BRINGING WELLNESS **TO YOUR LIFE**

ANNUAL REPORT 2019-20

Zydus Wellness

Wellness is all about making choices for a healthy life... it's about maintaining a healthy lifestyle and doing what is right for your body. Wellness is a state of being that makes you feel good about yourself.

That's exactly what we at Zydus Wellness aim to do; offer products which are Good-for-You, helping you embrace Wellness.

Our products, take care of age appropriate nutritional needs, sweeten your smiles without adding to your calories. We create new experiences through new emergent categories.

We believe that we can nourish, nurture and energise your life in a happy way. Embracing Wellness comes with the freedom of choice; to do what's right to improve the quality of life.

Through our innovations,
By expanding the choices,
By lifting your days,
By helping you experience life to it's fullest,
By helping you stay healthy,

We bring
Wellness to your life.

Zydus Wellness

Corporate **Information**

Board of Directors

Dr. Sharvil P. Patel
Chairman

Tarun G. Arora
CEO & Whole-Time Director

Directors

Kulin S. Lalbhai

Srivishnu Raju Nandyala

Dharmishtaben N. Raval

Ashish Bhargava

Ganesh N. Nayak

Savyasachi S. Sengupta

Chief Financial Officer

Umesh V. Parikh

Company Secretary

Dhanraj P. Dagar

Bankers

Bank of Baroda
Ashram Road Branch
Ahmedabad

HDFC Bank Ltd.
Navrangpura Branch
Ahmedabad

ICICI Bank
JMC House Branch
Ahmedabad

HSBC Bank
M.G.Road branch, Mumbai

CITI Bank
Fort Branch, Mumbai

State Bank of India
CAG Branch, Ahmedabad

Statutory Auditors

M/s. Dhirubhai Shah & Co. LLP
Chartered Accountants

Cost Auditors

M/s. Dalwadi & Associates
Cost Accountants

Secretarial Auditors

M/s. Hitesh Buch & Associates
Practicing Company Secretaries

Registered Office

Zydus Corporate Park,
Scheme No. 63, Survey No. 536
Khoraj(Gandhinagar),
Nr. Vaishnodevi Circle,
Ahmedabad 382481

Registrar & Share Transfer Agent

M/s. Link Intime India Private Ltd.,
506-508
Amarnath Business Centre – I
Beside Gala Business Centre
Off C. G. Road, Ellisbridge
Ahmedabad 380 006

Works

7A, 7B & 8,
Saket Industrial Estate
Sarkhej Bavla Road
Ahmedabad
Village: Moraiya
Taluka: Sanand
District: Ahmedabad

CIN

L15201GJ1994PLC023490

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Corporate Overview

Statutory Reports

Financial Statements

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set-out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Vision

We bring wellness to your life. We will create new experiences by our products that will nourish, nurture and energize your life. We shall lead the way through innovation.

Our DNA

To build new emergent categories with differentiated product propositions.

Philosophy of building products which are good for you.

Business

Zydus Wellness combines the best of healthcare, nutrition and cosmeceutical products to provide quality wellness products. Zydus helps people pursue integrated well-being through its widening range of products. The Company is engaged in the development, production, marketing and distribution of differentiated health and wellness products.

Product Portfolio

The Company has a wide range of health and wellness products. The Company's product portfolio includes popular brands with functional benefits like Glucon D, Complan, Sugar Free, Nycil, Everyuth, Nutralite and Sugarlite

Products	Market Rank
Sugar Free	**1st**
Everyuth Peel off	**1st**
Everyuth Scrub	**1st**
Nycil	**1st**
Glucon D	**1st**
Complan	**5th**
Nutralite	**N.A.**
Sugarlite	**N.A.**

*Source – Nielsen MAT March 2020 report for all brands except Sugar Free. For Sugar Free it is as per Company sources

Presence

Headquartered in Ahmedabad, Zydus Wellness enjoys a pan-India marketing presence through a distribution network comprising ~1800 distributors and ~2000 feet-on-street representatives, who facilitate the coverage of more than 18 lakhs plus outlets. The Company's distribution competence has been facilitated by investment in 20 cold chain warehouses and 25 ambient warehouses.

Listing

The Company's shares are listed on the BSE Limited and the National Stock Exchange of India Limited.

Scale

Zydus Wellness Limited manufactures an innovative range of health and wellness products across five manufacturing facilities — one in Ahmedabad, one at Aligarh, one at Sitarganj and two at Sikkim.

Compliance

The Company was accredited with the ISO 22000 and ISO 14001, GMP certification, validating process and quality consistency.

67.82%

Promoters' and family holding, March 31, 2020 (%)

6.57%

Institutional holding, March 31, 2020 (%)

3.29%

FII holding, March 31, 2020 (%)

22.32%

Other holding, March 31, 2020 (%)

74,924

Market capitalisation, March 31, 2020 (Rs. Mio)

Milestones

1988
Launched Sugar Free with Aspartame

1991
Launched the Everyuth skincare range

2005
Introduced Sugar Free Natura with Sucralose

2011
Inaugurated the manufacturing plant in Sikkim

2009
Restructured the consumer business of Cadila Healthcare Ltd., renamed Zydus Wellness Ltd.

2006
Acquired Carnation Nutra Analogs Ltd.

2014
Distribution model restructuring

2017
Sugar Free Green with Stevia and new production facility at Sikkim – Unit II

2018
Launch of Nutralite Mayonnaise, EY TAN removal range and Sugarlite

2019
Acquisition of Heinz India Pvt. Ltd., its integration and merger with Zydus Wellness Products Ltd.

Performance Over the Years

Revenues (₹ in Million)

Performance Highlights FY2019-20

REVENUE FROM OPERATIONS

₹17668.2

MILLION

Value Impact

Improved product off-take strengthened the Company's marketplace reputation

Financial Strength

22.2%

TOTAL INCOME FROM OPERATIONS GROWTH (%) [12-YEAR CAGR]

21.2%

EBIDTA GROWTH (%) [12-YEAR CAGR]

17.6%

NET PROFIT GROWTH (%) [12-YEAR CAGR]

Highlights FY2019-20

Turnover

109.6%

INCOME FROM OPERATIONS GROWTH (%)

Profits

73.7%

EBIDTA Growth (%)

18.2%

EBIDTA

HEALTHY IN EBIDTA MARGIN (BPS)

8.0%

PAT Margin

₹24.58

EPS

* The above growth % numbers is not comparable as previous year results includes numbers of the acquired business from January 30, 2019 to March 31, 2019

Brand Performance

As per the MAT March'20 report of Nielsen:

The Glucose Powder category has grown by 9.8%. Glucon-D has maintained its number one position with a market share of 59.0%.

The MFD category has grown by 7.7%. Complan has a market share of 5.4%.

The Prickly Heat Powder category has grown by 8.3%. Nycil has maintained its number one position with a market share of 34.4%, which is an increase of 230 basis points over the same period last year.

The Facial Scrub category has grown by 6.1%. Everyuth Scrub has maintained its number one position with a market share of 32.5%.

The Peel Off Face Mask category has grown by 13.3%. Everyuth Peel Off Mask has maintained its number one position with a market share of 77.9%

Business Model

At Zydus, we have continuously reviewed, adapted and reinforced our business model. This proactive responsiveness in a rapidly-evolving market environment has translated into attractive growth across market cycles.

> We believe that we are uniquely positioned to leverage our core strengths in innovation, scientific promotion and a good-for-you portfolio that is unquestionably healthy and responsive to the changing times.
>
> Dr. Sharvil P. Patel
> Chairman

Chairman's Message

Dear Shareholders,

I am pleased to report that the Company delivered a strong performance in 2019-20, despite the unprecedented healthcare crisis and tough market conditions. Today, more than ever before, health is the new credo. Wellness and good health are uppermost in our minds as we look for boosting our immunity, protecting our families, friends and neighbourhoods from the dreaded Novel Coronavirus. All of them reinforce the core premise of Zydus Wellness, the importance of staying healthy by making the right choices and embracing wellness.

At Zydus Wellness, we have always believed in delivering results sustainably and 2019 was a year of integration and consolidation after the acquisition of the Heinz India business. We have been successful in acting swiftly and laying the foundation for the business which will deliver results in the years ahead. Our focus this year has been on actively managing our portfolio, sharpening our core areas of food and nutrition, beverages and skin care. Across the spectrum our emphasis has been on evidence-based scientific approach to wellness, which has now become a guiding principle at Zydus Wellness. We believe that by offering the consumers new choices and innovation-based products, we are embracing wellness.

THE NEW NORMAL OF A RAPIDLY CHANGING WORLD

India's FMCG sector has changed dramatically over the years. An increasing demand for healthier lifestyles and the willingness to go the extra mile to consume products with a health advantage have changed the consumption patterns and the subsequent demand for these products. Over the past decade, more research and innovation and greater understanding of the consumer psyche and needs have helped transform the spectrum. The Indian FMCG sector is today the fourth largest sector in the Indian economy with healthcare and food and beverages accounting for 31 and 19 per cent of the market in the sector respectively.

Zydus Wellness' integrated and transformed portfolio of iconic brands has offerings across diverse age groups. Our brands offer healthier choices and healthier outcomes in the nutritional, food and beverage and personal care categories. We believe that we are uniquely positioned to leverage our core strengths in innovation, scientific promotion and a good-for-you portfolio that is unquestionably healthy and responsive to the changing times. Our niche brands offer solutions for everyone, for every stage of their life.

CREATING A GOOD-FOR-YOU PORTFOLIO

The market for India's FMCG sector is expected to cross USD 100 billion by 2020. As one of the leading players in the FMCG sector, we are looking to strengthen and deliver on the 'good-for-you' promise.

Zydus Wellness' iconic brands are consistently ranked No.1 in market share because they offer you something 'more', in terms of health, nutrition and niche preferences. Our consumers seek solutions that they can trust; evidence-based options with a scientific rationale.

Continuous research and feedback from the consumers have helped us improve upon our brands. Sugar Free Green is now available with an improved formulation and all new packaging. Sugarlite has been relaunched with a superior product formulation and enhanced taste. Glucon D, a market leader in its category continues to do well. We will continue to invest in the brand and increase its visibility. Our brand in the Malted Food Category (MFD) Complan fared well, clocking brisk sales through e-commerce. This year, we also saw a winning connect for the brand as it tied up with Disney, Mattel and Turner to engage with its target audience. Everyuth, another marquee brand which has been constantly evolving, has done well. The brand's youthful charm and connect that has been unfazed over the years, reached a new high as it associated itself with India's largest college activation for promotions. Nutralite, which has seen several extensions over the years, continued to do well with its core strengths of taste, health benefits and new offerings. As India went into a lockdown mode, Nycil Hand Sanitizers, the first brand extension in the category, was launched.

Zydus Wellness will continue to invest in its brands through innovation, research-backed marketing and promotion and bring in new customer experiences.

DIGITISATION AND TECHNOLOGY WILL POWER THE SECTOR'S FUTURE GROWTH IN INDIA

One important factor that will boost the growth of the FMCG sector in the near future, is digitisation and increasing use of online platforms. Over the next decade, there will be greater play of mobile analytics, artificial intelligence and cloud technology, which will help the FMCG sector to transform and drive the next phase of growth. The ability to digitise fast, customise and improve customer experience via e-retail will be the biggest differentiator as firms undertake digital transformation.

While we had already begun to advance our capabilities to operate in a digital world, the spread of the Novel Coronavirus and the eventual lockdown, which resulted in a disruption in supply chain, accelerated our actions to strengthen our digital marketing and e-commerce.

The sales of Fast-Moving Consumer Goods (FMCG) on the e-commerce sites are expected to reach USD 4 billion by 2022, contributing 5 per cent to overall sales of packaged consumer goods sold in India. Presently, e-commerce contributes about 2 per cent or around USD 1.2 billion to the overall sales of FMCG. (Nielsen market research, Dec. 2019).

We have accelerated our efforts and we believe that the initiatives that we have taken will drive change and enable businesses to become more efficient and cost effective. By managing e-inventories, bridging gaps in supply chain management and making distribution channels more efficient, we will be able to improve customer experience.

ON THE PATH OF ONGOING TRANSFORMATION TO CREATE VALUE

I'd like to thank our team at Zydus Wellness for its brave responses to these challenging times. We are fortunate to have a team that is working with passion, innovation and commitment to create value for consumers and for you, our shareholders. We will continue to focus on our strategic plans, reinforce our strengths and build a strong momentum.

My thanks also goes to my Board colleagues for their continued support and guidance. I'd like to specially thank you, our Shareholders for your on-going confidence in our Company and look forward to your continued support.

Let's continue to embrace Wellness in our lives!

Dr. Sharvil P. Patel
Chairman

Our Brands

New Launches in 2019-20

Nycil Sanitizers

- Launched in March, 2020
- Positioned as 'herbal hand sanitizer'
- The first-ever brand extension in the space of Hand Sanitizers

Flagship Brands

Sugar Free

- Household name; India's first sugar substitute
- ~ 94% market share – undisputed category leadership
- Respected as nutritious and safe (sweetness of sugar with negligible calories)
- Positioned as 'India's largest selling low calorie sweetener'

Brand Extensions

Sugar Free Gold: Sugar alternative from Aspartame (protein derivative). Ideally added to tea, coffee, milk, cornflakes, fresh lime juice and other fruit juices. Balances sweetness with calorie intake. Ideal for those who are health-conscious, overweight and diabetic.

Sugar Free Natura: Made from sugar and tastes like sugar – with negligible calories. Contains Sucralose, the latest international zero calorie sweetener. Helps replace sugar in desserts and confectionaries.

Sugar free Green, a 100% natural variant made from stevia

Glucon D

- Glucose-based beverage available in powder form
- Category-leading brand with 98% product recall
- Variants comprise Tangy Orange, Regular, Mango Punch and Nimbu Pani

Complan

- Milk-based health food drink
- Trusted brand with 90% brand recall
- High protein content in the low penetration (24%) health food drink category.

Nycil

- Heritage product of 50+ years
- One of the most trusted talcum powder brands
- Leader in the Prickly Heat and Cooling Powder category
- Established efficacy through germ fighter formula; protect from sweat, body odour, rashes, itching and heat
- Variants comprise Cool Herbal, Cool Gulabjal, Cool Classic, Cool Chandan, Cool Excel, Classic and Lavender Excel

Everyuth

- Respected for extensive skin care
- Introduced a range of specialty skincare products with (Everyuth Naturals brand addressing women) combining nature's goodness with proven scientific research
- Established leadership in advanced skincare segments (soap-free face wash, face masks, and skin exfoliators, etc.) covering sun protection, pigmentation and acne

Nutralite

- Combines taste and wellness
- Healthy alternative to butter; India's first butter substitute
- Leader in the low-calorie spread category
- Premium cholesterol-free table spread with no hydrogenated fat
- Contains cholesterol fighters like PUFA (Poly Unsaturated Fatty Acids) and MUFA (Mono Unsaturated Fatty Acids)

Management Discussion and Analysis

Indian FMCG sector overview

Indian FMCG industry had a good growth rate in 2019. The year 2020 also started on a promising note with **7.5%** growth rate for the first two months. The COVID-19 pandemic set foot in India in March 2020, which triggered a nationwide lock down from the later part of March 2020. In the immediate aftermath of announcing the lockdown, the demand and consumption of FMCG and household products increased massively owing to panic buying by consumers and companies had to increase production. Products such as food, groceries, and staples, health and hygiene products including soaps, detergents, hand washes and sanitizers, etc. witnessed significant uptick in demand. However, with the implementation of the lockdown and companies facing disruptions across manufacturing and supply chain, there is a considerable slowdown in growth of FMCG products. The disruptions in supply chain and logistics led to drying up of inventory levels at retailers which in turn impacted the supply of products to consumers. These disruptions adversely impacted the March 2020 growth for FMCG industry and resulted in FMCG industry growth of only 6.3% in the first quarter of 2020.
(Source – Nielsen FMCG Snapshot Q1, 2020)

Going forward, due to disruptions, the trajectory of economy and FMCG industry in particular is likely to change. Some of the key factors influencing the growth trajectory of FMCG industry for future would be –

1. **COVID-19 Impact on the Economy and Actions taken to revive the economy:** This will be the single largest factor impacting the direction of growth across categories. While economy is likely to be impacted for some time, there are some positives as well in terms of changing consumer behavior for health and hygiene products, possible change in global supply chains leading to India increasing its share of manufacturing in medium to long-term.

   In view of current conditions, various agencies have revised the GDP growth estimates from a 4.1-5.4 % to 1.5 - 2.8% for Financial Year 2021.

   With a $22 billion stimulus package, the focus has been on ensuring availability of food, enough money for survival and safeguarding the frontline workers engaged in corona virus outbreak through medical insurance. Government also cleared the 1st tranche for the year of the Pradhan Mantri Kisan Yojna releasing approx $2 Bn USD into the economy.

   This was followed in quick succession with RBI unveiling a regulatory package to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the survival and sustenance of businesses.

2. **External factors impacting the trajectory of FMCG growth include:**

   a. Agriculture and rainfall 2020 and minimum support price for crops

   b. Continued disbursement of MNREGA

   c. Depreciating Indian Rupee, presently hovering around ₹ 75 for a dollar

   d. Crude oil prices breaching new lows helping lower input prices

3. **Changing consumer behaviour with the focus on health and wellness:**

   As patterns emerge, it will be imperative for brands and retailers to prepare for the disruption of normal purchase trends that will help in responding to the shifting consumer behaviors. Some key consumer threshold levels were identified that tie in directly to concerns around the outbreak. They are as below –

Proactive Health & Wellness related Buying	Spike in interest in health and wellness products
Reactive Health management	Public safety and precautionary products prioritised
Quarantined and restricted living readiness	Increased online shopping and managing from the same
Living the new normal life	Return to daily routine with permanent shifts in hygiene practices

Amidst the COVID-19 crisis, e-commerce has emerged as the one bright spot for brands and businesses everywhere. In some instances it has become the only operational route to market the products. There is no denying that the world has become much more adept at shopping online across audience and category types. This has of course led to a huge change in the way that brands are communicating right now as, almost overnight, e-commerce has come into sharp focus for all brands.

Given the significant headwind built due to COVID-19 pandemic in March'20, the full Year (2020) FMCG Industry growth forecast is revised to 5% to 6%. (Source – Nielsen FMCG Snapshot Q1, 2020)

Year 2019-20 for the Company

Zydus Wellness is a strong and emerging player in the health and wellness space in India.The year 2019-20 has witnessed certain large scale initiatives taken by the Company, outcome of which is monumental in terms of various integration projects, which had been planned post acquisition of Heinz India Pvt. Ltd. The Company has successfully implemented four major projects that will leverage scale and build our organisation future-ready:

1. Re-organisation of employee structure with one unified team with an objective of reducing redundancies, faster decision making while leveraging scale.
2. Building a scaled up GTM – This will increase direct reach to double the earlier reach and reduce distributors from 1500 to 800 (for ambient business) with reduced cost to serve.
3. Supply chain – CFA consolidation – It will help to reduce logistics cost through warehouse optimisation and freight lane consolidation.
4. Future-ready integrated SAP S4 HANA – This was one of the fastest implementation done in any FMCG company of this scale.

Along with parallel implementation of various projects, the Company has been able to deliver and ensure the momentum in business. Key brands namely, Glucon D, Sugar Free, Nycil, Everyuth Scrub and Everyuth Peel Off have maintained their leadership positions in their respective categories.

Glucon-D

Glucon-D has maintained its **number one** position with a market share of **59.0%**
(Source: Nielsen, MAT March 2020).

The Glucose powder category grew by **9.8%.**

Good summer season helped to drive the brand's growth during the year. The Company has increased investments on brand along with mass media support. The brand was supported with competitive consumer and trade offers to win in the market.

Complan

In the MFD category, Complan has a market share of **5.4%** (Source: Nielsen, MAT March 2020).

The category has grown by **7.7%.**

The Company continued to invest behind the brand through media to increase the relevance and salience of the brand especially in key markets. The brand was supported by timely consumer offers in partnership with Disney, Mattel and Turner. e-commerce continues to grow strongly for the brand with new listings and regular investment in search and visibility.

Sugar Free – India's largest selling low calorie sweetener

Sugar Free has maintained its **number one** position (Source:Internal Company source).

During the year, the Company continued to invest behind the brand to drive relevance of the category , as well as dialing up safety credentials on the brand through consistent media campaigns. Continuing the constant endeavour to expand the Sugar Substitutes category, the Company re-launched Sugar Free Green with an improved formulation and new packaging. The re-launch was supported with a new TVC campaign.

Sugarlite

In 2019-20, the Company relaunched Sugarlite with a superior product formulation, which addresses any questions of taste being a barrier to adoption. A new campaign "Sugar Badlo Health Badlo" was also launched to drive the growth of the brand.

Everyuth – 'Pure Skin, Happy Har Din'

In 2019-20, the Company continued to drive growth for Everyuth portfolio with consistent media inputs, consumer offers and on ground promotion. Everyuth partnered with "Times Fresh Face" - India's largest college activation programme to further drive adoption among the young consumers.

The **Peel Off segment**, maintained its **number one** position with a market share of **77.9%**. The Peel Off Mask category as a whole has grown by **13.3%**. (Source: Nielsen, MAT March 2020).

In the **Scrub segment**, Everyuth maintained its **number one** position with a market share of **32.5%** (Source: Nielsen, MAT March 2020).

Nutralite

In 2019-20, the Company continued to drive the growth of the brand by investing in generating trials through consumer offers and various sampling activities at point of sale.

Moving ahead, the focus is on building the image of Nutralite around its taste and health credentials with more innovations waiting in the pipeline.

Nycil

In the Prickly heat powder category, Nycil maintained its **number one** position with a market share of **34.4%** (Source: Nielsen, MAT March 2020).

The category has grown by **8.3%**.

In 2019-20, the brand has witnessed good growth and market share gain with sustained media presence during the summer season. The financial year ended for Nycil with the first-ever brand extension in the space of Hand Sanitizers during the month of March 2020.

Go to market-capacity and capability building

During 2019-20, the Company embarked on Project Udaan aimed at integration of two hitherto separate sales organisation. This initiative was executed successfully in a phased manner so as to minimise any business continuity risks. As a result of synergies, the Company was also able to optimise its cost to serve funnel, while increasing the infrastructure to drive direct distribution. With increased on ground presence, the organisation now has the ambition of enhancing direct coverage.

Technology interventions undertaken last year ensured that business footprint is mapped for real-time information and sharper decision -making.

Building international presence

The Company entered new markets like New Zealand and Kenya to build its international business. The Company enhanced its portfolio with the launch of: Complan products in countries like UAE, Bahrain, Qatar, Mauritius Oman, Saudi Arabia and Kuwait and launch of Nutralite products in Malaysia.

As the Company continues to expand its footprints in new international markets, the Company has incorporated a new subsidiary Company in Dubai with name of Zydus Wellness International DMCC during financial year 2019-20. The Company has started to manage majority of its international operations through this 100 percent owned subsidiary.

Consolidated financial highlights

Rs. in Mio.

	FY 2019-20	FY 2018-19	Growth %
Total Income from Operations	17,668	8,428	109.6%
EBIDTA (before exceptional items)	3,211	1,848	73.7%
EBIDTA Margin %	18.2%	21.9%	
Profit Before Tax (after exceptional items)	1,213	1,706	-28.9%
PBT Margin %	6.9%	20.2%	
Net Profit attributable to owners	1,417	1,691	-16.2%
Net Profit Margin %	8.0%	20.1%	

Pursuant to the definitive agreements entered into by the Company on October 24, 2018 to acquire Heinz India Private Limited [HIPL], the Company along with its wholly-owned entity, M/s. Zydus Wellness – Sikkim [a partnership firm] had completed the acquisition of HIPL on January 30, 2019. The consolidated financial results for the period of three months and year ended March 31, 2020, include the operations of Heinz India Private Limited, which got merged into Zydus Wellness Products Limited [Formerly known as "Zydus Nutritions Limited"]. Hence, the financial results for the three months and the year ended March 31 2020 are not comparable with those of the previous periods.

Profits and margins

The EBIDTA (Earnings before Interest, Depreciation, Taxation and Amortisation) grew by 73.7% to ₹ 3211 Mio. from ₹ 1848 Mio., last year. The EBIDTA margin as % to total income from operations stood at 18.2% during year. Net profit stood at ₹ 1417 Mio. The net profit margin as % to total income from operations stood at 8.0% during the year. The financial results of FY 2019-20 are not comparable with those of previous year since the financial results of the previous year (2018-19) includes the financial results of the acquired entity (Heinz India Private Ltd.) only from January 30, 2019 to March 31, 2019

Net worth and Capital Employed

The total net worth as on 31st March 2020 was ₹ 34,607 Mio, higher by 2.2 % from the previous year. The return on equity (ROE = Net profit /Average equity) stood at 4.1% during the year.

The total Capital Employed (CE), at the end of the year was ₹ 49,607 Mio, higher by 1.5% from the previous year. Return on Capital Employed (ROCE = Adjusted earnings before interest net of tax /Average CE) was 5.7% during the year.

Debt

The consolidated debt of the Company as on March 31, 2020 stood at ₹ 15,191 Mio., against ₹ 15,693 Mio. last year. Net debt-equity ratio was 0.44 as on March 31, 2020 as against 0.46 as on March 31, 2019.

Fixed Assets and Capital Expenditure

The consolidated gross block (including capital work in progress and intangible assets) at the end of 2019-20 was ₹ 46,771 Mio. Capital expenditure in 2019-20 was ₹ 323.7 Mio (excluding goodwill).

Other key ratios

The Company's Current Ratio (considering current / short- term debt, and excl. non-current assets) as on March 31, 2020 stood at 1.3 against 1.3 last year. Debtors Turnover ratio (in days) as on March 31, 2020 stood at 22.1 days as against 22.7 days last year. Inventory Turnover ratio (in days) as on March 31, 2020 stood at 54 days as against 58 days last year.

Risk identification, risk mitigation and internal controls

The Company's business comprises manufacturing and marketing of consumer wellness products. Its presence in these segments exposes it to various risks which are explained below.

Risk of fluctuations in prices of key inputs

Prices of the key ingredients used in the products manufactured and marketed by the Company remain volatile due to several market-related factors, including changes in government policies and fluctuations in the foreign exchange rates. However, the Company keeps a close watch on the prices and enters into long-term contracts, wherever feasible, to minimise the risk of fluctuations in the input prices.

Risk of competition and price pressure

Though the Company's products enjoy leading positions in their respective categories, the risk of competition from existing players, as well as from new entrants, remains high. However, the Company's strength in the market place, coupled with its continuous thrust on improving the quality of its products and offering newer products in the wellness segment provide it with an edge over competition. The Company supplies its products in both retail as well as institutional segments. Both segments have their own nuances in terms of customer expectations, competition and pricing. However, the Company is well focused on increasing its share in all segments through a sound marketing strategy and a balanced approach.

Risk of litigation related to quality of products, intellectual properties and other litigation

Being in the consumer healthcare and wellness segment, the Company's products and their manufacturing and supply chain processes are required to maintain high quality standards. Any deviation from prescribed regulations or any variation in quality from standards laid down by regulatory authorities can lead to actions from these authorities or litigation from its customers. The Company has implemented various policies such as Quality Risk Management, Food Safety Management systems and regulatory controls. Different SOPs such as global food safety management compliance standards for Manufacturing Facilities and self-inspection are also implemented. Dedicated team has been deployed to continuously keep a watch on recent changes in regulatory requirements and evaluate their likely impact on the Company, so as to enable proactive measures to mitigate any possible risks of regulatory actions.

The Company has procured adequate insurance against the risk of products being recalled from the markets due to quality issues. The Company also faces the risk of litigation from its competitors or customers on claims it makes for values its products offer. The Company always strives to ensure the highest standard of quality for its products & processes, and continuously works on improving upon that quality. It also maintains a high level of accuracy in the area of product claims.

Having a strong brand equity in each of the segments, the Company faces the risk of unauthorised and illegitimate use of its brand name, packaging designs and other intellectual properties related to its products. The Company ensures protection for its intellectual property through appropriate registrations and other legal means.

Under penetration of category

The Company is continuously investing in the development of its brands and the category it operates in. Some of the categories in which the Company operates are under- penetrated currently, which poses one of the risks for the aspiration and growth strategy of the Company. The Company constantly innovates to meet the expectation of all its customers and therefore offers unique product propositions, which would help grow the brands and their respective categories.

Economic risk: Major slowdown due to COVID-19

The ongoing COVID-19 pandemic is likely to impact the country's economy through various vectors of growth. Few key vectors are:

a. Supply disruptions – Availability of raw materials and intermediate materials. Higher input prices and reduced profitability, leading to decline in capacity building.

b. Global and domestic demand – Consumer spending has taken hit due to movement restrictions and fear of falling sick. Further reduced wealth effect of consumers due to various issues in their jobs or business due to COVID-19 has contributed to steep fall in the demand.

c. Stress on banking and financial sectors – The pandemic has led to high exposure to stressed industries and MSMEs. Further, rising consumer loan default because of high unemployment and household leverage is contributing additionally to the stress on banking and finance system.

Impact on business due to risk of shift or delay in seasons

The delay or shift in seasons may impact business of some of our brands like Glucon-D and Nycil which are largely dependent on onset of a good summer season in India. This risk can be mitigated by having flexibility in its supply chain to manage the inventory and by liquidating excess inventory in the subsequent period.

Risk management and internal control systems

The Company has established a well-defined process of risk management, wherein the identification, analysis and assessment of the various risks, measuring the probable impact of such risks, formulation of risk mitigation strategy and implementation of the same takes place in a structured manner. Though the various risks associated with the business cannot be eliminated completely, all efforts are made to minimise the impact of such risks on the operations of the Company. Necessary internal control systems are also put in place by the Company on various activities across the board to ensure that business operations are directed towards attaining the stated organisational objectives with optimum utilisation of resources. Apart from these internal control procedures, a well-defined and established system of internal audit is in operation to independently review and strengthen these control measures, which is carried out by a reputed firm of Chartered Accountants. The Audit Committee of the Company regularly reviews the reports of the internal auditors and recommends actions for further improvement of operations in general and financial controls in particular.

Human Resources

In recent times, the traditional responsibilities of the HR department, such as ensuring equitable benefits and compensation, overseeing employee engagement and retention, enhancing diversity, handling workplace issues among others have witnessed much more relevance.

At Zydus Wellness, we focus on enhancing employee well-being and potential. The Company provides an invigorating workplace environment, attractive career growth, fair performance management and compensation and operational transparency.

STATUTORY REPORTS

Directors' Report

Dear Members,

Your Directors are pleased to present **Twenty Sixth** Annual Report along with the Standalone & Consolidated Audited Financial Statements of the Company for the Financial Year ended on March 31, 2020.

Financial Results*:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the **Act**"), read with Rule 7 of the (Companies Accounts) Rules, 2014.

The standalone and consolidated financial performance of the Company, for the Financial Year ended on March 31, 2020 are summarized below:

₹ in Lakh

Particulars	Standalone		Consolidated	
	For the year ended on March 31, 2020	For the year ended on March 31, 2019	For the year ended on March 31, 2020	For the year ended on March 31, 2019
Revenue from Operations and other Income	26,291	31,516	1,77,753	88,170
Profit before Interest, Depreciation, Amortization and Impairment expenses, exceptional item and tax	8,862	13,283	33,177	22,368
Less: Finance Cost	14,029	2,993	13,991	3,009
Less: Depreciation, Amortization and Impairment Expenses	295	261	2,639	1,251
Profit/(Loss) before exceptional item and tax [PBT]	(5,462)	10,029	16,547	18,108
Exceptional Items	(32)	(313)	(4,420)	(1,045)
Profit/(Loss) before tax	**(5,494)**	**9,716**	**12,127**	**17,063**
Less: Tax Expenses	(1,421)	86	(2,045)	(61)
Profit / (Loss) After Tax [PAT]	**(4,073)**	**9,630**	**14,172**	**17,124**
Attributable to:				
Owners of the Parent	(4,073)	9,630	14,172	16,914
Non-Controlling Interests	-	-	-	210
Other Comprehensive Income/(Loss) (net of tax)	(29)	43	218	2
Total Comprehensive Income	**(4,102)**	**9,673**	**14,390**	**17,126**
Attributable to:				
Owners of the Parent	(4,102)	9,673	14,390	16,916
Non-Controlling Interests	-	-	-	210
Opening balance in Retained Earnings	29,101	60,739	35,220	60,713
Amount available for appropriation				
Dividend:				
Less : Dividend	5,767	3,126	5,767	3,126
Less : Dividend Distribution Tax (net of CDT Credit)	1,185	642	1,185	642
Less : Transfer to Debentures Redemption Reserve	-	37,500	-	37,500
Less : Profit elimination of acquired business	-	-	-	(1,139)
Closing Balance in Retained Earnings	**18,076**	**29,101**	**42,440**	**35,220**
Earnings Per Share [EPS] [Face Value of shares of ₹ 10/- each]	(7.06)	22.83	24.58	40.10

**Since results of financial year ended on March 31, 2019 reflects the result of erstwhile Heinz India Private Limited operations with effect from January 30, 2019, financials for the year ended on March 31, 2019 are not comparable with that of financial year ended on March 31, 2020.*

COVID-19:

The world has been witnessing an unprecedented crisis as a result of Covid-19. In today's trying times for the world in general and our nation in particular, our focus is on ensuring the safety of our employees and all other stakeholders while we continue to work both on wellness and prevention of the pandemic. The healthy lives and protecting livelihood both are of utmost importance to us.

In Zydus Wellness, at a group level, we have created a group of senior management team to monitor the events happening in the external environment and take suitable preventive and corrective measures to ensure continued safety of employees. The team has prepared business continuity plan, disaster management plan and also established liquidity management office.

We are happy to mention that we have been doing whatever possible for the country in terms of fight against Covid-19. During this pandemic the Company has launched Nycil hand sanitizer so that consumers can take protective measures from spreading Covid-19.

All our manufacturing facilities, CFA network are operating at a reasonable capacity utilization and we are ensuring that our products are available to consumers without interruptions. We have strengthened our supply chain with a specific focus on helping MSME parties in surviving the difficult times.

We have taken several steps aimed at ensuring the safety, which include work from home, social distancing in the office premises, sanitization of our office premises; plant locations and company vehicles, thermal screening for employees working at sites, providing sanitizers, masks, gloves etc. to employees. Apart from following all protocols and guidelines issued by global health organizations like WHO for Covid-19 we have come out with our own advisory for the safety of our employees.

Results of operations (Consolidated):

During the year under review, the consolidated revenue from operations grew by 109.63% to ₹ 1,76,682 Lakhs from ₹ 84,282 Lakhs in 2018-19. The profit before tax decreased by 28.93% y-o-y to ₹ 12,127 Lakhs. Net profit after tax (before OCI and after Non-Controlling Interest) decreased by 16.2% y-o-y to ₹ 14,172 Lakhs. The Net Profit margin, as a % (Percentage) to total operating income during the current year is 8.02%. A detailed analysis of performance for the year has been included in the Management Discussion and Analysis Report, which forms part of the Annual Report.

Dividend:

During the year under review, your Directors have declared and paid an Interim dividend of ₹ 5/- [50%] per Equity Share on 5,76,64,144 Equity Shares of ₹ 10/- each fully paid-up for the Financial Year ended on March 31, 2020, amounting to ₹ 3,475.86 Lakhs (inclusive of Dividend Distribution Tax of ₹ 592.65 Lakhs). The Dividend Payout Ratio for the current year (inclusive of Dividend Distribution Tax) is 49.05% of profits.

During the year, the unclaimed dividend pertaining to the dividend for the financial year ended on March 31, 2012 was transferred to Investor Education and Protection Fund ("**IEPF**").

As per SEBI Notification, the Company has formulated a Dividend Distribution Policy, which is approved by the Board of Directors ("the **Board**") and is uploaded on Company's website www.zyduswellness.in. The link for the same is http://www.zyduswellness.in/investor/Dividend_Policy-May17.pdf.

Interest payment on Secured Non-Convertible Debentures ("NCDs"): -

During the year under review your Company has made the timely payment of interest on the 15,000 Lakh 9.14% Secured, Listed, Rated Redeemable Non-Convertible Debentures of the Company.

Subsidiary Companies:

The Company has four wholly owned subsidiary companies namely Zydus Wellness Products Limited (formely known as Zydus Nutritions Limited), Liva Nutritions Limited, Liva Investment Limited and Zydus Wellness International DMCC (Dubai). During the year under review, the name of Zydus Nutritions Limited was changed to Zydus Wellness Products Limited w.e.f June 4, 2019.

