

To,  
The Board of Directors,  
Zydus Lifesciences Limited  
Zydus Corporate Park, Scheme No. 63,  
Survey No. 536, Khoraj (Gandhinagar),  
Sarkhej - Gandhinagar Highway, Near Vaishnodevi Circle,  
Ahmedabad- 382 481,  
Gujarat, India

**Re: Statutory Auditor's Report in respect of proposed buy-back of equity shares by Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited) ("the Company") in terms of Clause (xi) of Schedule I of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended ("the Buy-back Regulations")**

1. This Report is issued in accordance with the terms of our engagement letter dated February 2, 2024.
2. The Board of Directors of the Company have approved a proposal for buy-back of equity shares of the Company at its Meeting held on February 9, 2024, in pursuance of the provisions of Sections 68, 69 and 70 of the Companies Act, 2013, as amended (the "Act"), and the Buy-back Regulations. We have been requested by the Management of the Company to provide a report on the accompanying "Computation of amount of permissible capital payment towards buy-back of equity shares of Zydus Lifesciences Limited in compliance with Section 68(2)(c) of the Act and provisions under the Buy-back Regulations, based on annual audited standalone and consolidated financial statements as at March 31, 2023." (hereinafter referred to as the "Statement"). This Statement has been prepared by the Management, which we have initialed for the purpose of identification.

#### Management's Responsibility

3. The preparation of the Statement in compliance with Section 68(2)(c) of the Act, Regulation 4(i) of the Buy-back Regulations and the proviso to Regulation 5(i)(b) of the Buy-back Regulations and compliance with the Buy-back Regulations, is the responsibility of the Management of the Company, including the computation of the amount of the permissible capital payment (including premium), and the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

In the absence of any definition of or guideline for "Insolvent" in the Buy-back Regulations, the Company has considered a situation for not being able to continue as going concern (as mentioned in Standard on Auditing 570 (Revised) issued by Institute of Chartered Accountants of India) for a period of 1 year from February 9, 2024 as "Insolvent".



**Auditor's Responsibility**

4. Pursuant to the requirements of the Buy-back Regulations, it is our responsibility to provide a reasonable assurance that:

i. we have inquired into the state of affairs of the Company in relation to the annual audited standalone and consolidated financial statements as at March 31, 2023 which were approved by the Board of Directors at their meeting held on May 18, 2023, and adopted by members at their Annual General Meeting held on August 11, 2023;

ii. the amount of permissible capital payment as stated in the statement, has been determined considering the annual audited standalone and consolidated financial statements as at March 31, 2023 in accordance with Section 68(2)(c) of the Act, Regulation 4(i) of the Buy-back Regulations and the proviso to Regulation 5(i)(b) of the Buy-back Regulations; and

iii. the Board of Directors of the Company, at their meeting held on February 9, 2024, have formed the opinion as specified in Clause (x) of Schedule I to the Buy-back Regulations, on reasonable grounds that the Company will not, having regard to its state of affairs, be rendered insolvent (as defined in management responsibility above) within a period of one year from the aforesaid date with regard to the proposed buy-back is declared.

5. The annual standalone and consolidated financial statements referred to in paragraph 4 above, have been audited by us. We conducted our audit of the annual standalone and consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

6. We conducted our examination of the Statement in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India (the "Guidance Note") and Standards on Auditing specified under Section 143(10) of the Act, in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC)1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid buy-back.

**Opinion**

8. Based on inquiries conducted and our examination as above, we report that:

i. We have inquired into the state of affairs of the Company in relation to its annual audited standalone and consolidated financial statements as at March 31, 2023, which have been approved by the Board of Directors at their meeting held on May 18, 2023, and adopted by members at their Annual General Meeting held on August 11, 2023

ii. The amount of permissible capital payment (including premium) towards the proposed buy back of equity shares as computed in the Statement attached herewith, in our view has been properly determined in accordance with Section 68 (2)(c) of the Act, Regulation 4(i) of the Buy-back Regulations and the proviso to Regulation 5(i)(b) of the Buy-back Regulations.

iii. The Board of Directors of the Company, at their meeting held on February 9, 2024, have formed the opinion as specified in clause (x) of Schedule I to the Buy-back Regulations, on reasonable grounds that the Company having regard to its state of affairs, will not be rendered insolvent (as defined in management's responsibility paragraph above) within a period of one year from the date of passing the Board Resolution dated February 9, 2024.



**Restriction on use**

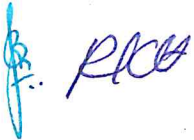
9. This report has been issued at the request of the management solely for use of the Company: (i) in connection with the proposed buy-back of equity shares of the Company as mentioned in paragraph 2 above; (ii) to enable the Board of Directors of the Company to include in the public announcement and other documents pertaining to buy-back to be sent to the shareholders of the Company or to be filed with (a) the Registrar of Companies, Securities and Exchange Board of India, stock exchanges and any other regulatory authority as per applicable law in India and (b) the Central Depository Services (India) Limited and National Securities Depository Limited; and (iii) to be submitted to the merchant banker(s) involved in connection with the proposed buy-back of equity shares of the Company for onward submission to SEBI, stock exchanges and / or any other regulatory authority as required under the law in India, and may not be suitable for any other purpose. This report should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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



Rajesh K. Hiranandani  
(Partner)  
(Membership No. 36920)  
UDIN: 24036920BKDZUA9759

**Place:** Ahmedabad  
**Date:** February 9, 2024





Dedicated To Life

Statement showing - Computation of amount of permissible capital payment towards buy-back of equity shares of Zydus Lifesciences Limited in compliance with Section 68(2)(c) of the Act and provisions under the Buy-back Regulations, based on annual audited standalone and consolidated financial statements as at March 31, 2023.  
(In INR Million)

Particulars		Standalone	Consolidated
Paid up equity capital as at March 31, 2023	(A)	1,012	1,012
Free Reserves as at March 31, 2023:			
- Retained earnings		105,674	171,898
- Securities Premium reserve		-	-
- General reserve		6,893	7,265
Total Free Reserves	(B)	112,567	179,163
Total paid up equity capital and free reserves	C = (A+B)	113,579	180,175
Maximum amount permissible for buy-back under Section 68 of the Act and Regulation 4(i) of the Buy-back Regulations, i.e. 25% of the aggregate total paid up capital and free reserves.	C * 25%	28,394.75	45,043.75
Maximum amount permissible for buy-back under the proviso to Regulation 5(i)(b) of the Buy-back Regulations, i.e. 10% of the total paid up capital and free reserves	C * 10%	11,357.90	18,017.50

Note: The amounts of paid up equity capital and free reserves as at March 31, 2023 have been extracted from the annual audited standalone and consolidated financial statements of the Company as at March 31, 2023 which was approved by the Board of Directors at the Board Meeting held on May 18, 2023 and adopted by members in Annual General Meeting held on August 11, 2023.

For & behalf of Board of Directors of  
**Zydus Lifesciences Limited**



Name : Mr. Sharvil P Patel  
Designation : Managing Director

Place: Ahmedabad  
Date: February 9, 2024

**Zydus Lifesciences Limited** (formerly known as Cadila Healthcare Limited)

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website : www.zyduslife.com | CIN : L24230GJ1995PLC025878

