				
Zydus Animal Health and Investments Ltd. (INR 600,000)	10	1,19,143	0	0
Zydus Strategic Investment Ltd.	10	10,000	1	1
			34	34
B Details of Investment in Partnership Firm (Valued at amortised cost)				
Recon Pharmaceuticals and Investments				
Fixed Capital Contribution			1	1
Current Capital Contribution			1,852	1,850
Profit Sharing Ratio:			1,853	1,851
Zydus Healthcare Limited			90%	90%
German Remedies Pharamceuticals Pvt. Ltd.			10%	10%
C Details of Investments - Others [Valued at fair value through OCI]:				
Investment in Equity Instruments [Quoted]:				
In fully paid-up Equity Shares of:				
Reliance Industries Limited	10	348	1	1
Vedanta Limited	10	57,750	23	14
Tanla Platforms Limited	1	2,026	3	1
Total [Aggregate Book Value of Investments]			27	16
D i Aggregate amount of quoted investments			27	16
ii Market value of quoted investments			27	16
E Details of Investment [Valued at fair value through OCI]:				
Investment in Partnership Firm [Unquoted]:				
ABCD Technologies LLP [$]			403	400
			403	400
Profit Sharing Ratio:			6.45%	12.50%
F Aggregate amount of unquoted investments			2,290	2,285

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

Note: 4-Investments [Non-Current] Continued:

	INR- Million	
	As at March 31	
	2022	2021
G Explanations:		
a In "Face Value [*]", figures in Indian Rupees unless stated otherwise.		
b In "Nos. [**]" figures of previous year are same unless stated in [ ]{ }.		
c ( )^ Figures in bracket denote amount in Rupees.		
d ($) Pursuant to Limited Liability Partnership Agreement, the contribution made by the Company has lock-in period of 3 years from the date of investment till March 24, 2024.		

Note: 5-Loans:

	2022	2021
[Unsecured, Considered Good unless otherwise stated]		
Loans and Advances to Related Parties [*]	8,277	3,125
Total	8,277	3,125
[*] 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: (Refer Note No.: 38)		
A Holding Company, Fellow Subsidiary company, Subsidiary Company and Associate Company:		
a Zydus Pharmaceuticals Limited	3,202	-
b Zydus VTEC Limited	1,950	-
c Zydus Wellness Products Limited	3,125	3,125
Total	8,277	3,125
(#) Loans which are outstanding at the end of the respective financial year.		
Notes:		
a The above loans have been given for business purposes.		
b The loans are interest bearing		
c The above loans are repayable within a period upto 5 years		

Note: 6-Other Financial Assets:

	2022	2021
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	203	200
Others	18	18
Total	221	218

Note: 7-Other Non-Current Assets:

	2022	2021
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	9	30
Balances with Statutory Authorities	33	25
Others	94	53
Total	136	108

Note: 8-Current Tax Assets [Net]:

	2022	2021
Advance payment of Tax [Net of provision for taxation of INR 2,013 {as at March 31, 2021 INR 1,068} Million]	389	188
Total	389	188

Note: 9-Inventories:

	2022	2021
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories [*]:		
Raw Materials	1,927	1,631
Work-in-progress	198	154
Finished Goods	1,657	1,866
Stock-in-Trade	1,061	605
Others:		
Packing Materials	469	407
Total	5,312	4,663
The above includes Goods in transit as under:		
Raw Materials	13	28
Stock-in-Trade	49	-
Packing Materials	-	2
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories		
Net of reversal of write-down	29	(12)
[*] Net off one time provision for Covid related inventory of INR 488 Million for the year ended March 31, 2022 [for the year ended March 31, 2021: Nil].		

Note: 10-Investments [Current]:

	Nos. [**]	2022	2021
Investment in Mutual Funds [Valued at fair value through profit or loss]: [*]			
ICICI Overnight Fund - Direct Plan - Growth	17,390,388.78 [1,22,00,651.96]	1,993	1,354
SBI Overnight Fund - Direct Plan - Growth	290,837.88[0]	1,007	-
Total		3,000	1,354
A Explanations:			
a In "Nos. [**]" figures of previous year are same unless stated in [ ].			
[*] Considered as cash and cash equivalents for Cash Flow Statement			

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2022	2021
Note: 11-Trade Receivables:		
Unsecured - Considered good	2,532	2,205
Unsecured - Credit Impaired	69	80
	2,601	2,285
Less: Allowances for Credit Losses	69	80
Total	2,532	2,205

Ageing of Trade Receivables :

Particulars	Not due	Outstanding from due date of payment: Less than 6 Months	6 Months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
	As at March 31, 2022						
Undisputed – considered good	2,054	419	59	-	-	-	2,532
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	9	7	7	27	50
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	11	5	3	19
Total	2,054	419	68	18	12	30	2,601
Less: Allowances for credit losses							69
Trade Receivables							2,532
	As at March 31, 2021						
Undisputed – considered good	1,803	385	17	-	-	-	2,205
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	17	6	38	61
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	8	7	4	19
Total	1,803	385	17	25	13	42	2,285
Less: Allowances for credit losses							80
Trade Receivables							2,205

	INR- Million	
	As at March 31	
	2022	2021
Note: 12-Cash and Bank Balances:		
A Cash and Cash Equivalents:		
Cash on Hand	1	1
Balances with Banks	830	1,424
Cheques on Hand	248	-
Total	1,079	1,425
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 Bank balances other than cash and cash equivalents:		
Balances with Banks	2,907	22
Total	2,907	22
Note: 13-Loans:		
[Unsecured, Considered Good unless otherwise stated]		
Loans to related parties [*]	2,072	9,072
Loan to Others - Credit Impaired	-	86
	2,072	9,158
Less: Allowances for Credit Impaired	-	(86)
	2,072	9,072
[*] Details of Loans to Related Parties [Refer Note-38 for relationship] are as under:		
A Holding Company, Fellow Subsidiary company, Subsidiary Company and Associate Company:		
a Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited) [including Interest Receivable on Loan]	1,735	7,090
b Zydus Pharmaceuticals Limited[including Interest Receivable on Loan]	56	-
c Zydus Vtec Limited [including Interest Receivable on Loan]	19	-
d Zydus Wellness Products Limited [including Interest Receivable on Loan]	262	1,982
	2,072	9,072

Notes:

a All the above loans have been given for business purposes.

b All the above loans are repayable within a period of 1 year.