Zydus Wellness International DMCC (Dubai) was incorporated during the year on May 28, 2019.

Further, as provided in section 136 of the Act, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available free of cost the Audited Financial Statements of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Financial Statements of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

As provided under section 129(3) of the Act and Rules made thereunder a statement containing the salient features of the financial statements of its subsidiaries in the format prescribed under the rules is attached to the financial statements. The policy relating to material subsidiaries as approved by the Board may be accessed on the Company's website at the link: https://zyduswellness.in/investor/Policy%20on%20Material%20Subsidiary%20Adopted.pdf.

Transfer of Shares to Investor Education and Protection Fund ("IEPF"):

In compliance with the provisions of section 124 of the Companies Act, 2013 and Rules made thereunder, the Company has transferred 5,717 shares of 126 shareholders whose dividend has remained unclaimed / unpaid for a consecutive period of seven years to IEPF.

Fixed Deposit:

The Company has not accepted any fixed deposit and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

Insurance:

The Company's plant, properties, equipments and stocks are adequately insured against all major risks. The Parent Company has taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them, which includes the Directors of the Company also.

Management Discussion and Analysis [MDA]:

MDA, for the year under review, as stipulated under SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015, as amended, ["**the Listing Regulations**"], is presented in a separate section, which forms a part of the Annual Report.

Consolidated Financial Statements:

Liva Nutritions Limited, Liva Investment Limited, Zydus Wellness Products Limited (formerly known as Zydus Nutritions Limited) and Zydus Wellness International DMCC (Dubai) are the four wholly owned subsidiaries of the Company and hence the accounts of all these four companies are consolidated with the accounts of the Company in accordance with the provisions of Ind AS-110 on Consolidated Financial Statements issued by the Ministry of Corporate Affairs and as provided under the provisions of the Act read with Schedule III of the Act and Rules made thereunder and the Listing Regulations. The audited Consolidated Financial Statements are provided in the Annual Report.

Further, in compliance of the provisions of regulation 16[1][c] of the Listing Regulations, the Company has formed a policy relating to material subsidiaries, which is approved by the Board and may be accessed on the Company's website at www.zyduswellness.in.

Frauds:

During the year, no fraud was reported by the statutory auditors under section 143(12) of the Act.

Related Party Transactions:

All transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at www.zyduswellness.in.

Disclosures on related party transactions are set out in Note No. 41 to the financial statements.

Particulars of Loans, Guarantees and Investments:

Details of loans, guarantees and investments covered under section 186 of the Act are given in the notes to the financial statements.

Directors and Key Managerial Personnel:

i. Retirement by rotation:

In accordance with the provisions of section 152[6] of the Act and in terms of Articles of Association of the Company, Dr. Sharvil P. Patel, Non-executive Director [DIN–00131995] will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

ii. Re-appointment of Mr. Tarun G. Arora, as a CEO and Whole Time Director:

During the year under review, Mr. Tarun G. Arora completed the five years with the Company and his tenure of appointment expired on May 13, 2020.

The Board of Directors of the Company based on the recommendation of Nomination and Remuneration Committee and subject to approval of members at the ensuing Annual General Meeting, has reappointed Mr. Arora as a Whole Time Director, designated as Chief Executive Officer, for a further period of 5 (five) years at its meeting held on May 7, 2020, with effect from May 7, 2020.

iii. Declaration of Independence:

The Company has received declarations of independence as stipulated under section 149(7) of the Act and regulation 16(b) of the Listing Regulations, as amended, from Independent Dirctor ("**ID**") confirming that they are not disqualified for continuing as an Independent Director.

All the Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs ("**IICA**"). Further, as per the declarations received, only Mr. Savyasachi S. Sengupta and Mr. Kulin S. Lalbhai are required to appear for online proficiency test as per the first proviso to Rule 6(4) of the MCA Notification dated October 22, 2019.

iv. Profile of Directors seeking appointment / re-appointments:

As required under regulation 36[3] of the Listing Regulations, particulars of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting are annexed to the notice convening Twenty Sixth Annual General Meeting.

v. Key Managerial Personnel:

The following persons are the Key Managerial Personnel ("**KMP**"):

1. Mr. Tarun G. Arora, Chief Executive Officer & Whole Time Director,
2. Mr. Umesh V. Parikh, Chief Financial Officer, and
3. Mr. Dhanraj P. Dagar, Company Secretary.

The Board of Directors at their meeting held on May 7, 2020 re-appointed Mr. Tarun G. Arora, as a Whole Time Director, designated as Chief Executive Officer, for a further period of five years w.e.f. May 7, 2020.

vi. Board Evaluation:

Pursuant to the provisions of the Act and the Rules made thereunder and as provided under Schedule IV of the Act and the Listing Regulations, the Nomination and Remuneration Committee / Board has carried out the annual performance evaluation of itself, the Directors individually as well as the evaluation of its committees. The manner in which the evaluation was carried out is provided in the Corporate Governance Report, which is a part of the Annual Report.

vii. Nomination and Remuneration Policy:

The Board has on the recommendations of the Nomination and Remuneration Committee ["**NRC**"], framed a Policy on selection and appointment of Director(s), Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report, which is a part of this Report.

Directors' Responsibility Statement:

In terms of section 134[3][c] of the Act and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

i. that in preparation of the Financial Statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any,

ii. that such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2020 and of the loss of the Company for the year ended on that date,

iii. that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities,

iv. that the Financial Statements have been prepared on a going concern basis,

v. that proper internal financial controls were in place and that the financial controls were adequate and operating effectively, and

vi. that the systems to ensure compliance with the provisions of all applicable laws were in place and adequate and operating effectively.

Board Meetings:

Information of meetings of the Board of Directors is given in Corporate Governance Report, forming part of this Report.

Audit Committee:

As provided in section 177[8] of the Act, the information about composition of Audit Committee and other details are given in Corporate Governance Report, forming part of this report. The Board has accepted the recommendations of Audit Committee.

Composition of other Committees:

Composition of other Committees and other details on the Committees are given in the Corporate Governance Report, forming part of this Annual Report.

Corporate Governance:

The Company has complied with the Corporate Governance requirements under the Act and as stipulated under the Listing Regulations. A separate section on detailed report on the Corporate Governance practices followed by the Company under the Listing Regulations along with a certificate from a Practicing Company Secretary, confirming the compliance forms a part of this Report.

Auditors:

i. Statutory Auditors and their Report:

Dhirubhai Shah & Co., LLP, Chartered Accountants, [Firm Registration No. 102511W / W100298] were appointed as Statutory Auditors from the conclusion of Twenty First Annual General Meeting until the conclusion of Twenty Sixth Annual General Meeting. They have furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the Company.

The Board has duly reviewed the Statutory Auditor's Report for the Financial Year ended on March 31, 2020 and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board in their Report as provided under section 134 of the Act.

The term of the existing auditors of the Company is expiring after the conclusion of ensuing Annual General Meeting of the Company.

The Board of Directors of the Company based on the recommendation of the Audit Committee in their meeting held on June 2, 2020 and subject to the approval of the members of the Company in the ensuing Annual General Meeting, recommends the appointment of M/s. Mukesh M. Shah & Co., Chartered Accountants [Firm Registration No. 106625W], as the statutory auditors of the Company for a period of five consecutive years from the conclusion of this Twenty Sixth Annual General Meeting of the Company till the conclusion of Thirty First Annual General Meeting of the Company.

The Company has received the consent and eligibility certificate from the said statutory auditors as required under the Act.

ii. Cost Auditors:

Pursuant to the provisions of section 148[3] of the Act read with Companies [Cost Records and Audit] Amendment Rules, 2014 as amended from time to time, the cost audit records maintained by the Company in respect of its product 'Nutralite' are required to be audited. The Board has, on the recommendation of Audit Committee, appointed Dalwadi & Associates, Cost Accountants [Firm Registration No. 000338] to audit the cost records of the Company for the financial year ending on March 31, 2021 at a remuneration of ₹ 2.60 Lakh plus applicable taxes and out of pocket expenses at actuals.

As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members at a general meeting for ratification. Accordingly, a resolution seeking ratification of the remuneration payable to Dalwadi & Associates, Cost Accountants, by the members is included at item No. 6 of the Notice convening Twenty Sixth Annual General Meeting.

iii. Secretarial Auditors and Secretarial Audit Report:

Pursuant to provisions of section 204 of the Act and the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, the Board had appointed Hitesh Buch & Associates, Practicing Company Secretaries, to undertake Secretarial Audit of the Company for the financial year ended on March 31, 2020. The Secretarial Audit Report is attached herewith as **Annexure–"A".**

The Board has reviewed the Secretarial Auditor's Report and is of the opinion that the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board in its Report as provided under section 134 of the Act.

Cost Audit Records:

The Company is required to maintain the Cost Records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and the rules made thereunder and accordingly such accounts and records are made and maintained.

Compliance with Secretarial Standards:

During the year under review, the Company has complied with the applicable Secretarial Standards i.e. SS-1 and SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively, issued by The Institute of Company Secretaries of India.

Business Responsibility Report:

As per regulation 34[2][f] of the Listing Regulations, a separate section on Business Responsibility Report forms a part of this Report.

Corporate Social Responsibility [CSR]:

Pursuant to the provisions of section 135 of the Act and Rules made thereunder, the Board has constituted a CSR Committee under the Chairmanship of Dr. Sharvil P. Patel and was lastly re-constituted on May 1, 2019. The other members of the Committee are Mr. Ganesh N. Nayak and Mr. Savyasachi S. Sengupta. A CSR Policy has been framed and placed on the Company's website: https://zyduswellness.in/investor/CSR%20Policy.pdf. Other details of the CSR activities, as required under section 135 of the Act, are given in the CSR Report as **Annexure–"B".**

Business Risk Management:

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate them. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks.

Pursuant to the provisions of section 134(3)(n) of the Act and requirements under the Listing Regulations, the Company has constituted a Risk Management Committee under the Chairmanship of Dr. Sharvil P. Patel and Mr. Savyasachi S. Sengupta, Mr. Kulin S. Lalbhai and Mr. Umesh V. Parikh as the members of the Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report, which forms a part of this Report.

Discussions on risks and concerns are covered in the Management Discussion and Analysis Report, which forms a part of this Report.

Internal Control System and their adequacy:

The Company has Internal Control Systems, commensurate with the size, scale and complexity of its operations. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliances with operating systems, accounting procedures and policies within the Company. Based on the report of internal audit function, process owner undertake the corrective action in their respective areas and thereby strengthen the internal controls. Significant observations and corrective actions thereon are presented to the Audit Committee from time to time.

Internal Financial Control and their adequacy:

The Company has designed and implemented a process driven framework for Internal Financial Controls ["**IFC**"] within the meaning of the explanation to section 134[5][e] of the Act. For the year ended on March 31, 2020. The Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implemented new and / or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

Managing the risks of fraud, corruption and unethical business practices:

i. Vigil Mechanism / Whistle Blower Policy:

The Company has established Vigil Mechanism and framed Whistle Blower Policy for Directors and employees, to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy and SEBI Insider Trading Regulations. Whistle Blower Policy is disclosed on the website: https://zyduswellness.in/investor/Whistle_Blower_Policy-May19.pdf.

ii. Zydus Business Conduct Policy:

The Company has framed "Zydus Business Conduct Policy". Every employee is required to review and sign the policy at the time of joining and an undertaking has to be given for adherence to the Policy. The objective of the Policy is to conduct the business in an honest, transparent and ethical manner. The policy provides for anti-bribery and avoidance of other corruption practices by the employees of the Company.

Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

The Company always endeavors to create and provide conducive work environment that is free from discrimination and harassment including sexual harassment. The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment.

During the Financial Year ended on March 31, 2020, the Company has not received any complaint of sexual harassment.

Extract of Annual Return:

As per the provisions of section 92[3] of the Act, an extract of the Annual Return in the prescribed Form No. MGT–9 is provided as **Annexure–"C"** and is available on the website of the Company at www.zyduswellness.in.

Particulars of Employees:

The information required under section 197 of the Act read with Rule 5[1] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, is given in **Annexure–"D".**

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134[3][m] of the Act read with Rule 8[3] of the Companies [Accounts] Rules, 2014, is provided in the **Annexure–"E"** and forms a part of this Report.

General Disclosure:

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134[3] of the Act read with Rule 8[3] of The Companies [Accounts] Rules, 2014 to the extent the transactions took place on those items during the year.

Apart from what are mentioned in this report, there are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

Acknowledgement:

Your Directors place on record their sincere appreciation for the continued co-operation and support extended to the Company by the Banks. Your Directors also thank the Trade and Consumers for their patronage to the Company's products. Your Directors also place on record sincere appreciation of the continued hard work put in by the employees at all levels. Your Directors also thank the Company's vendors, investors, business associates, Stock Exchanges, Government of India, State Government and various departments and statutory and government agencies or bodies for their support and co-operation.

For and on behalf of the Board

Place : Ahmedabad
Date : June 2, 2020

Dr. Sharvil P. Patel
Chairman

SECRETARIAL AUDIT REPORT

For the Financial year ended on March 31, 2020
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members of
Zydus Wellness Limited
(L15201GJ1994PLC023490)
Zydus Corporate Park, Scheme No. 63, Survey No. 536,
Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway,
Ahmedabad – 382481

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Zydus Wellness Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

   (i) The Companies Act, 2013 ("the **Act**") and the rules made thereunder;

   (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;

   (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; and

   (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act'**):

   (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with regard to disclosures thereunder;

   (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;

   (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable during the period);

   (iv) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (Not Applicable during the period);

   (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (vi) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not Applicable during the period);

   (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the period); and

   (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not Applicable during the period)

3. We have relied on the representation made by the Company and its Officers for the systems and mechanism formed by the Company for compliances under other general laws and regulations applicable to the Company.

4. The Company has identified and confirmed that Food Safety and Standards Act, 2006 and Legal Metrology Act, 2009 are specifically applicable to the Company.

5. We have also examined compliance with the applicable clauses of the following:

   (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

   (ii) The compliances by the Company with BSE Limited and National Stock Exchange of India Limited pursuant to Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

We further report that;

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notices are given to all directors/members of the Committees to schedule the Board/Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period there were following specific events / actions were taken up by the Company:

a. Scheme of Amalgamation of Heinz India Private Limited (HIPL) into Zydus Nutritions Limited (Name Changed to Zydus Wellness Products Limited) was filed with Hon'ble National Company Law Tribunal (NCLT). NCLT vide its order dated May 10, 2019 approved the said scheme. The Order along with the scheme was filed with Registrar of Companies, Gujarat on May 24, 2019, making the scheme effective from that date. The Appointed Date of the scheme is March 1, 2019.

b. Zydus Wellness International DMCC (ZWID), Dubai a wholly owned subsidiary of the Company was formed during the year, in which AED 2,50,000 has been invested by subscribing to 250 shares of AED 1000 par value.

c. During the year, the credit rating was reviewed and reaffirmed as CRISIL AA+/Stable and CARE AA+/ Stable from CRISIL Limited and CARE Ratings Limited respectively.

d. At the 25th AGM held on July 31, 2019, the company approved payment of commission for a period of five years commencing from April 1, 2019 to the Non-Executive Directors of the Company as may be decided from time to time to be determined by the board of directors, not exceeding 1% of the net profits of the Company subject to maximum of ₹ 150 lakhs in aggregate.

Hitesh Buch
Proprietor
For, **Hitesh Buch & Associates**
Company Secretaries
FCS No.: 3145; C P No.: 8195
Peer Review Cert. No. 2015/115
UDIN: F003145B000310001

Place : Ahmedabad
Date : June 2, 2020

Note: This Report is to be read with our letter of even date which is annexed as **Annexure** and forms an integral part of this report

Annexure

To,
The Members of
Zydus Wellness Limited
(L15201GJ1994PLC023490)
Zydus Corporate Park, Scheme No. 63, Survey No. 536,
Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway,
Ahmedabad – 382481

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Hitesh Buch
Proprietor
For, **Hitesh Buch & Associates**
Company Secretaries
FCS No.: 3145; C P No.: 8195
Peer Review Cert. No. 2015/115
UDIN: F003145B000310001

Place : Ahmedabad
Date : June 2, 2020

Annual Report on Corporate Social Responsibility [CSR] activities

1. Brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to a web-link to the CSR Policy and projects or programs.

The Company has framed a CSR Policy in compliance with the provisions of section 135 of the Act and the same is placed on the website of the Company. Visit the web link http://www.zyduswellness.in/investor/CSR%20Policy.pdf for more information on the CSR Policy.

The Company has outlined the following thrust areas in the CSR Policy:

i) Swasthya–Health, Safety and Environment,

ii) Shiksha and Sodh–Education, Knowledge Enhancement and Research, and

iii) Saath–Social care, concern and outreach in times of emergencies.

The Board of Directors, on the recommendation of CSR Committee, approved the CSR spending, apart from others, on providing financial support for creating additional infrastructure / renovations and other assistance to Zydus Foundation, a section 8 and fellow subsidiary Company, which runs hospital and medical college. The said institution provides hospital services to the patients. The medical college provides education and facilities to the medical students. The objectives of the institution include, amongst others, to help the marginalized and economically weaker section people of the society.

2. Composition of the CSR Committee:

Dr. Sharvil P. Patel – Chairman,

Mr. Ganesh N. Nayak – Member; and

Mr. Savyasachi S. Sengupta – Member

3. Average net profit of the Company for the last three financial years:

₹ 11,008.52 Lakhs.

4. Prescribed CSR expenditure [2% of the amount as in item No. 3 above].

₹ 220.17 Lakhs.

5. Details of CSR spent during the financial year:

i. Total amount to be spent during the financial year– ₹ **221.00 Lakhs**

ii. Amount unspent, if any: **Nil**

iii. Manner in which the amount spent during the financial year is detailed below:

CSR Project or Activity identified	Healthcare and Education
Sector in which the project is covered	Promoting education and healthcare, including preventive healthcare
Projects or Programs [1] Local area or other, [2] Specify the state and district where projects or programs were undertaken	Dahod, Gujarat
Amount outlay [Budget] Project or Program wise	₹ 221.00 Lakhs
Amount spent on the Projects or Programs Sub-heads: [1] Direct expenditure on projects of programs, [2] Overheads	₹ 221.00 Lakhs
Cumulative expenditure up to the reporting period	₹ 221.00 Lakhs
Amount spent: Direct or through implementing Agency	Directly to Zydus Foundation*

* A wholly owned subsidiary company of the parent company, section 8 company, operating and maintaining hospital and medical college at Dahod.

Responsibility Statement:

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

Dr. SHARVIL P. PATEL
Chairman of CSR Committee

TARUN G. ARORA
CEO & Whole Time Director

Place: Ahmedabad
Date: June 2, 2020

Form No. MGT–9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on March 31, 2020

[Pursuant to section 92[3] of the Companies Act, 2013 and Rule 12[1] of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	L15201GJ1994PLC023490
Registration Date	November 1, 1994
Name of the Company	Zydus Wellness Limited
Category / Sub–Category of the Company	Public Limited Company having share capital
Address of the Registered Office and Contact Details	'Zydus Corporate Park', Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad - 382481 Phone No.: +91-79– 48040000 www.zyduswellness.in
Whether listed Company	Yes
Name, address and contact details of Registrar and Transfer Agent	Link Intime India Private Limited 506 to 508, 5th Floor, Amarnath Business Center I, Besides Gala Business Center, Nr. St. Xavier's College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad – 380 006 Phone No.: 079–2646 5179 Email: ahmedabad@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All business activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Table Margarine	1517	100%

III. PARTICULARS OF HOLDING COMPANY, SUBSIDIARY AND ASSOCIATE COMPANIES:

Name and address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Cadila Healthcare Limited Registered Office: "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej–Gandhinagar Highway, Ahmedabad – 382481	L24230GJ1995PLC025878	Holding	63.55	2[46]
Liva Nutritions Limited Registered Office: "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej–Gandhinagar Highway, Ahmedabad – 382481	U15149GJ2018PLC105736	Subsidiary	100	2[87] (ii)
Liva Investment Limited Registered Office: "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej–Gandhinagar Highway, Ahmedabad – 382481	U65999GJ2018PLC105763	Subsidiary	100	2[87] (ii)

Name and address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Zydus Wellness Products Limited* Registered Office: "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej–Gandhinagar Highway, Ahmedabad – 382481	U15400GJ2019PLC106866	Subsidiary	98.63	2[87] (ii)
Zydus Wellness International DMCC (Dubai) Address: Unit No: 909, Armada Tower 2, Plot No. PH2-P2A, Jumeirah Lakes Tower, Dubai, UAE. P.O. Box: 113536	N.A.	Subsidiary	100	2[87] (ii)

** The name of the Company has been changed from Zydus Nutritions Limited to Zydus Wellness Products Limited w.e.f. June 4, 2019.*

IV. SHAREHOLDING PATTERN [Equity Share Capital Breakup as percentage of total Equity]

i] Category–wise share holding

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.	**Promoters**									
1.	**Indian**									
i.	Individual / HUF	4797	-	4797	0.01	4797	-	4797	0.01	-
ii.	Promoter Trust	2340559	-	2340559	4.06	2454147	-	2454147	4.26	+0.20
iii.	Central Govt.	-	-	-	-	-	-	-	-	
iv.	State Govt.[s]	-	-	-	-	-	-	-	-	
v.	Bodies Corporate	36648149	-	36648149	63.55	36648149	-	36648149	63.55	-
	Sub–Total [A][1]	**38993505**	**-**	**38993505**	**67.62**	**39107093**	**-**	**39107093**	**67.82**	**+0.20**
2.	**Foreign**									
i.	NRIs–Individuals	-	-	-	-	-	-	-	-	-
ii.	Other–Individuals	-	-	-	-	-	-	-	-	-
iii.	Bodies Corporate	-	-	-	-	-	-	-	-	-
iv.	Banks / FI	-	-	-	-	-	-	-	-	-
v.	Any other	-	-	-	-	-	-	-	-	-
	Sub–Total [A][2]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total shareholding of promoters [A] = [A][1] + [A][2]	**38993505**	**-**	**38993505**	**67.62**	**39107093**	**-**	**39107093**	**67.82**	**+0.20**
B.	**Public Shareholding**									
1.	**Institutions**									
i.	Mutual Funds	1822119	559	1822678	3.16	2153753	92	2153845	3.74	+0.58
ii.	Banks / FI	1525603	-	1525603	2.65	1640370	-	1640370	2.84	+0.19
iii.	Central Govt.	-	-	-	-	-	-	-	-	-
iv.	State Govt.[s]	-	-	-	-	-	-	-	-	-
v.	Venture Capital Fund	-	-	-	-	-	-	-	-	-

Category of Shareholders		No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
vi.	Alternate Investment Fund	7942237	-	7942237	13.77	8546154	-	8546154	14.82	+1.05
vii.	Insurance Companies	-	-	-	-	65489	-	65489	0.11	+0.11
viii.	FIIs / FPIs	2104235	46	2104281	3.65	1901354	46	1901400	3.30	-0.35
ix.	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
x.	Others [specify]									
	NBFCs registered with RBI	1768	-	1768	0.00	1300	-	1300	-	-
	Sub–Total [B][1]	**13395962**	**605**	**13396567**	**23.23**	**14308420**	**138**	**14308558**	**24.81**	**+1.58**
2.	**Non–Institutions**									
i.	**Bodies Corporate**									
a.	Indian	1777570	780	1778350	3.08	1123403	769	1124172	1.95	-1.13
b.	Overseas	-	-	-	-	-	-	-	-	-
ii.	**Individuals**									
a.	Individual shareholders holding nominal share capital up to ₹ 1 Lakh	2222347	167540	2389887	4.14	2004777	137746	2142523	3.72	-0.42
b.	Individual shareholders holding nominal share capital above ₹ 1 Lakh	663938	-	663938	1.15	574741	-	574741	0.99	-0.16
iii.	**Others [specify]**									
a.	Non–Resident Indians	207770	70576	278346	0.48	179115	69812	248927	0.43	-0.05
b.	Clearing Member	19484	-	19484	0.03	15935	-	15935	0.02	-0.01
c.	Trusts	374	-	374	-	167	-	167	-	-
d.	Hindu Undivided Family	77711	-	77711	0.14	70728	-	70728	0.12	-0.02
e.	Others (IEPF)	65982	-	65982	0.11	71300	-	71300	0.12	0.01
	Sub–Total [B][2]	**5035176**	**238896**	**5274072**	**9.15**	**4040166**	**208327**	**4248493**	**7.37**	**-1.78**
	Total Public Shareholding [B] = [B][1] + [B][2]	**18431138**	**239501**	**18670639**	**32.38**	**18348586**	**208465**	**18557051**	**32.18**	**-0.20**
C.	**Shares held by Custodians for GDRs & ADRs**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Grand Total [A+B+C]	**57424643**	**239501**	**57664144**	**100.00**	**57455679**	**208465**	**57664144**	**100.00**	

ii] Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	Cadila Healthcare Limited	36647509	63.55	-	36647509	63.55	-	-
2.	Zydus Family Trust	2340559	4.06	-	2454147	4.26	-	+0.20
3.	Pripan Investment Pvt. Ltd.	640	-	-	640	-	-	-
4.	Shivani Pankajbhai Patel jointly Pankaj Ramanbhai Patel	533	-	-	533	-	-	-
5.	Pankaj Ramanbhai Patel Jointly Pritiben Pankajbhai Patel	533	-	-	533	-	-	-
6.	Pankaj Ramanbhai Patel jointly Pritiben Pankajbhai Patel (R. B. Patel Will Pankaj Trust)	533	-	-	533	-	-	-
7.	Pankaj Ramanbhai Patel (HUF)	1066	-	-	1066	-	-	-
8.	Pankaj Ramanbhai Patel jointly Sharvil Pankajbhai Patel (P. R. Patel Smaller Trust)	533	-	-	533	-	-	-
9.	Pritiben Pankajbhai Patel jointly Pankaj Ramanbhai Patel	533	-	-	533	-	-	-
10.	Pankaj Ramanbhai Patel jointly Sharvil Pankajbhai Patel (Taraben Patel Family Will Trust)	533	-	-	533	-	-	-
11.	Sharvil Pankajbhai Patel	533	-	-	533	-	-	-
	Total	**38993505**	**67.62**	**-**	**39107093**	**67.82**	**-**	**+0.20**

iii] Change in Promoters' Shareholding [Please specify, if there is no change]

		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Zydus Family Trust**				
	At the beginning of the year	**2340559**	**4.06**	**2340559**	**4.06**
	Date wise Increase / Decrease in Promoters' shareholding during the year specifying the reasons for increase / decrease [e.g. allotment / transfer / bonus / sweat equity, etc.]				
	Date :				
	16.03.2020			973	
	17.03.2020			3104	
	18.03.2020			23864	
	20.03.2020			3606	
	23.03.2020			3824	
	24.03.2020			23586	
	25.03.2020			36862	
	26.03.2020			14126	
	27.03.2020			3643	
				113588	**0.20**
	At the end of the year	**2340559**	**4.06**	**2454147**	**4.26**

iv] Shareholding Pattern of top ten shareholders [other than Directors, Promoters and holders of GDRs and ADRs]:

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / Decrease	% of total share capital		
1.	**Threpsi Care LLP** [Changes in the holdings as per the beneficiary position downloaded from the Depositories].	**At the beginning of the year**			**7220216**	**12.52**
		At the end of the year			**7220216**	**12.52**
2.	**Life Insurance Corporation of India** [Changes in the holdings as per the beneficiary position downloaded from the Depositories].	**At the beginning of the year**			**1238775**	**2.15**
		09.08.2019	-5223	-0.01	1233552	2.14
		16.08.2019	-4293	-0.01	1229259	2.13
		23.08.2019	-10307	-0.02	1218952	2.11
		30.08.2019	-3300	0.00	1215652	2.11
		06.09.2019	-8730	-0.02	1206922	2.09
		13.09.2019	-6143	-0.01	1200779	2.08
		20.09.2019	-1573	0.00	1199206	2.08
		27.09.2019	-1275	0.00	1197931	2.08
		04.10.2019	-1504	0.00	1196427	2.08
		11.10.2019	-201	0.00	1196226	2.08
		28.02.2020	-3000	-0.01	1193226	2.07
		06.03.2020	11217	0.02	1204443	2.09
		13.03.2020	45907	0.08	1250350	2.17
		20.03.2020	109124	0.19	1359474	2.36
		27.03.2020	6784	0.01	1366258	2.37
		31.03.2020	1117	0.00	1367375	2.37
		At the end of the year			**1367375**	**2.37**
3.	**Pioneer Investment Fund** [Changes in the holdings as per the beneficiary position downloaded from the Depositories].	**At the beginning of the year**			**722021**	**1.25**
		01.11.2019	29000	0.05	751021	1.30
		22.11.2019	574917	1.00	1325938	2.30
		At the end of the year			**1325938**	**2.30**
4.	**Matthews India Fund** [Changes in the holdings as per the beneficiary position downloaded from the Depositories].	**At the beginning of the year**			**1734795**	**3.01**
		07.02.2020	-57038	-0.10	1677757	2.91
		14.02.2020	-6779	-0.01	1670978	2.90
		21.02.2020	-14556	-0.03	1656422	2.87
		28.02.2020	-55533	-0.09	1600889	2.78
		06.03.2020	-79387	-0.14	1521502	2.64
		13.03.2020	-38598	-0.07	1482904	2.57
		20.03.2020	-78562	-0.13	1404342	2.44
		27.03.2020	-103084	-0.18	1301258	2.26
		At the end of the year			**1301258**	**2.26**
5.	**Reliance Capital Trustee Co. Ltd. –A/c Nippon India Small Cap Fund** [Changes in the holdings as per the beneficiary position downloaded from the Depositories].	**At the beginning of the year**			**1229178**	**2.13**
		17.05.2019	-163778	-0.28	1065400	1.85
		24.05.2019	2000	0.00	1067400	1.85
		14.06.2019	-100000	-0.17	967400	1.68
		22.11.2019	206426	0.36	1173826	2.04
		13.03.2020	-4051	-0.01	1169775	2.03
		20.03.2020	-21356	-0.04	1148419	1.99
		31.03.2020	-10000	-0.02	1138419	1.97
		At the end of the year			**1138419**	**1.97**
6.	**Prazim Trading and Investment Co. Pvt. Ltd.** [Changes in the holdings as per the beneficiary position downloaded from the Depositories].	**At the beginning of the year**			**824004**	**1.43**
		At the end of the year			**824004**	**1.43**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / Decrease	% of total share capital		
7.	**PPFAS Mutual Fund – Parag Parikh Long Term Equity Fund** [Changes in the holdings as per the beneficiary position downloaded from the Depositories].	**At the beginning of the year**			**386260**	**0.67**
		24.05.2019	10000	0.02	396260	0.69
		07.06.2019	2498	0.00	398758	0.69
		14.06.2019	64	0.00	398822	0.69
		21.06.2019	320	0.00	399142	0.69
		29.06.2019	1406	0.00	400548	0.69
		12.07.2019	401	0.01	400949	0.70
		26.07.2019	180	0.00	401129	0.70
		02.08.2019	4036	0.00	405165	0.70
		16.08.2019	398	0.00	405563	0.70
		30.08.2019	708	0.00	406271	0.70
		22.11.2019	2113	0.01	408384	0.71
		29.11.2019	5167	0.01	413551	0.72
		06.12.2019	1444	0.00	414995	0.72
		13.12.2019	8188	0.01	423183	0.73
		20.12.2019	2319	0.01	425502	0.74
		31.12.2019	166	0.00	425668	0.74
		03.01.2020	576	0.00	426244	0.74
		24.01.2020	1734	0.00	427978	0.74
		31.01.2020	1087	0.00	429065	0.74
		07.02.2020	54905	0.10	483970	0.84
		14.02.2020	9685	0.02	493655	0.86
		21.02.2020	1900	0.00	495555	0.86
		28.02.2020	6888	0.01	502443	0.87
		06.03.2020	109808	0.19	612251	1.06
		13.03.2020	2110	0.01	614361	1.07
		20.03.2020	30468	0.05	644829	1.12
		27.03.2020	42348	0.07	687177	1.19
		31.03.2020	14048	0.03	701225	1.22
		At the end of the year			**701225**	**1.22**
8.	**Rohini Nilekani** [Changes in the holdings as per the beneficiary position downloaded from the Depositories].	**At the beginning of the year**			**200000**	**0.34**
		26.04.2019	4508	0.01	204508	0.35
		03.05.2019	7375	0.01	211883	0.36
		10.05.2019	9135	0.02	221018	0.38
		17.05.2019	14722	0.03	235740	0.41
		24.05.2019	80000	0.14	315740	0.55
		At the end of the year			**315740**	**0.55**
9.	**General Insurance Corporation of India** [Changes in the holdings as per the beneficiary position downloaded from the Depositories].	**At the beginning of the year**			**273213**	**0.47**
		01.11.2019	-5432	-0.01	267781	0.46
		08.11.2019	-60	0.00	267721	0.46
		At the end of the year			**267721**	**0.46**
10.	**Kuwait Investment Authority Fund F238** [Changes in the holdings as per the beneficiary position downloaded from the Depositories].	**At the beginning of the year**			**0**	**0.00**
		22.11.2019	105050	0.18	105050	0.18
		13.12.2019	7864	0.02	112914	0.20
		20.12.2019	5600	0.01	118514	0.21
		31.12.2019	85000	0.14	203514	0.35
		10.01.2020	2500	0.01	206014	0.36
		17.01.2020	50000	0.08	256014	0.44
		At the end of the year			**256014**	**0.44**

v] Shareholding of Directors and Key Managerial Personnel:

A. Directors [other than KMP]:

Particulars	**Dr. Sharvil P. Patel**	**Ganesh N. Nayak**	**Kulin S. Lalbhai**
At the beginning of the year:			
• Number of Shares	533	6550	-
• % of total shares held	-	0.011	-
Date wise increase / decrease in shareholding:	-	-	-
At the end of the year:			
• Number of Shares	533	6550	-
• % of total shares held	-	0.011	-

Particulars	**Savyasachi S. Sengupta**	**Ashish Bhargava**	**Dharmishtaben N. Raval**	**Srivishnu Raju Nandyala**
At the beginning of the year:				
• Number of Shares	173	-	-	-
• % of total shares held	-	-	-	-
Date wise increase / decrease in shareholding:	-	-	-	-
At the end of the year:				
• Number of Shares	173	-	-	-
• % of total shares held	-	-	-	-

B. Key Managerial Personnel:

Particulars	**Tarun G. Arora CEO & Whole Time Director**	**Umesh V. Parikh Chief Financial Officer**	**Dhanraj P. Dagar Company Secretary**
At the beginning of the year:			
• Number of Shares	1000	6	-
• % of total shares held	0.001	-	-
Date wise increase / decrease in shareholding	-	-	-
At the end of the year:			
• Number of Shares	1000	6	-
• % of total shares held	0.001	-	-

V] INDEBTEDNESS

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

(₹ in Lakhs)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	152150	4500	-	156650
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	2817	20	-	2837
Total (i+ii+iii)		**154967**	**4520**	**-**	**159487**
Change in Indebtedness during the financial year					
Addition		-	-	-	-
Reduction		(520)	(4520)	-	(5040)
Net Change		**(520)**	**(4520)**	**-**	**(5040)**
Indebtedness at the end of the financial year					
i)	Principal Amount	151630	-	-	151630
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	2817	-	-	2817
Total (i+ii+iii)		**154447**	**-**	**-**	**154447**

VI] REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing / Whole Time Director:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Tarun G. Arora, CEO & Whole Time Director
1.	**Gross Salary**	
	a. Salary as per provisions contained in section 17[1] of the Income Tax Act, 1961.	102.64
	b. Value of perquisites u/s 17[2] of the Income Tax Act, 1961.	7.36
	c. Profits in lieu of salary under section 17[3] of Income Tax Act, 1961.	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	-
	Total [A]	**110.00**
	Ceiling as per the Act	N.A.*

** Due to Loss icurred during the current financial year 2019-20.*

B. Remuneration to other Directors:

1. Independent Directors:

(₹ in Lakhs)

Particulars of Remuneration	Name of Directors					Total
	Kulin S. Lalbhai	Savyasachi S. Sengupta	Ashish Bhargava	Srivishinu Raju Nandyala	Dharmishtaben N. Raval	
Fee for attending Board & Committee Meetings	4.50	9.00	-	5.00	4.50	23.00
Commission	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-
Total [B] [1]	**4.50**	**9.00**	**-**	**5.00**	**4.50**	**23.00**

2. Non–Executive Directors:

(₹ in Lakhs)

Particulars of Remuneration	Name of Directors		Total
	Dr. Sharvil P. Patel	Ganesh N. Nayak	
Fee for attending Board & Committee Meetings	5.00	8.00	13.00
Commission	-	-	-
Others, please specify	-	-	-
Total [B] [2]	**5.00**	**8.00**	**13.00**
Total [B][1] + [B][2]			**36.00**

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole Time Director

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Umesh V. Parikh Chief Financial Officer	Dhanraj P. Dagar Company Secretary	
1.	**Gross Salary**			
	a. Salary as per provisions contained in section 17[1] of the Income Tax Act, 1961.	119.99	11.30	131.29
	b. Value of perquisites u/s 17[2] of the Income Tax Act, 1961.	0.22	-	0.22
	c. Profits in lieu of salary under section 17[3] of Income Tax Act, 1961.	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total [C]	**120.21**	**11.30**	**131.51**

VII] PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty / punishment / compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any [give details]
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board

Place : Ahmedabad
Date : June 2, 2020

Dr. Sharvil P. Patel
Chairman

Details pertaining to remuneration as required under section 197[12] of the Companies Act, 2013 read with Rule 5[1] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014.

a. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Name of the Director	Ratio of each Director to the median remuneration of the employee
Dr. Sharvil P. Patel	0.82
Mr. Kulin S. Lalbhai	0.82
Mr. Savyasachi S. Sengupta	1.64
Mr. Tarun G. Arora	20.04
Mr. Srivishnu Raju Nandyala	0.91
Ms. Dharmishtaben N. Raval	0.82
Mr. Ganesh N. Nayak	1.46
Mr. Ashish Bhargava	Not applicable, as no Remuneration was paid.

b. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year:

Name of the Director, Chief Financial Officer and the Company Secretary	% increase / decrease in the remuneration in the financial year
Dr. Sharvil P. Patel	-52.60%**
Mr. Kulin S. Lalbhai	-76.30%*
Mr. Savyasachi S. Sengupta	-43.80%*
Mr. Ashish Bhargava	N.A., as no Remuneration was paid.
Mr. Srivishnu Raju Nandyala	-50.00%*
Ms. Dharmishtaben N. Raval	-55.00%*
Mr. Ganesh N. Nayak	-30.40%**
Mr. Tarun G. Arora	N.A.#
Mr. Umesh V. Parikh, Chief Financial Officer	9%
Mr. Dhanraj P. Dagar, Company Secretary	5%

** The decrease in percentage of remuneration during the Financial Year 2019-20 is due to non-payment of Commission to the Independent Directors.*

*** The decrease in percentage of remuneration during the Financial Year 2019-20 is due to less no. of Committees / Board Meetings held during the Financial Year 2019-20 as compared to the previous Financial Year.*

 # The remuneration paid to Mr. Tarun G. Arora was reduced to ₹ 110.00 Lakhs due to loss during the financial year 2019-2020 so as to comply with the requirement of the Schedule V of the Companies Act, 2013.

c. The percentage increase in the median remuneration of employees in the financial year was 9.90%.

d. There were 222 permanent employees on the roll of the Company as on March 31, 2020.

e. The consolidated profits before tax, for the financial year ended on March 31, 2020 decreased by 28.93% and the average increase in remuneration of employees was 9.50%.

f. The consolidated profits before tax for the financial year ended on March 31, 2020 decreased by 28.93% and the remuneration of Key Managerial Personnel, viz. [1] Chief Financial Officer (Mr. Umesh V. Parikh) and [2] Company Secretary (Mr. Dhanraj P. Dagar) increased by 9% and 5% respectively and for CEO & Whole Time Director (Mr. Tarun G. Arora) please refer note # above.

g. The market capitalization of the Company was ₹ 7,49,241 Lakhs as on March 31, 2020 as against ₹ 7,52,113 Lakhs as on March 31, 2019.

