INDEPENDENT AUDITORS' REPORT

To the Members of ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ZYDUS ANIMAL HEALTH AND INVESTMENTS Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in Equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 31st March, 2022, and its profit, total comprehensive income, the changes in equity and cash flows for the year ended on that date.

Basis for Opinion

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

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report, but does not include the financial statements and our audit reports thereon.

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

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

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

Management's Responsibility for the financial statements

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

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

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

Auditor's Responsibilities for the Audit of the financial statements

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

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

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors, is disqualified as on March 31, 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 B". 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, we report that 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, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

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

   iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund by the Company.

i) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

j) During the year, the company has not declared any dividends. Hence, reporting of compliance under section 123 of the Companies Act, 2013 is not applicable.

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

Place: Ahmedabad
Date: 14th May, 2022
UDIN: 22042132AJPJJH7368

Sd/-
Chandresh S. Shah
Partner
Membership No.: 042132

"Annexure A" to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2022.

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

1. (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.

   B. The Company has maintained proper records showing full particulars of intangible assets.

   (b) The company has a regular program of physical verification of its property, plant and equipment, capital work in progress and right-of-use assets, so to cover all the items in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (c) With respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the Company) disclosed in the financial statements included in property, plant and equipment, according to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the lease agreements of such immovable properties are held in the name of the Company as at the balance sheet date.

   (d) The Company has not revalued any of its Property, plant and equipment (including Right of Use assets) and intangible assets during the year.

   (e) According to the information and explanations given to us and the records examined by us and based on the examination, no proceedings have been initiated during the year or are pending against the Company as at 31^{st} March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

2. (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the company and the nature of its business. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

   (b) According to the information and explanations given to us and based on the records examined by us, the Company has not been sanctioned any working capital facility from banks or financial institutions in excess of five crore rupees, in aggregate, on the basis of security of current assets. Accordingly, reporting under clause (ii)(b) of the order is not applicable.

3. According to the information and explanations given to us, the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties during the year. Accordingly, other clauses of the paragraph of the Order are not applicable to the company for the current year.

4. According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of loans, making investments and providing guarantees or securities, as applicable.

5. The Company has not accepted any deposits from the Public within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Further, according to the information and explanations given to us, no order has been passed by the Company Law Board of National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal, in this regard.

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

7. According to the information and explanations given to us, in respect of statutory dues:

(a) The company has been generally regular in depositing undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Custom, Duty of Excise, Value added Tax, Cess and any other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amount payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Custom, Duty of Excise, Value added Tax, Cess and any other material statutory dues in arears as at March 31, 2022 for a period of more than six months from the date they became payable.

(c) There are no dues under dispute for the Income Tax, Sales Tax, Service tax, Goods and Service Tax, Customs duty, Excise Duty, and Value added tax and other material statutory dues as on 31st March, 2022.

8. According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

9. According to the information and explanations given to us and on the basis of our examination of the books of account, we report that

(a) The company has not defaulted in repayment of the loans or other borrowings or in the payment of interest to any lender during the year.

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

(c) The company has not taken any term loans from any banks or financial institutions. Hence, paragraph 9(c) of the order is not applicable;

(d) The funds raised on short term basis have not been utilized for the long-term purpose.

(e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its associate company.

10. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under this clause of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

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

(b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.

(c) According to the information and explanations given to us, there is no whistle blower complaints received by the Company during the year.

12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. (a) According to the information and explanations given to us and based on our examination of the records of the Company, we are of the opinion that the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered the internal audit reports issued to the Company during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with any of their directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

16. According to the information and explanations given to us and based on our examination of the records of the Company, we report that

(a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934;
(b) The Company has not conducted any non-banking or housing finance activities during the year;
(c) The Company is not a Core Investment Company, as defined in the regulations made by the Reserve Bank of India;
(d) The Group has more than One Core Investment Company (two Core Investment Companies) as part of the Group.

17. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not incurred cash losses in the current financial year.

18. There has been no resignation of the statutory auditors of the Company during the year, hence this clause is not applicable.

19. 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.

20. On the basis of information and explanations given to us and based on the examination of the records of the company, there is no unspent amount of Corporate Social Responsibility ("CSR") as at the year ended on 31st March, 2022. Accordingly, reporting under clause 3(XX) of the Order is not applicable for the year.

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

Sd/-
Chandresh S. Shah
Partner
Membership No.: 042132

Place: Ahmedabad
Date: 14th May, 2022
UDIN: 22042132AJPJJH7368

“ANNEXURE B” TO THE AUDITORS’ REPORT

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

We have audited the internal financial controls over financial reporting of **ZYDUS ANIMAL HEALTH AND INVESTMENTS Limited** (“the company”) as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Sd/-
Chandresh S. Shah
Partner
Membership No.: 042132

Place: Ahmedabad
Date: 14th May, 2022
UDIN: 22042132AJPJJH7368

Zydus Animal Health and Investments Limited
Balance Sheet as at March 31, 2022

Particulars	Note No.	INR-Millions As at March 31 2022	2021
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3[A]	582	814
Capital work-in-progress	3[C]	-	13
Goodwill	3[B]	153	17,083
Other Intangible Assets	3[B]	1	3,582
Financial Assets:			
Investments	4	135	35
Loans	5	379	365
Other Financial Assets	6	3	18
Other Non-Current Assets	7	4	14
		1,257	21,925
Current Assets:			
Inventories	8	21	884
Financial Assets:			
Investments	9	17,912	582
Trade Receivables	10	185	693
Cash and Cash Equivalents	11[A]	53	322
Other Bank balances	11[B]	3	160
Loans	12	-	1
Other Current Financial Assets	13	5,145	-
Other Current Assets	14	21	76
		23,340	2,718
Total		24,597	24,642
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	15	17,744	22,744
Other Equity	16	6,508	740
		24,252	23,484
Non-Current Liabilities:			
Financial Liabilities:			
Lease Liabilities	39	-	7
Other Financial Liabilities	17	-	27
Provisions	18	2	113
Deferred Tax Liabilities[Net]	19	7	164
		9	311
Current Liabilities:			
Financial Liabilities:			
Lease Liabilities	39	-	9
Trade Payables:			
Due to Micro and Small enterprises	20	-	5
Due to other than Micro and Small enterprises	20	266	520
Other Financial Liabilities	21	11	143
Other Current Liabilities	22	27	26
Provisions	23	1	86
Current Tax Liabilities [Net]	24	31	58
		336	847
Total		24,597	24,642
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 45		

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

For and on behalf of the Board

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

sd/-
Mr. Chandresh S. Shah
Partner
Membership Number : 042132
Ahmedabad, Dated : May 14, 2022

sd/-
Mr. Hiren Mistry
Chief Financial Officer

sd/-
Ms. Hiranya T. Deshmukh
Company Secretary

sd/-
Mr. Pramod Lokhande
Whole Time Director
DIN : 09344837
Ahmedabad, Dated : May 14, 2022