ZYDUS HEALTHCARE LIMITED

Notes to the Financial Statements

	INR- Million	
	As at March 31	
Note: 14-Other Current Financial Assets:	**2022**	2021
[Unsecured, Considered Good]		
GST Refund Receivables	**4**	4
Total	**4**	4
Note: 15-Other Current Assets:		
[Unsecured, Considered Good]		
Balances with Statutory Authorities	**719**	1,727
Advances to Suppliers	**501**	310
Export Incentive Receivables	**11**	17
Prepaid Expenses	**24**	22
Advance CSR contribution	**143**	183
Others	**4**	-
Total	**1,402**	2,259
Note: 16-Equity Share Capital:		
Authorised:		
3,100,000 [as at March 31, 2021: 3,100,000] Equity Shares of INR 100/- each	**310**	310
2,000,000 [as at March 31, 2021: 2,000,000] Redeemable Preference Shares of INR 10/- each	**20**	20
132,600,000 [as at March 31, 2021: 132,600,000] 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares of INR 100/- each	**13,260**	13,260
300,000 [as at March 31, 2021: 3,00,000] 8% Non-Cumulative Redeemable Preference Shares of INR 100/- each	**30**	30
	13,620	13,620
Issued, Subscribed and Paid-up:		
Equity Share Capital [21,61,742 { as at March 31, 2021: 21,61,742} Equity Shares of Rs. 100 each] fully paid up	**217**	217
Preference Share Capital [100,650,000 { as at March 31, 2021: 100,650,000} 8% Optionally Convertible Non Cumulative Redeemable Preference Shares of Rs. 100 each, fully paid up]	**-**	10,065
Total	**217**	10,282
A The reconciliation in number of Equity shares is as under:		
Number of shares at the beginning and at the end of the year	**21,61,742**	21,61,742
The reconciliation in number of 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares is as under:		
Number of shares at the beginning of the year	**10,06,50,000**	10,06,50,000
Less: Shares redeemed during the year	**10,06,50,000**	-
Number of shares at the end of the year	**-**	10,06,50,000

B The Company has only one class of equity shares having a par value of INR 100/- 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 [OCRPS] Shares are redeemable at par. 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. Such conversion shall happen at 1 equity shares for 249 OCRPS. 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 Details of Share holders holding more than 5% of Shares:

	2022	2021
a Equity Shares:		
All Equity Shares are held by holding company, Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited) and its nominees		
Number of Shares	**21,61,742**	21,61,742
% to total share holding	**100%**	100%
b 8% Optionally Convertible Non-Cumulative Redeemable		
All Preference Shares are held by holding company, Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited)		
Number of Shares	**-**	10,06,50,000
% to total share holding	**-**	100.00%

D Details of Equity Shares held by promoters at the end of the year March 31, 2022 and 2021:

#	Promoter's Name	No. of Shares	% of total shares	% change during the year
1	Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited)	21,61,742	100.00	-

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

	INR- Million	
	As at March 31	
	2022	2021
Note: 17-Other Equity:		
Capital Redemption Reserve: [*]		
Balance as per last Balance Sheet	**2,300**	2,300
Add: Transfer from General Reserve	**10,065**	-
	12,365	2,300
Securities Premium Reserve:		
Balance as per last Balance Sheet	**5,541**	5,541
	5,541	5,541
Other Reserves:		
General Reserve: [**]		
Balance as per last Balance Sheet -	**26,986**	26,986
Less: Transfer to Capital Redemption Reserve	**(10,065)**	
	(10,065)	-
Balance as at the end of the year	**16,921**	26,986
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**9**	(2)
Add/ [Less]: Credited/ [Debited]	**14**	11
	23	9
Retained Earnings:		
Balance as per last Balance Sheet	**3,223**	996
Add: Profit for the year	**6,974**	2,268
	10,197	3,264
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	**7**	(8)
Less: Dividends:		
Dividends	**-**	(33)
	-	(33)
Balance as at the end of the year	**10,204**	3,223
Total	**45,054**	38,059

[*] 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.

[**] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.

[#] The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Note: 18-Other Financial Liabilities:		
Others	**46**	29
Total	**46**	29

	INR- Million	
	As at March 31	
	2022	2021
Note: 19-Provisions:		
Provision for Employee Benefits	1,180	1,001
Total	1,180	1,001

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					
	2022			2021		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B Change in the present value of the defined benefit obligation:						
Opening defined benefit obligation	150	725	1,012	101	625	906
Transfer in /(out) obligation	5	10	33	-	-	-
Interest cost	9	43	63	6	36	55
Current service cost	13	80	111	12	75	104
Benefits paid	-	(90)	(75)	(1)	(54)	(64)
Actuarial losses/ (gain) on obligation	(12)	(21)	10	32	43	11
Closing defined benefit obligation	165	747	1,154	150	725	1,012
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	80	603	-	75	627
Transfer in /(out) obligation		-	(5)		-	(6)
Interest Income	-	4	39	-	4	40
Return of plan assets excluding		-	-		-	-
amounts included in interest income	-	1	20	-	-	(1)
Contributions by employer	-	1	10	-	1	7
Benefits paid	-	(3)	(75)	-	-	(64)
Closing fair value of plan assets	-	83	592	-	80	603
D Actual return on plan assets:						
Expected return on plan assets	-	4	39	-	4	40
Actuarial [losses]/ gains on plan assets	-	1	20	-	-	(1)
Actual return on plan assets	-	5	59	-	4	39
E Amount recognised in the balance sheet:						
Liabilities/ [Assets] at the end of the year	165	747	1,154	150	725	1,012
Fair value of plan assets at the end of the year	-	(83)	(592)	-	(80)	(603)
Difference	165	664	562	150	645	409
Unrecognised past service cost	-	-	-	-	-	-

ZYDUS HEALTHCARE LIMITED

Notes to the Financial Statements

Note: 19-Provisions- Non Current - Continued:

INR- Million

As at March 31

		2022 Medical Leave	2022 Leave Wages	2022 Gratuity	2021 Medical Leave	2021 Leave Wages	2021 Gratuity
	Liabilities recognised in the Balance Sheet	165	664	562	150	645	409
F	**Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	13	80	111	12	75	104
	Interest cost on benefit obligation	9	43	63	6	36	55
	Interest Income	-	(4)	(39)	-	(4)	(40)
	Return of plan assets excluding amounts included in interest income	-	1	-	-	-	-
	Net actuarial [gains]/ losses in the year	(12)	(22)	-	32	43	-
	Amount Included in "Employee Benefit Expense	10	98	135	50	150	119
	Return of plan assets excluding amounts included in interest income	-	-	(20)	-	-	1
	Net actuarial [gains]/ losses in the year	-	-	10	-	-	11
	Amounts recognized in OCI	-	-	(10)	-	-	12
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	150	645	410	101	550	279
	Expenses charged to P & L	10	98	135	50	150	119
	Employer's contribution	-	1	(10)	-	(1)	(7)
	Amount recognised in OCI	-	-	(10)	-	-	12
	Benefits Paid	-	(90)	-	(1)	(54)	-
	Transfer in /(out) obligation	5	10	33	-	-	-
	Transfer out plan assets	-	-	5	-	-	6
	Liabilities/ [Assets] recognised in the Balance Sheet	165	664	563	150	645	410
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate [*]	6.85%	6.85%	6.85%	6.50%	6.50%	6.50%
	Annual increase in salary cost [#]	12% p.a. for next two years and 9% p.a thereafter			12% p.a. for next three years and 9% p.a. thereafter		

[*] 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.

