

July 5, 2022

Listing Department

Code: 531 335

BSE LIMITED

P J Towers, Dalal Street, Fort,
Mumbai-400 001

Listing Department

Code: ZYDUSWELL

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai-400 051

Re.: Annual General Meeting (“AGM”) and Annual Report 2021-22

Dear Sir / Madam,

Pursuant to regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the **Listing Regulations**”), we are submitting herewith the Annual Report of the Company along with the Notice of Twenty Eighth AGM for the Financial Year 2021-22, which has been sent to the members of the Company through electronic means as per the circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India.

Sr. No.	Particulars	Details
1.	Details of AGM	Day: Friday Date: July 29, 2022 Time: 10:00 a.m. (IST) Through Vide Conference / Other Audio Visual Means
2.	Cut-off date to determine list of members entitled to receive Notice of AGM and Annual Report	Friday, July 1, 2022
3.	Cut-off date to determine list of members entitled to receive dividend for FY 2021-22	Friday, July 15, 2022
4.	Dividend Payment Date	On or after Wednesday, August 3, 2022
5.	Cut-off date to determine list of members entitled to vote on	Friday, July 22, 2022

Zydus Wellness Limited

(a subsidiary of Zydus Lifesciences Limited)

Regd. Office: ‘Zydus Corporate Park’, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad – 382481, India.

Phone No.: +91-79-71800000; **Website:** www.zyduswellness.com

CIN: L15201GJ1994PLC023490

	the resolutions through remote e-voting and e-voting during AGM	
6.	Remote e-voting start time, day and date	9:00 a.m. (IST), Tuesday, July 26, 2022
7.	Remote e-voting end time, day and date	5:00 p.m. (IST), Thursday, July 28, 2022
8.	E-voting website of CDSL	www.cdslindia.com
9.	Notice of AGM and Annual Report 2021-2022	https://www.zyduswellness.com/investor/investorAnnual-Report-21-22.pdf

Please receive the same in order.

Thanking you,

Yours faithfully,

For, **ZYDUS WELLNESS LIMITED**

UMESH V. PARIKH
CHIEF FINANCIAL OFFICER

Zydus Wellness Limited

(a subsidiary of Zydus Lifesciences Limited)

Regd. Office: 'Zydus Corporate Park', Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad – 382481, India.

Phone No.: +91-79-71800000; **Website:** www.zyduswellness.com

CIN: L15201GJ1994PLC023490

YOUR WELLNESS IS OUR WORLD



Zydu
Wellness

ANNUAL REPORT | 2021 - 22



VISION

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

OUR DNA

To build new emergent categories with differentiated product propositions.

Philosophy of building products which are good for you.



CORPORATE INFORMATION

Board of Directors

Dr. Sharvil P. Patel
Chairman

Tarun Arora
Chief Executive Officer &
Whole Time Director

Kulin S. Lalbhai
Independent Director

Srivishnu R. Nandyala
Independent Director

Dharmishtaben N. Raval
Independent Director

Ashish P. Bhargava
Nominee Director

Ganesh N. Nayak
Non-Executive Director

Savyasachi S. Sengupta
Independent Director

Chief Financial Officer

Umesh V. Parikh

Company Secretary

Dhanraj P. Dagar (upto May 9, 2022)

Bankers

Bank of Baroda
Ashram Road Branch
Ahmedabad

HDFC Bank Limited
Navrangpura Branch
Ahmedabad

ICICI Bank Limited
JMC House Branch
Ahmedabad

HSBC Bank
M.G. Road Branch, Mumbai

CITI Bank
Fort Branch, Mumbai

State Bank of India
CAG Branch, Ahmedabad

Statutory Auditors

M/s. Mukesh M. Shah & Co.
Chartered Accountants

Cost Auditors

M/s. Dalwadi & Associates
Cost Accountants

Secretarial Auditors

M/s. Hitesh Buch & Associates
Practicing Company Secretaries

Registered Office

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

Registrar & Share Transfer Agent

Link Intime India Private Ltd.
506-508,
Amarnath Business Centre - I,
Beside Gala Business Centre,
Off C. G. Road, Ellisbridge,
Ahmedabad - 380006

Works

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

CIN

L15201GJ1994PLC023490

CONTENTS

Corporate Overview

Corporate Snapshot	05
Highlights 2021-22	08
Chairman's Message	10
Launches in FY 2022	14
Flagship Brands	16
Awards and Accolades	22
Management Discussion and Analysis	24

Statutory Reports

Directors' Report	35
Corporate Governance Report	52
Business Responsibility Report	77

Financial Statements

Standalone Financial Statements	83
Consolidated Financial Statements	143

Notice of AGM

 202

Forward-looking Statements

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



Business

Zydus Wellness combines the best of personal care, nutrition and consumer wellness range of products in its brand portfolio. Zydus helps people pursue integrated well-being through its wide range of products. The Company is engaged in the development, production, marketing and distributions of its market-leading brand portfolio.

Product Portfolio

The Company's product portfolio includes popular brands with functional benefits like Glucon D, Complian, Sugar Free, Nycil, Everyuth, Nutralite and Sugarlite.

Scale

Manufacturing operations of Zydus Wellness Limited are spread across five manufacturing facilities - one each at Ahmedabad (Gujarat), Aligarh (Uttar Pradesh), Sitarganj (Uttarakhand) and two at Mamring (Sikkim).

Presence



Headquartered in Ahmedabad, the Company enjoys a pan-India marketing presence through a distribution network comprising 1700+ distributors and ~2000 feet-on-street representatives. The Company's distribution competence has been facilitated by investment in 24 integrated warehouses, which can serve both its cold chain and ambient range of brands.

Listing

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

Compliance

The Company's manufacturing plants are accredited for FSSC 22000 and ISO 14001, GMP certification as applicable, validating process, quality consistency and food safety.

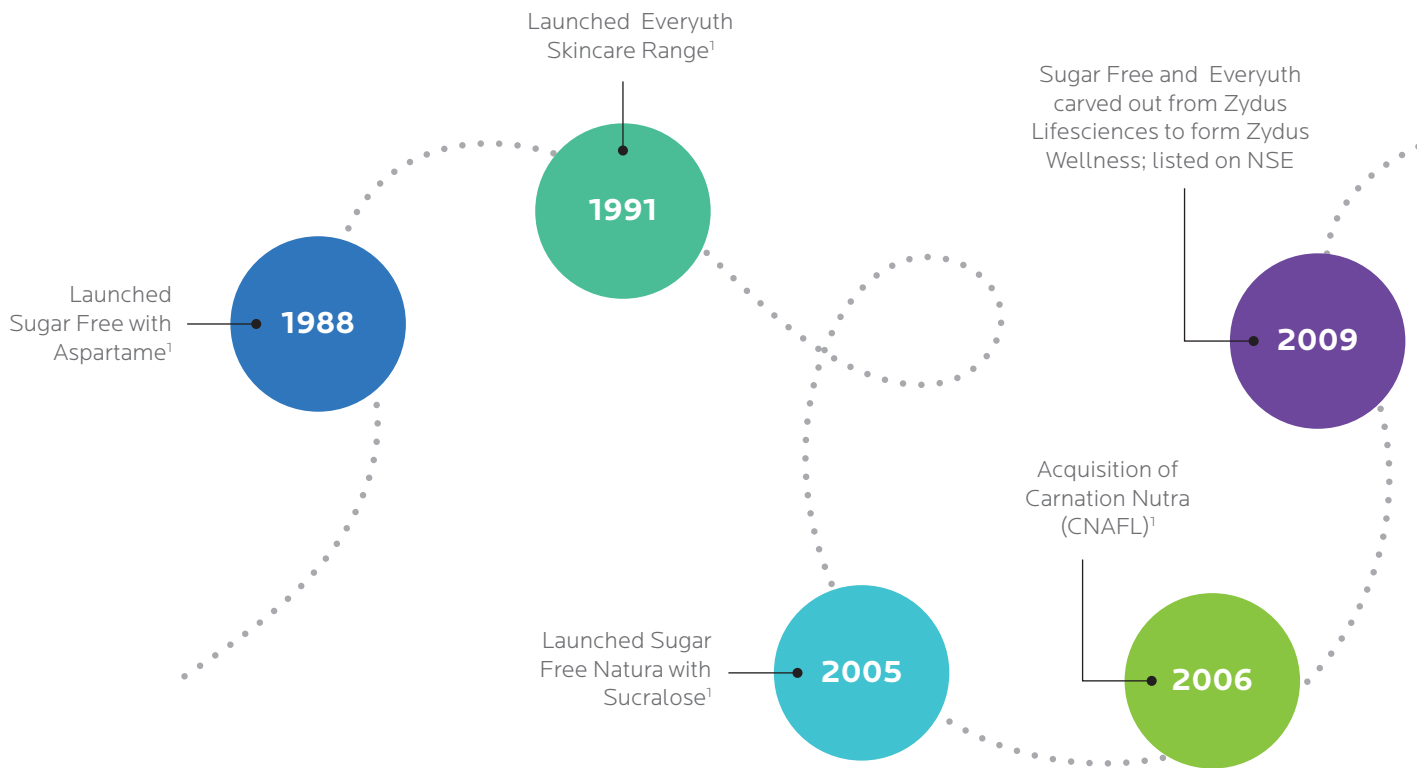
Brands	Category	Mkt. Rank	Mkt. Share
	Glucose Powder	1	58.5%
	MFD	4	5%
	Sugar Substitute	1	95.7%
	Blended Sugar	NA	NA
	Prickly Heat Powder	1	33.7%
	*Facial Cleansing	5	6.5%
	Scrub	1	39%
	Peel-off	1	76.2%
	Fat Spread	1 [#]	NA
	Dairy	NA	NA

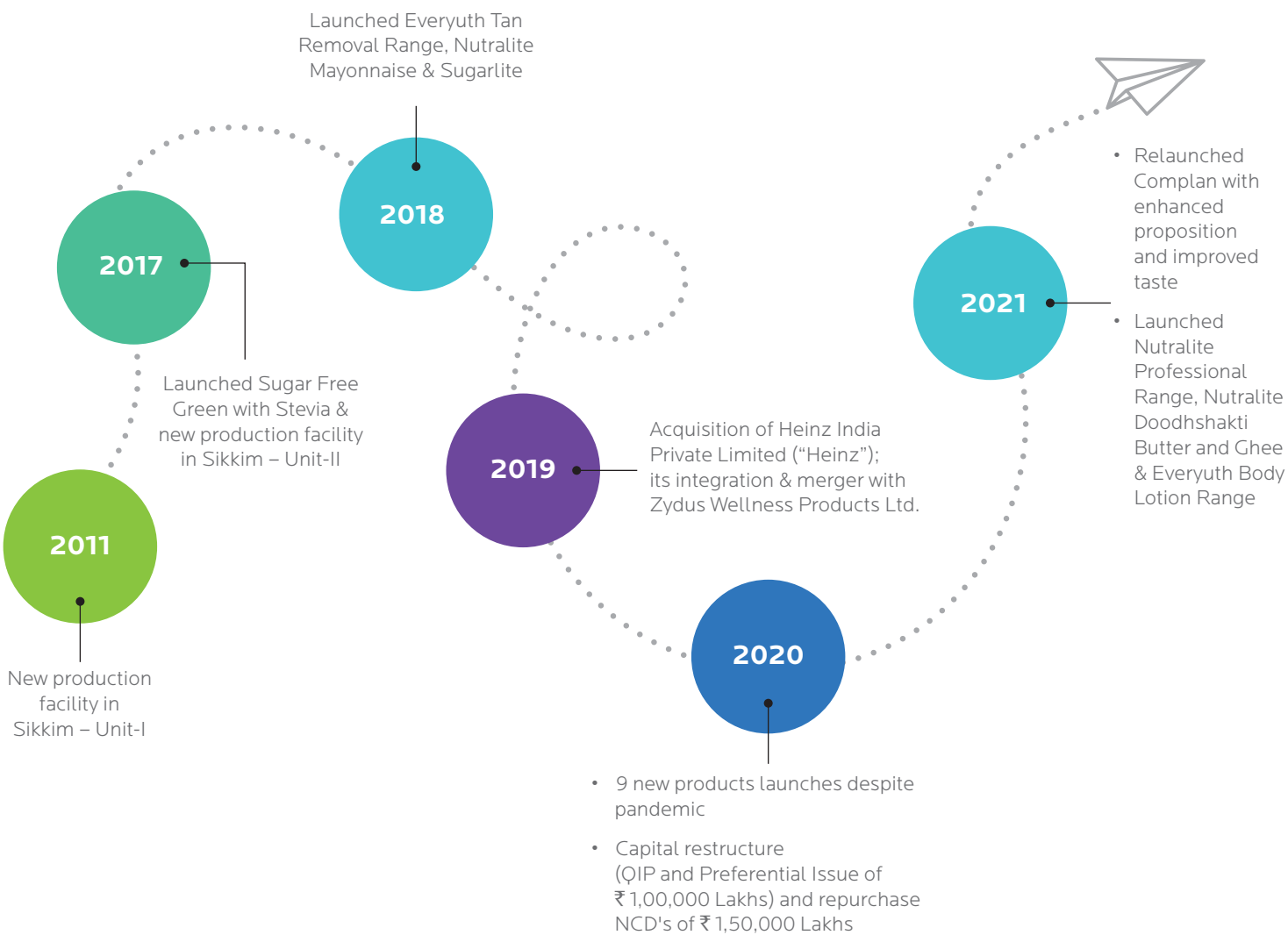
Market share source: MAT March 2022 report as per Nielsen and IQVIA.
 *Everyuth market rank 5 is at total facial cleansing segment which includes Face Wash, Scrub, Peel-off, Face Masks #Market rank as per the Company's estimate.

Shareholding Pattern and Market Capitalisation

64.8% Promoter and Promoter Group Holding, March 31, 2022	12.5% Institutional Holding, March 31, 2022	2.6% FII Holding, March 31, 2022	20.1% Other Holding, March 31, 2022	₹ 9,54,959 Market Capitalisation, March 31, 2022 (₹ in Lakhs)
---	---	--	---	---

KEY MILESTONES IN OUR JOURNEY





Source: Company information

Note: 1 Milestones that happened before the Company was carved out from Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited)



OUR PERFORMANCE OVER THE YEARS

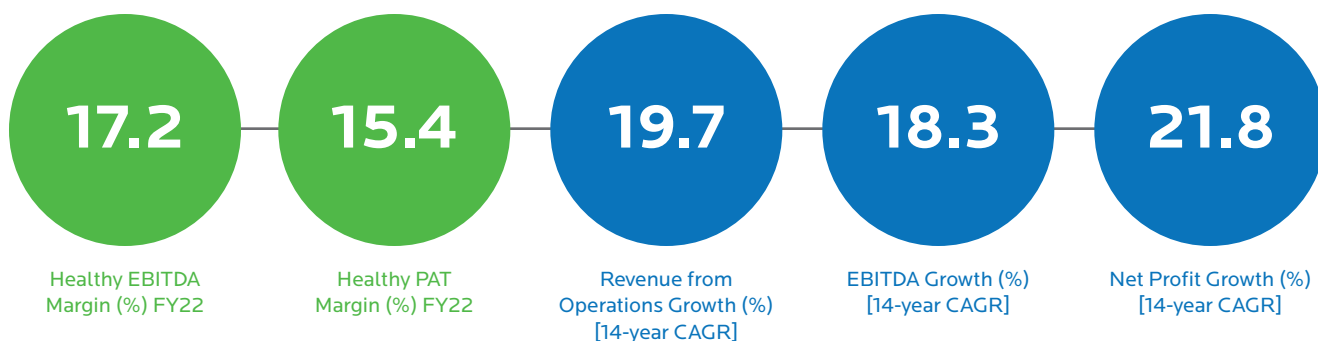
Revenues

PERFORMANCE, FY2021-22

The Company has registered growth of 7.6% (over previous financial year) on Total Revenue from Operations, which stood at ₹ 2,00,910 lakhs. This is despite the fact that there has been a surge in inflation and a rise in geopolitical issues which have impacted consumer sentiments; softening consumer demand. The summer-heavy brands like Glucon-D and Nycil have struggled for the second year in succession due to COVID wave witnessed during the summer season. In order to mitigate the impact of inflation in key inputs, the Company resorted to calibrated price increase across the portfolio of its brands towards the end of quarter three of financial year. This alongside the cost rationalisation measures helped the Company consolidate its gross margin towards the end of the financial year.

- EBITDA was up by 0.1% y-o-y to ₹ 34,475 lakhs
- PBT before exceptional items was up by 25.2% to ₹ 30,602 lakhs
- Reported Net Profit was up by 160.1% to ₹ 30,887 lakhs. However the adjusted Net Profit (before exceptional items) was up by 23.1%

MARGINS ARE IN TOP QUARTILE OF THE FMCG SPACE





BRAND PERFORMANCE

Glucon-D has maintained its **number one position** with a market share of **58.5%** in the Glucose Powder Category

Complan has a market share of **5.0%** in the Health Foods Drinks (HFD) Category

Sugar Free continues to hold its leadership position in Sugar Substitute Category with a market share of **95.7%**

Nycil has maintained its **number one position** with a market share of **33.7%** in the Prickly Heat Powder Category

Everyuth Scrub has maintained its **number one position** with a market share of **39.0%** in the Facial Scrub Category, which is an increase of 367 basis points over the same period last year

Everyuth Peel off has maintained its **number one position** with a market share of **76.2%** in the Peel-off category

Everyuth brand is at **number five position** with market share of **6.5%** at overall Facial Cleansing Segment level

As per the MAT March'22 report of Nielsen and IQVIA

BUSINESS MODEL

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



“

Our purpose is to enrich lives with healthier choices, now and for generations to come – this inspires all that we do. From our strategic initiatives, to business and financial goals, this purpose brings in better focus and urges us to innovate for the better; it leads us to create future opportunities to grow and expand. We are inspired that our ideas and our world of wellness makes a meaningful difference in people’s lives. I am confident our efforts will add value to our portfolio of category-defining iconic brands.

”

Dr. Sharvil P. Patel
Chairman

Dear Shareholders,

SHAPING THE CORE OF WELLNESS

A company is shaped by its purpose and for us that quite simply is 'Wellness for our consumers'. It is with this overarching purpose that we have journeyed through the years. From a pioneering move to sweeten people's lives and offering the freedom of choice in 1988 when we launched Sugar Free to becoming one of the leaders in the Wellness domain, which we are today, the journey has been an exciting and enriching one. While our offerings have expanded and our approaches to achieve our goals have become multi-fold, the very core of why we are in this realm remains a singular one - to help our consumers' experience the freedom of choices that can lead them to wellness and good health.

SHAPING OUR WORLD THROUGH INNOVATION

In a world where people are increasingly veering towards healthier lifestyles and making healthier choices in their lives,

SHAPING OUR FUTURE

We have grown and evolved as an organisation over the last few years and have taken decisive steps to shape our future. We are committed to delivering sustainable, consistent performance by focusing our efforts on growing our wellness business, expanding our geographic presence, and exploring a game-changing growth strategy which leverages our creativity and capabilities. We have done significant amount of work over the recent years to position our Company for future growth: We have implemented a business model that focuses value-added products which enrich consumer experiences; we have deployed our resources judiciously and invested for growth; our focus is on the long-term health of the business; and we have made significant investment in initiatives designed to improve the efficiency of the business. Having nurtured some of the most recognised and trusted brands in the FMCG space in India, we believe that these brands are also a competitive advantage for us as they provide a point of differentiation and immediate credibility for our new products.



our aim is to provide "Good For You" solutions. This is essential to our robust innovation process. Our recently inaugurated state-of-the-art R&D centre is managed by a team of highly specialised research scientists and technology experts with global experience. We constantly strive for new, and better, ideas. We have introduced a significant number of new products in the last five years which have resonated well with the consumers and generated excitement in their respective categories. We will continue to focus on meeting the needs and demands of consumers and providing them with a wide range of choices. We will also be collaborating with top academic and research institutions in India and across the world to bring new concepts to life. This will form the building block of the future product innovations with unique propositions and pave the way for future launches.

Consequently, we devote a meaningful amount of time and resources to the development of these assets. The introduction of innovative new products, backed by credible brand-building initiatives, has given us much success in the marketplace. All of these things place our Company in a much stronger position; a position from which we can grow.

Three Pillars to drive growth going forward



Accelerate Growth of Core Brands

Innovations to focus on portfolio diversification and expansion with an aim to recruit new consumers

Differentiated propositions supported by strong GTM



Build International Presence

Build scale in international business by focusing on SAARC, MEA and SEA

Enter new markets with relevant offering



Significantly Grow Scale

Successful integration of the Heinz acquisition

Open to bolt-on acquisitions at the right time



SHAPING OUR HUMAN CAPITAL

We are fortunate to have a young and diverse team shaping our future. Equally important is the fact that we want to build a long-lasting relationship with our employees. For that reason, diversity and inclusion remain very important issues for us. We constantly aim to expand the diversity of thought, background, experience, and gender of our employees. We are committed to nurturing talent, building careers, inspiring people so they can contribute their best and by doing all of these build a strong organisation.



**E-commerce
business growth
more than 1.5X
times for FY 2022**



**Strong
Export business
growth for
FY 2022**

The thought of expanding our world of wellness and going beyond the 30 million consumers whom we serve today, excites us. We're inspired to bring new innovations to life; back these ideas with the agility and speed in our actions and offer differentiated products that delight the consumers and add new dimensions to their lives. We have all the elements of a growth-oriented, dynamic organisation in place. Our people are exploring different ideas, strategies and approaches which in turn brings ample opportunities to grow; With the Company well positioned for the growth and expansion in the coming years, I think we have exciting times ahead of us.

I thank you all for your confidence and trust in us.

Dr. Sharvil P. Patel
Chairman



LAUNCHES IN FY2021-22



Re-launched Complan with enhanced proposition, improved chocolate taste, new packaging - supported by new TVC and consumer offers



New Launches in International Markets

Launched new Variants of Complan

Sugar Free D'Lite Cookies and Chocolate Spread



New Everyuth Body Lotion Range – a strategic extension into Skin Care Space



Nutralite Doodhshakti Professional

Pure Ghee 1L Pouch

Launched in Mar'22, for expanding reach in food services / institutional / HoReCa channels

OUR BRANDS

1. GLUCON D

*Glucose-based beverage available in powder form

*Positioned as an effective energy booster

*Category-leading brand with more than 99% product recall

* Variants comprise Tangy Orange, Regular and Nimbupani

Highlights, FY2021-22

- The brand witnessed a steep shortfall in sales due to second wave of COVID-19 in the peak summer season; however early set-in of summers in last quarter of financial year in key markets has helped the brand recover and post a double-digit growth for the financial year.
- ImmunoVolt, which continued to deliver steady business, was supported with TV campaigns and distribution drives.
- Glucon-D has maintained its number one position with a market share of 58.5% in the Glucose Powder Category as per MAT March 2022 Report of Nielsen.

