INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED [Formerly known as Violio Pharmaceuticals and Investments Limited]

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED [Formerly known as Violio Pharmaceuticals and Investments Limited]** ("the Company"), which comprise the balance sheet as at 31st March 2021, the statement of Profit and Loss (including Other Comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the 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 the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

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

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards 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 financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 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 paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 requisite approvals mandated by the provisions of section 197 (with schedule V) of the Act.

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

i) The Company has disclosed the impact of pending litigations on its financial statements in its financial statements;
ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

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

Place: Ahmedabad
Date: 26th May, 2021
UDIN : 21042132AAAAUV9505

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

"Annexure A" referred to in the Independent Auditors' Report of even date to the members of ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED [Formerly known as Violio Pharmaceuticals and Investments Limited] on the Financial Statements for the year ended 31st March, 2021.

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

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

   (b) Some of the fixed assets were physically verified during the year by the management in accordance with program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets 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 / lease deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold or leasehold, are held in the name of the Company as at the balance sheet date.

2. (a) The inventories have been physically verified by management during the year by the management at reasonable intervals. In our opinion, the procedure for physical verification of inventory followed by management is reasonable and adequate in relation to the size of the Company and the nature of its business.

   (b) In our opinion and according to the information and explanation given to us, the company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.

3. As informed to us, the Company has granted an unsecured loan to a subsidiary company, which is covered in the register maintained under Section 189 of the Act. In our opinion, the terms and conditions of such loan are not prejudicial to the company's interest. The repayments in this regard are regular in nature. There is no outstanding balance of principal and interest which is overdue for more than 90 days, hence, reporting under this clause is not applicable.

4. In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees or security or made any investments to which provisions of section 185 and 186 of the Act is applicable, and accordingly paragraph 3 (iv) of the Order is not applicable to the Company.

5. According to the information and explanation given to us, the Company has not accepted any deposit from the Public within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Further, we are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Court or Tribunal, in this regard.

6. As per the information and explanations provided to us, the company is not required to maintain the cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of section 148 of the Act, hence, reporting under this clause is not applicable to the company.

7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing the amount deducted / accrued in the books of account of the company in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services tax, Custom, Cess and any other material statutory dues, wherever payable have been paid during the year with the appropriate authorities. Moreover, as at 31st March, 2021, there are no such material undisputed dues payable for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there is no due under dispute for the Income Tax, Sales Tax, Value added Tax, Excise Duty, Service Tax, Goods and Service Tax and other material statutory dues as at 31st March, 2021.

8. In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not defaulted in repayment of loans or borrowings from any financial institution, banks, government or due to debenture holders during the year.

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The Company has not availed any term loans during the year.

10. 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.

11. In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of account, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 (with schedule V) of the Act.

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

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

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

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

16. In our opinion and according to the information & explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Place: Ahmedabad
Date: 26th May, 2021
UDIN : 21042132AAAAUV9505

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

“ANNEXURE B” TO THE AUDITORS’ REPORT

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

We have audited the internal financial controls over financial reporting of **ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED [Formerly known as Violio Pharmaceuticals and Investments Limited]** (“the company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

Opinion
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 **MUKESH M. SHAH & CO.,**
Chartered Accountants
Firm Registration No.: 106625W

Place: Ahmedabad
Date: 26th May, 2021
UDIN : 21042132AAAAUV9505

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

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Balance Sheet as at March 31, 2021

Particulars	Note No.	INR-Millions		
		As at		
		March 31, 2021	March 31, 2020	April 1, 2019
ASSETS:				
Non-Current Assets:				
Property, Plant and Equipment	3 [A]	814	793	-
Capital work-in-progress		13	-	-
Goodwill	3 [B]	17,083	17,083	-
Other Intangible Assets	3 [B]	3,582	3,720	-
Financial Assets:				
Investments	4	35	35	34
Loans	5	365	-	-
Other Financial Assets	6	18	9	-
Deferred Tax Assets [Net]	20	-	84	-
Other Non-Current Assets	7	14	18	-
		21,924	21,742	34
Current Assets:				
Inventories	8	884	1,077	-
Financial Assets:				
Investments	9	582	-	-
Trade Receivables	10	693	668	-
Cash and Cash Equivalents	11	322	27	-
Other Bank balances	11	160	-	-
Loans	12	1	-	-
Other Current Financial Assets	13	-	119	-
Other Current Assets	14	76	87	-
		2,718	1,978	-
Total		24,642	23,720	34
EQUITY AND LIABILITIES:				
Equity:				
Equity Share Capital	15	22,744	22,744	9
Other Equity	16	740	33	(3)
		23,484	22,777	6
Non-Current Liabilities:				
Financial Liabilities:				
Borrowings	17	-	79	26
Other Financial Liabilities	18	34	37	-
Provisions	19	113	96	-
Deferred Tax Liabilities[Net]	20	164	-	-
		311	212	26
Current Liabilities:				
Financial Liabilities:				
Trade Payables due to				
Micro and Small enterprises	21	5	47	-
Other than Micro and Small enterprises	21	520	488	-
Other Financial Liabilities	22	152	73	2
Other Current Liabilities	23	26	61	-
Provisions	24	86	62	-
, Current Tax Liabilities [Net]	25	58	-	-
		847	731	2
Total		24,642	23,720	34
Significant Accounting Policies	2			
Notes to the Financial Statements	1 to 49			

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

For and on behalf of the Board

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

Sd/-
Mr. Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 26, 2021

Sd/-
Mr. Vishal A. Shah
Chief Financial Officer

Sd/-
Ms. Hiranya T. Deshmukh
Company Secretary

Sd/-
Dr. Arun Atrey
Managing Director
DIN: 00032249
Ahmedabad, Dated: May 26, 2021

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")

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

Particulars	**Note No.**	**INR-Millions** Year ended March 31 2021	2020
Revenue from Operations	27	6,034	5,140
Other Income	28	11	-
Total Income		6,045	5,140
EXPENSES:			
Cost of Materials Consumed	29	1,426	1,196
Purchases of Stock-in-Trade	30	1,819	1,826
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	31	70	(11)
Employee Benefits Expense	32	534	489
Finance Costs	33	6	3
Depreciation, Amortisation and Impairment expense	3 [A]	198	169
Other Expenses	34	792	814
Total Expenses		4,845	4,486
Profit before Tax		1,200	654
Less: Tax Expense:			
Current Tax	35	59	-
Deferred Tax	35	247	(84)
		306	(84)
Profit for the year		894	738
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		12	(1)
Income tax effect		-	-
Other Comprehensive Income for the year [Net of tax]		12	(1)
Total Comprehensive Income for the year [Net of Tax]		906	737
Basic Earning per Equity Share [EPS] [in Rupees]	36	877.64	724.14
Diluted Earning per Equity Share [EPS] [in Rupees]		0.39	0.32
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 49		