[#] 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.

		2022 Medical Leave	2022 Leave Wages	2022 Gratuity	2021 Medical Leave	2021 Leave Wages	2021 Gratuity
I	**The categories of plan assets as a % of total plan assets are:**						
	Insurance plan	0.00%	100.00%	98.00%	0%	100%	100%
	Bank Balance	0.00%	0.00%	2.00%	0%	0%	0%

J Amount recognised in current and previous four years:

Gratuity:	As at March 31 2022	2021	2020	2019	2018
Defined benefit obligation	1,154	1,012	906	758	712
Fair value of Plan Assets	592	603	627	587	441
Deficit/ [Surplus] in the plan	562	409	279	171	271
Actuarial Loss/ [Gain] on Plan Obligation	10	11	79	(18)	13
Actuarial Loss/ [Gain] on Plan Assets	-	-	-	-	-

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2021-22.

The average duration of the defined benefit plan obligation at the end of the reporting period is 25.09 years [as at March 31, 2021: 25.55 Years]

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumptions is shown below:

INR-Million

Assumptions	Medical Leave 2022	Medical Leave 2021	Leave Wages 2022	Leave Wages 2021	Gratuity 2022	Gratuity 2021
Impact on obligation:						
Discount rate increase by 0.5%	(7)	(7)	(20)	(22)	(38)	(34)
Discount rate decrease by 0.5%	7	7	22	21	40	36
Annual salary cost increase by 0.5%	6	6	21	20	39	35
Annual salary cost decrease by 0.5%	(7)	(7)	(20)	(21)	(37)	(33)

(As at March 31)

ZYDUS HEALTHCARE LIMITED

Notes to the Financial Statements

Note: 19-Provisions- Non Current - Continued:

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

	INR-Million	
	As at March 31	
	2022	2021
Within the next 12 months [next annual reporting period]	315	122
Between 2 and 5 years	902	437
Between 6 and 10 years	782	378
Total expected payments	1,999	937

Note: 20-Deferred Tax:

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

INR-Million

	As at March 31 2020	Charge for the previous year	As at March 31 2021	Charge for the current year	As at March 31 2022
Deferred Tax Liabilities:					
Depreciation	5,765	2,923	8,688	(1,659)	7,029
	5,765	2,923	8,688	(1,659)	7,029
Deferred Tax Assets:					
Retirement benefits	300	112	412	34	446
Provision for Bad and Doubtful Debts	56	2	58	(33)	25
Provision for Expiry and Breakages	245	205	450	50	500
Unabsorbed depreciation	1,203	(1,203)	-	-	-
Disallowance u/s 40(a)(ia)	10	(10)	-	-	-
Others	2	(2)	-	-	-
Total	1,816	(896)	920	51	971
Net Deferred Tax Liabilities	3,949	3,819	7,768	(1,710)	6,058
MAT credit recognised in books	(3,635)	(2,296)	(5,931)	1,026	(4,905)
Net Deferred Tax Liabilities	(314)	1,523	1,837	(684)	1,153

B The Net Deferred Tax (Asset) Liabilities of INR (684) [Previous Year: INR 1523] Million for the year has been provided in the Statement of Profit and Loss.

C MAT Credit recognised as at March 31, 2022 is INR 4,905 [as at March 31, 2021: INR 5,931] Million. Such MAT credit has been recognised on the basis of the assessment made by the Company’s management of the profitability, operational plans in the foreseeable future. MAT Credit not recognised as at March 31, 2022 is INR 310 [as at March 31, 2021: INR NIL] Million. Such MAT credit has not been recognised as the Company's management is of the view that, presently there is no convincing evidence in view of the ongoing litigation pending at appellate forum that the Company would be able to utilise such unrecognised MAT credit against the Tax payable under the Normal provision of the Income-tax Act. Further, and notwithstanding the foregoing, the Company can elect to exercise the option permitted u/s 115BAA of the Income- tax Act, 1961 consequent to which the entire MAT credit would no longer be allowed for utilisation.

D i Pursuant to the amendment made in the Finance Act, 2021, goodwill will not form part of block of asset eligible for depreciation under the Income Tax Act with effect from FY 20-21.

ii Prior to the aforesaid amendment, Goodwill was depreciated in the books of the Company (in accordance with the Scheme of Amalgamation approved by the Hon’ble National Company Law Tribunal (NCLT)) and was also allowed as a deduction in income tax although the rates at which the depreciation was calculated in books and income tax were different. Accordingly, the Company had recognized a a deferred tax liability of Rs.4,895 million as on March 31, 2020 on the difference between written down value (WDV) of goodwill as per books and that as per income tax.

iii After introduction of the aforesaid amendment, the Company can not claim depreciation on goodwill in income tax, hence the tax base of goodwill is considered as NIL. The amendment also provides that WDV of goodwill as on March 31, 2020 will be deductible as part of cost of the business upon sale of the underlying business. As per the Management assessment the said event is unlikely to occur in foreseeable future and hence, the Company has recognised additional deferred tax liability of Rs. 3,388 Million during the previous year on WDV of goodwill.