Zydus Animal Health and Investments Limited
Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Note No.	INR-Millions Year ended March 31 2022	2021 *
Revenue from Operations	26	**651**	-
Other Income	27	**745**	2
Total Income		**1,396**	2
EXPENSES:			
Purchases of Stock-in-Trade	28	**658**	1
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	29	**(21)**	-
Employee Benefits Expense	30	**80**	26
Finance Costs	31	**1**	3
Depreciation, Amortisation and Impairment expense	3[D]	**36**	30
Other Expenses	32	**326**	125
Total Expenses		**1,080**	185
Profit / [Loss] before Tax		**316**	(183)
Less: Tax Expense:			
Current Tax	33	**85**	-
Deferred Tax	33	**(6)**	(46)
		79	(46)
Profit / [Loss] for the year from Continuing Operations		**237**	(136)
Profit before tax from discontinued operations	43	**7,336**	1,383
Tax expense of discontinued operations		**1,802**	352
Profit after tax from Discontinued operations		**5,534**	1,031
Profit for the year		**5,771**	894
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		**(4)**	12
Income tax effect		**1**	-
Other Comprehensive Income for the year [Net of tax]		**(3)**	12
Total Comprehensive Income for the year [Net of Tax]		**5,768**	906
Basic Earning per Equity Share [EPS] [in Rupees]:	34	**5,662.60**	877.64
Continuing Operations		**232.55**	(133.66)
Discontinued Operations		**5,430.05**	1,011.30
Continuing and Discontinued Operations		**5,662.60**	877.64
Diluted Earning per Equity Share [EPS] [in Rupees]:	34	**2.70**	0.39
Continuing Operations		**0.11**	(0.06)
Discontinued Operations		**2.59**	0.45
Continuing and Discontinued Operations		**2.70**	0.39
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 45		

[*] Refer Note - 40

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

For and on behalf of the Board

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

sd/-	sd/-	sd/-	sd/-
Mr. Chandresh S. Shah	Mr. Hiren Mistry	Ms. Hiranya T. Deshmukh	Mr. Pramod Lokhande
Partner	Chief Financial Officer	Company Secretary	Whole Time Director
Membership Number : 042132			DIN : 09344837
Ahmedabad, Dated : May 14, 2022			Ahmedabad, Dated : May 14, 2022

Zydus Animal Health and Investments Limited
Statement of Change in Equity for the year ended March 31, 2022

a Equity Share Capital:

	No. of Shares	INR-Millions
Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2020	1,019,143	10
	-	-
As at March 31, 2021	1,019,143	10
	-	-
As at March 31, 2022	1,019,143	10
Optionally Convertible Non-Cumulative Redeemable Preference [OCRPS] Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2020	2,273,350,000	22,734
	-	-
As at March 31, 2021	2,273,350,000	22,734
Less: OCRPS Redeemed during the year	(500,000,000)	(5,000)
As at March 31, 2022	1,773,350,000	17,734

b Other Equity:

	INR-Millions	
	Retained Earnings	Total
Retained Earnings:		
As at March 31, 2020	**33**	**33**
Add: Profit for the year	894	894
Less: Other adjustments pursuant to Slump Exchange	(199)	(199)
Add: Other Comprehensive income	12	12
Total Comprehensive Income	**740**	**740**
As at March 31, 2021	**740**	**740**
Add: Profit for the year	5,771	5,771
Add: Other Comprehensive income	(3)	(3)
Total Comprehensive Income	**6,508**	**6,508**
As at March 31, 2022	**6,508**	**6,508**

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

For and on behalf of the Board

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

sd/-
Mr. Chandresh S. Shah
Partner
Membership Number : 042132
Ahmedabad, Dated : May 14, 2022

sd/-
Mr. Hiren Mistry
Chief Financial Officer

sd/-
Ms. Hiranya T. Deshmukh
Company Secretary

sd/-
Mr. Pramod Lokhande
Whole Time Director
DIN : 09344837
Ahmedabad, Dated : May 14, 2022

Zydus Animal Health and Investments Limited
Cash Flow Statement for the year ended March 31, 2022

Particulars		INR-Millions	
	Year ended March 31		
	2022		2021
A Cash flows from operating activities:			
Profit before tax			
Continuing operations	316		(183)
Discontinued operations	7,336		1,383
Profit before tax		7,652	1,200
Adjustments for:			
Depreciation, Amortisation and Impairment expense	77		198
FVTPL gain/ profit on sale of investments [Net]	(566)		-
Interest income	(179)		(8)
Interest expenses	1		6
Profit on Sale and disposal of AHESTM [Refer Note - 40]	(6,995)		-
Bad debts written off	-		4
Provision for doubtful debts [net of written back]	-		(6)
Provision for doubtful advances [net of written back]	1		-
Provisions for employee benefits	12		29
Provisions for probable product expiry claims and return of goods [net of written back]	5		24
Total		(7,644)	247
Operating profit before working capital changes		8	1,447
Adjustments for:			
Increase in trade receivables	(191)		(13)
Increase in inventories	(18)		(6)
Increase in other assets	(4,784)		(238)
Increase / [Decrease] in trade payables	222		(17)
Increase / [Decrease] in other liabilities	(103)		35
Total		(4,874)	(239)
Cash generated from/ [used in] operations		(4,866)	1,208
Direct taxes paid [Net of refunds]		(2,064)	(1)
Net cash from/ [used in] operating activities		(6,930)	1,207
B Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment and intangible assets pursuant to BTA [Refer Note - 40]	28,585		
Purchase of property, plant and equipment	(21)		(93)
Proceeds from sale of property, plant and equipment	5		2
Purchase of non current investments - Other than subsidiaries	(100)		-
Advances to subsidiaries	(379)		-
FVTPL gain/ profit [net] on sale of investments which are considered as part of cash and cash equivalents	566		-
Interest received	179		8
Net cash from/ [used in] investing activities		28,835	(83)
C Cash flows from financing activities:			
Proceeds from non current borrowings	-		206
Repayment of non current borrowings	-		(285)
Redemption of Optionally Convertible Non-Cumulative Redeemable Preference Shares	(5,000)		
Interest paid	(1)		(8)
Net cash used for financing activities		(5,001)	(87)
Net increase in cash and cash equivalents		16,904	1,037
Cash and cash equivalents at the beginning of the year		1,064	27
Cash and cash equivalents at the end of the year		17,968	1,064

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.
3 Previous year's figures have been regrouped wherever necessary.
4 Cash and cash equivalents comprise of:

	INR-Millions		
	As at March 31		
	2022	2021	2020
a Cash on Hand	-	-	-
b Balances with Banks	56	482	27
c Investment in Liquid Mutual Funds	17,912	582	-
Total	17,968	1,064	27

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

For and on behalf of the Board

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

sd/-
Mr. Chandresh S. Shah
Partner
Membership Number : 042132
Ahmedabad, Dated : May 14, 2022

sd/-
Mr. Hiren Mistry
Chief Financial Officer

sd/-
Ms. Hiranya T. Deshmukh
Company Secretary

sd/-
Mr. Pramod Lokhande
Whole Time Director
DIN : 09344837
Ahmedabad, Dated : May 14, 2022

Zydus Animal Health and Investments Limited

Note: 1-Company overview:

Zydus Animal Health and Investments Limited [The Company] [formerly known as "Violio Pharmaceuticals and Investments Limited"] is the holding company of Viona Pharmaceuticals INC., Violio Healthcare Limited and Biochem Pharmaceutical Private Limited. The Company is in the business of production, marketing and distribution of Animal Health and Veterinary products in the markets of United States of America and Europe [other than Belarus, Russia and Ukraine]. The registered office of the Company is located at Zydus Corporate Park, Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj [Gandhinagar], S.G. Highway, Ahmedabad - 382481. These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 14, 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 estimates and judgments

a Taxes on Income:

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

b Property, Plant and Equipment:

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

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 warranty and expiry claims:

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

e Impairment of assets and investments:

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

F Contingent liabilities:

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

3 Foreign Currency Transactions:

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

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

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

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

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

Note: 2-Significant Accounting Policies-Continued:

4 Revenue Recognition:

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

a Sale of Goods:

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

b Service Income:

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

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

a Interest Income:

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

b Dividend:

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

c Other Income:

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

5 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

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

B Deferred Tax:

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

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

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

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

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

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

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

6 Property, Plant and Equipment:

A Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

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

Note: 2-Significant Accounting Policies-Continued:

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

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

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

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

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

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

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

7 Intangible Assets:

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

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

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

D Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life of four years as estimated by the management at the time of capitalisation.