FOR INSTANT ENERGY & IMMUNITY#

GLUCON-D DE ENERGY SATASAT, GAME MEIN LAUTAYE FATAFAT

Glucon-D Instant Energy

REGULAR

TANGY ORANGE

NIMBU PANI

CONTAINS GLUCOSE, CHINA CITRUS FLAVOUR

2. COMPLAN

- **Trusted heritage brand of 80+ years with 90% brand recall**
- **Milk-based health food drink**
- **High quality milk protein content to meet the growth requirements for the consumer**

Highlights, FY2021-22

- As per Nielsen, the Health Food Drinks Category has slowed down over the last three quarters with flat to negative growth over comparable previous year. The category reported 2 percent de-growth in the last quarter of the financial year which impacted the business.
- During the year gone by, the brand was re-launched with improved taste and pack design and strengthened its proposition by not just focusing on growth but also on memory and concentration. The re-launch was supported with its new campaign “Ummeedo se aage badhneka plan”, which communicated the key benefits of the brand.
- During the last quarter of the financial year, the Company launched a new campaign “Pack palto, fark dekho” emphasising on its narrative focused on right nutrition leading to better growth.
- The brand’s market share stood at 5.0% in the Health Food Drink (HFD) Category as per MAT March 2022 Report of Nielsen.



3. SUGAR FREE

***Household name; India's first sugar substitute**

***Undisputed category leadership**

***Respected as nutritious and safe (sweetness of sugar with negligible calories)**

***Positioned as 'India's largest selling Low-calorie Sweetener'**

Brand Extensions

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

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

Sugar Free Green: 100% Natural offering of Sugarfree made out of Stevia. New formulation developed using a new, better tasting stevia in FY21.

Highlights, FY2021-22

On Sweeteners Front

- The overall sweeteners portfolio grew at a mid-single digit growth owing to a higher base of previous financial year; however the portfolio posted a good double digit growth on a 2 year CAGR basis.
- The Company on-boarded a new brand ambassador Ms. Katrina Kaif along with a new campaign. The future focused Stevia led range of Sugar Free Green registered a high growth.
- The Sugar Free brand continues to firmly hold the leadership position with a market share of 95.7% as per MAT March '22 Report of IQVIA.

4. SUGARLITE

100% natural blended sugar coated with stevia, with 50% less calories than normal sugar

- Sugarlite continues to grow at a high double digit during the year with consistent support on ATL and digital front to recruit new consumers into the "healthier sugar" segment.



5. NYCIL

***Heritage product of 50+ years**

***One of the most trusted Talcum Powder brands**

***Leader in the Prickly Heat and Cooling Powder Category**

***Established efficacy through the germ fighter formula; protect from sweat, body odour, rashes, itching and heat**

Highlights, FY2021-22

- Nycil brand sales got impacted for second consecutive year due to second wave of COVID-19, however the brand continues to maintain its strong leadership position in the Prickly Heat Powder Category supported by consumer offers and ATL initiatives. The Company is looking forward for a very good summer season this financial year, which will help continue gaining market share.
- Nycil has maintained its number one position with a market share of 33.7% in the Prickly Heat Powder Category.



6. EVERYUTH

***A trusted Skincare brand**

*** Pioneer in Speciality Skin Care Products combining nature's goodness with proven scientific research**

***Advanced skincare portfolio includes soap-free face wash, face masks, scrubs, leave on products covering benefits like acne removal, exfoliation, sun protection**

Highlights, FY2021-22

- Everyuth brand outpaced the category growth and registered a strong double digit growth during the financial year.
- The brand launched a range of body lotions in quarter three and continued to build the new range along with the core portfolio of skin.
- Everyuth Scrub has maintained its number one position with a market share of 39.0% in the Facial Scrub Category, which is an increase of 367 basis points over the same period last year.
- Everyuth Peel-off has maintained its number one position with a market share of 76.2% in the Peel-off Category.
- Everyuth brand is at number 5 position with market share of 6.5% at overall Facial Cleansing Segment level.



7. NUTRALITE

- **India's leading Food Accompaniment brand offering taste and health**
- **Leader in premium Cholesterol Fat-free spread**
- **Expanding into contemporary range of spreads like Mayonnaise and Chocolate Spread; loved by consumers**
- **Forayed into Dairy segment with launch of Nutralite Doodhshakti range of Ghee and Butter**

Highlights, FY2021-22

- Nutralite brand delivered a strong double digit growth during the year. In the spread category, Mayonnaise business has doubled compared to previous comparable year.
- Nutralite DoodhShakti dairy portfolio, which was impacted immediately after launch due to Covid second wave, had started getting traction in second half of the year. It was well supported with TV, Print and Digital campaigns.
- Nutralite DoodhShakti Professional Ghee was launched in Mar'22 to expand its presence in the institutional channel.



AWARDS AND ACCOLADES

Manufacturing plants of the Company received National Awards for Manufacturing Competitiveness (NAMC) from IRIM (International Research Institute for Manufacturing), a professional body supporting the manufacturing industry



Integrated Manufacturing Excellence Initiatives by Kaizen Hansei

- IMEXI Award - Aligarh Plant
- IMEXI - Sikkim Plant

NAMC (National Award for Manufacturing Competitiveness) by IRIM (International Research Institute for Manufacturing)

- NAMC Diamond Trophy (National Award for Manufacturing Competitiveness) – Ahmedabad Plant
- NAMC Gold Award - Aligarh Plant
- NAMC Silver Award – Sitarganj Plant



Campaign Name – India Ka Longest Breakfast Table

- Silver - Use of User Generated Content Category

Received from DigiPlus Awards



Campaign Name – India Ka Longest Breakfast Table

- Gold - Content Marketing (CPG_F&B)
- Bronze - Experiential (CPG)
- Bronze - Marketing Excellence During COVID-19 Lockdown (F&B)

Received from AdGully DIGIXX Awards



World HRD Congress

- CEO with HR Orientation
- Organisation with Innovative HR Practices

Dream Employer of the Year



MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY OVERVIEW

Global GDP grew by 6.1% in 2021 after declining by 3.1% in 2020¹. The strong global economy recovery after the pandemic was marred by geopolitical tensions and supply chain disruptions leading to elevated levels of inflation. Political tensions aggravated the shortages in global energy markets pushing gas and oil prices further higher and dampening the consumer and business sentiment. Central banks around the world continued to raise interest rates and taking measures to curb inflation by tightening financial conditions. Globally, inflation is at its highest rate since 2008. Overall, global growth slowed in most countries whilst inflation moved at a faster pace posing a tough economic environment.

The global growth is projected to slow further to 3.6% in 2022 and 2023¹. Beyond 2023, global growth is expected at around 3.3% over the medium term¹. The inflation expectation continues to run high at 8.7% in the emerging market and developing economies and at 5.7% for advanced economies for 2022¹. Overall, in 2022, continued slowdown is expected as risk of new virus variants and rapidly rising prices for items such as food and energy weigh on households with supply chain bottlenecks and the unwinding of stimulus programmes pose further risk.

⁽¹⁾IMF - World Economic Outlook, April 2022

INDIA ECONOMY OVERVIEW

The second wave of Covid-19 marked the beginning of financial year 2021-22 in India. After the second infection wave that peaked in May, the recovery started gaining momentum driven by exports and positive consumer demand. The economic activity remained resilient as reflected in the performance of key indicators like power consumption, manufacturing, construction and exports. However, inflation continued to trend higher remaining a cause of concern, especially the imported inflation from global energy price. India is well placed to navigate these challenges as the government has taken structural reforms including deregulation of numerous sectors, simplification of processes, removal of legacy issues like 'retrospective tax', privatisation, production-linked incentives, etc. along with increased capital spending.

GDP is expected to expand by 6.9% in the financial year 2022-23 and 6.2% in the financial year 2023-24². Monetary policy normalisation and weaker external demand is expected to weigh on GDP growth, though government spending will continue to support the activity.²

⁽²⁾OECD Economic Outlook, June 2022







FMCG SECTOR OVERVIEW

Indian FMCG sector witnessed valuable growth during the first half of the year. However, the sector witnessed strong growth during the first half of the year, whilst the growth moderated in the second half of 2021 as the continued double-digit price increase during the year resulted into consumption slowdown. Higher inflation levels due to disruption in supply chains and cost inflation in key commodities led to successive price increases thereby impacting volumes. The resulting slowdown was more accentuated in rural markets compared to urban markets.

In the near term, the sector is expected to deliver positive growth driven by highest GDP forecast in the world, by price hikes around product categories, volume growth driven by expected normal monsoon and revival in demand for discretionary products. Additionally, increase in government expenditures in areas of infrastructure, mobility and connectivity will help boost rural incomes which may contribute to volume growth. India is likely to be the fifth largest FMCG market by 2025 and is expected to increase at a CAGR of 14.9% to reach US\$ 220 billion³.

⁽³⁾IBEF, March 2022

YEAR 2021-22 FOR THE COMPANY

During Financial Year 2021-22, the Company registered revenue growth of 7.6% (over previous financial year) standing at ₹ 2,00,910 lakhs. During the first half of the year, pandemic-induced setbacks impacted sales of summer-heavy brands like Glucon-D and Nycil; whilst global uncertainty-infused economic challenges, particularly the rising level of inflation, softened the consumer demand in the second half. The Company demonstrated unwavering determination and resilience to minimise the impact of these challenges on business. The cost rationalisation measures helped the Company consolidate its gross margin towards the end of the financial year. Additionally, the Company took calibrated price increases towards the end of the third quarter of the financial year across its brands.

The Company continued to be the leader in five out of the six categories. The Company continues to focus on expanding category size of each of these categories and increase the market share of its brands with necessary investments in each brand through product innovations, various media campaigns, sales promotions and digital initiatives. The Company has more than 30 million consumers as a testament to brands that are engraved in consumers daily needs and shopping basket.

The Company inaugurated a new R&D set up in Ahmedabad in 2021-22 which will be a centre for all future innovations that are 'Good for You'. The R&D centre is managed by a team of Post Doctorates, Ph.Ds and technology experts with global experience and fully equipped with latest technology. The Company aims to leverage its R&D capability through tie ups with top academic and research institutions in India and globally. This will form the building block of the future product innovations with differentiated propositions which the Company is intending to launch in coming years.

In its endeavour to become leaner and a more efficient organisation, the Company has commenced various initiatives across its key functions through Transformation 2.0 focused on digitisation of processes across the value chain to be future ready through becoming more agile and ride on the digital ways of working.

The three key pillars that supported growth during 2021-22:

A. Acceleration of growth of core brands: The new products which the Company launched during the year-

Complan – Relaunched with improved taste, enhanced proposition and pack design

- Enhanced chocolate taste
- Focused on scientific proven claims on memory and concentration
- New campaign 'Ummeedo se aage badhne ka plan' highlights key benefits
- New campaign 'Pack palto, fark dekho' focused on superior nutrition leading to better growth

Everyuth – New Body Lotion Range

- Strategic extension into Skin Care Space
- Available in 100 ml, 200ml and 500ml packs
- Variants – Nourishing Cocoa, Soothing Citrus Aloe, Rejuvenating Flora and Sun Care Berries

Nutralite Doodhshakti Professional Pure Ghee

- Launched in March 2022
- Targeted towards penetration in food services and institutional channels
- Available in 1 litre pouch

Sugar Free D'Lite Cookies

- Launched in international markets
- Variants – Choco-chip Oats, Nutty Almond Oats and Yummy Berry Oats Cookies

Sugar Free D'Lite Chocolate Spread

- Launched in international markets
- Variants – Crunchy Quinoa, Hazelnut and Smooth Cocoa Hazelnut Spread

B. Build international presence: The Company expanded its international footprint by entering new geographies as Hongkong, Lebanon, Zimbabwe, Muscat, Ethiopia, and Australia during 2021-22. The Company also incorporated its wholly owned subsidiary Zydus Wellness (BD) Pvt Limited in Bangladesh. Aimed at serving local consumers at a competitive price. The international business continued to grow at high double digits. The Company aims to build scale in international business by focusing on key regions like SAARC, MEA and SEA; entering new geographies and introducing suitable innovations and extensions to address the needs of international markets. The Company targets ~8-10% revenue contribution from international markets over the next five years.

C. Significant initiatives to grow scale and improve profitability: The Company has taken various initiatives to increase consumer base and improve profitability.

Being the market leader in most categories it operates, the key to future growth lies in category development and improving access. Towards the latter, the Company is investing in building distribution footprint in General Trade ahead of category and enhance capability and capacity in the organised trade. For General Trade, the Company has taken objective of 1 million direct distribution and making its products available in 3 million outlets from current 2 million plus. The Company is also investing in capability building for the superior back end and customer engagement in the converging online and offline platforms of Organised trade.

To ensure business continuity as a part of risk management in the current uncertain scenarios like pandemic, the Company revisited its manufacturing footprint that focused on redistributing the manufacturing of same product in different geographies. For e.g., Glucon-D is now being manufactured at three facilities and Complian/Sugarlite at two facilities. This will help the Company to mitigate the risk, ensure business continuity and optimise supply chain costs.

Transformation 2.0 was kicked off during the financial year across key functions to be future ready to support growth. It was planned around two growth levers:

Digital transformation to digitise processes across value chain

- Digitising the entire logistics via Transport Management Solution that will help reduce the freight costs and optimise the overall supply chain
- Implementing Integrated Business Planning (IBP) tool to automate demand planning, supply planning, sales and operations planning (S&OP) which will result in improving the OTIF (on time in full) at granular level, better availability and reduction in inventory.
- Implemented employee friendly Adrenalin HRMS tool

Creating a simpler organisation structure and achieving cost reduction

- Reorganised the Nutralite business for enhanced efficiency and better execution by integrating the sales force into one entity, i.e., Zydus Wellness Products Ltd. for better customer service with specific focus on retail and food services channels separately.
- Integrated cold room and ambient warehouses under one roof for better efficiency. The Company now operates with 24 integrated warehouses which could serve both its cold chain and ambient range of products.
- Reduced cost to serve through distributor disintermediation in organised trade.

The Company is confident to drive growth and increase the market share of its brands through innovation, leveraging distribution channels and expanding the brand portfolio. This will enable to grow consumer base with increased penetrations. To support the growth ambitions, the Company is proactively looking for bolt-on acquisitions that fit in Company's vision and mission.



FINANCIAL REVIEW

Consolidated Financial Highlights

₹ in Lakhs

Parameters	FY 2021-22 (₹)	FY 2020-21 (₹)	Growth (%)
Net Sales	1,98,846	1,85,366	7.3
Revenue from Operations	2,00,910	1,86,667	7.6
EBITDA	34,475	34,436	0.1
EBITDA Margin (%)	17.2	18.4	
Profit Before Tax (before exceptional items)	30,602	24,434	25.2
Profit Before Tax Margin (%)	15.2	13.1	
Net Profit	30,887	11,873	160.1
Net Profit Margin (%)	15.4	6.4	
Adjusted Net Profit*	30,887	25,086	23.1

*Excluding exceptional items

- Profits and Margins:**

The EBITDA (Earnings before Interest, Depreciation, Taxation and Amortization) grew by 0.1% to ₹ 34,475 lakhs from ₹ 34,436 lakhs previous year. The Company registered 17.2% EBITDA margin. Despite the challenges like Covid-19 and inflation, the Company navigated through these headwinds by taking appropriate measures and matched previous year's performance in terms of EBITDA. The reported net profit stood at ₹ 30,887 lakhs and the Company registered an annual growth of 23.1% in adjusted net profit.

- Net Worth and Capital Employed:**

The total net worth as on March 31, 2022 was ₹ 4,84,403 lakhs, higher by 6.0% from the previous year. The Return on Equity (ROE = Adjusted Net Profit / Equity) stood at 6.4% during the year. Return on Capital Employed saw an improvement of 267 basis points and was 6.8% during the year (ROCE = Net Profit before interest net of tax / capital employed).

- Debt:**

During 2021-22, the Company further reduced its debt by repaying the loan of ₹ 16,825 lakhs.

The consolidated debt of the Company as on March 31, 2022 was at ₹ 38,150 lakhs, against ₹ 54,975 lakhs last year. The Company's net debt position as on March 31, 2022, was ₹ 18,468 lakhs. Net debt-equity ratio was 0.08 as on March 31, 2022 as against 0.12 as on March 31, 2021.

- Fixed Assets and Capital Expenditure:**

The consolidated net block (including capital work in progress and intangible assets) at the end of 2021-22 was ₹ 4,72,186 lakhs. Capital expenditure in 2021-22 was ₹ 6,690 lakhs.

- Other Key Ratio:**

The Company's current ratio (considering current / short term debt, and excl. non-current assets) as on March 31, 2022 stood at 1.06 against 1.10 last year. Debtor's turnover ratio (in days) as on March 31, 2022 stood at 25.9 days as against 18.4 days last year, due to mix of one-off's and structural shift in the business model. Inventory turnover ratio (in days) as on March 31, 2022 improved to 65.7 days as against 71.3 days last year.

STAKEHOLDER ENGAGEMENT

At Zydus Wellness Limited, the Company actively manages a range of key stakeholder relationships and strive to ensure open, honest and constructive communication to ensure development of the business following robust engagement process for internal and external stakeholders.

The stakeholder network includes:

A. Employees

The employees are the key stakeholders who drive the business objectives as a cohesive unit, thereby, making it imperative for the Company to address their needs, challenges and aspirations. The following initiatives are undertaken in this regard –

- Ensuring employee friendly workplace that promotes employees interests in delivering short-term and long-term business objectives
- Foster physically and mentally safe workplace with the help of policies (POSH), applications (REACHOUT) and through formal and informal communication channels. The REACHOUT section integrated on Wellness Touch (Internal HRMS Portal) is the primary channel for grievance redressal
- Cater to employees' better health and well-being through VISIT wellness application
- Ensure fairness and integrity towards employees through a competitive yet equitable rewards system which is regularly audited and benchmarked to market standards
- Fair recognition of performance through performance management system, PEAK, which is established on the pillars of meritocracy, collaboration and execution excellence
- Offer growth opportunities through central capabilities initiatives under Zydus Wellness Academy. The Company designs customised individual development plans for managerial employees through talent management process and bi-annual talent assessments
- Establish organisation-wide online and offline communication channels through quarterly townhalls which are addressed by the CEO & Whole Time Director, along with performance review

meetings on a monthly/ quarterly basis and publication of magazine like WOW (World of Wellness) published within the Company to update on the recent developments and achievements of the Company.

B. Shareholders and Investors

The Company values shareholders and investors who place their trust in and therefore, believe in effective and transparent communication through the following –

- Quarterly investor conference calls with analysts / institutional investors
- Hosting investor presentations and publishing earnings call transcripts on the website of the Company and the stock exchanges
- Conducting Annual General Meetings and publishing of annual report on the website of the Company and the stock exchanges
- Publication of Press Releases on the website of the Company and the stock exchanges
- Publication of Financial Results / Financial Statements (unaudited / audited) on a quarterly / half-yearly / yearly basis on the website of the Company and the stock exchanges, and in the newspaper
- Maintaining separate section for the investors on the website of the Company
- Addressing investor grievances through Stakeholders' Relationship Committee comprising of directors
- Practicing robust corporate governance

C. Consumers

The heart of business lies in making the consumer a priority and adapting to their evolving requirements through -

- Continuous engagement to gauge needs and address them with suitable product and pack solutions

- Undertaking critical business decisions based on prior validation from consumers. The Company places considerable emphasis on the impact of those decisions
- Enabling better choices by imparting information to consumers through several media channels and social campaigns
- Delivering superior experience by offering best-in-class products and engaging in consistent improvements with the use of latest science
- Driving value by consistently challenging cost structures
- Providing a dedicated consumer feedback division to address queries and grievances
- Enabling free trial of new products through different platforms

D. Government and Regulatory Authority

The Company supports the government and regulatory authorities by -

- Working with them through industry associations for policy advocacy
- Supporting initiatives of the government for community welfare and development
- Participating in seminars, meetings and conferences organised by the government and industry associations

E. Suppliers & Vendors

The Company supports the suppliers and vendors by -

- Organising dairy camps with farmers
- Educating them and distributing mineral mixture and deworming tablets for better health of animals
- Continuous connect (virtual and physical) with critical suppliers to ensure supplies in VUCA (volatile, uncertain, complex, ambiguous) world

- Fair contracts and joint processes to improve quality
- Conducting strategic meetings between suppliers and the management at regular intervals
- Periodic communication on quality and service levels

F. Planet and Society

The Company contributes to the society and the planet at large by –

- Ensuring compliance to all rules and regulations
- Developing responsible products
- Engaging in policy advocacy
- Participating in environment improvement initiatives and sustainability (energy, water, waste reduction) improvement initiatives
- Participating in working groups, events, conferences and community development activities



RISKS

Risk Identification, Risk Mitigation and Internal Controls

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

- **Risk of fluctuations in prices of key inputs**

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

- **Risk of competition and price pressure**

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

- **Risk of evolving customer tastes, preferences and behavior**

The pandemic has resulted in notable changes in consumer habits and demands which require continued innovation to remain relevant and competitive. While the focus remains on accelerating the growth of core brands through innovation, the Company may lose market share and competitive advantage owing to shifts in consumer behavior.

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

Being in the consumer healthcare and wellness segment, the Company's products and their manufacturing and supply chain processes are required to maintain high quality standards. Any deviation from prescribed regulations or any variation in quality from standards laid down by regulatory authorities can lead to actions from these authorities or litigation from consumers. The Company has implemented various policies such as quality risk management, food safety management systems and regulatory controls. Different SOPs such as global food safety management, compliance standards for manufacturing facilities and self-inspection are also implemented. Dedicated team has been deployed to continuously keep a watch on recent changes in regulatory requirements and evaluate their likely impact on the Company to enable proactive measures to mitigate any possible risks of regulatory actions. The Company has procured adequate insurance against the risk of products being recalled from the markets due to quality issues. The Company also faces the risk of litigation from its competitors or consumers on claims it makes for values its products offer. The Company always strives to ensure highest standard of quality for its products and processes, and continuously works on improving upon that quality. It also maintains a high level of accuracy in product claims. Having a strong brand equity in each of the segments, the Company faces the risk of unauthorised and illegitimate use of its brand name, packaging designs and other intellectual properties related to its products. The Company ensures protection for its intellectual property through appropriate registrations and other legal means.

- **Under-penetration of category**

The Company is continuously investing in the development of its brands and the category it operates in. Some of the categories in which the Company operates are under-penetrated currently which poses one of the risks for the aspiration and growth strategy of the Company. The Company constantly innovates to meet the expectation of all its consumers and therefore

offers unique product propositions which would help to grow the brands and their respective categories.

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

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

- **Counterfeit Products**

The production of counterfeit products poses significant threat to the Company's credibility resulting in loss of sales and consumers trust in the brand. The risk is mitigated by taking timely legal action against the fraudulent practices to safeguard its interests.

