Independent Auditors' Report

To the Members of Zydus Wellness Products Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Zydus Wellness Products Limited ("the Company"), which comprises of the balance sheet as at 31st March 2021, 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 31 March 2021, 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.

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 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 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal 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

1. 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.
2. 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;

e. On the basis of the written representations received from the directors as on 31stMarch 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch 2021 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”.

g. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read Schedule V to the Act.

h. 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 26 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.

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

Sd/-
Samip K Shah
Partner
Membership number: 128531
UDIN: 21128531AAAAGJ7647

Place: Ahmedabad
Date: 07.05.2021

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 31stMarch 2021, 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 the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings are held in the name of the Company as at the balance sheet date.

(ii) The inventory, except goods-in-transit has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been appropriately dealt with in the books of accounts.

(iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, and therefore, the provisions of clauses (iii)(a) & (iii)(b) of the Order are not applicable to the Company.

(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, in our opinion 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 statutory dues as at March 31, 2021 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 under dispute	Amount paid under protest
				₹ In Lakhs	₹ In Lakhs
2007-08 to 2012-13	Income Tax Act	Income Tax	High Court	9,509	1,606
2012-13, 2014-15 & 2017-18	Income Tax Act	Income Tax	CIT (A)	3,963	216
2015-16	Income Tax Act	Income Tax	ITAT	1,718	-
2016-17	Income Tax Act	Income T1ax	AO	1,398	-
1996-97, 1999-00, 2001-02, 2002-03, 2004-05, 2005-06, 2006-07, 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2017-18, 2018-19	Goods and Service Tax, Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Appellate Authority up to Commissioner's Level/ Appellate Revision Board	4,387	349
1994-95, 1996-97, 1997-98, 1999-00, 2001-02, 2002-03, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2015-16, 2016-17, 2017-18	Central Sales Tax, Local Sales Tax Act (Including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	High Court	1,402	245
1996-97, 1998-99, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18	Goods and Service Tax, Central Sales Tax Act, Local Sales Tax Act (including Entry Tax)	Sales Tax and Entry tax including Interest and Penalty as applicable	Appellate Tribunal	2,974	1,114
2000-01 to 2003-04	Haryana Land Development Act	Local Area Development Tax	Supreme Court	202	36
1994-95	Indian Stamp Act	Stamp Duty	High Court	1,863	-
2020-21	Indian Stamp Act	Stamp Duty	Chief Controller of Revenue Authority	2,500	625
2014-15 & 2015-16	Central Excise Act	CENVAT Credit	CESTAT	919	73
2010-11, 2011-12, 2013-14, 2014-15, 2017-18	Central Excise Act	CENVAT Credit	Additional Commissioner & Commissioner	530	39

Pursuant to the acquisition of business of Heinz India Private Limited vis-à-vis share purchase agreement entered in to with Heinz Italia SPA, the seller, Zydus Wellness Limited has entered in to a definitive agreement with the said seller for protecting itself towards any tax obligations that may be dwelved upon on the Company for the period prior to the acquisition of business of Heinz India Private Limited. The above table shows the details of Contingent Liabilities which are actually revolving on the Company as on the balance sheet date. However, by virtue of the indemnity clause imbibed with the erstwhile seller management, the Company is safeguarded from any tax demand that may arise in future on account of the above said tax litigations so far as it relates to the pre-acquisition period cases, as the cited tax obligations are being borne by the exchequer of erstwhile seller.

(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 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, 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 of the Companies Act, 2013.

(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 give 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, 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

Sd/-
Samip K Shah
Partner
Membership number: 128531
UDIN: 21128531AAAAGJ7647

Place: Ahmedabad
Date: 07.05.2021

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 Products Limited ("the Company") as of 31stMarch 2021 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 Companies Act, 2013.

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 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 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 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-
Samip K Shah
Partner
Membership number: 128531
UDIN: 21128531AAAAGJ7647

Place: Ahmedabad
Date: 07.05.2021

Zydus Wellness Products Limited
Balance Sheet as at March 31, 2021

Particulars	Note No.	₹ in Lakhs As at March 31 2021	2020
ASSETS:			
Non-Current Assets:			
Property, plant and equipment	3	17,853	18,477
Capital work-in-progress		287	206
Goodwill	4	3,07,637	3,46,496
Other intangible assets	4	54,762	54,883
Financial assets:			
Other financial assets	5	823	926
Deferred tax asset [net]	6	-	18,160
Other non-current assets	7	953	199
		3,82,315	4,39,347
Current Assets:			
Inventories	8	34,962	28,000
Financial assets:			
Investments	9	-	11,041
Trade receivables	10	8,912	11,528
Cash and cash equivalents	11	16,596	5,056
Other current financial assets	12	1,860	3,281
Other current assets	13	9,184	11,996
		71,514	70,902
Total		4,53,829	5,10,249
EQUITY AND LIABILITIES:			
Equity:			
Equity share capital	14	21,884	21,443
Other equity	15	2,53,448	3,20,171
		2,75,332	3,41,614
Liabilities:			
Non-current liabilities:			
Financial liabilities:			
Borrowings	16	55,650	1,12,000
Other financial liabilities	17	9	6
Provisions	18	1,016	909
Deferred tax liabilities [net]	6	53,449	-
Other non current liabilities	19	100	168
		1,10,224	1,13,083
Current liabilities:			
Financial Labilities:			
Borrowings	20	18,750	-
Trade payables:			
Dues to Micro and Small Enterprises	21	1,147	644
Dues to other than Micro and Small Enterprises	21	39,052	46,487
Other financial liabilities	22	3,203	3,596
Other current liabilities	23	4,269	3,102
Provisions	24	1,754	1,401
Current tax liabilities [net]	25	98	322
		68,273	55,552
Total		4,53,829	5,10,249
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 43		

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

Sd/-
Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Sd/-
Samip K. Shah
Partner
Membership Number: 128531
Place: Ahmedabad
Date: May 7, 2021

Sd/-
Umesh V. Parikh
Chief Financial Officer

Sd/-
Dhanraj P. Dagar
Company Secretary
[Membership Number: A33308]

Sd/-
Tarun G. Arora
Whole Time Director
[DIN: 07185311]

Zydus Wellness Products Limited

Statement of Profit and Loss for the year ended March 31, 2021

Particulars	Note No.	₹ in Lakhs Year ended March 31 2021	2020
REVENUE:			
Revenue from operations	27	1,72,715	1,60,995
Other income	28	1,215	983
Total income		1,73,930	1,61,978
EXPENSES:			
Cost of materials consumed		66,797	65,818
Purchases of stock-in-trade		12,362	7,860
Changes in inventories of finished goods, work-in-Progress and stock-in-trade	29	(3,994)	(5,149)
Employee benefits expense	30	12,999	12,352
Finance costs	31	8,394	10,790
Depreciation and amortisation expense	3, 4	41,026	40,383
Other expenses	32	45,347	46,116
Total expenses		1,82,931	1,78,170
Loss before exceptional items and tax		(9,001)	(16,192)
Exceptional items	33	-	(4,388)
Loss before Tax		(9,001)	(20,580)
Less: Tax expense:			
Current tax	34	-	(265)
Deferred tax	34	71,528	(7,644)
		71,528	(7,909)
Loss for the year		(80,529)	(12,671)
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement gains on post employment defined benefit plans		259	230
Income tax effect	34	(81)	-
Other Comprehensive Income for the year [net of tax]		178	230
Total Comprehensive Income for the year [net of tax]		(80,351)	(12,441)
Basic Earnings per equity share after exceptional items [EPS] [in ₹]	35	(46.93)	(7.42)
Diluted Earnings per equity share after exceptional items [EPS] [in ₹]	35	(37.42)	(5.91)
Basic Earnings per equity share before exceptional items [EPS] [in ₹]	35	(46.93)	(4.85)
Diluted Earnings per equity share before exceptional items [EPS] [in ₹]	35	(37.42)	(3.86)
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 43		