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

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

8 Research and Development Cost:

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

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

9 Borrowing Costs:

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

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

10 Impairment of Assets:

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

Note: 2-Significant Accounting Policies-Continued:

11 Inventories:

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

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

A Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.

B Cost [Net of Input tax credit availed] of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods & Stock-in-Trade is Stock-in-Trade is and Work-in-Progress is determined on Moving Average Method.

C Costs of Finished Goods and Works-in-Progress are determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads based on the normal operating capacity, but excluding borrowing costs.

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

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

12 Cash and Cash Equivalents:

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

13 Leases:

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.

Note: 2-Significant Accounting Policies-Continued:

14 Provisions, Contingent Liabilities and Contingent Assets:

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

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

15 Provision for Product Expiry Claims:

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

16 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

i Gratuity:

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss. Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the Statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

- i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements;
- ii Net interest expense or income.

c Defined Contribution Plans - Provident Fund Contribution:

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

C Employee Separation Costs:

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

17 Financial Instruments:

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

A Financial Assets:

a Initial recognition and measurement:

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

Note: 2-Significant Accounting Policies-Continued:

b Subsequent measurement:

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

i Debt instruments at amortised cost:

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

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

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

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

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

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

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

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

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

iv Equity instruments:

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

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

v Investments in subsidiaries :

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

c Derecognition:

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

i The rights to receive cash flows from the asset have expired, or

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

d Impairment of financial assets:

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

a Financial assets that are debt instruments, and are measured at amortised cost

b Trade receivables or any contractual right to receive cash or another financial asset

c Financial assets that are debt instruments and are measured as at FVTOCI

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

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

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

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

B Financial Liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

c Derecognition:

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

d Embedded derivatives:

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

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

C Reclassification of financial assets:

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

D Offsetting of financial instruments:

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

18 Fair Value Measurement:

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

a In the principal market for the asset or liability, or

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

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

Note: 2-Significant Accounting Policies-Continued:

a Level 1 — Quoted [unadjusted] market prices in active markets for identical assets or liabilities

b Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

c Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

19 Business combinations and Goodwill:

A Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value. Acquisition-related costs are expensed as incurred.

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

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

D Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS-109 "Financial Instruments", is measured at fair value with changes in fair value recognised in Statement of profit and loss. If the contingent consideration is not within the scope of Ind AS-109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequently its settlement is accounted for within equity.

E Goodwill is initially measured at the excess of, the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as Capital Reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as Capital Reserve, without routing the same through OCI.

F After initial recognition, Goodwill is not amortised. Goodwill is accordingly recognised at original value, less any accumulated impairment. For the purpose of impairment testing, Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

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

20 Non-Current Assets held for Sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale of asset and disposal group is highly probable. The Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification.

Non-current assets [and disposal groups] classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss before tax from discontinued operations in the statement of profit and loss.

21 Earnings per Share:

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

Note: 2-Significant Accounting Policies-Continued:

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable effective from April 1, 2022.

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 impact on its financial statements.

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

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

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

	Leasehold Land	Buildings	Plant and Equipment#	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:							
As at March 31, 2020	332	170	287	-	20	13	**822**
Additions	-	39	33	1	10	2	**85**
Disposals	-	-	-	-	(3)	-	**(3)**
Other adjustments [*]	-	-	-	-	(4)	-	**(4)**
As at March 31, 2021	332	209	320	1	23	15	**900**
Additions	-	15	20	2	2	-	**39**
Disposals	-	(23)	-	-	-	-	**(23)**
Sale of assets pursuant to BTA [**]	(74)	(88)	(64)	-	(25)	(16)	**(267)**
Other adjustments [*]	(3)	-	(5)	-	-	4	**(4)**
As at March 31, 2022	255	113	271	3	-	3	**645**
Depreciation and Impairment:							
As at March 31, 2020	4	9	12	-	3	1	**29**
Depreciation for the year	4	14	33	-	3	4	**58**
Disposals	-	-	-	-	(1)	-	**(1)**
As at March 31, 2021	8	23	45	-	5	5	**86**
Depreciation for the year	3	7	29	-	1	1	**41**
Disposals	-	(8)					**(8)**
Sale of assets pursuant to BTA [**]	(3)	(15)	(23)	-	(6)	(3)	**(50)**
Other adjustments [*]	(3)	-	(2)	-	-	(1)	**(6)**
As at March 31, 2022	5	7	49	-	-	2	**63**
Net Block:							
As at March 31, 2021	324	186	275	1	18	10	**814**
As at March 31, 2022	250	106	222	3	0	1	**582**

[B] Intangible Assets:

	Goodwill	Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	Total
		Other Intangible Assets				
Gross Block:						
As at March 31, 2020	**17,083**	3,196	-	30	633	**3,859**
Additions	**-**	-	2	-	-	**2**
As at March 31, 2021	**17,083**	3,196	2	30	633	**3,861**
Disposals	**-**	-	-	-	-	**-**
Sale of assets pursuant to BTA [**]	**(16,930)**	(3,196)	-	(30)	(633)	**(3,859)**
As at March 31, 2022	**153**	-	2	-	-	**2**
Amortisation and Impairment:						
As at March 31, 2020	**-**	111	-	15	13	**139**
Amortisation for the year	**-**	111	-	15	14	**140**
As at March 31, 2021	**-**	222	-	30	27	**279**
Amortisation for the year	**-**	32	1	-	3	**36**
Sale of assets pursuant to BTA [**]	**-**	(254)	-	(30)	(30)	**(314)**
As at March 31, 2022	**-**	-	1	-	-	**1**
Net Block:						
As at March 31, 2021	**17,083**	2,974	2	0	606	**3,582**
As at March 31, 2022	**153**	-	1	-	-	**1**

[*] Other adjustments include internal regrouping and rounding off differences.
[**] Refer Note-40
[#] Above Plant and Equipment does not include equipment purchased from Nesher Pharmaceuticals (USA) LLC [USA] [Refer Note - 36 for relationship] for INR 36 Million as it was in transit as on March 31 ,2022.