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

For and on behalf of the Board

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

Sd/-
Mr. Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 26, 2021

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Chief Financial Officer

Sd/-
Ms. Hiranya T. Deshmukh
Company Secretary

Sd/-
Dr. Arun Atrey
Managing Director
DIN: 00032249
Ahmedabad, Dated: May 26, 2021

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Cash Flow Statement for the period ended Mar 31, 2021

Particulars		INR-Millions	
	Year ended March 31		
	2021		2020
A Cash flows from operating activities:			
Profit before tax		1,200	654
Adjustments for:			
Depreciation, Amortisation and Impairment expense	198		169
Interest income	(8)		-
Interest expenses	6		3
Bad debts written off	4		-
Provision for doubtful debts [net of written back]	(6)		-
Provision for doubtful advances [net of written back]	-		2
Provisions for employee benefits	29		2
Provisions for probable product expiry claims and return of goods [net of written back]	24		-
Total		247	176
Operating profit before working capital changes		1,447	830
Adjustments for:			
[Increase]/ Decrease in trade receivables	(13)		24
[Increase] in inventories	(6)		(195)
[Increase] in other assets	(238)		(204)
[Decrease]/ Increase in trade payables	(17)		45
Increase in other liabilities	35		41
Total		(239)	(289)
Cash generated from operations		1,208	541
Direct taxes paid [Net of refunds]		(1)	-
Net cash from operating activities		1,207	541
B Cash flows from investing activities:			
Purchase of property, plant and equipment	(93)		(562)
Proceeds from sale of property, plant and equipment	2		(1)
Purchase of non current investments	-		(1)
Interest received	8		-
Net cash used for investing activities		(83)	(564)
C Cash flows from financing activities:			
Proceeds from non current borrowings	206		53
Repayment of non current borrowings	(285)		-
Interest paid	(8)		(3)
Net cash used for financing activities		(87)	50
Net increase in cash and cash equivalents		1,037	27
Cash and cash equivalents at the beginning of the year		27	-
Cash and cash equivalents at the end of the year		1,064	27

Notes to the Cash Flow Statement

1 All figures in brackets are outflows.
2 Previous year's figures have been regrouped wherever necessary.
3 Cash and cash equivalents at the end [beginning] of the year include NIL [NIL] Millions not available for immediate use.
4 Cash and cash equivalents comprise of:

	As at		
	March 31, 2021	March 31, 2020	April 1, 2019
a Cash on Hand	-	-	-
b Balances with Banks	482	27	-
c Investment in Liquid Mutual Funds	582	-	-
c Total	1,064	27	-

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

For and on behalf of the Board

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

Sd/-
Mr. Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 26, 2021

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Ms. Hiranya T. Deshmukh
Company Secretary

Sd/-
Dr. Arun Atrey
Managing Director
DIN: 00032249
Ahmedabad, Dated: May 26, 2021

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Statement of Change in Equity for the year ended March 31, 2021

a Equity Share Capital:

	No. of Shares	INR-Millions
Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:		
As at April 1, 2019	900,000	9
Add : Issued towards consideration for purchase of equity shares of Violio Healthcare Limited and Biochem Pharmaceutical Private Limited from Zydus Healthcare Limited	119,143	1
As at March 31, 2020	1,019,143	10
As at March 31, 2021	1,019,143	10

b Other Equity:

	INR-Millions	
	Retained Earnings	Total
Retained Earnings:		
As at April 1, 2019	**(3)**	**(3)**
Add: Profit for the year	738	738
Less: Adjustment pursuant to slump exchange [Refer Note : 47]	(683)	(683)
Less: Other adjustments [Refer Note : 47]	(19)	(19)
Add: Other Comprehensive income	-	-
Total Comprehensive Income	**33**	**33**
As at March 31, 2020	**33**	**33**
Add: Profit for the year	894	894
Less: Other adjustments [Refer Note : 47]	(199)	(199)
Add: Other Comprehensive income	12	12
Total Comprehensive Income	**740**	**740**
As at March 31, 2021	**740**	**740**

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

For and on behalf of the Board

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

Sd/-
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Managing Director
DIN: 00032249

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")

Note: 1-Company overview:

Zydus Animal Health and Investments Limited [the Company] [formerly known as "Violio Pharmaceuticals and Investments Limited"] is the holding company of Viona Pharmaceuticals INC., Violio Healthcare Limited and Biochem Pharmaceutical Private Limited. The Company is in the business of production, marketing and distribution of Animal Health and Veterinary products. The registered office of the Company is located at Zydus Corporate Park, Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), S.G. Highway, Ahmedabad - 382481. These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 26, 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 have been prepared in accordance with 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 all periods up to and including the year ended March 31, 2020, the Company has 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].

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 for these Financial statements beginning April 1, 2020. As per the principles of Ind AS 101, the transition date to Ind AS is April 1, 2019 and hence the comparatives for the previous year ended March 31, 2020 and balances as on April 1, 2019 have been restated as per the principles of Ind AS, wherever deemed necessary. Reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been summarized in note 43 and note 44.

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 or revalued amount:

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

ii 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.

b Property, Plant and Equipment:

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

c Employee benefits:

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

d Product warranty and expiry claims:

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

e Impairment of assets and investments:

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

3 Foreign Currency Transactions:

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

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

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

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

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

4 Revenue Recognition:

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

a Sale of Goods:

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

Note: 2-Significant Accounting Policies-Continued:

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 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

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

B Deferred Tax:

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

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

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

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

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

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

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

6 Property, Plant and Equipment:

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

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

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 reduced value, if any, on a systematic basis over its remaining useful life.

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

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

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

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

7 Intangible Assets:

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

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

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

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

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

Note: 2-Significant Accounting Policies-Continued:

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

8 Research and Development Cost:

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

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

9 Borrowing Costs:

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

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

10 Impairment of Assets:

The Property, Plant and Equipment and Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets [cash generating units].

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

11 Inventories:

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

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

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

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

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

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

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

12 Cash and Cash Equivalents:

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

13 Leases:

As a lessee:

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

Measurement and recognition of leases as a lessee:

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

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments [including in substance fixed], variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

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

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in other financial liabilities.

As a lessor:

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

Note: 2-Significant Accounting Policies-Continued:

14 Provisions, Contingent Liabilities and Contingent Assets:

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

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

15 Provision for Product Expiry Claims:

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

16 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

i Gratuity:

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

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

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

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

ii Net interest expense or income.

c Defined Contribution Plans - Provident Fund Contribution:

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

C Employee Separation Costs:

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

17 Financial Instruments:

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

A Financial Assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

i Debt instruments at amortised cost:

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

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

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

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

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

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

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

Note: 2-Significant Accounting Policies-Continued:

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

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

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

iv Equity instruments:

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

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

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

v Investments in subsidiaries :

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

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amounts as their deemed costs on the date of transition to Ind AS i.e., April 1, 2019.

c Derecognition:

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

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

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

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

d Impairment of financial assets:

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

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

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

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

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

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

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

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

B Financial Liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

c Derecognition:

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

d Embedded derivatives:

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

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

Note: 2-Significant Accounting Policies-Continued:

C Reclassification of financial assets:

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

D Offsetting of financial instruments:

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

18 Fair Value Measurement:

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

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

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

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

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

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

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

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

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

19 Business combinations and Goodwill:

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

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

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

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

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

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

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

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

Note: 2-Significant Accounting Policies-Continued:

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

20 Earnings per Share:

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

B Recent Accounting Pronouncements:

Ministry of Corporate Affairs [“MCA”] notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021. MCA issued notifications dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting April 1, 2021.