	INR- Million	
	As at March 31	
	2022	2021
Note: 21-Trade Payables:		
Dues to Micro and Small Enterprises [*]	18	23
Dues to other than Micro and Small Enterprises	5,349	4,902
Total	5,367	4,925
[*] Disclosure in respect of Micro and Small Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	18	23
B Interest due thereon	-	-
C Amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	2	1
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

ZYDUS HEALTHCARE LIMITED

Notes to the Financial Statements

Note: 21-Trade Payables: Continue

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, 2022					
Undisputed Micro and Small Enterprises [MSME]	18	-	-	-	-	18
Undisputed Others	3,922	1,359	22	25	21	5,349
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	3,940	1,359	22	25	21	5,367
	As at March 31, 2021					
Undisputed Micro and Small Enterprises [MSME]	15	8	-	-	-	23
Undisputed Others	3,467	1,268	143	8	16	4,902
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	3,482	1,276	143	8	16	4,925

	INR- Million	
	As at March 31	
	2022	2021
Note: 22-Other Financial Liabilities:		
Accrued Expenses	825	714
Payable for Capital Goods	31	18
Total	856	732
Note: 23-Other Current Liabilities:		
Advances from customers	69	91
Payable to Statutory Authorities	263	225
Others	39	9
Total	371	325
Note: 24-Provisions:		
Provision for Employee Benefits [Refer Note No.: 19]	211	203
Provision for claims for product expiry and return of goods [*]	1,799	1,469
Total	2,010	1,672
[*] Provision for claims for product expiry and return of goods:		
a Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.		
b The movement in such provision is stated as under:		
i Carrying amount at the beginning of the year	1,469	702
ii Additional provision made during the year	330	767
iii Carrying amount at the end of the year	1,799	1,469
Note: 25-Current Tax Liabilities [Net]:		
Provision for Taxation [Net of advance payment of tax of INR 951 {as at March 31, 2021: INR 1329} Million]	8	183
Total	8	183
Note: 26-Contingent Liabilities and Commitments [to the extent not provided for]:		
A Contingent Liabilities:		
a Claims against the Company not acknowledged as debts	70	31
- Net of advance of	1	1
b Other money for which the company is contingently liable:		
i In respect of the demands raised by the Central Excise, State Excise, Custom & Service Tax Authority	522	704
- Net of advance of	31	1
ii In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts	1	1
- Net of advance of	13	13
iii In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts	8	14
- Net of advance of	1	2
iv Letters of Credit for Imports	15	-
B Commitments:		
a Estimated amount of contracts remaining to be executed on capital account and not provided for	103	248
- Net of advance of	6	13

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

	INR- Million	
	Year ended March 31	
	2022	2021
Note: 27-Revenue from Operations:		
Sale of Products	34,312	31,435
Other Operating Revenues:		
Share of Profit from a Partnership Firm	2	2
Export Incentives [Rs.2,25,688 for March 31, 2022]	-	5
Net Gain on foreign currency transactions and translation	8	11
Contract manufacturing and processing income	110	103
Miscellaneous Income	288	263
	408	384
Total	34,720	31,819
Pursuant to Ind AS 115 "Revenue from Contracts with Customers" reconciliation of revenue recognised in the statement of profit and loss with the contracted price is under:		
Revenue as per contracted price	34,471	32,203
Less:		
Provision for Expiry and Sales Return	(159)	(768)
Revenue from contract with customers	34,312	31,435
Note: 28-Other Income:		
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	563	551
	563	551
Dividend Income:		
From Investments designated as at FVOCI	2	-
Gain on Investments mandatorily measured at FVTPL	109	35
Gain on Investments measured at amortised cost	-	3
Other Non-operating Income	25	5
Total	699	594
Note: 29-Cost of Materials Consumed:		
Raw Materials:		
Stock at commencement	1,631	1,189
Add: Purchases	5,729	5,087
	7,360	6,276
Less: Stock at close	1,927	1,631
	5,433	4,645
Packing Materials consumed	2,082	1,629
Total	7,515	6,274
Note: 30-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	2,683	3,141
Total	2,683	3,141
Note: 31-Changes in Inventories:		
Stock at commencement:		
Work-in-progress	154	210
Finished Goods	1,866	1,621
Stock-in-Trade	605	390
	2,625	2,221
Less: Stock at close:		
Work-in-progress	198	154
Finished Goods	1,657	1,866
Stock-in-Trade	1,061	605
	2,916	2,625
Total	(291)	(404)

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

	INR- Million	
	Year ended March 31	
	2022	2021
Note: 32-Employee Benefits Expense:		
Salaries and wages	**6,057**	5,789
Contribution to provident and other funds [*]	**410**	396
Staff welfare expenses	**49**	39
Total	**6,516**	6,224
Above expenses includes Research and Development related expenses as follows:		
Salaries and wages	**67**	63
Contribution to provident and other funds	**5**	5
Staff welfare expenses	**3**	2
Total	**75**	70
Managing Directors' Remuneration	**74**	55
[*] The Company's contribution towards defined contribution plan		
Contribution to provident and other funds	**270**	263
The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees, as specified under the law. The contributions are paid to the respective Regional Provident Fund Commissioner under the Pension Scheme.		
Note: 33-Finance Cost:		
Interest expense [*]	**3**	50
Bank commission & charges	**3**	3
Total	**6**	53
[*] The break up of interest expense into major heads is given below:		
On term loans	**-**	5
On working capital loans [INR 4,00,000 for March 31, 2021]	**-**	-
On Lease	**3**	3
Others	**-**	42
Total	**3**	50
Note: 34-Other Expenses:		
Research Materials	**2**	4
Analytical Expenses	**15**	14
Consumption of Stores and spare parts	**214**	261
Power & fuel	**257**	260
Rent	**59**	56
Repairs to Buildings	**17**	15
Repairs to Plant and Machinery	**49**	91
Repairs to Others	**31**	34
Insurance	**130**	129
Rates and Taxes [excluding taxes on income]	**5**	6
Processing Charges	**1,226**	1,100
Commission to Directors	**1**	1
Traveling Expenses	**245**	193
Legal and Professional Fees [*]	**203**	117
Commission on sales	**347**	325
Freight and forwarding on sales	**213**	213
Representative Allowances	**731**	598
Royalty Expenses	**145**	110
Other marketing expenses	**1,841**	2,272
Allowances of credit losses:		
Trade receivables written off	**21**	-
Expected credit loss	**(11)**	27
	10	27
Less: Transferred from expected credit loss	**-**	-
	10	27
Allowances for Doubtful Advances:		
Doubtful advances written off	**-**	-
Allowances for credit impaired	**(86)**	(20)
	(86)	(20)
Less: Transferred from impairment allowances	**-**	-
	(86)	(20)
Directors' fees	**3**	2
Donations [INR 350,000 for March 31, 2022]	**-**	53
Miscellaneous Expenses [#]	**1,091**	830
Total	**6,749**	6,691