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

		As at March 31	
		2022	2021
A	**Projects in progress:**		
1	Less than 1 year [CY: INR 1,85,000]	**-**	13
2	More than 1 year	**-**	-
	Total Capital Work-in-Progress [CY: INR 1,85,000]	**-**	13

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

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

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

	INR-Millions	
	Year ended March 31	
[D] Depreciation, Amortisation and Impairment expenses:	**2022**	2021
Depreciation	**41**	58
Amortisation	**36**	140
Total	**77**	198
Less: Transferred due to discontinued operations [Refer Note - 40]	**(41)**	(168)
Total	**36**	30

	Face Value [*]	Nos. [**]	INR-Millions	
			As at March 31	
			2022	2021
Note: 4-Investments [Non-Current]:				
Investments in Subsidiaries [Valued at cost]:				
Investments in Equity Instruments			**35**	35
			35	35
Investments - Others:				
Investment in Bonds [Valued at amortised cost] [Quoted]:				
In fully paid-up Bonds of:				
8.85% HDFC Bank Perpetual Bond	1,000,000	100 [0]	**100**	-
			100	-
Total			**135**	35
A Details of Investments in Subsidiaries [Unquoted]:				
In fully paid-up equity shares of:				
Viona Pharmaceuticals INC [USA]	USD 1	5,00,000	**34**	34
Violio Healthcare Limited	10	50,000	**1**	1
Biochem Pharmaceuticals Private Limited [INR 1,00,000/-]	10	10,000	**-**	-
Total			**35**	35
B a i Aggregate book value of quoted investments			**100**	-
ii Market value of quoted investments			**100**	-
b Aggregate book value of unquoted investments			**35**	35
C Explanations:				
a In "Face Value [*]" figures in Indian Rupees unless stated otherwise.				
b In "Nos. [**]" figures of previous year are same unless stated in [ ]{ }.				

	2022	2021
Note: 5-Loans:		
[Unsecured, Considered Good unless otherwise stated]		
Loans and Advances to Related Parties [*]	**379**	365
Total	**379**	365
[*] 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:		
Viona Pharmaceuticals INC [USA] - Subsidiary Company	**379**	365
a The above loan have been given for business purposes.		
b The above loan is repayable within a period upto 2 years.		
Note: 6-Other Financial Assets:		
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**3**	18
Total	**3**	18
Note: 7-Other Non-Current Assets:		
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances - Considered Good	**1**	12
Capital Advances - Considered Doubtful	**1**	-
	2	12
Less: Impairment Allowances	**(1)**	-
	1	12
Other non current assets	**3**	2
Total	**4**	14

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

	INR-Millions	
	As at March 31	
	2022	2021
Note: 8-Inventories:		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	-	269
Work-in-progress	-	5
Finished Goods	-	198
Stock-in-Trade	21	349
Others:		
Packing Materials	-	63
Total	21	884
The above includes Goods in transit as under:		
Stock-in-Trade	21	58

Note: 9-Investments	Nos. [**]	2022	2021
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss] [*]			
ICICI Overnight Fund - Direct Plan	0 [52,43,173]	-	582
ICICI Pru. Equity Arbitrage Fund - Direct - Growth	35,01,34,810 [0]	10,256	-
Tata Arbitrage Fund-Direct Plan-Growth	57,34,05,085 [0]	6,873	-
HDFC Arbitrage Fund - Wholesale Plan - Direct - Growth	4,87,09,219 [0]	783	-
Total		17,912	582

[*] Considered as cash and cash equivalents for Cash Flow Statement.
[**] In "Nos." figures of previous year are stated in [ ].

Note: 10-Trade Receivables:	2022	2021
Secured - Considered good	-	-
Unsecured - Considered good	185	693
Unsecured - Considered doubtful [INR 5 Lacs as at March 31, 2021]	-	-
	185	693
Less: Allowances for credit losses [INR 5 Lacs as at March 31, 2021]	-	-
Total	185	693

Ageing of Trade Receivables : INR-Million

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	180	5	-	-	-	-	185
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	-	-	-	-
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
Total	180	5	-	-	-	-	185
	As at March 31, 2021						
Undisputed – considered good	633	58	2	-	-	0.23	693
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	-	-	-	-
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
Total	633	58	2	-	-	0.23	693

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

	INR-Millions	
	As at March 31	
	2022	2021
Note: 11-Cash and Cash Equivalents:		
A Cash and Cash Equivalents:		
Balances with Banks	**53**	322
Total	**53**	322
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 balance other than cash and cash equivalents:		
Balances with Banks [*]	**3**	160
Total	**3**	160
[*] Fixed deposit with maturity less than 12 months	**3**	160
Note: 12-Loans		
[Unsecured, Considered Good]		
Loans and advances to related parties		
Interest Receivable on loan to Viona Pharmaceuticals Inc. [USA] [Refer Note 5 for details]	**-**	1
Total	**-**	1
Note: 13-Other Current Financial Assets:		
[Unsecured, Considered Good]		
Deposits other than Banks	**5,134**	-
Others	**11**	-
Total	**5,145**	-
Note: 14-Other Current Assets:		
[Unsecured, Considered Good]		
Balances with Statutory Authorities	**13**	62
Advances to Suppliers	**1**	9
Prepaid Expenses	**7**	3
Export Incentive Receivables	**-**	2
Total	**21**	76

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

	INR-Millions	
	As at March 31	
	2022	2021
Note: 15-Equity Share Capital:		
Authorised:		
50,00,000 [As at March 31, 2021 : 50,00,000] Equity Shares of INR 10 /- each	50	50
229,50,00,000 [As at March 31, 2021: 229,50,00,000] 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares [OCRPS] of INR 10 /- each	22,950	22,950
	23,000	23,000
Issued, Subscribed and Paid-up:		
10,19,143 [As at March 31, 2021: 10,19,143] Equity Shares of INR 10/- each, fully paid up	10	10
177,33,50,000 [As at March 31, 2021: 227,33,50,000] 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares [OCRPS] ["Preference Shares"] of INR 10/- each	17,734	22,734
Total	17,744	22,744
A The reconciliation in number of Equity shares is as under:		
Number of shares at the beginning of the year	1,019,143	1,019,143
Number of shares at the end of the year	1,019,143	1,019,143
The reconciliation in number of Preference Shares is as under:		
Number of shares at the beginning of the year	2,273,350,000	2,273,350,000
Less: Shares redeemed during the year	500,000,000	-
Number of shares at the end of the year	1,773,350,000	2,273,350,000

B The Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.

C Optionally Convertible Non-Cumulative Redeemable Preference Shares [OCRPS] are redeemable at par. At anytime during tenure of OCRPS, the Issuer of OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during tenure of OCRPS, the Holder and issuer of OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. The tenure of the OCRPS shall be 20 years from date of allotment. At any time during the tenure of the OCRPS, the company shall have right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential rights with respect to dividend on the paid up capital in the event of distribution of profits by the Company.