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Notes to the Financial Statements

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

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

	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:							
As at April 1, 2019	-	-	-	-	-	-	-
Acquired pursuant to slump exchange [#]	74	81	61	-	17	4	237
Right of Use assets on Transition date	-	18	-	-	-	-	18
Additions	258	71	226	-	3	9	567
As at March 31, 2020	332	170	287	-	20	13	822
Additions	-	39	33	1	10	2	85
Disposals	-	-	-	-	(3)	-	(3)
Other adjustments			-	-	(4)	-	(4)
As at March 31, 2021	332	209	320	1	23	15	900
Depreciation and Impairment:							
As at April 1, 2019	-	-	-	-	-	-	-
Depreciation for the year	4	9	12	-	3	2	30
Disposals	-	-	-	-	-	(1)	(1)
As at March 31, 2020	4	9	12	-	3	1	29
Additions	-	-	-	-	-	-	-
Depreciation for the year	4	14	33	-	3	4	58
Disposals	-	-	-	-	(1)	-	(1)
As at March 31, 2021	8	23	45	-	5	5	86
Net Block:							
As at March 31, 2020	328	161	275	-	17	12	793
As at March 31, 2021	324	186	275	1	18	10	814

[B] Intangible Assets:

	Goodwill	Other Intangible Assets: Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	Total
Gross Block:						
As at April 1, 2019	-	-	-	-	-	-
Acquired pursuant to slump exchange [#]	17,083	3,196	-	30	633	3,859
As at March 31, 2020	17,083	3,196	-	30	633	3,859
Additions		-	2	-	-	2
As at March 31, 2021	17,083	3,196	2	30	633	3,861
Amortisation and Impairment:						
As at April 1, 2019	-	-	-	-	-	-
Amortisation for the year	-	111	-	15	13	139
As at March 31, 2020	-	111	-	15	13	139
Amortisation for the year	-	111	-	15	14	140
As at March 31, 2021	-	222	-	30	27	279
Net Block:						
As at April 1, 2019	-	-	-	-	-	-
As at March 31, 2020	17,083	3,085	-	15	620	3,720
As at March 31, 2021	17,083	2,974	2	0	606	3,582

INR-Millions	Year ended March 31 2021	2020
Depreciation, Amortisation and Impairment expenses:		
Depreciation	58	30
Amortisation	140	139
Impairment	-	-
Total	198	169

[#] Refer Note : 47

	Face Value [*]	Nos. [**]	INR-Millions As at March 31, 2021	March 31, 2020	April 1, 2019
Note: 4-Investments [Non-Current]:					
Investments in Subsidiaries :					
Investments in Equity Instruments			35	35	34
Total			35	35	34
A Details of Investments in Subsidiaries [Unquoted]:					
In fully paid-up equity shares of:					
Viona Pharmaceuticals INC [USA]	USD 1	5,00,000	34	34	34
Violio Healthcare Limited [Refer Note : 46]	10	50,000 {0}	1	1	-
Biochem Pharmaceuticals Private Limited [INR 1,00,000/-] [Refer note 46]	10	10,000 {0}	-	-	-
Total [Aggregate Book Value of Investments]			35	35	34
B Explanations:					
a In "Face Value [*]" figures in Indian Rupees unless stated otherwise.					
b In "Nos. [**]" figures of previous year or preceding previous year are same unless stated in [ ]{ }.					
Note: 5-Loans:					
[Unsecured, Considered Good unless otherwise stated]					
Loans and Advances to Related Parties [*]			365	-	
Total			365	-	-
[*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 :					
Name of the party and relationship with the party to whom loan given:					
Viona Pharmaceuticals INC [USA] - Subsidiary Company			365	-	-
a All the above loans have been given for business purposes.					
b All the above loans are repayable within a period upto 3 years.					

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Notes to the Financial Statements

		INR-Millions		
		As at		
		March 31, 2021	March 31, 2020	April 1, 2019
Note: 6-Other Financial Assets:				
[Unsecured, Considered Good unless otherwise stated]				
Security Deposits		18	9	-
Total		18	9	-
Note: 7-Other Non-Current Assets:				
[Unsecured, Considered Good unless otherwise stated]				
Capital Advances		12	17	-
Other non current assets		2	1	-
Total		14	18	-
Note: 8-Inventories:				
[The Inventory is valued at lower of cost and net realisable value]				
Classification of Inventories:				
Raw Materials		269	214	-
Work-in-progress		5	8	-
Finished Goods		198	419	-
Stock-in-Trade		349	394	-
Others:				
Packing Materials		63	42	-
Total		884	1,077	-
The above includes Goods in transit as under:				
Stock-in-Trade		58	13	-
Note: 9-Investments				
	Nos.			
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss][*]				
ICICI Overnight Fund - Direct Plan	52,43,173.45 [0]	582	-	-
Total		582	-	-
[*] Considered as cash and cash equivalents for Cash Flow Statement				
Note: 10-Trade Receivables:				
Secured - Considered good		-	-	-
Unsecured - Considered good		693	668	-
Unsecured - Considered doubtful [INR 5 Lacs]		-	6	-
		693	674	-
Less: Allowances for credit losses [INR 5 Lacs]		-	6	-
Total		693	668	-
Note: 11-Cash and Cash Equivalents:				
Balances with Banks		322	27	-
Cash on Hand		-	-	-
Total		322	27	-
B Bank balance other than cash and cash equivalents:				
Balances with Banks [*]		160	-	-
Total		160	-	-
[*] Fixed deposit with maturity less than 12 months		160	-	-
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-Loans				
[Unsecured, Considered Good]				
Loans and advances to related parties				
Interest Receivable on loan to Viona Pharmaceuticals Inc. [USA] [Refer Note 5 for details]		1	-	-
Total		1	-	-
Note: 13-Other Current Financial Assets:				
[Unsecured, Considered Good]				
Advances		-	119	-
Total		-	119	-
Note: 14-Other Current Assets:				
[Unsecured, Considered Good]				
Balances with Statutory Authorities		62	84	-
Advances to Suppliers		9	2	-
Prepaid Expenses		3	1	-
Export Incentive Receivables		2	-	-
Total		76	87	-

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Notes to the Financial Statements