   Whereas, consolidated Price Earnings Ratio of the Company was 24.58 as on March 31, 2020 as against 40.10 as on March 31, 2019.

h. The Company came out with Initial Public Offer ("**IPO**") in October, 1995 at a price of ₹ 10/- per share. The market price of the share as on March 31, 2020 was ₹ 1297.00 on BSE Limited and ₹ 1299.35 on the National Stock Exchange of India Limited. The increase in price is 1297%, apart from the dividend received by the shareholders.

i. The average annual increase in the salaries of the employees, other than managerial personnel was 11.44%, whereas the average increase in the managerial remuneration was 11.40% for the financial year.

j. The members have, at the Annual General Meeting of the Company held on July 31, 2019 approved the payment of commission to the Non-Executive Directors within the ceiling of 1% of the Net Profits of the Company, subject to maximum of ₹ 150 Lakhs in aggregate, as computed under the applicable provisions of the Act. The said commission is decided each year by the Board of Directors and distributed amongst the Independent Directors. However, due to net loss incurred during the financial year ended on March 31, 2020, your Directors have not recommended to pay any commission.

k. There was no employee receiving remuneration higher than the highest paid Director during the financial year.

l. The Company affirms remuneration is as per the Nomination and Remuneration Policy of the Company.

m. The statement containing particulars of employees as required under section 197[12] of the Act read with Rule 5[2] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, is provided in a separate annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as provided under section 134[3][m] of the Companies Act, 2013 read with Rule No. 8 of the Companies [Accounts] Rules, 2014

A.	**Conservation of Energy:**	
1.	Steps taken or impact on conservation of energy	Evaporator electricity saving after shutdown as, there is no need due to usage of reject water in Boiler water tank.
2.	Steps taken for utilization of alternate sources of energy	None
3.	Capital Investment on energy conservation equipments	Pipeline connected to Boiler water tank in-house work
B.	**Technology absorption:**	
1.	Efforts made towards technology absorption	N.A.
2.	Benefits derived	Yes.
3.	Details of technology imported in last three years a. Details of technology imported b. Year of import c. Whether the technology been fully absorbed d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	 Nil
4.	Expenditure incurred on Research and Development	₹ 261.07 Lakhs

C. Foreign exchange earnings and outgo:

During the year, the foreign exchange earned in terms of actual inflows was ₹ 970.95 Lakhs, whereas the foreign exchange in terms of actual outflows was ₹ 760.77 Lakhs.

For and on behalf of the Board

Place : Ahmedabad
Date : June 2, 2020

Dr. Sharvil P. Patel
Chairman

Corporate Governance Report

Company's Philosophy on Corporate Governance Code:

Zydus Wellness Limited ("**the Company**") believes in continuous good corporate governance and always strives to improve performance at all levels by adhering to good corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, executive, non-executive and independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of Corporate Governance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Listing Regulations**").

1. Governance Structure:

Governance structure of the Company comprises of the Board of Directors ("**the Board**") and the Committees of the Board at the top level and the internal governance structure at the operational level. The responsibility of the Board is to determine the overall corporate objectives and give direction and freedom to the management to achieve those objectives within a given framework. The organizational and governance structure enables an environment for value creation through sustainable and profitable growth.

The governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibilities.

The primary role of the Board is to protect the interest and enhance the value for all the stakeholders. It conducts the overall strategic supervision and control by setting policies, reporting mechanism and accountability and decision making process to be followed.

Under the overall supervision and control of the Board, the Chief Executive Officer and Whole Time Director is accountable for the overall working of the Company. The Board gives strategic directions, lays down the policy guidelines and the Chief Executive Officer and Whole Time Director ensures the implementation of the decisions of the Board and its Committees.

The governance system encourages the entrepreneurship, risk taking and growth orientation with an objective to lead full accountability enabled by appropriate empowerment.

2. Board of Directors:

The Chief Executive Officer and Whole Time Director looks after the day-to-day business affairs of the Company, the Board reviews the overall business operations at least once in a quarter based on updates on the Company's performance provided by the Whole Time Director.

a. Composition of the Board:

The Composition of the Board, with reference to the number of Executive and Non-Executive Directors, meets with the requirements of the Code of Corporate Governance. The Board is headed by the Non-Executive Chairman, Dr. Sharvil P. Patel, who is also a promoter Director. As on March 31, 2020, your Company's Board comprised of eight Directors, which includes one Executive Director and seven Non-Executive Directors, comprising of four Independent Directors (which also includes one woman Director) and one Nominee Director. All the Non-Executive Directors and nominee director have considerable experience in their respective fields.

As required under the provisions of section 149[1] of the Companies Act, 2013 ("**the Act**") and Rules made thereunder and regulation 17 of the Listing Regulations, the constitution of Board meets with the requirements stated therein. Non-Executive and Independent Directors have expert knowledge in the fields of Finance, Taxation, Administration, Legal and Industry. Thus, the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise.

Independent Directors ("**IDs**") are non-executive directors as defined under regulation 16(1)(b) of the Listing Regulations read with section 149(6) of the Act along with rules framed thereunder. In terms of regulation 25(8) of the Listing Regulations, the IDs have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impact or impair their ability to discharge their duties. Based on the declarations received from the IDs, the Board has confirmed that they meet the criteria of independence as mentioned under regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

b. Board Skills / Expertise / Competencies:

Zydus Wellness Board is a skill-based board comprising of Directors who collectively have the skills, knowledge and experience to effectively govern and direct the organisation.

The Board of Directors have identified the below mentioned core skills / expertise / competencies in the context of the business and the sector in which the Company is operating, for the Company to function effectively:

- Knowledge and/or expertise in one or more of areas like consumer business, manufacturing, accounts, finance, taxation, banking, HR, IT, marketing, law, business and management.
- This criteria is designed to ensure the Board consists of individuals with a balance of skills to oversee the organisation, achieve the strategic goals and direct the organisation's future.

The above core skills / expertise / competencies identified by the Company are also actually available with the Board as under:

Sr. No.	Name of the Director	Skills actually available with the Directors
1.	Dr. Sharvil P. Patel	Knowledge and expertise in FMCG, manufacturing and marketing, business and management.
2.	Ms. Dharmishtaben N. Raval	Knowledge and expertise in law and Finance.
3.	Mr. Ganesh N. Nayak	Knowledge and expertise in FMCG, manufacturing, marketing, business and management.
4.	Mr. Savyaschi S. Sengupta	Knowledge and expertise in Manufacturing, Marketing and Business Management.
5.	Mr. Kulin S. Lalbhai	Knowledge and expertise in Finance, business and management into FMCG and Consumer business.
6.	Mr. Sri Vishnu Raju Nandyala	Knowledge and expertise in manufacturing, marketing, business and management.
7.	Mr. Ashish Bhargava	Knowledge and expertise in Finance, marketing, business and management.
8.	Mr. Tarun Arora	Knowledge and expertise in Finance, Manufacturing, Marketing and business Management in FMCG.

The eligibility of a person to be appointed as a Director of the Company is dependent on possession of the requisite skills, as identified by the Board.

c. Board Meetings / Directors' particulars:

In compliance with regulation 17 of the Listing Regulations and as required under the Act, the Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days. During the year under review, five Board meetings were held on May 28, 2019, July 31, 2019, November 13, 2019, February 5, 2020 and March 13, 2020.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly / half yearly unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure, and ensures compliance with applicable laws and regulations. It monitors overall performance of the Company and reviews performance of its subsidiaries. The Agenda for the board meeting covers items set out as guidelines in regulation 17 of the Listing Regulations to the extent the same are applicable and relevant. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

The meetings of the Board are scheduled well in advance and usually held in Ahmedabad, where the Registered Office of the Company is situated. The Chief Financial Officer and the Company Secretary in consultation with the Chairman prepares detailed agenda for the meetings. Directors are also free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman.

Video conferencing facilities are also used to facilitate Directors residing at other locations to participate in the meetings.

The draft minutes of the meetings approved by the Chairman are circulated to all the Directors within fifteen days after the conclusion of the meetings. Decisions taken at Board meetings are communicated to the concerned departments promptly for actions and an Action Taken Report of the status on the decisions taken at the Board meetings is placed for the information to the Board members.

The Board has a complete access to the information within the Company, which *inter alia* includes –

1. Annual revenue and capital expenditure plans / budgets,
2. Quarterly financial results and results of operations of the Company and its subsidiaries,

3. All borrowings, investments, loans and guarantees,
4. Minutes of the meetings of the Board of Directors, Committees of the Board and the summary of minutes of the subsidiary Companies,
5. Quarterly report on fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems,
6. Materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any,
7. Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company, and
8. Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investors' services such as non-payment of dividend, delay in transfer of shares, etc.

The IDs play an important role in the deliberations in the Board Meetings and bring with them rich expertise in the field of consumer goods, industry, marketing, accountancy, finance, taxation, HR and other laws.

While constituting the Committee of Directors, the requirements that a Director shall not be a member of more than 10 Committees and Chairman of more than 5 Committees have been ensured and complied with. None of the Independent Directors serve as an Independent Director in more than 7 listed companies.

The following table provide details of the attendance of the Directors at the Board meetings of the Company and also the number of other Directorships held in Indian Public Limited Companies (other than the Company) and Chairmanship / membership in Board Committees of Public Limited Companies as at March 31, 2020.

Name of the Directors	Category and Position	No. of Board Meeting		Whether attended last AGM (Yes / No)	Member (Chairman)[1] of Other Board Committees[2]	Number of other Directorships held
		Held	Attended			
Dr. Sharvil P. Patel	Non-Executive Chairman	5	5	Yes	1	6
Mr. Kulin Lalbhai	Non-Executive and Independent Director		4	Yes	1	6
Mr. Ashish Bhargava	Nominee Director		3	No	1	2
Ms. Dharmishtaben N. Raval	Non-Executive and Independent woman Director		4	Yes	4 (2)	7
Mr. Srivishnu Raju Nandyala	Non-Executive and Independent Director		4	Yes	4 (1)	4
Mr. Savyasachi S. Sengupta	Non-Executive and Independent Director		5	Yes	2	3
Mr. Ganesh N. Nayak	Non-Executive Director		5	Yes	2 (1)	1
Mr. Tarun G. Arora	CEO & Whole Time Director		5	Yes	1	3

1 Figures in ( ) indicate the number of Board Committees of which a Director is a Chairman.

2 Other Board Committees mean Audit Committee and Stakeholders' / Investors' Relationship Committee.

The following table gives the names of the listed entities where the Directors of the Company are Director and the category of their respective directorship:

Sr. No.	Name of the Director of the Company	Name of the listed companies in which the Director of the Company is a Director	Category of Directorship in the listed companies
1.	Dr. Sharvil P. Patel	Cadila Healthcare Limited	Managing Director
2.	Mr. Kulin S. Lalbhai	Arvind Limited	Executive Director
		Arvind Smartspaces Limited	Non-Executive Director
		Arvind Fashions Limited	Non-Executive Director
3.	Mr. Ashish Bhargava	None	-
4.	Ms. Dharmishtaben N. Raval	Cadila Healthcare Limited	Independent Director
		NOCIL Limited	Independent Director
		Torrent Power Limited	Independent Director
5.	Mr. Srivishnu Raju Nandyala	Heritage Foods Limited	Independent Director
		Amara Raja Batteries Limited	Independent Director
6.	Mr. Savyasachi S. Sengupta	None	-
7.	Mr. Ganesh N. Nayak	Cadila Healthcare Limited	Executive Director
8.	Mr. Tarun G. Arora	None	-

d. Familiarization Programme:

At the time of appointment of an Independent Director, a formal letter of appointment is given to him / her, which *inter alia* explains the role, functions, duties and responsibilities expected from him / her as a Director of the Company. All our Directors are aware and also updated, whenever required, of their roles, responsibilities, liabilities and obligations under the provisions of the Act and Rules made thereunder and regulation 25 of the Listing Regulations.

Familiarization programme is posted on the website of the Company and any member can visit the Company's website by clicking the link -http://www.zyduswellness.in/investor/Policy%20on%20Familiarization%20Programme%20for%20Independent%20Directors.pdf.

e. Evaluation:

During the year, the Nomination and Remuneration Committee / Board have carried out evaluation of its own performance and the performance of the committees of the Board of Directors, individual Directors and the Chairman of the Board. The Board has evaluated the composition of Board, its committees, experience and expertise, performance of specific duties and obligations, governance matters, etc. Performance of individual Directors and the Board Chairman was also carried out in terms of their respective attendance at Board / Committee meetings, contributions at the meetings, circulation of sufficient documents and information to the Directors, timely availability of the agenda, etc. Directors were satisfied with the evaluation on different criteria.

Further, the Board of Directors have carried out the evaluation of the IDs, which included the performance of the IDs and fulfilment of the independence criteria as specified in the Listing Regulations and their independence from the management. The Directors who were subject to evaluation did not participate in the proceedings of the meeting.

3. Committees of the Board:

The Board currently has the following Committees:

A) Audit Committee,

B) Share Transfer Committee,

C) Investors' / Stakeholders' Relationship Committee,

D) Nomination and Remuneration Committee,

E) Corporate Social Responsibility (CSR) Committee,

F) Risk Management Committee,

G) Fund Raising Committee, and

H) Committee of Directors.

The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of the Board Committees are convened by the Chairman of the respective Committee.

A. Audit Committee:

I. Terms of Reference:

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible,

2. Reviewing with the management the quarterly / half yearly unaudited / Annual audited financial statements and Limited Review Report / Audit Reports of the Statutory Auditors before recommending for approval by the Board of Directors,
3. Reviewing changes in the accounting policies, major accounting estimates based on exercise of judgment by the management, significant adjustments made in the financial statements, etc.,
4. Review of Management Discussion and Analysis of financial and operational performances,
5. Review of inter-corporate loans and investments, if any,
6. Review of the adequacy and effectiveness of internal financial controls and systems,
7. Review and discuss with the management major financial risk exposures and steps taken to monitor and control them,
8. Overseeing and review the functioning of vigil mechanism (implemented by the Company as Whistle Blower Policy),
9. Review the scope of the Internal Auditors and Audit Plan to ensure reasonable coverage of different areas of operations,
10. Review, discuss and monitor the observations reported by Statutory / Internal Auditors and their compliance,
11. Review and recommend to the Board the appointment / reappointment of the Statutory and Cost Auditors after due consideration of their independence and effectiveness,
12. Approving the payment towards additional services rendered by the Statutory Auditors except those enumerated in section 144 of the Act,
13. Recommending to the Board the remuneration of the Statutory and Cost Auditors,
14. Review of Cost Audit Report submitted by the Cost Auditors,
15. Approval of the appointment, removal and terms of remuneration of Internal Auditors,
16. Approval of the Related Party Transactions and granting omnibus approvals for certain related party transactions, which are in the ordinary course of business and on an arm's length basis,
17. Review of utilization of loans and / or advances from / investment by the company in subsidiary in excess of ₹ 100 crore or 10% of asset size of the subsidiary, whichever is lower, and
18. To supervise implementation of Insider Trading Code and policies relating thereto.

II. Composition, meetings held and attendance at the meetings during the year:

The Audit Committee held four meetings during the year under review, on May 28, 2019, July 31, 2019, November 13, 2019 and February 5, 2020. The time gap between any two meetings was less than 120 days. The composition of the Audit Committee as at March 31, 2020 and details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Member	Category	No. of Meetings	
		held	attended
Ms. Dharmishtaben N. Raval, Chairperson	Non–Executive and Independent	4	4
Mr. Kulin S. Lalbhai	Non–Executive and Independent		3
Mr. Srivishnu Raju Nandyala	Non–Executive and Independent		3
Mr. Savyasachi S. Sengupta	Non–Executive and Independent		4
Mr. Ganesh N. Nayak	Non–Executive		4
Mr. Ashish Bhargava	Nominee Director		4

All the members of the Audit Committee have requisite qualification for appointment on the Committee and possess sound knowledge of accounting practices, financial and internal controls.

The Chairperson of the Audit Committee attended the Annual General Meeting of the Company held on July 31, 2019 to respond to the shareholder's queries.

III. Invitees at the Audit Committee Meetings:

The representative of the Statutory Auditors is regularly invited and he has attended all the Audit Committee meetings held during the year. The representative of the Cost Auditors attends the Audit Committee meeting, where the Cost Audit Report is tabled for discussion. Whole Time Director, Chief Financial Officer and the Management Auditor are invited to attend and participate in these meetings. The Company Secretary acts as a secretary to the Committee.

The Company continues to derive benefit from the deliberations of the Audit Committee meetings as the members are experienced in the areas of finance, HR, corporate laws and FMCG industry. It ensures accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

B. Share Transfer Committee:

I. Terms of reference:

The Committee is empowered to perform all the functions of the Board in relation to approval and monitoring of transfers, transmission, dematerialization, rematerialization, issue of duplicate share certificates, splitting and consolidation of shares issued by the Company. The Committee also oversees the functions of the Registrar and Share Transfer Agent. The Board has delegated the powers to approve the transfer of shares to the Committee.

II. Composition:

As on March 31, 2020, the Share Transfer Committee comprises the following members:

1. Dr. Sharvil P. Patel – Chairman,
2. Mr. Ganesh N. Nayak – Member, and
3. Mr. Tarun G. Arora – Member.

The Company Secretary acts as the Secretary to the Committee.

III. Meetings held and the attendance of members at the meetings:

The Committee meets on a need basis to ensure the regular process of transfers / transmission of shares, split, consolidation, demat / remat and issuance of duplicate Share Certificates.

C. Investors' / Stakeholders' Relationship Committee:

In compliance with the provisions of section 178 of the Act and regulation 20 of the Listing Regulations, the Board has formed an "Investors' / Stakeholders' Relationship Committee".

I. Terms of reference:

The Investors' / Stakeholders' Relationship Committee reviews the redressal of grievances of stakeholders pertaining to the requests / complaints of the shareholders related to transfer of shares, dematerialization of shares, non-receipt of Annual Reports, non-receipt of dividend or revalidation of expired dividend warrants, recording the change of address, nomination, etc.

The role of the Stakeholders' / Investors' Relationship Committee has been specified in Part D of the Schedule II of the Listing Regulations.

The Chairman of the Committee attended the AGM of the Company held on July 31, 2019.

II. Composition:

The composition of the Committee as on March 31, 2020 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met three times during the year.

Name of the Member	No. of Meetings held	No. of Meetings attended
Mr. Ganesh N. Nayak, Chairman	3	3
Mr. Savyasachi S. Sengupta		3
Mr. Tarun G. Arora		3

The Company Secretary acts as the Secretary to the Committee, who is designated as Compliance Officer pursuant to the Listing Regulations.

The Committee ensures that the shareholders' / investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 7 investor grievances were received and all of them have been resolved. There was no investor grievance remaining unattended and pending as on March 31, 2020.

15,935 equity shares remained in the in-transit account with National Securities Depository Limited and Central Depository Services (India) Limited as at March 31, 2020.

III. Number of requests / complaints:

During the year, the Company has resolved investor grievances expeditiously. The Company and / or its Registrar and Share Transfer Agents have received the following requests / complaints from SEBI / Stock

Exchanges and also directly from the shareholders, which were resolved within the time frames laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending
Complaints:				
SEBI / Stock Exchange	-	2	2	-
Shareholders	-	5	5	-
Shareholder queries / requests:				
Dividend Related,	-	36	36	-
Transfer / Transmission	-	50	50	-
Demate / Remate	-	241	241	-
Changes (address / Bank mandates)	-	85	85	-
Procedure for duplicate share	-	109	109	-
Exchange of share certificates	-	49	49	-

D. Nomination and Remuneration Committee:

In compliance with the provisions of section 178 of the Companies Act, 2013 and regulation 19 of the Listing Regulations, the Board has constituted a Nomination and Remuneration Committee ("**NRC**"). The terms of reference of the NRC is specified in clause A of Part D of Schedule II of the Listing Regulations which are mentioned hereunder:

I. Terms of reference:

The functions of NRC, inter alia, include the following:

1. To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management,
2. To recommend to the Board, the appointment and removal of the Director(s) and evaluation of each Director's performance,
3. To formulate criteria for determining qualifications, positive attributes and independence of a Director,
4. To formulate criteria for evaluation of performance of Independent director and the board of directors;
5. To review on annual basis the compensation to the Non-Executive Directors and Senior Management Personnel (which includes KMP) and recommend to the Board the remuneration and incentive, in whatever form, payable to each of them,
6. Ensure whether to extend or continue the term of appointment of the ID, on the basis of the report of performance evaluation of ID;
7. Ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear and meets appropriate performance benchmarks, and
8. To develop and review the succession plan for the Board.

II. Composition and Meetings:

The composition of the Committee as on March 31, 2020 and details of attendance of the Committee members at the meeting are given in the following table. The Committee met once during the year on May 28, 2019. All members of the Committee are Non-Executive Directors and amongst them three are IDs.

All the member were present in the meeting except Mr. Kulin S. Lalbhai.

The Company Secretary acts as the Secretary to the Committee. The Chairman of the NRC attended the AGM of the Company held on July 31, 2019.

III. Nomination and Remuneration Policy and details of remuneration paid / payable to the Directors for the year ended March 31, 2020:

The Board of Directors approved the Nomination and Remuneration Policy on the recommendation of Nomination and Remuneration Committee. The salient aspects of the Policy are outlined below:

a. Objectives:

1. To guide the Board in relation to the appointment and removal of Directors and Senior Management Personnel which includes KMP
2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board, and
3. To recommend to the Board on remuneration payable to the Directors and Senior Management Personnel which includes KMP.

The Company follows a policy on remuneration of Directors/KMP and Senior Management Employees.

b. Remuneration to the Independent / Non-Executive Directors:

i) An Independent / Non-Executive Director is paid sitting fees for each meeting of the Board or Committee of the Board attended by him / her, of such sum as may be approved by the Board within the overall limits prescribed under the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Board at their meeting held on June 2, 2020 has approved the payment of sitting fees at ₹ 1,00,000/- to each Independent / Non-Executive / Nominee Director towards each of the Board / Committee meetings attended by them w.e.f. June 1, 2020.

ii) An Independent / Nominee Director is also paid commission on an annual basis, of such sum as may be approved by the Board. The total commission payable to the Independent / Nominee Directors shall not exceed 1% of the net profit of the Company and subject to the limits approved by the members. However, due to net loss incurred during the financial year ended on March 31, 2020, your Directors have not recommended to pay any commission.

iii) In determining the quantum of commission payable to the Independent / Nominee Directors, the NRC considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Independent / Nominee Directors.

iv) An Independent / Nominee Director is also reimbursed the expenses incurred by him / her for attending the Board, Comittee and / or General meetings.

v) Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on March 31, 2020.

c. Appointment and Remuneration to Whole Time Director:

During the year under review Mr. Tarun G. Arora successfully completed five years with the Company and his tenure of appointment expired on May 13, 2020.

The Board of Directors of the Company based on the recommendation of Nomination and Remuneration Committee and subject to approval of members at the ensuing Annual General Meeting, has re-appointed Mr. Arora as a Whole Time Director, designated as Chief Executive Officer, for a further period of 5 (five) years at their meeting held on May 7, 2020, with effect from May 7, 2020.

The matter of re-appointment of Mr. Tarun Arora as a Whole Time Director and Chief Executive Officer shall be placed before the ensuing Annual General Meeting for approval, wherein his revised remuneration will be considered.

Mr. Tarun G. Arora is the Chief Executive Officer and Whole Time Director on the Board. On the recommendation of the NRC, the Board decides and approves the remuneration payable to Mr. Tarun G. Arora within the ceiling fixed by members as per the resolution passed at the Annual General Meeting held on July 29, 2015.

As per the recommendation of the NRC, Mr. Tarun G. Arora, CEO & Whole Time Director was paid remuneration of ₹ 110.00 Lakhs by way of salary and allowances for the financial year ended on March 31, 2020, which is within the limits prescribed under schedule IV of the Act.

The Company shall enter into new agreement with Mr. Tarun G. Arora, CEO & Whole Time Director for employment for a further period of five years w.e.f. May 7, 2020, on the same terms and conditions, except the remuneration, which shall be based on the recommendation of the NRC and approval by Board of Directors, but subject to the provisions of the Act, performance of the Company and his individual performance every year, till his appointment.

d. Remuneration to Senior Management Employees:

The CEO & Whole Time Director with the help of HR-Head carry out the individual performance review based on the standard appraisal matrix and after taking into account the appraisal score card and other factors like–Key Performance Area v/s initiatives, balance between fixed and variable pay, fixed components and perquisites and retirement benefits, criticality of roles and responsibilities, industry benchmarks and current compensation trends in the market. Further, any promotion at a senior level management is approved by the Management based on predetermined process after assessing the candidate's capability to shoulder higher responsibility.

e. Details of the commission / sitting fees paid to the Independent / Non-Executive / Nominee Directors for the year 2019-20 are given below:

(₹ in Lakhs)

Name of the Independent / Non-Executive Directors	Commission @	Sitting fees						Total
		Board Meetings	Audit Committee Meetings	CSR Committee Meetings	NRC Committee Meetings	Investors'/ Stakeholders' Relationship Committee Meetings	Other Meetings *	
Dr. Sharvil P. Patel	-	2.50	-	1.50	-	-	1.00	5.00
Mr. Kulin S. Lalbhai	-	2.00	1.50	-	-	-	1.00	4.50
Mr. Ashish Bhargava	-	-	-	-	-	-	-	-
Ms. Dharmishtaben N. Raval	-	2.00	2.00	-	-	-	0.50	4.50
Mr. Srivishnu Raju Nandyala	-	2.00	2.00	-	0.50	-	0.50	5.00
Mr. Savyasachi S. Sengupta	-	2.50	2.00	1.50	0.50	1.50	1.00	9.00
Mr. Ganesh N. Nayak	-	2.50	2.00	1.50	0.50	1.50	-	8.00

@ Due to net loss for the financial year ended on March 31, 2020 the Board of Directors has decided not to pay any Commission to the Independent / Nominee Directors.

** Other Meetings include Meeting of Committee of Directors, separate Meeting of Independent Directors and Risk Management Committee.*

f. Stock Option:

The Company does not have any stock option scheme for its Directors or employees. Moreover, there is no separate provision for payment of severance fees to the Directors.

E. Corporate Social Responsibility (CSR) Committee:

The terms of reference of CSR Committee includes, to frame the CSR Policy and review it from time to time to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in schedule VII of the Companies Act, 2013 and Rules made thereunder and to provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

The composition of the CSR Committee as at March 31, 2020 and the details of members' participation at the meetings of the Committee are as under.

Name of the Member	No. of Meetings held	No. of Meetings attended
Dr. Sharvil P. Patel, Chairman	3	3
Mr. Savyasachi S. Sengupta		3
Mr. Ganesh N. Nayak		3

F. Risk Management Committee:

In compliance of regulation 21 of the Listing Regulations, the Company has constituted a Risk Management Committee and majority of the members of the Committee are Directors. The Company has a well-defined risk management framework to identify, recognize, monitor and mitigate risks as also identify business opportunities. Business risk evaluation and its management is a continuous process within the organization.

The Committee reviewed the risks and extent of exposure and potential impact analysis was carried out by the Management. It was confirmed by the Whole-Time Director and the Chief Financial Officer that the mitigation actions are monitored.

The Committee met once during the year.

The composition of Risk Management Committee as on March 31, 2020 is as under:

Name of the Member	Category
Dr. Sharvil P. Patel, Chairman	Non-Executive
Mr. Kulin S. Lalbhai	Non-Executive and Independent
Mr. Savyasachi S. Sengupta	Non-Executive and Independent
Mr. Umesh V. Parikh	Chief Financial Officer - Member

The Company Secretary acts as the Secretary to the Committee.

G. Fund Raising Committee:

The Company has also constituted a Fund Raising Committee of its Board to take various decisions, including administrative decisions, viz. evaluating various fund raising options, appointment of various intermediaries such as legal counsels, advisors, auditors etc. and finalizing their terms of appointment, negotiating any documents for fund raising activities etc. in connection with the acquisition of shares of any Company .

The Committee is headed by Dr. Sharvil P. Patel, Chairman, Mr. Tarun G. Arora, Mr. Savyasachi S. Sengupta, and Mr. Umesh V. Parikh are the members of the Committee.

The Committee meets on need basis.

The Company Secretary acts as the Secretary to the Committee.

H. Committee of Directors:

Committee of Directors comprises of three members namely; (1) Dr. Sharvil P. Patel, (2) Mr. Tarun G. Arora and (3) Mr. Ganesh N. Nayak. The Committee looks after the businesses, which are administrative in nature and within the overall Board approved directions and framework.

The Company Secretary acts as the Secretary to the Committee.

4. Independent Directors' Meeting:

During the year under review, a separate meeting of the IDs was held on February 5, 2020, *inter alia*, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole,
2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors, and
3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary to effectively and reasonably perform its duties.

All the IDs attended the meeting.

5. Subsidiary Companies:

Zydus Wellness Products Limited is the only material non-listed Indian subsidiary Company.

The financial statements of subsidiaries, in particular, the investments made by subsidiaries, if any, are reviewed by the Audit Committee. The policy relating to material subsidiaries, as approved by the Board may be accessed on the Company's website at the link: https://zyduswellness.in/investor/Policy%20on%20Material%20Subsidiary%20Adopted.pdf.

The Board Minutes of unlisted Indian subsidiary companies are placed at the Board Meeting of the Company, for information of the Board of Directors.

6. Disclosures:

A. Related Party Transactions:

All transactions entered into with the Related Parties as defined under the Act and regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of section 188 of the Act. There were no materially significant transactions with the related parties during the financial year which were in the conflict of interest of the Company. Suitable disclosures as required by the Accounting Standard (Ind AS 24) have been made in the notes to the Financial Statements.

The Board has approved a policy on related party transactions, which includes the clear threshold limits, beyond which a transaction will be considered as a material related party transactions, has been uploaded on the website of the Company. The link for the same is https://www.zyduswellness.in/investor/Policy%20on%20Related%20Party%20Transactions.pdf

During the year, the Company has paid an amount of ₹ 1,832.37 lakhs towards final dividend for the financial year 2018-19 and ₹ 1,832.37 lakhs towards interim dividend for the financial year 2019-20, aggregating to ₹ 3,664.74 lakhs to Cadila Healthcare Limited, the promoter of the Company, holding 63.55% of the total equity shareholding of the Company at the time of payment of dividend.

B. Code of Conduct:

The Company has laid down a Code of Conduct for all Board members and Senior Management Personnel. The Code of Conduct is available on the website of the Company www.zyduswellness.in. All Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review. The declaration of CEO & Whole Time Director is given below:

To the shareholders of
Zydus Wellness Limited

Sub.: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Place : Ahmedabad
Date : June 2, 2020

Tarun G. Arora
CEO & Whole Time Director

C. Prohibition of Insider Trading:

In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, designated persons and their immediate relatives, connected persons and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

The Company has in place of purchased a software to monitor the trading in the equity shares of the Company mainly during the trading window closure and the reverse transactions, by the designated persons. The Company has also initiated to obtain necessary information, as per the SEBI Insider Trading Regulations, of the designated persons and their immediate relatives. We have received details from certain designated persons. The Company gets the half-monthly report from the service provider, about the details of trading in the equity shares of the company by the designated persons, during the trading window closure.

Shares held by the Directors as at March 31, 2020:

Name of the Director	No. of shares held	Details of shares bought (+) / sold (-) during 2019–20
Dr. Sharvil P. Patel	533	-
Mr. Kulin S. Lalbhai	-	-
Mr. Ashish Bhargava	-	-
Ms. Dharmishtaben N. Raval	-	-
Mr. Srivishnu Raju Nandyala	-	-
Mr. Savyasachi S. Sengupta	173	-
Mr. Ganesh N. Nayak	6,550	-
Mr. Tarun G. Arora	1,000	-

D. Whistle Blower Policy:

The Company has a Whistle Blower Policy to deal with any instance of fraud, mismanagement and to report instances of leakage of unpublished price sensitive information. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination is done with any person for a genuinely raised concern.

E. Management:

i. Management Discussion and Analysis Report:

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Report.

ii. **Disclosure of material financial and commercial transactions:**

As per the disclosures received from all the directors and the senior management personnel, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the year under report.

G. Reason for Resignation of Independent Directors:

During the year under review, no Independent Director has resigned from the Company.