	2022	2021
D Shares in the company held by each shareholder holding more than 5% shares		
a. Equity shares		
i) Zydus Lifesciences Limited [Formerly known as "Cadila Healthcare Limited"] and its Nominees		
Number of Shares	900,000	900,000
% to total share holding	88.31%	88.31%
ii) Zydus Healthcare Limited		
Number of Shares	119,143	119,143
% to total share holding	11.69%	11.69%
b. Preference shares		
Zydus Lifesciences Limited [Formerly known as "Cadila Healthcare Limited"]		
Number of Shares	1,773,350,000	2,273,350,000
% to total share holding	100.00%	100.00%
E Equity Shares allotted as fully paid up without consideration received in cash during the last five years	119,143	119,143

F Equity Shares held by the promoters of the Company as at the end of the year March 31, 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")	900,000	88.31	-
2	Zydus Healthcare Limited	119,143	11.69	-

	INR-Millions	
	As at March 31	
	2022	2021
Note: 16-Other Equity:		
Retained Earnings:		
Balance as per last Balance Sheet	740	33
Add: Profit for the year	5,771	894
Less: Other adjustments pursuant to Slump Exchange	-	(199)
	6,511	728
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains on defined benefit plans [net of tax]	(3)	12
Balance as at the end of the year	6,508	740
Note: 17-Other Financial Liabilities:		
Trade Deposits	-	17
Others	-	10
Total	-	27
Note: 18-Provisions:		
Provision for Employee Benefits	2	113
Total	2	113

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-Millions					
	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 obligation	19	68	114	19	58	112
Transfer pursuant to BTA [*]	(19)	(71)	(119)	-	-	-
Interest cost	-	2	2	1	3	6
Current service cost	1	2	3	3	8	10
Benefits paid	-	(5)	(3)	-	(6)	(3)
Actuarial [gains]/ losses on obligation	(1)	6	5	(4)	5	(11)
Closing obligation	-	2	2	19	68.4	114

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

Note: 18-Provisions-Continued:

		As at March 31					
		2022			2021		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	-	-	68	-	7	66
	Transfer pursuant to BTA [*]			(63)			
	Expected return on plan assets	-	-	3	-	-	4
	Return on plan assets excluding amounts included in interest income	-		-	-		1
	Contributions by employer	-	-	3	-	(7)	-
	Benefits paid	-	-	(3)	-	-	(3)
	Actuarial [losses]/ gains	-	-	-	-	-	-
	Closing fair value of plan assets	-	-	8	-	-	68
	Total actuarial [losses]/ gains to be recognised	1	(6)	(5)	4	(5)	11
D	**Actual return on plan assets:**						
	Expected return on plan assets	-	-	3	-	-	4
	Actuarial [losses]/ gains on plan assets	-	-	-	-	-	-
	Actual return on plan assets	-	-	3	-	-	4
E	**Amount recognised in the balance sheet:**						
	Liabilities/ [Assets] at the end of the year	-	2	2	19	68	114
	Fair value of plan assets at the end of the yea	-	-	(8)	-	-	(68)
	Difference	-	2	(6)	19	68	46
	Unrecognised past service cost	-	-	-	-	-	-
	Liabilities/ [Assets] recognised in the Balance Sheet	-	2	(6)	19	68	46
F	**Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	1	2	3	3	8	10
	Interest cost on benefit obligation	-	2	2	1	3	6
	Expected return on plan assets	-	-	(3)	-	-	(4)
	Return on plan assets excluding amounts included in interest income	-	-	-	-	-	-
	Net actuarial [gains]/ losses in the year	(1)	6		(4)	5	
	Amount included in "Employee Benefit Exp."	-	10	2	-	16	12
	Return on plan assets excluding amounts included in interest income			-			-
	Net actuarial [gains]/ losses in the year	-	-	5	-	-	(12)
	Amounts recognized in OCI	-	-	5	-	-	(12)
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	19	68	46	19	51	46
	Transfer pursuant to BTA [*]	(19)	(71)	(56)	-	-	-
	Expenses as above [P & L Charge]	-	10	2	-	16	12
	Employer's contribution	-	-	(3)	-	7	-
	Amount recognised in OCI	-	-	5	-	-	(11)
	Benefits Paid	-	(5)	-	-	(6)	-
	Liabilities/ [Assets] recognised in the Balance Sheet	-	2	(6)	19	68	46
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%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations]						
	Annual increase in salary cost	12% for next 2 year, 9% thereafter			7.00%		
	[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]						
I	**The categories of plan assets as a % of total plan assets are:**						
	Insurance plan	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%

J **Amount recognised in current and previous three years:**

Gratuity:	As at March 31		
	2022	2021	2020
Defined benefit obligation	2	114	112
Fair value of Plan Assets	8	68	66
Deficit/ [Surplus] in the plan	(6)	46	46
Actuarial Loss/ [Gain] on Plan Obligation	5	(12)	1
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 6.47 years [as at March 31, 2021: 5.6 years]

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

Note: 18-Provisions-Continued:

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is shown below:

Assumptions	INR-Millions					
	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2022	2021	2022	2021	2022	2021
Impact on obligation:						
Discount rate increase by 0.5%	-	(2)	-	(1)	-	(3)
Discount rate decrease by 0.5%	-	-	-	3	-	3
Annual salary cost increase by 0.5%	-	-	-	3	-	3
Annual salary cost decrease by 0.5%	-	2	-	(1)	-	(3)

[*] Refer Note - 40

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

	INR-Millions	
	As at March 31	
	2022	2021
Within the next 12 months [next annual reporting period]	1	50
Between 2 and 5 years	2	74
Between 6 and 10 years	1	71
Total expected payments	4	195

Note: 19-Deferred Tax:

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

INR-Millions

	As at March 31 2020	Charge for the current year	As at March 31 2021	Charge for the current year	As at March 31 2022
Deferred Tax Liabilities:					
Depreciation	34	183	217	(209)	8
	34	183	217	(209)	8
Deferred Tax Assets:					
Employee benefits/ Payable to statutory authorities	32	6	38	(38)	-
Fair valuation adjustments	50	(50)	-	-	-
Unabsorbed depreciation and business loss	25	(25)	-	-	-
Provision for Expired Goods return	11	4	15	(15)	-
Others			-	1	1
	118	(65)	53	(52)	1
Net Deferred Tax Liability / (Asset)	84	247	164	(157)	7

B The Net Deferred Tax Expense of INR 157 Millions for the year has been reversed [Previous Year charge of INR 247 Millions] in the Statement of Profit and Loss.

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

	INR-Millions	
	As at March 31	
	2022	2021
Note: 20-Trade Payables:		
Due to Micro and Small Enterprises [*]	-	5
Due to other than Micro and Small Enterprises	266	520
Total	266	525
[*] Disclosure in respect of Micro and Small Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end [INR 18,634/- as at March 31, 2022]	-	5
B Interest due thereon	-	-
C Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year [INR 43,667/- as at March 31, 2022]	-	-
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.