	INR-Millions		
	As at		
	March 31, 2021	March 31, 2020	April 1, 2019
Note: 15-Equity Share Capital:			
Authorised:			
50,00,000 [As at March 31 2020 : 50,00,000, as at April 1 2019 : 50,00,000] Equity Shares of INR 10 /- each	50	50	50
229,50,00,000 [As at March 31 2020: 229,50,00,000 As at April 1 2020: Nil] Optionally Convertible Non-Cumulative Redeemable Preference [OCRPS] Shares of INR 10 /- each	22,950	22,950	-
	23,000	23,000	50
Issued, Subscribed and Paid-up:			
10,19,143 [As at March 31 2020: 10,19,143 As at April 1 2019: 9,00,000] Equity Shares of INR 10/- each, fully paid up	10	10	9
227,33,50,000 [As at March 31 2020 : 227,33,50,000 As at April 1 2019: Nil] Optionally Convertible Non-Cumulative Redeemable Preference [OCRPS] Shares ["Preference Shares"]of INR 10/- each [Refer Note : 47]	22,734	22,734	-
Total	22,744	22,744	9
A The reconciliation in number of shares is as under:			
Number of shares at the beginning of the year	1,019,143	900,000	900,000
Add : Issued towards consideration for purchase of equity shares of Violio Healthcare Limited and Biochem Pharmaceutical Private Limited from Zydus Healthcare Limited	-	119,143	-
Number of shares at the end of the year	1,019,143	1,019,143	900,000
B The Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.			
C Optionally Convertible Non-Cumulative Redeemable Preference [OCRPS] Shares are redeemable at par. At anytime during tenure of OCRPS, the Issuer of OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during tenure of OCRPS, the Holder and issuer of OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. The tenure of the OCRPS shall be 20 years from date of allotment. At any time during the tenure of the OCRPS, the company shall have right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential rights with respect to dividend on the paid up capital in the event of distribution of profits by the Company.			
D Shares in the company held by each shareholder holding more than 5% shares			
a. Equity shares			
i) Cadila Healthcare Limited and its Nominees	900,000	900,000	900,000
Number of Shares			
% to total share holding	88.31%	88.31%	100.00%
ii) Zydus Healthcare Limited			
Number of Shares	119,143	119,143	-
% to total share holding	11.69%	11.69%	-
b. Preference shares			
Cadila Healthcare Limited			
Number of Shares	2,273,350,000	2,273,350,000	-
% to total share holding	100.00%	100.00%	-
E Equity Shares allotted as fully paid up without consideration received in cash during the last five years	119,143	119,143	-
Note: 16-Other Equity:			
Retained Earnings:			
Balance as per last Balance Sheet	33	(3)	-
Add: Profit for the year	894	738	(3)
Less: Adjustment pursuant to slump exchange [Refer Note : 47]		(683)	-
Less: Other Adjustments [Refer Note : 47]	(199)	(19)	-
	728	33	(3)
Less: Items of other Comprehensive income recognised directly in Retained Earnings:			
Re-measurement gains on defined benefit plans [net of tax]	12	-	-
Balance as at the end of the year	740	33	(3)
Total	740	33	(3)

Note: 17-Borrowings:

	INR-Millions					
	Non-current portion			Current Maturities		
	As at			As at		
	March 31, 2021	March 31, 2020	April 1, 2019	March 31, 2021	March 31, 2020	April 1, 2019
From Related Parties [Unsecured]	-	79	26	-	-	-
Total	-	79	26	-	-	-

Details of Borrowings from Related Parties [Refer Note : 38 for relationship] are as under:			
Cadila Healthcare Limited	-	29	26
Zydus Healthcare Limited	-	50	-
The applicable interest rate on above loans is SBI base rate plus 50 bps. These loans were repayable within a period of 3 years from its first disbursement or as may be mutually decided by both parties.			

	INR-Millions		
	As at		
	March 31, 2021	March 31, 2020	April 1, 2019
Note: 18-Other Financial Liabilities:			
Trade Deposits	17	17	-
Lease liabilities [Refer Note : 42]	7	12	-
Others	10	8	-
Total	34	37	-
Note: 19-Provisions:			
Provision for Employee Benefits	113	96	-
Total	113	96	-

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.

	INR-Millions					
	As at					
	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	19	58	112	-	-	-
Transfer under the Scheme [*]	-	-	-	18	57	111
Interest cost	1	3	6	-	-	-
Current service cost	3	8	10	0	-	-
Benefits paid	-	(6)	(3)	-	-	-
Actuarial [gains]/ losses on obligation	(4)	5	(11)	1	1	1
Closing obligation	19	68	114	19	58	112
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	7	66	-		
Transfer under the Scheme [*]				-	7	66
Expected return on plan assets	-	-	4	-	-	-
Return on plan assets excluding amounts included in interest income	-		1	-	-	-
Contributions by employer	-	(7)	-	-	-	-
Benefits paid	-	-	(3)	-	-	-
Actuarial [losses]/ gains	-	-	-	-	-	-
Closing fair value of plan assets	-	-	68	-	7	66
Total actuarial [losses]/ gains to be recognised	4	(5)	11	(1)	(1)	(1)
D Actual return on plan assets:						
Expected return on plan assets	-	-	4	-	-	-
Actuarial [losses]/ gains on plan assets	-	-	-	-	-	-
Actual return on plan assets	-	-	4	-	-	-
E Amount recognised in the balance sheet:						
Liabilities/ [Assets] at the end of the year	19	68	114	19	58	112
Fair value of plan assets at the end of the year	-	-	(68)	-	(7)	(66)
Difference	19	68	46	19	51	46
Unrecognised past service cost	-	-	-	-	-	-
Liabilities/ [Assets] recognised in the Balance Sheet	19	68	46	19	51	46
F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:						
Current service cost	3	8	10	-	-	-
Interest cost on benefit obligation	1	3	6	-	-	-
Expected return on plan assets	-	-	(4)	-	-	-
Return on plan assets excluding amounts included in interest income	-	-	-	-	-	-
Net actuarial [gains]/ losses in the year	(4)	5		1	1	
Amount included in "Employee Benefit Expense"	-	16	12	1	1	-
Return on plan assets excluding amounts included in interest income			-			-
Net actuarial [gains]/ losses in the year	-	-	(11)	-	-	1
Amounts recognized in OCI	-	-	(11)	-	-	1

Note: 19-Long Term Provisions-Continued:

	March 31, 2021 Medical Leave	March 31, 2021 Leave Wages	March 31, 2021 Gratuity	March 31, 2020 Medical Leave	March 31, 2020 Leave Wages	March 31, 2020 Gratuity
G Movement in net liabilities recognised in Balance Sheet:						
Opening net liabilities	19	51	46	-	-	-
Transfer under the Scheme [*]	-	-	-	18	50	45
Expenses as above [P & L Charge]	-	16	12	1	1	-
Employer's contribution	-	7	-	-	-	-
Amount recognised in OCI	-	-	(11)	-	-	1
Benefits Paid	-	(6)	-	-	-	-
Liabilities/ [Assets] recognised in the Balance Sheet	19	68	46	19	51	46