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

Sd/-
Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Sd/-
Samip K. Shah
Partner
Membership Number: 128531
Place: Ahmedabad
Date: May 7, 2021

Sd/-
Umesh V. Parikh
Chief Financial Officer

Sd/-
Dhanraj P. Dagar
Company Secretary
[Membership Number: A33308]

Sd/-
Tarun G. Arora
Whole Time Director
[DIN: 07185311]

Zydus Wellness Products Limited

Cash flow Statement for the year ended March 31, 2021

Particulars		₹ in Lakhs	
		Year ended March 31	
		2021	2020
A	**Cash flows from operating activities:**		
	Loss before tax	(9,001)	(20,580)
	Adjustments for:		
	Depreciation and amortisation expense	41,026	40,383
	[Profit]/ Loss on sale of property, plant and equipment [net]	(35)	1
	Gain on investments mandatorily measured at FVTPL	-	(14)
	Net gain on sale of investments	(140)	(518)
	Expected credit loss on trade receivables [net]	60	-
	Interest income	(1,075)	(451)
	Interest expense, Bank commission and charges	8,394	10,790
	Amortisation of deferred revenue on Government grants	(68)	(70)
	Provisions for probable product expiry claims and return of goods	500	337
	Provision for employee benefits	219	236
	Operating profit before working capital changes	39,880	30,114
	Adjustments for:		
	Increase in inventories	(6,962)	(5,261)
	Decrease/ [Increase] in trade receivables	2,370	(1,808)
	Decrease/ [Increase] in Other assets	3,314	(2,870)
	[Decrease]/ Increase in trade payables and other liabilities	(4,750)	7,905
	Cash generated from operations	33,852	28,080
	Direct taxes paid [net of refunds]	(224)	(195)
	Net cash from operating activities	33,628	27,885
B	**Cash flows from investing activities:**		
	Purchase of property, plant and equipment and other intangible assets	(1,642)	(1,611)
	Proceeds from sale of property, plant and equipment	201	5
	FVTPL gain/ profit [net] on sale of investments	140	532
	Investment in non current fixed deposit [net]	(189)	(330)
	Interest received	1,075	451
	Net cash used in investing activities	(415)	(953)
C	**Cash flows from financing activities:**		
	Proceeds from Optionally Convertible Non-Cumulative Redeemable preference shares	168	-
	Redemption of Optionally Convertible Non-Cumulative Redeemable preference shares	(6,099)	(16,241)
	Proceeds of non-current borrowings [net]	(36,350)	-
	Current Borrowings [net]	18,750	(550)
	Interest paid	(9,183)	(10,739)
	Net cash used in financing activities	(32,714)	(27,530)
	Net increase/ [decrease] in cash and cash equivalents	499	(598)
	Cash and cash equivalents at the beginning of the year	16,097	16,695
	Cash and cash equivalents at the end of the year	16,596	16,097

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 Lakhs

Particulars	As at March 31		
	2021	2020	2019
a Cash on Hand	4	4	2
b Balances with Banks	16,592	5,052	12,083
c Investments in liquid mutual funds	-	11,041	4,610
Total	16,596	16,097	16,695

5 Change in liability arising from financing activities:

	Borrowings		
	Non- Current [Note 16]	Current [Note 20]	Total
As at March 31, 2019	1,12,000	550	1,12,550
Cash Flow	-	(550)	(550)
Foreign exchange movement	-	-	-
As at March 31, 2020	1,12,000	-	1,12,000
Cash Flow	(36,350)	18,750	(17,600)
Non Cash Flow: Pursuant to conversion of Compulsorily Convertible Debentures into equity	(20,000)	-	(20,000)
Foreign exchange movement	-	-	-
As at March 31, 2021	**55,650**	**18,750**	**74,400**

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

Sd/-
Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Sd/-
Samip K. Shah
Partner
Membership Number: 128531
Place: Ahmedabad
Date: May 7, 2021

Sd/-
Umesh V. Parikh
Chief Financial Officer

Sd/-
Dhanraj P. Dagar
Company Secretary
[Membership Number: A33308]

Sd/-
Tarun G. Arora
Whole Time Director
[DIN: 07185311]

Zydus Wellness Products Limited

Statement of Changes in Equity for the year ended March 31, 2021

a Equity Share Capital:

	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2019	**12,72,21,968**	**12,723**
Add: Shares issued during the year	4,36,02,665	4,359
As at March 31, 2020	**17,08,24,633**	**17,082**
Add: Shares issued during the year	44,01,408	441
As at March 31, 2021	**17,52,26,041**	**17,523**
7% Optionally Convertible Non-Cumulative Redeemable Preference Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2019	**-**	**-**
Add: Shares issued during the year	4,81,94,478	4,819
Less: Redemption during the year	(45,87,912)	(458)
As at March 31, 2020	**4,36,06,566**	**4,361**
Add: Shares issued during the year	16,76,000	168
Less: Redemption during the year	(16,75,824)	(168)
As at March 31, 2021	**4,36,06,742**	**4,361**

b Other Equity:

₹ in Lakhs

Particulars	**Reserves and Surplus**			**Total**
	Securities Premium	**Capital Reserve**	**Retained Earnings**	
As at March 31, 2019	36,956	13	3,177	**40,146**
Less: Loss for the year	-	-	(12,671)	**(12,671)**
Add: Other Comprehensive Income	-	-	230	**230**
Total Comprehensive Income	-	-	(12,441)	**(12,441)**
Add: Addition pursuant to issue of shares	3,08,707	-	-	**3,08,707**
Less: Utilization on redemption of shares	(16,241)	-	-	**(16,241)**
As at March 31, 2020	3,29,422	13	(9,264)	**3,20,171**
Less: Loss for the year	-	-	(80,529)	**(80,529)**
Add: Other Comprehensive Income	-	-	178	**178**
Total Comprehensive Income	-	-	(80,351)	**(80,351)**
Add: Addition pursuant to issue of shares	19,560	-	-	**19,560**
Less: Utilization on redemption of shares	(5,932)	-	-	**(5,932)**
As at March 31, 2021	3,43,050	13	(89,615)	**2,53,448**

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

Sd/-
Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Sd/-
Samip K. Shah
Partner
Membership Number: 128531
Place: Ahmedabad
Date: May 7, 2021

Sd/-
Umesh V. Parikh
Chief Financial Officer

Sd/-
Dhanraj P. Dagar
Company Secretary
[Membership Number: A33308]

Sd/-
Tarun G. Arora
Whole Time Director
[DIN: 07185311]

Zydus Wellness Products Limited

Note: 1 - Company overview:

Zydus Wellness Products Limited ["the Company"] 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, Sugar Lite, Everyuth, Complan, Glucon D , Nycil and Sampriti Ghee. 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 May 7, 2021.