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

	INR- Million	
	Year ended March 31	
	2022	2021
Note: 34-Other Expenses-Continued:		
Above expenses includes Research related expenses as follows:		
Research Materials	2	4
Consumption of Stores and spare parts	18	44
Rent	23	23
Power & Fuel	8	8
Repairs to Buildings	2	1
Repairs to Plant and Machinery	2	1
Traveling Expenses	1	1
Legal and Professional fees [INR 268,000 for March 31, 2022]	-	2
Miscellaneous Expenses [excluding Depreciation of INR 18 {Previous Year INR 17} Million]	43	54
Total	99	137
[*] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding GST]:		
i - As Auditor	3	3
- For Other Services [INR NIL {Previous Year - INR 1,65,750}]	-	-
- Reimbursement of expenses [INR Rs. 16,118 {Previous Year: INR 15,395}]	-	-
- Total	3	3
ii Cost Auditor's Remuneration including fees for other services [excluding Service Tax]	1	1
[#] Miscellaneous Expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	80	62
# Particulars with regard to CSR activities :		
1 Amount required to be spent during the year as per section 135(5)	80	62
2 Amount spent on CSR for construction/acquisition of asset	40	245
3 Amount of excess CSR spent of earlier years utilized for the financial year	40	-
4 Excess / (Shortfall) at the end of the financial year	-	183
5 Amount available for set off in succeeding financial year	143	183
6 Total of previous years shortfall	N.A	N.A
7 Reasons for shortfall	N.A	N.A
8 Nature of CSR Activities:		
A Healthcare	80	245
9 Details of Related Parties:		
A Contribution to Zydus Foundation, a wholly owned subsidiary of the Parent, is a company incorporated under Section 8 of the Companies Act, 2013	80	245
Note: 35-Tax Expenses::		
The major components of income tax expense are:		
A Statement of profit and loss:		
Profit or loss section:		
Current income tax:		
Current income tax charge	1,337	947
Adjustments in respect of current income tax of previous years	(8)	-
	1,329	947
Deferred tax:		
Relating to origination and reversal of temporary differences [Refer Note-20]	(684)	1,523
Tax expense reported in the statement of profit and loss	645	2,470
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss/ (gain) on remeasurements of defined benefit plans	3	(4)
Tax charged to/(credited) OCI	3	(4)
B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Profit before tax	7,619	4,742
Enacted Tax Rate (%) of the Country	34.94%	34.94%
Expected Tax Expenses	2,662	1,657
Adjustments for:		
Tax effect due to non-taxable income for tax purposes	(11)	(7)
Effect of unrecognized deferred tax assets/ liabilities	(9)	4,530
Effect of non-deductible expenses	105	106
Effect of additional deductions in taxable income	(1,962)	(1,655)
Effect of MAT credit recognised [*]	-	(2,180)
Others (including Prior Period Tax Adjustment)	(140)	19
Total	(2,017)	813
Tax Expenses as per Statement of Profit and Loss	645	2,470
[*] INR 2,180 Million of benefit on account of recognition of deferred tax asset on MAT credit of earlier years available to the Company [which was not recognised in past, but now has been recognised mainly on account of non-availability of depreciation on goodwill pursuant to an amendment to section 2(11) of the Income Tax Act in the Finance Act, 2021]		

Note: 36-Calculation of Earnings per Equity Share [EPS]:

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

A	Profit for the year	INR-Million	**6,974**	2,268
B	Less: Preference Dividend (including CDT for previous year)	INR-Million	**(211)**	(803)
C	Profit attributable to Equity Share Holders	INR-Million	**6,763**	1,465
D	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**21,61,742**	21,61,742
E	Effect of dilution - Optionally Convertible Preference Shares	Numbers	**-**	4,04,217
F	Weighted average number of Equity Shares outstanding during the year	Numbers	**21,61,742**	25,65,959
G	Nominal value of equity share	INR	**100**	100
H	Basic and Diluted EPS	INR	**3128.52**	677.57

Note: 37-Segment Information:

Segment Information has been given in the Consolidated Financial Statements of the Holding Company. Hence, as per Ind AS-108 "Operating Segments" issued by the Ministry of Corporate Affairs, no separate disclosure on segment information is given in these financial statements.

Note: 38-Related Party Transactions:

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

a Holding Company: Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]

b Subsidiary Companies/ Concerns:
German Remedies Pharmaceuticals Private Limited
Recon Pharmaceuticals and Investments (Partnership Firm)

c Fellow Subsidiary Companies, Associates Company/ concerns:

Violio Healthcare Limited	Zydus Pharmaceuticals (USA) Inc. [USA]
Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Dialforhealth Greencross Limited	Zydus Healthcare (USA) LLC [USA]
Zydus Wellness Limited	Sentynl Therapeutics Inc. [USA]
Zydus Animal Health and Investments Ltd. [Associate Company]	Zydus Noveltech Inc. [USA]
ZyVet Animal Health Inc. [USA]	Hercon Pharmaceuticals LLC [USA]
Liva Nutritions Limited	Viona Pharmaceuticals Inc. [USA]
Liva Investment Limited	Zydus Wellness Products Limited
Zydus Pharmaceuticals Limited	Zydus Wellness International DMCC [Dubai]
Biochem Pharmaceutical Private Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Zydus Foundation	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Zydus Lanka (Private) Limited [Sri Lanka]	Script Management Services (Pty) Ltd [South Africa]
Zydus Healthcare Philippines Inc. [Philippines]	Zydus France, SAS [France]
Zydus International Private Limited [Ireland]	Laboratorios Combix S.L. [Spain]
Zydus Netherlands B.V. [the Netherlands]	Zydus Nikkho Farmaceutica Ltda. [Brazil]
Etna Biotech S.R.L. [Italy]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Alidac Healthcare (Myanmar) Limited [Myanmar]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Zydus Discovery DMCC [Dubai] [Merged with ZTI w.e.f. July 1, 2021]	Zydus Worldwide DMCC [Dubai]
Zydus VTEC Limited	Zydus Wellness BD Pvt Ltd [Bangladesh]
Zydus Therapeutics Inc., USA	Zydus Strategic and Investments Limited [Associate Company]

d Joint Venture Companies of Holding Company:
Zydus Hospira Oncology Private Limited
Bayer Zydus Pharma Private Limited

e Key Management Personnel:

Dr. Sharvil P. Patel	Chairman
Mr. Anil Matai	Managing Director [upto June 30, 2021]
Mr. Harish Sadana	Managing Director [from July 01, 2021]
Mr. Nitin D. Parekh	Non-Executive Director
Mr. Deevyesh J. Radia	Independent Director
Dr. Bhavana S. Doshi	Independent Director
Ms. Dharmistha N Raval	Independent Director
Mr. N V Chalapathi Rao Neti	Chief Financial Officer [Executive Officer]
Mr. Sanjay Kumar Gupta	Company Secretary [Executive Officer]

f Enterprises significantly influenced by Directors and their relatives of company and its Holding Company
Cadmach Machinery Company Private Limited
Zydus Hospitals and Healthcare Research Private Limited
Mukesh M. Patel & Co.

g Post Employment Benefits Plans:
Zydus Healthcare Limited, German Remedies Division Employees Group Gratuity Scheme
Zydus Healthcare Limited Employees Group Gratuity Scheme

Note: 38-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 38-A [a, b, c, d, f & g]

Value of the Transactions [INR-Million]

Nature of Transactions	Holding Company		Subsidiary Company		Fellow Subsidiary Companies		Joint Venture Companies of Holding Company		Enterprises significantly influenced by Directors and/ or their relatives	
Year ended March 31	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Purchases:										
Goods:										
Zydus Lifesciences Limited	**1,780**	2,306								
Zydus Wellness Products Ltd.					**90**	128				
Total	**1,780**	2,306	**-**	-	**90**	128	**-**	-	**-**	-
Property Plant and Equipments:										
Zydus Lifesciences Limited	**2**	25								
Cadmach Machinery Company Private Limited									**3**	2
Total	**2**	25	**-**	-	**-**	-	**-**	-	**3**	2
Reimbursement of Expenses paid:										
Zydus Lifesciences Limited	**-**	4								
Services Received:										
Zydus Lifesciences Limited	**552**	539								
German Remedies Pharmaceuticals Pvt. Ltd.			**360**	224						
Zydus Wellness Products Ltd.					**30**	7				
Mukesh M Patel & Co.									**1**	-
Total	**552**	539	**360**	224	**30**	7	**-**	-	**1**	-
Sales:										
Goods:										
Zydus Lifesciences Limited	**295**	512								
German Remedies Pharmaceuticals Pvt. Ltd.			**17**	4						
Bayer Zydus Pharma Private Limited							**30**	34		
Zydus Hospitals and Healthcare Research Private Limited									**62**	37
Total	**295**	512	**17**	4	**-**	-	**30**	34	**62**	37
Property Plant and Equipments:										
Zydus Lifesciences Limited	**2**	-								
Services Provided:										
Zydus Lifesciences Limited	**109**	101								
Zydus Wellness Products Ltd.					**10**	-				
Zydus Animal Health and Investments Ltd.					**1**	2				
	109	101			**11**	2				
Finance:										
Dividend paid:										
Zydus Lifesciences Limited	**-**	33								
Interest Expense:										
Zydus Lifesciences Limited	**-**	45								
Interest Income:										
German Remedies Pharmaceuticals Pvt. Ltd.			**-**	6						
Zydus Lifesciences Limited	**156**	230								
Zydus Wellness Products Ltd.					**202**	201				
Zydus VTEC Limited	**21**	-								
Zydus Pharmaceuticals Limited	**81**	-								
Others					**-**	4				
Total	**258**	230	**-**	6	**202**	205	**-**	-	**-**	-
Share of Profit from Firm										
Recon Pharmaceuticals and Investments			**2**	3						
CSR Expense:										
Zydus Foundation					**40**	62				

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

Note: 38-Related Party Transactions-Continued:

	Value of the Transactions [INR-Million]									
	Holding Company		Subsidiary Company		Fellow Subsidiary Companies		Joint Venture Companies of Holding Company		Enterprises significantly influenced by Directors and/ or their relatives	
Nature of Transactions	Year ended March 31									
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Advance CSR Contribution:										
Zydus Foundation					**-**	183				
Advance CSR Utilised:										
Zydus Foundation					**40**	-				
Redemption of Share Capital:										
Zydus Lifesciences Limited	**10065**	-								
Inter Corporate Loans Given:										
Zydus Animal Health and Investments Ltd.					**-**	37				
Zydus VTEC Limited					**1,950**	-				
Zydus Pharmaceuticals Limited					**3,202**	-				
Zydus Lifesciences Limited	**-**	7,000								
Zydus Wellness Products Ltd					**380**	16,650				
Total	**-**	7,000	**-**	-	**5,532**	16,687	**-**	-	**-**	-
Inter Corporate Loans Repaid:										
German Remedies Pharmaceuticals Pvt. Ltd.			**-**	255						
Zydus Wellness Products Ltd					**2,025**	11,650				
Zydus Lifesciences Limited	**5,300**	4,000								
Others					**-**	114				
	5,300	4,000	**-**	255	**2,025**	11,764	**-**	-	**-**	-
Inter Corporate Loans Taken:										
Zydus Lifesciences Limited	**-**	6,750								
Inter Corporate Loans Repaid:										
Zydus Lifesciences Limited	**-**	6,881								
Capital Contribution										
Recon Pharmaceuticals and Investments			**-**	1,851						
Nature of Transactions	As at March 31									
Outstanding:										
Payable:										
Zydus Wellness Products Ltd					**28**	30				
German Remedies Pharmaceuticals Pvt. Ltd.			**62**	46						
	-	-	**62**	46	**28**	30	**-**	-	**-**	-
Receivable:										
Bayer Zydus Pharma Private Limited							**6**	17		
Zydus Wellness Products Ltd					**3,387**	5,078				
German Remedies Pharmaceuticals Pvt. Ltd.			**19**	-						
Zydus Lifesciences Limited	**2,134**	7,204								
Zydus Animal Health and Investments Ltd.					**-**	1				
Zydus Hospitals and Healthcare Research Private Limited									**4**	28
Zydus Pharmaceuticals Limited					**3,258**	-				
Zydus Vtec Limited					**1,969**					
	2,134	7,204	**19**	-	**8,614**	5,079	**6**	17	**4**	28

c Details relating to persons referred to in Note 38-A [e] above:

	INR- Million As At	
	2022	2021
(i) Salaries and other employee benefits to Managing Director and other executive officers	**92**	72
(ii) Commission and Sitting Fees to Non Executive/ Independent Directors	**4**	4
(iii) Outstanding payable to above (i) and (ii)	**1**	1

d Details relating to persons referred to in Note 38-A [g] above:

[i] Contributions to group gratuity scheme	**5**	10

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

Note: 39-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:

	As at March 31			
	2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	3,000	-	-	3,000
Financial Investments at FVOCI:				
Quoted equity instruments	27	-	-	27
Unquoted Partnership firm	-	403	-	403
Total financial assets	**3,027**	**403**	**-**	**3,430**
Financial liabilities	-	-	-	-