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

Particulars	March 31, 2021	March 31, 2020	April 1, 2019
Discount rate [$]	6.50%	6.45%	7.80%
Annual increase in salary cost [#]	7% p.a.	12% for 1 year, 9% thereafter	12% for 1 year, 9% thereafter

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

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

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

	March 31, 2021 Medical Leave	March 31, 2021 Leave Wages	March 31, 2021 Gratuity	March 31, 2020 Medical Leave	March 31, 2020 Leave Wages	March 31, 2020 Gratuity
Insurance plan	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%

J Amount recognised in current and previous four years:

Gratuity:	March 31, 2021	March 31, 2020	April 1, 2019
Defined benefit obligation	114	112	-
Fair value of Plan Assets	68	66	-
Deficit/ [Surplus] in the plan	46	46	-
Actuarial Loss/ [Gain] on Plan Obligation	(11)	1	-
Actuarial Loss/ [Gain] on Plan Assets	-	-	-

The average duration of the defined benefit plan obligation at the end of the reporting period is 5.6 years [as at March 31, 2020: 5.97 years]

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is shown below:

INR-Millions

Assumptions	Medical Leave 2021	Medical Leave 2020	Leave Wages 2021	Leave Wages 2020	Gratuity 2021	Gratuity 2020
Impact on obligation:						
Discount rate increase by 0.5%	(2)	(2)	(1)	(1)	(3)	(4)
Discount rate decrease by 0.5%	(0)	(0)	3	2	3	3
Annual salary cost increase by 0.5%	0	(0)	3	2	3	3
Annual salary cost decrease by 0.5%	2	(2)	(1)	(1)	(3)	(4)

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

INR-Millions

	As at March 31, 2021	March 31, 2020
Within the next 12 months [next annual reporting period]	50	42
Between 2 and 5 years	74	57
Between 5 and 10 years	71	67
Total expected payments	194	166

Note: 20-Deferred Tax:

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

INR-Millions

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

B The Net Deferred Tax Expense of INR 247 Millions for the year has been charged [Previous Year Income of INR 84 Millions in the Statement of Profit and Loss.

C The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The Company has tax losses which arose in India Nil [Previous year INR 87 Millions] that are available for offsetting for indefinite period and Nil [Previous year INR 14 Millions] which are available for eight years against future taxable profits of the Company.

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Notes to the Financial Statements

	INR-Millions		
	As at		
	March 31, 2021	March 31, 2020	April 1, 2019
Note: 21-Trade Payables:			
Due to Micro and Small Enterprises [*]	5	47	-
Due to other than Micro and Small Enterprises	520	488	-
Total	525	535	-
[*] Disclosure in respect of Micro and Small Enterprises:			
A Principal amount remaining unpaid to any supplier as at year end	5	47	-
B Interest due thereon [as on March 31, 2021 : INR 4 lacs]	-	-	-
C Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-	-
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	-	-	-
E Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
F Amount of further interest remaining due and payable in succeeding years	-	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises on the basis of information available with the Company.			
Note: 22-Other Financial Liabilities:			
Current Maturities of lease liabilities [Refer Note : 42]	9	-	-
Bank Book overdraft	76	-	-
Interest accrued but not due on borrowings	-	2	2
Accrued Expenses	48	50	-
Payable for capital goods	19	21	-
Total	152	73	2
Note: 23-Other Current Liabilities:			
Advances from Customers	10	-	-
Payable to Statutory Authorities	16	61	-
Total	26	61	-
Note: 24-Provisions:			
Provision for Employee Benefits	20	20	-
Provision for claims for product expiry and return of goods [*]	66	42	-
Total	86	62	-
[*] Provision for claims for product expiry and return of goods:			
a Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.			
b The movement in such provision is stated as under:			
i Carrying amount at the beginning of the year	42	-	-
ii Additional provision made during the year	66	42	-
iii Amount used	42	-	-
iv Carrying amount at the end of the year	66	42	-
Note: 25-Current Tax Liabilities [Net]:			
Provision for Taxation [Net of advance payment of tax INR 1 Mio]	58	-	-
Total	58	-	-
Note: 26-Contingent Liabilities and Commitments [to the extent not provided for]:			
A Contingent Liabilities:			
a Claims against the Company not acknowledged as debts	15	10	-
B Commitments:			
a Estimated amount of contracts remaining to be executed on capital account and not provided for	3	-	-

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Notes to the Financial Statements

	INR-Millions	
	Year ended March 31	
	2021	2020
Note: 27-Revenue from Operations:		
Sale of Products	6,025	5,134
Other Operating Revenues:		
Export Incentives	3	3
Miscellaneous Income	6	3
	9	6
Total	6,034	5,140
Note: 28-Other Income:		
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	8	-
Gain on Investments mandatorily measured at FVTPL	2	-
Net Gain on disposal of Property, Plant and Equipment [Net of loss of INR 2 lacs]	1	-
Total	11	-
Note: 29-Cost of Materials Consumed:		
Raw Materials:		
Stock at commencement	214	-
Add: Acquired pursuant to slump exchange [Refer Note : 47]	-	192
Add: Purchases	1,184	949
	1,398	1,141
Less: Stock at close	269	214
	1,129	927
Packing Materials consumed	297	269
Total	1,426	1,196
Note: 30-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	1,819	1,826
Total	1,819	1,826
Note: 31-Changes in Inventories:		
Stock at commencement:		
Work-in-progress	8	-
Finished Goods	419	-
Stock-in-Trade	394	-
Add: Acquired pursuant to slump exchange [Refer Note : 47]:		
Work-in-progress	-	5
Finished Goods	-	443
Stock-in-Trade	-	381
Gross Total	821	829
Less : Adjustment pursuant to Ind AS 103	(199)	(218)
Net Total	622	611
Less: Stock at close:		
Work-in-progress	5	8
Finished Goods	198	419
Stock-in-Trade	349	394
Gross Total	552	821
Less : Adjustment pursuant to Ind AS 103	-	(199)
Net Total	552	622
Total	70	(11)

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Notes to the Financial Statements