Note: 2 - Significant Accounting Policies:

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

1 Basis of preparation:

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

B For the year ended March 31, 2019, 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 March 1, 2019, 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".

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

i Derivative financial instruments

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

iii Defined benefit plans

2 Use of Estimates:

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

Critical estimates and judgments:

A Taxes on Income:

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

C Employee Benefits:

Significant judgments are involved in making judgements 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 Impairment of Property, Plant and Equipments, Goodwill 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.

F Contingent liabilities:

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

3 Foreign Currency Transactions:

The Company's financial statements are presented in Indian Rupees [₹], 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", 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.

B Goods and Service Tax [GST] is not received by the Company on its own account. Rather, it is a tax collected on value added to the goods and services 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 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.

6 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

b Current tax items are recognised in correlation to the underlying transaction either in profit or 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 profit or loss, OCI or directly in equity.

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

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

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

7 Property, Plant and Equipment:

A Freehold land is carried at historical cost less impairment, if any. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

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

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

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 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 @ 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.

8 Intangible Assets:

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

B Internally generated intangibles are not capitalised and the related expenditure is reflected in 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 Softwares 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.

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.

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 approved by the Hon'ble High Court or NCLT.

9 Research and Development Cost:

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

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

10 Borrowing Costs:

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

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

11 Impairment of Non Financial Assets:

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

12 Inventories:

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Write down of inventories to net realisable value is recognised as an expenses and included on "Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade" and "Cost of Material Consumed" in the Statement of Profit and Loss.

13 Cash and Cash Equivalents:

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks and short term highly liquid investments.

14 Provisions, Contingent Liabilities and Contingent Assets:

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

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

15 Provision for Product Expiry Claims:

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

16 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months period after the end of the period in which the employees render the related service. They are therefore, measured at the present value of expected future payments to be made in respect of services provided by employees 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 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 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 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.

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:

Employees of the Company receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The company 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.

C Employee Separation Costs:

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

17 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.

18 Financial Instruments:

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

A Financial assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

i Debt instruments at amortised cost:

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

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

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

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 a FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income . The Company has made such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

However, the Company may transfer the cumulative gain or loss within equity.

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

v Investments in subsidiaries :

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the differences between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

c Derecognition:

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

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

ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either [a] the Company has transferred substantially all the risks and rewards of the asset, or [b] the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. When the Company has transferred the risk and rewards of ownership of the financial asset, the same is derecognised.

d Impairment of financial assets:

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

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

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

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

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point d provided above. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it requires the Company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR.

ECL impairment loss allowance [or reversal] 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 expired. 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 the statement of 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 amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

19 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.

20 Leases:

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

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

As a lessee:

For any new contracts entered into on or after April 1 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset [the underlying asset] for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee:

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

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

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

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in Statement of Profit and Loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in other financial liabilities.

As a lessor:

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

21 Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss [excluding other comprehensive income] for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reverse 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, 2021.

Note: 3 - Property, plant and equipment:

₹ in Lakhs

	Freehold Land	Leasehold Land *	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2019	4,288	1,604	8,898	14,870	364	166	92	**30,282**
Additions	-	16	1	1,318	5	-	7	**1,347**
Disposals	-	-	-	(16)	(1)	-	-	**(17)**
As at March 31, 2020	4,288	1,620	8,899	16,172	368	166	99	**31,612**
Additions	-	-	92	1,177	15	26	53	**1,363**
Disposals	-	-	-	(599)	(9)	(13)	(1)	**(622)**
As at March 31, 2021	4,288	1,620	8,991	16,750	374	179	151	**32,353**
Depreciation and Impairment:								
As at March 31, 2019	-	89	1,512	9,041	207	71	61	**10,981**
Depreciation for the year	-	18	422	1,640	49	27	9	**2,165**
Disposals	-	-	-	(10)	(1)	-	-	**(11)**
As at March 31, 2020	-	107	1,934	10,671	255	98	70	**13,135**
Depreciation for the year	-	18	368	1,372	31	18	14	**1,821**
Disposals	-	-	-	(442)	(8)	(5)	(1)	**(456)**
As at March 31, 2021	-	125	2,302	11,601	278	111	83	**14,500**
Net Block:								
As at March 31, 2020	4,288	1,513	6,965	5,501	113	68	29	**18,477**
As at March 31, 2021	4,288	1,495	6,689	5,149	96	68	68	**17,853**

* Refer note 41.

Note: 4 - Goodwill and Other intangible assets:

₹ in Lakhs

	Goodwill	Other Intangible Assets		
		Brand/ Trade Mark	Software	Total
Gross Block:				
As at March 31, 2019	**3,77,654**	53,868	388	**54,256**
Additions	**-**	-	1,039	**1,039**
Additions pursuant to Ind AS 103 - measurement period	**10,028**	-	-	**-**
As at March 31, 2020	**3,87,682**	53,868	1,427	**55,295**
Additions	**-**	-	225	**225**
As at March 31, 2021	**3,87,682**	53,868	1,652	**55,520**
Amortisation and Impairment:				
As at March 31, 2019	**3,147**	-	233	**233**
Amortisation for the year	**38,039**	-	179	**179**
As at March 31, 2020	**41,186**	-	412	**412**
Amortisation for the year	**38,859**	-	346	**346**
As at March 31, 2021	**80,045**	-	758	**758**
Net Block:				
As at March 31, 2020	**3,46,496**	53,868	1,015	**54,883**
As at March 31, 2021	**3,07,637**	53,868	894	**54,762**

Note: 5 - Other financial assets:

₹ in Lakhs

	As at March 31	
	2021	2020
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**244**	536
Fixed Deposits	**579**	390
Total	**823**	926

Note: 6 - Deferred tax [net]:

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

₹ in Lakhs

	As at March 31 2019	Impact for the pervious year	As at March 31 2020	Impact for the current year	**As at March 31 2021**
Deferred Tax Liabilities:					
Depreciation	16,267	7,645	23,912	70,418	**94,330**
	16,267	7,645	23,912	70,418	**94,330**
Deferred Tax Assets:					
Employee benefits/ Payable to statutory authorities	394	110	504	(205)	**299**
Unabsorbed depreciation	15,263	15,333	30,596	(1,416)	**29,180**
Provision for Expiry and Breakages	17	303	320	220	**540**
Disallowance under section 35DD of Income tax Act	-	40	40	(8)	**32**
Disallowance under section 40(a)(ia) of Income tax Act	394	(394)	-	227	**227**
Others	204	(103)	101	(9)	**92**
	16,272	15,289	31,561	(1,191)	**30,370**
Minimum alternative tax credit entitlement	10,511	-	10,511	-	**10,511**
Net Deferred Tax Assets/[Liabilities]	**10,516**	**7,644**	**18,160**	**(71,609)**	**(53,449)**

B. The Net Deferred Tax [liabilities]/ assets of ₹ (71,609) Lakhs [March 31, 2020: ₹ 7,644 Lakhs] for the year has been credited/ [charged] 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. Unabsorbed Depreciation is allowed to be set-off for indefinite period.