Note: 20-Trade Payables-continued:

Ageing of Trade Payables : INR-Million

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]	-	-	-	-	-	-
Undisputed Others	191	74	1	-	-	266
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	191	74	1	-	-	266
	As at March 31, 2021					
Undisputed Micro and Small Enterprises [MSME]	5	-	-	-	-	5
Undisputed Others	473	47	-	-	-	520
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	478	47	-	-	-	525

	INR-Millions	
	As at March 31	
	2022	2021
Note: 21-Other Financial Liabilities:		
Book overdraft	-	76
Accrued Expenses	2	48
Payable for capital goods	9	19
Total	11	143
Note: 22-Other Current Liabilities:		
Advances from Customers	24	10
Payable to Statutory Authorities	3	16
Total	27	26
Note: 23-Provisions:		
Provision for Employee Benefits	1	20
Provision for claims for product expiry and return of goods [*]	-	66
Total	1	86
[*] 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	66	42
ii Additional provision made during the year	5	66
iii Amount used	-	(42)
iv Transfer pursuant to BTA [Refer Note - 40]	(71)	-
v Carrying amount at the end of the year	-	66
Note: 24-Current Tax Liabilities [Net]:		
Provision for Taxation [Net of advance payment of INR 2,013 Mio. {as at March 31, 2021 INR 1 Mio}]	31	58
Total	31	58
Note: 25-Contingent Liabilities and Commitments [to the extent not provided for]:		
A Contingent Liabilities:		
a Claims against the Company not acknowledged as debts	-	15
B Commitments:		
a Estimated amount of contracts remaining to be executed on capital account and not provided for	52	3
- Net of advance of	1	-

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

	INR-Millions	
	Year ended March 31	
	2022	2021
Note: 26-Revenue from Operations:		
Sale of Products	644	-
Other Operating Revenues:		
Export Incentives	1	-
Net Gain on foreign currency transactions and translation	4	-
Miscellaneous Income	2	-
	7	-
Total	651	-
Note: 27-Other Income:		
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	179	-
Gain on Investments mandatorily measured at FVTPL	566	2
Total	745	2
Note: 28-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	658	1
Total	658	1
Note: 29-Changes in Inventories:		
Stock-in-Trade:		
Stock at commencement	-	-
Stock at close	21	-
Total	(21)	-
Note: 30-Employee Benefits Expense:		
Salaries and wages	79	23
Contribution to provident and other funds [*]	-	1
Staff welfare expenses	1	2
Total	80	26
[*] The Company's contribution towards defined contribution plan	-	1
The Company makes Provident Fund contributions to defined contribution retirement benefit plan for qualifying employees, as specified under the law. The contributions are paid to the respective Regional Provident Fund Commissioner under the Pension Scheme.		

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

	INR-Millions	
	Year ended March 31	
	2022	2021
Note: 31-Finance Cost:		
Interest expense [*]	1	3
Total	1	3
[*] The break up of interest expense into major heads is given below:		
On Lease	-	2
Others	1	1
Total	1	3
Note: 32-Other Expenses:		
Research Materials	54	40
Product Development Expense	58	1
Analytical Expenses	134	2
Water Charges	8	4
Consumption of Stores and spare parts	24	18
Power & fuel	11	13
Legal and Professional Fees [*]	1	25
Other marketing expenses	2	8
Allowances for Doubtful Advances:		
Allowances for credit impaired	1	-
	1	-
Corporate Social Responsibility [CSR] expenses [#]	8	-
Miscellaneous Expenses	25	14
Total	326	125
[*] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding GST]:		
- As Auditor [INR 175,000 for FY 2021-22, INR 700,000 for FY 2020-21]	-	1
- For Other Services	1	-
- Total	1	1
[#] Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013.	8	-
Particulars with regard to CSR activities :		
1 Amount required to be spent during the year as per section 135(5)	8	-
2 Amount of spent on CSR for construction/acquisition of asset	8	-
3 Shortfall at the end of the year	-	-
4 Total of previous years shortfall	-	-
5 Reasons for shortfall	N.A	N.A
6 Nature of CSR Activities:		
A Healthcare	8	-
7 Details of Related Parties:		
A Contribution to Zydus Foundation, a wholly owned subsidiary of the Holding Company, is a company incorporated under Section 8 of the Companies Act, 2013	8	-

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

		INR-Millions	
		Year ended March 31	
		2022	2021
Note: 33-Tax Expenses:			
The major components of income tax expense are:			
A Statement of profit and loss:			
Profit or loss section:			
Tax expense on Continuing Operations			
Current Tax		85	59
Deferred Tax - Relating to origination and reversal of temporary differences [Refer Note : 19]		(6)	247
		79	306
Tax expense on Discontinued Operations			
Current Tax		1,952	-
Deferred Tax		(150)	-
		1,802	-
Total Tax reported in the statement of Profit and Loss		1,881	306
OCI Section:			
Tax related to items recognised in OCI during in the year:			
Net loss/ (gain) on remeasurements of defined benefit plans		(1)	-
Total Tax charged to OCI		(1)	-
B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:			
Profit before tax		7,652	1,200
Enacted Tax Rate in India (%)		25.17%	25.17%
Expected Tax Expenses		1,926	302
Adjustments for:			
Tax effect due to non-taxable income for tax purposes		(113)	(3)
Effect of unrecognized deferred tax assets/ liabilities		(199)	(19)
Effect of non-deductible expenses		4	16
Diff. in capital gain income as per books and IT		263	-
Effect of additional deduction in taxable income		-	3
Others		-	7
Total		(45)	4
Tax Expenses as per Statement of Profit and Loss		1,881	306
Note: 34-Calculation of Earnings per Equity Share [EPS]:			
The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
Continuing Operations:			
A Profit attributable to Equity Share Holders	INR-Millions	237	(136)
B Basic and weighted average number of Equity shares outstanding during the year	Numbers	1,019,143	1,019,143
C Effect of dilution - Optionally Convertible Non-Cumulative Redeemable Preference Shares	Numbers	1,773,350,000	2,273,350,000
D Weighted average number of Equity Shares outstanding during the year	Numbers	2,140,122,568	2,274,369,143
E Nominal value of equity share	INR	10	10
F Basic EPS	INR	232.55	(133.66)
G Diluted EPS	INR	0.11	(0.06)
Discontinued Operations:			
A Profit attributable to Equity Share Holders	INR-Millions	5,534	1,031
B Basic and weighted average number of Equity shares outstanding during the year	Numbers	1,019,143	1,019,143
C Effect of dilution - Optionally Convertible Non-Cumulative Redeemable Preference Shares	Numbers	1,773,350,000	2,273,350,000
D Weighted average number of Equity Shares outstanding during the year	Numbers	2,140,122,568	2,274,369,143
E Nominal value of equity share	INR	10	10
F Basic EPS	INR	5,430.05	1,011.30
G Diluted EPS	INR	2.59	0.45
Continuing and Discontinued Operations:			
A Profit attributable to Equity Share Holders	INR-Millions	5,771	894
B Basic and weighted average number of Equity shares outstanding during the year	Numbers	1,019,143	1,019,143
C Effect of dilution - Optionally Convertible Non-Cumulative Redeemable Preference Shares	Numbers	1,773,350,000	2,273,350,000
D Weighted average number of Equity Shares outstanding during the year	Numbers	2,140,122,568	2,274,369,143
E Nominal value of equity share	INR	10	10
F Basic EPS	INR	5,662.60	877.64
G Diluted EPS	INR	2.70	0.39

Note: 35-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 Institute of Chartered Accountants of India, no separate disclosure on segment information is given in these financial statements.