	As at March 31			
	2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	1,354	-	-	1,354
Financial Investments at FVOCI:				
Quoted equity instruments	16	-	-	16
Unquoted equity instruments	-	400	-	400
Total financial assets	**1,370**	**400**	**-**	**1,770**
Financial liabilities	-	-	-	-

Financial Assets:

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

Note: 40-Financial Risk Management:

A Financial instruments by category:

	INR- Million			
	As at March 31 2022			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries]	-	27	-	27
Partnership Firm	-	403	-	403
Mutual funds	3,000	-	-	3,000
Non Current Loans	-	-	8,277	8,277
Other Non Current Financial Assets	-	-	221	221
Trade receivables	-	-	2,532	2,532
Current Loan	-	-	2,072	2,072
Cash and Cash Equivalents	-	-	3,986	3,986
Other Current Financial Assets	-	-	4	4
Total	**3,000**	**430**	**17,092**	**20,522**
Financial liabilities:				
Trade payables	-	-	5,367	5,367
Other Non Current Financial Liabilities	-	-	60	60
Other Current Financial Liabilities	-	-	865	865
Total	**-**	**-**	**6,292**	**6,292**

	INR- Million			
	As at March 31 2021			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries]	-	16	-	16
Partnership Firm	-	400	-	400
Mutual funds	1,354	-	-	1,354

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

Note: 40-Financial Risk Management:-Continued:

	INR- Million			
	As at March 31 2022			
	FVTPL	FVOCI	Amortised Cost	Total
Non Current Loans	-	-	3,125	3,125
Other Non Current Financial Assets	-	-	218	218
Trade receivables	-	-	2,205	2,205
Current Loans	-	-	9,072	9,072
Cash and Cash Equivalents	-	-	1,447	1,447
Other Current Financial Liabilities	-	-	4	4
Total	**1,354**	**416**	**16,071**	17,841
Financial liabilities:				
Trade payables	-	-	4,925	4,925
Other Non Current Financial Liabilities	-	-	52	52
Other Current Financial Liabilities	-	-	742	742
Total	**-**	**-**	**5,719**	5,719

B Risk Management:

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

a Credit risk:

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

i 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.

ii 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.

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 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. No single third party customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2022 and March 31, 2021.

The Company has used lifetime 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:

	INR- Million	
	As at March 31	
	2022	2021
Trade Receivables:		
Less than 180 days	**2,473**	2,188
180 - 365 days	**68**	17
Above 365 days	**-**	-
Total	**2,541**	2,205

Movement in the expected credit loss allowance on trade receivables:

	2022	2021
Balance at the beginning of the year	**80**	53
Provision made during the year (net of recoveries)	**(11)**	27
Balance at the end of the year	**69**	80

Other than trade receivables and Loans, 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 through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

b Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which it operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

c **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.

Note: 40-Financial Risk Management:-Continued:

	INR- Million				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
	2022				
Non-derivative Financial Liabilities:					
Other non current financial liabilities	-	-	-	60	60
Trade payable	5,367	-	-	-	5,367
Other Current Financial Liabilities	865	-	-	-	865
Total	**6,232**	**-**	**-**	**60**	**6,292**
	2021				
Non-derivative Financial Liabilities:					
Other non current financial liabilities	-	-	-	52	52
Trade payable	4,925	-	-	-	4,925
Other Current Financial Liabilities	742	-	-	-	742
Total	**5,667**	**-**	**-**	**52**	**5,719**

c Foreign currency risk:

The Company is exposed to foreign exchange risk arising from foreign currency transactions.

Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

The Company's operations in foreign currency creates natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Company.

d Interest rate risk:

Liabilities:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2022, the Company is exposed to changes in market interest rates through related party at variable 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 equity and mutual fund held by the Company and classified in the balance sheet as fair value through OCI and at fair value through profit or loss respectively. To manage its price risk arising from investments in equity securities and mutual fund, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Sensitivity *:

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

	Movement in Rate	INR- Million			
		2022		2021	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%	-	3	-	2
Decrease	-10.00%	-	(3)	-	(2)
Mutual Funds [Quoted]					
Increase	+2.00%	60	-	27	-
Decrease	-2.00%	(60)	-	(27)	-

* Holding all other variables constant

Note: 41-Capital Management:

The Company' s capital management objectives are:

a to ensure the Company's ability to continue as a going concern

b to provide an adequate return to shareholders

c maintain an optimal capital structure to reduce the cost of capital.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	INR- Million	
	As at March 31	
	2022	2021
Gross debts	-	-
Total equity	45,271	48,341
Net debt to equity ratio	-	-

Note: 42:

Pursuant to the Scheme of Amalgamation u/s. 230 to 232 of the Companies Act, 2013 ("the Scheme-1") for amalgamation of Biochem Pharmaceutical Industries Limited ("Biochem"), with Zydus Healthcare Limited ("the Company") both are wholly owned subsidiaries of Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited) , as sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT") vide its order dated March 15, 2017 (Effective date), all the assets and liabilities of Biochem were transferred to and vested in the Company with effect from March 31, 2016 (Appointed date). As per the Scheme-1, the amalgamation had been accounted for under the "Purchase Method" as per earlier applicable Accounting Standard 14 - "Accounting for Amalgamations" (AS 14) and resulting goodwill of INR 4,859 Million, is being amortized over a period of 10 years. The accounting treatment provided in the Scheme-1 prevails over the requirements of Ind AS in accordance with the Ministry of Corporate Affairs notification for Ind AS dated February 16, 2015.

Note: 43:

Pursuant to the Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 between Zydus Healthcare Limited ['the Company'], Zydus Lifesciences Ltd (formerly known as Cadila Healthcare Ltd)., the holding company of the Company ['ZLL'] and their respective shareholders and creditors as sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench ['NCLT'] vide its order dated May 18, 2017['Scheme-2'], the India Human Formulations Undertaking ['IHFU'] of ZLL comprising of all the businesses, undertakings, activities, properties and liabilities as specified in the Scheme-2 pertaining to the India Human Formulations Business of CHL was transferred to and vested in the Company on a going concern basis by way of a Slump Sale for a lump sum cash consideration with effect from April 1, 2016, the appointed date. The certified true copy of the order was filed with the Registrar of Companies, Gujarat at Ahmedabad on May 19, 2017 making Scheme – 2 effective. The Scheme 2 has been accounted for using the "Pooling of Interest Method" as prescribed in Appendix C to Ind AS 103 ["Business combinations"], as notified under the Companies [Indian Accounting Standards] Rules, 2015. Accordingly in compliance of the Scheme-2, the Company has recorded all the assets and liabilities transferred as a part of the IHFU from ZLL at their respective book values appearing in the books of ZLL as on the close of business hours on March 31, 2016, being the date immediately preceding the appointed date.