E. Pursuant to the amendment made in the Finance Act, 2021, goodwill will not form part of block of asset eligible for depreciation under the Income Tax Act with effect from FY 2020-21. Prior to the aforesaid amendment, Goodwill was depreciated in the books of the Company (in accordance with the Scheme of Amalgamation approved by the Hon'ble National Company Law Tribunal (NCLT)) and was also allowed as a deduction in income tax although the rates at which the depreciation was calculated in books and income tax were different. Accordingly, the Company had recognized a deferred tax liability of ₹ 23,116 Lakhs as on March 31, 2020 on the difference between written down value (WDV) of goodwill as per books and that as per income tax.

After introduction of the aforesaid amendment, the Company cannot claim depreciation on goodwill in income tax, hence the tax base of goodwill is considered as NIL. The amendment also provides that WDV of goodwill as on March 31, 2020 will be deductible as part of cost of the business upon sale of the underlying business. As per the Management assessment the said event is unlikely to occur in foreseeable future and hence, the Company has recognised additional deferred tax liability of ₹ 70,165 Lakhs during the year on WDV of goodwill.

Note: 7 - Other non-current assets:

₹ in Lakhs

	As at March 31 2021	2020
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	51	78
Balances with Statutory Authorities	902	121
Total	953	199

Note: 8 - Inventories:

[The Inventory is valued at lower of cost and net realisable value]

₹ in Lakhs

	As at March 31 2021	2020
Classification of Inventories:		
Raw Materials	5,572	2,968
Work-in-progress	8,943	9,197
Finished Goods	15,554	12,828
Stock-in-Trade	2,178	656
Stores and Spares	812	736
Others:		
Packing Materials	1,903	1,615
Total	34,962	28,000
The above includes Goods in transit as under:		
Raw Materials	326	27
Finished Goods	-	1,089
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories:		
- Net of reversal of written down.	886	413

Note: 9 - Investments:

₹ in Lakhs

	Nos. [*]	As at March 31 2021	2020
Financial instruments at fair value through Profit and Loss (FVTPL)			
Investment in short-term mutual funds - Quoted			
ICICI prudential overnight fund direct plan growth	0 [1,02,47,307]	-	11,041
Total		-	11,041
A. Aggregate amount of quoted investments and aggregate value thereof		-	11,041
B. Explanations: In "Nos. [*]" figures of March 31, 2020 are stated in [ ].			

Note: 10 - Trade receivables:

₹ in Lakhs

	As at March 31 2021	2020
Unsecured - Considered good	8,912	11,528
Unsecured - Credit impaired	298	238
	9,210	11,766
Less: Allowances for credit losses	(298)	(238)
Total	8,912	11,528

Note: 11 - Cash and cash equivalents:

₹ in Lakhs

	As at March 31 2021	2020
Balances with banks	16,592	5,052
Cash on hand	4	4
Total	16,596	5,056

A. Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.

B. There are no amounts of cash and cash equivalent balances held by the entity that are not available for use.

Note: 12 - Other current financial assets:

₹ in Lakhs

	As at March 31 2021	2020
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	130	-
Other receivables	1,730	3,281
Total	1,860	3,281

Note: 13 - Other current assets:

₹ in Lakhs

	As at March 31 2021	2020
[Unsecured, Considered Good unless otherwise stated]		
Advances to suppliers	823	1,253
Prepaid Expenses	177	113
Balances with Statutory Authorities	8,184	10,630
Total	9,184	11,996

Note: 14 - Equity share capital:

		As at March 31	
		2021	2020
Authorised:			
44,00,00,000 [as at March 31, 2020: 42,50,00,000] Equity shares of ₹ 10 each	₹ in Lakhs	**44,000**	42,500
7,50,00,000 [as at March 31, 2020: 7,50,00,000] 7% Optionally Convertible Non-Cumulative Redeemable preference shares of ₹ 10 each	₹ in Lakhs	**7,500**	7,500
		51,500	50,000
Issued, Subscribed and fully Paid-up:			
17,52,26,041 [as at March 31, 2020: 17,08,24,633] Equity share of ₹ 10 each	₹ in Lakhs	**17,523**	17,082
4,36,06,742 [as at March 31, 2020: 4,36,06,566] 7% Optionally Convertible Non-Cumulative Redeemable preference shares of ₹ 10 each	₹ in Lakhs	**4,361**	4,361
Total		**21,884**	21,443
A. The reconciliation in number of equity share is as under:			
Number of shares at the beginning of the year		**17,08,24,633**	12,72,21,968
Add: Shares issued during the year [*]		**44,01,408**	4,36,02,665
Number of shares at the end of the year		**17,52,26,041**	17,08,24,633
[* 44,01,408 shares allotted pursuant to conversion of Compulsorily Convertible Debentures into equity as at March 31, 2021 [Nil as at March 31, 2020].			
B. The reconciliation in number of Optionally Convertible Non-Cumulative Redeemable Preference Shares is as under:			
Number of shares at the beginning of the year		**4,36,06,566**	-
Add: Shares issued during the year		**16,76,000**	4,81,94,478
Less: Redemption during the year		**(16,75,824)**	(45,87,912)
Number of shares at the end of the year		**4,36,06,742**	4,36,06,566

C. The Company has equity shares and preference shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.

D. Optionally Convertible Non-Cumulative Redeemable Preference [OCRPS] shares are redeemable at par. At anytime during the tenure of the OCRPS, the Issuer of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during the tenure of the OCRPS, the Holder of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares.Such conversation shall happen at a pre-determined agreed rate between the parties. The tenure of the OCRPS shall be 10 years from the date of allotment. At any time during the tenure of the OCRPS, the Company shall have a right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential right with respect to dividend on the paid up capital in the event of distribution of profits by the company.