Note: 36-Related Party Transactions:

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

a Holding Company:

Zydus Lifesciences Limited [Formerly known as "Cadila Healthcare Limited"]

b Subsidiary Companies:

Violio Healthcare Limited	Viona Pharmaceuticals Inc. [USA]
Biochem Pharmaceutical Private Limited	

c Fellow subsidiary Companies/concerns:

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

d Enterprises significantly influenced by the Holding Company:

Cadmach Machinery Company Private Limited	Zydus Infrastructure Private Limited

e Key Managerial Personnel:

Dr. Arun Atrey	Managing Director (till July 14, 2021)
Mr. Pramod Lokhande	Whole Time Director (w.e.f. October 04, 2021)
Mr. Nitin D. Parekh	Director
Mr. Harish Sadana	Director (till October 04, 2021)
Mr. Chimanlal P. Patel	Director
Ms. Bhavana Doshi	Director
Dr. Kunal Chitnis	Additional Director (w.e.f. October 04, 2021)
Mr. Upen H. Shah	Nominee Director
Mr. Vishal A. Shah	Executive Officer [CFO] (till July 14, 2021)
Mr. Hiren Mistry	Executive Officer [CFO] (w.e.f. October 04, 2021)
Ms. Hiranya T. Deshmukh	Executive Officer [Company Secretary]

Note: 36-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 36-A [a, b, c & d]

Nature of Transactions	Value of the Transactions [INR-Millions] Holding Company		Subsidiary/ Fellow subsidiary Companies		Enterprises significantly influenced by the Holding Company	
	Year ended March 31					
	2022	2021	**2022**	2021	**2022**	2021
Purchase of Goods:						
Zydus Lifesciences Limited	**0.1**	314	**-**	-	**-**	-
Purchase of services :						
Zydus Lifesciences Limited	**21**	5	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	-	**1**	3	**-**	-
Zydus Infrastructure Private Limited	**-**	-	**-**	-	**8**	-
Cadmach Machinery Company Private Limited	**-**	-	**-**	-	**0.1**	-
	21	5	**1**	3	**8**	-
CSR Expenses:						
Zydus Foundation	**-**	-	**8**	-	**-**	-
Sale of Goods:						
Zydus Lifesciences Limited	**-**	15	**-**	-	**-**	-
Sale of fixed assets:						
Zydus Lifesciences Limited	**-**	1	**-**	-	**-**	-
Sale of Services:						
Zydus Lifesciences Limited	**-**	1	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	-	**0.04**	-	**-**	-
	-	1	**0.04**	-	**-**	-
Reimbursement of expenses paid:						
Zydus Lifesciences Limited	**196**	16	**-**	-	**-**	-
ZyVet Animal Health Inc.	**-**	-	**9**	-	**-**	-
	196	16	**9**	-	**-**	-
Interest Expense:						
Zydus Lifesciences Limited	**-**	1	**-**	-		
Zydus Healthcare Limited	**-**	-	**-**	2		
	-	1	**-**	2	**-**	-
Interest Income:						
Viona Pharmaceuticals Inc	**-**	-	**3**	1	**-**	-
Redemption of Shares:						
Preference shares						
Zydus Lifesciences Limited	**5,000**	-	**-**	-	**-**	-
Finance:						
Inter Corporate Loans Given:						
Viona Pharmaceuticals Inc	**-**	-	**-**	367	**-**	-
Inter Corporate Loans repaid:						
Zydus Lifesciences Limited	**-**	29	**-**	-		-
Zydus Healthcare Limited	**-**	-	**-**	50		-
	-	29	**-**	50		-

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

Note: 36-Related Party Transactions - Continued:

INR-Millions

Nature of Transactions	Holding Company		Subsidiary/Fellow subsidiary Companies		Enterprises significantly influenced by the Holding Company	
	As at March 31					
	2022	2021	**2022**	2021	**2022**	2021
Outstanding:						
Receivable (including loan):						
German Remedies Pharmaceuticals Pvt. Ltd.	**-**	-	**0.02**	-	**-**	-
Viona Pharmaceuticals Inc	**-**	-	**367**	367	**-**	-
	-	-	**367**	367	**-**	-
Payable:						
Zydus Lifesciences Limited	**24**	-	**-**	-	**-**	-
Zydus Pharmaceuticals (USA) Inc.	**-**	-	**7**		**-**	-
ZyVet Animal Health Inc.	**-**	-	**9**	-	**-**	-
Zydus Infrastructure Private Limited	**-**	-	**-**	-	**2**	-
	24	-	**16**	-	**2**	-

C Details relating to persons referred to in Note 36-A [e] above:

INR-Millions

	Year ended March 31	
	2022	2021
Salaries and other employee benefits to Managing Director and other executive officers	**44**	34
Commission to Non Executive / Independent Directors	**0.1**	-
Outstanding payable to above	**0.4**	1

Note: 37-Financial Instruments:

A Fair values hierarchy:

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

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

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

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

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

INR-Millions

	As at March 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	17,912	-	-	**17,912**
	17,912	**-**	**-**	**17,912**
Financial liabilities	-	-	-	**-**

	As at March 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	582	-	-	582
	582	**-**	**-**	**582**
Financial liabilities	-	-	-	**-**

C Fair value of instruments measured at amortised cost:

Financial Assets:

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

Financial Liabilities:

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

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

Note: 38-Financial Risk Management:

A Financial instruments by category:

	INR-Millions			
	As at March 31 2022			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Non current Loans	-	-	379	379
Non Current Other Financial Assets	-	-	3	3
Investments - Mutual Funds	17,912	-	-	17,912
Trade receivables	-	-	185	185
Bonds	-	-	100	100
Cash and Cash Equivalents	-	-	56	56
Other Current Financial Assets	-	-	5,145	5,145
Total	**17,912**	**-**	**5,868**	**23,780**
Financial liabilities:				
Trade payables	-	-	266	266
Other Current Financial Liabilities	-	-	11	11
Total	**-**	**-**	**277**	**277**

	INR-Millions			
	As at March 31 2021			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Non Current Loans	-	-	365	365
Non Current Other Financial Assets	-	-	18	18
Investments - Mutual Finds	582	-	-	582
Trade receivables	-	-	693	693
Cash and Cash Equivalents	-	-	482	482
Current Loan	-	-	1	1
Total	**582**	**-**	**1,559**	**2,141**
Financial liabilities:				
Trade payables	-	-	525	525
Non Current Other Financial Liabilities	-	-	34	34
Other Current Financial Liabilities	-	-	152	152
Total	**-**	**-**	**711**	**711**

B Risk Management:

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

a Credit risk:

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

i Investments at Amortised Cost : They are strategic investments in the normal course of business of the company.

ii Bank deposits : The Company maintains its Cash and cash equivalents and Bank deposits with reputed and highly rated banks. Hence, there is no significant credit risk on such deposits.

iii Loans to related parties : They are given for business purposes. The Company reassesses the recoverability of loans periodically. Interest recoveries from these loans are regular and there is no event of defaults.

iv Trade Receivable: The Company trades with recognized and credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

Note: 38-Financial Risk Management-Continued:

v There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Adequate expected credit losses are recognized as per the assessments. There is one third party customer who contributes to more than 10% of outstanding accounts receivable as at March 31, 2022. No single third party customer contributes to more than 10% of outstanding accounts receivable [excluding outstanding from subsidiaries] as at March 31, 2021

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

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

Class of financial assets: carrying amounts	INR-Millions	
	As at March 31	
	2022	2021
Trade Receivables:		
Less than 180 days	**185**	691
180 - 365 days	-	2
Above 365 days	-	-
Total	**185**	**693**

Movement in the expected credit loss allowance on trade receivables:

Balance at the beginning of the year	-	6
Addition	-	-
Recoveries	-	(6)
Balance at the end of the year [INR 5 Lacs]	-	-

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

b Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due.