- **Supply chain disruptions**

Covid-19 and geopolitical uncertainty around the world has put the resilience and continuity of the Company's supply chain at risk. The supply chain network is exposed to potentially adverse events such as physical disruptions, environmental and industrial accidents, labour unrest, trade restrictions or disruptions at a key supplier, which could hamper the Company's efficiency and delivery. These risks may be mitigated by adaptive distributed manufacturing footprint, following harmonious labour practices, ensuring sufficient inventory at all times and having more than one source of critical supplies.

- **Cyber Security**

The cyber-attack threat of unauthorised access and misuse of sensitive information poses a great threat to business with the increase in digitalisation efforts and the hybrid model of working. This makes the Company's business operations vulnerable and may inhibit

performance. The Company has implemented and installed necessary security tools to safeguard against cyber-attacks.

- **Risk management and internal control systems**

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

- **Human resources**

Apart from traditional responsibilities of the HR department, such as ensuring equitable benefits and compensation, overseeing employee engagement and retention, enhancing diversity, handling workplace issues; the Company has remained very committed to safety of all its employees and partners and has adopted the hybrid model of working to ensure well-being of its workforce. All necessary precautions and safety measures were implemented across all its locations.

Directors' Report

Dear Members,

Your Directors are pleased to present **Twenty Eighth** Annual Report on the business and operations of the Company, along with the Standalone & Consolidated Audited Financial Statements of the Company for the Financial Year ended on March 31, 2022.

Financial Results:

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

The standalone and consolidated financial performance of the Company, for the Financial Year ended on March 31, 2022 are summarized below:

₹ in Lakhs

Particulars	Standalone		Consolidated	
	For the year ended on March 31, 2022	For the year ended on March 31, 2021	For the year ended on March 31, 2022	For the year ended on March 31, 2021
Total Income	23,165	18,063	2,01,950	1,87,561
Profit before Interest, Depreciation, Amortization and Impairment expenses, exceptional item and tax	1,008	1,708	35,515	35,330
Less: Finance Costs	202	7,466	2,551	8,380
Less: Depreciation and amortization expense	284	349	2,362	2,516
Profit/(Loss) before exceptional item and tax (PBT)	522	(6,107)	30,602	24,434
Exceptional Items	-	(12,706)	-	(13,213)
Profit/(Loss) before tax	522	(18,813)	30,602	11,221
Less: Tax Expenses	(748)	(599)	(285)	(652)
Profit / (Loss) After Tax (PAT)	1,270	(18,214)	30,887	11,873
Attributable to:				
Owners of the Parent	1,270	(18,214)	30,887	11,873
Other Comprehensive Income/(Loss) (net of tax)	1	16	(81)	183
Total Comprehensive Income	1,271	(18,198)	30,806	12,056
Attributable to:				
Owners of the Parent	1,271	(18,198)	30,806	12,056
Opening balance in Retained Earnings	37,365	18,063	92,209	42,642
Transfer from Debenture Redemption Reserve	-	37,500	-	37,500
Amount available for appropriation				
Less:				
Dividend	(3,182)	-	(3,182)	-
Closing Balance in Retained Earnings	35,454	37,365	1,19,813	92,209
Earnings Per Share (EPS) (Face Value of shares of ₹ 10/- each)	2	(29.99)	48.54	19.55

Results of operations:

During the year under review, the consolidated revenue from operations grew by 7.6% to ₹ 2,00,910 Lakhs from ₹ 1,86,667 Lakhs in 2020-21. The profit before tax increased by 172.7% y-o-y to ₹ 30,602 Lakhs. Net profit after tax (before OCI) increased by 160.1% y-o-y to ₹ 30,887 Lakhs. The Net Profit margin, as a % (Percentage) to total operating income during the current year is 15.4%. A detailed analysis of performance for the year has been included in the Management Discussion and Analysis Report, forming part of the Annual Report.

During the year under review, the standalone revenue from operations and other income was ₹ 23,165 Lakhs. The Company has incurred standalone Profit Before Tax of ₹ 522 Lakhs and Profit after Tax of ₹ 1,270 Lakhs. The EPS on standalone financials for the year ended on March 31, 2022 was ₹ 2/-.

Dividend:

During the year under review, your Directors have recommended a final dividend of ₹ 5/- (50.0%) per equity share on 6,36,32,144 Equity Shares of ₹ 10/- each fully paid-up for the Financial Year ended on March 31, 2022, amounting to ₹ 3,182 Lakhs. The dividend, if declared by the members at the ensuing Annual General Meeting ("AGM"), will be paid to those Members whose names stands registered in the Register of members on July 15, 2022 i.e. the Record Date. In respect of shares held in dematerialized form, it will be paid to the Members whose names are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited, as beneficial owners. The Dividend Payout Ratio for the Financial Year ended on March 31, 2022 is 10.3% of consolidated profits after tax.

Dividend Distribution Policy:

To bring transparency in the matter of declaration of dividend and protect the interest of investors, the Company has in place a dividend distribution policy since long.

In terms of regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**"), the Company has formulated a Dividend Distribution Policy, which is approved by the Board of Directors ("the **Board**") and is uploaded on Company's website at https://www.zyduwellness.com/investor/Dividend_Policy-May17.pdf.

Subsidiary companies:

The Company has 5 (five) wholly owned subsidiary companies viz. Zydus Wellness Products Limited ("**ZWPL**"), Liva Nutritions Limited, Liva Investment Limited, Zydus Wellness International DMCC, Dubai and Zydus Wellness (BD) Pvt Limited, Bangladesh.

During the year under review, ZWPL has incorporated a new company in the name of Zydus Wellness (BD) Pvt Limited, as a wholly owned subsidiary company in Bangladesh.

There has been no material change in the nature of business of the Company as well as subsidiary companies. More details are provided in the Audited Financial Statements. During the year under review, the Board has reviewed the performance / affairs of the subsidiary companies.

Further, in compliance of the provisions of regulation 16(1)(c) of the Listing Regulations, the Company has formed a policy relating to material subsidiaries, which is approved by the Board and may be accessed on the Company's website at <https://www.zyduwellness.com/investor/Policy-on-Material-Subsidiary-Adopted.pdf>.

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

As provided under section 129(3) of the Act and rules made thereunder a statement containing the salient features of the Financial Statements of its subsidiaries in the format prescribed under the rules is attached to the Financial Statements.

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

In compliance with the provisions of section 124 of the Act and rules made thereunder, the Company has transferred-

- i. 8,185 (Eight Thousand One Hundred Eighty Five) equity shares of 216 (Two Hundred Sixteen) members whose dividend has remained unclaimed / unpaid for a consecutive period of 7 (seven) years to IEPF.
- ii. ₹ 9,96,486 (Rupees Nine Lakhs Ninety Six Thousand Four Hundred Eighty Six only) held by 3,201 (Three Thousand Two Hundred One) members, being the unclaimed dividend for the Financial Year ended on March 31, 2014 to IEPF after giving notices to the members to claim their unpaid / unclaimed dividend.

Fixed Deposit:

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

Insurance:

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

Management Discussion and Analysis ("MDA"):

MDA, for the year under review, as stipulated under the Listing Regulations, is provided in a separate section, forming a part of the Annual Report.

Consolidated Financial Statements:

In accordance with the Ind AS-110 on Consolidation of Financial Statements and as provided under the provisions of the Act read with Schedule III of the Act and rules made thereunder and the Listing Regulations, the Audited Consolidated Financial Statements are provided in the Annual Report, which show the financial resources, assets, liabilities, income, profits and other details of the Company and its subsidiary companies after elimination of minority interest, as a single entity.

Related Party Transactions:

All transactions entered by the Company during the Financial Year ended on March 31, 2022 with related parties were in the ordinary course of business and on an arm's length basis. All related party transactions were placed before the Audit Committee for review and approval.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at <https://www.zyduswellness.com/investor/Policy-on-Related-Party-Transactions-March-2022.pdf>.

Disclosures on related party transactions are set out in Note No. 37 to the Financial Statements.

Particulars of Loans, Guarantees and Investments:

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

Directors and Key Managerial Personnel:

i. Retirement by rotation:

In accordance with the provisions of section 152(6) of the Act and in terms of the Articles of Association of the Company, Mr. Ganesh N. Nayak (DIN:00017481) will retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

ii. Declaration of Independence:

The Company has received declaration of independence as stipulated under section 149(7) of the Act and

regulation 16(b) of the Listing Regulations, from Independent Directors ("IDs") confirming that they are not disqualified for continuing as an ID.

All the IDs of the Company have registered themselves with the Indian Institute of Corporate Affairs ("IICA").

iii. Profile of Director seeking re-appointment:

As required under regulation 36(3) of the Listing Regulations, particulars of Director seeking re-appointment at the ensuing AGM are annexed to the notice convening Twenty Eighth AGM.

iv. Key Managerial Personnel ("KMP"):

Mr. Dhanraj P. Dagar, Company Secretary and Compliance Officer of the Company resigned w.e.f. the close of the business hours of May 9, 2022.

The following persons are the KMP:

1. Mr. Tarun Arora, Chief Executive Officer ("CEO") & Whole Time Director
2. Mr. Umesh V. Parikh, Chief Financial Officer and
3. Mr. Dhanraj P. Dagar, Company Secretary and Compliance Officer (till May 9, 2022).

v. Board Evaluation:

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

vi. Nomination and Remuneration Policy:

The Board has on the recommendations of the NRC, framed a Policy on selection and appointment of Director(s), Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report, forming part of the Annual Report and is uploaded on the Company's website at <https://www.zyduswellness.com/investor/NRC-Policy-2021.pdf>.

vii. Pecuniary relationship:

During the year under review, except those disclosed in the Audited Financial Statements, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

Insider Trading Regulations:

The Company has adopted the Code for Insider Trading as per the SEBI (Prohibition of Insider Trading) Regulations, 2015.

Other details on insider trading regulations are provided in the Corporate Governance Report, forming a part of the Annual Report.

Directors' Responsibility Statement:

In terms of section 134(3)(c) and 134(5) of the Act and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

- i. that in preparation of the Financial Statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any,
- ii. that such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for the year ended on that date,
- iii. that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities,
- iv. that the Financial Statements have been prepared on a going concern basis,
- v. that proper internal financial controls were in place and that the financial controls were adequate and operating effectively, and
- vi. that the systems to ensure compliance with the provisions of all applicable laws were in place and adequate and operating effectively.

Board Meetings:

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

Audit Committee:

As provided in section 177(8) of the Act, the information about composition of Audit Committee and other details are given in Corporate Governance Report, forming a part of the Annual Report.

Recommendations of Committees:

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

Composition of other Committees:

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

Corporate Governance:

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

Auditors:

i. Statutory Auditors and their Report:

Mukesh M. Shah & Co, Chartered Accountants, (Firm Registration No. 106625W) were appointed as Statutory Auditors from the conclusion of Twenty Sixth AGM of the Company till the conclusion of Thirty First AGM of the Company. They have furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the Company.

The Board has duly reviewed the Statutory Auditor's Report for the Financial Year ended on March 31, 2022 and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board in their Report as provided under section 134 of the Act.

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

ii. Cost Auditors:

Pursuant to the provisions of section 148(3) of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the cost records maintained by the Company in respect of its product 'Nutralite' are required to be audited. The Board has, on the recommendation of Audit Committee, appointed Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338) to audit the cost records of the Company for the Financial Year ending on March 31, 2023 at a remuneration of ₹ 3 Lakhs plus applicable Goods and Service Tax and out of pocket expenses at actuals.

As required under the Act and rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members at General Meeting for ratification. Accordingly, a resolution seeking ratification of the remuneration payable to Dalwadi & Associates, Cost Accountants, by the members is included at Item No. 5 of the Notice convening Twenty Eighth AGM.

iii. Secretarial Auditors and Secretarial Audit Report:

Pursuant to provisions of section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed Hitesh Buch & Associates, Practicing Company Secretaries, to undertake Secretarial Audit of the Company for the Financial Year ended on March 31, 2022. The Secretarial Audit Report is attached herewith as **Annexure-“A”**.

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

Further, as per regulation 24A(1) of the Listing Regulations, the Secretarial Audit Report of ZWPL, the material unlisted subsidiary company is attached herewith as **Annexure-“A1”**.

Cost Audit Records:

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

Compliance with Secretarial Standards:

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

Business Responsibility Report:

As per regulation 34(2)(f) of the Listing Regulations, Business Responsibility Report is forming a part of the Annual Report.

Corporate Social Responsibility (“CSR”):

Pursuant to the provisions of section 135 of the Act and rules made thereunder, the Board has constituted a CSR Committee under the Chairmanship of Dr. Sharvil P. Patel. The other members of the Committee are Mr. Ganesh N. Nayak and Mr. Savyasachi S. Sengupta. A CSR Policy has been framed and adopted by the Board and the same is uploaded on the Company's website.

As the average net profits of the company as per section 135(5) was negative, no contribution towards CSR was required to be made for the Financial Year ended on March 31, 2022. Other details on CSR, as required under section 135 of the Act read with CSR rules, are given in the CSR Report in **Annexure-“B”**.

Business Risk Management:

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

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

Discussions on risks and concerns are covered in the MDA Report, forming a part of the Annual Report.

Internal Financial Control and their adequacy:

The Company has designed and implemented a process driven framework for Internal Financial Controls (“IFC”) within the meaning of the explanation to section 134(5)(e) of the Act. For the Financial Year ended on March 31, 2022, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implemented new and / or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

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

i. Vigil Mechanism / Whistle Blower Policy:

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

ii. Zydus Business Conduct Policy:

The Company has framed “Zydus Business Conduct Policy”. Every employee is required to review and sign the policy at the time of joining and an undertaking has to be given for adherence to the Policy. The objective of the Policy is to conduct the business in an honest, transparent and ethical manner. The policy provides for

anti-bribery and avoidance of other corruption practices by the employees of the Company.

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

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

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

During the Financial Year ended on March 31, 2022, the Company has not received any complaint of sexual harassment.

Annual Return:

As per the provisions of section 92(3) read with section 134(3) (a) of the Act, the Annual Return as on March 31, 2022 in the prescribed Form No. MGT-7 is available on the website of the Company at <https://www.zyduwellness.com/investor/Draft-annual-report-21-22.pdf>.

Particulars of Employees:

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached herewith as **Annexure-“C”**.

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

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134(3)(m) of the Act read with rule 8(3) of the Accounts Rules, is attached herewith as **Annexure-“D”**.

General Disclosure:

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134(3) of the Act read with rule 8(3) of the Accounts Rules, to the extent the transactions took place on those items during the Financial Year ended on March 31, 2022.

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

Acknowledgement:

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

By Order of the Board of Directors

Dr. Sharvit P. Patel

Chairman

DIN: 00131995

Place : Mumbai

Date : May 17, 2022

SECRETARIAL AUDIT REPORT

For the Financial Year ended on March 31, 2022

(Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

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

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

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2022 according to the provisions of:
 - (i) The Companies Act, 2013 (“the **Act**”) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; and
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**‘SEBI Act’**):
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with regard to disclosures thereunder;
 - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
 - (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not Applicable during the period);
 - (iv) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (Not Applicable during the period);
 - (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable during the period);
 - (vi) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not Applicable during the period);
 - (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the period); and
 - (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not Applicable during the period)
3. We have relied on the representations made by the Company and its officers for the systems and mechanism formed by the Company for compliances under other general laws and regulations applicable to the Company.
4. The Company has identified and confirmed that Food Safety and Standards Act, 2006 and Legal Metrology Act, 2009 are specifically applicable to the Company.

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

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- (ii) The compliances by the Company with BSE Limited and National Stock Exchange of India Limited pursuant to Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

We further report that;

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors/Key Managerial Personnel ("KMP") that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all directors/members of the Committees to schedule the Board/Committee Meetings,

agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meeting.

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

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

Hitesh Buch

Proprietor

For, Hitesh Buch & Associates

Company Secretaries

FCS No.: 3145; C P No.: 8195

Peer Review Cert. No. 2015/115

UDIN: F003145D000331209

Place: Ahmedabad

Date : May 17, 2022

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

ANNEXURE

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Hitesh Buch

Proprietor
For, Hitesh Buch & Associates
Company Secretaries
FCS No.: 3145; C P No.: 8195
Peer Review Cert. No. 2015/115
UDIN: F003145D000331209

Place : Ahmedabad
Date : May 17, 2022

SECRETARIAL AUDIT REPORT OF ZYDUS WELLNESS PRODUCTS LIMITED

For the Financial Year ended March 31, 2022

(Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members of
Zydus Wellness Products Limited
(CIN:U15400GJ2019PLC106866)
Zydus Corporate Park, Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle, Sarkhej-Gandhinagar Highway,
Ahmedabad – 382481.

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

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2022 according to the provisions of:
 - (i) The Companies Act, 2013 (“the **Act**”) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

2. The Company being an unlisted company, the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act are not applicable.
3. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations as applicable to the Company.
4. The Company has identified and confirmed that following specific laws are applicable to the Company:
 - (i) Food Safety and Standards Act, 2006;
 - (ii) Legal Metrology Act, 2009.
5. We have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that;

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors / Key Managerial Personnel (“KMP”) that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the dissenting members’ views, if any, are captured and recorded as part of the minutes.

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

We further report that, during the audit period following events / actions took place which have major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above more specifically related to:

- (a) The Company incorporated a wholly-owned subsidiary company in the name of Zydus Wellness (BD) Pvt Limited, Bangladesh.

Hitesh Buch

Proprietor
For, Hitesh Buch & Associates
Company Secretaries
FCS No.: 3145; C P No.: 8195
Peer Review Cert. No. 2015/115
UDIN: F003145D000325313

Place : Ahmedabad
Date : May 16, 2022

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

ANNEXURE

To,
The Members of
Zydus Wellness Products Limited
(CIN:U15400GJ2019PLC106866)
Zydus Corporate Park, Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle, Sarkhej-Gandhinagar Highway,
Ahmedabad – 382481.

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Hitesh Buch

Proprietor
For, Hitesh Buch & Associates
Company Secretaries
FCS No.: 3145; C P No.: 8195
Peer Review Cert. No. 2015/115
UDIN: F003145D000325313

Place : Ahmedabad
Date : May 16, 2022

Annual Report on Corporate Social Responsibility (“CSR”) activities

1. Brief outline on CSR Policy of the Company:

The Company has framed a CSR Policy in compliance with the provisions of section 135 of the Act and rules framed thereunder, as amended from time to time. The Company has outlined the following thrust areas in the CSR Policy:

- i) Healthcare / Medical Facility
- ii) Skill Development / Empowerment
- iii) Community Development
- iv) Education / Knowledge Enhancement
- v) Infrastructure Development
- vi) Environment Protection
- vii) Others as may be decided.

2. Composition of CSR Committee:

Sr. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. Sharvil P. Patel	Chairman of CSR Committee Non-Executive Director	1	1
2	Mr. Ganesh N. Nayak	Member of CSR Committee Non-Executive Director	1	1
3	Mr. Savyasachi S. Sengupta	Member of CSR Committee Independent Director	1	1

3. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

Composition of CSR Committee: <https://www.zyduwellness.com/investor/Committees-of-Board-converted.pdf>

CSR Policy: <https://www.zyduwellness.com/investor/CSR-Policy-ZWL-01.02.2021.pdf>

CSR Projects approved by the Board: As the average net profits of the company as per section 135(5) of the Act was negative, no CSR activities are required to be carried out during the Financial Year ended on March 31, 2022 and hence, no CSR Project was required to be approved by the Board.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any:

Not Applicable.

6. Average net profit of the company as per section 135(5): ₹ (6,145) Lakhs.

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ (123) Lakhs.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years: Nil

(c) Amount required to be set off for the Financial Year, if any: Nil

(d) Total CSR obligation for the Financial Year (7a+7b-7c): Nil

8. (a) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Nil	Not Applicable				

(b) Details of CSR amount spent against ongoing projects for the Financial Year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project
				State	District		
Not Applicable							

(c) Details of CSR amount spent against other than ongoing projects for the Financial Year:

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project	Mode of implementation Direct (Yes/No)	Mode of implementation- Through implementing agency	
				State	District			Name	CSR registration number
Not Applicable									

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Nil

(g) Excess amount for set off, if any:

Sr. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	Nil
(ii)	Total amount spent for the Financial Year	Nil
(iii)	Excess amount spent for the Financial Year ((ii)-(i))	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years ((iii)-(iv))	-

9. (a) Details of Unspent CSR amount for the preceding three Financial Years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding Financial Years
				Name of the Fund	Amount	Date of transfer	
Nil							

(b) Details of CSR amount spent in the Financial Year for ongoing projects of the preceding Financial Year(s):

Sr. No.	Project ID	Name of the Project	Financial year in which the project was commenced	Project Duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project completed /ongoing
---------	------------	---------------------	---	------------------	--	---	--	--

Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year (asset-wise details): Not Applicable

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):

Not Applicable

Dr. Sharvil P. Patel

Chairman of the Board and CSR Committee
DIN: 00131995

Place: Mumbai
Date : May 17, 2022

Tarun Arora

CEO & Whole Time Director
DIN: 07185311

Place: Ahmedabad
Date : May 17, 2022

Annexure-“C” to the Directors’ Report

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year:

Name of the Director	Ratio of each Director to the median remuneration of the employee
Dr. Sharvil P. Patel	1.19
Mr. Kulin S. Lalbhai	2.20
Mr. Savyasachi S. Sengupta	3.22
Mr. Tarun Arora	19.92
Mr. Srivishnu R. Nandyala	2.54
Ms. Dharmishtaben N. Raval	2.37
Mr. Ganesh N. Nayak	1.86
Mr. Ashish P. Bhargava	Not applicable, as no remuneration was paid

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

Name of the Director, Chief Financial Officer and the Company Secretary	% increase / decrease in the remuneration in the Financial Year
Dr. Sharvil P. Patel	-17.6%
Mr. Kulin S. Lalbhai	-35.0%
Mr. Savyasachi S. Sengupta	-17.4%
Mr. Tarun Arora	15.0%
Mr. Srivishnu R. Nandyala	-21.1%
Ms. Dharmishtaben N. Raval	-15.2%
Mr. Ganesh N. Nayak	-31.3%
Mr. Ashish P. Bhargava	Not applicable, as no remuneration was paid
Mr. Umesh V. Parikh, Chief Financial Officer	10.5%
Mr. Dhanraj P. Dagar, Company Secretary*	13.0%

* Resigned w.e.f. the close of the business hours of May 9, 2022.