	2021	2020
E. Details of Shareholder holding more than 5% of shares:		
a. Equity Shares:		
Zydus Wellness Limited and its nominees		
Number of Shares	**17,52,26,041**	17,08,24,633
% to total share holding	**100%**	100%
b. Preference shares:		
Zydus Wellness Limited		
Number of Shares	**4,36,06,742**	4,36,06,566
% to total share holding	**100%**	100%

Note: 15 - Other equity:

₹ in Lakhs

	As at March 31	
	2021	2020
Capital Reserve:		
Balance as per last Balance Sheet	**13**	13
	13	13
Securities Premium:		
Balance as per last Balance Sheet	**3,29,422**	36,956
Add: Addition pursuant to issue of shares	**19,560**	3,08,707
Less: Utilization on redemption of shares	**(5,932)**	(16,241)
Balance as at the end of the year	**3,43,050**	3,29,422
Retained Earnings:		
Balance as per last Balance Sheet	**(9,264)**	3,177
Less: Loss for the year	**(80,529)**	(12,671)
Add: Other Comprehensive Income for the year	**178**	230
Balance as at the end of the year	**(89,615)**	(9,264)
Total	**2,53,448**	3,20,171

Note: 16 - Borrowings:

	As at March 31 2021	2020
		₹ in Lakhs
Loans [*]	**55,650**	92,000
Compulsorily Convertible Debentures from related party [**]	**-**	20,000
Total	**55,650**	1,12,000
[*] Name of the party and relationship with the party from whom received:		
Holding Company:		
a Zydus Wellness Limited [***]	**24,400**	92,000
Fellow Subsidiary Company:		
a Zydus Healthcare Limited [****]	**31,250**	-
Total	**55,650**	92,000
[***] The loan from holding company are payable within 5 years along with applicable interest.		
[****] The loan from one of the fellow subsidiary company are payable in eight quarter instalments starting from July 13, 2021 along with applicable interest for the period.		
[**] Name of the party and relationship with the party from whom received:		
Holding Company:		
a Zydus Wellness Limited	**-**	20,000
	-	20,000

Note: 17- Other financial liabilities:

	As at March 31 2021	2020
		₹ in Lakhs
Other deposits	**9**	6
Total	**9**	6

Note: 18 - Provisions:

	As at March 31 2021	2020
		₹ in Lakhs
Provision for employee benefits	**1,016**	909
Total	**1,016**	909

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

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

Investment risk:

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

Interest risk:

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

Longevity risk:

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

Salary risk:

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

₹ in Lakhs

	March 31, 2021			March 31, 2020		
	Medical Leave	**Leave Wages**	**Gratuity**	Medical Leave	Leave Wages	Gratuity
B Change in the present value of the defined benefit obligation:						
Opening obligation	271	887	1,924	21	875	1,944
Transfer in/ (out) Obligation	-	-	-	182	(182)	(10)
Interest cost	16	53	117	15	63	138
Current service cost	51	138	169	41	144	189
Benefits paid	(131)	(168)	(225)	(103)	(81)	(124)
Actuarial [gains] / losses on obligation						
Experience Adjustments	69	51	(187)	112	76	(224)
Change in financial assumptions	3	12	21	3	(8)	11
Closing obligation	279	973	1,819	271	887	1,924
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	39	1,962	-	36	1,728
Transfer in/ (out) Obligation	-	-	-	-	-	(11)
Expected return on plan assets	-	1	93	-	-	17
Interest Income	-	1	125	-	3	125
Contributions by employer	-	-	34	-	-	227
Benefits paid	-	-	(225)	-	-	(124)
Actuarial (losses) / gain on plan assets	-	-	-	-	-	-
Closing fair value of plan assets	-	41	1,989	-	39	1,962
Total actuarial [gains]/losses to be recognised	72	62	(259)	115	68	(230)
D Actual return on plan assets:						
Expected return on plan assets	-	2	218	-	3	142
E Amount recognised in the balance sheet:						
Liabilities/[Assets] at the end of the year	279	973	1,819	271	887	1,924
Fair value of plan assets at the end of the year	-	(41)	(1,989)	-	(39)	(1,962)
Liabilities / (Assets) recognised in the Balance Sheet	279	932	(170)	271	848	(38)
F Expenses /(Incomes) recognised in the Statement of Profit and Loss:						
Current service cost	51	138	169	41	144	189
Interest cost on benefit obligation	16	53	117	15	63	138
Expected return on plan assets	-	(1)	(125)	-	(3)	(125)
Net actuarial [gains] / losses in the year	72	62	-	115	68	-
Net expenses / [benefits]	139	252	161	171	272	202
Net actuarial [gains] / losses in the year	-	-	(259)	-	-	(230)
Amounts recognized in Other Comprehensive income	-	-	(259)	-	-	(230)
G Movement in net liabilities recognised in Balance sheet:						
Opening net liabilities	271	848	(38)	21	839	216
Transfer in/ (out) Obligation	-	-	-	182	(182)	1
Expenses as above [P & L Charge]	139	252	161	171	272	202
Amount recognised in OCI	-	-	(259)	-	-	(230)
Contribution to plan assets	-	-	(34)	-	-	(227)
Benefits Paid	(131)	(168)	-	(103)	(81)	-
Liabilities / [Assets] recognised in the Balance Sheet	279	932	(170)	271	848	(38)
H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:						
Discount rate	6.25%	6.25%	6.25%	6.70%	6.70%	6.70%

[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.]

	March 31, 2021	March 31, 2020
Annual increase in salary cost	9% thereafter	12% for next 1 years, 9% thereafter

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

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

	Medical Leave 2021	Leave Wages 2021	Gratuity 2021	Medical Leave 2020	Leave Wages 2020	Gratuity 2020
Insurance plan	0%	100%	100%	0%	100%	100%

J Amount recognised in current and previous two years:

₹ in Lakhs

	As at March 31		
Gratuity:	**2021**	2020	2019
Defined benefit obligation	1,819	1,924	1,944
Fair value of Plan Assets	(1,989)	1,962	1,728
Deficit / [Surplus] in the plan	(170)	(38)	216
Actuarial Loss / [Gain] on Plan Obligation	(166)	(213)	15
Actuarial Loss / [Gain] on Plan Assets	-	-	(4)

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2020-21.

The average duration of future service of defined benefit plan obligation as at March 31, 2021: 22.37 years [as at March 31, 2020 : 23.34 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is shown below:

₹ in Lakhs

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2021	2020	**2021**	2020	**2021**	2020
Impact on obligation:						
Discount rate increase by 0.5%	(7)	(7)	(28)	(23)	(47)	(44)
Discount rate decrease by 0.5%	8	7	30	24	49	48
Annual salary cost increase by 0.5%	8	7	29	24	33	48
Annual salary cost decrease by 0.5%	(7)	(7)	(27)	(47)	(34)	(44)

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

₹ in Lakhs

	As at March 31	
	2021	2020
Within the next 12 months [next annual reporting period]	543	609
Between 2 and 5 years	1,492	1,645
Between 5 and 10 years	1,181	1,124
Total expected payments	3,216	3,378

Note: 19 - Other non current liabilities:

₹ in Lakhs

	As at March 31	
	2021	2020
Deferred revenue on Government grants	100	168
Total	100	168

Note: 20 - Borrowings:

₹ in Lakhs

	As at March 31	
	2021	2020
Loans from related party [Unsecured] [*]	18,750	-
Total	18,750	-
[*] Terms of repayment of Unsecured Borrowing:		
The loan from one of the fellow subsidiary company are payable within the period of one year along with applicable of interest.		
Name of the party and relationship with the party from whom received:		
Fellow Subsidiary Company:		
a Zydus Healthcare Limited	18,750	-
Total	18,750	-

Note: 21 -Trade Payables:

₹ in Lakhs

	As at March 31	
	2021	2020
Dues to Micro and Small Enterprises [*]	1,147	644
Dues to other than Micro and Small Enterprises	39,052	46,487
Total	40,199	47,131
[*] Disclosure in respect of Micro and Small Enterprises:		
A. Principal amount remaining unpaid to any supplier as at year end	1,147	644
B. Interest due thereon	126	-
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 period 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.	126	-
F. Amount of further interest remaining due and payable in succeeding years.	126	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises on the basis of information available with the Company.		