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

Maturities of financial liabilities:

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	INR-Millions				
	< 1 year	**1-2 year**	**2-3 year**	**> 3 years**	**Total**
	As At March 31, 2022				
Non-derivative Financial Liabilities:					
Trade payable	265	1	-	-	**266**
Other current financial liabilities	11	-	-	-	**11**
Total	**276**	**1**	**-**	**-**	**277**
	As At March 31, 2021				
Non-derivative Financial Liabilities:					
Other non current financial liabilities	-	12	3	19	**34**
Trade payable	525	-	-	-	**525**
Other current financial liabilities	152	-	-	-	**152**
Total	**677**	**12**	**3**	**19**	**711**

c Foreign currency risk:

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

Note: 38-Financial Risk Management - Continued:

Foreign currency risk exposure:

Sensitivity:

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

	INR-Million					
	As at March 31, 2022			As at March 31, 2021		
	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	4.00%	6	-	7.00%	(7)	-
USD	-4.00%	(6)	-	-7.00%	7	-

* Holding all other variables constant

d Interest rate risk:

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

Sensitivity *:

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

	Movement in Rate	INR-Million			
		As at March 31, 2022		As at March 31, 2021	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Mutual Funds [Quoted]					
Increase	+2.00%	358	-	12	-
Decrease	-2.00%	(358)	-	(12)	-

* Holding all other variables constant

Note: 39-Leases:

Lessee:

A Relating to statement of financial position:

1 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. Lease liabilities are part of financial statement captions 'non-current financial liabilities" and "current financial liabilities". Interest is part of financial statement caption " Finance expense".

Property plant and equipment owned:	INR-Million	
	As at March 31	
	2022	2021
Right of use assets (Net)	-	15
Total	-	15

Right of use assets:

Real estate	INR-Million	
	As at March 31	
	2022	2021
Opening Balance	15	23
Depreciation charge for the year	(3)	(8)
Transfer pursuant to BTA [Refer Note - 40]	(12)	-
Closing Balance	-	15

2 Movement in lease liabilities:

	INR-Million	
	As at March 31	
	2022	2021
Lease liability at the beginning of the year	16	23
Additions	-	1
Redemptions	-	(8)
Transfer pursuant to BTA [Refer Note - 40]	(16)	-
Lease liability at end of the year of which:	-	16
Non current portion	-	7
Current portion	-	9

2.1 Maturity analysis of lease liabilities:
The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities is as follows:

Minimum lease payments due	INR-Million	
	As at March 31	
	2022	2021
Within 1 year	-	9
1- 5 years	-	7

Lease payments not recognised as liability:
The Company has elected not to recognise a lease liability for short term leases [leases of expected term of 12 months or less] or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

B Relating to the statement of profit or loss and other comprehensive income:

The expense relating to payments not included in the measurement of the lease liability is as follows:

Minimum lease payments due	INR-Million	
	As at March 31	
	2022	2021
Short term lease	-	2
Total	-	2

Note: 40-Sale pursuant to BTA:

On May 12, 2021, the Company entered into a Business Transfer Agreement [“BTA”] and other Ancillary Agreements [together “Definitive Agreements”] for sale of its Animal Healthcare Established Markets Undertaking [“AHESTM”], comprising animal healthcare business in India and rest of the world excluding USA and certain other countries of Europe [other than Belarus, Russia and Ukraine] to Zenex Animal Health India Private Limited [formerly known as Nutrizvit Animal Health India Private Limited] [“Purchaser”], by way of a slump sale, without values being assigned to the individual assets and liabilities, on a debt free and cash free basis, subject to certain closing date adjustments and other conditions specified in the BTA. The said transaction was approved by the shareholders of the Holding Company by way of a special resolution on June 11, 2021. Consequently, AHESTM has been considered and disclosed as "Discontinued Operations" as per Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". Accordingly, figures of previous year have been reclassified and disclosed separately under the head “Profit from the Discontinued Operations”. The transaction of sale and disposal of AHESTM was completed on July 14, 2021.

The financial performance and cash flow information of discontinued operations are as under:

			INR-Million	
			Year ended March 31	
			2022	2021
A	(i)	**Financial Performance**		
	1	Total Revenue	1,740	6,043
	2	Total Expense	1,399	4,659
	3	Profit before tax	341	1,384
	(ii)	**Profit on Sale and disposal of AHESTM**		
	1	Net Consideration [Net off transaction cost]	28,585	-
	2	Carrying amount of Net Assets sold	21,590	-
	3	Profit on Sale and disposal of AHESTM	6,995	-
		Tax Expenses on (i) & (ii) above	1,802	352
		Profit After Tax	5,534	1,032
B		**Cash flow information**		
	1	Net cash inflow [outflow] from operating activities	300	1,607
	2	Net cash inflow [outflow] from investing activities	28,572	(13)
	3	Net cash inflow [outflow] from financing activities	(1)	(3)
	4	**Net increase in cash generated from discontinued operations**	28,871	1,591

Zydus Animal Health and Investments Limited
Notes to the Financial Statements

Note: 41-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 partial or full lockdown situation, 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.

Note: 42:

[a] The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding 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 fund from any person(s) or entity(ies), 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: 43-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: 44-Analytical Ratios:

#	Ratio	Numerator	Denominator	FY 21-22	FY 20-21	% Change [*]
1	Current Ratio	Current Assets	Current Liabilities	**69.46**	3.21	2064.8%
2	Debt-Equity Ratio	Total Debt	Shareholder's Equity	**-**	-	N.A.
3	Debt Service Coverage Ratio	Earnings available for debt service	Finance cost + Repayment of Debt	**5,057.00**	3.00	168532.7%
4	Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	**24.2%**	3.9%	525.3%
5	Inventory turnover ratio	Net Sales	Average Inventory	**1.44**	-	N.A.
6	Trade Receivables turnover ratio	Net Sales	Average Trade Receivables	**1.48**	-	N.A.
7	Trade payables turnover ratio	Net Purchases and Other Expenses	Average Trade Payables	**2.49**	0.24	946.5%
8	Net capital turnover ratio	Net Sales	Average Working Capital	**0.03**	-	N.A.
9	Net profit ratio	Net Profits after taxes	Net Sales	**886.5%**	-	N.A.
10	Return on Capital employed	Earnings before interest and taxes	Average Capital Employed	**1.3%**	-0.8%	-271.3%
11	Return on investments:					
a	Fixed Deposits	Income from investments during the year	Time weighted average of investments	**4.4%**	3.3%	40.5%
b	Mutual Funds	Income from investments during the year	Time weighted average of investments	**3.8%**	3.2%	16.5%

[*] Note: Above ratios are not comparable with previous year, refer Note - 40 : Sale pursuant to BTA.

Note: 45:

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

Signatures to Significant Accounting Policies and Notes 1 to 45 to the Financial Statements

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

For and on behalf of the Board

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

sd/-
Mr. Chandresh S. Shah
Partner
Membership Number : 042132
Ahmedabad, Dated : May 14, 2022

sd/-
Mr. Hiren Mistry
Chief Financial Officer

sd/-
Ms. Hiranya T. Deshmukh
Company Secretary

sd/-
Mr. Pramod Lokhande
Whole Time Director
DIN : 09344837
Ahmedabad, Dated : May 14, 2022