- c.** The percentage increase in the median remuneration of employees in the Financial Year was 9.5%.
- d.** There were 1,075 permanent employees on the roll of the Company (including employees of subsidiaries) as on March 31, 2022.
- e.** The consolidated profits before tax for the Financial Year ended on March 31, 2022 increased by 172.7% and the average increase in remuneration of employees was 11.5%.
- f.** The consolidated profits before tax for the Financial Year ended on March 31, 2022 increased by 172.7% and the remuneration of Key Managerial Personnel, viz. (1) Mr. Tarun Arora, CEO & Whole Time Director, (2) Mr. Umesh V. Parikh, Chief Financial Officer and (3) Mr. Dhanraj P. Dagar, Company Secretary (resigned w.e.f. the close of the business hours of May 9, 2022) increased by 15.0%, 10.5% and 13.0% respectively.

- g.** The average annual increase in the salaries of the employees, other than managerial personnel was 11.5%, whereas the average increase in the managerial remuneration was 12.8% for the Financial Year ended on March 31, 2022.
- h.** The members have, at the Annual General Meeting of the Company held on July 31, 2019 approved the payment of commission to the Non-Executive Directors within the ceiling of 1% of the Net Profits of the Company, subject to maximum of ₹ 150 Lakhs in aggregate, as computed under the applicable provisions of the Act. The said commission is decided each year by the Board and distributed amongst the IDs. As the net profit of the Company is not adequate for the Financial Year ended on March 31, 2022, your Directors have not recommended to pay any commission.

However, as per the MCA circular dated March 18, 2021 and pursuant to the resolution passed by the members at their meeting held on July 30, 2021, the Company has paid remuneration of ₹ 5 Lakhs each to all IDs.

- i.** There was no employee receiving remuneration higher than the highest paid Director during the Financial Year ended on March 31, 2022.
- j.** The Company affirms remuneration is as per the Nomination and Remuneration Policy of the Company.
- k.** The statement containing particulars of employees as required under section 197(12) of the Act read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming a part of the Annual Report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any member interested in obtaining a copy of the same may write to the Chief Financial Officer.

By Order of the Board of Directors

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place : Mumbai

Date : May 17, 2022

Annexure-“D” to the Directors’ Report

Information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as provided under section 134(3)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014

A. Conservation of Energy:

1. Steps taken or impact on conservation of energy	<ol style="list-style-type: none"> 1. 11KV Express Feeder installation and Commissioning completed on February 22, 2022, resulting in productivity improvement ~3.0% & reduction of Diesel consumption (9,000 Liters / Year) 2. As a pilot project digitalization of the fat spread line- <ul style="list-style-type: none"> ➤ Productivity improvement by 2.0% ➤ Real time Manufacturing and packing line data monitoring ➤ Product Yield monitoring 3. Water sterilization through UV light in place of hot water Reduction of briquette consumption and ash generation
2. Steps taken for utilization of alternate sources of energy	Existing wood fire boiler converted to Briquette Fire. Replaced furnace and overhauled heat exchanger and water membranes
3. Capital Investment on energy conservation equipments	₹ 75 Lakhs

B. Technology absorption:

1. Efforts made towards technology absorption	<ol style="list-style-type: none"> 1. Digitalization on fat spread line to monitor – Productivity, OEE, and real time data 2. System upgradation – On line coding & weighing with incremental sequence number on box 3. CCTV upgradation from analog to Digital cameras with 30 days backup in plan
2. Benefits derived	<ol style="list-style-type: none"> 1. Diesel saving – 9,000 Litres/ Year 2. Improvement of energy index (8.0%) 3. Line efficiency improvement (10.0%) 4. Manpower index improvement (20.0%)
3. Details of technology imported in last three years	Chocolate plant – Ball mill installed in place of traditional 5 ball refiner. Costing approx. ₹ 15 Lakhs
a. Details of technology imported	Chocolate Ball mill mixer refiner and Conching tower
b. Year of import	2020
c. Whether the technology been fully absorbed	Yes
d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Fully absorbed
4. Expenditure incurred on Research and Development	₹ 383 Lakhs

C. Foreign exchange earnings and outgo:

During the Financial Year ended on March 31, 2022, the foreign exchange earned in terms of actual inflows was ₹ 200 Lakhs, whereas the foreign exchange in terms of actual outflows was ₹ 92 Lakhs.

By Order of the Board of Directors

Dr. Sharvil P. Patel
Chairman
DIN: 00131995

Place : Mumbai
Date : May 17, 2022

Corporate Governance Report

Company's Philosophy on Corporate Governance:

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

Transparency

We believe that transparency is important for healthy and self-sustaining growth. It also promotes deep and long-standing trust amongst our stakeholders. We endeavour to demonstrate highest levels of transparency.

Fairness

We practice fair play and integrity in our transactions with all stakeholders. We conduct ourselves in an equitable manner.

Accountability

We believe that accountability is about holding ourselves responsible for what we do. By means of openness and transparency, we consider ourselves accountable to the entire universe of stakeholders including our employees, members, vendors, government agencies, society, customers, business partners and supply chain participants.

1. Governance Structure:

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

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

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

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

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

2. Board of Directors:

The Board has the ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The CEO & Whole Time Director looks after the day-to-day business affairs of the Company. The Board reviews the overall business operations at least once in a quarter based on updates on the Company's performance provided by the CEO & Whole Time Director.

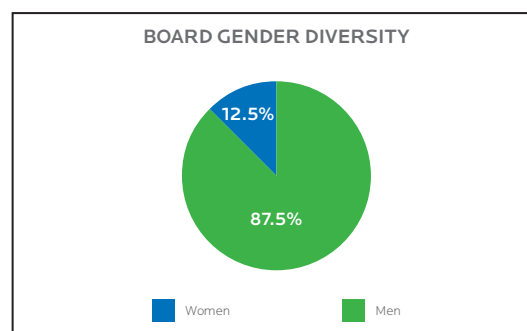
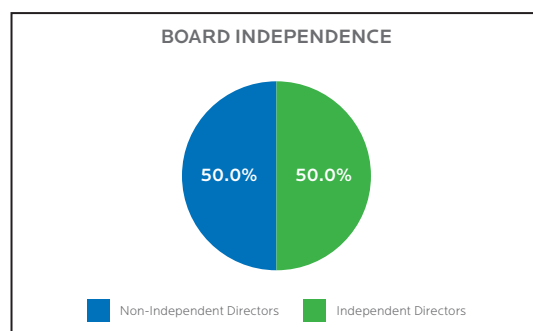
a. Composition of the Board:

The Composition of the Board, with reference to the number of Executive and Non-Executive Directors, meets with the requirements of the Code of Corporate Governance. The Board is headed by the Non-Executive Chairman, Dr. Sharvil P. Patel, who is also a Promoter Director. As on Financial Year ended on March 31, 2022, your Company's Board comprised of 8 (eight) Directors; which include 1 (one) Executive Director and 7 (seven) (i.e. 87.5%) Non-Executive Directors, comprising of 4 (four) Independent Directors ("IDs") [which also includes 1 (one) Woman Director] and 1 (one) Nominee Director, who have considerable experience in their respective fields.

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

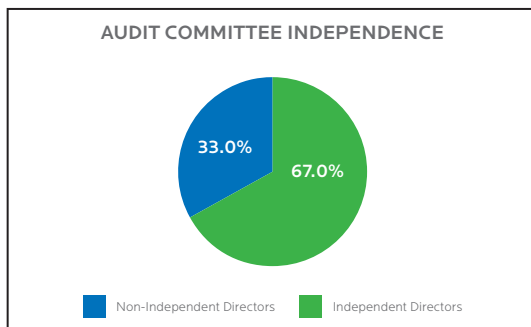
Various details of the Board and Committees are provided in the below table:

Board Composition	
Board size	8
Non-Independent Directors	4
Independent Directors	4
Gender Diversity	
Women	12.5%
Men	87.5%
Average Age	54
Average Board Tenure	7
Average Tenure - Independent Directors	4
Number of Board Meetings	4
Board Attendance %	96.8%
Number of Committee Meetings	31
Committee Attendance %	92.9%
Age Diversity	
30 - 39	12.5%
40 - 49	25.0%
50 - 59	25.0%
60 - 69	37.5%
Board Chairperson	Non-Executive Director
Separate role of Chairperson & MD	Yes
Lead Independent Director	Under Consideration
Board Evaluation	Annual
Board Re-election	
Independent Directors	Fixed term of 5 years (upto 2 terms)
Executive & Non-Executive Directors	Annual retirement by rotation (1/3 rd of 2/3 rd)



Audit Committee Independence

Non-Independent Directors	33.0%
Independent Directors	67.0%



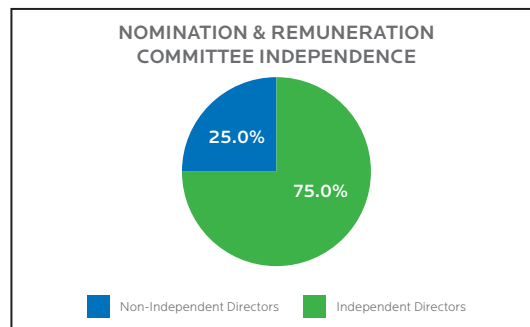
IDs are non-executive directors as defined under regulation 16(1)(b) of the Listing Regulations read with section 149(6) of the Act along with Rules made thereunder. In terms of regulation 25(8) of the Listing Regulations, the IDs have confirmed that they are not aware of any circumstance or situation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

None of the ID-

- i. is employed by the Company in an executive capacity in last 5 (five) years,
- ii. is a family member of an individual who is or during last 3 (three) years was employed by the Company, Parent Company or any subsidiary company as an executive officer,
- iii. is an advisor or consultant to the Company or a member of the Company's senior management,
- iv. is affiliated with a significant customer or supplier of the Company,
- v. have any personal service contract with the Company or a member of the Company's senior management,
- vi. is not affiliated with a not-for-profit entity that receives significant contributions from the Company,

NRC Independence

Non-Independent Directors	25.0%
Independent Directors	75.0%



- vii. is not a partner or employee of the Company's statutory auditor during the past 3 (three) years,
- viii. accept or have a family member who accepts any payments from the Company, Parent Company or company or any subsidiary company and
- ix. have any other conflict of interest that the Board itself determines to mean they cannot be considered independent.

b. Board Skills / Expertise / Competencies:

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

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

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

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

Sr. No.	Name of the Director	Skills actually available with the Directors
1.	Dr. Sharvil P. Patel	Knowledge and expertise in pharmaceuticals and Fast Moving Consumer Good segment ("FMCG"), manufacturing, marketing, business and management.
2.	Ms. Dharmishtaben N. Raval	Knowledge and expertise in law.
3.	Mr. Ganesh N. Nayak	Knowledge and expertise in pharmaceuticals and FMCG, manufacturing, marketing, business and management.
4.	Mr. Savyaschi S. Sengupta	Knowledge and expertise in manufacturing, marketing, business and management.
5.	Mr. Kulin S. Lalbhai	Knowledge and expertise in finance, business and management in FMCG and consumer business.
6.	Mr. Srivishnu R. Nandyala	Knowledge and expertise in manufacturing, marketing, business and management.
7.	Mr. Ashish P. Bhargava	Knowledge and expertise in finance, marketing, business and management.
8.	Mr. Tarun Arora	Knowledge and expertise in finance, manufacturing, marketing, business and management in FMCG.

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

c. Board Meetings / Directors' particulars:

In compliance with regulation 17(2) of the Listing Regulations and section 173(1) of the Act, the Board meets at least once in each quarter and the gap between any 2 (two) Board meetings was not more than 120 (one hundred twenty) days. During the Financial Year ended on March 31, 2022, 4 (four) Board meetings were held on May 10, 2021, July 30, 2021, October 28, 2021 and February 2, 2022. All these meetings were held through video conferencing / audio-visual means.

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

The meetings of the Board are scheduled well in advance to facilitate the Directors to plan their schedule and to ensure meaningful participation in the meetings. The physical meetings are usually held in Ahmedabad, where the Registered Office of the Company is situated. The Chief Financial Officer and the Company Secretary in consultation with the Chairman prepares detailed agenda for the meetings. Directors are also free to bring up any matter for discussion at the Board meetings with the permission of the Chairman. In case of a special and urgent business need, the Board's approval is taken by passing resolution(s) by circulation, as permitted under the law, which is noted in the subsequent Board meeting. Moreover, certain urgent matters are also being taken up at a Board meeting which is held at a shorter notice.

The Company Secretary is responsible for convening Board and Committee meetings and preparation of respective agenda papers. The Company Secretary attends all the meetings of the Board and its Committees and ensures appropriate recording of the minutes of the meetings.

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

The draft minutes of the meetings approved by the Chairman is circulated to all the Directors within 15 (fifteen) days after the conclusion of the meetings. Comments, if any, received from the Directors are

incorporated in the minutes, in consultation with the Chairman. Decisions taken at Board / Committee meetings are communicated to the concerned departments promptly for actions and an Action Taken Report of the status on the decisions taken at the Board / Committee meetings is placed for the information to the Board / Committee members. The minutes of all committee meetings are placed in the next Board meeting.

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

1. Annual revenue and capital expenditure plans / budgets,
2. Quarterly results and results of operations of the Company and its subsidiaries,
3. All borrowings, investments, loans and guarantees,
4. Minutes of the meetings of the Board, Committees of the Board and the summary of minutes of the Indian subsidiary companies,
5. Quarterly report on any fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems,
6. Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any,

7. Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company, and
8. Compliance or non-compliance of any regulatory, statutory nature or listing requirements and matters related to investors' services such as non-payment of dividend, delay in transfer of shares, etc.

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

While constituting the Committee of Directors, the requirements that a Director shall not be a member of more than 10 (ten) Committees and Chairman of more than 5 (five) Committees have been ensured and complied with. None of the IDs serve as an ID in more than 7 (seven) listed companies. None of the Directors of the Company hold Directorship in more than 20 (twenty) companies, including 10 (ten) public companies. All Directors of the Company except the IDs and Nominee Director are liable to retire by rotation. During the year, none of the IDs of the Company had resigned before the expiry of their respective tenure(s).

The following table provide details of the attendance of the Directors at the Board meetings of the Company and also the number of other Directorships held in Indian Public Limited Companies (other than the Company) and Chairmanship / Membership in Board Committees of Public Limited Companies as at March 31, 2022.

Name of the Directors	Category and Position	Original date of appointment	Tenure (in years)	No. of Board Meeting		Whether attended last AGM (Yes / No)	Member (Chairman) ¹ of Other Board Committees ²	Number of other Directorships held
				Held	Attended			
Dr. Sharvil P. Patel	Non-Executive Chairman	April 27, 2009	13	4	4	Yes	1	6
Mr. Kulin S. Lalbhai	Non-Executive and Independent Director	November 18, 2016	6	3	3	Yes	2(1)	5
Mr. Ashish P. Bhargava	Nominee Director	January 30, 2019	3	4	4	Yes	1	1
Ms. Dharmishtaben N. Raval	Non-Executive and Independent Woman Director	March 11, 2019	3	4	4	Yes	3(2)	6

Name of the Directors	Category and Position	Original date of appointment	Tenure (in years)	No. of Board Meeting		Whether attended last AGM (Yes / No)	Member (Chairman) ¹ of Other Board Committees ²	Number of other Directorships held
				Held	Attended			
Mr. Srivishnu R. Nandyala	Non-Executive and Independent Director	March 11, 2019	3		4	Yes	4(1)	2
Mr. Savyasachi S. Sengupta	Non-Executive and Independent Director	November 2, 2018	4	4	4	Yes	2	2
Mr. Ganesh N. Nayak	Non-Executive Director	July 27, 2006	16		4	Yes	2 (1)	1
Mr. Tarun Arora	CEO & Whole Time Director	May 14, 2015	7		4	Yes	1	4

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

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

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

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

d. Familiarization Programme:

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

A presentation on familiarization programme made to the IDs of the Company is posted on the website of the Company. The link of the same is provided separately under this report.

e. Evaluation:

During the year, the Nomination and Remuneration Committee ("NRC") / Board have carried out evaluation of its own performance and the performance of the committees of the Board, IDs, Directors and the Chairman of the Board. The Board has evaluated the composition of Board, its committees, experience and expertise, performance of specific duties and obligations, governance matters, etc. with an aim to improve their effectiveness. Performance evaluation of individual Directors and the Board Chairman was also carried out in terms of their respective attendance at

Board / Committee meetings, contributions at the meetings, circulation of sufficient documents and information to the Directors, timely availability of the agenda, etc. Directors were satisfied with the evaluation on different criteria.

Performance evaluation of IDs was also carried out which included, preparedness and information about the Board / Committee meetings, attendance at different meetings, preparedness to devote sufficient time for meetings, relationship with the Chairman, other board members, KMP and senior management personnel, updating knowledge with latest developments in regulatory and market conditions, expressing views on specialized agenda items and the statutory requirement being the fulfilment of the independence criteria as specified in the Listing Regulations and their independence from the management. The Directors who were subject to evaluation did not participate in the proceedings of the meeting.

3. Committees of the Board:

The Board currently has the following Committees:

- A) Audit Committee,
- B) Share Transfer Committee,
- C) Stakeholders' / Investors' Relationship Committee,
- D) Nomination and Remuneration Committee,
- E) Corporate Social Responsibility Committee,
- F) Risk Management Committee, and
- G) Finance and Administration Committee

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

The committees operate under the direct supervision of the Board. Normally, the Committee meetings are held prior to the Board meeting and the Chairman of the respective committee reports to the Board about the deliberations and decisions taken by the committees.

A. Audit Committee:

I. Terms of Reference:

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible,
2. Review with the management the quarterly / half-yearly / annual, unaudited / audited financial results, statements and Limited Review Report / Audit Reports of the Statutory Auditors before recommending for approval by the Board with particular reference to matters required to be included in the director's responsibility statement to be included in Director's report in terms of section 134(3)(c) of the Act,
3. Review changes in the accounting policies, major accounting estimates based on exercise of judgment by the management, significant adjustments made in the financial statements, compliance with listing and other legal requirements relating to financial statements, disclosure of related party transactions, modified opinion, if any, in the draft audit report,
4. Review of Management Discussion and Analysis of financial and operational performances,
5. Review of inter-corporate loans and investments,
6. Review with the management the performance of statutory and internal auditors,
7. Review the adequacy and effectiveness of internal financial controls and systems,
8. Review and discuss with the management major financial risk exposures and steps taken to monitor and control them,
9. Overseeing and review the functioning of vigil mechanism (implemented by the Company as Whistle Blower Policy),
10. Review the scope of the Internal Auditors and Audit Plan to ensure reasonable coverage of different areas of operations,
11. Review, discuss and monitor the observations reported by Statutory / Internal Auditors and their compliance,
12. Review and recommend to the Board the appointment / re-appointment of the Statutory and Cost Auditors after due consideration of their independence and effectiveness,
13. Approving the payment towards additional services rendered by the Statutory Auditors except those enumerated in section 144 of the Act,
14. Recommending to the Board the remuneration of the Statutory and Cost Auditors,
15. Review Cost Audit Report submitted by the Cost Auditors,

16. Approval of the appointment, removal and terms of remuneration of Internal Auditors,
17. Approve and / or subsequent modification, if any, in the Related Party Transactions and grant omnibus approvals for certain related party transactions, which are in the ordinary course of business and on an arm's length basis,
18. Review utilization of loans and / or advances from / investment by the holding company in subsidiary company in excess of ₹ 10,000 Lakhs or 10.0% of asset size of the subsidiary, whichever is lower,
19. To supervise implementation of Insider Trading Code and policies relating thereto,
20. Valuation of undertakings or assets of the Company, wherever necessary; and
21. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc. on the Company and its members.

The Audit Committee ensures that it has reviewed each area that it is required to review under the terms of reference. Every quarter, the Audit Committee is

presented with a summary of audit observations and follow up actions thereon.

The Audit Committee periodically reviewed and noted all related party transactions. Majority of the related party transactions were between the Company and its subsidiaries/associates. All the related party transactions were in the ordinary course of business and on an arm's length basis. The Audit Committee granted omnibus approval for the related party transactions proposed to be entered into by the Company during the Financial Year ending on March 31, 2023. The Company did not enter into any related party transactions that required approval of the members.

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

The Audit Committee held 4 (four) meetings during the Financial Year ended on March 31, 2022 on May 10, 2021, July 30, 2021, October 28, 2021 and February 2, 2022. The time gap between any 2 (two) meetings was less than 120 (one hundred twenty) days. The composition of the Audit Committee as at March 31, 2022 and details of the attendance of the members at the meetings of the Committee are as under:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Ms. Dharmishtaben N. Raval, Chairperson	Non-Executive and Independent		4
Mr. Kulin S. Lalbhai	Non-Executive and Independent		3
Mr. Srivishnu R. Nandyala	Non-Executive and Independent	4	4
Mr. Savyasachi S. Sengupta	Non-Executive and Independent		4
Mr. Ganesh N. Nayak	Non-Executive		4
Mr. Ashish P. Bhargava	Nominee		4

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

The Chairperson of the Audit Committee attended the Annual General Meeting of the Company held on July 30, 2021 to respond to the member's queries.

III. Invitees at the Audit Committee Meetings:

The representatives of the Statutory and the Internal Auditors are regularly invited and they have attended all the Audit Committee meetings held during the Financial Year ended on March 31, 2022. The representative of the Cost Auditors attends the Audit Committee meeting, where the Cost Audit Report is tabled for discussion.

The CEO & Whole Time Director, the Chief Financial Officer and the Management Auditor are invited to attend and participate in these meetings. The Company Secretary acts as a Secretary to the Committee.

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

B. Share Transfer Committee:

I. Terms of reference:

The Committee is empowered to perform all the functions of the Board in relation to approval

and monitoring of transfers, transmission, transposition, dematerialization, rematerialization, issue of duplicate share certificates, splitting and consolidation of shares issued by the Company. The Committee also oversees the functions of the Link Intime India Private Limited, the Registrar and Share Transfer Agent (“RTA”) of the Company. The Board has delegated the powers to approve the transfer of shares to the Committee.

II. Composition:

As on March 31, 2022, the Share Transfer Committee comprises the following members:

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

The Company Secretary acts as a Secretary to the Committee.

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

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

C. Stakeholders’/Investors’ Relationship Committee (“SRC”):

In compliance with the provisions of section 178(5) of the Act and regulation 20 of the Listing Regulations, the Board has formed SRC.

I. Terms of reference:

The SRC reviews the redressal of grievances of stakeholders pertaining to the requests / complaints of the members related to transfer of shares, dematerialization of shares, non-receipt of annual reports, non-receipt of dividend or revalidation of expired dividend warrants, recording the change of address, nomination, etc.

The role of the SRC has been specified in Part D of the Schedule II of the Listing Regulations, which is as under:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.,
2. Review measures taken for effective exercise of voting rights by shareholders,

3. Review adherence to the service standards adopted by the Company in respect of various services being rendered by the RTA and
4. Review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend cheques / annual reports / statutory notices by the members of the Company.

The Chairman of SRC attended the Annual General Meeting of the Company held on July 30, 2021.