Note: 22 - Other financial liabilities:

₹ in Lakhs

	As at March 31	
	2021	2020
Interest accrued but not due on borrowings [*]	1,751	2,540
Payable to employees	1,452	1,056
Total	3,203	3,596
[*] Details of interest accrued but not due on borrowings to Related Parties are as under:		
Holding Company		
a Zydus Wellness Limited	672	2,540
Fellow Subsidiary Company		
a Zydus Healthcare Limited	1,079	-
Total	1,751	2,540

Note: 23 - Other current liabilities:

₹ in Lakhs

	As at March 31	
	2021	2020
Payable to statutory authorities	3,387	2,034
Deferred revenue on Government grants	68	68
Advances from customers	814	1,000
Total	4,269	3,102

Note: 24 - Provisions:

₹ in Lakhs

	As at March 31	
	2021	2020
Provision for employee benefits [*]	25	172
Provision for claims for product expiry and return of goods [**]	1,729	1,229
Total	1,754	1,401
[*] Refer note 19.		
[**] Provision for claims for product expiry and return of goods:		
a. Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.		
b. The movement in such provision is stated as under:		
Opening balance at the beginning of the financial year	1,229	892
Add: Provision created during the year	2,652	2,206
Less: Provision used during the year	(2,152)	(1,869)
Closing balance at the end of the financial year	1,729	1,229

Note: 25 - Current tax liabilities [net]:

	₹ in Lakhs	
	As at March 31	
	2021	2020
Provision for taxation (net of advance payment of tax of ₹ 8,370 Lakhs (as at March 31, 2020: ₹ 8,146 Lakhs))	**98**	322
Total	**98**	322

Note: 26 - Contingent liabilities and commitments [to the extent not provided for]:

	₹ in Lakhs	
	As at March 31	
	2021	2020
A Contingent liabilities:		
a Other money for which the Company is contingently liable:		
i In respect of Sales Tax and VAT matters pending before appellate authorities/ court which the Company expects to succeed, based on decisions of Tribunals/ Courts	**8,965**	6,242
ii In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	**1,449**	1,337
iii In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts	**16,588**	16,550
iv In respect of Stamp Duty	**4,363**	4,363
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 tax indemnity claim to extent of the loss suffered by the Company for the period prior to acquisition. Of the above ₹ 25,713 and ₹ 24,467 as at March 31, 2021 and March 31, 2020, 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 [Net of advance]:	**608**	275

Note: 27 - Revenue from Operations:

	₹ in Lakhs	
	Year ended March 31	
	2021	2020
Sale of products [*]	**1,71,276**	1,57,650
Other operating revenues:		
Net gain on foreign currency transactions and translation	**26**	105
Miscellaneous income	**1,413**	3,240
Total	**1,72,715**	1,60,995
[*] Reconciliation of revenue recognised in the statement of profit and loss with the contracted price:		
Revenue as per contracted price, net of returns	**1,84,866**	1,72,896
Less:		
Provision for claims for product expiry and return of goods	**500**	337
Discounts/ Price Reduction/ Rebates	**13,090**	14,909
	13,590	15,246
Revenue from contract with customers	**1,71,276**	1,57,650

Note: 28 - Other Income:

	₹ in Lakhs	
	Year ended March 31	
	2021	2020
Finance Income:		
Interest income on financial assets measured at amortised cost	**1,075**	451
Gain on investments mandatorily measured at FVTPL	**-**	14
Net gain on sale of investments	**140**	518
Total	**1,215**	983

Note: 29 - Changes in inventories:

	₹ in Lakhs	
	Year ended March 31	
	2021	2020
Stock at commencement:		
Work-in-progress	**9,197**	6,796
Finished goods	**12,828**	9,636
Stock-in-trade	**656**	1,100
	22,681	17,532
Less: Stock at close:		
Work-in-progress	**(8,943)**	(9,197)
Finished goods	**(15,554)**	(12,828)
Stock-in-trade	**(2,178)**	(656)
	(26,675)	(22,681)
Total	**(3,994)**	(5,149)

Note: 30 - Employee Benefits Expense:

₹ in Lakhs

	Year ended March 31	
	2021	2020
Salaries and wages	**12,075**	11,064
Contribution to provident and other funds [*]	**518**	694
Staff welfare expenses	**406**	594
Total	**12,999**	12,352
Of the above includes Whole-time Director's Remuneration	**324**	262
[*] The Company's contribution towards the defined contribution plan	**349**	292

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees, as specified under the law. The contributions are paid to the Provident Fund Trust set up by the Company or to the respective Regional Provident Fund Commissioner under the Pension Scheme. The Company is generally liable for annual contribution and any shortfall in the trust fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year it is incurred.

Note: 31 - Finance cost:

₹ in Lakhs

	Year ended March 31	
	2021	2020
Interest expense [*]	**8,374**	10,742
Bank commission and charges	**20**	48
Total	**8,394**	10,790
[*] Interest expenses includes:		
On working capital loans	**8,374**	10,742
Total	**8,374**	10,742

Note: 32 - Other Expenses:

₹ in Lakhs

	Year ended March 31	
	2021	2020
Consumption of stores and spare parts	**983**	874
Power and fuel	**1,855**	1,886
Labour charges	**2,094**	1,591
Rent	**783**	936
Repairs to buildings	**153**	169
Repairs to plant and machinery	**361**	997
Repairs to others	**689**	758
Insurance	**528**	352
Rates and taxes	**498**	632
Traveling expenses	**659**	1,711
Legal and professional fees [*]	**913**	736
Commission on sales	**1,452**	1,394
Freight and forwarding on sales	**5,201**	5,131
Advertisement and sales promotions	**21,034**	21,832
Representative allowances	**1,097**	592
Outside services	**3,048**	3,015
Other marketing expenses	**2,257**	2,108
Allowances of credit losses: Expected credit loss	**60**	-
Miscellaneous expenses	**1,682**	1,402
Total	**45,347**	46,116
[*] Legal and professional fees include:		
a Payment to the Statutory Auditors [excluding Taxes]:		
As Auditor	**19**	19
For Other Services	**4**	3
Total	**23**	22

Note: 33 - Exceptional items:

₹ in Lakhs

	Year ended March 31	
	2021	2020
Exceptional items [*]	**-**	4,388
Total	**-**	4,388

[*] Exceptional items represents one off expenditure incurred towards various projects carried out for alignment of acquired entity process and other related incidental charges.