H. Credit Ratings:

Your Company had raised funds by issue of 9.14%, Listed Secured, Rated, Redeemable Non Convertible Debentures of ₹ 1500 crores and have obtained the credit ratings CRISIL AA+/Stable and CARE AA+/Stable from CRISIL Limited and CARE Ratings Limited respectively. Your Company has made the timely payment of interest on the above NCDs within the due dates. During the year, the credit rating was reviewed and reaffirmed as CRISIL AA+/Stable and CARE AA+/Stable from CRISIL Limited and CARE Ratings Limited respectively.

I. Non-Disqualification of Directors:

The Company has obtained a certificate from Mr. Hitesh D. Buch, Practicing Company Secretary certifying that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The said certificate is enclosed to this Corporate Governance Report.

J. Fees paid to the Statutory Auditors:

During the financial year 2019–2020, the Statutory Auditors of the Company and also of its wholly owned subsidiary companies, were paid fees for audit and providing other services as per below details:

(₹ In Lakhs)

Sr. No.	Name of the Company	Name of the Statutory Auditors	Fees paid (excl. taxes)		Total
			For Statutory Audit	For providing other services	
1.	Zydus Wellness Limited	Dhirubhai Shah & Co. LLP, Ahmedabad	6.25	2.00	8.25
2.	Zydus Wellness Products Limited		18.75	3.00	21.75
3	Liva Investment Limited		0.30	0	0.30
4	Liva Nutritions Limited		0.30	0	0.30

K. Disclosure regarding re-appointment of Director:

The particulars about the brief resume and other information of the Director seeking re-appointment as required to be disclosed under this section are provided as an annexure to the notice convening the Twenty Sixth Annual General Meeting.

L. Compliance by the Company:

The Company has complied with all the mandatory requirements of the Listing Regulations and guidelines of SEBI. Further, during last three years, no penalties or strictures are imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets.

M. CEO / CFO Certification:

The requisite certification from the CEO & Whole Time Director and the Chief Financial Officer required to be given under regulation 17(8) read with Part B of Schedule II of the Listing Regulations, was placed before the Board of Directors of the Company.

N. Transfer of unclaimed / unpaid dividend amount to Investor Education and Protection Fund ("IEPF"):

As per the provisions of sections 124 and 125 of the Companies Act, 2013 read with the Rules framed thereunder, dividend, if not claimed for period of 7 (seven) years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to IEPF.

Further, all the shares in respect of which dividend has remained unclaimed for 7 (seven) consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

In the interest of shareholders, the Company had sent reminder to the shareholders to claim their dividend before transfer of dividend / shares to IEPF Authority. Notice in this regard was also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to IEPF Authority, are uploaded on the website of the Company.

In view of the above provisions, 5717 Equity shares held by 126 shareholders were transferred to IEPF Suspense Account for which the Company has complied with the necessary requirements.

O. Utilization of funds:

The Company has not raised any funds through preferential allotment or qualified institutional placement as specified in the Listing Regulations.

P. Recommendation of the Committees:

The Board of Directors of the Company has accepted the recommendations of the Committees of the Board.

Q. Disclosure regarding Sexual Harassment of Women at Workplace:

The Company has adopted a policy on Sexual Harassment of Women at Workplace for prevention, prohibition and redressal of sexual harassment at workplace pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder.

During the year 2019-2020, the Company has not received any complaint on sexual harassment.

7. Means of Communication:

i) The Company has 34,932 shareholders as on March 31, 2020. The main channel of communication to the shareholders is through Annual Report, which includes *inter alia*, the Directors' Report, Management Discussion and Analysis, Report on Corporate Governance, Business Responsibility Report and Audited Financial Statements.

ii) The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the CEO & Whole Time Director makes presentation on the performance, operating and financial results of the Company. The Chairman, Whole Time Director and other Key Managerial Personnel also respond to the specific queries of the shareholders.

iii) The Company also intimates to the Stock Exchanges all price sensitive information, which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on such matters, wherever necessary.

iv) The quarterly and half yearly results are published in widely circulating national and local dailies such as "Financial Express" in English and Gujarati respectively. The results are also posted on the website of the Company www.zyduswellness.in and the same are not sent individually to the shareholders.

v) The Company holds meetings and makes representations to the institutional investors and analysts. The copies of such presentations and the transcripts of the phone calls are also made available on the Company's website. Information to the Stock Exchanges is filed online on NEAPS for NSE and BSE Online Portal for BSE.

8. General Body Meetings:

I. Details of last three Annual General Meetings held are provided hereunder:

Year	Date and Time	Venue
2018-2019	25th AGM on July 31, 2019 at 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.
2017-2018	24th AGM on August 3, 2018 at 10:00 a.m.	
2016-2017	23rd AGM on August 11, 2017 at 12:00 noon.	

II. Special Resolutions passed in the previous three Annual General Meetings:

The shareholders of the Company have passed the following special resolution in the previous three Annual General Meetings.

Sr. No.	Nature of Special Resolution Passed	Relevant Provisions	AGM Details
1.	To change the Registered office of the Company	Section 12 of the Act.	25th AGM held on July 31, 2019
2.	To maintain and keep the Statutory Registers at a place other than the Registered office of the Company.	Section 94 of the Act	23rd AGM held on August 11, 2017

III Extra Ordinary General Meeting – January 4, 2019:

Sr. No.	Nature of Special Resolution Passed	Relevant provisions	EOGM details
1	To make loan(s) or give guarantee(s) or make investment(s) in excess of the prescribed limit under section 186 of the Companies Act, 2013	Section 186 of the Act	EOGM held on January 4, 2019
2	To borrow funds in excess of the limits prescribed under section 180(1)(c) of the Companies Act, 2013	Section 180(1)(c) of the Act	
3	To borrow funds by way of issuance of Secured Non–Convertible Debentures	Section 42, 71 of the Act	
4	To create charge on the assets of the Company as prescribed under section 180(1)(a) of the Companies Act, 2013	Section 180(1)(a) of the Act	
5	To issue shares on Private Placement basis to True North	Section 23, 42, 62 of the Act	
6	To issue shares on Private Placement basis to Pioneer Investment Fund		
7	To issue shares on Private Placement basis to Cadila Healthcare Limited, promoter and the holding company		
8	To issue shares on Private Placement basis to Zydus Family Trust, a promoter group entity		
9	To approve alterations in the Articles of Association of the Company	Section 14 of the Act	

IV. During the year, the Company has not sought shareholders' approval through Postal Ballot.

9. General Shareholder Information:

i. Annual General Meeting (AGM):

Date and Time of 26th AGM	Thursday, August 27, 2020 at 10:00 a.m.
Venue of 26th AGM	The venue shall be deemed to be the Registered Office of the Company as the AGM will be held through Video Conference / Other Audio Visual Means ("**VC/OAVM**").
Financial Year	April 1, 2019 to March 31, 2020
Date of Book Closure	August 14, 2020 to August 21, 2020
Registered Office Address	"Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej–Gandhinagar Highway, Ahmedabad – 382481
Dividend Payment Date	Not Applicable
Compliance Officer	Mr. Dhanraj P. Dagar, Company Secretary
Website	www.zyduswellness.in

ii. Tentative financial calendar:

First Quarter Results	On or before August 14, 2020
Half Yearly Results	On or before November 14, 2020
Third Quarter Results	On or before February 14, 2021
Audited Results for the year 2020-2021	On or before May 30, 2021

iii. Listing of shares and Debt Securities:

The Equity Shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

The 9.14% Secured, Rated, Redeemable Non-Convertible Debentures of the Company are listed on NSE Wholesale Debt Market.

iv. Listing Fees:

The Company has paid annual listing fees for the financial year 2020–21 to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

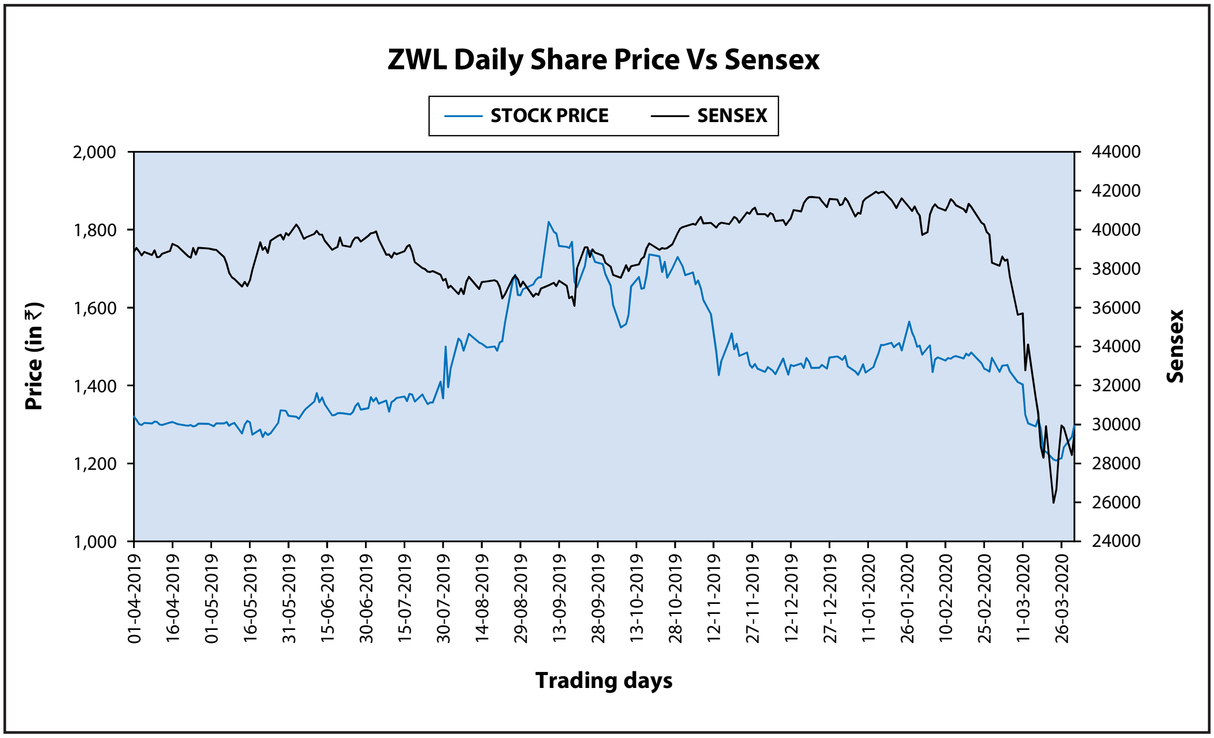
v. Stock Code:

Name of the Stock Exchange	Stock Code	Closing Price as on March 31, 2020 (₹)
BSE Limited	531335	1,297.00
National Stock Exchange of India Limited	ZYDUSWELL	1299.35

vi. Stock Price and BSE Sensex data:

Month	BSE Sensex	BSE Limited			National Stock Exchange of India Limited		
		High (₹)	Low (₹)	Avg. Volume (In Nos.)	High (₹)	Low (₹)	Avg. Volume (In Nos.)
Apr., 19	39031.55	1336.00	1289.30	370	1332.90	1280.05	3318
May, 19	39714.20	1349.00	1217.00	571	1350.25	1212.00	24114
Jun., 19	39394.64	1404.15	1301.95	964	1406.85	1306.00	9982
Jul., 19	37481.12	1529.90	1328.00	652	1530.00	1328.00	12206
Aug., 19	37332.79	1712.85	1375.00	1257	1716.80	1376.95	16592
Sept., 19	38667.33	1858.85	1615.75	1271	1860.20	1610.10	14984
Oct., 19	40129.05	1779.50	1503.00	1105	1773.00	1533.15	10720
Nov., 19	40793.81	1722.00	1411.50	1562	1724.95	1406.00	62330
Dec., 19	41253.74	1521.95	1401.05	4201	1490.85	1400.10	6614
Jan., 20	40723.49	1585.10	1410.00	425	1588.00	1405.00	9272
Feb., 20	38297.29	1555.00	1400.00	759	1558.00	1382.40	18467
Mar., 20	29468.49	1460.95	1070.00	685	1483.05	1100.50	28959

vii. Chart "A" Stock Performance: Zydus Wellness Limited (ZWL):



viii. Registrar and Share Transfer Agent:

For lodgment of transfer deeds and other documents or any grievances / complaints, investors may contact the Company's Registrar and Share Transfer Agent at the following address:

Link Intime India Private Limited,
(Unit: Zydus Wellness Limited)
506–508, Amarnath Business Centre–I, Beside Gala Business Centre, Near St. Xavier's College Corner, Off. CG Road, Navrangpura, Ahmedabad–380006.
Telephone: 079–2646 5179 | Fax: 079 - 2646 5179
Email: ahmedabad@linkintime.co.in

ix. Share Transfer System:

A Committee of Directors has been constituted to approve the transfers, transmission, issue of duplicate shares etc. The Company's Share Transfer Agent, Link Intime India Private Limited has adequate infrastructure to process the above matters.

A predetermined process cycle at regular interval ensures the transmission of shares (in physical form) within the stipulated time limit.

As per the requirements of regulation 40(9) of the Listing Regulations, a Company Secretary in Practice has certified due compliance of share transfer formalities on a half yearly basis.

x. Reconciliation of Share Capital Audit:

A practicing Company Secretary carried out secretarial audit in each of the quarters in the financial year 2019-20, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with depositories.

xi. Distribution of shareholding of Equity Shares as at March 31, 2020:

No. of Equity Shares	No. of Folios	% of total folios	No. of Shares	% of shareholding
1 to 500	34235	98.00	1645317	2.85
501 to 1000	394	1.13	279504	0.49
1001 to 2000	161	0.46	225280	0.39
2001 to 3000	46	0.13	112943	0.20
3001 to 4000	21	0.06	76095	0.13
4001 to 5000	16	0.05	70071	0.12
5001 to 10000	18	0.05	126683	0.22
10001 & above	41	0.12	55128251	95.60
Grand total	**34932**	**100.00**	**57664144**	**100.00**
Shareholders in Physical Mode	2406	6.89	208465	0.36
Shareholders in Demat Mode	32526	93.11	57455679	99.64
Grand Total	**34932**	**100.00**	**57664144**	**100.00**

xii. Shareholding Pattern as at March 31, 2020:

Category	No. of Shares held		Total shares	% of shareholding
	Physical	Electronic		
Promoter's holding	0	39107093	39107093	67.88
Mutual Funds	92	2153753	2153845	3.74
Banks, FIs and Insurance Companies	0	1705859	1705859	2.95
Alternate Investment Funds	0	8546154	8546154	14.82
Foreign Institutional Investors / Foreign Portfolio Investor	46	1901354	1901400	3.29
NRIs / Foreign National	69812	179115	248927	0.42
Central and State Government	0	71300	71300	0.12
Other Corporate Bodies	769	1123403	1124172	1.93
Indian Public / HUF / Trusts	0	70895	70895	0.11
Other	137746	2596753	2734499	4.74
Total	**208465**	**57455679**	**57464144**	**100.00**

Xiii. Top ten equity shareholders of the Company as at March 31, 2020:

Sr. No.	Name of the shareholder	No. of equity shares held	Percentage of holding
1	Cadila Healthcare Limited	36647509	63.55
2	Threpsi Care LLP	7220216	12.52
3	Zydus Family Trust	2454147	4.26
4	Life Insurance Corporation Of India	1337449	2.32
5	Pioneer Investment Fund	1325938	2.30
6	Matthews India Fund	1301258	2.23
7	Reliance Capital Trustee Co Ltd-A/C Nippon India Small Cap Fund	1136044	1.97
8	PPFAS Mutual Fund - Parag Parikh Long Term Equity Fund	686769	1.19
9	Prazim Trading And Investment Co. Pvt. Ltd.	585702	1.01
10	Rohini Nilekani	315740	0.55
Total		**53010772**	**91.93**

xiv. Dematerialization of Shares and Liquidity:

The Company's equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialized form. Approximately 99.64% of the equity shares have been dematerialized. ISIN number for dematerialization of the equity shares of the Company is INE768C01010. The ISIN of the NCDs are as under:

Name of the issuer	ISIN	Issuance date	Maturity date
ZYDUS WELLNESS LIMITED	INE768C07017	January 16, 2019	January 14, 2022
	INE768C07025		January 16, 2023
	INE768C07033		January 16, 2024

xv. Location of the Company's manufacturing plant:

The Company's manufacturing plant is located at 7A, 7B & 8, Saket Industrial Estate, Sarkhej–Bavla Highway, Moraiya, Tal.: Sanand, Dist.: Ahmedabad.

xvi. Address for correspondence:

Shareholders' correspondence should be addressed to the Company's Registrar and Share Transfer Agent at the address mentioned above.

Shareholders may also contact the Company Secretary, at the Registered Office of the Company for any assistance.

Mr. Dhanraj P. Dagar,
Company Secretary and Compliance Officer
Tele. Nos. 079 – 48040000 - Extension–336

investor.grievance@zyduswellness.in is a special e-mail ID for investors' complaints and other communications.

Shareholders holding shares in the electronic mode should address all their correspondence to their respective depository participants.

xvii. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs, warrants or any convertible instruments.

xviii. Details of non–compliance:

There was no non-compliance during the year and no penalties were imposed or strictures passed on the

Company by the Stock Exchanges, SEBI or any other Statutory Authority. A practicing Company Secretary has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Directors' Report and sent the same to all the shareholders of the Company. The certificate shall also be sent to all the concerned Stock Exchanges along with the Annual Report filed by the Company.

xix) Commodity price risk or foreign exchange risk and hedging activities:

The company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

10. Non-Mandatory requirements of regulation 27 (1) & Part E of Schedule II of the Listing Regulations:

i. The Company has a Non–Executive Chairman.

ii. The quarterly / half yearly results are not sent to the shareholders. However, the same are published in the newspapers and also posted on the Company's website.

iii. The Company's financial statements for the financial year 2019–2020 do not contain any audit qualification.

iv. The internal auditor reports to the Audit Committee and they make quaterly presentation on their report.

v. The auditors' report on the financial statements of the Company are unqualified.

Whole Time Director (WTD) and the Chief Financial Officer (CFO) Certification

To
The Board of Directors
Zydus Wellness Limited

Re: Certificate in compliance with Regulation 17[8] of SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 [the Listing Regulations].

Dear Sirs / Madam,

In compliance with Regulation 17[8] of the Listing Regulations read with schedule II of part B of the Listing Regulations, we hereby certify that:

(a) We have reviewed financial statements and cash flow statement for the year and to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee;

   (i) significant changes in internal control over financial reporting during the year,

   (ii) significant changes in accounting policies during the year and that, the same have been disclosed in the notes to the financial statements, and

   (iii) that there are no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system.

TARUN G. ARORA
CEO & Whole Time Director

UMESH V. PARIKH
CHIEF FINANCIAL OFFICER

Place : Ahmedabad
Date : June 2, 2020

CERTIFICATE OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

To,
The Members of
Zydus Wellness Limited
(L15201GJ1994PLC023490)
Zydus Corporate Park, Scheme No. 63, Survey No. 536,
Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway,
Ahmedabad – 382481

We have examined the compliance of the conditions of corporate governance by Zydus Wellness Limited (the Company) for the financial year ended on March 31, 2020 as stipulated in Regulation 17 to 27, clause (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 [the Listing Regulations].

Management's Responsibility

The compliance of corporate governance requirements as stipulated in the Listing Regulations, including the preparation and maintenance of all relevant supporting records and documents is the responsibility of the management.

Auditors' Responsibility

Our examination was limited to the review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations

Disclaimer

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Hitesh Buch
Proprietor
For, **Hitesh Buch & Associates**
Company Secretaries
FCS No.: 3145; C P No.: 8195
Peer Review Cert. No. 2015/115
UDIN: F003145B000314931

Place : Ahmedabad
Date : June 2, 2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to regulation 34 (3) read clause 10 (i) of Part C of Schedule V of the SEBI [Listing Obligations and Disclosure Requirements], Regulations, 2015)

To,
The Members of
Zydus Wellness Limited
(L15201GJ1994PLC023490)
Zydus Corporate Park, Scheme No. 63, Survey No. 536,
Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway,
Ahmedabad – 382481

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Zydus Wellness Limited having CIN L15201GJ1994PLC023490 and having registered office at Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad – 382481 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year eended on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	GANESH NARAYAN NAYAK	00017481	27.07.2006
2	SRIVISHNU RAJU NANDYALA	00025063	11.03.2019
3	SHARVIL PANKAJBHAI PATEL	00131995	27.04.2009
4	ASHISH BHARGAVA	02574919	30.01.2019
5	DHARMISHTA N RAVAL	02792246	11.03.2019
6	SAVYASACHI SANTOSH SENGUPTA	05158870	02.11.2018
7	KULIN SANJAY LALBHAI	05206878	18.11.2016
8	TARUN ARORA	07185311	14.05.2015

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Hitesh Buch
Proprietor
For, **Hitesh Buch & Associates**
Company Secretaries
FCS No.: 3145; C P No.: 8195
Peer Review Cert. No. 2015/115
UDIN: F003145B000256079

Place : Ahmedabad
Date : May 19, 2020

Business Responsibility Report:

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2020.

Section A : General Information about the Company

1.	Corporate Identity Number (CIN) of the Company			L15201GJ1994PLC023490
2.	Name of the Company			Zydus Wellness Limited
3.	Address of the Registered Office of the Company			"Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej–Gandhinagar Highway, Ahmedabad – 382481
4.	Website			www.zyduswellness.in
5.	Email id			dhanraj.dagar@zyduswellness.com
6.	Financial year reported			2019-2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise):			
	Group	Class	Sub Class	Description
		1517		Manufacturing and marketing of table spread.
8.	Key products / Services			The Company manufactures and markets health and wellness products.
9.	Locations where business activity is undertaken by the Company			The Company's business and operations are based at Ahmedabad, where the manufacturing is carried out, details whereof are provided in this Annual Report. Details of business performance in Indian markets as well as International markets are reported as a part of the Management Discussion and Analysis Report, which forms a part of this Report.
10.	Markets served by the Company – Local / State / National			As a strong player in health and wellness space in India.

Section B : Financial Details of the Company

Paid-up Capital (₹)	5,766 Lakh
Total turnover (₹)	15,351* Lakh
Total loss after taxes (₹) (After OCI)	(4,102) Lakh

** Net of sales promotions.*

Section C : Other Details

List of activities in which expenditure on CSR has been incurred and total spending as a percentage of profits after tax:

The Company has spent ₹ 221.00 Lakh towards Corporate Social Responsibility [CSR], being 2% of average net profit for previous three years, computed as prescribed under the Companies Act, 2013 on education and healthcare, including preventive healthcare. A Report on CSR activities is attached to the Directors' Report.

The Company is a strong player in health and wellness space in India.

The Company is engaged in manufacturing of health and wellness products with subsidiaries in India. As on date, the Company has four subsidiary Companies. Name of the subsidiary Companies are provided in the statement of salient features of the subsidiary companies under section 129(3) of the Companies Act, 2013 and Rules made thereunder, which is a part of this Annual Report. Each of the Company's subsidiaries abides by the law of the respective land, where it operates in a responsible manner. The subsidiary companies' Business Responsibility (BR) initiatives are aligned with those of the Company.

Section D : BR Information

1. Details of Director / Directors responsible for BR:

a) Details of the Director / Directors responsible for implementation of the BR Policy / policies:

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	07185311
2	Name	Mr. Tarun G. Arora
3	Designation	CEO & Whole Time Director

b) Details of the BR head:

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	Not Applicable
2	Name	Mr. Dhanraj P. Dagar
3	Designation	Company Secretary & Compliance Officer
4	Telephone Number	079 – 48040000 Ext. No. 336
5	E-mail ID	dhanraj.dagar@zyduswellness.com

2. Principle-wise (as per NVGs) BR Policy / Policies:

Alignment to National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business

NVG Principle	Chapter in BR Report	Page No.	Details in Annual Report
Business should conduct and govern themselves with Ethics, Transparency and Accountability.	Corporate Governance Structure	69	Yes
Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Quality Principles and Credo for Value Creation	69	Yes
Businesses should promote the well-being of all employees.	Building people to build our business	69-70	Yes
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Zydus Shrishti	70	Yes
Businesses should respect and promote human rights.	Human Rights	70	Yes
Businesses should respect, protect, and make efforts to restore the environment.	Green Impact	70	Yes
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Policy advocacy	70	Yes
Business should support inclusive growth and equitable development.	Zydus Shrishti	70-71	Yes
Business should engage with and provide value to their customers and consumers in a responsible manner.	The Zydus Way of manufacturing and marketing of health and wellness products	71	Yes

3. Principle-wise (as per NVGs) BR Policy / Policies:

a) Details of compliance (Reply in Y/N):

Sr. No.	Questions	Business Ethics P1	Product Responsibility P2	Well-being of Employees P3	Stakeholder Engagement & CSR P4	Human Rights P5	Environment P6	Public Policy P7	CSR P8	Customer Relations P9
1	Do you have a policy / policies for?	Y	Y	Y	Y	Y[1]	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards?	**The Company is abiding by the various laws and while framing the policies, the Company takes into account the best practices and national standards.**								
4	Has the policy been approved by the Board? If yes, has it been signed by WTD / Owner / CEO / appropriate Board Director?	Y	Y[2]	Y[3]	Y	Y	Y	Y	Y	Y[4]
All statutory policies are approved by the Board of Directors, whereas other policies are signed by the Chairman or the respective business head.										
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
The policies are implemented and being reviewed regularly by the respective business head.										
6	Indicate the link for the policy to be viewed online?	www.zyduswellness.in								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	**Yes, all the policies are communicated to the employees via internal portal, where each employee has an access and the external stakeholders through Company's website www.zyduswellness.in.**								
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Yes, respective head of the Department attends to any grievances pertaining to their department and address the grievances. The Company has formed an Investors' / Stakeholders' Relationship Committee to redress any grievances of shareholders and investors. The Company also has a dedicated customer relationship cell to address customer related grievances.								
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Company regularly carries out an independent audit on working of policy on Environment. CSR expenditure is also audited by the Company's statutory auditors.								

1. *The Policy is embedded in the Company's Code of Conduct, HR policies and various other HR practices.*
2. *The Policy is embedded in the Company's Quality and Environmental Policies, which **inter alia** relate to safe and sustainable products.*
3. *The policies for the wellbeing of employees are for internal circulation to the employees and approved by the Board of Directors.*
4. *The Company fulfills the requirements by introducing innovative products and services. The Company has a customer complaint redressal system.*

b) If answer to the questions at serial number 1 against any principle, is "No", please explain why: N.A.

4. Governance related to BR:

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year.

The BR performance of the Company is regularly monitored by the Company and reviewed by the Chairman and respective departmental heads.

The Board of Directors reviews BR performance on an annual basis.

b) Does the Company publish BR or sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company shall publish BR Report as a part of Annual Report. The BR Report is posted on the Company's website – www.zyduswellness.in.

Section E : (Principle-wise Performance):

Principle 1: (Business should conduct and govern themselves with Ethics, Transparency and Accountability):

The Company firmly believes and adheres to transparent, fair and ethical governance practices.

The Board of Directors has approved a Code of Business Conduct and Ethics, which is applicable to all Board Members and employees of the Company. This is reviewed and reported annually. The company also has a Whistle Blower Policy / Vigil Mechanism approved by the Board and is applicable to all employees / Directors of the Company. Further, our major suppliers are also required to agree and to conform to the code of responsible business conduct. The Company has also prescribed a Code of Ethics for its employees, which is very detailed and every employee has to sign and affirm its compliance. Though the Code of Business Conduct and Ethics for Directors and Senior Management Personnel is posted on the Company's website, the internal code of conduct is available on internal portal, which is accessible to all employees.

Details relating to shareholders' complaints are provided in Corporate Governance Report, which is a part of this Annual Report. However, there was no stakeholder complaint in the reporting period with regard to ethics, bribery and corruption.

Principle 2: (Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle):

The Company's manufacturing facility is accredited by the leading agencies in India. The Accreditations were given after a thorough audit of Standard Operating Procedures (**SOP**) and protocols. Hence utmost care is taken to ensure that products conform to stringent quality standards and bio-stability of products is also submitted during the periodic audits.

The Company has identified approved vendors for procuring materials and a SOP is in place for sourcing raw materials. This includes sample approvals, performance trials, plant audit and regulatory clearances. Majority procurement of materials is from the approved manufacturers.

The Company procures goods and services from the local and small producers for its manufacturing premises and offices. It improves operational efficiency and helps save on transportation costs, inventory management and helps in risk mitigation.

The waste generated in the Company's manufacturing operations is recycled / reused wherever possible or disposed off safely. Company's manufacturing facility has its own Effluent Treatment Plant, which ensures discharge of waste complying with the norms prescribed by the Pollution Control Board.

Important raw materials and solvents are recovered and reused. It is a part of operational management.

Principle 3: (Businesses should promote the well-being of all employees):

1. Please indicate the total number of employees and the number of contractual employees, women employees and permanent employees with disabilities:

   The Company does not discriminate among existing employees or during the process of recruitment on the grounds of religion, race, color, gender and disability. The Company provides equal opportunities to all employees. Key employee data as on March 31, 2020 are provided in the below table:

Sr. No.	Category of Employees	No. of Employees
1.	Management staff	69
2.	Marketing field staff	93
3.	Others	60
4.	**Total**	**222**
5.	Contractual employees	238
6.	Permanent Women employees	6
7.	Permanent employees with disabilities	0

2. The Company does not have a recognised employees association. The Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment during the year gone by.

3. The permanent and contractual employees at the Company's manufacturing site and corporate office are provided training on relevant Environment, Health and Safety ("EHS") aspects. Further, all other employees are given soft skill up-gradation

training to improve their skills as may be relevant to the respective functions. 176 employees were imparted training for skill development, EHS, etc. from the total strength.

Principle 4: (Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized):
The Company has mapped its internal and external stakeholders. The Company recognizes its employees, business associates, suppliers, vendors, NGOs, communities, shareholders / investors, regulatory authorities and other governmental bodies and intermediaries as its key stakeholders.

The Company has also identified disadvantaged, vulnerable and marginalized stakeholders. The Company works actively to enhance the employability of youth, leading to income generation and economic empowerment in the marginalized section of the communities.

The company invests in shop floor work's skill development and upgradation, health check-ups and ensures other quality of life parameters. The Company has processes in place to ensure upholding of the rights of its employees and protect against any form of discrimination.

Principle 5: (Businesses should respect and promote human rights):
The Company is committed to promote the human rights and is adhered to it in spirit and deed. This extends to all areas of business operations and various stakeholder groups. The Company is also committed to provide equal opportunities at all levels, safe and healthy workplaces and protecting human health and environment. The Company strives to provide a non-discriminatory and harassment-free workplace for all its employees and contractual staff. The Factories Act, 1948 provides the overarching framework for the Company's policy on human rights for the employees working at the Company's factory. The Company provides equal opportunities to all its employees to improve their skills and capabilities. The Company also has a policy in place to foster a professional, open and trusting workplace and safeguard the interests of its women employees. The Company provides help to its neighboring communities to improve their education, cultural, economic and social well-being.

There were no stakeholder complaints in the reporting period pertaining to human rights.

Principle 6: (Business should respect, protect and make efforts to restore environment):
The Company is committed to protect the environment & complies the relevant requirements prescribed under the environmental laws from various statutory bodies. Company's manufacturing facility does consume energy as per the prescribed standards, but also ensures efficient utilization of energy i.e. implementing energy efficient techniques for green environment through various audits. The Company has well designed effluent treatment plant, which treats manufacturing process contaminated waste water and disposes of within the norms prescribed by the Pollution Control Board.

The Company follows all applicable rules & regulations directed by Authorities for Employees' Health and Safety & it is covered at group level. There is a centralized EHS Cell, both at a group level and at the plant level, at a group level, there is a dedicated EHS portal on "Environment Health and Safety". All relevant updated EHS documents, guidelines, polices, SOPs, checklists, etc. are being regularly updated to the employees through this EHS portal & necessary compliance perspective actions are tracked . Further, at regular intervals, EHS Interaction like seminars, group meetings, focused training etc. are organized for awareness amongst the all level of employees. At group level , Corporate EHS team has created EHS Software namely "Zysafe " for EHS governance and monitor all EHS related Activities.

Principle 7: (Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner):
The Company is a member of the following Chambers:

A. Federation of Indian Chambers of Commerce and Industry (FICCI) and

B. Gujarat Chamber of Commerce & Industry.

The Company interacts with Government / Regulatory Authorities on any public policy framework through above institutions. The Company puts forth its views whenever new standards or regulatory developments pertaining to the areas concerning access to the best practices, corporate governance, corporate social responsibility, etc. are announced.

Principle 8: (Businesses should support inclusive growth and equitable development):
The CSR initiatives of the holding Company are spearheaded by Zydus Foundation and the Company also follows the same in line with the holding Company. Zydus Shrishti encourages employee volunteerism and is completely an in-house effort. The team carries out initiatives in the field of education, health and research. The focus through these programs is to develop communities which we are a part of, inclusive education and creating knowledge platforms for the research community.

In line with its policy, the Company has contributed towards education, healthcare and social outreach programs and a majority of its CSR spending in the previous financial year has been in these areas. To serve the needs of the patients and bring world-class medical education to the rural interiors of Gujarat, the company has set up the Zydus Medical College and Hospital at Dahod.

The Hospital provides free treatment including OPD, indoor, all investigations, surgeries, anesthesia, oral medicines, injectables and food for patients. The Zydus Medical College is the first Medical College to be set up in Dahod and the first batch of the MBBS programme commenced in August 2018. A report in the prescribed format on CSR activities carried out by the Company forms a part of this Annual Report.

Principle 9: (Businesses should engage with and provide value to their customers and consumers in a responsible manner):

The Company displays all product information on the product labels, which are mandatory and as may be required for the use of the products by the consumers.

The Company never engages in any unfair trading practices, irresponsible advertising or anti-competitive behavior. The Company has various checks and balances to ensure that the business of the Company is done in a fair and responsible manner.

The Company carries out the customer satisfaction survey to measure the satisfaction among its customers.

Independent Auditors' Report

To the Members of
Zydus Wellness Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Zydus Wellness Limited ("**the Company**"), which comprises of the balance sheet as at March 31 2020, and the statement of Profit and Loss (including other comprehensive income), and the statement of changes in equity and 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 standalone 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 March 31, 2020, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone 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 Auditors' 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 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 standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

Information Other than the Standalone 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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

Responsibilities of Management and those Charged with Governance for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Standalone 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 standalone financial statements.

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2016 ("**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 the paragraph 3 and 4 of the Order, to the extent applicable.

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

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

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

c. The balance sheet, the statement of profit and loss, the cash flow statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' 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 has disclosed the impact, wherever necessary, of pending litigations on its financial position in its financial statements – Refer Note 30 to the standalone financial statements;

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

For, Dhirubhai Shah & Co LLP
Chartered Accountants
FRN: 102511W/W100298

Harish B. Patel
Partner
Membership number: 014427
UDIN: 20014427AAAAZQ3555

Place : Ahmedabad
Date : June 2, 2020

"Annexure - A" to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2020, we report that:

(i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular program of physical verification of its fixed assets. In accordance with this program, fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory has been physically verified at reasonable intervals. No material discrepancies were noticed on such verification.

(iii) As informed to us, the Company has granted unsecured loans to its subsidiary company which is covered in the register maintained under section 189 of the Act.

a. In our opinion, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

b. There is an agreed upon repayment schedule of the loan given to the subsidiary and the repayments in this regard are regular in nature.

c. There is no outstanding balance of principal and interest which is overdue for more than 90 days, hence, reporting under this clause is not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has prescribed maintenance of cost records under section 148(1) of the Act. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.

(vii) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty Of Customs, Duty Of Excise, Value Added Tax, Cess, Goods And Service Tax and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, Central Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, Goods and Service Tax and other statutory dues applicable to it were in arrears as at the balance sheet date for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the company examined by us, the following dues of Income Tax and Sales Tax as at March 31, 2020 which have not been deposited by the Company on account of any disputes.

Financial period to which it relates	Act	Nature of Dues	Forum where dispute is pending	Amount (₹ in Lakhs)
2003-04	APVAT Act, 2005	Sales tax	High Court of Andhra Pradesh	1.70
2004-05	APVAT Act, 2005	Sales tax	High Court of Andhra Pradesh	2.77
2009-10	APVAT Act, 2005	Sales tax	The Appellate Dy. Commissioner	9.32
2009-10	APVAT Act, 2005	Sales tax	The Appellate Dy. Commissioner	19.40
2010-11	APVAT Act, 2005	Sales tax	The Appellate Dy. Commissioner	20.19
2011-12	APVAT Act, 2005	Sales tax	High Court of Andhra Pradesh	1.44
2009-10	KVAT Act, 2003	Sales tax	Dy. Commissioner (Appeals)	12.31
2009-10	MVAT Act, 2005	Sales tax	Joint Commissioner (Appeals)	341.40
2010-11	MVAT Act, 2005	Sales tax	Joint Commissioner (Appeals)	262.00

(viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans to bank and debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) 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.