Note: 44:

The Company is exempt u/s 129(3) of Companies Act, 2013 as its holding company Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited) is presenting consolidated financial statements which is available for review on its website.

Note: 45: Leases

Lessee:

A Relating to statement of financial position:

1 The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all risk and rewards of ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right to use assets and lease liabilities for most leases.

Right of use assets are part of financial statement caption "Property plant and equipment'. Depreciation and impairment is similar to measurement of owned assets. Interest is part of financial statement caption " Finance expense".

	INR-Million
Right of use assets:	**Building**
As at April 1, 2020	15
Depreciation charge for the year	13
Additions during the year	30
Balance as at March 31, 2021 [Net]	32
Additions during the year	-
Adjustments during the year	
Depreciation charge for the year	11
Balance as at March 31, 2022 [Net]	21

2 Movement in lease liabilities:

	INR-Million	
	As at March, 31	
	2022	2021
Lease liability at the beginning of the year	34	17
Additions	2	33
Redemptions	(13)	(16)
Lease liability at end of the year	23	34
of which:		
Current portion	9	10
Non current portion	14	23

2.1 Maturity analysis of lease liabilities:

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at March 31, 2022 is as follows:

	INR-Million	
	As at March, 31	
Minimum lease payments due	2022	2021
Within 1 year	9	10
1-5 years	22	23

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Notes to the Financial Statements

Note: 46-Title deeds of property not held in the Company's own name [excluding lease assets] as at March 31, 2022:

INR- Million

	Holding Since	Gross Carrying Value			
		As at March 31, 2022		As at March 31, 2021	
		Leasehold/ Freehold Land	Freehold Building	Leasehold/ Freehold Land	Freehold Building
[A] Property, Plant and Equipment					
[a] Title deeds held in the name of [$]					
1 Biochem Pharmaceuticals Industries Limited [*]	31-May-16	126	285	126	285
2 Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited) [$]	1-Apr-16	1	1	1	1
[b] Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director				No	No

[*] Pursuant to a scheme of amalgamation, the properties and other assets and liabilities of Biochem Pharmaceuticals Industries Limited was transferred to and vested in the Company with effect from May 31, 2016. The Company is in the process of transferring the title of above properties in its name.

[$] Pursuant to a scheme of arrangement of Indian Human Formulations Undertaking ['IHFU'] u/s 230 to 232 of the Companies Act, 2013, as sanctioned by the Honourable National Company Law Tribunal, Ahmedabad Bench ['NCLT'], the properties and other assets and liabilities of Zydus Lifesciences Limited Limited (formerly known as Cadila Healthcare Limited) was transferred to and vested in the Company with effect from April 01, 2016. The Company is in the process of transferring the title of above properties in its name.

Note: 47-Analytical Ratios:

#	Ratio	Numerator	Denominator	**FY 21-22**	FY 20-21	% Change
1	Current Ratio	Current Assets	Current Liabilities	**2.1**	2.7	-20.7%
2	Debt-Equity Ratio	Total Debt	Shareholder's Equity	**NA**	NA	NA
3	Debt Service Coverage Ratio [*]	Earnings available for debt service [@]	Finance cost + Repayment of debt	**1021.9**	49.4	1968.5%
4	Return on Equity Ratio [**]	Net Profits after taxes Less Preference Dividend	Average Shareholder's Equity	**0.1**	0.0	160.1%
5	Inventory turnover ratio	Net Sales	Average Inventory	**6.9**	7.5	-7.9%
6	Trade Receivables turnover ratio	Net Sales	Average Trade Receivables	**14.5**	15.8	-8.2%
7	Trade payables turnover ratio	Net Purchases	Average Trade Payables	**2.0**	2.2	-7.7%
8	Net capital turnover ratio [$]	Net Sales	Working Capital	**3.5**	2.4	48.3%
9	Net profit ratio [**]	Net Profits after taxes [#]	Net Sales	**17.0%**	7.2%	136.2%
10	Return on Capital employed [^]	Earnings before interest and taxes	Average Capital Employed	**13.5%**	9.8%	37.8%
11	Return on investment					
a	Fixed Deposits	Income from investments during the year	Time weighted average of investments	**4.7%**	5.0%	4.8%
b	Mutual Funds	Income from investments during the year	Time weighted average of investments	**3.1%**	3.3%	5.8%

[*] Repayment of Debt during the year
[**] Increase in net profit due to Profit on sale of Brand [Refer note no. 48]
[$] Mainly due to Loan repaid by Holding company during the year
[^] Due to increase in Sales of Covid related products
[@] Net profit after taxes + non cash operating expenses + finance cost - other income.
[#] Net profit after taxes + exceptional items.

Note: 48:

The Company had sold two brands viz. "Mifegest" and "Cytolog" along with their related trademarks for the territory of India and recorded profit of INR 1,127 Millions for the year. The same has been disclosed as "Exceptional items".

Note: 49: COVID-19 Impact

The World Health Organisation [WHO] declared Covid-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into full or partial lockdown , impacting business operations across various sectors with severe restrictions on movement of people and goods. The Company has implemented several initiatives across its manufacturing and other business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. The Company operates in manufacturing and selling of pharmaceutical products, which are classified as essential commodities and hence its operations continued to be run with fewer challenges on people movement and supply chain.
As per the current assessment of the situation based on the internal and external information available up to the date of approval of these financial statements by the Board of Directors, the Company believes that the impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

ZYDUS HEALTHCARE LIMITED
Notes to the Financial Statements

Note: 50:

[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.

Note: 51:

Working Capital Loans which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares relating to plant and machineries [consumable stores and spares], including goods in transit, bills receivables and book debts. The loan has not been utilised by the company during the year. Quarterly statements of current assets filed by the Company with bank are in agreement with the books of accounts.

Note: 52-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.

Note: 53:

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

Signatures to Significant Accounting Policies and Notes 1 to 53 to the Financial Statements

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman
DIN - 00131995

Sd/- N V Chalapathi Rao Chief Financial Officer	Sd/- Sanjay D Gupta Company Secretary	Sd/- Harish Sadana Managing Director DIN - 00026483

Ahmedabad
May 18, 2022