Note: 34 - Tax Expenses:

The major components of income tax expense are:

₹ in Lakhs

	Year ended March 31	
	2021	2020
A. Statement of profit and loss:		
Profit or loss section:		
Current income tax:		
Current income tax charge	-	-
Adjustments in respect of current income tax of previous year	-	(265)
	-	(265)
Deferred tax:		
Deferred tax relating to origination and reversal of temporary differences	71,528	(7,644)
Total expenses reported in the statement of profit or loss	71,528	(7,909)
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss on remeasurements of defined benefit plans	81	-
Tax charged to OCI	81	-
Total reported in the Statement of Profit and Loss	71,609	(7,909)

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

₹ in Lakhs

	As At March 31	
	2021	2020
Loss before tax:	(9,001)	(20,580)
Enacted Tax Rate in India (%)	31.20%	26.00%
Expected Tax Expenses	(2,808)	(5,351)
Adjustments for:		
Adjustments in respect of current income tax of previous years	-	(265)
Effect of Non-taxable Income	(14)	(22)
Effect of unrecognised deferred tax assets/ liabilities	75,835	(2,760)
Effect of differences in tax rate	(1,530)	-
Effect of other non-deductible expenses	3	430
Others	123	59
Total	71,609	(7,909)

MAT credit of ₹ 5,414 Lakhs and ₹ 5,414 Lakhs for March 31, 2021 and March 31, 2020, 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.

Note: 35 - Calculation of Earnings per equity share [EPS]:

			Year ended March 31	
			2021	2020
A. The numerators and denominators used to calculate the basic and diluted EPS after exceptional items are as follows:				
A.	Loss after exceptional items attributable to Shareholders	₹- in Lakhs	(80,529)	(12,671)
B.	Basic and weighted average number of Equity Shares outstanding during the year	Numbers	17,15,96,387	17,08,24,633
C.	Effect of dilution - 7% Optionally Convertible Non-cumulative Redeemable Preference Shares	Numbers	4,36,15,885	4,36,06,566
D.	Weighted average number of Equity shares adjusted for the effect of dilution	Numbers	21,52,12,272	21,44,31,199
E.	Nominal value of equity share	₹	10	10
F.	Basic Earnings per equity share after exceptional items [EPS]	₹	(46.93)	(7.42)
G.	Diluted Earnings per equity share after exceptional items [EPS]	₹	(37.42)	(5.91)
B. The numerators and denominators used to calculate the basic and diluted EPS before exceptional items are as follows:				
A.	Loss before exceptional items attributable to Shareholders	₹- in Lakhs	(80,529)	(8,283)
B.	Basic and weighted average number of Equity Shares outstanding during the year	Numbers	17,15,96,387	17,08,24,633
C.	Effect of dilution - 7% Optionally Convertible Non-cumulative Redeemable Preference Shares	Numbers	4,36,15,885	4,36,06,566
D.	Weighted average number of Equity shares adjusted for the effect of dilution	Numbers	21,52,12,272	21,44,31,199
E.	Nominal value of equity share	₹	10	10
F.	Basic Earnings per equity share before exceptional items [EPS]	₹	(46.93)	(4.85)
G.	Diluted Earnings per equity share before exceptional items [EPS]	₹	(37.42)	(3.86)

Note: 36 - 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: 37 - Related Party Transactions:

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

a Ultimate Holding Company: Cadila Healthcare Limited

b Holding Company: Zydus Wellness Limited

c Fellow Subsidiaries/ Concerns:

Liva Investments Limited	Liva Nutritions Limited
Zydus Wellness International DMCC	Zydus Healthcare (USA) LLC [USA]
Zydus Healthcare Limited	Sentynl Therapeutics Inc. [USA]
German Remedies Pharmaceuticals Private Limited	Zydus Noveltech Inc. [USA]
Zydus Animal Health and Investments Limited	Hercon Pharmaceuticals LLC [USA]
Dialforhealth Unity Limited	Viona Pharmaceuticals Inc. [USA]
Dialforhealth Greencross Limited	Zydus Therapeutics Inc. [USA]
Violio Healthcare Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Zydus Pharmaceuticals Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Biochem Pharmaceutical Private Limited	Script Management Services (Pty) Ltd [South Africa]
Zydus Strategic Investments Limited	Zydus France, SAS [France]
Zydus VTEC Limited	Laboratorios Combix S.L. [Spain]
Zydus Foundation *	Etna Biotech S.R.L. [Italy]
Windlas Healthcare Private Limited	US Pharma Windlas LLC [USA]
M/s. Recon Pharmaceuticals and Investments, a Partnership Firm	Zydus Nikkho Farmaceutica Ltda. [Brazil]
Alidac Healthcare (Myanmar) Limited [Myanmar]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Zydus Healthcare Philippines Inc. [Philippines]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Worldwide DMCC [Dubai]
Zydus International Private Limited [Ireland]	Zydus Discovery DMCC [Dubai]
Zydus Netherlands B.V. [the Netherlands]	Nesher Pharmaceuticals (USA) LLC [USA]
Zydus Pharmaceuticals (USA) Inc. [USA]	ZyVet Animal Health Inc. [USA]
Windlas, Inc. [USA]	

d Directors:

Dr. Sharvil P. Patel	Non -Executive Chairman
Mr. Ashish Bhargava	Nominee Director
Ms. Dharmishtaben N. Raval	Independent Director

e Key Managerial Personnel:

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

f Post Employment Benefits Plan-

Zydus Wellness Sikkim Employee Group Gratuity Scheme	Heinz India Private Limited Employee Provident Fund
Heinz India Private Limited Pension fund	Heinz India Private Limited Gratuity fund
Heinz India Private Limited Provident Fund	

g Enterprises significantly influenced by Directors and/ or their relatives of Holding Company:

Mukesh M. Patel & Co.

* Zydus Foundation is a company incorporated under Section 8 of the Companies Act, 2013 and this company is prohibited to give any right over their profits to its members.

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 37 - A [a, b, c and f]

₹ in Lakhs

Nature of Transactions	Holding Company/ Ultimate Holding Company		Fellow Subsidiaries/ Concerns		Post Employment Benefits Plan	
	Value of the Transactions					
	Year ended March 31					
	2021	2020	**2021**	2020	**2021**	2020
Sales:						
Goods:						
Cadila Healthcare Limited	**9**	45	**-**	-	**-**	-
Zydus Wellness Limited	**518**	325	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	-	**1,285**	70	**-**	-
Zydus Wellness International DMCC	**-**	-	**212**	184	**-**	-
Service:						
Cadila Healthcare Limited	**-**	2	**-**	-	**-**	-
Zydus Wellness International DMCC	**-**	-	**62**	54	**-**	-
Zydus Healthcare Limited	**-**	-	**72**	14	**-**	-
Royalty:						
Zydus Wellness International DMCC	**-**	-	**145**	29	**-**	-
Purchase:						
Goods:						
Cadila Healthcare Limited	**10**	-	**-**	-	**-**	-
Zydus Wellness Limited	**247**	-	**-**	-	**-**	-
Reimbursement of Expenses:						
Cadila Healthcare Limited	**103**	94	**-**	-	**-**	-
Issue/Redemption of Shares:						
Issue of Shares:						
Zydus Wellness Limited	**20,168**	460	**-**	-	**-**	-
Redemption of Shares:						
Zydus Wellness Limited	**6,100**	16,701	**-**	-	**-**	-
Finance:						
Inter Corporate Loan accepted:						
Zydus Healthcare Limited	**-**	-	**1,66,500**	-	**-**	-
Inter Corporate Loan repaid to:						
Zydus Wellness Limited	**67,600**	-	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	-	**1,16,500**	-	**-**	-
Interest Income:						
Zydus Wellness Limited	**1,278**	144	**-**	-	**-**	-
Interest Expenses:						
Zydus Wellness Limited	**6,676**	10,265	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	-	**2,018**	-	**-**	-
Contributions during the year (includes Employee's share and contribution)						
Zydus Wellness Sikkim Employee Group Gratuity Scheme	**-**	-	**-**	-	**34**	28
Heinz India Private Limited Provident Fund	**-**	-	**-**	-	**421**	461
Heinz India Private Limited Employee Provident Fund	**-**	-	**-**	-	**348**	341
Heinz India Private Limited Gratuity Fund	**-**	-	**-**	-	**-**	200
Heinz India Private Limited Pension Fund	**-**	-	**-**	-	**64**	66
Outstanding Receivable:						
Cadila Healthcare Limited	**11**	22	**-**	-	**-**	-
Zydus Wellness Limited	**-**	51	**-**	-	**-**	-
Zydus Wellness International DMCC	**-**	-	**160**	132	**-**	-
Zydus Healthcare Limited	**-**	-	**-**	37	**-**	-
Outstanding Payable:						
Zydus Wellness Limited	**25,091**	1,14,091	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	-	**50,780**	-	**-**	-