(xiii) 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 sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

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

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For, Dhirubhai Shah & Co LLP
Chartered Accountants
FRN: 102511W/W100298

Harish B. Patel
Partner
Membership number: 014427
UDIN: 20014427AAAAZQ3555

Place : Ahmedabad
Date : June 2, 2020

Annexure - B to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("**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 Financial 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 controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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, 2020, 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 ICAI.

For, Dhirubhai Shah & Co LLP
Chartered Accountants
FRN: 102511W/W100298

Harish B. Patel
Partner
Membership number: 014427
UDIN: 20014427AAAAZQ3555

Place : Ahmedabad
Date : June 2, 2020

Balance Sheet

As at March 31, 2020

₹ in Lakh

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS:			
Non-current assets:			
Property, plant and equipment	3	1,913	1,439
Capital work-in-progress		147	113
Right-of-use assets	4	77	-
Goodwill	5	2,282	2,282
Other intangible assets	5	-	3
Financial assets:			
Investments	6	3,52,758	3,68,952
Loans	7	1,12,136	1,12,000
Other financial assets	8	51	49
Other non-current assets	9	264	213
Deferred tax asset [net]	10	1,399	-
Assets for tax [net]	11	485	518
		4,71,512	**4,85,569**
Current assets:			
Inventories	12	1,234	568
Financial assets:			
Trade receivables	13	55	629
Cash and cash equivalents	14	193	1,691
Bank balance other than cash and cash equivalents	15	2,787	2,607
Loans	16	-	550
Other current financial assets	17	2,542	2,489
Other current assets	18	1,953	1,313
		8,764	**9,847**
Total		**4,80,276**	**4,95,416**
EQUITY AND LIABILITIES:			
Equity:			
Equity share capital	19	5,766	5,766
Other equity	20	3,15,704	3,26,758
		3,21,470	**3,32,524**
Liabilities:			
Non-current liabilities:			
Financial liabilities:			
Borrowings	21	1,50,000	1,50,000
Lease liabilities	22	64	-
Other financial liabilities	23	45	57
Provisions	24	194	27
Deferred tax liabilities [net]	10	-	22
		1,50,303	**1,50,106**
Current liabilities:			
Financial liabilities:			
Borrowings	25	1,630	6,650
Trade payables:			
Due to Micro, Small and Medium Enterprises	26	10	12
Due to other than Micro, Small and Medium Enterprises	26	3,287	2,456
Lease liabilities	22	14	-
Other financial liabilities	27	3,198	3,211
Other current liabilities	28	281	429
Provisions	29	83	28
		8,503	**12,786**
Total		**4,80,276**	**4,95,416**
Significant accounting policies	2		
Notes to the financial statements	1 to 48		

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 2, 2020

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Statement of Profit and Loss

For the year ended March 31, 2020

₹ in Lakh

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
REVENUE:			
Revenue from operations	32	15,343	25,461
Other Income	33	10,948	6,055
Total Income		**26,291**	**31,516**
EXPENSES:			
Cost of materials consumed	34	9,888	9,450
Purchases of stock-in-trade	35	112	80
Changes in inventories of finished goods, work-in-Progress and stock-in-trade	36	(605)	98
Employee benefits expense	37	3,397	3,091
Finance costs	38	14,029	2,993
Depreciation and amortisation expense	3, 4, 5	295	261
Other expenses	39	4,637	5,514
Total Expenses		**31,753**	**21,487**
[Loss]/ Profit before exceptional items and tax		**(5,462)**	**10,029**
Exceptional items	40	(32)	(313)
[Loss]/ Profit before tax		(5,494)	9,716
Less: Tax expense:			
Current tax	10	-	94
Deferred tax	10	(1,421)	(8)
Total Tax Expenses		**(1,421)**	**86**
[Loss]/ Profit for the year		**(4,073)**	**9,630**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains on post employment defined benefit plans, net of tax		(29)	43
Other Comprehensive Income for the year [net of tax]		**(29)**	**43**
Total Comprehensive Income for the year [net of Tax]		**(4,102)**	**9,673**
Basic & diluted [Loss] /earnings per equity share [EPS] [in ₹]	41	**(7.06)**	**22.83**
Significant Accounting Policies	2		
Notes to the financial statements	1 to 48		

As per our report of even date

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Dr. Sharvil P. Patel

Chairman

Harish B. Patel

Partner

Membership Number: 014427

Place: Ahmedabad

Date: June 2, 2020

Umesh V. Parikh

Chief Financial Officer

Dhanraj P. Dagar

Company Secretary

Tarun G. Arora

Whole Time Director

Cash flow Statement

For the year ended March 31, 2020

₹ in Lakh

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
A	**Cash flows from operating activities**		
	[Loss]/ Profit before tax	**(5,494)**	**9,716**
	Adjustments to reconcile the profit/ loss for the year to net cash generated from operating activities:		
	Depreciation and amortisation expense	295	261
	Loss on sale of assets [net]	1	-
	Profit on sale of investments [net]	(4)	(1,535)
	Interest income	(10,944)	(4,484)
	Fair value loss on financial instrument at fair value through statement of profit and Loss	-	105
	Interest expense	14,029	2,993
	Dividend income	-	(141)
	Changes in operating assets and liabilities:		
	Decrease/ [Increase] in trade receivables	607	(502)
	Increase in other assets	(456)	(1,514)
	[Increase] / Decrease in inventories	(666)	58
	Increase in trade payables and other liabilities	610	3,960
	Re-measurement of Employees benefits [net]	193	(29)
	Cash generated/ [used in] from operations	**(1,829)**	**8,888**
	Direct taxes paid [net of refunds]	33	(270)
	Net cash [used in]/ from operating activities	**(1,796)**	**8,618**
B	**Cash flows from investing activities:**		
	Purchase of property, plant and equipment and other intangible assets	(851)	(410)
	Proceeds from sale of property, plant and equipment	6	-
	Loan to subsidiaries	(136)	(1,12,000)
	Redemption/ (Purchase) of Non Current Investments in subsidiary [net]	16,194	(3,68,707)
	Profit from sale of current investments	4	1,535
	Decrease in investment in partnership firm	-	14,362
	Proceeds from sale of mutual funds [net]	-	14,650
	Proceeds from fixed deposit [net]	-	35,290
	Investment in Fixed Deposit [net]	(351)	-
	Interest received	10,891	1,995
	Dividend received	-	141
	Net cash generated from/ [used in] investing activities	**25,757**	**(4,13,144)**

Cash flow Statement

For the year ended March 31, 2020

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C Cash flows from financing activities:		
Proceeds from issued of equity share capital	-	1,859
Proceeds from share premium	-	2,55,641
Proceeds of Long term borrowing	-	1,50,000
Current borrowings [net]	(4,470)	4,150
Interest paid	(14,046)	(2,993)
Dividends paid	(5,758)	(3,121)
Tax on dividend paid	(1,185)	(642)
Net cash [used in]/ generated from financing activities	**(25,459)**	**4,04,894**
Net (decrease)/ increase in cash and cash equivalents	**(1,498)**	**368**
Cash and cash equivalents at the beginning of the year	**1,691**	**1,323**
Cash and cash equivalents at the end of the year	**193**	**1,691**

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:

₹ in Lakh

	Particulars	As at March 31		
		2020	2019	2018
a	Cash in Hand	2	2	1
b	Balances with Banks	191	1,689	1,322
	Total	**193**	**1,691**	**1,323**

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 2, 2020

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Statement of Change in Equity

For the year ended March 31, 2020

A Equity Share Capital:

Particulars	No. of Shares	₹ in Lakh
Equity Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2018	3,90,72,089	3,907
Add: Shares issued during the year	1,85,92,055	1,859
As at March 31, 2019	5,76,64,144	5,766
Add: Shares issued during the year	-	-
As at March 31, 2020	**5,76,64,144**	**5,766**

B Other Equity:

₹ in Lakh

Particulars	Reserves and Surplus				Items of OCI	Total
	Securities Premium	Debentures Redemption Reserve	General Reserve	Retained Earnings	FVTOCI Reserve	
As at March 31, 2018	**-**	**-**	**4,500**	**60,739**	**(27)**	**65,212**
Add: Profit for the year	-	-	-	9,630	-	9,630
Add: Other Comprehensive income	-	-	-	-	43	43
Total comprehensive income	-	-	4,500	70,369	16	74,885
Transfer from Retained Earnings to Debenture Redemption Reserve	-	37,500	-	(37,500)	-	-
Add: Addition pursuant to issue of shares	2,55,641	-	-	-	-	2,55,641
Transactions with owners in their capacity as owners:						
Dividends	-	-	-	(3,126)	-	(3,126)
Corporate Dividend Tax on Dividend	-	-	-	(642)	-	(642)
As at March 31, 2019	**2,55,641**	**37,500**	**4,500**	**29,101**	**16**	**3,26,758**
Less: Loss for the year			-	(4,073)	-	(4,073)
Less: Other Comprehensive income	-	-	-	-	(29)	(29)
Total Comprehensive Income	-	-	-	(4,073)	(29)	(4,102)
Transactions with owners in their capacity as owners:						
Dividends	-	-	-	(5,767)	-	(5,767)
Corporate Dividend Tax on Dividend	-	-	-	(1,185)	-	(1,185)
As at March 31, 2020	**2,55,641**	**37,500**	**4,500**	**18,076**	**(13)**	**3,15,704**

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 2, 2020

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Notes to the Financial Statements

Note: 1 - Company overview

Zydus Wellness Limited ["the Company"] was incorporated on November 1, 1994 and operates as an integrated consumer Company with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Company includes brands like Sugar free, Everyuth and Nutralite. The Company's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited [BSE].

The registered office of the company is located at Zydus Corporate Park, Scheme No. 63, Survey No. 536 Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad 382 481. These financial statements were authorised for issue in accordance with a resolution passed by Board of the Directors at its meeting held on June 2, 2020.

Note: 2 - Significant Accounting Policies

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

For all periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP]. Effective from April 1, 2016, the Company has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013. The adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

B The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

i Derivative financial instruments

ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]

iii Defined benefit plans

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 Income Taxes:

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

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.

Notes to the Financial Statements (Contd...)

C Employee Benefits:

Significant judgments are involved in making estimates 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 stockist.

E Leases

When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

F Impairment of assets and investments:

Significant judgment is involved in determining the estimated future cash flows from the investments, Property, plant and equipment and goodwill to determine its value in use to assess whether there is any impairment in its carrying amount as reflected in the financials.

3 Foreign Currency Transactions:

The Company's financial statements are presented in Indian Rupees [₹], 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 ₹ [functional currency] at the rates of exchange prevailing at the time when the investments were made.

4 Revenue Recognition:

A The Company has applied Ind AS 115 - Revenue from Contracts with Customers which is effective for an annual period beginning on or after April 1, 2018. The following is 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.

Notes to the Financial Statements (Contd...)

B Goods and Service Tax [GST] is not received by the Company on its own account. Rather, it is tax collected on value added to the goods by the Company on behalf of the government. Accordingly, it is excluded from revenue.

C 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 correlation to the underlying transaction either in Statement of 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 including the carry forward of unused tax credits and any 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 correlation to the underlying transaction either in OCI or directly in equity.

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

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

i The Company recognizes MAT credit available as an asset based on historical experience of actual utilisation of such credit and only when and to the extent there is a convincing evidence that the Company will pay normal income tax during

Notes to the Financial Statements (Contd...)

the specified period i.e., the period for which MAT credit is allowed to be carried forward. Such asset, if any recognised, is reviewed at each balance sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the Company will be liable to pay normal tax during the specified period.

6 Property, Plant and Equipment:

A Freehold land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs 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. On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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

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

D Depreciation on impaired assets is calculated on its residual 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 put to use.

F Where the actual cost of purchase of an asset is below ₹ 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 income statement 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 statement of profit and loss in the period in which the expenditure is incurred.

C Goodwill arising on acquisition of business is assessed at each balance sheet date for any impairment loss.

D Technical Know-how Fees and other similar rights are amortised over their estimated economic life.

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

F Intangible assets with 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.

Notes to the Financial Statements (Contd...)

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

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.

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. 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 Companys of assets [cash generating units]. Non-financial assets other than goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

11 Inventories:

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

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

B Cost [Net of Input tax credit availed] of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods & Stock-in-Trade is 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 expenses and included on "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.

13 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.

Notes to the Financial Statements (Contd...)

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.

14 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.

15 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 and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

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 Company 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 ₹ 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 in 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-measurements 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 companies have no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employees benefit expenses when they are due in the statement of profit and loss.

Notes to the Financial Statements (Contd...)

C Employee Separation Costs:

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

16 Dividends :

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

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 settle to purchase or sell the asset.

b Subsequent measurement:

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

i Debt instruments at amortised cost:

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

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

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

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

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

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

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

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

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

iv Equity instruments:

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

Notes to the Financial Statements (Contd...)

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, 2015.

c Derecognition:

A financial asset is primarily derecognised 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 c provided above. The application of simplified approach require 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

Notes to the Financial Statements (Contd...)

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:

a Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance 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.

b Financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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

B Financial liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

c Derecognition:

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

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 profit or 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

Notes to the Financial Statements (Contd...)

amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

18 Fair Value Measurement:

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

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

19 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 new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 did not have any impact to be recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. For contracts in place at the date of initial application, the Company has elected to apply the definition of 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'.

Notes to the Financial Statements (Contd...)

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.

As a lessor:

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. 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.

20 Earnings per Share:

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

For the purpose of calculating diluted earnings per share, the net profit or loss [excluding other comprehensive income] for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

B Recent Accounting Pronouncements:

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

Notes to the Financial Statements (Contd...)

Note: 3 - Property, plant and equipment:

₹ in Lakh

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2018	**49**	**3**	**543**	**3,332**	**251**	**158**	**146**	**4,482**
Additions	-	-	20	94	1	13	15	143
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2019	**49**	**3**	**563**	**3,426**	**252**	**171**	**161**	**4,625**
Reclassification on adoption of Ind AS 116	-	(3)	-	-	-	-	-	(3)
As at April 1, 2019	**49**	**-**	**563**	**3,426**	**252**	**171**	**161**	**4,622**
Additions	-	-	34	665	35	18	14	766
Disposals	-	-	-	(24)	(4)	(9)	-	(37)
As at March 31, 2020	**49**	**-**	**597**	**4,067**	**283**	**180**	**175**	**5,351**
Depreciation and Impairment:								
As at March 31, 2018	**-**	**3**	**204**	**2,411**	**118**	**72**	**120**	**2,928**
Depreciation for the year	-	-	18	186	22	19	13	258
As at March 31, 2019	**-**	**3**	**222**	**2,597**	**140**	**91**	**133**	**3,186**
Reclassification on adoption of Ind AS 116	-	(3)	-	-	-	-	-	(3)
As at April 1, 2019	**-**	**-**	**222**	**2,597**	**140**	**91**	**133**	**3,183**
Depreciation for the year	-	-	19	214	27	16	9	285
Disposals	-	-	-	(22)	(3)	(5)	-	(30)
As at March 31, 2020	**-**	**-**	**241**	**2,789**	**164**	**102**	**142**	**3,438**
Net Block:								
As at March 31, 2019	**49**	**-**	**341**	**829**	**112**	**80**	**28**	**1,439**
As at March 31, 2020	**49**	**-**	**356**	**1,278**	**119**	**78**	**33**	**1,913**

Note: 4 - Right-of-use assets:

₹ in Lakh

Particulars	Land	Buildings	Total
Gross Block:			
As at April 1, 2019 (Refer Note 3)	**3**	**-**	**3**
Additions	-	84	84
As at March 31, 2020	**3**	**84**	**87**
Depreciation and Impairment:			
As at April 1, 2019 (Refer Note 3)	**3**	**-**	**3**
Depreciation for the year	-	7	7
As at March 31, 2020	**3**	**7**	**10**
Net Block:			
As at March 31, 2020	**-**	**77**	**77**

Notes to the Financial Statements (Contd...)

Note: 5 - Goodwill and Other intangible assets:

₹ in Lakh

Particulars	Goodwill	Other intangible assets				
		Brand/ Trade Mark	Softwares	Commercial Rights	Technical Know-how	Total
Gross Block:						
As at March 31, 2018	**2,282**	**5**	**19**	**10**	**2**	**36**
Additions	-	-	-	-	-	-
As at March 31, 2019	**2,282**	**5**	**19**	**10**	**2**	**36**
Additions	-	-	-	-	-	-
As at March 31, 2020	**2,282**	**5**	**19**	**10**	**2**	**36**
Amortisation and Impairment:						
As at March 31, 2018	**-**	**5**	**14**	**10**	**1**	**30**
Amortisation for the year	-	-	3	-	-	3
As at March 31, 2019	**-**	**5**	**17**	**10**	**1**	**33**
Amortisation for the year	-	-	2	-	1	3
As at March 31, 2020	**-**	**5**	**19**	**10**	**2**	**36**
Net Block:						
As at March 31, 2019	**2,282**	**-**	**2**	**-**	**1**	**3**
As at March 31, 2020	**2,282**	**-**	**-**	**-**	**-**	**-**

Note: 6 - Investments:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Investments in Subsidiaries		
Investments in Equity Instruments [Valued at Cost] [*]	3,52,758	3,68,952
Total	**3,52,758**	**3,68,952**

Note:

[*] *During the year, Company has made investment in Zydus Wellness International DMCC having 250 shares of AED 1,000 each.*

During the previous year pursuant to the Scheme of Amalgamation (Scheme) between Zydus Wellness Products limited (formerly known as Zydus Nutritions Limited) and Heinz India Private Limited, both 100% subsidiary companies, which was sanctioned by the Hon'ble National Company Law Tribunal [NCLT] vide its order dated May 10, 2019 and effective date being May 24, 2019, Heinz India Private Limited has been merged with Zydus Wellness Products limited w.e.f. the appointed date being, March 1, 2019. In accordance with the Scheme, Company has received 436,02,665 Equity shares of face value ₹ 10/- each and 436,02,665 7% Optionally Convertible Non-Cumulative Redeemable Preference shares of face value of ₹ 10/- each, both issued at a premium of ₹ 354/- by Zydus Wellness Products limited in exchange of 70,69,174 Equity shares of ₹ 10 each of Heinz India Private Limited, the allotment of the said shares has occurred on May 27, 2019.

During previous year the company has made investment in Liva Nutritions Limited having 50,000 shares of ₹ 10 each and in Liva Investments Limited having 2,50,000 shares of ₹ 10 each.

Notes to the Financial Statements (Contd...)

Note: 7 - Loans:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Loans and Compulsorily Convertible Debentures to Subsidiary Company [*]	1,12,136	1,12,000
	1,12,136	**1,12,000**

[*] The Company has given unsecured interest bearing loan to Zydus Wellness International DMCC of ₹ 136 Lakh. The servicing of repayment of the loan will be made as per terms of loan agreement.

1. *The Company has given unsecured interest bearing loans to Zydus Wellness Products Limited of ₹ 92,000 Lakh. The servicing of repayment of the loans will be made as per terms of loan agreement.*
2. *The Company has subscribed Compulsorily Convertible Debentures issued by Zydus Wellness Products Limited of ₹ 20,000 Lakh at 9.14 % coupon rate. These debentures are compulsorily convertible into equity shares within a period of 10 years.*

Note: 8 - Other financial assets:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	44	45
Other Deposits	7	4
	51	**49**

Note: 9 - Other non-current assets:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	226	175
Balances with Statutory Authorities	38	38
	264	**213**

Note: 10 - Deferred tax:

A. Break up of deferred tax liabilities and assets into major components of the respective balances are as under:

₹ in Lakh

Particulars	As at March 31 2018	Charge for the previous year	As at March 31 2019	Charge for the current year	As at March 31 2020
Deferred tax liabilities					
Depreciation	70	(21)	49	(1)	**48**
Total	**70**	**(21)**	**49**	**(1)**	**48**
Deferred tax assets					
Employee benefits	35	(13)	22	105	**127**
Unabsorbed business loss and depreciation	-	-	-	1,315	**1,315**
Provision for Expiry and Breakages	5	-	5	-	**5**
Total	**40**	**(13)**	**27**	**1,420**	**1,447**
Net Deferred Tax Assets/(Liabilities)	**(30)**	**8**	**(22)**	**1,421**	**1,399**

Notes to the Financial Statements (Contd...)

Note: 10 - Deferred tax: (Contd...)

B. The Net deferred tax assets of ₹ 1,421 lakh [March 31, 2019: ₹ 8 lakh] for the year has been credited 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.

D. The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit or loss section:		
Current income tax charge	-	94
Deferred tax relating to origination and reversal of temporary differences	(1421)	(8)
Total expenses reported in the statement of profit or loss	**(1421)**	**86**

E. Reconciliation of tax expense and accounting profit/ loss multiplied by India's domestic tax rate:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
[Loss]/ Profit before tax:	(5,494)	9,716
Enacted Tax Rate in India (%)	26.00%	27.82%
Expected Tax Expenses	**(1,428)**	**2,703**
Adjustments for:		
Effect of Non-taxable Income	-	(29)
Effect of Special tax deductions	-	25
Adjustments in respect of income exempt from tax (includes Share of profit from partnership firm)	-	(2,627)
Effect of unrecognised deferred tax assets/ liabilities	(47)	-
Effect of other non-deductible expenses	62	8
Others	(8)	6
Total	**(1,421)**	**86**
Total expenses reported in the statement of profit or loss	**(1421)**	**86**

Note: 11 - Assets for tax [net]:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Advance payment of tax [Net of provision for taxation of ₹ 349 lakh (as at March 31, 2019: ₹ 349 lakh)]	485	518
Total	**485**	**518**

Notes to the Financial Statements (Contd...)

Note: 12 - Inventories:

Inventories consist of the following valued at lower of cost or net realisable value

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials	170	158
Work-in-progress	2	-
Finished Goods	935	367
Stock-in-Trade	37	2
Store and Spares	15	-
Others:		
Packing Materials	75	41
Total	**1,234**	**568**
The above includes Goods in transit as under:		
Finished Goods	2	50

Note: 13 - Trade receivables:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured - Considered good	55	629
Total	**55**	**629**

Note: 14 - Cash and cash equivalents:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks - Current accounts	191	1,689
Cash on hand	2	2
Total	**193**	**1,691**

Note: 15 - Bank balance other than cash and cash equivalents:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Earmarked balances with bank for unpaid dividend	80	71
Fixed Deposit with banks [*]	2,707	2,536
Total	**2,787**	**2,607**

[*] For detail of lien on Fixed Deposits refer Note No. 25

Notes to the Financial Statements (Contd...)

Note: 16 - Loans:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Loans given to Zydus Wellness Products Limited	-	550
Total	**-**	**550**

Note: 17 - Other current financial assets:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Interest Receivable	2,542	2,489
Total	**2,542**	**2,489**

Note: 18 - Other current assets:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]		
Balances with Statutory Authorities	1,810	1,180
Advances to Suppliers	131	116
Prepaid Expenses	12	17
Total	**1,953**	**1,313**

Note: 19 - Equity share capital:

Particulars		As at March 31, 2020	As at March 31, 2019
Authorised:			
10,00,00,000 [as at March 31, 2019: 10,00,00,000] Equity shares of ₹ 10 each	₹ in Lakh	10,000	10,000
Total		**10,000**	**10,000**
Issued, Subscribed and fully paid-up:			
5,76,64,144 [as at March 31, 2019: 5,76,64,144] Equity shares of ₹ 10 each	₹ in Lakh	5,766	5,766
Total		**5,766**	**5,766**

Particulars	As at March 31, 2020	As at March 31, 2019
A. The reconciliation in number of Equity shares is as under:		
Number of shares at the beginning of the year	5,76,64,144	3,90,72,089
Add: Shares issued during the year	-	1,85,92,055
Number of shares at the end of the year	5,76,64,144	5,76,64,144

Notes to the Financial Statements (Contd...)

Note: 19 - Equity share capital: (Contd...)

Particulars			As at March 31, 2020	As at March 31, 2019
B.	The Company has only one class of equity shares having a par value of ₹ 10 each 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 and all liabilities.			
C.	Details of Shareholder holding more than 5% of total equity shares of the Company			
	Cadila Healthcare Limited			
		Number of Shares	3,66,47,509	3,66,47,509
		% to total share holding	63.55%	63.55%
	Threpsi Care LLP (True North)			
		Number of Shares	72,20,216	72,20,216
		% to total share holding	12.52%	12.52%
D.	Number of Shares held by Holding Company			
	Cadila Healthcare Limited		3,66,47,509	3,66,47,509

Note: 20 - Other equity:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
General reserve: [*]		
Balance as per last Balance Sheet	4,500	4,500
	4,500	4,500
Fair Value through Other Comprehensive Income (FVTOCI) Reserves:		
Balance as per last Balance Sheet	16	(27)
(Less)/Add : (Debited)/Credited during the year	(29)	43
Balance as at the end of the year	(13)	16
Securities Premium[**]		
Balance as per last Balance Sheet	2,55,641	-
Add: Addition pursuant to issue of shares	-	2,55,641
Balance as at the end of the year	2,55,641	2,55,641
Debentures Redemption Reserves: [***]		
Balance as per last Balance Sheet	37,500	-
Add: Transfer from Retained Earnings	-	37,500
Balance as at the end of the year	37,500	37,500

Notes to the Financial Statements (Contd...)

Note: 20 - Other equity: (Contd...)

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Retained Earnings:		
Balance as per last Balance Sheet	29,101	60,739
Add: [Loss]/ Profit for the year	(4,073)	9,630
	25,028	70,369
Less:		
Dividends	(5,767)	(3,126)
Corporate Dividend Tax on Dividend [Net of CDT Credit]	(1,185)	(642)
Transfer to Debentures Redemption Reserve	-	(37,500)
	(6,952)	(41,268)
Balance as at the end of the year	18,076	29,101
Total	**3,15,704**	**3,26,758**

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

[**] Securities premium is created due to premium on issue of shares. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

[***] The Company has created Debenture Redemption Reserve as per the provisions of Companies Act, 2013 and the captioned reserve has been created out of profits of the company available for payment of dividend.

Note: 21 - Borrowings:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Convertible Debentures:[NCDs] Secured [*]	1,50,000	1,50,000
	1,50,000	1,50,000
[*] Securities and Terms of Repayment for Secured Borrowings:		
(i) 9.14% Secured Redeemable Non-Convertible Debentures [with semi-annually interest pay-out] issued by creating a charge on specific brands of the subsidiary company.		
(ii) The NCDs are repayable in three equal yearly instalments starting from January 16, 2022 along with accrued interest for the period.		
(iii) The outstanding amount of NCDs as at March 31, 2020 is ₹ 1,50,000 lakh [as at March 31, 2019 : ₹ 1,50,000 lakh].		

Notes to the Financial Statements (Contd...)

Note: 22 - Lease Liabilities:

₹ in Lakh

Particulars		Non-current		Current	
		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Lease liabilities		64	-	14	-
		64	-	14	-
A.	Movement in lease liabilities are as below:				
	Lease liability recognised as on April 1 ,2019			-	-
	Additions			84	-
	Finance cost accrued during the year			3	-
	Payment/ Payable of lease liabilities			(9)	-
	Lease liability as at March 31, 2020			78	-
B.	The table provide details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:				
	Less than one year			22	-
	One to five year			77	-
				99	-
C.	The Company does not face a significant liquidity risk with regards to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.				

Note: 23 - Other financial liabilities:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Trade deposits	5	21
Others	40	36
Total	**45**	**57**

Note: 24 - Provisions:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits	194	27
Total	**194**	**27**

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' Company 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

Notes to the Financial Statements (Contd...)

Note: 24 - Provisions: (Contd...)

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.

₹ in Lakh

Particulars		March 31, 2020			March 31, 2019		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening defined benefit obligation	29	173	197	23	157	188
	Transfer in/ (out) Obligation	-	-	-	-	-	24
	Current service cost	3	32	46	3	28	46
	Interest cost	2	12	13	2	11	13
	Actuarial [gains] / losses on obligation	8	175	26	1	19	(45)
	Benefits paid	-	(41)	(24)	-	(42)	(29)
	Closing defined benefit obligation	42	351	258	29	173	197

Notes to the Financial Statements (Contd...)

Note: 24 - Provisions: (Contd...)

₹ in Lakh

	Particulars	March 31, 2020			March 31, 2019		
		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	-	143	217	-	133	166
	Transfer in/ (out) Obligation	-	-	-	-	-	24
	Interest Income	-	-	17	-	11	13
	Return on planned assets	-	10	(3)	-	(1)	(1)
	Contributions by employer	-	-	30	-	-	44
	Benefits paid	-	-	(24)	-	-	(29)
	Closing fair value of plan assets	-	153	237	-	143	217
	Actuarial [gains]/losses on obligation	**8**	**165**	**29**	**1**	**20**	**(43)**
D	**Actual return on plan assets:**						
	Actual return on plan assets	-	10	14	-	10	12
E	**Amount recognised in the balance sheet:**						
	Liabilities/[Assets] at the end of the year	42	351	258	29	173	197
	Fair value of plan assets at the end of the year	-	(153)	(237)	-	(143)	(217)
	Liabilities / [Assets] recognised in the Balance Sheet	**42**	**198**	**21**	**29**	**30**	**(20)**
F	**Expenses / [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	3	32	46	3	28	46
	Interest cost on benefit obligation	2	12	13	2	11	13
	Expected return on plan assets	-	-	(17)	-	(11)	(13)
	Net actuarial [gains] / losses in the year	8	165	-	1	20	-
	Net expenses / [benefits]	**13**	**209**	**42**	**6**	**48**	**46**
	Net actuarial (gains)/ losses in the year	-	-	29	-	-	(43)
	Amounts recognized in Other Comprehensive income	**-**	**-**	**29**	**-**	**-**	**(43)**
G	**Movement in net liabilities recognised in Balance sheet**						
	Opening net liabilities	29	30	(20)	23	24	22
	Expenses as above [P & L Charge]	13	209	42	6	48	46
	Amount recognised in OCI	-	-	29	-	-	(43)
	Contribution to plan assets	-	-	(30)	-	-	(43)
	Benefits Paid	-	(41)	-	-	(42)	-
	Liabilities / [Assets] recognised in the Balance Sheet	**42**	**198**	**21**	**29**	**30**	**(20)**

Notes to the Financial Statements (Contd...)

Note: 24 - Provisions: (Contd...)

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

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate [*]	6.70%	7.20%
Annual increase in salary cost [#]	12% for next 1 years, 9% thereafter	12% for next 2 years, 9% thereafter

[*] *The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations.*

[#] *The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.*

I The categories of plan assets as a % of total plan assets are:

Particulars	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
Insurance plan	0%	100%	100%	0%	100%	100%

J Amount recognised in current and previous four years:

₹ in Lakh

Particulars	As at March 31				
Gratuity:	**2020**	**2019**	**2018**	**2017**	**2016**
Defined benefit obligation	258	197	188	182	159
Fair value of Plan Assets	237	217	166	142	143
Deficit / [Surplus] in the plan	21	(20)	22	40	16
Actuarial Loss / [Gain] on Plan Obligation	26	(45)	(27)	13	14

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2019-20.

The average duration of future service of defined benefit plan obligation at at March 31, 2020: 23.34 years [as at March 31, 2019 : 23.99 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as is as shown below:

A Medical Leave:

Particulars	As at March 31, 2020		As at March 31, 2019	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	(0)	2	(2)	-
Assumption	Salary Growth			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	2	(2)	-	(2)

Notes to the Financial Statements (Contd...)

Note: 24 - Provisions: (Contd...)

B Leave Wages :

Particulars	As at March 31, 2020		As at March 31, 2019	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	(12)	10	(5)	7
Assumption	Annual increase in salary cost			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	10	12	7	(4)

C Gratuity :

Particulars	As at March 31, 2020		As at March 31, 2019	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	(10)	12	(8)	7
Assumption	Annual increase in salary cost			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	12	(10)	7	(7)

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

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Within the next 12 months [next annual reporting period]	68	45
Between 2 and 5 years	220	150
Between 5 and 10 years	249	174
Total expected payments	536	369

Note: 25 - Borrowings:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured] [*]	1,630	2,150
Working Capital Loans from Banks [Unsecured] [**]	-	4,500
Total	**1,630**	**6,650**
[*] Security and Terms of Repayment for Secured Borrowings:		
Working Capital Loans which are in the form of overdraft facility is secured by fixed deposits placed by the Company with the bank. The value of such Fixed deposits classified under current assets as at March 31, 2020 is ₹ 2,707 lakh [as at March 31, 2019: ₹ 2,380 lakh] .The outstanding amount of loan as at March 31, 2020 is ₹ 1,630 lakh [as at March 31, 2019: ₹ 2,150 lakh].		
[**] Terms of Repayment for Unsecured Borrowings:		
Working Capital loans which are repayable on demand. The outstanding amount of loan as at March 31, 2020 is ₹ Nil [as at March 31, 2019: ₹ 4,500 lakh].		

Notes to the Financial Statements (Contd...)

Note: 26 -Trade Payables:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Due to Micro, Small and Medium Enterprises [*]	10	12
Due to other than Micro, Small and Medium Enterprises	3,287	2,456
Total	**3,297**	**2,468**
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A. Principal amount remaining unpaid to any supplier as at year end	10	12
B. Interest due thereon	-	-
C. Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
D. Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
E. Amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
F. Amount of further interest remaining due and payable in succeeding years.	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.		

Note: 27 - Other financial liabilities:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	2,817	2,837
Payable to Employees	301	303
Unpaid Dividends [*]	80	71
Total	**3,198**	**3,211**

[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Note: 28 - Other current liabilities:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Advances from customers	101	68
Payable to Statutory Authorities	180	361
Total	**281**	**429**

Notes to the Financial Statements (Contd...)

Note: 29 - Provisions:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits [*]	67	12
Provision for claims for product expiry and return of goods [**]	16	16
Total	**83**	**28**
[*] Refer note 24		
[**] 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 retailer. The Company does not expect such claims to be reimbursed by any with retailer. 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:		
Opening balance at the beginning of the financial year	16	15
Add: Provision created during the year	-	1
Closing balance at the end of the financial year	16	16

Note: 30 - Contingent liabilities and commitments [to the extent not provided for]:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
A Contingent liabilities:		
a Other money for which the company is contingently liable:		
i In respect of Sales Tax matters pending before appellate authorities	671	671
ii In respect of Income tax	-	21
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for:	79	160

Note: 31 - Dividend:

The Board of Directors, at its meeting held on March 13, 2020, declared and paid the interim dividend of ₹ 5 per equity share of ₹ 10/- each.

Notes to the Financial Statements (Contd...)

Note: 32 - Revenue from operations:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products	15,351	15,965
Other operating revenues:		
Net Gain/ (loss) on foreign currency transactions and translation	(33)	5
Share of Profit from a Partnership Firm	-	9,442
Miscellaneous Income	25	49
Total	**15,343**	**25,461**

Note: 33 - Other income:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Finance Income:		
Interest income on financial assets measured at amortised cost	10,944	4,484
Dividend Income:		
Dividend From Subsidiary Company	-	141
Net gain on sale of investments	4	1,430
Total	**10,948**	**6,055**

Note: 34 - Cost of Materials Consumed:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Raw materials :		
Stock at commencement	158	105
Add: Purchases	8,459	8,362
	8,617	**8,467**
Less: Stock at close	170	158
	8,447	**8,309**
Packing materials consumed	1,441	1,141
Total	**9,888**	**9,450**

Note: 35 - Purchases of stock-in-trade:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchases of stock-in-trade	112	80
Total	**112**	**80**

Notes to the Financial Statements (Contd...)