	INR-Millions	
	Year ended March 31	
	2021	2020
Note: 32-Employee Benefits Expense:		
Salaries and wages	486	446
Contribution to provident and other funds [*]	42	39
Staff welfare expenses	6	4
Total	534	489
Managing Director's Remuneration	28	
[*] The Company's contribution towards defined contribution plan	28	26
The Company makes Provident Fund contributions to defined contribution retirement benefit plan for qualifying employees, as specified under the law. The contributions are paid to the respective Regional Provident Fund Commissioner under the Pension Scheme.		
Note: 33-Finance Cost:		
Interest expense	6	3
Total	6	3
The break up of interest expense into major heads is given below:		
On term loans	3	3
On Lease	2	-
Others	1	-
Note: 34-Other Expenses:		
Research Materials	40	-
Analytical Expenses	7	4
Consumption of Stores and spare parts	30	16
Power & fuel	42	34
Rent	2	5
Repairs to Plant and Machinery	5	7
Insurance	9	8
Rates and taxes	-	1
Processing Charges	138	119
Traveling Expenses	32	89
Legal and Professional Fees	75	6
Net Loss on foreign currency transactions and translation	3	27
Commission on sales	109	107
Freight and forwarding on sales	108	87
Representative Allowances	33	94
Other marketing expenses	70	111
Bad Debts:		
Trade receivables written off	4	-
Expected credit loss	-	-
	4	-
Less: Transferred from expected credit loss	(6)	-
	(2)	-
Allowances for Doubtful Advances:		
Doubtful advances written off	-	-
Allowances for credit impaired	-	2
	-	2
Less: Transferred from allowances for credit impaired	-	-
	-	-
Net Loss on disposal of Property, Plant and Equipment	-	7
Miscellaneous Expenses [*]	91	92
Total	792	814
[*] Miscellaneous Expenses include:		
Payment to the Statutory Auditors [excluding GST]:		
i - As Auditor [PY INR 100,000]	1	-
- For Other Services	-	-
- Total	1	-

Note: 35-Tax Expenses:

	INR-Millions	
	Year ended March 31	
	2021	2020
The major components of income tax expense are:		
A Statement of profit and loss:		
Profit or loss section:		
Current income tax:		
Current income tax charge	59	-
	59	-
Deferred tax:		
Relating to origination and reversal of temporary differences [Refer Note : 20]	247	(84)
Tax expense reported in the statement of profit and loss	306	(84)
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss/ (gain) on remeasurements of defined benefit plans	-	-
Tax charged to OCI	-	-
B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Profit before tax	1,200	654
Enacted Tax Rate in India (%)	25.17%	25.17%
Expected Tax Expenses	302	165
Adjustments for:		
Tax effect due to non-taxable income for tax purposes	(3)	-
Effect of unrecognized deferred tax assets/ liabilities	(19)	(76)
Effect of non-deductible expenses	16	5
Effect of additional deductions in taxable income	3	-
Tax effect of non-taxable income for tax purpose due to Ind AS adjustments	-	(172)
Others	7	(6)
Total	4	(249)
Tax Expenses as per Statement of Profit and Loss	306	(84)

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

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

			2021	2020
A	Profit attributable to Equity Share Holders	INR-Millions	894	738
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	1,019,143	1,019,143
C	Effect of dilution - Optionally Convertible Preference Shares		2,273,350,000	2,273,350,000
D	Weighted average number of Equity Shares outstanding during the year		2,274,369,143	2,274,369,143
E	Nominal value of equity share	INR	10	10
F	Basic EPS		877.64	724.14
G	Diluted EPS - [Anti-Dilutive]	INR	0.39	0.32

Note: 37-Segment Information:

Segment information has been given in the Consolidated Financial Statements of the holding Company. Hence, as per Ind AS-108 "Operating Segments" issued by the Institute of Chartered Accountants of India, no separate disclosure on segment information is given in these financial statements.

Note: 38-Related Party Transactions:

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

a Holding Company: Cadila Healthcare Limited

b Subsidiary Companies:

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

c Fellow subsidiary Companies/concerns:

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

d Key Managerial Personnel:

Mr. Nitin D. Parekh	Chairman	Ms. Bhavana Doshi	Director
Dr. Arun Atrey	Managing Director	Mr. Upen H. Shah	Nominee Director [with effect from August 25, 2020]
Mr. Harish Sadana	Director	Mr. Vishal A. Shah	Executive Officer [Chief Financial Officer]
Mr. Chimanlal P. Patel	Director	Ms. Hiranya T. Deshmukh	Executive Officer [Company Secretary]

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Notes to the Financial Statements

Note: 38-Related Party Transactions - Continued:

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business and at arm's length terms:

a Details relating to parties referred to in Note 38-A [a & b]

Value of the Transactions [INR-Millions]

Nature of Transactions	Holding Company 2021	Holding Company 2020	Subsidiary/ Fellow subsidiary Companies 2021	Subsidiary/ Fellow subsidiary Companies 2020
	Year ended March 31			
Purchase of Goods:				
Cadila Healthcare Limited	314	-	-	-
	314	-	-	-
Purchase of services :				
Cadila Healthcare Limited	5		-	-
Zydus Healthcare Limited	-		3	
	5	-	3	-
Sale of Goods:				
Cadila Healthcare Limited	15	-	-	-
	15	-	-	-
Sale of fixed assets:				
Cadila Healthcare Limited	1	-	-	-
	1	-	-	-
Sale of Services:				
Cadila Healthcare Limited	1	-	-	-
	1	-	-	-
Reimbursement of expenses received:				
Cadila Healthcare Limited	16	-	-	-
	16	-	-	-
Interest Expense:				
Zydus Healthcare Limited	-	-	2	-
Cadila Healthcare Limited	1	3	-	-
	1	3	2	-
Interest Income:				
Viona Pharmaceuticals Inc	-	-	1	-
	-	-	1	-

	Holding Company March 31, 2021	Holding Company March 31, 2020	Holding Company April 1, 2019	Subsidiary/Fellow subsidiary Companies March 31, 2021	Subsidiary/Fellow subsidiary Companies March 31, 2020	Subsidiary/Fellow subsidiary Companies April 1, 2019
Investments:						
Purchases/ Subscription to Share Capital:						
Violio Healthcare Limited	-	-	-	-	1	-
Viona Pharmaceuticals INC [USA]	-	-	-	-	-	34
	-	-	-	-	1	34
Issue of Shares:						
Equity shares						
Zydus Healthcare Limited	-	-	-	-	1	-
Preference shares						
Cadila Healthcare Limited	-	22,734	-	-	-	-
Finance:						
Inter Corporate Loans Given:						
Viona Pharmaceuticals Inc	-	-	-	367	-	-
Inter Corporate Loans received:						
Cadila Healthcare Limited	-	3	26	-	-	-
Inter Corporate Loans repaid:						
Zydus Healthcare Limited	-	-	-	50	-	-
Cadila Healthcare Limited	29	-	-	-	-	-
	29	-	-	50	-	-
Outstanding:						
Receivable:						
Zydus Healthcare Limited [INR 1 Lacs]	-	-				
Cadila Healthcare Limited	-	119	-	-	-	-
	-	119	-	-	-	-
Payable:						
Cadila Healthcare Limited	-	-	2	-	-	-

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

	INR-Millions Year ended March 31 2021	2020
Salaries and other employee benefits to Managing Director and other executive officers	34	27
Outstanding payable	1	1

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Notes to the Financial Statements

Note: 39-Financial Instruments:

A Fair values hierarchy:

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

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

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

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

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

	INR-Millions			
	As at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	582	-	-	582
	582	**-**	**-**	**582**
Financial liabilities	-	-	-	-
	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets	-	-	-	
Financial liabilities	-	-	-	-
	As at April 1, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-