₹ in Lakhs

	Year ended March 31,	
	2021	2020
b Details relating to persons referred to in Note 37-A [d] and [e] above:		
(i) Salaries and other employee benefits to Whole time directors and other executive officers	**324**	262
(ii) Outstanding payable to above (i)	**1**	-
c Details relating to persons referred to in Note 37-A [g] above:		
(i) Purchase of services	**12**	11

Note: 38 - 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

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

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

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

(ii) Financial assets and liabilities measured at fair value - recurring fair value measurements:

₹ in Lakhs

Particulars	As at March 31, 2021				As at March 31, 2020			
	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
Total	**-**	**-**	**-**	**-**	11,041	-	-	11,041
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, loans and advances to related parties and other financial assets [other than investment in preference shares], 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. Fair values of investment in preference shares were calculated based on cash flows discounted using the applicable adjusted market interest rates.

Note: 39 - Financial risk management:

(i) Financial instruments by category:

₹ in Lakhs

Particulars	As at March 31, 2021				As at March 31, 2020			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Investments	-	-	-	-	11,041	-	-	11,041
Trade receivables	-	-	8,912	8,912	-	-	11,528	11,528
Cash and Cash equivalents	-	-	16,596	16,596	-	-	5,056	5,056
Other financial assets	-	-	2,683	2,683	-	-	4,207	4,207
Total	-	-	28,191	28,191	11,041	-	20,791	31,832
Financial liabilities								
Borrowings	-	-	74,400	74,400	-	-	1,12,000	1,12,000
Trade payables	-	-	40,199	40,199	-	-	47,131	47,131
Other financial liabilities	-	-	3,212	3,212	-	-	3,602	3,602
Total	-	-	1,17,811	1,17,811	-	-	1,62,733	1,62,733

(ii) Risk Management:

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

The Company's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Company 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's is exposed to credit risk from trade receivables, bank deposits and other financial assets. The Company periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

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

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

iii Loans to related parties : They are given for business purposes. The Company reassesses the recoverability of loans periodically. Interest

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

v There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company large customer base. Adequate expected credit losses are recognized as per the assessments. No single third party customer contributes to more than 10% of outstanding accounts receivable [excluding outstanding from subsidiaries] as at March 31, 2021 and March 31, 2020.

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

Movement in the expected credit loss allowance on trade receivables:

₹ in Lakhs

Particulars	As at March 31	
	2021	2020
Balance at the beginning of the year	238	238
Addition	60	-
Balance at the end of the year	298	238

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

B. Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding 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 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.

₹ in Lakhs

Particulars	As at March 31, 2021				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	25,466	28,597	19,849	12,892	86,804
Trade payables	40,199	-	-	-	40,199
Other financial liabilities (excluding interest accrued but not due)	1,452	-	-	9	1,461
Total	67,117	28,597	19,849	12,901	1,28,464

₹ in Lakhs

Particulars	As at March 31, 2020				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	10,237	59,285	56,661	13,103	1,39,286
Trade payables	47,131	-	-	-	47,131
Other financial liabilities (excluding interest accrued but not due)	1,056	-	-	6	1,062
Total	58,424	59,285	56,661	13,109	1,87,479

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 Other currency. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's operations in foreign currency creates natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Company.

Sensitivity:

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

₹ in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Movement in Rate *	Impact on PAT	Movement in Rate *	Impact on PAT
USD	7%	22	9%	3
USD	(7%)	(22)	(9%)	(3)
EUR	5%	(6)	7%	9
EUR	(5%)	6	(7%)	(9)
Others	5%	(1)	5%	1
Others	(5%)	1	(5%)	(1)

* Holding all other variables constant.

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, 2021, the Company is not exposed to changes in market interest rates through bank borrowings at fixed interest rates. The Company investments in Fixed Deposits are at fixed interest rates.

E. Price Risk:

(a) Exposure:

The Company exposure to price risk arises from investments in equity and mutual funds 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 funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(b) Sensitivity- Mutual Funds:

The table below summarises the impact of increases/decreases of the index on the Company 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 Lakhs

Particular	Movement in Rate *	As at March 31	
		2021	2020
Mutual Funds [Quoted]			
Increase 2%	2%	-	221
Decrease 2%	(2%)	-	(221)

* Holding all other variables constant.

Note: 40 - Capital management:

The Company capital management objectives are

- to ensure the Company 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	
		2021	2020
Gross debts	₹ in Lakhs	74,400	1,12,000
Total equity	₹ in Lakhs	2,75,332	3,41,614
Gross debt to equity ratio [No. of times]		0.27	0.33

Note: 41 - Leases:

Lessee:

A Relating to statement of financial position:

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

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

₹ in Lakhs

Right of use assets	Total
Balance as at April 1, 2019 [net]	1,515
Additions during the year	16
Depreciation charge for the year	(18)
Balance as at March 31, 2020 [net]	1,513
Additions during the year	-
Depreciation charge for the year	(18)
Balance as at March 31, 2021 [net]	**1,495**

The Company has paid the upfront Lease premium at the time of execution of lease deed and does not owe any lease obligations under this leasehold land arrangement.

Note: 42 - COVID-19 Impact:

The World Health Organisation [WHO] declared Covid-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into full or partial lockdown situation, impacting business operations across various sectors with severe restrictions on movement of people and goods.

The Company has implemented several initiatives across its manufacturing and other business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption.

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, the Company believes that the impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

Note: 43:

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 43 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

Sd/-
Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Sd/-
Samip K. Shah
Partner
Membership Number: 128531
Place: Ahmedabad
Date: May 7, 2021

Sd/-
Umesh V. Parikh
Chief Financial Officer

Sd/-
Dhanraj P. Dagar
Company Secretary
[Membership Number: A33308]

Sd/-
Tarun G. Arora
Whole Time Director
[DIN: 07185311]