Note: 36 - Changes in inventories:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Stock at commencement:		
Work-in-progress	-	1
Finished Goods	367	464
Stock-in-Trade	2	2
	369	**467**
Less: Stock at close:		
Work-in-progress	2	-
Finished goods	935	367
Stock-in-trade	37	2
	974	**369**
Total	**(605)**	**98**

Note: 37 - Employee benefits expense:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	3,149	2,869
Contribution to provident and other funds [*]	202	165
Staff welfare expenses	46	57
Total	**3,397**	**3,091**
Of the above includes Whole-time Director's Remuneration	110	331
[*] The Company's contribution towards the defined contribution plan	143	117

Note: 38 - Finance cost:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense [*]	14,024	2,989
Bank commission and charges	5	4
Total	**14,029**	**2,993**
[*] Interest expenses includes:		
On working capital loans	273	47
On lease	3	-
On Non Convertible Debentures	13,748	2,942
Total	**14,024**	**2,989**

Notes to the Financial Statements (Contd...)

Note: 39 - Other expenses:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores and spare parts	61	51
Power and fuel	276	234
Labour charges	308	274
Rent	263	262
Repairs to buildings	33	18
Repairs to plant and machinery	94	76
Repairs to others	35	8
Insurance	34	30
Rates and taxes	11	7
Commission to directors	-	73
Traveling expenses	268	262
Legal and professional fees [*]	170	195
Commission on sales	451	581
Freight and forwarding on sales	995	895
Advertisement and Sales promotions	594	1,631
Representative Allowances	185	186
Other marketing expenses	142	179
Directors' fees	36	50
Bad Debt written off	2	-
Net Loss on disposal of Fixed Asset	1	-
Miscellaneous Expenses [**]	678	503
Total	**4,637**	**5,514**
[*] Legal and professional fees include:		
a Payment to the Statutory Auditors [excluding Taxes]:		
As Auditor	6	8
For Other Services	2	-
Total	**8**	**8**
b Cost Auditor’s Remuneration including fees for other services	3	2
[**] Miscellaneous expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013.	221	231

Notes to the Financial Statements (Contd...)

Note: 40 - Exceptional items:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Exceptional items [*]	32	313
Total	**32**	**313**

[*] In the process of integration and concluding the merger of the acquired entity, Company incurred various expenses towards transition service agreement (TSA), consultancy fees, stamp duties, legal and professional charges and other incidental charges. The Company would not have incurred these expenses in the normal course of business and hence these expenses are classified as Exceptional items.

Note: 41 - Calculation of [Loss]/ earnings per equity share [EPS]:

₹ in Lakh

Particulars			Year ended March 31, 2020	Year ended March 31, 2019
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A.	[Loss]/ Profit attributable to Shareholders	₹- in Lakh	(4,073)	9,630
B.	Basic and weighted average number of Equity shares outstanding during the year	Numbers	5,76,64,144	4,21,79,254
C.	Nominal value of equity share	₹	10	10
D.	Basic & Diluted EPS	₹	(7.06)	22.83

Note: 42 - Segment Information:

Segment Information has been given in the Consolidated Financial Statements of the 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: 43 - Related Party Transactions:

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

a	**Holding Company:** Cadila Healthcare Limited	
b	**Subsidiaries Companies:**	
	Liva Investment Limited	
	Liva Nutritions Limited	
	Zydus Wellness Products Limited (formerly known as Zydus Nutritions Limited) * [Refer Note 43(h)]	
	Zydus Wellness International DMCC	
c	**Fellow Subsidiaries/ Concerns:**	
	Zydus Noveltech Inc., USA	Nesher Pharmaceuticals (USA) LLC,USA
	Violio Healthcare Limited	Zydus Healthcare SA Pty Limited, South Africa
	German Remedies Pharmaceuticals Private Limited (formerly known as Acme Pharmaceuticals Private Limited)	Simayla Pharmaceuticals Pty Limited, South Africa
	Zydus Technologies Limited **	Script Management Services Pty Limited, South Africa

Notes to the Financial Statements (Contd...)

Note: 43 - Related Party Transactions: (Contd...)

	Zydus Healthcare Limited	Etna Biotech SRL, Italy
	Dialforhealth India Limited **	Zydus France SAS, France
	Dialforhealth Unity Limited	Laboratories Combix S.L., Spain
	Dialforhealth Greencross Limited	Zydus Nikkho Farmaceutica Ltda. ,Brazil
	Liva Pharmaceuticals Limited **	Zydus Pharmaceuticals Mexico SA de CV, Mexico
	Alidac Pharmaceuticals Limited **	Zydus Pharmaceuticals Mexico Services Company SA De C.V., Mexico
	Zydus Foundation	Zydus Worldwide DMCC, Dubai
	Windlas Healthcare Private Limited ***	Zydus Discovery DMCC, Dubai
	Zydus International Private Limited, Ireland	Alidac Pharmaceuticals (Myanmar) Limited, Myanmar
	Zydus Netherlands B. V., the Netherlands	Sentynl Therapeutics Inc., USA
	Zydus Lanka (Private) Limited, Sri Lanka	ZyVet Animal Health Inc., USA
	Zydus Healthcare Philippines Inc., Philippines	Zydus Animal Health and Investments Limited [Formerly known as Violio Pharmaceuticals and Investments Limited]
	Zydus Pharmaceuticals USA Inc., USA	Viona Pharmaceuticals Inc., USA
	Zydus Healthcare USA LLC, USA	US Pharma Windlas LLC, USA
	Windlas, Inc., USA	
	Zydus Pharmaceuticals Limited [Formerly known as Alidac Healthcare Limited]	
	Hercon Pharmaceutical USA LLC, USA	
d	**Directors**	
	Dr. Sharvil P. Patel	Non -Executive Chairman
	Mr. Ganesh Nayak	Non-Executive Director
	Mr. Kulin S. Lalbhai	Independent Director
	Mr. Savyasachi S. Sengupta	Independent Director w.e.f November 2, 2018
	Mr. Ashish Bhargava	Nominee Director w.e.f. January 30, 2019
	Mr. Srivishnu Raju Nandyala	Independent Director w.e.f. March, 11, 2019
	Ms. Dharmishtaben N. Raval	Independent Director w.e.f. March, 11, 2019
e	**Key Managerial Personnel:**	
	Mr. Tarun G. Arora	Chief Executive Officer & Whole Time Director
	Mr. Umesh V. Parikh	Executive Officer [Chief Financial Officer]
	Mr. Dhanraj P. Dagar	Executive Officer [Company Secretary] w.e.f. February 6, 2019
	Mr. Dhaval N. Soni	Executive Officer [Company Secretary] up to February 6, 2019
f	**Enterprises significantly influenced by Directors and/ or their relatives -**	
	Mukesh M. Patel & Co.	Enterprises controlled by Key Managerial personnel of holding Company

Notes to the Financial Statements (Contd...)

Note: 43 - Related Party Transactions: (Contd...)

g	**Post Employment Benefits Plan-**
	Zydus Wellness Limited Employee Group Gratuity Scheme
	Zydus Wellness Sikkim Employee Group Gratuity Scheme
	Heinz India Private Limited Provident Fund [w.e.f January 30, 2019]
	Heinz India Private Limited Employee Provident Fund [w.e.f. January 30, 2019]
	Heinz India Private Limited Gratuity fund
	Heinz India Private Limited Pension fund

h (*) M/s. Zydus Wellness - Sikkim, a partnership firm, was converted into a company, namely Zydus Wellness Products Limited (formerly known as Zydus Nutritions Limited), with effect from February 28, 2019, pursuant to which, it became a subsidiary of the company. Pursuant to the Scheme of Amalgamation between two subsidiaries of the company i.e. Zydus Nutritions Limited [ZNL] and Heinz India Private Limited [HIPL] which was sanctioned by the Hon'ble National Company Law Tribunal [NCLT] vide its order dated May 10, 2019 and effective date being May 24, 2019, HIPL has been merged with ZNL w.e.f. the appointed date of March 1, 2019.

(**) Merged with Cadila Healthcare Limited w.e.f. April 1, 2019.

(***) Ceased to be the subsidary of holding Company w.e.f April 30, 2020.

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business:

a Details relating to parties referred to in Note 43 - A [a, b, c & g]

₹ in Lakh

Nature of Transactions	Value of the Transactions					
	Holding Company		Fellow Subsidiaries / concerns and subsidiaries		Post Employment Benefits Plan	
	Year ended March 31					
	2020	2019	2020	2019	2020	2019
Investments/(Redemption)						
Liva Investment Limited	-	-	-	25	-	-
Liva Nutritions Limited	-	-	-	5	-	-
Zydus Wellness Products Limited	-	-	(16,241)	3,68,922	-	-
Zydus Wellness International DMCC	-	-	47	-	-	-
Issue of Equity Shares						
Cadila Healthcare Limited	-	1,17,500	-	-	-	-
Loans/ Compulsory Convertible Debentures issued:						
Zydus Wellness Products Limited	-	-	-	1,12,000	-	-
Zydus Wellness International DMCC	-	-	136	-	-	-

Notes to the Financial Statements (Contd...)

Note: 43 - Related Party Transactions: (Contd...)

₹ in Lakh

Nature of Transactions	Value of the Transactions					
	Holding Company		Fellow Subsidiaries / concerns and subsidiaries		Post Employment Benefits Plan	
	Year ended March 31					
	2020	2019	2020	2019	2020	2019
Sales						
Zydus Wellness International DMCC	-	-	83	-	-	-
Purchases						
Zydus Wellness Products Limited	-	-	325	-	-	-
Reimbursement of Expenses						
Cadila Healthcare Limited	9	7	-	-	-	-
Interest Income						
Zydus Wellness International DMCC	-	-	2	-	-	-
Zydus Wellness Products Limited	-	-	10,265	2,522	-	-
Interest expense						
Zydus Wellness Products Limited	-	-	144	-	-	-
Dividend Received						
Heinz India Private Limited	-	-	-	141	-	-
CSR contributions						
Zydus Foundation	-	-	221	-	-	-
Contributions during the year (includes Employee's share and contribution)						
Zydus Wellness Limited Employee Group Gratuity Scheme	-	-	-	-	30	44
Dividend Paid						
Cadila Healthcare Limited	3,665	2,253	-	-	-	-
Outstanding Receivable						
Zydus Wellness Products Limited	-	-	1,14,091	1,14,948	-	-
Zydus Wellness International DMCC	-	-	138	-	-	-
Outstanding Payable						
Zydus Wellness Products Limited	-	-	51	-	-	-
Zydus Wellness International DMCC	-	-	10	-	-	-
Cadila Healthcare Limited	8	-	-	-	-	-

Notes to the Financial Statements (Contd...)

Note: 43 - Related Party Transactions: (Contd...)

b Details relating to persons referred to in Note 43-A [d], 43-A [e] and 43-A [f] above:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Remuneration:		
(i) Salaries and other employee benefits to Whole time directors and other executive officers	243	453
(ii) Commission and Sitting Fees to Non Executive/ Independent Directors	36	122
Other entites where significant infuence exists:		
Legal and professional fees	10	-
Outstanding payable to above (i) and (ii)	8	91

Note: 44 - Financial instruments:

(i) 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 rely 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.

(ii) Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed.

Financial Assets: The carrying amounts of trade receivables and other financial assets [other than derivatives], loans, cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities: Fair values of loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

Notes to the Financial Statements (Contd...)

Note: 45 - Financial risk management:

(i) Financial instruments by category:

₹ in Lakh

Particulars	As at March 31, 2020			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets				
Trade receivables	-	-	55	55
Loans	-	-	1,12,136	1,12,136
Cash and Cash equivalents	-	-	193	193
Bank balance other than cash and cash equivalents	-	-	2,787	2,787
Other financial assets	-	-	2,593	2,593
Total	**-**	**-**	**1,17,764**	**1,17,764**
Financial liabilities				
Borrowings	-	-	1,51,630	1,51,630
Trade payables	-	-	3,297	3,297
Lease Liabilities	-	-	78	78
Other financial liabilities	-	-	3,243	3,243
Total	**-**	**-**	**1,58,248**	**1,58,248**

₹ in Lakh

Particulars	As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets				
Trade receivables	-	-	629	629
Loans	-	-	1,12,550	1,12,550
Cash and Cash equivalents	-	-	1,691	1,691
Bank balance other than cash and cash equivalents			2,607	2,607
Other financial assets	-	-	2,538	2,538
Total	**-**	**-**	**1,20,015**	**1,20,015**
Financial liabilities				
Borrowings	-	-	1,56,650	1,56,650
Trade payables	-	-	2,468	2,468
Lease Liabilities	-	-	-	-
Other financial liabilities	-	-	3,268	3,268
Total	**-**	**-**	**1,62,386**	**1,62,386**

(ii) Risk Management:

The Company 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.

Notes to the Financial Statements (Contd...)

Note: 45 - Financial risk management: (Contd...)

The Company risk management is managed 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.

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.

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.

Trade Receivable: The Company trades with recognized and credit worthy third parties. It is the Company 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. 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.

The history of trade receivables shows an allowance for bad and doubtful debts of Nil [Nil as at March 31, 2019]. The Company has made allowance of Nil [Nil as at March 31, 2019], against trade receivables of ₹ 55 lakh and ₹ 629 lakh as at March 31, 2020 and March 31, 2019, respectively.

B Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

b Management monitors rolling forecasts of the Company liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company account the liquidity of the market in which the entity operates. In addition, the Company 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 financial liabilities into relevant maturity Companying's 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.

Notes to the Financial Statements (Contd...)

Note: 45 - Financial risk management: (Contd...)

₹ in Lakh

Particulars	As at March 31, 2020					
	Carrying value	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities						
Borrowings (including interest)	1,54,447	15,415	63,635	59,115	54,570	1,92,735
Trade payables	3,297	3,297	-	-	-	3,297
Lease Liabilities	78	22	22	22	33	99
Other financial liabilities (excluding interest accrued but not due)	426	381	-	-	45	426
Total	**1,58,248**	**19,115**	**63,657**	**59,137**	**54,648**	**1,96,557**

₹ in Lakh

Particulars	As at March 31, 2019					
	Carrying value	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities						
Borrowings (including interest)	1,59,487	20,398	13,785	63,635	1,13,685	2,11,503
Trade payables	2,468	2,468	-	-	-	2,468
Other financial liabilities (excluding interest accrued but not due)	431	374	-	-	57	431
Total	**1,62,386**	**23,240**	**13,785**	**63,635**	**1,13,742**	**2,14,402**

C Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Euro and GBP. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's operations in foreign currency is insignificant and hence there is no material risk.

a Foreign currency risk exposure:

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

Sensitivity

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

₹ in Lakh

Particulars	As at March 31, 2020		As at March 31, 2019	
	Movement in Rate	Impact on PAT	Movement in Rate	Impact on PAT
USD	9%	1	7%	1
USD	(9%)	1	(7%)	(1)
GBP	7%	-	7%	0
GBP	(7%)	-	(7%)	0

Notes to the Financial Statements (Contd...)

Note: 45 - Financial risk management: (Contd...)

D Interest rate risk:

Liabilities: [*]

The Company policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2020, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in Fixed Deposits are at fixed interest rates.

Below is the sensitivity of profit or loss and equity changes in interest rates:

₹ in Lakh

Particulars	Movement in Rate	As at March 31, 2020	As at March 31, 2019
Interest rates	+0.50%	(6)	(22)
Interest rates	(0.50%)	6	22

** Holding all other variables constant*

E Price Risk

(a) Exposure

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

(b) Sensitivity- Mutual Fund

The company does not hold any investment in Mutual Fund

Note 46: Capital management:

The Company capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders
- maintain an optimal capital structure to reduce the cost of capital.

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

Particulars		As at March 31, 2020	As at March 31, 2019
Gross debts	₹ in lakh	1,51,630	1,56,650
Total equity	₹ in lakh	3,21,470	3,32,524
Gross debt to equity ratio [No. of times]		0.47	0.47

Notes to the Financial Statements (Contd...)

Note 46: Capital management: (Contd...)

Loan covenants

The Company has taken loan for working capital requirement and long term borrowings and as at March 31, 2020, the ratio of financial indebtness net of cash and cash equivalents to shareholder's fund is 0.39 , Interest Service Coverage Ratio is 2.37 and financial indebtness net of cash and cash equivalents to Earnings before interest, tax, depreciation and amortisation (EBITDA) is 4.10, based on consolidated financial information as per Company's debenture trust deed.

Note: 47 : COVID-19 Impact:

The ministry of Home Affairs vide order No.40-3/2020 dated March 24, 2020, notified first ever nationwide lockdown in India to contain the outbreak of Covid Pandemic. As a result, our operations were completely shut down during initial days of the Lockdown. However, subsequently we could quickly get the required approvals for re-starting our manufacturing plants and operating our warehouses. Majority of the distributors could also get permissions from local authorities to re-open their business places. With ensuring necessary safety precautions to be taken, our majority of last mile field force and front line staff have also come forward and supported the business. Though initially the entire economy faced shortage of labour and transportation facilities, progressively the government's support for the movement of essential commodities helped resolve the transportation and labour issues to some extent. We are faced with the same uncertainties as faced by our country in general and FMCG industry in particular due to current COVID 19 pandemic. However as stated before, operations are gradually moving towards near normalcy now and are in relatively better shape compared to what they were during the last week of March 20 and major part of April 20.

As per our current assessment of the situation based on internal and external information available up to the date of approval of these financial results by the Board of Directors, 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 results and the Company will closely monitor any material changes to the economic environment and their impact on the business.

Note: 48:

Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

Signatures to Significant Accounting Policies and Notes 1 to 48 to the Financial Statements

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 2, 2020

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Independent Auditors' Report

To the Members of
Zydus Wellness Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Zydus Wellness Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprises of the consolidated balance sheet as at March 31, 2020, and the consolidated statement of Profit and Loss (including other comprehensive income), and the consolidated statement of changes in equity and consolidated 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 consolidated 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 consolidated state of affairs of the Group as at 31 March 2020, and its consolidated profit, total consolidated comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated 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 Auditors' 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 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 consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Response to Key Audit Matter
Assessment of impairment of goodwill amounting to ₹ 3,92,002 Lakhs and Intangible assets having indefinite useful life amounting to ₹ 53,868 Lakhs respectively (Refer Note [5] to the consolidated financial statements) The Group's evaluation of goodwill and intangible assets for impairment testing, involves the comparison of its recoverable amount to its carrying amount as at 31 March 2020, the Group's carrying value of intangible assets includes intangible assets having indefinite useful life aggregating to ₹ 53,868 Lakhs in its consolidated financial statements relating to Consumer Health & Wellness Cash Generating Units ("CGU's"). These intangibles are subject to test of impairment by the management in accordance with the applicable accounting standards. The carrying value of goodwill and intangible assets will be recovered through future cash flows and there is a risk that the goodwill and assets will be impaired if these cash flows do not meet the Group's expectations. In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the future cash flow. It inter-alia involves forecasts, principally relating to long-term revenue growth rates, terminal values, EBIDTA margins, external market conditions and the discount rate used. Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying value of goodwill and intangible assets is considered to be complex and determined to be a key audit matter in our current period audit.	**Principal Audit Procedures** Procedures performed by us have been enumerated herein below: • Assessed the appropriateness of the accounting policies in respect of impairment by comparing with applicable accounting standards. • Evaluated the design, tested the implementation and operating effectiveness of the internal controls over impairment assessment process, including those over the forecast of future revenues, operating margins, growth rate and terminal values, external market conditions and the selection of the appropriate discount rate. • Tested the reasonableness of the key business projections and valuation assumptions carried out by the management / independent valuer in determining the fair value of the CGU, discount rate, revenue growth rate, EBITDA growth rate, terminal growth rate used in computing the fair value of the components. • Performed retrospective review of projections by comparison with historical performance, inquiries with management and forecast trends in the industry. Considered sensitivity to reasonable possibility of changes in the key assumptions and inputs to ascertain whether these possible changes have a material effect on the fair value.

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

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, respective company's management and Board of Directors of the entities included in the Group are responsible for assessing the Group'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 respective company's management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Respective company's Board of Directors are also responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

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

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

A. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable 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 of the aforesaid consolidated financial statements.

b. In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c. The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and on the basis of written representations received by the management from directors of its subsidiaries as on March 31, 2020, none of the directors of Holding Company and its subsidiary is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiaries, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

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

i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 28 to the consolidated financial statements;

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group during the year ended March 31, 2020.

C. With respect to the matter to be included in the Auditors' report under Section 197(16) of the Act:

In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding Company and its subsidiaries to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiaries are not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For, Dhirubhai Shah & Co LLP
Chartered Accountants
FRN: 102511W/W100298

Harish B. Patel
Partner
Membership number: 014427
UDIN: 20014427AAAAZP7619

Place : Ahmedabad
Date : June 02, 2020

Annexure – A to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

The respective company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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 Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group'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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls over Financial Reporting

Group'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 Holding Company and its subsidiaries 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, 2020, based on the internal control over financial reporting criteria established by the Group 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, Dhirubhai Shah & Co LLP
Chartered Accountants
FRN: 102511W/W100298

Harish B. Patel
Partner
Membership number: 014427
UDIN: 20014427AAAAZP7619

Place : Ahmedabad
Date : June 02, 2020

Consolidated Balance Sheet

As at March 31, 2020

₹ in Lakh

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS:			
Non-current assets:			
Property, plant and equipment	3	18,877	20,742
Capital work-in-progress		353	1,031
Right-of-use assets	4	1,590	-
Goodwill	5	3,92,002	3,81,974
Other intangible assets	5	54,883	54,026
Financial assets:			
Other financial assets	6	977	667
Other non-current assets	7	465	4,054
Deferred tax asset [net]	8	12,079	10,299
Assets for tax [net]	9	163	3,289
		4,81,389	**4,76,082**
Current assets:			
Inventories	10	29,234	23,307
Financial assets:			
Investments	11	11,041	4,610
Trade receivables	12	11,820	9,604
Cash and cash equivalents	13	5,448	13,815
Bank balance other than cash and cash equivalents	14	2,794	2,614
Other current assets	15	17,242	15,820
		77,579	**69,770**
Total		**5,58,968**	**5,45,852**
EQUITY AND LIABILITIES:			
Equity:			
Equity share capital	16	5,766	5,766
Other equity	17	3,40,300	3,32,862
		3,46,066	**3,38,628**
Liabilities:			
Non-current liabilities:			
Financial liabilities:			
Borrowings	18	1,50,000	1,50,000
Lease liabilities	19	64	-
Other financial liabilities	20	51	63
Provisions	21	2,437	2,283
Other non-current liabilities	22	168	252
		1,52,720	**1,52,598**
Current liabilities:			
Financial liabilities:			
Borrowings	23	1,905	6,925
Trade payables:			
Due to Micro, Small and Medium Enterprises	24	654	989
Due to other than Micro, Small and Medium Enterprises	24	48,458	38,240
Lease Liabilities	19	14	-
Other financial liabilities	25	4,277	3,948
Other current liabilities	26	3,390	3,174
Provisions	27	1,484	1,074
Current tax liabilities [net]	9	-	276
		60,182	**54,626**
Total		**5,58,968**	**5,45,852**
Significant accounting policies	2		
Notes to the Consolidated financial statements	1 to 47		

As per our report of even date

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 2, 2020

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Consolidated Statement of Profit and Loss

For the year ended March 31, 2020

₹ in Lakh

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
REVENUE:			
Revenue from operations	30	1,76,682	84,282
Other income	31	1,071	3,888
Total Income		**1,77,753**	**88,170**
EXPENSES:			
Cost of materials consumed	32	75,382	29,263
Purchases of stock-in-trade	33	8,249	3,002
Changes in inventories of finished goods, work-in-Progress and stock-in-trade	34	(5,754)	(2,428)
Employee benefits expense	35	17,469	8,560
Finance costs	36	13,991	3,009
Depreciation and amortisation expense	3, 4, 5	2,639	1,251
Other expenses	37	49,230	27,405
Total expenses		**1,61,206**	**70,062**
Profit before exceptional items and tax		**16,547**	**18,108**
Exceptional items	38	(4,420)	(1,045)
Profit before tax		12,127	17,063
Less: Tax expense:			
Current tax	8	(265)	3,109
Deferred tax	8	(1,780)	(3,170)
Total Tax Expenses		**(2,045)**	**(61)**
Profit for the year		**14,172**	**17,124**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains on post employment defined benefit plans, net of tax		201	2
Items that will be reclassified to profit or loss:			
Exchange differences on transaction of financial statement of a foreign subsidary		17	-
Other Comprehensive Income for the year [net of tax]		**218**	**2**
Total Comprehensive Income for the year [net of tax]		**14,390**	**17,126**
Net profit attributable to:			
Owners of the parent		14,172	16,914
Non-controlling interests		-	210
Other Comprehensive Income Attributable to:			
Owners of the parent		218	2
Non-controlling interests		-	-
Total Comprehensive Income Attributable to:			
Owners of the parent		14,390	16,916
Non-controlling interests		-	210
Basic & diluted earning per equity share [EPS] [in ₹]	39	**24.58**	**40.10**
Significant accounting policies	2		
Notes to the Consolidated financial statements	1 to 47		

As per our report of even date

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Dr. Sharvil P. Patel

Chairman

Harish B. Patel

Partner

Membership Number: 014427

Place: Ahmedabad

Date: June 2, 2020

Umesh V. Parikh

Chief Financial Officer

Dhanraj P. Dagar

Company Secretary

Tarun G. Arora

Whole Time Director

Consolidated Cash flow Statement

For the year ended March 31, 2020

₹ in Lakh

Particulars		As at March 31, 2020	As at March 31, 2019
A	**Cash flows from operating activities**		
	Profit before tax		
	Adjustments to reconcile the profit for the year to net cash generated from operating activities:	12,127	17,063
	Depreciation and amortisation expense	2,639	1,251
	Loss on sale of assets [net]	2	-
	Profit on sale of investments [net]	(522)	(1,842)
	Interest income	(535)	(2,039)
	Fair value gain on financial instrument at fair value through statement of profit and Loss	(14)	(7)
	Interest expense	13,991	3,009
	Profit elimination of acquired business	-	(1,139)
	Changes in operating assets and liabilities; net of effects from acquisitions:		
	Increase in trade receivables	(1,898)	(703)
	Increase in other assets	(3,493)	(3,877)
	[Increase] / Decrease in inventories	(5,927)	24
	Increase in trade payables and other liabilities	9,287	8,501
	Re-measurement of Employees benefits [net]	428	2,312
	Change in Non- controlling interest	-	(1,316)
	Cash generated from operations	**26,085**	**21,237**
	Direct taxes paid [net of refunds]	(160)	(6,299)
	Net cash from operating activities	**25,925**	**14,938**
B	**Cash flows from investing activities:**		
	Purchase of property, plant and equipment and other intangible assets	(2,463)	(1,707)
	Proceeds from sale of property , plant and equipment	13	1
	Purchase of Non Current Investments in a subsidiary [net]	-	(4,64,292)
	Profit from sale of current investments	522	1,842
	Proceeds from sale of current investments	-	10,153
	Investment in mutual funds [net]	(6,417)	-
	Proceeds from fixed deposit [net]	-	35,799
	Investment in fixed deposit [net]	(513)	-
	Interest received	535	2,039
	Net cash used in investing activities	**(8,323)**	**(4,16,165)**

Consolidated Cash flow Statement

For the year ended March 31, 2020

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
C Cash flows from financing activities:		
Proceeds from issue of equity share capital	-	1,859
Proceeds from share premium	-	2,55,641
Proceeds of Long term borrowing	-	1,50,000
Current borrowings [net]	(5,020)	4,425
Interest paid	(14,006)	(3,009)
Dividends paid	(5,758)	(3,121)
Tax on dividend paid	(1,185)	(642)
Net cash (used in)/ generated financing activities	**(25,969)**	**4,05,153**
Net (decrease)/ increase in cash and cash equivalents	**(8,367)**	**3,926**
Cash and cash equivalents at the beginning of the year	**13,815**	**2,959**
Cash and cash equivalents of acquired Business	**-**	**6,930**
Cash and cash equivalents at the end of the year	**5,448**	**13,815**

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 :

₹ in Lakh

Particulars		As at March 31		
		2020	2019	2018
a	Cash in Hand	6	4	2
b	Balances with Banks	5,442	13,811	2,957
	Total	**5,448**	**13,815**	**2,959**

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 2, 2020

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Consolidated Statement of Change in Equity

For the year ended March 31, 2020

A Equity Share Capital:

Particulars	No. of Shares	₹ in Lakh
Equity Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2018	3,90,72,089	3,907
Add: Shares issued during the year	1,85,92,055	1,859
As at March 31, 2019	5,76,64,144	5,766
As at March 31, 2020	**5,76,64,144**	**5,766**

B Other Equity:

₹ in Lakh

Particulars	Reserves and Surplus				Items of OCI		Total
	Securities Premium	Debentures Redemption Reserve	General Reserve	Retained Earnings	Foreign currency translation reserves	FVTOCI Reserve	
As at March 31, 2018	**-**	**-**	**4,500**	**60,713**	**-**	**(1)**	**65,212**
Add: Profit for the year	-	-	-	16,914	-	-	16,914
Add: Other Comprehensive income	-	-	-	-	-	2	2
Total comprehensive income	-	-	-	16,914	-	2	16,916
Less: Profit elimination of acquired business	-	-	-	(1,139)	-	-	(1,139)
Transfer from Retained Earnings to Debenture Redemption Reserve	-	37,500	-	(37,500)	-	-	-
Add: Addition pursuant to issue of shares	2,55,641	-	-	-	-	-	2,55,641
Transactions with Owners in their capacity as owners:							
Dividends	-	-	-	(3,126)	-	-	(3,126)
Corporate Dividend Tax on Dividend	-	-	-	(642)	-	-	(642)
As at March 31, 2019	**2,55,641**	**37,500**	**4,500**	**35,220**	**-**	**1**	**3,32,862**
Add: Profit for the year	-	-	-	14,172	-	-	14,172
Add: Other Comprehensive income	-	-	-	-	17	201	218
Total Comprehensive Income	-	-	-	14,172	17	201	14,390
Transactions with Owners in their capacity as owners:							
Dividends	-	-	-	(5,767)	-	-	(5,767)
Corporate Dividend Tax on Dividend	-	-	-	(1,185)	-	-	(1,185)
As at March 31, 2020	**2,55,641**	**37,500**	**4,500**	**42,440**	**17**	**202**	**3,40,300**

As per our report of even date

For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 2, 2020

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Notes to the Consolidated Financial Statements

Note: 1 - Group Overview

The consolidated financial statements comprise financial statements of Zydus Wellness Limited ["the Parent"] and its Subsidiaries [collectively, "the Group"] for the year ended and as at March 31, 2020. The Group operates as an integrated consumer Group with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Group includes brands like Sugar free, Sugar Lite, Everyuth, Nutralite, Complan, Glucon D, Nycil and Sampriti Ghee . The Parent's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited [BSE].

The registered office of the Parent is located at Zydus Corporate Park, Scheme No. 63, Survey No. 536 Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad 382 481. These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at its meeting held on June 2, 2020.

Note: 2 - Significant Accounting Policies

A The following note provides list of the significant accounting policies adopted in the preparation of these financial statements. 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 [Ind AS] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013. For all periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP]. Effective from April 1, 2016, the Company has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013. The adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

B The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

i Derivative financial instruments

ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]

iii Defined benefit plans

2 Basis of consolidation:

A The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at March 31, 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a Power over the investee [i.e. existing rights that give it the current ability to direct the relevant activities of the investee];

b Exposure, or rights, to variable returns from its involvement with the investee; and

c The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a The contractual arrangement with the other vote holders of the investee;

b Rights arising from other contractual arrangements;

c The Group's voting rights and potential voting rights;

d The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

B The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements (Contd...)

C Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

D The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Group, i.e., year ended on March 31. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary.

3 Use of Estimates:

The preparation of the consolidated 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 consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Critical estimates and judgments

A Income Taxes:

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

B Property, Plant and Equipment:

Property, Plant and Equipment represent a significant proportion of the asset base of the Group. 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 estimates 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 Leases:

When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

E 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 stockist.

F Impairment of assets and investments:

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

4 Foreign Currency Transactions:

The Group's consolidated financial statements are presented in Indian Rupees [₹], which is the functional

Notes to the Consolidated Financial Statements (Contd...)

currency of the Parent Company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional 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 ₹ [functional currency] at the rates of exchange prevailing at the time when the investments were made.

5 Revenue Recognition:

A The Group has applied Ind AS 115 - Revenue from Contracts with Customers which is effective for an annual period beginning on or after April 1, 2018. The following is 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 Group.

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 Goods and Service Tax [GST] is not received by the Group on its own account. Rather, it is tax collected on value added to the goods by the Group on behalf of the government. Accordingly, it is excluded from revenue.

C 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 EIR, the Group 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 Group'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.

Notes to the Consolidated Financial Statements (Contd...)

6 Government Grants:

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

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

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a Government grant. The loan or assistance is initially recognised and measured at fair value and the Government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1, 2015, the Group uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of loan.

7 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 correlation to the underlying transaction either in Statement of Profit and Loss, Other Comprehensive Income [OCI] or directly in equity.

B Deferred Tax:

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

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

c Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any 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 correlation to the underlying transaction either in OCI or directly in equity.

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

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

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

Notes to the Consolidated Financial Statements (Contd...)

8 Property, Plant and Equipment:

A Freehold land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs 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. On transition to Ind AS, the Group has elected to continue with the carrying value of all its Property, Plant and Equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

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

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

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

E Depreciation on additions/ disposals of the Property, Plant and Equipment during the year is provided on a pro-rata basis according to the period during which assets are used.

F Where the actual cost of purchase of an asset is below ₹ 10,000/-, the depreciation is provided at 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 income statement when the asset is derecognised.

9 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 Statement of Profit and Loss in the period in which the expenditure is incurred.

C Goodwill arising on acquisition of business is assessed at each Balance Sheet date for any impairment loss.

D Technical Know-how Fees and other similar rights are amortised over their estimated economic life.

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

F 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.

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

Notes to the Consolidated Financial Statements (Contd...)

10 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.

11 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.

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.

12 Expenditure during the Construction Period:

The expenditure incidental to the expansion/ new projects are allocated to Property, Plant and Equipment in the year of commencement of the commercial production.

13 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. 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.

14 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.

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 Group 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 acquire.

D Goodwill is initially measured at the excess of the aggregate of the acquisition cost and the amount recognised for non-controlling interests, and any previous interest held, over the Group's net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate of acquisition cost, the Group 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.

E 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 Group'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.

Notes to the Consolidated Financial Statements (Contd...)

F 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 the subsequent periods.

G If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group 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.

H 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.

15 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 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 expenses and included on "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.

16 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.

17 Provisions, Contingent Liabilities and Contingent Assets:

A Provisions are recognised when the Group 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 the 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.

18 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.

19 Employee Benefits:

A Short term obligations:

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly

Notes to the Consolidated Financial Statements (Contd...)

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 and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

Gratuity:

The Group 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 ₹ 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-measurements 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 Group 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.

Company administered Provident Fund:

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

c Defined Contribution Plans - Provident Fund Contribution:

Eligible employees of the Group receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the Group 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 Group have no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employees benefit expenses when they are due in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements (Contd...)

C Employee Separation Costs:

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

20 Dividends :

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

21 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 Group settle to purchase or sell the asset.

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified as follows:

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Group 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.

Notes to the Consolidated Financial Statements (Contd...)

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.

c Derecognition:

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

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

ii The Group 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 Group has transferred substantially all the risks and rewards of the asset, or [b] the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group has retained. When the Group 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 Group 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 Group follows 'simplified approach' for recognition of impairment loss allowance on Point c provided above. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it requires the Group 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 Group 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 Group 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:

Notes to the Consolidated Financial Statements (Contd...)

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 Group does not reduce impairment allowance from the gross carrying amount.

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

B Financial liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

c Derecognition:

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

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 profit or loss, unless designated as effective hedging instruments.

C Reclassification of financial assets:

The Group 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 Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group 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.

22 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

Notes to the Consolidated Financial Statements (Contd...)

The principal or the most advantageous market must be accessible by the Group.

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group 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.

23 Leases:

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

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 did not have any impact to be recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. For contracts in place at the date of initial application, the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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

Notes to the Consolidated Financial Statements (Contd...)

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 Group 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 Statement of Profit and Loss on a straight-line basis over the lease term.

As a lessor:

The Group's accounting policy under Ind AS 116 has not changed from the comparative period. 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.

24 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group.

25 Earnings per Share:

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

For the purpose of calculating diluted earnings per share, the net profit or loss [excluding other comprehensive income] for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

B Recent Accounting Pronouncements:

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

Notes to the Consolidated Financial Statements (Contd...)