II. Composition:

The composition of the Committee as on March 31, 2022 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met once during the year on February 2, 2022.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Ganesh N. Nayak, Chairman		1
Mr. Savyasachi S. Sengupta	1	1
Mr. Tarun Arora		1

Mr. Dhanraj P. Dagar, Company Secretary (upto May 9, 2022) acted as the Secretary to the Committee, who was designated as Compliance Officer pursuant to regulation 6 of the Listing Regulations. The Company shall appoint a new Company Secretary within the prescribed time limit as provided under section 203 of the Act.

The Committee ensures that the members’ / investors’ grievances and correspondence are attended and resolved expeditiously. During the year under review, the Company has not received any investor grievances.

35,799 (Thirty Five Thousand Seven Hundred Ninety Nine) equity shares remained in the in-transit account with National Securities Depository Limited and the Central Depository Services (India) Limited (collectively referred to as “the **Depositories**”) as at March 31, 2022.

III. Number of requests / complaints:

The Company and / or its RTA have received the requests directly from the members, which were attended within the time frames laid down by SEBI.

D. Nomination and Remuneration Committee:

In compliance with the provisions of section 178(1) of the Act and regulation 19 of the Listing Regulations, the Board has constituted a NRC. The terms of reference of NRC are specified in clause A of Part D of Schedule II of the Listing Regulations which are mentioned hereunder:

I. Terms of reference:

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

1. To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management,
2. For appointment of ID, to evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of role and capabilities of an ID,
3. To recommend to the Board, the appointment and removal of the Director(s) and evaluation of each Director's performance,
4. To formulate criteria for determining qualifications, positive attributes and independence of a Director,
5. To formulate criteria for evaluation of performance of Independent Director and the Board,
6. To review on annual basis the compensation to the Non-Executive Directors and Senior Management, which includes KMP (in whatever form) and recommend to the Board the remuneration and incentive, in whatever form, payable to each of them,
7. To ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear and meets appropriate performance benchmarks, and
8. To develop and review the succession plan for the Board.

II. Composition and Meetings:

The composition of NRC as on March 31, 2022 and details of attendance of the Committee members at the meeting are given in the following table. The Committee met once during the year on May 10, 2021. All members of the Committee

are Non-Executive Directors and amongst them 3 (three) are IDs.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Kulin S. Lalbhai, Chairman		0
Mr. Srivishnu R. Nandyala		1
Mr. Ashish P. Bhargava	1	1
Mr. Savyasachi S. Sengupta		1
Mr. Ganesh N. Nayak*		1

* Mr. Ganesh N. Nayak ceased to be the member of NRC w.e.f. October 28, 2021.

The Company Secretary acts as a Secretary to the Committee. The Chairman of the NRC attended the Annual General Meeting of the Company held on July 30, 2021.

III. Nomination and Remuneration Policy and details of remuneration paid / payable to the Directors for the year ended March 31, 2022:

The Board approved the Nomination and Remuneration Policy on the recommendation of NRC, which is available on the website of the Company and the weblink of the same is provided separately in this report. The salient aspects of the Policy are outlined below:

a. Objectives:

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

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

b. Remuneration to the Non-Executive Directors:

- i) A Non-Executive Director is paid sitting fees for each meeting of the Board or Committee of the Board attended by him / her, of such sum as may be approved by the Board within the overall limits prescribed under the Act and the

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Board has approved the payment of sitting fees of ₹1 Lakh to each Non-Executive Director towards each of the Board / Committee meetings attended by them.

- ii) A Non-Executive / Nominee Director is also paid commission on an annual basis, of such sum as may be approved by the Board. The total commission payable to the Non-Executive / Nominee Directors shall not exceed 1.0% of the net profit of the Company and subject to the limits approved by the members. As the net profit of the Company is not adequate, for the Financial Year ended on March 31, 2022, your Directors have not recommended to pay any commission. However, as per the MCA circular dated March 18, 2021 and pursuant to the resolution passed by the members at their meeting held on July 30, 2021 [valid for a period of 3 (three) years], the Company has paid remuneration of ₹ 5 Lakhs each to all IDs.
- iii) In determining the quantum of commission payable to the Non-Executive / Nominee Directors, the NRC considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Non-Executive / Nominee Directors.
- iv) A Non-Executive / Nominee Director is also reimbursed the expenses incurred by him / her for attending the Board and / or Committee meetings and members' meetings.
- v) Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the Financial Year ended on March 31, 2022.

c. Appointment and Remuneration to CEO & Whole Time Director:

Mr. Tarun Arora is the CEO & Whole Time Director of the Company. On the recommendation of the NRC, the Board ratified the remuneration of ₹ 117 Lakhs by way of salary and allowances for the Financial Year ended on March 31, 2022 paid to Mr. Tarun Arora, which was within the ceiling fixed by members.

The Company has entered into an agreement with Mr. Tarun Arora for his employment as CEO & Whole Time Director for a period of 5 (five) years. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 (three) months' notice in writing to the other party.

The Board and the NRC reviewed the performance of individual directors on the basis of criteria fixed by the Board / NRC.

d. Remuneration to Senior Management Personnel:

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

e. Details of the remuneration/ sitting fees paid to the Independent / Non-Executive Directors for the Financial Year 2021-22 are given below:

₹ In Lakhs

Name of the Independent / Non-Executive Directors	Sitting fees							Total
	Remuneration	Board Meetings	Audit Committee Meetings	CSR Committee Meetings	NRC Committee Meetings	Investors'/ Stakeholders' Relationship Committee Meetings	Other Meetings *	
Dr. Sharvil P. Patel	-	4	-	1	-	-	2	7
Mr. Kulin S. Lalbhai	5	3	3	-	-	-	2	13
Ms. Dharmishtaben N. Raval	5	4	4	-	-	-	1	14
Mr. Srivishnu R. Nandyala	5	4	4	-	1	-	1	15
Mr. Savyasachi S. Sengupta	5	4	4	1	1	1	3	19
Mr. Ganesh N. Nayak	-	4	4	1	1	1	-	11

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

f. Stock Option:

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

E. Corporate Social Responsibility (“CSR”) Committee:

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

The CSR Policy, as recommended by the CSR Committee is approved by the Board. The details with regard to CSR, its composition, Policy, Projects, etc. are provided in the Directors’ Report.

The composition of the CSR Committee as at March 31, 2022 and the details of members’ participation at the meeting of the Committee which was held on May 10, 2021 are as under:

Name of the Member	No. of Meetings held	No. of Meetings Attended
Dr. Sharvil P. Patel, Chairman		1
Mr. Savyasachi S. Sengupta	1	1
Mr. Ganesh N. Nayak		1

F. Risk Management Committee (“RMC”):

In compliance with the provisions of regulation 21 of the Listing Regulations, the Company has constituted RMC and majority of the members of the Committee are Directors. The Company has a well-defined risk management framework to identify, recognize, monitor and mitigate risks and also identify business opportunities. Business risk evaluation and its management is a continuous process within the organization. The Company has framed a Risk Management Policy which includes the terms of reference and was revised on July 30, 2021 and the web link of the same is provided separately in this report.

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

The Committee is headed by Dr. Sharvil P. Patel, Chairman. Mr. Kulin S. Lalbhai, Mr. Savyasachi S. Sengupta and Mr. Umesh V. Parikh are the members of the Committee. The Committee met twice during the year on July 30, 2021 and October 28, 2021 and all the members remained present in the meeting.

The Company Secretary acts as a Secretary to the Committee.

G. Finance and Administration Committee:

The Committee looks after the businesses, which are broadly relating to financing i.e. borrowing of funds,

making investments / providing loan / corporate guarantee to subsidiary companies and other business which are administrative in nature and within the overall board approved directions and framework. Dr. Sharvil P. Patel is the Chairman, Mr. Tarun Arora, Mr. Ganesh N. Nayak and Mr. Ashish P. Bhargava are the members of the Committee. The Company Secretary acts as a Secretary to the Committee. The Finance and Administration Committee met 5 (five) times during the year.

Minutes of the Finance and Administration Committee meetings are placed before the Board for information.

4. Independent Directors' Meeting:

During the Financial Year ended on March 31, 2022, a separate meeting of IDs, without the attendance of the non-Independent Directors and members of the management of the Company was held on February 2, 2022, inter alia, to discuss:

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

All the IDs were present at the meeting. The performance of the non-independent directors, the Board as a whole and Chairman of the Company was evaluated by the IDs, taking into account the views of executive directors and non-executive directors.

5. Subsidiary Companies:

Zydus Wellness Products Limited is the only material Indian unlisted subsidiary Company.

The financial statements of subsidiaries, in particular, the investments made by subsidiaries, if any, during the quarter are reviewed by the Audit Committee of the Board. The policy relating to material subsidiaries and

dealing with related party transactions, as approved by the Board is provided separately in this report.

The Board minutes of Indian unlisted subsidiary companies along with a report on significant developments of the Indian unlisted subsidiary companies are periodically placed at the Board meeting of the Company, for information of the Board.

6. Disclosures:

A. Related Party Transactions:

All transactions entered into with the related parties as defined under section 2(76) of the Act and regulation 2(1)(zb) read with regulation 23 of the Listing Regulations during the Financial Year ended on March 31, 2022 were in the ordinary course of business and on an arm's length basis and do not attract the provisions of section 188 of the Act. There were no materially significant transactions with the related parties during the Financial Year ended on March 31, 2022 which were in the conflict of interest of the Company. Suitable disclosures as required by the Ind AS 24 have been made in the notes to the Financial Statements.

The Board has approved a policy on related party transactions, which includes the clear threshold limits, beyond which a transaction will be considered as a material related party transactions, which has been uploaded on the website of the Company and the web link of the same is provided separately in this report.

During the Financial Year ended on March 31, 2022, there was no transaction between the Company and any of the promoter or promoter group of the Company, which holds 10.0% or more of shareholding of the Company.

B. Code of Conduct:

The Company has laid down a Code of Conduct for all Board members and Senior Management. The Code of Conduct is available on the website of the Company and the web link of the same is provided separately in this report.

All Board Members and the Senior Management have affirmed compliance with the Code of Conduct for the year under review. The declaration of CEO & Whole Time Director is given below:

To the members of
Zydus Wellness Limited

Sub.: Compliance with Code of Conduct

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

Tarun Arora
 CEO & Whole Time Director
 DIN: 07185311

Place : Ahmedabad
 Date : May 17, 2022

C. Prohibition of Insider Trading:

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“**PIT Regulations**”) as amended, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the promoters, directors, designated persons and their immediate relatives, connected persons and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

The Company uses a software to monitor the trading in the equity shares of the Company mainly during the trading window closure and the reversal of the transactions, by the designated persons. The Company also maintains the structured digital database as mandated in the PIT Regulations.

Shares held by the Directors as at March 31, 2022:

Name of the Director	No. of shares held	Details of shares bought (+) / sold (-) during 2021-22
Dr. Sharvil P. Patel	533	-
Mr. Kulin S. Lalbhai	-	-
Mr. Ashish P. Bhargava	-	-
Ms. Dharmishtaben N. Raval	-	-
Mr. Srivishnu R. Nandyala	-	-
Mr. Savyasachi S. Sengupta	173	-
Mr. Ganesh N. Nayak	6550	-
Mr. Tarun Arora	1800	+800

D. Whistle Blower Policy:

The Company has a whistle blower policy, as per the provisions of section 177(9) of the Act and regulation 22 of the Listing Regulations, to deal with any instance of fraud and mismanagement and to report instances of leakage of unpublished price sensitive information. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. No personnel has been denied access to the Audit Committee pertaining to Whistle Blower Policy. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination is done with any person for a genuinely raised concern. The Whistle Blower Policy is available on the website of the Company

and the web link of the same is provided separately in this report.

E. Management:

i. Management Discussion and Analysis Report:

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

ii. Disclosure of material financial and commercial transactions:

As per the disclosures received from all the Directors and the Senior Management, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the Financial Year ended on March 31, 2022.

F. Credit Ratings:

During the year under review, the Company has not obtained any credit rating.

G. Non-Disqualification of Directors:

The Company has obtained a certificate from Mr. Hitesh D. Buch, Practicing Company Secretary certifying that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors

of companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The said certificate is enclosed to this Corporate Governance Report.

H. Fees paid to the Statutory Auditors:

During the Financial Year ended on March 31, 2022, the Statutory Auditors of the Company were paid fees for audit and providing other services as per below details:

₹ in Lakhs

Sr. No.	Name of the Company	Name of the Statutory Auditors	Fees paid (excl. taxes)		Total
			For Statutory Audit	For providing other services	
1.	Zydus Wellness Limited	Mukesh M. Shah & Co., Ahmedabad	9	2	11

I. Disclosure regarding re-appointment of Director:

The particulars about the brief resume and other information of the Director seeking re-appointment as required to be disclosed under this section are provided as per regulation 36(3) of the Listing Regulations as an annexure to the notice convening the Twenty Eighth AGM.

if not claimed for a period of 7 (seven) years from the date of transfer to Unpaid Dividend Account of the Company, is liable to be transferred to IEPF.

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

J. Compliance by the Company:

The Company has complied with all the mandatory requirements of the Listing Regulations and regulations and guidelines of SEBI. Further, during last 3 (three) years, no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets. The equity shares of the Company were not suspended from trading at any time during the Financial Year ended on March 31, 2022.

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

The Company has adopted a compliance management tool which provides system-driven alerts to the respective owners for complying with the applicable laws and regulations. A compliance report along with the certificate of compliance by the CEO & Whole Time Director is placed before the Board on a quarterly basis.

In light of the aforesaid provisions, 8,185 (Eight Thousand One Hundred Eighty Five) equity shares of 216 (Two Hundred Sixteen) members were transferred to IEPF for which the company has complied with the necessary requirements. Moreover, ₹ 9,96,486 (Rupees Nine Lakhs Ninety Six Thousand Four Hundred Eighty Six only) held by 3,201 (Three Thousand Two Hundred One) members, being the unclaimed dividend, pertaining to the dividend for the Financial Year ended on March 31, 2014 was transferred to IEPF after giving notice to the members to claim their unpaid / unclaimed dividend. As at March 31, 2022, 82,726 (Eighty Two Thousand Seven Hundred Twenty Six) equity shares are lying with IEPF.

K. CEO / CFO Certification:

The requisite certification from the CEO & Whole Time Director and the Chief Financial Officer required to be given under regulation 17(8) read with Part B of Schedule II of the Listing Regulations forms a part of this report.

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

As per the provisions of sections 124 and 125 of the Act read with the Rules made thereunder, dividend,

Status of unclaimed dividend and shares which is transferred to IEPF is as under:

Unclaimed dividend and shares	Status	Can it be claimed	Can be claimed from	Actions to be taken
Upto and including the Financial Year 2013-2014	Transferred to IEPF	Yes	Member to file web Form No. IEPF-5 and send the said form to the Nodal Officer of the Company at the Registered Office with complete documents	IEPF authority to pay the claimed shares and / or dividend amount based on the e-verification form filed by the Company and the documents submitted by the member
For the Financial Year 2014-2015 to 2020-2021	Amount is lying in the respective unclaimed dividend account	Yes	RTA	Member to make an application to RTA along with KYC documents

Details of date of declaration of dividend and the due date of transfer to IEPF is provided in the Note No. 6 of the Notice convening the Twenty Eighth AGM.

M. Disclosure regarding end use of funds:

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

N. Recommendation of the Committees:

Recommendations of the Committees are submitted to the Board for approval and the Board has, after due deliberations, accepted all the recommendations.

O. Disclosure regarding Sexual Harassment of Women at Workplace:

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

During the year 2021-2022, the Company has not received any complaint on sexual harassment.

P. In preparing the annual financial statements of the Company, the treatment as prescribed in the Accounting Standards has been followed.

Q. As per regulation 43A of the Listing Regulations, the Company has formulated Dividend Distribution Policy, which is approved by the Board and is uploaded on Company's website and the link for the same is provided separately in this report.

R. The Board has approved the policy to determine materiality of an event or information and the same is available on the website of the Company and the

link for the same is provided separately in this report. The details of the KMP authorized to determine materiality of an event or information and who is authorized to inform an event or information to the stock exchanges is also uploaded on the website of the Company and the link for the same is provided separately in this report.

7. Means of Communication:

- i) The Company has 67,208 (Sixty Seven Thousand Two Hundred Eight) members as on March 31, 2022. The main channel of communication to the members is through Annual Report, which includes inter alia, the Directors' Report, Management Discussion and Analysis, Report on Corporate Governance, Business Responsibility Report and Audited Financial Statements.
- ii) The Annual General Meeting is a platform for face-to-face / virtual communication with the members. The Chairman, CEO & Whole Time Director and other Key Managerial Personnel respond to the specific queries of the members.
- iii) The Company intimates to the Stock Exchanges all price sensitive matters, which in its opinion are material and of relevance to the members and subsequently issues a Press Release on such matters, wherever necessary.
- iv) The quarterly and half yearly results are published in widely circulating national and local daily "Financial Express" in English and Gujarati language. The results are also posted on the website of the Company www.zyduswellness.com and the same are not sent individually to the members.
- v) The Company's results and official news releases are displayed on the Company's website at www.zyduswellness.com. The Company holds

meetings and makes representations to the institutional investors and analysts. The copies of such presentations and the transcripts of the phone calls are also made available on the Company's website. Information to the Stock Exchanges is being filed online on NEAPS / Digital Exchange portal for NSE and online listing portal of BSE.

8. General Body Meetings:

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

Year	Date and Time	Venue
2020-2021	27 th AGM on July 30, 2021 at 10:00 a.m. (IST)	Through Video Conference ("VC") / Other Audio Visual Means ("OAVM")
2019-2020	26 th AGM on August 27, 2020 at 10:00 a.m. (IST)	J. B. Auditorium, Ground Floor, Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015
2018-2019	25 th AGM on July 31, 2019 at 10:00 a.m. (IST)	

ii. Special Resolutions passed in the previous Annual General Meetings:

The shareholders of the Company have passed the following Special Resolutions in the previous Annual General Meetings.

Sr. No.	Nature of Special Resolution Passed	Relevant provisions	AGM details
1.	To re-appoint Mr. Kulin S. Lalbhai (DIN:05206878) as an Independent Director of the Company for the second term of 5 (five) consecutive years.	Section 149, 150, 152 of the Act	27 th AGM held on July 30, 2021
2.	To change the Registered Office of the Company	Section 12 of the Act	25 th AGM held on July 31, 2019

iii. Approval of members through Postal Ballot:

During the Financial Year ended on March 31, 2022, the Company has not sought or passed any resolution through Postal Ballot.

9. General Shareholder Information:

i. Annual General Meeting (AGM):

Date and Time of 28 th AGM	Friday, July 29, 2022 at 10:00 a.m. (IST)
Venue of 28 th AGM	The venue shall be deemed to be the Registered Office of the Company as the AGM will be held through VC/OAVM
Financial Year	April 1, 2021 to March 31, 2022
Record Date	Friday, July 15, 2022
Registered Office Address	Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej-Gandhinagar Highway, Ahmedabad - 382481
Dividend Payment Date	On or after August 3, 2022
Compliance Officer	Mr. Dhanraj P. Dagar had resigned as the Company Secretary and Compliance Officer of the Company w.e.f. from close of the business hours of May 9, 2022
Website	www.zyduswellness.com

ii. Tentative financial calendar:

First Quarter Results	On or before August 14, 2022
Half Yearly Results	On or before November 14, 2022
Third Quarter Results	On or before February 14, 2023
Audited Results for the year 2022-2023	On or before May 30, 2023

The trading window closure for the financial results shall be from the first day from the closure of quarter till the completion of 48 hours after the financial results becomes generally available.

iii. Listing of shares:

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

iv. Listing Fees:

The Company has paid annual listing fees for the Financial Year 2022–2023 to the above Stock Exchanges.

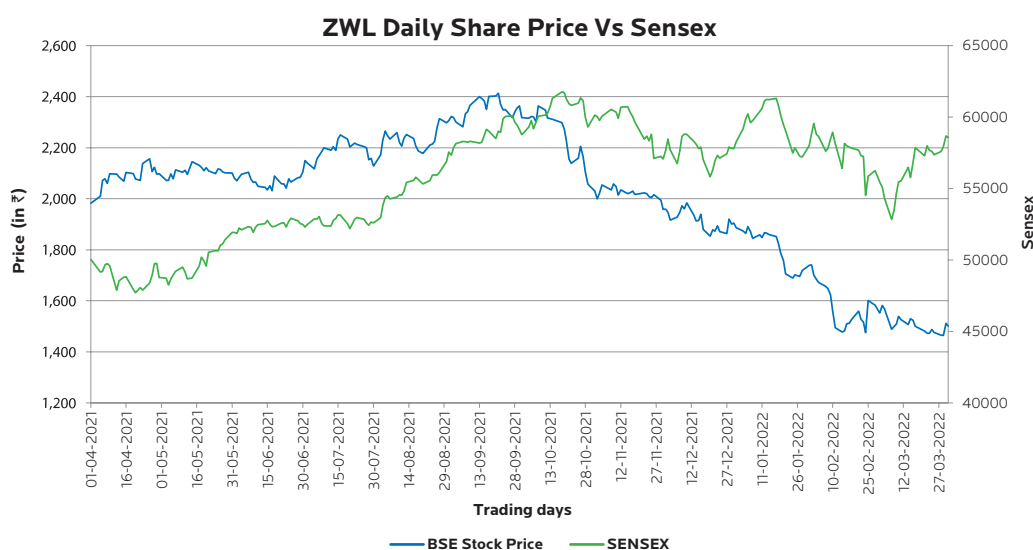
v. Stock Code:

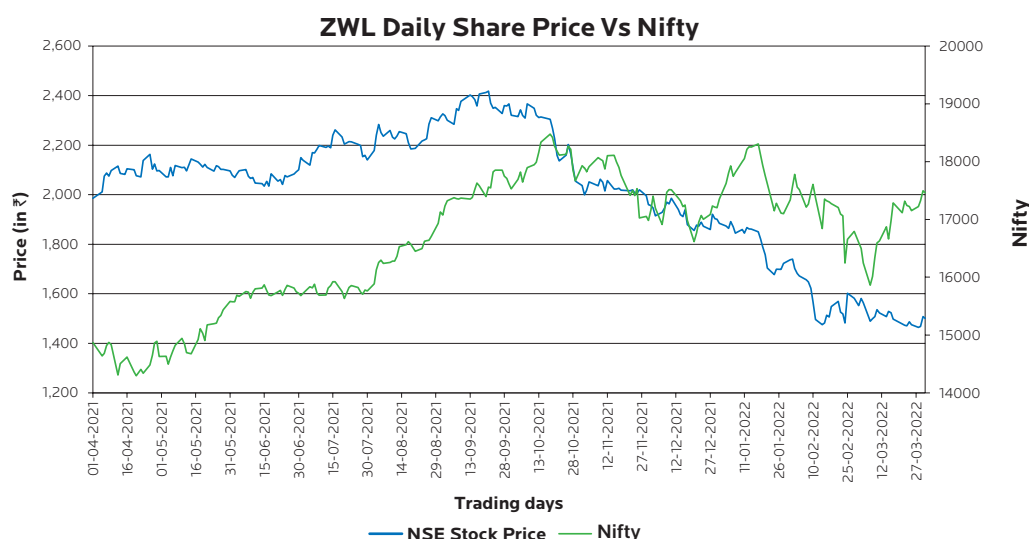
Name of the Stock Exchange	Stock Code	Closing Price as on March 31, 2022 (₹)
BSE Limited P J Towers, Dalal Street, Mumbai - 400001	531335	1500.75
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai - 400051	ZYDUSWELL	1501.15

vi. Stock Price, BSE Sensex and NSE Nifty 50 data:

Month	BSE Sensex	BSE Limited			National Stock Exchange of India Limited		
		High (₹)	Low (₹)	Av. Volume (In Nos.)	High (₹)	Low (₹)	Av. Volume (In Nos.)
Apr., 21	48782	2325	1944	3871	2299	1958	92221
May, 21	51937	2250	2060	4578	2220	2060	78902
Jun., 21	52483	2140	1990	2918	2125	1985	41005
Jul., 21	52587	2288	2089	4632	2290	2100	42097
Aug., 21	57552	2393	2125	2681	2396	2125	57378
Sept., 21	59126	2473	2239	1999	2477	2238	43891
Oct., 21	59307	2424	2035	1830	2396	2031	49932
Nov., 21	57065	2094	1951	1275	2099	1951	26955
Dec., 21	58254	2011	1811	10440	2020	1810	15441
Jan., 22	58014	1911	1614	2573	1900	1615	46494
Feb., 22	56247	1817	1431	7276	1820	1430	92777
Mar., 22	58569	1598	1443	4905	1598	1442	61152

vii. Stock Performance:





viii. Registrar and Share Transfer Agent (“RTA”):

Link Intime India Private Limited is the RTA of the Company.