C Fair value of instruments measured at amortised cost:

Financial Assets:

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

Financial Liabilities:

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

Note: 40-Financial Risk Management:

A Financial instruments by category:

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

	INR-Millions			
	As at March 31, 2020			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Non Current Other Financial Assets	-	-	9	9
Trade receivables	-	-	668	668
Cash and Cash Equivalents	-	-	27	27
Other Current Financial Assets	-	-	119	119
Total	**-**	**-**	**823**	**823**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	81	81
Trade payables	-	-	535	535
Non Current Other Financial Liabilities	-	-	37	37
Other Current Financial Liabilities	-	-	71	71
Total	**-**	**-**	**724**	**724**

	As at April 1, 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Total	**-**	**-**	**-**	**-**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	28	28
Total	**-**	**-**	**28**	**28**

Note: 40-Financial Risk Management-Continued:

B Risk Management:

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

a Credit risk:

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

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

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

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

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

v There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Adequate expected credit losses are recognized as per the assessments. No single third party customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2021, March 31, 2020 and April 1, 2019.

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

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

Class of financial assets: carrying amounts	INR-Millions		
	As at		
	March 31, 2021	March 31, 2020	April 1, 2019
Trade Receivables:			
Less than 180 days	**693**	667	-
180 - 365 days [INR 5 Lacs]	**-**	1	-
Above 365 days	**-**	-	-
Total	**693**	**668**	**-**

Movement in the expected credit loss allowance on trade receivables:

Balance at the beginning of the year	**6**	-
Acquired pursuant to slump exchange [Refer Note : 47]	**-**	6
Addition	**-**	-
Recoveries	**(6)**	-
Balance at the end of the year [INR 5 Lacs]	**-**	**6**

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

Note: 40-Financial Risk Management - Continued:

Maturities of financial liabilities:

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

	INR-Millions				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As At March 31, 2021				
Non-derivative Financial Liabilities:					
Other non current financial liabilities	-	12	3	19	34
Trade payable	525	-	-	-	525
Other current financial liabilities	152	-	-	-	152
Total	**677**	**12**	**3**	**19**	**711**
	As At March 31, 2020				
Non-derivative Financial Liabilities:					
Other non current financial liabilities	-	15	5	17	37
Borrowings [including current maturities and interest]	-	-	81	-	81
Trade payable	535	-	-	-	535
Other current financial liabilities	73	-	-	-	73
Total	**608**	**15**	**86**	**17**	**726**
	As At April 1, 2019				
Non-derivative Financial Liabilities:					
Other current financial liabilities	2	-	-	-	2
Total	**2**	**-**	**-**	**-**	**2**

c Foreign currency risk:

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. There are no material foreign currency exposure as at the reporting dates.

d Interest rate risk:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2020, the Company is exposed to changes in market interest rates through related party at variable interest rates. The Company's investments in Fixed Deposits are at fixed interest rates.

Note: 41-Capital Management:

The Company' s capital management objectives are:

a to ensure the Company's ability to continue as a going concern
b to provide an adequate return to shareholders
c maintain an optimal capital structure to reduce the cost of capital.

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

Note: 42-Leases:

Lessee:

A Relating to statement of financial position:

1 Under Ind AS 116, the Company recognises right to use assets and lease liabilities for most leases;
Right of use assets are part of financial statement caption "Property plant and equipment'. Depreciation and impairment is similar to measurement of owned assets. Lease liabilities are part of financial statement captions non-current "financial liabilities" and current "financial liabilities". Interest is part of financial statement caption " Finance expense".

Property plant and equipment owned:	INR-Millions
Right of use assets (Net)	15
Total	**15**

Right of use assets:

Real estate	INR-Millions
Balance as at April 1, 2020	23
Depreciation charge for the year	8
Balance as at Mar 31, 2021	15

2 Movement in lease liabilities:

	INR-Millions
Lease liability recognised as on April 1 ,2020	23
Additions	1
Redemptions	(8)
Lease liability as at Mar 31, 2021	16
of which:	
Non current portion	7
Current portion	9

2.1 Maturity analysis of lease liabilities:

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at Mar 31, 2021 is as follows:

Minimum lease payments due	INR-Millions
Within 1 year	9
1- 5 years	7

Lease payments not recognised as liability:

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

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

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

Minimum lease payments due	INR-Millions
Short term lease	2
Total	**2**

Note: 43- First Time Adoption of Ind AS:

The accounting policies set out in the note here have been applied in preparing the financial statements for the year ended March 31, 2021, the comparative information presented in these financial statements for the year ended March 31, 2020 and in the preparation of an opening Ind AS balance sheet at April 1, 2019 [the Company's date of transition].

In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies [Accounting Standards] Rules, 2015 [as amended] and other relevant provisions of the Act [Indian GAAP]. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following notes.

Exemptions and exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A Estimates:

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP [after adjustments to reflect any difference in accounting policies], unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2019 are consistent with the estimates as at the same date made in conformity with previous GAAP.

B Leases:

Ind AS 116 requires an entity to 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. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/ arrangements.

C Classification of financial assets:

As per the requirements of Ind AS 101 the Company has assessed classification of financial assets on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

D De-recognition of financial assets and liabilities:

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of entity's choosing; provided that the information needed to apply Ind AS 109 to financial assets or financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

Note: 44- Reconciliation with previous GAAP:

		Note	INR-Millions	
			As at	
			March 31, 2020	April 1, 2019
A	**Reconciliation of equity:**			
	Equity as per previous GAAP		**22,729**	6
	Add : Adjustments:			
a	Deferred Tax adjustments - pursuant to common control transaction	**2**	**45**	-
b	Other adjustments		**3**	-
c	**Equity as per Ind AS**		**22,777**	6
B	**Reconciliation of Net Profit for the year ended March 31, 2020:**			
	Loss after Tax as per previous GAAP		**(12)**	
	Add [Less]: Adjustments in statement of profit and loss			
a	Adjustment pursuant to common control transaction	**1**	**709**	
b	Deferred Tax adjustments - pursuant to common control transaction	**2**	**45**	
c	Others		**(4)**	
d	Total		**750**	
e	**Net Profit after tax as per Ind AS**		**738**	
f	Other Comprehensive Income (Net of Tax)	**3**	**(1)**	
g	**Total Comprehensive Income for the year as per Ind AS**		**737**	

Notes:

1 Common control business combination

Under previous GAAP, business combinations involving entities under common control did not require any adjustments, in case all the assets and liabilities are recorded at their fair value.

Under Ind AS, Business combinations involving entities under common control shall be accounted distincly. The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. The impact of these has resulted in recognition of profit before tax of INR 709 Millions.

2 Deferred Tax adjustments

Under previous GAAP, deferred tax was accounted as per the income statement approach which required creation of deferred tax asset/ liability on temporary differences between taxable profit and book profit.