Note: 3 - Property, plant and equipment:

₹ in Lakh

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2018	**49**	**570**	**3,485**	**8,218**	**304**	**244**	**230**	**13,100**
Acquired Subsidiaries	4,288	1,037	5,910	9,759	273	81	-	21,348
Additions	-	-	66	320	40	13	23	462
Disposals	-	-	-	(1)	-	-	-	(1)
As at March 31, 2019	**4,337**	**1,607**	**9,461**	**18,296**	**617**	**338**	**253**	**34,909**
Reclassification on adoption of Ind AS 116	-	(1607)	-	-	-	-	-	(1607)
As at April 1, 2019	**4,337**	**-**	**9,461**	**18,296**	**617**	**338**	**253**	**33,302**
Additions	-	-	35	1,983	40	18	21	2,097
Disposals	-	-	-	(40)	(5)	(9)	-	(54)
As at March 31, 2020	**4,337**	**-**	**9,496**	**20,239**	**652**	**347**	**274**	**35,345**
Depreciation and Impairment:								
As at March 31, 2018	**-**	**49**	**515**	**4,033**	**137**	**104**	**172**	**5,010**
Acquired Subsidiaries	-	37	1,059	6,633	173	26	-	7,928
Depreciation for the year	-	6	160	972	37	32	22	1,229
As at March 31, 2019	**-**	**92**	**1,734**	**11,638**	**347**	**162**	**194**	**14,167**
Reclassification on adoption of Ind AS 116	-	(92)	-	-	-	-	-	(92)
As at April 1, 2019	**-**	**-**	**1,734**	**11,638**	**347**	**162**	**194**	**14,075**
Depreciation for the year	-	-	441	1,854	76	43	18	2,432
Disposals	-	-	-	(32)	(3)	(4)	-	(39)
As at March 31, 2020	**-**	**-**	**2,175**	**13,460**	**420**	**201**	**212**	**16,468**
Net Block:								
As at March 31, 2019	**4,337**	**1,515**	**7,727**	**6,658**	**270**	**176**	**59**	**20,742**
As at March 31, 2020	**4,337**	**-**	**7,321**	**6,779**	**232**	**146**	**62**	**18,877**

Note: 4 - Right-of-use assets:

₹ in Lakh

Particulars	Land	Buildings	Total
Gross Block:			
As at April 1, 2019 (Refer Note 3)	**1,607**	**-**	**1,607**
Additions	16	84	100
As at March 31, 2020	**1,623**	**84**	**1,707**
Depreciation and Impairment:			
As at April 1, 2019 (Refer Note 3)	**92**	**-**	**92**
Depreciation for the year	18	7	25
As at March 31, 2020	**110**	**7**	**117**
Net Block:			
As at March 31, 2020	**1,513**	**77**	**1,590**

Notes to the Consolidated Financial Statements (Contd...)

Note: 5 - Goodwill and Other intangible assets:

₹ in Lakh

Particulars	Goodwill	Other intangible assets				
		Brand/ Trade Mark	Softwares	Commercial Rights	Technical Know-how	Total
Gross Block:						
As at March 31, 2018	**2,282**	**5**	**43**	**10**	**2**	**60**
Acquired Subsidiaries	-	53,868	355	-	-	54,223
Additions	3,79,692	-	8	-	-	8
As at March 31, 2019	**3,81,974**	**53,873**	**406**	**10**	**2**	**54,291**
Additions pursuant to Ind AS 103 - measurement period	10,028	-	1,040	-	-	1,040
As at March 31, 2020	**3,92,002**	**53,873**	**1,446**	**10**	**2**	**55,331**
Amortisation and Impairment:						
As at March 31, 2018	**-**	**5**	**28**	**10**	**1**	**44**
Acquired Subsidiaries	-	-	199	-	-	199
Amortisation for the year	-	-	22	-	-	22
As at March 31, 2019	**-**	**5**	**250**	**10**	**1**	**265**
Amortisation for the year	-	-	181	-	1	182
As at March 31, 2020	**-**	**5**	**431**	**10**	**2**	**447**
Net Block:		**-**		**-**		**-**
As at March 31, 2019	**3,81,974**	**53,868**	**156**	**-**	**1**	**54,026**
As at March 31, 2020	**3,92,002**	**53,868**	**1,015**	**-**	**-**	**54,883**

Goodwill:

1 Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units [CGUs] those are expected to get benefit from that business combination. The carrying amount of goodwill has been allocated to Consumer Health & Wellness.

2 The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU/ groups of CGU over a period of five years. An average of the range of key assumptions used is mentioned below. As of March 31, 2020 the estimated recoverable amount of the CGU exceeded its carrying amount. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows :

Particulars	As at March 31, 2020
Long Term Growth Rate	6.50%
Discount Rate	10.00%

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

3 For details of assets pledge as security Refer Note 18.

Notes to the Consolidated Financial Statements (Contd...)

Note: 6 - Other financial assets:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	580	603
Fixed Deposits	397	64
	977	**667**

Note: 7 - Other non-current assets:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	304	315
Balances with Statutory Authorities	161	3,739
	465	**4,054**

Note: 8 - Deferred tax:

A. Break up of deferred tax liabilities and assets into major components of the respective balances are as under:

₹ in Lakh

Particulars	As at March 31 2018	Acquired Subsidiaries	Charge for the previous year	As at March 31 2019	Charge for the previous year	As at March 31 2020
Deferred tax liabilities						
Depreciation	399	2,764	(1,916)	1,248	(404)	**844**
Others	-	3	(3)	-	-	**-**
Total	**399**	**2,767**	**(1,919)**	**1,248**	**(404)**	**844**
Deferred tax assets						
Employee benefits/ Payable to statutory authorities	77	270	69	416	215	**631**
Unabsorbed business loss and depreciation	-	-	-	-	1,315	**1,315**
Provision for Expiry and Breakages	24	-	(2)	22	303	**325**
Disallowance under section 35DD of Income tax Act	-	-	-	-	40	**40**
Disallowance under section 40(a)(ia) of Income tax Act	-	439	(46)	393	(393)	**-**
Others	-	208	(3)	205	(104)	**101**
Total	**101**	**917**	**18**	**1,036**	**1,376**	**2,412**
Minimum alternative tax credit entitlement	7,678	1,600	1,233	10,511	-	**10,511**
Net Deferred Tax Assets/ (Liabilities)	**7,380**	**(250)**	**3,170**	**10,299**	**1,780**	**12,079**

Notes to the Consolidated Financial Statements (Contd...)

Note: 8 - Deferred tax: (Contd...)

B. The net deferred tax assets of ₹ 1,780 lakh [March 31, 2019: ₹ 3,170 lakh] for the year has been credited in the consolidated Statement of Profit and Loss.

C. The Group 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.

D. The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit or loss section:		
Current income tax:		
Current income tax charge	-	3,098
Adjustments in respect of current income tax of previous year	(265)	11
	(265)	**3,109**
Deferred tax:		
Deferred tax relating to origination and reversal of temporary differences	(1,780)	(3,170)
Total expenses reported in the statement of profit or loss	**(2,045)**	**(61)**

E. Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Profit before tax:	12,127	17,063
Enacted Tax Rate in India (%)	26.00%	34.94%
Expected Tax Expenses	**3,153**	**5,962**
Adjustments for:		
Adjustments in respect of current income tax of previous years	(265)	11
Effect of Non-taxable Income	(65)	-
Effect of Special tax deductions	-	11
Effect of Special tax deductions section 80IE of the Company	-	(230)
Adjustments in respect of income exempt from tax (includes Share of profit from partnership firm)	-	(2,627)
Effect of MAT Credit not accounted for	-	893
Effect of differences in tax rate	(2,760)	-
Effect of unrecognised deferred tax assets/ liabilities	(2,652)	(3,517)
Effect of other non-deductible expenses	492	28
Others	52	(592)
Total	**(2,045)**	**(61)**
Total expenses reported in the statement of profit or loss	**(2,045)**	**(61)**

MAT credit of ₹ 5,414 lakh and ₹ 5,805 lakh for March 31, 2020 and March 31, 2019, respectively, that are available for set off against future tax liabilities have not been recognised and the same will be eligible for set off up to fifteen years from the year in which the same arises.

Notes to the Consolidated Financial Statements (Contd...)

Note: 9 - Assets for tax [net] and Tax liabilities [net]:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Advance payment of tax (Net of provision for taxation)	163	3,013
Total	**163**	**3,013**
Out of above :		
Disclosed as Assets for tax [net]	163	3,289
Disclosed as Tax liabilities [net]	-	276

Note: 10 - Inventories:

Inventories consist of the following valued at lower of cost or net realisable value

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials	3,138	3,179
Work-in-progress	9,199	6,796
Finished Goods	13,763	10,003
Stock-in-Trade	693	1,102
Store and Spares	751	770
Others:		
Packing Materials	1,690	1,457
Total	**29,234**	**23,307**
The above includes Goods in transit as under:		
Finished Goods	1,118	1,741

Note: 11 - Investments:

₹ in Lakh

Particulars	Nos. [*]	As at March 31, 2020	As at March 31, 2019
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss]			
ICICI prudential overnight fund direct plan growth	1,02,47,307 [0]	11,041	-
Kotak liquid direct plan growth	0 [1,21,805]	-	4,610
Total		**11,041**	**4,610**

[*] In "Nos." figures of previous year are stated in [ ].

Note: 12 - Trade receivables:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured - Considered good	11,820	9,604
Total	**11,820**	**9,604**

Notes to the Consolidated Financial Statements (Contd...)

Note: 13 - Cash and cash equivalents:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks - Current accounts	5,442	13,811
Cash on hand	6	4
Total	**5,448**	**13,815**

Note: 14 - Bank balance other than cash and cash equivalents:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Earmarked balances with bank for Unpaid dividend	80	71
Fixed Deposit with banks [*]	2,714	2,543
Total	**2,794**	**2,614**

[*] For details of lien on Fixed Deposits refer Note 23.

Note: 15 - Other current assets:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
[Unsecured, Considered Good unless otherwise stated]		
Balances with statutory authorities	12,444	14,363
Advances to suppliers	1,384	320
Prepaid expenses	133	266
Other receivables	3,281	871
Total	**17,242**	**15,820**

Note: 16 - Equity share capital:

Particulars		As at March 31, 2020	As at March 31, 2019
Authorised:			
10,00,00,000 [as at March 31, 2019: 10,00,00,000] equity shares of ₹ 10 each	₹ in Lakh	10,000	10,000
Total		**10,000**	**10,000**
Issued, Subscribed and fully Paid-up:			
5,76,64,144 [as at March 31, 2019: 5,76,64,144] equity share of ₹ 10 each	₹ in Lakh	5,766	5,766
Total		**5,766**	**5,766**

Particulars	As at March 31, 2020	As at March 31, 2019
A. The reconciliation in number of equity share is as under:		
Number of shares at the beginning of the year	5,76,64,144	3,90,72,089
Add: Shares issued during the year	-	1,85,92,055
Number of shares at the end of the year	5,76,64,144	5,76,64,144

Notes to the Consolidated Financial Statements (Contd...)

Note: 16 - Equity share capital: (Contd...)

Particulars		As at March 31, 2020	As at March 31, 2019
B.	The Parent has only one class of equity shares having a par value of ₹ 10 each 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 Parent Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts and all liabilities.		
C.	Details of Shareholder holding more than 5% of total equity shares of the Company		
	Cadila Healthcare Limited		
	Number of Shares	3,66,47,509	3,66,47,509
	% to total share holding	63.55%	63.55%
	Threpsi Care LLP (True North)		
	Number of Shares	72,20,216	72,20,216
	% to total share holding	12.52%	12.52%
D.	Number of Shares held by Holding Company		
	Cadila Healthcare Limited	3,66,47,509	3,66,47,509

Note: 17 - Other equity:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
General reserve: [*]		
Balance as per last Balance Sheet	4,500	4,500
	4,500	4,500
Foreign Currency transaction Reserve		
Balance as per last Balance Sheet	-	-
Add: Credited during the year	17	-
Balance as at the end of the year	17	-
Fair value through other comprehensive income [FVTOCI] Reserve:		
Balance as per last balance sheet	1	(1)
Add: Credited during the year	201	2
Balance as at the end of the year	202	1
Debentures Redemption Reserves: [**]		
Balance as per last Balance Sheet	37,500	-
Add: Transfer from Retained Earnings	-	37,500
Balance as at the end of the year	37,500	37,500

Notes to the Consolidated Financial Statements (Contd...)

Note: 17 - Other equity: (Contd...)

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Securities Premium[***]		
Balance as per last Balance Sheet	2,55,641	-
Add: Addition pursuant to issue of shares	-	2,55,641
Balance as at the end of the year	2,55,641	2,55,641
Retained Earnings:		
Balance as per last balance sheet	35,220	60,713
Add: Profit for the year	14,172	16,914
Less: Profit elimination of acquired business	-	(1,139)
	49,392	76,488
Less:		
Dividends	(5,767)	(3,126)
Corporate Dividend Tax on Dividend [Net of CDT Credit]	(1,185)	(642)
Transfer to Debentures Redemption Reserve	-	(37,500)
	(6,952)	(41,268)
Balance as at the end of the year	**42,440**	**35,220**
Total	**3,40,300**	**3,32,862**

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

[**] The Group has created Debenture Redemption Reserve as per the provisions of Companies Act, 2013 and the captioned reserve has been created out of profits of the company available for payment of dividend.

[***] Securities premium is created due to premium on issue of shares. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Note: 18 - Borrowings:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Convertible Debentures (NCDs), Secured [*]	1,50,000	1,50,000
	1,50,000	1,50,000
[*] Securities and Terms of Repayment for Secured Borrowings		
(i) 9.14% Secured Redeemable Non-Convertible Debentures [with semi-annually interest pay-out] issued by creating a charge on specific brands of the subsidiary company.		
(ii) The NCDs are repayable in three equal yearly instalments starting from January 16, 2022 along with accrued interest for the period.		
(iii) The outstanding amount of NCDs as at March 31, 2020 is ₹ 1,50,000 Lakh [as at March 31, 2019 : ₹ 1,50,000 Lakh].		

Notes to the Consolidated Financial Statements (Contd...)

Note: 19 - Lease Liabilities:

₹ in Lakh

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Lease liabilities	64	-	14	-
	64	-	14	-
A. Movement in lease liabilities are as below:				
Lease liability recognised as on April 1 ,2019			-	-
Additions			84	-
Finance cost accrued during the year			3	-
Payment/ Payable of lease liabilities			(9)	-
Lease liability as at March 31, 2020			78	-
B. The table provide details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:				
Less than one year			22	-
One to five year			77	-
			99	-
C. The Group does not face a significant liquidity risk with regards to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.				

Note: 20 - Other financial liabilities:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Trade deposits	5	21
Others	46	42
Total	**51**	**63**

Note: 21 - Provisions:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	1,103	949
Provision for VAT/ GST accrual	1,334	1,334
Total	**2,437**	**2,283**

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 Group are entitled to leave as per the leave policy of the

Notes to the Consolidated Financial Statements (Contd...)

Note: 21 - Provisions: (Contd...)

Group. 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 Group 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.

₹ in Lakh

Particulars		March 31, 2020			March 31, 2019		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening defined benefit obligation	50	1,048	2,141	43	238	290
	Transfer in/ (out) obligation	182	(182)	(10)	5	767	1,797
	Current service cost	44	176	235	3	40	61
	Interest cost	17	75	151	2	18	25
	Actuarial (gains) / losses on obligation	123	243	(187)	-	(53)	(30)
	Benefits paid	(103)	(122)	(148)	(3)	38	(2)
	Closing defined benefit obligation	313	1,238	2,182	50	1,048	2,141

Notes to the Consolidated Financial Statements (Contd...)

Note: 21 - Provisions: (Contd...)

₹ in Lakh

	Particulars	March 31, 2020			March 31, 2019		
		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	-	179	1,945	-	166	279
	Transfer in/ (out) obligation	-	-	(11)	-	2	1,632
	Interest income	-	3	142	-	-	-
	Return on planned assets	-	10	14	-	11	24
	Contributions by employer	-	-	257	-	-	44
	Benefits paid	-	-	(148)	-	-	(30)
	Actuarial (losses)/gain on plan assets	-	-	-	-	-	(4)
	Closing fair value of plan assets	-	192	2,199	-	179	1,945
	Total actuarial (losses) / gains to be recognised	**123**	**233**	**(201)**	**3**	**(38)**	**(2)**
D	**Actual return on plan assets:**						
	Actual return on plan assets	-	13	156	-	11	20
E	**Amount recognised in the balance sheet:**						
	Liabilities / [Assets] at the end of the year	313	1,238	2,182	50	1,048	2,141
	Fair value of plan assets at the end of the year	-	(192)	(2,199)	-	(179)	(1,945)
	Liabilities / [Assets] recognised in the Balance Sheet	**313**	**1,046**	**(17)**	**50**	**869**	**196**
F	**Expenses / [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	44	176	235	3	40	61
	Interest cost on benefit obligation	17	75	151	2	18	25
	Expected return on plan assets	-	(3)	(142)	-	-11	-24
	Net actuarial [gains] / losses in the year	123	233	-	(3)	38	
	Net expenses / [benefits]	**184**	**481**	**244**	**2**	**85**	**62**
	Net actuarial (gains)/ losses in the year	-	-	(201)	-	-	2
	Amounts recognized in OCI	**-**	**-**	**(201)**	**-**	**-**	**2**
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	50	869	196	43	72	11
	Transfer in/(out) obligation	182	(182)	1	5	765	165
	Expenses as above [P & L Charge]	184	481	244	2	85	62
	Contribution to Plan assets	-	-	(201)	-	-	2
	Amount recognised in OCI	-	-	(257)	-	-	-43
	Benefits Paid	(103)	(122)	0	-	-53	-1
	Liabilities/ [Assets] recognised in the Balance Sheet	**313**	**1,046**	**(17)**	**50**	**869**	**196**

Notes to the Consolidated Financial Statements (Contd...)

Note: 21 - Provisions: (Contd...)

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

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate [*]	6.70%	7.20%
Annual increase in salary cost [#]	12% p.a. for 1 years, 9% p.a. thereafter	12% for next 2 years, 9% thereafter

[*] The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations.

[#] The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

I The categories of plan assets as a % of total plan assets are:

Particulars	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
Insurance plan	0%	100%	100%	0%	100%	100%

J Amount recognised in current and previous four years:

₹ in Lakh

Gratuity:	As at March 31				
	2020	2019	2018	2017	2016
Defined benefit obligation	2,182	2,141	290	257	231
Fair value of Plan Assets	2,199	1,945	279	242	216
Deficit / [Surplus] in the plan	(17)	196	12	15	15
Actuarial Loss / [Gain] on Plan Obligation	(187)	(2)	(15)	(24)	15
Actuarial Loss / [Gain] on Plan Assets	-	(4)	(1)	(1)	-

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2019-20

The average duration of future service of defined benefit plan obligation at the end of the year is 23.34 [as at March 31, 2019 : 23.99 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as is as shown below:

A Medical Leave:

Particulars	As at March 31, 2020		As at March 31, 2019	
Assumption	Discount rate			
Sensitivity Level - Discount Rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	(9)	9	(3)	1
Assumption	Annual increase in salary cost			
Sensitivity Level- Salary Growth	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	9	(9)	1	(3)

Notes to the Consolidated Financial Statements (Contd...)

Note: 21 - Provisions: (Contd...)

B Leave Wages :

Particulars	As at March 31, 2020		As at March 31, 2019	
Assumption	Discount rate			
Sensitivity Level - Discount Rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	(35)	34	(10)	8
Assumption	Annual increase in salary cost			
Sensitivity Level- Salary Growth	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	34	(35)	7	10

C Gratuity :

Particulars	As at March 31, 2020		As at March 31, 2019	
Assumption	Discount rate			
Sensitivity Level - Discount Rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	(55)	60	(11)	13
Assumption	Annual increase in salary cost			
Sensitivity Level- Salary Growth	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [₹ in Lakhs]	60	(55)	12	(10)

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

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Within the next 12 months [next annual reporting period]	677	356
Between 2 and 5 years	1,865	1,520
Between 5 and 10 years	1,373	1,533
Total expected payments	3,914	3,409

Note: 22 - Other non current liabilities:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred revenue on Government grants	168	252
Total	**168**	**252**

Notes to the Consolidated Financial Statements (Contd...)

Note: 23 - Borrowings:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Loans repayable on demand:		
Working Capital Loans from Banks [Secured] [*]	1,630	2,150
Working Capital loans from banks [Unsecured] [**]	-	4,500
Loans from Intercorporate [Unsecured] [***]	275	275
Total	**1,905**	**6,925**
[*] Security and Terms of Repayment for Secured Borrowings:		
Working Capital Loans which are in the form of overdraft facility is secured by fixed deposits placed by the Group with the bank. The value of such Fixed deposits classified under current assets as at March 31, 2020 is ₹ 2,707 Lakh [as at March 31, 2019: ₹ 2,380 Lakh]. The outstanding amount of loan as at March 31, 2020 is ₹ 1,630 Lakh [as at March 31, 2019: ₹ 2,150 Lakh].		
[**] Terms of Repayment for Unsecured Borrowings:		
Working Capital loans which are repayable on demand. The outstanding amount of loans as at March 31, 2020 is ₹ Nil [as at March 31, 2019: ₹ 4,500 Lakh].		
[***] Terms of Repayment for Unsecured Borrowings:		
The Company has borrowed unsecured interest bearing loans from Zydus Healthcare Limited of ₹ 275 Lakh. The servicing of repayment of the loans will be made as per terms of loan agreement.		

Note: 24 -Trade payables:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Due to Micro, Small and Medium Enterprises*	654	989
Due to other than Micro, Small and Medium Enterprises	48,458	38,240
Total	**49,112**	**39,229**
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A. Principal amount remaining unpaid to any supplier as at year end	654	989
B. Interest due thereon	-	-
C. Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
D. Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
E. Amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
F. Amount of further interest remaining due and payable in succeeding years.	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.		

Notes to the Consolidated Financial Statements (Contd...)

Note: 25 - Other financial liabilities:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	2,822	2,840
Payable to employees	1,375	1,037
Unpaid dividends [*]	80	71
Total	**4,277**	**3,948**

[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Note: 26 - Other current liabilities:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Payable to statutory authorities	2,221	2,337
Deferred revenue on Government grants	68	54
Advances from customers	1,101	783
Total	**3,390**	**3,174**

Note: 27 - Provisions:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits [*]	239	166
Provision for claims for product expiry and return of goods [**]	1,245	908
Total	**1,484**	**1,074**
[*] Refer note 21.		
[**] 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 retailer. The Group does not expect such claims to be reimbursed by any with retailer. The Group does not expect such claims to be reimbursed by any other party in future.		
b. The movement in such provision is stated as under:		
Opening balance at the beginning of the financial year	908	70
Add: Acquired Subsidiaries	-	732
Add: Provision created during the year	2,206	113
Less: Provision used during the year	(1,869)	(7)
Closing balance at the end of the financial year	1,245	908

Notes to the Consolidated Financial Statements (Contd...)

Note: 28 - Contingent liabilities and commitments [to the extent not provided for]:

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
A Contingent liabilities:		
a Other money for which the Group is contingently liable:		
i In respect of Sales Tax matters pending before appellate authorities	6,913	6,045
ii In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	1,337	1,337
iii In respect of Income tax	16,571	13,452
iv In respect of Stamp Duty	4,363	1,863
The Company has signed tax indemnity with erstwhile seller shareholder of acquired Heinz India Private Limited that purchasing buyer shall have the rights to make an tax indemnity claim to extent of the loss suffered by the Company for the period prior to acquisition. Of the above ₹ 24,467 lakh and ₹ 20,527 lakh as at March 31, 2020 and March 31, 2019, respectively, is covered under agreed tax indemnity clause and reimbursable from erstwhile shareholder of the Heinz India Private Limited on the amount being crystalized.		
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for :	354	671

Note: 29 - Dividends:

The Board of Directors, at its meeting held on March 13, 2020, declared and paid the interim dividend of ₹ 5 per equity share of ₹ 10/- each.

Note: 30 - Revenue from operations:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products	1,73,419	80,821
Other operating revenues:		
Net gain on foreign currency transactions and translation	53	44
Miscellaneous income	3,210	3,417
Total	**1,76,682**	**84,282**

Note: 31 - Other income:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Finance Income:		
Interest income on financial assets measured at amortised cost	535	2,039
Net gain on investments measured at Fair value through Profit and Loss	14	7
Net gain on sale of investments	522	1,842
Total	**1,071**	**3,888**

Notes to the Consolidated Financial Statements (Contd...)

Note: 32 - Cost of materials consumed:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Raw materials :		
Stock at commencement	3,179	1,385
Add: Acquired subsidiaries	-	5,827
Add: Purchases	61,126	17,037
	64,305	**24,249**
Less: Stock at close	(3,138)	(3,179)
	61,167	**21,070**
Packing materials consume	14,215	8,193
Total	**75,382**	**29,263**

Note: 33 - Purchases of stock-in-trade:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchases of stock-in-trade	8,249	3,002
Total	**8,249**	**3,002**

Note: 34 - Changes in Inventories:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Stock at commencement:		
Work-in-progress	6,796	47
Finished goods	10,003	1,475
Stock-in-trade	1,102	12
Add: Acquired subsidiaries		
Work-in-progress	-	5,936
Finished goods	-	6,718
Stock-in-trade	-	1,285
	17,901	**15,473**
Less: Stock at close:		
Work-in-progress	9,199	6,796
Finished goods	13,763	10,003
Stock-in-trade	693	1,102
	23,655	**17,901**
	(5,754)	**(2,428)**
Total	**(5,754)**	**(2,428)**

Notes to the Consolidated Financial Statements (Contd...)

Note: 35 - Employee benefits expense:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	15,474	7,976
Contribution to provident and other funds [*]	1,355	380
Staff welfare expenses	640	204
Total	**17,469**	**8,560**
Of the above includes Whole-time Director's Remuneration	372	331
[*] The Company's contribution towards the defined contribution plan	723	179

Note: 36 - Finance cost:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense [*]	13,935	2,992
Bank commission and charges	56	17
Total	**13,991**	**3,009**
[*] Interest expenses includes:		
On working capital loans	172	171
On Non-Convertible Debentures	13,748	2,817
On lease	3	-
Others	12	4
Total	**13,935**	**2,992**

Note: 37 - Other expenses:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores and spare parts	935	182
Power and fuel	2,162	960
Labour charges	1,899	975
Rent	1,200	461
Repairs to buildings	202	70
Repairs to plant and machinery	1,091	298
Repairs to others	793	96
Insurance	393	124
Rates and taxes	654	350
Commission to directors	-	73
Traveling expenses	2,001	740
Legal and professional fees [*]	910	688
Commission on sales	1,845	1,265

Notes to the Consolidated Financial Statements (Contd...)

Note: 37 - Other expenses: (Contd...)

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Freight and forwarding on sales	6,131	2,470
Advertisement and sales promotions	23,802	15,176
Representative allowances	777	543
Other marketing expenses	2,300	1,227
Directors' fees	36	50
Net Loss on disposal of fixed assets	2	-
Miscellaneous expenses [**]	2,097	1,657
Total	**49,230**	**27,405**
[*] Legal and professional fees include:		
a Payment to the Statutory Auditors [excluding Taxes]:		
As Auditor	26	17
For Other Services	5	52
Total	**31**	**69**
b Cost Auditor's Remuneration including fees for other services	3	2
[**] Miscellaneous expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013.	221	228

Note: 38 - Exceptional items:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Exceptional items [*]	(4,420)	(1,045)
Total	**(4,420)**	**(1,045)**

[*] In the process of integration and concluding the merger of the acquired entity, Company incurred various expenses towards transition service agreement (TSA), consultancy fees, stamp duties, legal and professional charges and other incidental charges. The Company would not have incurred these expenses in the normal course of business and hence these expenses are classified as Exceptional items.

Note: 39 - Earnings per equity share [EPS]:

₹ in Lakh

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
A. Profit attributable to Shareholders	₹ in Lakh	14,172	16,914
B. Basic and weighted average number of Equity Shares outstanding during the year	Numbers	5,76,64,144	4,21,79,254
C. Nominal value of equity share	₹	10	10
D. Basic & Diluted EPS	₹	24.58	40.10

Notes to the Consolidated Financial Statements (Contd...)

Note: 40 - Segment Information:

The Chief Operating Decision Maker [CODM] reviews the Group as a single "Consumer" segment. The Group operates in one segment only, namely "Consumer Products." The Group also exports its products to other countries. However the value being below threshold limit as prescribed under Ind AS provisions of "Segment Reporting", the reporting is not required.

Note: 41 - Related Party Transactions:

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

a	**Holding Company:** Cadila Healthcare Limited	
b	**Fellow Subsidiaries/ Concerns:**	
	Zydus Noveltech Inc., USA	Hercon Pharmaceutical USA LLC, USA
	Violio Healthcare Limited	Nesher Pharmaceuticals (USA) Inc,USA
	German Remedies Pharmaceuticals Private Limited (formerly known as Acme Pharmaceuticals Private Limited)	Zydus Animal Health and Investments Limited (formerly known as Violio Pharmaceuticals and Investments Limited)
	Zydus Technologies Limited*	Simayla Pharmaceuticals Pty Limited, South Africa
	Zydus Healthcare Limited	Script Management Services Pty Limited, South Africa
	Dialforhealth India Limited*	Etna Biotech SRL, Italy
	Dialforhealth Unity Limited	Zydus France SAS, France
	Dialforhealth Greencross Limited	Laboratorios Combix S.L., Spain
	Liva Pharmaceuticals Limited*	Zydus Nikkho Farmaceutica Ltda. ,Brazil
	Alidac Pharmaceuticals Limited*	Zydus Pharmaceuticals Mexico SA de CV, Mexico
	Zydus Pharmaceuticals Limited [Formerly known as Alidac Healthcare Limited]	Zydus Pharmaceuticals Mexico Services SA de CV, Mexico
	Zydus Foundation	Zydus Worldwide DMCC, Dubai
	Windlas Healthcare Private Limited**	Zydus Discovery DMCC, Dubai
	Zydus International Private Limited, Ireland	Alidac Pharmaceuticals (Myanmar) Limited, Myanmar
	Zydus Netherlands B. V., the Netherlands	Sentynl Therapeutics Inc., USA
	Zydus Lanka (Private) Limited, Sri Lanka	Viona Pharmaceuticals Inc., USA
	Zydus Healthcare Philippines Inc., Philippines	Biochem Pharmaceutical Private Limited
	Zydus Pharmaceuticals USA Inc., USA	Zydus Healthcare USA LLC, USA
	Zydus Healthcare SA (PTY) Limited, South Africa	
c	**Directors:**	
	Dr. Sharvil P. Patel	Non -Executive Chairman
	Mr. Ganesh Nayak	Non-Executive Director
	Mr. Kulin S. Lalbhai	Independent Director
	Mr. Savyasachi S. Sengupta	Independent Director w.e.f. November 2, 2018
	Mr. Ashish Bhargava	Nominee Director w.e.f. January 30, 2019
	Mr. Srivishnu Raju Nandyala	Independent Director w.e.f. March, 11, 2019
	Ms. Dharmishtaben N. Raval	Independent Director w.e.f. March, 11, 2019

Notes to the Consolidated Financial Statements (Contd...)

Note: 41 - Related Party Transactions: (Contd...)

d	**Key Managerial Personnel:**	
	Mr. Tarun G. Arora	Chief Executive Officer & Whole Time Director
	Mr. Umesh V. Parikh	Executive Officer [Chief Financial Officer]
	Mr. Dhanraj P. Dagar	Executive Officer [Company Secretary] w.e.f. February 6, 2019
	Mr. Dhaval N. Soni	Executive Officer [Company Secretary] up to February 6, 2019
e	**Enterprises significantly influenced by Directors and/ or their relatives -**	
	Mukesh M. Patel & Co.	Enterprises controlled by Key Managerial personnel of holding Company
f	**Post Employment Benefits Plan-**	
	Zydus Wellness Limited Employee Group Gratuity Scheme	
	Zydus Wellness Sikkim Employee Group Gratuity Scheme	
	Heinz India Private Limited Provident Fund [w.e.f January 30, 2019]	
	Heinz India Private Limited Employee Provident Fund [w.e.f.January 30, 2019]	
	Heinz India Private Limited Gratuity fund	
	Heinz India Private Limited Pension fund	

* *Merged with Cadila Healthcare Limited w.e.f. April 1, 2019.*

** *ceased to be the subsidiary of holding Company w.e.f. April 30, 2020.*

g M/s. Zydus Wellness - Sikkim, a partnership firm, was converted into a company, namely Zydus Wellness Products Limited (formerly known as Zydus Nutritions Limited), with effect from February 28, 2019, pursuant to which, it became a subsidiary of the company. Pursuant to the Scheme of Amalgamation between two subsidiaries of the company i.e. Zydus Nutritions Limited [ZNL] and Heinz India Private Limited [HIPL] which was sanctioned by the Hon'ble National Company Law Tribunal [NCLT] vide its order dated May 10, 2019 and effective date being May 24, 2019, HIPL has been merged with ZNL w.e.f. the appointed date of March 1, 2019.

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business:

a Details relating to parties referred to in Note 41 - A [a, b & f)

₹ in Lakh

Nature of Transactions	Value of the Transactions					
	Holding Company		Fellow Subsidiaries		Post Employment Benefits Plan	
	Year ended March 31					
	2020	2019	2020	2019	2020	2019
Sales of goods:						
Zydus Healthcare Limited	-	-	70	42	-	-
Zydus Healthcare SA (PTY) Limited	-	-	224	-		
Cadila HealthCare Limited	45	-	-	-	-	-
Service Income:						
Zydus Healthcare Limited	-	-	14	4	-	-
Cadila HealthCare Limited	-	6	-	-	-	-
Cadila HealthCare Limited	2	-	-	-	-	-

Notes to the Consolidated Financial Statements (Contd...)

Note: 41 - Related Party Transactions: (Contd...)

₹ in Lakh

Nature of Transactions	Value of the Transactions					
	Holding Company		Fellow Subsidiaries		Post Employment Benefits Plan	
	Year ended March 31					
	2020	2019	2020	2019	2020	2019
Purchase of services:						
Cadila HealthCare Limited	9	-	-	-	-	-
Issue of Equity Shares						
Cadila Healthcare Limited	-	1,17,500	-	-	-	-
Borrowings:						
Zydus Healthcare Limited	-	-	-	275	-	-
Interest Expenses:						
Zydus Healthcare Limited	-	-	26	4	-	-
Reimbursement of Expenses:						
Cadila Healthcare Limited	94	16	-	-	-	-
Zydus Healthcare S.A. (PTY) Ltd	-	-	-	117	-	-
CSR contributions						
Zydus Foundation	-	-	221	-	-	-
Contributions during the year (includes Employee's share and contribution)						
Zydus Wellness Limited Employee Group Gratuity Scheme	-	-	-	-	30	44
Zydus Wellness Sikkim Employee Group Gratuity Scheme	-	-	-	-	28	27
Heinz India Private Limited Provident Fund [w.e.f January 30, 2019]	-	-	-	-	461	73
Heinz India Private Limited Employee Provident Fund [w.e.f January 30, 2019]	-	-	-	-	341	54
Heinz India Private Limited Gratuity fund	-	-	-	-	200	-
Heinz India Private Limited Pension fund	-	-	-	-	66	-
Dividend Paid						
Cadila Healthcare Limited	3,665	2,253	-	-	-	-
Outstanding Payable:						
Zydus Healthcare Limited	-	-	280	278	-	-
Zydus Healthcare S.A. (Pty) Ltd	-	-	-	117	-	-
Outstanding Receivable:						
Cadila Healthcare Limited	14	-	-	-	-	-
Zydus Healthcare S.A. (Pty) Ltd	-	-	173	-	-	-
Zydus Healthcare Limited	-	-	37	5	-	-

Notes to the Consolidated Financial Statements (Contd...)

Note: 41 - Related Party Transactions: (Contd...)

b Details relating to persons referred to in Note 41-A [c], 40-A [d] and 40-A [e] above:

₹ in Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Remuneration:		
(i) Salaries and other employee benefits to Whole time directors and other executive officers	504	453
(ii) Commission and Sitting Fees:	36	123
Other entites where significant infuence exists:		
(iii) Legal and professional fees	21	-
Outstanding payable to above (i) and (ii)	8	91

Note: 42 - Financial instruments:

(i) 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 rely 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.