For lodgment of any documents or any grievances / complaints, members may contact the Company’s RTA at the following address:

Link Intime India Private Limited,

(Unit: Zydus Wellness Limited)

506–508, Amarnath Business Centre–I, Beside Gala Business Centre, Near St. Xavier’s College Corner, Off. C.G. Road, Navrangpura, Ahmedabad–380006. Telephone: 079–2646 5179 | Fax: 079 - 2646 5179 Email: ahmedabad@linkintime.co.in

ix. Share Transfer System:

A Committee of Directors has been constituted to approve the transfers, transmission, issue of duplicate shares etc. The Company’s RTA has adequate infrastructure to process the above matters.

xi. Distribution of shareholding of Equity Shares as at March 31, 2022:

No. of Equity Shares	No. of Folios	% of total folios	No. of Shares	% of shareholding
1 to 500	67719	98.84	2259006	3.55
501 to 1000	401	0.59	295592	0.47
1001 to 2000	173	0.25	248935	0.39
2001 to 3000	55	0.08	136330	0.21
3001 to 4000	35	0.05	122115	0.19
4001 to 5000	16	0.02	71192	0.11
5001 to 10000	27	0.04	182928	0.29
10001 & above	87	0.13	60316046	94.79
Grand total	68513	100.00	63632144	100.00
Shareholders in Physical Mode	2035	2.97	189774	0.30
Shareholders in Demat Mode	65173	97.03	63442370	99.70
Grand Total	67208	100.00	63632144	100.00

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

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

x. Reconciliation of Share Capital Audit:

A practicing Company Secretary carried out audit in each of the quarters in the Financial Year ended on March 31, 2022, to reconcile the total admitted capital with the Depositories and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical mode and the total number of dematerialized shares held with depositories.

xii. Shareholding Pattern as at March 31, 2022:

Category	No. of Shares held		Total shares	% of shareholding
	Physical	Electronic		
Promoter's holding	0	41246139	41246139	64.82
Mutual Funds	92	5824443	5824535	9.15
Banks, FIs and Insurance Companies	0	2104216	2104216	3.31
Alternate Investment Funds	0	8044293	8044293	12.64
Foreign Institutional Investors / Foreign Portfolio Investors	0	1631542	1631542	2.56
NRIs / Foreign National	69721	168587	238308	0.37
Other Corporate Bodies	822	406795	407617	0.65
Indian Public / HUF / Trusts	119139	3894069	4013208	6.31
Other	0	122286	122286	0.19
Total	189774	63442370	63632144	100.00

xiii. Top ten equity members of the Company as at March 31, 2022:

Sr. No.	Name of the shareholder	No. of equity shares held	% of holding
1	Zydus Lifesciences Limited	36647509	57.59
2	Threpsi Care LLP	7220216	11.35
3	Zydus Family Trust	4593193	7.22
4	Lici Asm Non Par	1448302	2.28
5	Nippon Life India Trustee Ltd-A/C Nippon India Small Cap Fund	945740	1.49
6	Pioneer Investment Fund	807322	1.27
7	Rohini Nilekani	529740	0.83
8	Life Insurance Corporation Of India - P & Gs Fund	397271	0.62
9	ICICI Prudential Value Discovery Fund	367235	0.58
10	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Hybrid '95 Fund	357500	0.56
Total		53314028	83.79

xiv. Dematerialization of shares and liquidity:

The Company's equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialized form. Approximately 99.70% of the equity shares have been dematerialized. ISIN number for dematerialization of the equity shares of the Company is INE768C01010.

xv. Location of the Company's manufacturing plant:

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

xvi. Address for correspondence:

Members' correspondence should be addressed to the RTA at the address mentioned above at point no. viii.

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

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

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

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

xviii. Details of non-compliance:

There was no non-compliance during the year and no penalties were imposed or strictures passed on the Company by the Stock Exchanges, SEBI or any other Statutory Authority. A practicing Company Secretary has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Directors' Report and sent the same to all the members of the Company. The certificate shall also be sent to NSE and BSE along with the Annual Report filed by the Company.

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

The Company and its subsidiary purchases milk, Refined Palm Oil, Sugar and Dextrose Monohydrate on regular basis for their manufacturing requirement, in the opportune times, company enters into long term contracts with Refined Palm Oil, Sugar and Dextrose Monohydrate suppliers.

The Company also has foreign exchange risk as it also imports raw materials and exports finished goods in foreign currency. Since company has natural hedge due to its import and export activities, company doesn't enter into foreign exchange derivatives to hedge its exposure. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

xx. Web link of various policies of the Company:

List of various policies approved by the Board and their respective web links are provided in the below table:

Sr. No.	Policy / Web link
1.	Dividend Distribution Policy https://www.zyduswellness.com/investor/Dividend_Policy-May17.pdf
2.	Policy for Determination and Disclosure of Materiality of an Event or Information https://www.zyduswellness.com/investor/Policy-to-determine-materiality-of-an-event-or-information.pdf
3.	Familiarization Program for Independent Directors https://www.zyduswellness.com/investor/Presentation-on-Familiarizat-on-Programme.pdf
4.	Code of Business Conduct and Ethics https://www.zyduswellness.com/investor/Code_of_Business_Conduct_and_Ethics_Policy.pdf
5.	Corporate Social Responsibility Policy https://www.zyduswellness.com/investor/CSR-Policy-ZWL-01.02.2021.pdf
6.	Policy on Preservation of Documents https://www.zyduswellness.com/investor/Policy-on-Preservation-of-Documents.pdf
7.	Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions https://www.zyduswellness.com/investor/Policy-on-Related-Party-Transactions-March-2022.pdf
8.	Policy to determine Material Subsidiary https://www.zyduswellness.com/investor/Policy_to_determine_Material_Subsidiary.pdf
9.	Risk Management Policy https://www.zyduswellness.com/investor/Risk-Managem-nt-Policy_ZWL-Jul21.PDF
10.	Environment Health and Safety Policy https://www.zyduswellness.com/investor/Coroprate-EHS-policy.pdf
11.	Whistle Blower Policy https://www.zyduswellness.com/investor/Whistle-Blower-Policy.pdf
12.	Nomination and Remuneration Policy https://www.zyduswellness.com/investor/NRC-Policy-2021.pdf
13.	Policy on Prevention of Sexual Harassment of Women at Workplace https://www.zyduswellness.com/investor/PROHIBITION-OF-SEXUAL-HARASSMENT-OF-WOMEN-AT-WORKPLACE.pdf

xxi. Compliance status of Corporate Governance requirements as prescribed in the Listing Regulations:

The compliance status of corporate governance requirements as prescribed under regulation of 17 to 27 and 46(2)(b) to (i) of the Listing Regulations is provided in below table:

Regulation	Details of regulation	Complied (Yes / No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders' / Investors' Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of the listed company	Yes
24A	Secretarial Audit Report and Secretarial Compliance Report	Yes
25	Obligations of Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other corporate governance requirements	Yes
46(2)(b) to (i)	Website	Yes

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

- i. The Company has a Non-Executive Chairman.
- ii. The quarterly / half yearly results are not sent to the shareholders. However, the same are published in the newspapers and also posted on the Company's website.
- iii. The Company's financial statements for the Financial Year ended on March 31, 2022 do not contain any audit qualification.
- iv. The internal auditor reports to the Audit Committee and they make quarterly presentations on their reports.
- v. The auditors' report on financial statements of the Company are with unmodified opinion.

CHIEF EXECUTIVE OFFICER AND WHOLE TIME DIRECTOR AND THE CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To
The Board of Directors

Zydus Wellness Limited

As required under the regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") read with Schedule II part B of the Listing Regulations, we hereby certify that:

- (a) We have reviewed financial statements and cash flow statement for the year and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have been taken or proposed to be taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee;
 - (i) significant changes in internal control over financial reporting during the year,
 - (ii) significant changes in accounting policies during the year and that, the same have been disclosed in the notes to the financial statements, and
 - (iii) that there are no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system.

Place : Ahmedabad
Date : May 17, 2022

Tarun Arora
CEO & Whole Time Director
DIN:07185311

Umesh V. Parikh
Chief Financial Officer

CERTIFICATE OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

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

We have examined the compliance of the conditions of corporate governance by **Zydus Wellness Limited** (the Company) for the financial year ended on March 31, 2022 as stipulated in Regulation 17 to 27, clause (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 [the Listing Regulations].

Management's Responsibility

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

Auditors' Responsibility

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

Opinion

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

Disclaimer

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

Place : Ahmedabad
Date : May 17, 2022

Hitesh Buch

Proprietor
For, Hitesh Buch & Associates
Company Secretaries
FCS No.: 3145; C P No.: 8195
Peer Review Cert. No. 2015/115
UDIN: 003145D000331275

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

The Members of

Zydus Wellness Limited

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Dr. Sharvil Pankajbhai Patel	00131995	27.04.2009
2	Mr. Kulin Sanjay Lalbhai	05206878	18.11.2016
3	Mr. Ashish Bhargava	02574919	30.01.2019
4	Ms. Dharmishta N. Raval	02792246	11.03.2019
5	Mr. Srivishnu Raju Nandyala	00025063	11.03.2019
6	Mr. Savyasachi Santosh Sengupta	05158870	02.11.2018
7	Mr. Ganesh Narayan Nayak	00017481	27.07.2006
8	Mr. Tarun Arora	07185311	14.05.2015

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

Hitesh Buch

Proprietor
For, Hitesh Buch & Associates
Company Secretaries
C P No.: 8195; FCS No.: 3145
UDIN: F003145C000165967

Place: Ahmedabad

Date : May 17, 2022

Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the Financial Year ended on March 31, 2022.

Section A : General Information about the Company

1. Corporate Identity Number (CIN) of the Company	L15201GJ1994PLC023490		
2. Name of the Company	Zydus Wellness Limited		
3. Address of the Registered Office of the Company	Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej-Gandhinagar Highway, Ahmedabad – 382481		
4. Website	www.zyduswellness.com		
5. Email id	umesh.parikh@zyduswellness.com		
6. Financial year reported	2021-2022		
7. Sector(s) that the Company is engaged in (industrial activity code-wise):			
	Group	Class	Sub Class
		1517	
			Description
			Manufacturing of table spread.
8. Key products / Services	Manufacturing of table spread.		
9. Locations where business activity is undertaken by the Company	The Company's business and operations are based at Ahmedabad, where the manufacturing is carried out, details whereof are provided in this Annual Report. Details of business performance in Indian markets as well as International markets are reported as a part of the Management Discussion and Analysis Report, forming part of the Annual Report.		
10. Markets served by the Company – Local / State / National	As a strong player in health and wellness space in India.		

Section B : Financial Details of the Company

Paid up Capital (₹)	6,363 Lakhs
Total Turnover (₹)	21,625 Lakhs
Total Profit after Taxes (₹)	1,270 Lakhs

Section C : Other Details

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

During the year under review, as the 2.0% of average net profit for previous 3 (three) financial years, as computed under the Companies Act, 2013 ("the Act") is negative and hence the Company was not required to contribute any amount towards CSR activities. A Report on CSR activities is attached to the Directors' Report.

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

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

Section D : BR Information**1. Details of Director / Directors responsible for BR:****a) Details of the Director / Directors responsible for implementation of the BR Policy / Policies:**

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

b) Details of the BR head:

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	Not Applicable
2	Name	Mr. Umesh V. Parikh
3	Designation	Chief Financial Officer
4	Telephone Number	079 – 48040000 Ext. No. 1330
5	E-mail ID	umesh.parikh@zyduswellness.com

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

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

NVG Principle	Chapter in BR Report	Page No.	Details in Annual Report
Business should conduct and govern themselves with Ethics, Transparency and Accountability.	Corporate Governance Structure	80	Yes
Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Quality Principles and Credo for Value Creation	80	Yes
Businesses should promote the well-being of all employees.	Building people to build our business	80	Yes
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Zydus Shrishti	81	Yes
Businesses should respect and promote human rights.	Human Rights	81	Yes
Businesses should respect, protect, and make efforts to restore the environment.	Green Impact	81	Yes
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Policy advocacy	81	Yes
Business should support inclusive growth and equitable development.	Zydus Shrishti	81	Yes
Business should engage with and provide value to their customers and consumers in a responsible manner.	The Zydus Way of manufacturing and marketing of health and wellness products	82	Yes

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

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

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

1. The Policy is embedded in the Company's Code of Conduct, HR policies and various other HR practices.

2. The Policy is embedded in the Company's Quality and Environmental Policies, which inter alia relate to safe and sustainable products.

3. The policies for the wellbeing of employees are for internal circulation to the employees and approved by the Board of Directors.

4. The Company fulfills the requirements by introducing innovative products and services. The Company has a customer complaint redressal system.

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

4. Governance related to BR:

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

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

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

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

The Company publishes BR Report as a part of Annual Report. The BR Report is posted on the Company's website at www.zyduwellness.com.

Section E (Principle-wise Performance):

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

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

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

Details relating to members' complaints are provided in Corporate Governance Report, forming part the Annual Report. However, there was no stakeholder complaint in the reporting period with regard to ethics, bribery and corruption.

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

The Company's manufacturing facility is accredited by the leading agencies in India. The Accreditations were given after

a thorough audit of Standard Operating Procedures (SOP) and protocols. Hence utmost care is taken to ensure that products conform to stringent quality standards and bio-stability of products is also submitted during the periodic audits.

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

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

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

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

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

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

The Company does not discriminate among existing employees or during the process of recruitment on the grounds of religion, race, color, gender and disability. The Company provides equal opportunities to all employees. Key employee data as on March 31, 2022 are provided in the below table:

Sr. No.	Category of Employees	No. of Employees*
1.	Management staff	215
2.	Marketing field staff	485
3.	Others	375
	Total	1075
4.	Contractual employees	3857
5.	Permanent Women employees	41
6.	Permanent employees with disabilities	-

* including employees of subsidiaries.

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

3. The permanent and contractual employees at the Company's manufacturing site and corporate office are provided training on relevant Environment, Health and Safety ("EHS") aspects. Further, all other employees are given soft skill up-gradation training to improve their skills as may be relevant to the respective functions. 176 employees were imparted training for skill development, EHS, etc. from the total strength.

Principle 4: (Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized):

The Company has mapped its internal and external stakeholders. The Company recognizes its employees, business associates, suppliers, vendors, NGOs, communities, members / investors, regulatory authorities and other governmental bodies and intermediaries as our key stakeholders.

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

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

Principle 5: (Businesses should respect and promote human rights):

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

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

Principle 6: (Businesses should respect, protect and make efforts to restore environment):

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

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

Principle 7 : (Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner):

The Company is a member of the following Chambers:

- A. Federation of Indian Chambers of Commerce and Industry (FICCI) and
- B. Gujarat Chamber of Commerce & Industry.

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

Principle 8 : (Businesses should support inclusive growth and equitable development):

The CSR initiatives of the holding Company are spearheaded by Zydus Foundation and the Company also follows the same in line with the holding Company. Zydus Shrishti encourages

employee volunteerism and is completely an in-house effort. The team carries out initiatives in the field of education, health and research. The focus through these programs is to develop communities which we are a part of, inclusive education and creating knowledge platforms for the research community.

In line with its policy, the Company had contributed towards education, healthcare and social outreach programs and a majority of its CSR spending in the previous financial year had been in these areas. During the year under review, as the average net profits of the company as per section 135(5) of the Act was negative, no contribution towards CSR activities was required to be made. To serve the needs of the patients and bring world-class medical education to the rural interiors of Gujarat, the Company had set up the Zydus Medical College and Hospital at Dahod.

The Hospital provides free treatment including OPD, indoor, all investigations, surgeries, anesthesia, oral medicines,

injectables and food for patients. The Zydus Medical College is the first Medical College to be set up in Dahod and the first batch of the MBBS programme commenced in August, 2018.

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

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

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

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

Independent Auditors' Report

To the Members of
Zydus Wellness Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Zydus Wellness Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2022, 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 Standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Assessment of impairment of Goodwill amounting to ₹ 2,282 Lakhs (Refer Note No. 3 of the Standalone Financial Statements)</p> <p>The Company's evaluation of goodwill for impairment testing, involves the comparison of its recoverable amount to its carrying amount as at March 31, 2022. The Company has carrying value of goodwill amounting to ₹ 2,282 Lakhs in its standalone financial statements relating to Consumer Health & Wellness Cash Generating Units ("CGU's"). This is subject to test of impairment by the management in accordance with the applicable accounting standards.</p> <p>The recoverable amount is determined based on value in use, which represents the present value of the estimated future cash flows expected to arise from the use of the asset company comprising each cash generating unit or group of cash generating units. There is a risk that the goodwill will be impaired if these cash flows do not meet the company's expectations.</p> <p>In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the forecasted cash flows, principally relating to long-term revenue growth rates, terminal values, margins, external market conditions and the discount rate used.</p> <p>Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying value of goodwill is considered to be complex and determined to be a key audit matter in our current period audit.</p>	<p>Principal Audit Procedures</p> <p>Procedures performed by us have been enumerated herein below:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the accounting policies in respect of impairment by comparing with the applicable accounting standards. Evaluated the design, tested the implementation and operating effectiveness of the internal controls over impairment assessment process, including those over the forecast of future revenues, operating margins, growth rate and terminal values, external market conditions and the selection of the appropriate discount rate. Gained an understanding and assessed the reasonableness of business plans by comparing them to prior year's assumptions; Tested the reasonableness of the key business projections and valuation assumptions carried out by the management / independent valuer in determining the fair value of the CGU, discount rate, revenue growth rate, EBITDA growth rate, terminal growth rate used in computing the fair value of the components. Performed retrospective review of projections by comparison with historical performance, inquiries with management and forecast trends in the industry. <p>Considered sensitivity to reasonable possibility of changes in the key assumptions and inputs to ascertain whether these possible changes have a material effect on the fair value.</p>

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

- The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and Directors' Report, but does not include the standalone financial statements and our audit reports thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone

financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

Management's Responsibility for the Standalone 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 Standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted

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

In preparing the Standalone 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone financial statements

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

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

- a) Identify and assess the risks of material misstatement of the Standalone 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 Standalone 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 Standalone financial statements, including the disclosures, and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept, so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2022 on its financial position in its Standalone 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations given under (a) and (b) above, contain any material misstatement.

- v. The dividend proposed in the previous year, declared and paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.

The Board of Directors of the Company has proposed dividend for the year which is subject to the approval of the members in the ensuing Annual General Meeting. The dividend proposed is in accordance with the accordance with section 123 of the Companies Act, 2013.

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration No.: 106625W

Mukesh M. Shah

Partner

Membership No.: 030190
UDIN:22030190AJCDNQ6651

Place : Ahmedabad

Date : May 17, 2022

“Annexure A” to the Independent Auditors’ Report

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

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

1. (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
 - B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification of Property, plant and equipment so as to cover all the items in phased manner. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed under property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement.
- (d) According to the information and explanations given to us and the records examined by us and based on the examination, the Company has not revalued any of its Property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (e) According to the information and explanations given to us and the records examined by us and

based on the examination, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

2. (a) The inventories were physically verified by the Management at reasonable intervals during the year. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with the books of account.
 - (b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.
3. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has granted loans to companies during the year, details whereof are stated in sub-clause (a) below. The Company has not granted any loans, secured or unsecured, to firms, limited liability partnerships or any other parties during the year.
 - (a) The Company has provided loans during the year, details of which are given below:

Sr. No.	Name of the Party	Relationship with the Company	Amount of loan granted during the year [₹ in Lakhs]	Year-end Balance [₹ in Lakhs]
1	Zydu Wellness Products Limited	Subsidiary	2,000	21,500
2	Zydu Wellness International DMCC	Subsidiary	298	190

- (b) According to the information and explanations given to us, and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of examination of the records of the Company, repayment of loan instalment together with interest, as stipulated, are regular.
- (d) According to the information and explanations given to us and on the basis of our examination of records of the Company, there is no overdue loans for more than ninety days in respect of the loan as at the balance sheet date.
- (e) According to the information and explanations given to us and on the basis of our examination of records of the Company, there is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the overdue of existing loans given to the same party.
- (f) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not given any loans either repayable on demand or without specifying any terms or period of repayment.
4. According to the information and explanations given to us and on the basis of our examination of the records,
7. (a) According to the information and explanations given to us and on the basis of our examination of the records, the company has been regular in depositing undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Duty of Custom, Duty of Excise, Value added Tax, Cess and any other material statutory dues

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- (b) Details of statutory dues of clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Sr. No.	Name of Statute	Nature of Dues	[₹ in Lakhs]		Period to which the amount relates	Forum where dispute is pending
			Gross Amount	Amount paid under protest		
1	Sales Tax Act and VAT Laws	Sales Tax	6	2	2003-04 2004-05	High Court of Andhra Pradesh
		Value Added Tax	668	5	2009-10 2010-11 2011-12	The Appellate Authority upto Commissioner Level
2	The Income Tax Act, 1961	Income Tax	41	8	AY 2018-19	Commissioner of Income Tax (Appeal)

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

9. (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 not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedure, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the information and explanations given to us, the Company has not availed term loans, hence reporting under Paragraph 3(ix)(c) is not applicable.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on overall examination of financial statements of the Company, we report that funds raised on short term basis have, not been used during the year for the long-term purpose by the Company.
- (e) According to the information and explanations given to us, and the procedures performed by us, and on overall examination of financial statements of the Company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) According to the information and explanations given to us, and the procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiary companies.
10. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under this clause of the Order is not applicable to the Company.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) and hence reporting under this clause of the Order is not applicable to the Company;
11. (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given by management/Audit Committee, there were no whistle blower complaints received by the Company during the year.
12. The Company is not a Nidhi Company and hence reporting under this clause of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is in compliance with section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone financial statements as required by the applicable accounting standards.
14. (a) In our opinion and based on our examination, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports to the Company issued till date for the period under audit.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with any of its directors or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
16. According to the information and explanations given to us and based on our examination of the records of the Company, we report that
- (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934;
- (b) The company has not conducted any non-banking or housing finance activities during the year;
- (c) The Company is not a Core Investment Company, as defined in the regulations made by the Reserve Bank of India;
- (d) The Group has more than One Core Investment Company (two Core Investment Companies) as part of the Group.
17. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
18. There has been no resignation of the statutory auditors of the Company during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable.

19. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the

Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration No.: 106625W

Mukesh M. Shah
Partner

Membership No.: 030190
UDIN:22030190AJCDNQ6651

Place : Ahmedabad
Date : May 17, 2022

“Annexure B” to the Independent 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 Wellness Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent limitations of Internal Financial Controls over Financial Reporting

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

Place : Ahmedabad
Date : May 17, 2022

Opinion

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

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration No.: 106625W

Mukesh M. Shah
Partner
Membership No.: 030190
UDIN:22030190AJCDNQ6651

Balance Sheet

As at March 31, 2022

₹ in Lakhs

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS:			
Non-current assets:			
Property, plant and equipment	3 [A]	2,200	2,104
Capital work-in-progress	3 [C]	177	87
Goodwill	3 [B]	2,282	2,282
Other intangible assets	3 [B]	18	19
Financial assets:			
Investments	4	3,67,125	3,67,125
Loans	5	21,690	24,400
Other financial assets	6	48	51
Deferred tax assets [net]	7	2,746	1,998
Other non-current assets	8	72	114
Assets for tax [net]	9	514	241
		3,96,872	3,98,421
Current assets:			
Inventories	10	905	1,518
Financial assets:			
Investments	11	1,202	-
Trade receivables	12	1,102	171
Cash and cash equivalents	13 [A]	310	502
Bank balance other than cash and cash equivalents	13 [B]	5,425	7,898
Other current financial assets	14	734	672
Other current assets	15	2,500	2,463
		12,178	13,224
Total		4,09,050	4,11,645
EQUITY AND LIABILITIES:			
Equity:			
Equity share capital	16	6,363	6,363
Other equity	17	3,93,655	3,95,566
		4,00,018	4,01,929
Liabilities:			
Non-current liabilities:			
Financial liabilities:			
Lease liabilities	41	31	49
Other financial liabilities	18	87	82
Provisions	19	171	230
		289	361
Current liabilities:			
Financial liabilities:			
Borrowings	20	4,600	4,975
Lease liabilities	41	17	16
Trade payables:			
Dues to Micro and Small Enterprises	21	26	98
Dues to other than Micro and Small Enterprises	21	3,090	3,460
Other financial liabilities	22	594	379
Other current liabilities	23	352	348
Provisions	24	64	79
		8,743	9,355
Total		4,09,050	4,11,645
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 46		

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

Mukesh M. Shah

Partner

Membership Number: 030190

Place: Ahmedabad

Date: May 17, 2022

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place: Mumbai

Date: May 17, 2022

Tarun Arora

CEO & Whole Time Director

DIN: 07185311

Place: Ahmedabad

Date: May 17, 2022

Umesh V. Parikh

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2022

Statement of Profit and Loss

For the year ended March 31, 2022

₹ in Lakhs

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
INCOME:			
Revenue from operations	27	21,625	11,383
Other income	28	1,540	6,680
Total Income		23,165	18,063
EXPENSES:			
Cost of materials consumed		14,589	8,342
Changes in inventories of finished goods, work-in-Progress and stock-in-trade	29	654	(127)
Employee benefits expense	30	3,106	3,064
Finance costs	31	202	7,466
Depreciation and amortisation expense	3 [A], [B]	284	349
Other expenses	32	3,808	5,076
Total Expenses		22,643	24,170
Profit/ [Loss] before exceptional items and tax		522	(6,107)
Less: Exceptional items	33	-	12,706
Profit/ [Loss] before Tax		522	(18,813)
Less: Tax expense:			
Current tax	34	-	-
Deferred tax	34	(748)	(599)
		(748)	(599)
Profit/ [Loss] for the year		1,270	(18,214)
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/ (losses) on post employment defined benefit plans, net of tax	19	1	16
Other Comprehensive Income for the year [net of tax]		1	16
Total Comprehensive Income for the year [net of tax]		1,271	(18,198)
Basic & Diluted Earnings per equity share [EPS] [in ₹]	35	2.00	(29.99)
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 46		

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

Mukesh M. Shah

Partner

Membership Number: 030190

Place: Ahmedabad

Date: May 17, 2022

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place: Mumbai

Date: May 17, 2022

Tarun Arora

CEO & Whole Time Director

DIN: 07185311

Place: Ahmedabad

Date: May 17, 2022

Umesh V. Parikh

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2022

Cash flow Statement

For the year ended March 31, 2022

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A Cash flows from operating activities		
Profit/ [Loss] before tax	522	(18,813)
Adjustments for:		
Depreciation and amortisation expense	284	349
Net Loss on disposal of Property, plant and equipment	1	5
FVTPL gain on sale of investments [net]	(1)	(78)
Interest income	(1,539)	(6,602)
Expected credit loss on trade receivables [net]	5	3
Provisions for probable product expiry claims and return of goods	(8)	-
Interest expense, Bank commission and charges	202	7,466
Effect of foreign exchange movement in borrowings	(4)	-
Provision for employee benefits	(65)	48
Premium paid to the holders of Non-Convertible Debentures [NCDs] upon purchase of the NCDs	-	12,706
Operating loss before working capital changes	(603)	(4,916)
Adjustment for:		
Decrease/ [Increase] in inventories	613	(284)
Increase in trade receivables	(952)	(45)
Increase in other assets	(276)	(485)
[Decrease]/ Increase in trade payables and other liabilities	(136)	313
Cash used in operations	(1,354)	(5,417)
Direct taxes paid [net of refunds]	(273)	244
Net cash used in operating activities	(1,627)	(5,173)
B Cash flows from investing activities:		
Purchase of Property, plant and equipment and Other intangible assets	(446)	(324)
Proceeds from sale of Property, plant and equipment	9	19
Repayment of loan by subsidiaries	5,012	67,736
Loan given to subsidiaries	(2,298)	-
Proceeds from sale/ redemption of non current investments in subsidiaries [net]	-	5,633
Net gain from sale of current investments	1	78
Interest received	1,655	8,472
Net cash from investing activities	3,933	81,614

Cash flow Statement

For the year ended March 31, 2022

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
C Cash flows from financing activities:		
Proceeds from issue of equity share capital [net of expense incurred to issue shares]	-	98,657
Repayment of non-current borrowings secured Non-convertible debentures	-	(1,50,000)
Premium paid to the holders of Non-Convertible Debentures [NCDs] upon purchase of the NCDs	-	(12,706)
Current Borrowings [net - (repayment) / taken]	(375)	3,345
Repayment of lease liabilities	(23)	(22)
Interest paid	(183)	(10,276)
Dividend paid (including tax on dividend paid)	(3,188)	(19)
Net cash used in financing activities	(3,769)	(71,021)
Net [decrease]/ increase in cash and cash equivalents	(1,463)	5,420
Cash and cash equivalents at the beginning of the year	8,400	2,980
Cash and cash equivalents at the end of the year	6,937	8,400

Notes to the Cash flow Statement

- The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".
- All figures in brackets are outflows.
- Previous year's figures have been regrouped wherever necessary.
- Cash and cash equivalents at the end [beginning] of the year include ₹ 55 [₹ 61] lakhs not available for immediate use.
- Cash and cash equivalents comprise of: ₹ in Lakhs

Particulars	As at March 31		
	2022	2021	2020
a Cash on Hand	2	-	2
b Balances with Banks	5,733	8,400	2,978
c Investments in liquid mutual funds	1,202	-	-
Total	6,937	8,400	2,980

- Change in liability arising from financing activities: ₹ in Lakhs

Particulars	Total Borrowings (Refer Note 20)
As at March 31, 2020	1,51,630
Cash Flow	(1,46,655)
Foreign exchange movement	-
As at March 31, 2021	4,975
Cash Flow	(375)
Foreign exchange movement	-
As at March 31, 2022	4,600

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

Mukesh M. Shah

Partner

Membership Number: 030190

Place: Ahmedabad

Date: May 17, 2022

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place: Mumbai

Date: May 17, 2022

Tarun Arora

CEO & Whole Time Director

DIN: 07185311

Place: Ahmedabad

Date: May 17, 2022

Umesh V. Parikh

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2022

Statement of Change in Equity

For the year ended March 31, 2022

A Equity Share Capital:

Particulars	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2020	5,76,64,144	5,766
Add: Shares issued during the year *	59,68,000	597
As at March 31, 2021	6,36,32,144	6,363
Add: Shares issued during the year	-	-
As at March 31, 2022	6,36,32,144	6,363

B Other Equity:

₹ in Lakhs

Particulars	Reserves and Surplus				Total
	Securities Premium	Debentures Redemption Reserve	General Reserve	Retained Earnings	
As at March 31, 2020	2,55,641	37,500	4,500	18,063	3,15,704
Less: Loss for the year		-	-	(18,214)	(18,214)
Add: Other Comprehensive Income		-	-	16	16
Total Comprehensive Income	-	-	-	(18,198)	(18,198)
Add: Addition pursuant to issue of shares *	99,393	-	-	-	99,393
Less: Utilized for issue of shares **	(1,333)	-	-	-	(1,333)
Transfer to Retained Earnings from Debenture Redemption Reserve	-	(37,500)	-	37,500	-
As at March 31, 2021	3,53,701	-	4,500	37,365	3,95,566
Add: Profit for the year	-	-	-	1,270	1,270
Add: Other Comprehensive Income	-	-	-	1	1
Total Comprehensive Income	-	-	-	1,271	1,271
Transactions with Owners in their capacity as owners:					
Dividends	-	-	-	(3,182)	(3,182)
As at March 31, 2022	3,53,701	-	4,500	35,454	3,93,655

* During the year ended March 31, 2021, the Company had issued and allotted 21,22,000 and 38,46,000 Equity Shares of ₹ 10 each to Promoters group and Qualified Institutional Investors on September 19, 2020 and September 28, 2020 at an issue price of ₹ 1,649 and ₹ 1,690 per Equity share respectively (including premium of ₹ 1,639 and ₹ 1,680 per Equity Share). Pursuant to allotment of Equity Shares to Promoters group and Qualified Institutional Investors, the paid up share capital of the Company stands increased to ₹ 6,363 Lakhs.

** Includes payment to Auditors ₹ 3 Lakhs

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

Mukesh M. Shah

Partner

Membership Number: 030190

Place: Ahmedabad

Date: May 17, 2022

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place: Mumbai

Date: May 17, 2022

Tarun Arora

CEO & Whole Time Director

DIN: 07185311

Place: Ahmedabad

Date: May 17, 2022

Umesh V. Parikh

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2022

Notes to the Financial Statements

Note: 1 - Company overview:

Zydus Wellness Limited [“the Company”] was incorporated on November 1, 1994 and operates as an integrated consumer Company with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Company includes brands like Sugar Free, Everyuth and Nutralite. The Company’s shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited [BSE]. The registered office of the company is located at Zydus Corporate Park, Scheme No. 63, Survey No. 536 Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad 382 481.

These financial statements were authorised for issue in accordance with a resolution passed by Board of the Directors at its meeting held on May 17, 2022.

Note: 2 - Significant Accounting Policies:

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

1 Basis of preparation:

- A** The financial statements are in compliance with the Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.
- B** The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value at the end of the reporting periods:
 - i Derivative financial instruments
 - ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]
 - iii Defined benefit plans

2 Use of Estimates:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and

liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments are provided below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Critical accounting judgments and estimates:

A Taxes on Income:

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

B Property, Plant and Equipment:

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

C Employee Benefits:

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

D Product warranty and expiry claims:

Significant judgments are involved in determining the estimated stock lying in the market with product shelf

Notes to the Financial Statements (Contd...)

life and estimates of likely claims on account of expiry of such unsold goods lying with stockist.

E Impairment of Property, Plant and Equipments, Goodwill and Investments:

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

F Contingent liabilities:

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

3 Foreign Currency Transactions:

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

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

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

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

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

4 Revenue Recognition:

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

a Sale of Goods:

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when

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

b Service Income:

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

B 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.

Notes to the Financial Statements (Contd...)

b Dividend:

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

c Other Income:

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

5 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

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

B Deferred Tax:

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

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

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

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

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

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

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

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

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

6 Property, Plant and Equipment:

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

Notes to the Financial Statements (Contd...)

Equipment. On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

- B** Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognised separately as independent items and are depreciated over their estimated economic useful lives.
- C** Depreciation on tangible assets is provided on “straight line method” based on the useful lives as prescribed under Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. However, management reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods.

The estimated useful lives are as follows:

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

- D** Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life.
- E** Depreciation on additions/ disposals of the Property, Plant and Equipment during the year is provided on pro-rata basis according to the period during which assets are used.
- F** Where the actual cost of purchase of an asset is below ₹ 10,000/-, the depreciation is provided @ 100%.
- G** Capital work in progress is stated at cost less accumulated impairment loss, if any.
- H** An item of property, plant and equipment and any significant part initially recognised is derecognised

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

7 Intangible Assets:

- A** Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
- B** Internally generated intangibles are not capitalised and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.
- C** Goodwill arising on acquisition of business is assessed at each balance sheet date for any impairment loss.
- D** Technical Know-how Fees and other similar rights are amortised over their estimated economic life.
- E** Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life of four years as estimated by the management at the time of capitalisation.
- F** Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
- G** An item of intangible asset initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the statement of Profit and Loss when the asset is derecognised.
- ### 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.

Notes to the Financial Statements (Contd...)

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 Non Financials 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 and Work-in-Progress is determined on Moving Average Method.

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Write down of inventories to net realisable value is recognised as an expenses and included 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 and short term highly liquid investments.

13 Provisions, Contingent Liabilities and Contingent Assets:

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

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

14 Provision for Product Expiry Claims:

Provisions for product expiry related costs are recognised when the product is sold to the customer. Initial

Notes to the Financial Statements (Contd...)

recognition is based on historical experience. The initial estimate of product expiry claim related costs is revised annually.

15 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

Gratuity:

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The Liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss.

Re-measurements gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "Other Comprehensive Income" and are included in retained earnings in the Statement of Changes in Equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

The 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:

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

C Employee Separation Costs:

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

Notes to the Financial Statements (Contd...)

16 Dividends :

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

17 Financial Instruments:

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

A Financial assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

i Debt instruments at amortised cost:

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

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

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

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

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

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

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

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

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

iv Equity instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as 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

Notes to the Financial Statements (Contd...)

changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

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

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

v Investments in subsidiaries :

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the differences between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss. Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amounts as their deemed costs on the date of transition to Ind AS i.e., April 1, 2015.

c Derecognition:

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to

what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. When the Company has transferred the risk and rewards of ownership of the financial asset, the same is derecognised.

d Impairment of financial assets:

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

- a Financial assets that are debt instruments, and are measured at amortised cost
- b Trade receivables or any contractual right to receive cash or another financial asset
- c Financial assets that are debt instruments and are measured as at FVTOCI

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

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL

Notes to the Financial Statements (Contd...)

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

ECL impairment loss allowance [or reversal] is recognized as income/ expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- a Financial assets measured as at amortised cost 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.
- b Financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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

B Financial liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

c Derecognition:

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

d Embedded derivatives:

An embedded derivative is a component of a hybrid [combined] instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

C Reclassification of financial assets:

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

Notes to the Financial Statements (Contd...)

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 Leases:

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

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

The Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 did not have any impact to be recognised in equity as an adjustment to the opening balance of retained earnings for the current period. For contracts in place at the date of initial application, the Company has elected to apply the definition of lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17. The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.

Notes to the Financial Statements (Contd...)

As a lessee:

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

Measurement and recognition of leases as a lessee:

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

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

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

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

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.

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 reverse share splits [consolidation of shares] that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs ["MCA"] notifies new standard or amendments to the existing standards under Companies [Indian Accounting Standards] Rules as issued from time to time. On March 23, 2022, the MCA amended the Companies [Indian Accounting Standards] Amendment Rules, 2022, applicable from April 1, 2022, as below:

a Ind AS 103 – Business Combination:

The amendment clarifies that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any impact on its financial statements.

Notes to the Financial Statements (Contd...)

b Ind AS 109 – Financial Instruments:

The amendment clarifies the nature of fees which can be included by the entity for the purpose of assessing the '10 percent' test for derecognition of financial liabilities. The amendment is not expected to have any material impact on the Company's financial statement.

c Ind AS 16 – Property, Plant and Equipments:

The amendments clarify, the excess of net sale proceeds of items produced over the cost of testing, if any, should not be recognised in the statement of

profit or loss but deducted from the directly attributable costs considered as part of cost of an item of PPE. The Company does not expect the amendment to have any material impact on its financial statements.

d Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

The amendments clarify the nature of costs that can be directly related to the contract for the purpose of assessing the contract is onerous. The Company does not expect the amendment to have any material impact in its financial statements.

Notes to the Financial Statements (Contd...)

Note: 3 - Property, plant and equipment & Intangible Assets:

[A] Property, Plant and Equipment:

₹ in Lakhs

Particulars	Freehold Land	Leasehold Land	Buildings *	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2020	49	3	681	4,067	283	180	175	5,438
Additions	-	-	21	345	7	106	5	484
Disposals	-	-	-	(4)	-	(66)	-	(70)
As at March 31, 2021	49	3	702	4,408	290	220	180	5,852
Additions	-	-	26	312	-	45	1	384
Disposals	-	-	-	(12)	(2)	(9)	(1)	(24)
As at March 31, 2022	49	3	728	4,708	288	256	180	6,212
Depreciation and Impairment:								
As at March 31, 2020	-	3	248	2,789	164	102	142	3,448
Depreciation for the year	-	-	35	260	25	16	10	346
Disposals	-	-	-	(4)	-	(42)	-	(46)
As at March 31, 2021	-	3	283	3,045	189	76	152	3,748
Depreciation for the year	-	-	36	186	25	22	9	278
Disposals	-	-	-	(11)	(1)	(1)	(1)	(14)
As at March 31, 2022	-	3	319	3,220	213	97	160	4,012
Net Block:								
As at March 31, 2021	49	-	419	1,363	101	144	28	2,104
As at March 31, 2022	49	-	409	1,488	75	159	20	2,200

[B] Intangible Assets:

₹ in Lakhs

Particulars	Goodwill	Other intangible assets				Total
		Brand/ Trade Mark	Softwares	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2020	2,282	5	19	10	2	36
Additions	-	-	22	-	-	22
As at March 31, 2021	2,282	5	41	10	2	58
Additions	-	-	5	-	-	5
As at March 31, 2022	2,282	5	46	10	2	63
Amortisation and Impairment:						
As at March 31, 2020	-	5	19	10	2	36
Amortisation for the year	-	-	3	-	-	3
As at March 31, 2021	-	5	22	10	2	39
Amortisation for the year	-	-	6	-	-	6
As at March 31, 2022	-	5	28	10	2	45
Net Block:						
As at March 31, 2021	2,282	-	19	-	-	19
As at March 31, 2022	2,282	-	18	-	-	18

Notes to the Financial Statements (Contd...)

Note: 3 - Property, plant and equipment & Intangible Assets: (Contd..)

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

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Projects in progress:		
Less than 1 year	167	87
1 - 2 years	10	-
2 - 3 years	-	-
More than 3 years	-	-
Total Capital work-in-progress	177	87

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

Notes:

- Legal titles of the immovable properties are in the name of the Company [excluding lease assets].
- Additions of Nil [Previous Year: ₹ 12] Lakhs in research assets during the year are included in "Additions" under the respective heads of Gross Block of Property, plant and equipment and Intangible Assets.

[*] Includes right of use assets, Refer Note 41 for detailed breakup.

Note: 4 - Investments:

₹ in Lakhs

Particulars	Face Value [*]	Nos.[**]	As at March 31, 2022	As at March 31, 2021
Investments in Subsidiaries				
Investments in Equity Instruments			2,30,283	2,30,283
Investments in Preference Shares			1,36,842	1,36,842
Total			3,67,125	3,67,125
A Details of Investments in Subsidiaries				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Wellness Products Limited [44,01,408 shares allotted pursuant to conversion of Compulsorily Convertible Debentures into equity during the year ended March 31, 2021]	10	17,28,90,343	2,30,206	2,30,206
Liva Nutritions Limited	10	50,000	5	5
Liva Investment Limited	10	2,50,000	25	25
Zydus Wellness International DMCC	AED 1000	250	47	47
			2,30,283	2,30,283
In fully paid-up 7% Optionally Convertible Non-Cumulative redeemable preference shares of:				
Zydus Wellness Products Limited [16,76,000 shares subscribed during the year and 16,75,824 shares redeemed during the year ended March 31, 2021]	10	4,36,06,742	1,36,542	1,36,542
Liva Nutritions Limited	10	30,00,000	300	300
Total			1,36,842	1,36,842
Total			3,67,125	3,67,125
B Aggregate book value of unquoted investment			3,67,125	3,67,125
C Explanations:				
a In "Face Value [*]", figures in Indian ₹, unless stated otherwise.				
b In "Nos. [**]" figures of previous year are same unless stated in [].				

Notes to the Financial Statements (Contd...)

Note: 5 - Loans:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
[Unsecured, Considered Good unless otherwise stated]		
Loans to related party [*]	21,690	24,400
Total	21,690	24,400
[*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 (**):		
Name of the party and relationship with the party to whom given:		
A Subsidiary Companies		
a Zydus Wellness Products Limited	21,500	24,400
b Zydus Wellness International DMCC	190	-
Total	21,690	24,400
(**) Loans which are outstanding at the end of the respective financial year.		
Notes:		
a All the above loans have been given for business purposes.		
b The loan to subsidiary company are receivable within 4 years along with applicable interest.		