Under Ind AS, deferred tax is accounted as per the Balance Sheet approach which requires creation of deferred tax asset/ liability on temporary differences between the carrying amount of an asset/ liability in the Balance Sheet and its corresponding tax base. The adjustment in net profit and equity as discussed above, resulted in additional temporary differences on which deferred taxes are calculated.

The impact of these has resulted in recognition of deferred tax of INR NIL as at the date of transition to Ind AS and deferred tax asset of INR 45 Millions in the Statement of Profit and Loss for the year ended March 31, 2020.

Note: 44- Reconciliation with previous GAAP - Continued:

3 Actuarial loss on employee defined benefit plan recognised in OCI

Under previous GAAP, remeasurement of defined benefit plans (gratuity), arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss.

Under Ind AS, such remeasurement (excluding the net interest expenses on the net defined benefit liability) of defined benefit plans is recognised in OCI. Consequently, the related tax effect of the same is also recognised in OCI.

For the year ended March 31, 2020, remeasurement of gratuity liability resulted in a actuarial loss of INR 1 Millions which has now been reduced from employee benefits expense in the Statement of Profit and Loss and recognised separately in OCI.

The above changes do not affect Equity as at date of transition to Ind AS and as at April 1, 2019

C Statement of Cash Flows:

The transition from IGAAP to Ind AS has not had a material impact on the statement of cash flows -

Particulars	Previous GAAP	Effect of transition to	Ind AS
Cash flows from operating activities	(23)	564	541
Cash flows from investing activities	-	(564)	(564)
Cash flows from financing activities	50	-	50
Changes in cash flows	**27**	**-**	**27**
Opening Cash and cash equivalents [INR 3 lacs]	-		-
Effect of exchange rates on Cash and cash equivalents	-		-
Closing Cash and cash equivalents	27		27

Note: 45- Events after balance sheet date:

Subsequent to the year end, on May 12, 2021, the Company entered into a Business Transfer Agreement ["BTA"] and other Ancillary Agreements [together "Definitive Agreements"] for sale of its Animal Healthcare Established Markets Undertaking ["AHESTM"], comprising animal healthcare business in India and certain other countries to Zenex Animal Health India Private Limited [formerly known as Nutrizvit Animal Health India Private Limited] ["Purchaser"], by way of a slump sale, without values being assigned to the individual assets and liabilities, on a debt free and cash free basis, for a consideration of INR 29,210 Million, subject to certain closing date adjustments and other conditions specified in the BTA. The said transaction is also subject to approval of the shareholders of the Holding Company by way of a special resolution. The sale is expected to be completed within a period of 90 days from the execution of the BTA.

The disclosures as required under Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations", where the classification criteria are met after the reporting period but before the approval of the financial statements for issue, are as described above.

In addition, given below are certain key numbers [unaudited] related to the AHESTM, being presented voluntarily.

	Particulars	Year ended March 31, 2021	2020
a	Revenue from operations	**6,034**	5,139
b	Total expenses (excluding finance costs and depreciation & amortisation expense)	**4,489**	4,259
c	Earnings before finance costs, depreciation & amortisation expense, other income and taxes	**1,545**	880
d	Finance costs, depreciation & amortisation expense and other income (net)	**161**	161
e	Profit before tax	**1,384**	719

Note: 46

The Company had acquired 100% shareholding in Violio Healthcare Limited and Biochem Pharmaceutical Private Limited from Zydus Healthcare Limited [ZHL] [wholly owned subsidiary of Cadila Healthcare Limited]. In consideration, the Company had issued its own shares to ZHL based on the exchange ratio determined on the basis of NAV of the respective companies as on December 31, 2019.

Note: 47- Slump Exchange:

i The Company had acquired Animal Healthcare business from Cadila Healthcare Limited ("CHL"), the holding company, pursuant to the Definitive Agreement ("DA") entered into by the Company on March 11, 2020 with CHL to achieve certain strategic and commercial objectives, CHL's Animal Healthcare Business ("AHB") comprising of two undertakings viz. Animal Healthcare Established Markets Undertaking (AHESTM) and Animal Healthcare Emerging Markets Undertaking (AHEMGM) has been transferred to and vested in the Company on a going concern basis for a lumpsum consideration of Rs. 22,734 Million, without values being assigned to individual assets and liabilities.

ii Accordingly, the Company had issued 220,00,00,000 ZAHL Preference Shares aggregating to Rs.22,000 Million as an exchange consideration to acquire AHESTM and 7,33,50,000 ZAHL Preference Shares, aggregating to Rs. 734 Millions as an exchange consideration to acquire AHEMGM, from CHL.

iii AHESTM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals, carried out primarily within India and rest of the world excluding USA and Europe along with the embedded goodwill, and includes all the moveable and immoveable assets, brands and other intangible assets, contracts, agreements, licenses, permits, working capital and other assets and liabilities pertaining to such business.

iv AHEMGM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals carried out outside India, primarily in USA and Europe along with the embedded goodwill, and includes all the moveable and immoveable assets, brands and other intangible assets, contracts, agreements, licenses, permits, working capital and other assets and liabilities pertaining to such business.

v The company has appointed an independent registered valuer to carry out the valuation of the aforesaid businesses so as to arrive at the fair value of the undertakings acquired by the company from the holding company for the purpose of Purchase price allocation.

vi As per the requirements of Ind AS – 103 "Business Combination", the difference between the amount recorded as share capital issued plus any additional consideration in the form of other assets and the amount of the share capital of the transferor is transferred to "Capital reserve" and is presented separately from other capital reserves. In respect of the aforesaid transaction, the company has acquired these assets, as stated in point no. iii and iv above, and settled the consideration in the form of issuing preference share capital of the company. Hence, in order to correctly reflect the values of tangible and intangible assets so acquired having realisable value, in the financial statements, the management has disclosed such items, in the respective assets. The subsequent adjustments, if any, to the value of the assets are directly adjusted in "Retained earnings".

Zydus Animal Health and Investments Limited (formerly known as "Violio Pharmaceuticals and Investments Limited")
Notes to the Financial Statements

Note: 48-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. The Company has implemented several initiatives across its manufacturing and other business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. The Company operates in manufacturing and selling of Animal Health and Veterinary products, which are classified as essential commodities and hence its operations continued to be run with fewer challenges on people movement and supply chain. As per the current assessment of the situation based on the internal and external information available up to the date of approval of these financial statements by the Board of Directors, the Company believes that the impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

Note: 49:

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

Signatures to Significant Accounting Policies and Notes 1 to 49 to the Financial Statements

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

For and on behalf of the Board

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

Sd/-	Sd/-	Sd/-	Sd/-
Mr. Chandresh S. Shah	Mr. Vishal A. Shah	Ms. Hiranya T. Deshmukh	Dr. Arun Atrey
Partner	Chief Financial Officer	Company Secretary	Managing Director
Membership Number: 042132			DIN: 00032249
Ahmedabad, Dated: May 26, 2021			Ahmedabad, Dated: May 26, 2021