(ii) Financial assets and liabilities measured at fair value - recurring fair value measurements:

₹ in Lakh

Particulars	As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments at FVTPL								
Mutual funds	11,041	-	-	11,041	4,610	-	-	4,610
Total financial assets	**11,041**	**-**	**-**	**11,041**	**4,610**	**-**	**-**	**4,610**
Financial Liabilities	-	-	-	-	-	-	-	-

(iii) Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed.

Financial Assets: The carrying amounts of trade receivables and other financial assets [other than derivatives], cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities: Fair values of loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

Notes to the Consolidated Financial Statements (Contd...)

Note: 43 - Financial risk management:

(i) Financial instruments by category:

₹ in Lakh

Particulars	As at March 31, 2020			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets				
Investments	11,041	-	-	11,041
Trade receivables	-	-	11,820	11,820
Cash and Cash equivalents	-	-	5,448	5,448
Bank balance other than cash and cash equivalents	-	-	2,794	2,794
Other financial assets	-	-	977	977
Total	**11,041**	**-**	**21,039**	**32,080**
Financial liabilities				
Borrowings	-	-	1,51,905	1,51,905
Trade payables	-	-	49,112	49,112
Lease Liabilities	-	-	78	78
Other financial liabilities	-	-	4,328	4,328
Total	**-**	**-**	**2,05,423**	**2,05,423**

₹ in Lakh

Particulars	As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets				
Investments	4,610	-	-	4,610
Trade receivables	-	-	9,604	9,604
Cash and Cash equivalents	-	-	13,815	13,815
Bank balance other than cash and cash equivalents	-	-	2,614	2,614
Other financial assets	-	-	667	667
Total	**4,610**	**-**	**26,700**	**31,310**
Financial liabilities				
Borrowings	-	-	1,56,925	1,56,925
Trade payables	-	-	39,229	39,229
Lease Liabilities	-	-	-	-
Other financial liabilities	-	-	4,011	4,011
Total	**-**	**-**	**2,00,165**	**2,00,165**

(ii) Risk Management:

The Group'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.

Notes to the Consolidated Financial Statements (Contd...)

Note: 43 - Financial risk management: (Contd...)

The Group's risk management is managed in close co-ordination with the Board of Directors and focuses on actively securing the Group'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 Group 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 Group 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 Group is exposed to credit risk from trade receivables, bank deposits and other financial assets. The Group 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.

Bank deposits : The Group 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.

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.

Trade Receivable: The Group trades with recognized and credit worthy third parties. It is the Group'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 Group's exposure to bad debts is not significant. There are no significant credit risks with related parties of the Group. The Group 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 Group's large customer base. Adequate expected credit losses are recognized as per the assessments.

The history of trade receivables shows an allowance for bad and doubtful debts of Nil [Nil as at March 31, 2019]. The Group has made allowance of Nil [Nil as at March 31, 2019], against trade receivables of ₹ 11,820 lakh and ₹ 9,604 lakh as at March 31, 2020 and March 31, 2019, respectively.

B Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities.

b Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group account the liquidity of the market in which the entity operates. In addition, the Group'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 Group'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.

Notes to the Consolidated Financial Statements (Contd...)

Note: 43 - Financial risk management: (Contd...)

₹ in Lakh

Particulars	As at March 31, 2020					
	Carrying value	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities						
Borrowings (including interest)	1,54,727	15,690	63,635	59,115	54,570	1,93,010
Trade payables	49,112	49,112	-	-	-	49,112
Lease Liabilities	78	22	22	22	33	99
Other financial liabilities (excluding interest accrued but not due)	1,506	1,455	-	-	51	1,506
Total	**2,05,423**	**66,279**	**63,657**	**59,137**	**54,654**	**2,43,727**

₹ in Lakh

Particulars	As at March 31, 2019					
	Carrying value	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities						
Borrowings (including interest)	1,59,765	20,673	13,785	63,635	1,13,685	2,11,778
Trade payables	39,229	39,229	-	-	-	39,229
Other financial liabilities (excluding interest accrued but not due)	1,171	1,108	-	-	63	1,171
Total	**2,00,165**	**61,010**	**13,785**	**63,635**	**1,13,748**	**2,52,178**

C Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Euro and GBP. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group's operations in foreign currency is insignificant and hence there is no material risk.

a Foreign currency risk exposure:

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

Sensitivity

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

₹ in Lakh

Particulars	As at March 31, 2020		As at March 31, 2019	
	Movement in Rate	Impact on PAT	Movement in Rate	Impact on PAT
USD	9%	12	7%	7
USD	(9%)	(12)	(7%)	(7)
EUR	7%	9	7%	16
EUR	(7%)	(9)	(7%)	(16)
Others	5%	2	5%	(0)
Others	(5%)	(2)	(5%)	0

Notes to the Consolidated Financial Statements (Contd...)

Note: 43 - Financial risk management: (Contd...)

b Interest rate risk:

Liabilities: [*]

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2020, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in Fixed Deposits are at fixed interest rates.

Below is the sensitivity of profit or loss and equity changes in interest rates:

₹ in Lakh

Particulars	Movement in Rate	As at March 31, 2020	As at March 31, 2019
Interest rates	+0.50%	(7)	(23)
Interest rates	(0.50%)	7	23

** Holding all other variables constant*

c Price Risk

(a) Exposure

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

(b) Sensitivity- Mutual Fund [*]

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit and loss for the period. The analysis is based on the assumption that the price of the instrument has increased by 2% or decreased by 2% with all other variables held constant.

₹ in Lakh

Particulars	Movement in Rate	As at March 31, 2020	As at March 31, 2019
Mutual Funds [Quoted]			
Increase 2%	+2%	221	92
Decrease 2%	-2%	(221)	(92)

[*] Holding all other variables constant.

Note 44: Capital management:

The Group' s capital management objectives are

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders
- maintain an optimal capital structure to reduce the cost of capital.

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

Particulars		As at March 31, 2020	As at March 31, 2019
Gross debts	₹ in lakh	1,51,905	1,56,925
Total equity	₹ in lakh	3,46,066	3,38,628
Gross debt to equity ratio [No. of times]		0.44	0.46

Notes to the Consolidated Financial Statements (Contd...)

Note 44: Capital management: (Contd...)

Loan covenants

The Company has taken loan for working capital requirement and long term borrowings and as at March 31, 2020, the ratio of financial indebtness net of cash and cash equivalents to shareholder's fund is 0.39, Interest Service Coverage Ratio is 2.37 and financial indebtness net of cash and cash equivalents to Earnings before interest, tax, depreciation and amortisation (EBITDA) is 4.10, based on consolidated financial information as per Company's debenture trust deed.

Note: 45 - Group Information:

Consolidated Financial Statements as at March 31, 2020 comprise the Financial Statements [FS] of Zydus Wellness Limited and its subsidiaries, which are as under:

Name	Principal activities	Country of incorporation	Status of FS at March 31, 2020	% Share of Interest As at	
				March 31, 2020	March 31, 2019
Liva Investment Limited	Investment	India	Audited	100	100
Liva Nutritions Limited	Consumer Health & Wellness	India	Audited	100	100
Zydus Wellness Products Limited [Formerly known as Zydus Nutritions Limited] [Refer Note 41 A (g)]	Consumer Health & Wellness	India	Audited	100	-
Zydus Wellness International DMCC [Date of incorporation: May 28, 2019]	Consumer Health & Wellness	Dubai	Audited	100	-
Heinz India Private Limited (Merged with Zydus Nutritions Limited w.e.f. May 24, 2019)	Consumer Health & Wellness	India	Audited	-	100
Zydus Wellness Sikkim [Refer Note 41 A (g)]	Consumer Health & Wellness	India	Audited	-	100
Zydus Nutritions Limited (Erstwhile known as Zydus Wellness Sikkim - Partnership Firm)	Consumer Health & Wellness	India	Audited	-	100

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

	Net Assets i.e. total assets minus total liabilities		Share in Profit / [Loss]		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of Consolidated Net Assets	₹ in lakh	As % of Consolidated Profit / [Loss]	₹ in lakh	As % of Consolidated other Comprehensive income	₹ in lakh	As % of total Comprehensive income	₹ in lakh
Parent:								
Zydus Wellness Limited	93%	3,21,470	(29%)	(4,073)	(13%)	(29)	(29%)	(4,102)
Subsidiaries:								
Indian:								
Zydus Wellness Products Limited	99%	3,41,614	(89%)	(12,671)	106%	230	(86%)	(12,441)
Liva Investment Limited	0%	19	0%	(1)	0%	-	0%	(1)
Liva Nutritions Limited	0%	(44)	0%	(26)	0%	-	0%	(26)
Foreign:								
Zydus Wellness International DMCC	0%	255	1%	191	0%	-	1%	191
Total Eliminations/ Consolidation Adjustments	(92%)	(3,17,248)	217%	30,752	8%	17	214%	30,769
Total	**100%**	**3,46,066**	**100%**	**14,172**	**100%**	**218**	**100%**	**14,390**

Notes to the Consolidated Financial Statements (Contd...)

Note: 46 : COVID-19 Impact:

The Ministry of Home Affairs vide order No.40-3/2020 dated March 24, 2020, notified first ever nationwide lockdown in India to contain the outbreak of Covid Pandemic. As a result, our operations were completely shut down during initial days of the Lockdown. However, subsequently we could quickly get the required approvals for re-starting our manufacturing plants and operating our warehouses. Majority of the distributors could also get permissions from local authorities to re-open their business places. With ensuring necessary safety precautions to be taken, our majority of last mile field force and front line staff have also come forward and supported the business. Though initially the entire economy faced shortage of labour and transportation facilities, progressively the government's support for the movement of essential commodities helped resolve the transportation and labour issues to some extent. We are faced with the same uncertainties as faced by our country in general and FMCG industry in particular due to current COVID 19 pandemic. However, as stated before, operations are gradually moving towards near normalcy now and are in relatively better shape compared to what they were during the last week of March 20 and major part of April 20.

As per our current assessment of the situation based on internal and external information available up to the date of approval of these financial results by the Board of Directors, 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 results and the Company will closely monitor any material changes to the economic environment and their impact on the business.

Note: 47:

Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

Signatures to Significant Accounting Policies and Notes 1 to 47 to the Financial Statements

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership Number: 014427
Place: Ahmedabad
Date: June 2, 2020

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Statement containing the salient features of the Financial Statements of Subsidiaries/ Associates/ Joint Ventures

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014]

Part: "A" - Subsidiaries

₹ in Lakh

Sr No.	Name of the Subsidiary	Reporting Year Ended	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than Investments in Subsidiaries	Turnover & Other income from operations*	Profit/ (Loss) before Taxation*	Provision for Taxation *	Profit/ (Loss) after Taxation*	Proposed Dividend	% of Shareholding
1	Zydus Wellnes Private Limited (formerly known as Zydus Nutritions Limited) **	March 31, 2020	₹	1	21,443	3,20,171	5,10,249	1,68,635	11,041	1,60,995	(20,580)	(7,909)	(12,671)	-	100.00%
2	Liva Nutritions Limited	March 31, 2020	₹	1	5	(49)	237	281	-	-	(26)	-	(26)	-	100.00%
3	Liva Investment Limited	March 31, 2020	₹	1	25	(6)	19	-	-	-	(1)	-	(1)	-	100.00%
4	Zydus Wellness International DMCC ***	March 31, 2020	USD	75.60	51	203	574	320	-	1,004	190	-	190	-	100.00%

* Converted using average exchange rates prevailing during the year.

** The Group has acquired Heinz India Private Limited as a wholly owned subsidiary in India on January 30, 2019 and the same has been merged with Zydus Nutritions Limited with an appointed date of March 01, 2019 persuant to order of NCLT dated May 10, 2019 with effective date of May 24, 2019.

*** The Group has incorporated Zydus Wellness International DMCC as a wholly owned subsidiary in Dubai on May 28, 2019.

For and on behalf of the Board

Umesh V. Parikh
Chief Financial Officer
Place: Ahmedabad
Date: June 2, 2020

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Dr. Sharvil P. Patel
Chairman

NOTICE

ZYDUS WELLNESS LIMITED

(CIN–L15201GJ1994PLC023490)
Registered Office: "Zydus Corporate Park" Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle, Sarkhej - Gandhinagar Highway, Ahmedabad - 382481.
Website: www.zyduswellness.in I **Email:** investor.grievance@zyduswellness.in
Phone No: +91 79 48040000; +91 79 71800000

Notice is hereby given that the **Twenty Sixth** Annual General Meeting ("**AGM**") of the members of the Company will be held on Thursday, August 27, 2020 at 10.00 a.m. (IST) through Video Conference ("**VC**") / Other Audio Visual Means ("**OAVM**"). The venue of the AGM shall be deemed to be the Registered office of the Company. The following business will be transacted at the AGM:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the year ended on March 31, 2020 and the Reports of the Board of Directors and Auditors thereon.

2. To confirm the payment of Interim Dividend of ₹ 5/- per equity share of ₹ 10/- each as a final dividend for the Financial Year 2019–2020.

3. To consider the re-appointment of Dr. Sharvil P. Patel (DIN-00131995), as a Director, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint M/s. Mukesh M. Shah & Co., Chartered Accountants [Firm Registration No. 106625W] as Statutory Auditor of the Company to hold office from the conclusion of 26th Annual General Meeting until the conclusion of 31st Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To re-appoint Mr. Tarun G. Arora (DIN: 07185311) as a Chief Executive Officer and Whole Time Director:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of sections 2(51), 2(94), 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the **Act**"), and applicable provisions of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("the **SEBI Listing Regulations**"), (including any statutory modifications or re-enactments thereof, for the time being in force) and the Articles of Association of the Company, consent of the members be and is hereby accorded to re-appoint Mr. Tarun G. Arora as a Chief Executive Officer & Whole Time Director of the Company for a further period of five years with effect from May 7, 2020 on payment of salary and perquisites (herein after referred to as "**remuneration**") as may be recommended by the Nomination and Remuneration Committee based on his performance evaluation and as approved by the Board of Directors, which shall be within the overall limits prescribed under the provisions of the Act from time to time, out of the profits of the Company of the respective financial year as calculated under the provisions of sections 197 and 198 of the Act in any financial year and on the terms and conditions, benefits and perquisites, as set out in the draft agreement proposed to be entered into between the Company and Mr. Tarun G. Arora with an authority to the Board of Directors to finalize and execute it.

RESOLVED FURTHER THAT notwithstanding anything to the contrary contained hereinabove, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites shall not exceed the aggregate of the annual remuneration as provided above or maximum remuneration payable as per the limits set out in Section II of Part II of Schedule V of the Act, whichever is lower as the Minimum Remuneration, unless otherwise determined by the Nomination and Remuneration Committee and the Board of Directors.

RESOLVED FURTHER THAT pursuant to the provisions of Schedule V of the Act, Mr. Tarun G. Arora, who is also the Whole Time Director of Zydus Wellness Products Limited ("**ZWPL**"), a wholly owned subsidiary company of the Company, shall be entitled to receive / draw remuneration from ZWPL, provided that the total remuneration received / drawn from the Company and ZWPL shall not exceed the higher of maximum limit admissible from the Company or ZWPL.

RESOLVED FURTHER THAT in case of no profits or if profits of the company in any financial year is inadequate, in addition to the above, the Whole Time Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration stated hereinabove:

(a) Contribution to provident fund to the extent not taxable under the Income Tax Act, 1961,

(b) Gratuity payable at the rate not exceeding half a month's salary for each completed years of service and

(c) Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT Mr. Tarun G. Arora shall be liable to retire by rotation and if he is re-appointed at the general meeting, his terms and conditions of the re-appointment, including remuneration shall be governed as per the Agreement to be entered into for a period of five years.

LASTLY RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interest of the Company."

6. **To ratify remuneration to Cost Auditors:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to provisions of section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, Rule 14 of the Companies (Cost Records and Audit) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies the remuneration of ₹ 2.60 Lakhs plus applicable taxes and out of pocket expenses at actuals for the financial year ending on March 31, 2021 to Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338) who were appointed as Cost Auditors to conduct the audit of cost records maintained by the Company pertaining to product 'Nutralite' manufactured by the Company for the financial year 2020–2021.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps as may be necessary to give effect to this Resolution."

By Order of the Board of Directors

Dhanraj P. Dagar
Company Secretary
Membership No. A33308

Place: Ahmedabad
Date: June 2, 2020

NOTES:

1. The Explanatory Statement pursuant to provisions of section 102 of the Companies Act, 2013 ("the **Act**") in respect of special business under Item Nos. 5 and 6 of the Notice is annexed hereto. The Board of Directors have considered and decided to include item Nos. 5 and 6 given above as special businesses in the AGM, as they are unavoidable in nature.

2. The Register of Members and Share Transfer Books shall remain closed from Friday, August 14, 2020 to Friday, August 21, 2020 (both days inclusive) for the purpose of Twenty Sixth AGM.

3. **A MEMBERS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as a proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% (ten percent) of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company, then such proxy shall not act as a proxy for any other person or member.

   In view of the COVID-19 Pandemic, the Ministry of Corporate Affairs vide its circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 ("**MCA Circulars for General Meetings**"), permitted the holding of the AGM through VC/OAVM, without the physical presence of members at a common venue. In compliance with the provisions of the Act, the SEBI Listing Regulations and the MCA Circulars for General Meetings, the AGM of the Company is being held through VC/OAVM.

   As this AGM is being held pursuant to the MCA Circulars for General Meeting through VC / OAVM, the facility to appoint proxy will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, a Body Corporate is entitled to appoint authorised representative to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.

   As this AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

4. Institutional / Corporate Shareholders (i.e. other than individual / HUF, NRI etc.) are required to send a scanned copy of (PDF / JPG format) of its Board or governing body Resolution / Authorization etc. authorizing the representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorization shall be sent to the Scrutinizer by email through its registered email address to pcs.buchassociates@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.

5. Those members who have not encashed their dividend warrants pertaining to the following financial years are requested to approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund ("**IEPF**") on the respective dates mentioned there against, pursuant to provisions of section 125 of the Companies Act, 2013, and the Rules made thereunder. Members are requested to note that after such date, they may apply for refund of any unclaimed dividend which has been transferred to the IEPF, under sub-section (4) of section 125 or under proviso to sub-section (3) of section 125, as the case may be, to the IEPF authority by making an online application in the prescribed Form available on website www.iepf.gov.in along with fee as may be decided by the IEPF authority.

Financial year ended on	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF Account
March 31, 2014	July 14, 2014	60	September 16, 2021
March 31, 2015	July 29, 2015	60	October 1, 2022
March 31, 2016	March 4, 2016	@65	May 7, 2023
March 31, 2017	March 1, 2017	@65	May 4, 2024
March 31, 2018	August 3, 2018	80	October 7, 2025
March 31, 2019	July 31, 2019	50	October 7, 2026
March 31, 2020	March 13, 2020	@50	April 22, 2027

@ Interim Dividend

In compliance with the provisions of section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016 dated September 5, 2016 and as amended from time to time (hereinafter referred to as "**the said Rules**"), the Company has transferred 5,717 Equity Shares of ₹ 10/- each of 126 shareholders whose dividend remained unclaimed or unpaid for a consecutive period of seven years or more to IEPF authority constituted by the Ministry of Corporate Affairs.

Any shareholder who wishes to claim their shares or unclaimed dividend may apply to the authority by making an online application in the prescribed Form available on website www.iepf.gov.in along with the prescribed documents and fees.

Pursuant to the IEPF (uploading of information regarding unpaid and unclaimed amount lying with the Companies) Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the Twenty Fifth Annual General Meeting held on July 31, 2019 on its website–www.zyduswellness.in and on the website of Ministry of Corporate Affairs www.mca.gov.in

6. Members holding shares in physical form are requested to intimate Registrar and Transfer Agent ("**RTA**") of the Company viz., M/s. Link Intime India Private Limited (Unit: Zydus Wellness Limited), 506 – 508, Amarnath Business Centre – I, Beside Gala Business Centre, Navrangpura, Off C.G. Road, Ahmedabad–380006, changes, if any, in their names, registered address along with pin code number, email address, telephone / mobile number, Permanent Account Number ("**PAN**"), mandates, nominations, power of attorneys, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc. and relevant evidences. Members holding shares in electronic form shall update such details with their respective Depository Participant ("**DP**").

   As per the provisions of section 72 of the Act, the facility of making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their respective DP in case the shares are held by them in electronic form and to the Company / RTA, in case the shares are held in physical form.

   Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company / RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such members after making requisite changes.

   In case of joint holders, the Members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

7. The information of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting is provided at **Annexure–A** to this Notice as prescribed under Regulation 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India.

8. In compliance with the MCA Circulars on General Meetings and SEBI Circular dated May 12, 2020, Notice of the AGM of the Company, ***interalia***, indicating the process and manner of e–voting is being sent only through electronic mode to those Members whose email addresses are registered with the Company / DP.

9. SEBI vide its circular dated June 8, 2018 amended regulation 40 of the SEBI Listing Regulations pursuant to which requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form, except for transmission or transposition. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider to dematerialise their holdings at the earliest, as it will not be possible to transfer shares held in a physical mode.

10. **SEBI vide its circular dated April 20, 2018, directed all the listed companies to record the Income Tax PAN and Bank Account Details of all their shareholders holding shares in physical form. All those shareholders who are yet to update their details with the Company are requested to do so at the earliest. This will help the shareholders to receive the dividend declared by the Company, directly in their respective bank accounts.**

11. **Members who have not registered their e–mail address so far are requested to register their e–mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.**

The email addresses can be registered with the DP in case the shares are held in electronic form and with the RTA in case the shares are held in physical form.

Members may also note that the Notice of the AGM and the Annual Report 2019-2020 will also be available on the Company's website, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www. zyduswellness.in, www.bseindia.com and www.nseindia.com respectively and on the website of CDSL www.cdslindia.com. The physical copies of the documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e–communication, members are entitled to receive such communication in physical form, upon making a request for the same free of cost. For any communication, the members may also send requests to the Company's investor email id investor.grievance@zyduswellness.in.

12. **E–Voting (voting through electronic means):**

I. The businesses as set out in the Notice may be transacted through electronic voting system. In compliance with provisions of section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, standard 2 of the Secretarial Standards on General Meetings and in compliance with regulation 44 of the SEBI Listing Regulations and pursuant to the MCA Circulars for General Meetings, the Company is pleased to offer the facility of voting through electronic means, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with Central Depository Services (India) Limited ("**CDSL**") to facilitate the members to cast their votes from a place other than venue of the AGM ("**remote e-voting**"). The facility for voting shall be made available at the AGM through electronic voting and the members attending the AGM who have not cast their vote by remote e–voting shall be able to exercise their right at the AGM. Please note that the voting through electronic means is optional for the members. The facility of casting votes by a member using remote e-voting as well as voting on the date of the AGM will be provided by CDSL.

II. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the MCA Circulars on General Meetings, physical attendance of the Members at the AGM venue is not required and AGM can be held through VC / OAVM. Accordingly, Members can attend and participate in the ensuing AGM through VC / OAVM.

III. The Members can join the AGM through the VC / OAVM mode 15 minutes before the AGM and within 15 minutes after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on first come first served basis. This will not include large shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

IV. The attendance of the Members attending the AGM through VC or OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Act.

V. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on Thursday, August 20, 2020 ("**cut-off date**") shall be entitled to avail the facility of remote e-voting or voting at the time of AGM. Persons who are not members as on the cut-off date should treat this notice for information purpose only.

The Notice will be displayed on the website of the Company www.zyduswellness.in and on the website of CDSL www.evotingindia.com.

The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again.

The Members whose names appear in the Register of Members / List of Beneficial Owners as on cut-off date shall be entitled to vote on Resolutions set forth in the Notice of AGM. Members who have acquired shares after the sending of the Annual Report electronically and holding shares as on the cut-off date may approach the Company for issuance of the User id and Password for exercising their right to vote by electronic means.

VI. **Process for those Members whose email ids are not registered with the Depositories for obtaining log-in credentials for e-voting:**

i. Members holding shares in physical form are requested to provide the necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA**.

ii. Members holding shares in demat form are requested to provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA**.

VII. **Members are requested to follow the instructions below to cast their vote through remote e-voting**:

The voting period begins at 9:00 a.m. on Monday, August 24, 2020 and ends at 5:00 p.m. on Wednesday, August 26, 2020. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut–off date i.e. August 20, 2020, may cast their vote by remote e–voting. The remote e-voting module shall be disabled by CDSL for voting thereafter.

(i) The Members who have already voted prior to the meeting date would not be entitled to vote at the time of meeting.

(ii) The Members should log on to the remote e–voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if memebers are registered on CDSL's EASI / EASIEST e-service, a member can login at https://www.cdslindia.com from login my easi using its login credentials. Once you successfully login to CDSL's EASI / EASIEST e-services, click on e-voting option and proceed directly to cast your vote electronically.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in both Demat and Physical form.
PAN	Enter your 10 digit alpha–numeric PAN issued by Income Tax Department (applicable for both, members holding shares in demat mode and members holding shares in physical mode).
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank details or Date of Birth (DOB) (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for ZYDUS WELLNESS LIMITED on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option **YES** implies that you assent to the resolution and option **NO** implies that you dissent to the resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the vote cast by clicking on "Click here to print" option on the voting page.

(xvii) If demat account holder has forgotten the login password, he should enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective App Store. Please follow the instructions as prompted by the mobile app while remote e-voting on your mobile.

(xix) Note for Non–Individual Shareholders and Custodians

- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance Users would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney ("**POA**"), which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively non-individual members are required to send the relevant Board Resolution / Authority Letter togather with attested specimen signature of the duly authorised signatory, who are authorised to vote, to the scrutinizer and to the Company, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xx) If you have any queries or issues regarding attending AGM & e-voting from the e-voting system, you may refer the Frequently Asked Questions ("**FAQs**") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai-400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

A member can opt for only one mode of voting i.e. either through remote e-voting or e-voting during the AGM. If a member casts votes by both modes, then voting done through remote e-voting shall prevail.

The Company has appointed Mr. Hitesh Buch, Practicing Company Secretary (Membership No. 3145), to act as the Scrutinizer for conducting the voting and remote e-voting process in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorised by him immediately after the results are declared.

The results declared along with the Scrutinizer's report, will be posted on the website of the Company www.zyduswellness.in and on the website of CDSL www.cdslindia.com and will be displayed on the Notice Board of the Company at its Registered Office immediately after the declaration of the result by the Chairman or any other person authorised by him and communicated to the Stock Exchanges.

VIII. **Instructions for Members voting on the day of AGM on e-voting system are as under:**

1. The procedure for e-voting on the day of AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those Members, who will be present in AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available in AGM.
3. If any votes are cast by the members through the e-voting available during AGM and if the same

members have not participated in the meeting through VC /OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.

4. Members who have voted through remote e-voting will be eligible to attend AGM. However, they will not be eligible to vote at AGM.

IX. **Instructions for Members for attending AGM through VC / OAVM are as under:**

1. Member will be provided with a facility to attend AGM through VC / OAVM through the CDSL e-Voting system. Members may access the same at https://www.evotingindia.com under member's login by using the remote e-voting credentials. The link for VC / OAVM will be available in member's login where the EVSN of Company will be displayed.

2. Members are encouraged to join AGM through laptops for better experience.

3. Further, Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio / video loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

5. Members who would like to express their views / ask questions during the meeting may register themselves as speakers and may send their request **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at company's email id.

6. Members who would like to express their views / have questions may send their questions in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id and mobile number at company's email id. The same will be replied by the company suitably.

7. Members who have registered themselves as speakers will only be allowed to express their views/ask questions during the meeting.

REQUEST TO THE MEMBERS:

Members desiring any relevant information on the accounts at the meeting are requested to write to the Company at least 7 days in advance of the date of meeting at its Registered Office, so as to enable the Company to keep the information ready.

Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013:

The following statement sets out all material facts relating to Special Businesses mentioned in the Notice of Meeting dated June 2, 2020.

In respect of item No. 5: To re-appoint Mr. Tarun G. Arora (DIN: 07185311) as a Chief Executive Officer and Whole Time Director:

Mr. Tarun Arora, 48 years, is a Bachelor of Science and has done Post Graduate Diploma in Business Management from IMT, Ghaziabad. Mr. Arora has experience of 25 years, in which he has handled General Management and Leadership Roles with outstanding business results for large FMCG and retail organizations and has played a pivotal role in conceptualizing, launching and renovating various brands across consumer spaces with sharp "Go to Market" programs.

Mr. Arora has successfully completed 5 years with Zydus Wellness. He was Chief Executive–India business at Danone Waters before joining Zydus. Mr. Arora has worked with various FMCG companies like Godrej Consumer Products Limited, Bharti Group [Retail Business], Dabur India Limited [Consumer Care Division],Wipro Consumer Care and Lighting and Sara Lee.

The Board of Directors of the Company at its meeting held on May 7, 2020 has, subject to approval of members, reappointed Mr. Arora as a Whole Time Director, designated as Chief Executive Officer, for a further period of 5 (five) years with effect from May 7, 2020, on terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

Mr. Tarun Arora was re-appointed as a Whole Time Director in accordance with the relevant provisions of the Act read with Schedule V of the Act. Mr. Tarun Arora shall be entitled to remuneration by way of salary, dearness allowance, perquisites, commission and other allowances, as may be determined by the Board of Directors, within the overall limits prescribed under the provisions of the Act and Schedule V of the Companies Act.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure as a Whole Time Director, the Company has no profits or has inadequate profits, the Company will pay remuneration by way of salary, perquisites and allowances as specified in the resolution as Minimum Remuneration to the Whole Time Director subject to limits as prescribed under Schedule V of the Act or such other limits as may be prescribed by the Central Government from time to time.

The terms of appointment and remuneration given herein may be fixed, altered, varied and increased from time to time by the Board of Directors, at its sole discretion as they deem fit, so as not to exceed the overall limits as prescribed under the provisions of the Act.

The remuneration payable and the other terms and conditions of the re-appointment of Mr. Tarun Arora as a Whole Time Director is set out in the Agreement proposed to be entered into by the Company with him, which will be available for inspection by the Members at the Registered Office of the Company at any time between 10.00 a.m. to 1.00 p.m. on any working day up to the date of the Meeting.

Consent of the members is sought for passing Ordinary Resolution as set out at Item No. 5 of the Notice for re-appointment of Mr. Tarun Arora as a Director liable to retire by rotation and the Whole Time Director of the Company.

In the opinion of the Board of Directors, Mr. Tarun Arora fulfills the conditions specifited in the Act and Rules framed thereunder and the SEBI Listing Regulations and the Company has received a notice from a member under section 160 of the Act proposing the candidature of Mr. Tarun Arora to be re-appointment as a Whole Time Director of the Company.

Mr. Tarun Arora is eligible for re-appointment as a Whole Time Director of the Company pursuant to provisions of the Act and is not disqualified from being appointed as a Whole Time Director in terms of section 164 of the Act. Mr. Tarun Arora has given his consent to act as a Whole Time Director of the Company.

Save and except Mr. Arora, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution as set out at item No. 5 of the Notice.

The Board recommends the passing of resolution as an Ordinary Resolution as set out at item No. 5 of the Notice.

In respect of item No. 6: Ratification of remuneration to Cost Auditors

In accordance with the provisions of section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the Company pertaining to product 'Nutralite' manufactured by the Company.

On the recommendation of the Audit Committee, the Board of Directors have approved the appointment of Dalwadi & Associates, Cost Accountants (Registration Number 000338) as the Cost Auditors to conduct audit of cost records of the Company for the financial year 2020-2021, at a remuneration of ₹ 2.60 Lakhs plus applicable taxes and out of pocket expenses at actuals.

Dalwadi & Associates, Cost Accountants have furnished certificate regarding their eligibility for appointment as Cost Auditors of the Company. As per the provisions of the Act read with the Rules, the remuneration payable to the Cost Auditors shall be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 6 of the Notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 6 of the Notice. Your Directors recommend the passing of this resolution by the members.

By order of the Board of Directors

Dhanraj P. Dagar
Company Secretary
Membership No. A33308

Place : Ahmedabad
Date : June 2, 2020

Annexure–A

Details of Director seeking appointment / re-appointment at the forthcoming Annual General Meeting

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015]

Name of the Director	**Dr. Sharvil P. Patel**
Age	42 years
Date of appointment on the Board	April 27, 2009
Brief resume and nature of expertise in functional areas	Dr. Sharvil P. Patel is the Managing Director of Cadila Healthcare Limited, parent Company, which is one of the leading global healthcare providers and the 4th largest pharmaceutical company in India. With a specialisation in Chemical and Pharmaceutical Sciences from the University of Sunderland, U.K., and a Doctorate from the same university for his research work in Breast Cancer at John Hopkins, Bayview Medical Centre, USA, Dr. Sharvil Patel possesses both Pharma and Research expertise. Young and astute with a natural bias for leading new streams of thoughts and initiatives, Dr. Sharvil P. Patel is a member of the Zydus Executive Board which oversees and reviews the different business verticals of the group and spearheads organization-wide initiatives. Combining 'big picture' thinking with a fine eye for details, Dr. Patel's leadership inspires people to look at an expansive canvas of thoughts and ideas while focusing on a welldefined implementation roadmap. Dr. Sharvil P. Patel has also brought in a new dimension to the consumer business – giving it a much larger positioning in the wellness domain. He officiates as the Chairman on the Board of Zydus Wellness Limited. The company is creating several novel experiences for the health conscious consumers and has a basket of niche products and iconic brands such as Sugar Free, Everyuth, Complan, Nycil, Glucon-D and Nutralite. Dr. Patel was conferred the '40 Under 40 Most Influential Asians' Award by the Asian Business & Social Forum 2018 (ABSF) and the Young Business Leader '40 under Forty' Award by ET Now in 2017.
Relationship between directors inter-se	None
Directorships held in other Listed Companies	Cadila Healthcare Limited
Memberships / Chairmanships of Committees in Listed Companies	Chairman: Zydus Wellness Limited Stakeholders' / Investors' Relationship Committee
Number of Shares held in the Company	533 Equity Shares

Name of the Director	Mr. Tarun G. Arora
Age	48 years
Date of Appointment on the Board	May 14, 2015
Brief resume and nature of expertise in functional areas	Mr. Tarun Arora, has been leading the Zydus Wellness business for more than five years in the capacity of Chief Executive Officer. He is instrumental in accelerating the growth of the company on back of innovations, expanding the geographies for the business and building high performing leadership team. He has rich experience of 25 years in which he has handled General Management and Leadership Roles with outstanding business growth for large FMCG companies as well as startups. He has played a pivotal role in business transformation and post-merger integration projects in his career. He was Chief Executive, India business at Danone Waters prior to joining Zydus. He has also worked with various FMCG companies like Wipro, Bharti Walmart, Godrej and Sara Lee. Mr. Arora brings with him expertise and thought leadership in the areas of Brand Development, strategy and Innovation. He believes in laying strong emphasis on people development and building consumer centric organization for a sustained performance. Mr. Arora is a Bachelor of Science and Post Graduate Diploma in Business Management.
Relationship between directors inter-se	None
Directorships held in other Listed Companies	None
Memberships / Chairmanships of Committees in Listed Companies	Member: Zydus Wellness Limited Stakeholders' / Investors' Relationship Committee
Number of Shares held in the Company	1,000 Equity Shares

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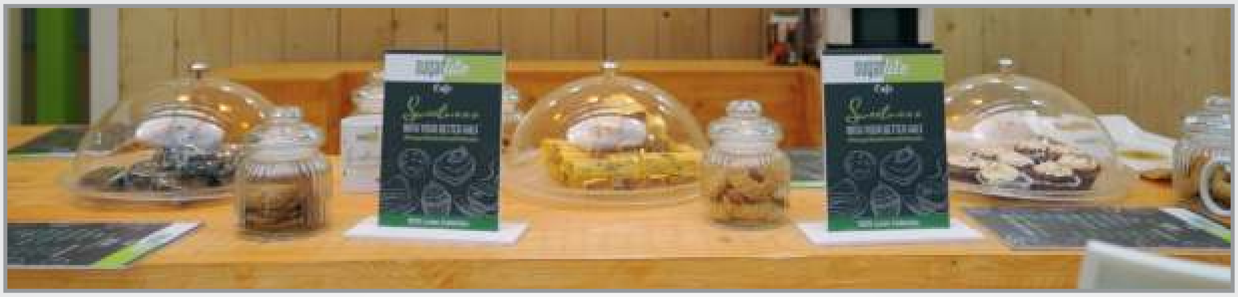
Creating a novel experience for customers - the Sugar Lite Café in February 2020



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