Note: 6 - Other financial assets:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	48	44
Other	-	7
Total	48	51

Note: 7 - Deferred tax [net]:

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

₹ in Lakhs

Particulars	As at March 31, 2020	Impact for the previous year	As at March 31, 2021	Impact for the current year	As at March 31, 2022
Deferred tax liabilities					
Depreciation	48	3	51	52	103
	48	3	51	52	103
Deferred tax assets					
Employee benefits	127	4	131	(10)	121
Unabsorbed depreciation and business loss	1,315	597	1,912	810	2,722
Provision for Expiry and Breakages	5	-	5	(2)	3
Others	-	1	1	2	3
	1,447	602	2,049	800	2,849
Net Deferred Tax Assets	1,399	599	1,998	748	2,746

B. The Net deferred tax assets of ₹ 748 Lakhs [March 31, 2021: ₹ 599 Lakhs] for the year has been credited in the Statement of Profit and Loss.

Notes to the Financial Statements (Contd...)

Note: 7 - Deferred tax [net]: (Contd...)

- C. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- D. The Company has tax losses of ₹ 23,342 Lakhs [March 31, 2021: ₹ 23,913 Lakhs] that are available for offsetting for indefinite period, except losses of ₹ 22,572 Lakhs which are available for offset for eight years against future taxable profits of the company in which the losses arose. Out of ₹ 22,572 Lakhs, majority of these losses will expire in March 2029. Unabsorbed Depreciation is allowed to be set-off for indefinite period.

Note: 8 - Other non-current assets:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	64	97
Balances with Statutory Authorities	8	17
Total	72	114

Note: 9 - Assets for tax [net]:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Advance payment of tax [Net of provision for taxation of ₹ 349 Lakhs (as at March 31, 2021: ₹ 349 Lakhs)]	514	241
Total	514	241

Note: 10 - Inventories:

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

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Classification of Inventories:		
Raw Materials	304	286
Work-in-progress	4	1
Finished Goods	427	1,083
Stock-in-Trade	16	17
Stores and Spares	16	16
Others:		
Packing Materials	138	115
Total	905	1,518
The above includes Goods in transit as under:		
Raw Materials	23	-
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories:		
- Net of reversal of write down	294	95

Notes to the Financial Statements (Contd...)

Note: 11 - Investments:

₹ in Lakhs

Particulars	Nos.[**]	As at March 31, 2022	As at March 31, 2021
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss] [*]			
ICICI prudential overnight fund direct plan growth	699326.971 [0]	802	-
SBI overnight fund direct growth plan	11557.854 [0]	400	-
Total		1,202	-
A. Aggregate amount of quoted investments and aggregate value thereof		1,202	-
[*] Considered as cash and cash equivalents for Cash Flow Statement			
[**] In "Nos." figures of previous year are stated in []			

Note: 12 - Trade receivables:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured - Considered good	1,102	171
Unsecured - Credit impaired	8	3
	1,110	174
Less: Allowances for credit losses	(8)	(3)
Total	1,102	171

Ageing of Trade Receivables :

[A] As at March 31, 2022

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 Months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed – considered good	819	278	5	-	-	-	1,102
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	4	4	-	-	8
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
Total	819	278	9	4	-	-	1,110

Notes to the Financial Statements (Contd...)

Note: 12 - Trade receivables: (Contd...)

[B] As at March 31, 2021

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 Months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed – considered good	78	87	5	1	-	-	171
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	2	1	-	-	3
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
Total	78	87	7	2	-	-	174

Note: 13 [A] - Cash and cash equivalents:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks	308	502
Cash on Hand	2	-
Total	310	502

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: 13 [B] - Bank balance other than cash and cash equivalents:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Earmarked balances with bank for unclaimed dividend accounts	55	61
Balances with Banks	5,370	7,837
Total	5,425	7,898

Note: 14 - Other current financial assets:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
[Unsecured, Considered Good unless otherwise stated]		
Interest Receivable but not due [*]	556	672
Other receivables	178	-
Total	734	672
[*] Details of interest receivable from Related Parties are as under:		
A Subsidiaries Companies		
a Zydus Wellness Products Limited	552	672
b Zydus Wellness International DMCC	4	-
Total	556	672

Notes to the Financial Statements (Contd...)

Note: 15 - Other current assets:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
[Unsecured, Considered Good unless otherwise stated]		
Advances to Suppliers	62	135
Prepaid Expenses	17	19
Balances with Statutory Authorities	2,421	2,309
Total	2,500	2,463

Note: 16 - Equity share capital:

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised:		
10,00,00,000 [as at March 31, 2021: 10,00,00,000] Equity shares of ₹ 10 each	₹ in Lakhs 10,000	10,000
Total	10,000	10,000
Issued, Subscribed and fully paid-up:		
6,36,32,144 [as at March 31, 2021: 6,36,32,144] Equity shares of ₹ 10 each	₹ in Lakhs 6,363	6,363
Total	6,363	6,363

Particulars	As at March 31, 2022	As at March 31, 2021
A. The reconciliation in number of Equity shares is as under:		
Number of shares at the beginning of the year	6,36,32,144	5,76,64,144
Add: Shares issued during the year	-	59,68,000
Number of shares at the end of the year	6,36,32,144	6,36,32,144
B. The Company has only one class of equity shares having a par value of ₹ 10 each per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts and all liabilities.		
C. Details of Shareholders holding more than 5% of total equity shares of the Company		
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]		
Number of Shares	3,66,47,509	3,66,47,509
% to total share holding	57.59%	57.59%
Zydus Family Trust		
Number of Shares	45,93,193	45,93,193
% to total share holding	7.22%	7.22%
Threpsi Care LLP (True North)		
Number of Shares	72,20,216	72,20,216
% to total share holding	11.35%	11.35%
D. Number of Shares held by Holding Company		
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	3,66,47,509	3,66,47,509

Notes to the Financial Statements (Contd...)

Note: 16 - Equity share capital: (Contd...)

E. Details of Equity Shares held by promoters at the end of the year March 31, 2022.

Sr. No.	Promoter's Name	No. of Shares	% of total shares	% change during the year
1	Mr. Pankaj R. Patel	1,599	0.00%	0.00%
2	Pankaj R. Patel HUF	1,066	0.00%	0.00%
3	Pankaj R. Patel (Taraben Patel Family Will Trust)	533	0.00%	0.00%
4	Mrs. Priti P. Patel	533	0.00%	0.00%
5	Dr. Sharvil P. Patel	533	0.00%	0.00%
6	Mrs. Shivani P. Patel	533	0.00%	0.00%
7	Zydus Family Trust	45,93,193	7.22%	0.00%
8	Zydus Lifesciences Limited	3,66,47,509	57.59%	0.00%
9	Pripan Investment Private Limited	640	0.00%	0.00%

Note: 17 - Other equity:

Particulars	₹ in Lakhs	
	As at March 31, 2022	As at March 31, 2021
Debentures Redemption Reserves:		
Balance as per last Balance Sheet	-	37,500
Less: Transfer to Retained Earnings	-	(37,500)
Balance as at the end of the year	-	-
Securities Premium: [*]		
Balance as per last Balance Sheet	3,53,701	2,55,641
Add: Addition pursuant to issue of shares	-	99,393
Less: Utilized for issue of shares [includes payment to Auditors ₹ 3 Lakhs]	-	(1,333)
Balance as at the end of the year	3,53,701	3,53,701
General Reserve: [**]		
Balance as per last Balance Sheet	4,500	4,500
	4,500	4,500
Retained Earnings:		
Balance as per last Balance Sheet	37,365	18,063
Add/ [Less]: Profit/ [Loss] for the year	1,270	(18,214)
Add: Other Comprehensive Income for the year	1	16
	38,636	(135)
Add: Transfer from Debentures Redemption Reserves	-	37,500
Less: Dividends	(3,182)	-
	(3,182)	37,500
Balance as at the end of the year	35,454	37,365
Total	3,93,655	3,95,566

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

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

Notes to the Financial Statements (Contd...)

Note: 18 - Other financial liabilities:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Others deposits	87	82
Total	87	82

Note: 19 - Provisions:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits	171	230
Total	171	230

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

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

Investment risk:

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

Interest risk:

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

Longevity risk:

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

Salary risk:

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

Notes to the Financial Statements (Contd...)

Note: 19 - Provisions: (Contd...)

₹ in Lakhs

Particulars	March 31, 2022			March 31, 2021		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B Change in the present value of the defined benefit obligation:						
Opening obligation	53	383	300	42	351	258
Transfer in/ [out] Obligation	(14)	(42)	(28)	-	-	22
Interest cost	3	22	18	3	23	18
Current service cost	4	40	55	4	43	52
Benefits paid	-	(50)	(17)	-	(60)	(28)
Actuarial [gains] / losses on obligation due to:						
Experience adjustments	5	23	18	3	7	7
Change in financial assumptions	(3)	(17)	(16)	1	19	(29)
Closing obligation	48	359	330	53	383	300
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	163	280	-	153	237
Transfer in/ [out] Obligation	-	-	(4)	-	-	22
Expected return on plan assets	-	4	3	-	-	(6)
Interest Income	-	10	18	-	10	18
Contributions by employer	-	-	53	-	-	37
Benefits paid	-	-	(17)	-	-	(28)
Closing fair value of plan assets	-	177	333	-	163	280
Total actuarial [gains]/losses to be recognised	2	2	(1)	4	26	(16)
D Actual return on plan assets:						
Actual return on plan assets	-	14	21	-	10	12
E Amount recognised in the balance sheet:						
Liabilities/[Assets] at the end of the year	48	359	330	53	383	300
Fair value of plan assets at the end of the year	-	(177)	(333)	-	(163)	(280)
Liabilities / [Assets] recognised in the Balance Sheet	48	182	(3)	53	220	20
F Expenses / [Incomes] recognised in the Statement of Profit and Loss:						
Current service cost	4	40	55	4	43	52
Interest cost on benefit obligation	3	22	18	3	23	18
Expected return on plan assets	-	(10)	(18)	-	(10)	(18)
Net actuarial [gains] / losses in the year	2	2	-	4	26	-
Net expenses / [benefits]	9	54	55	11	82	52
Net actuarial (gains)/ losses in the year	-	-	(1)	-	-	(16)
Amounts recognized in Other Comprehensive income [OCI]	-	-	(1)	-	-	(16)

Notes to the Financial Statements (Contd...)

Note: 19 - Provisions: (Contd...)

₹ in Lakhs

Particulars	March 31, 2022			March 31, 2021		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
G Movement in net liabilities recognised in Balance sheet:						
Opening net liabilities	53	220	20	42	198	21
Transfer in/ [out] Obligation	(14)	(42)	(24)	-	-	-
Expenses as above [Profit & Loss Charge]	9	54	55	11	82	52
Amount recognised in OCI	-	-	(1)	-	-	(16)
Contribution to plan assets	-	-	(53)	-	-	(37)
Benefits Paid	-	(50)	-	-	(60)	-
Liabilities/ [Assets] recognised in the Balance Sheet	48	182	(3)	53	220	20
H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:						
Discount rate	6.90%	6.90%	6.90%	6.25%	6.25%	6.25%
[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations.]						
Annual increase in salary cost	9%			9%		
[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.]						
I The categories of plan assets as a % of total plan assets are:						
Insurance plan	0%	100%	100%	0%	100%	100%

J Amount recognised in current and previous four years:

₹ in Lakhs

Particulars	As at March 31				
	2022	2021	2020	2019	2018
Gratuity:					
Defined benefit obligation	330	300	258	197	188
Fair value of Plan Assets	333	280	237	217	166
Deficit / [Surplus] in the plan	(3)	20	21	(20)	22
Actuarial Loss / [Gain] on Plan Obligation	2	(22)	26	(45)	(27)
Actuarial Loss/ [Gain] on Plan Assets	-	-	-	-	-

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2021-22.

The average duration of future service of defined benefit plan obligation at March 31, 2022: 22.00 years [as at March 31, 2021 : 22.79 years].

Notes to the Financial Statements (Contd...)

Note: 19 - Provisions: (Contd...)

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is shown below:

₹ in Lakhs

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2022	2021	2022	2021	2022	2021
Impact on obligation:						
Discount rate increase by 0.5%	(2)	(2)	(12)	(13)	(12)	(12)
Discount rate decrease by 0.5%	2	2	13	14	13	13
Annual salary cost increase by 0.5%	2	2	13	14	12	12
Annual salary cost decrease by 0.5%	(2)	(2)	(12)	(13)	(12)	(12)

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

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Within the next 12 months [next annual reporting period]	92	70
Between 2 and 5 years	238	232
Between 5 and 10 years	455	276
Total expected payments	785	578

Note: 20 - Borrowings:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Loans repayable on demand:		
Working Capital Loans from Banks [Unsecured]	4,600	4,975
Total	4,600	4,975

Notes to the Financial Statements (Contd...)

Note: 21 -Trade Payables:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Dues to Micro and Small Enterprises [*]	26	98
Dues to other than Micro and Small Enterprises	3,090	3,460
Total	3,116	3,558
[*] Disclosure in respect of Micro and Small Enterprises:		
A. Principal amount remaining unpaid to any supplier as at year end	26	98
B. Interest due thereon	1	2
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.	2	-
D. Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
E. Amount of interest accrued and remaining unpaid at the end of the accounting year.	1	2
F. Amount of further interest remaining due and payable in succeeding years.	1	2
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.		

Ageing of Trade Payables :

[A] As at March 31, 2022

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Micro and Small Enterprises [MSME]	26	-	-	-	-	26
Undisputed Others	2,239	828	18	3	2	3,090
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	2,265	828	18	3	2	3,116

[B] As at March 31, 2021

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Micro and Small Enterprises [MSME]	93	5	-	-	-	98
Undisputed Others	2,411	1,000	38	9	2	3,460
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	2,504	1,005	38	9	2	3,558

Notes to the Financial Statements (Contd...)

Note: 22 - Other financial liabilities:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	13	-
Payable to Employees	526	318
Unpaid Dividends [*]	55	61
Total	594	379

[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Note: 23 - Other current liabilities:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Advances from customers	159	175
Payable to Statutory Authorities	193	173
Total	352	348

Note: 24 - Provisions:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits [*]	56	63
Provision for claims for product expiry and return of goods [**]	8	16
Total	64	79

[*] Refer Note 19

[**] Provision for claims for product expiry and return of goods:

a. Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.

b. The movement in such provision is stated as under:

Opening balance at the beginning of the financial year	16	16
Add: Provision created during the year	57	107
Less: Provision used during the year	(65)	(107)
Closing balance at the end of the financial year	8	16

Notes to the Financial Statements (Contd...)

Note: 25 - Contingent liabilities and commitments [to the extent not provided for]:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
A Contingent liabilities:		
a Other money for which the Company is contingently liable:		
i In respect of Sales Tax and VAT matters pending before appellate authorities/ court which the Company expects to succeed, based on decisions of Tribunals/ Courts	674	674
ii In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts	41	-
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	488	93

Note: 26 - Dividend proposed to be distributed:

The Board of Directors, at its meeting held on May 17, 2022, recommended the final dividend of ₹ 5 per equity share of ₹ 10/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Notes to the Financial Statements (Contd...)

Note: 27 - Revenue from operations:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Sale of Products [*]	19,042	11,283
Other Operating Revenues:		
Net Gain on foreign currency transactions and translation	3	47
Royalty income	2,298	-
Miscellaneous income	282	53
Total	21,625	11,383
[*] Reconciliation of revenue recognised in the statement of profit and loss with the contracted price:		
Revenue as per contracted price, net of returns	19,748	12,329
Less:		
Discounts/ Price Reduction/ Rebates	706	1,046
	706	1,046
Revenue from contract with customers	19,042	11,283

Note: 28 - Other income:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Finance Income:		
Interest income on financial assets measured at amortised cost	1,539	6,602
Gain on Investments mandatorily measured at FVTPL	1	78
Total	1,540	6,680

Note: 29 - Changes in inventories:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Stock at commencement:		
Work-in-progress	1	2
Finished Goods	1,083	935
Stock-in-trade	17	37
	1,101	974
Less: Stock at close:		
Work-in-progress	4	1
Finished Goods	427	1,083
Stock-in-trade	16	17
	447	1,101
Total	654	(127)

Notes to the Financial Statements (Contd...)

Note: 30 - Employee benefits expense:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages	2,884	2,842
Contribution to provident and other funds [*]	187	193
Staff welfare expenses	35	29
Total	3,106	3,064
Above expenses include:		
Research related expenses:		
Salaries and wages	284	237
Contribution to provident and other funds	17	17
Total	301	254
Whole-time Director's Remuneration	118	128
[*] The Company's contribution towards the defined contribution plan	130	139

Note: 31 - Finance cost:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense [*]	201	7,463
Bank commission and charges	1	3
Total	202	7,466
[*] The break up of interest expense into major heads is given below:		
On Non Convertible Debentures	-	7,297
On working capital loans	194	157
On lease liabilities	6	7
On others	1	2
Total	201	7,463

Notes to the Financial Statements (Contd...)

Note: 32 - Other expenses:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Consumption of stores and spare parts	61	59
Power and fuel	263	236
Labour charges	302	292
Rent	79	124
Repairs to buildings	10	19
Repairs to plant and machinery	92	100
Repairs to others	87	68
Insurance	65	37
Rates and taxes	33	146
Traveling expenses	57	146
Legal and professional fees [*]	358	238
Commission on sales	113	191
Freight and forwarding on sales	690	1,065
Advertisement and Sales promotions	1,093	1,118
Representative Allowances	31	198
Outside services	99	285
Other marketing expenses	76	192
Directors' fees	59	83
Remuneration to independent directors	20	20
Allowances of credit losses		
Trade receivables written off	-	-
Expected credit loss	5	3
Net Loss on disposal of Property, plant and equipment [Net of gain of ₹ NIL (Previous Year: ₹ 1) Lakhs]	1	5
Miscellaneous Expenses [**]	214	451
Total	3,808	5,076
Above expenses include Research related expenses as follows:		
Consumption of Stores and spare parts	1	1
Repairs to others	3	2
Miscellaneous Expenses	78	108
Total	82	111
[*] Legal and professional fees include:		
a Payment to the Statutory Auditors [excluding Taxes]:		
As Auditor	9	9
For Other Services	3	1
Total	12	10
b Cost Auditor's Remuneration including fees for other services	3	3

Notes to the Financial Statements (Contd...)

Note: 32 - Other expenses: (Contd...)

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
[**] Miscellaneous expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	-	92
Particulars with regard to CSR activities :		
1 Amount required to be spent during the year	-	92
2 Amount of expenditure incurred	-	92
3 Shortfall at the end of the year	-	-
4 Total of previous years shortfall	-	-
5 Reasons for shortfall	-	-
6 Nature of CSR Activities:		
A Healthcare	-	92
7 Details of Related Parties:		
A Contribution to Zydus Foundation, a fellow subsidiary of the Company, is a company incorporated under Section 8 of the Companies Act, 2013	-	92
8 Movements in the provision of CSR:		
A Opening Balance	-	-
B Provision made during the year	-	92
C Provision reversed during the year	-	92
D Closing Balance	-	-

Note: 33 - Exceptional items:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Exceptional items [*]	-	12,706
Total	-	12,706

[*] During the year ended March 31, 2021, the secured Non-Convertible debentures (NCDs) previously issued by the Company had been redeemed amounting to ₹ 1,50,000 Lakhs and the premium amount paid towards the purchase of the above NCDs is expensed off as an exceptional items.

Notes to the Financial Statements (Contd...)

Note: 34 - Tax expense:

The major components of income tax expense are:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A. Statement of profit and loss:		
Profit or loss section:		
Current income tax charge	-	-
Deferred tax relating to origination and reversal of temporary differences	(748)	(599)
Total reported in the Statement of Profit and Loss	(748)	(599)
B. Reconciliation of tax expense and accounting profit/ loss multiplied by India's domestic tax rate:		
Profit/ [Loss] before tax:	522	(18,813)
Enacted Tax Rate in India (%)	26.00%	26.00%
Expected Tax Expenses	136	(4,891)
Adjustments for:		
Effect of unrecognised deferred tax assets/ liabilities	(909)	4,267
Effect of other non-deductible expenses	22	21
Others	3	4
Tax expense as per Statement of Profit and Loss	(748)	(599)

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

Particulars		Year ended March 31, 2022	Year ended March 31, 2021
A. The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
i. Profit/ [Loss] attributable to Shareholders	₹- in Lakhs	1,270	(18,214)
ii. Basic and weighted average number of Equity shares outstanding during the year	Numbers	6,36,32,144	6,07,41,344
iii. Nominal value of equity share	₹	10	10
iv. Basic & diluted Earnings per equity share [EPS]	₹	2.00	(29.99)

Note: 36 - Segment Information:

Segment Information has been given in the Consolidated Financial Statements of the Company. Hence, as per Ind AS-108 "Operating Segments" issued by the Ministry of Corporate Affairs, no separate disclosure on segment information is given in these financial statements.

Notes to the Financial Statements (Contd...)

Note: 37 - Related Party Transactions:

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

a	Entity having control over Holding Company : Zydus Family Trust *	
b	Holding Company: Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	
c	Subsidiary Companies:	
	Liva Investment Limited	Zydus Wellness International DMCC [Dubai]
	Liva Nutritions Limited	Zydus Wellness (BD) Pvt Limited [Bangladesh]
	Zydus Wellness Products Limited	
d	Fellow Subsidiaries/ Concerns:	
	Zydus Healthcare Limited	Nesher Pharmaceuticals (USA) LLC [USA]
	German Remedies Pharmaceuticals Private Limited	ZyVet Animal Health Inc. [USA]
	Zydus Animal Health and Investments Limited	Zydus Healthcare (USA) LLC [USA]
	Dialforhealth Unity Limited	Sentynt Therapeutics Inc. [USA]
	Dialforhealth Greencross Limited	Zydus Noveltech Inc. [USA]
	Violio Healthcare Limited	Hercon Pharmaceuticals LLC [USA]
	Zydus Pharmaceuticals Limited	Viona Pharmaceuticals Inc. [USA]
	Biochem Pharmaceutical Private Limited	Zydus Therapeutics Inc. [ZTI] [USA]
	Zydus Strategic Investments Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
	Zydus VTEC Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
	Zydus Foundation **	Script Management Services (Pty) Ltd [South Africa]
	M/s. Recon Pharmaceuticals and Investments, a Partnership Firm	Zydus France, SAS [France]
	Zydus International Private Limited [Ireland]	Laboratorios Combix S.L. [Spain]
	Zydus Netherlands B.V. [the Netherlands]	Etna Biotech S.R.L. [Italy]
	Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
	Zydus Nikkho Farmaceutica Ltda. [Brazil]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
	Alidac Healthcare (Myanmar) Limited [Myanmar]	Zydus Worldwide DMCC [Dubai]
	Zydus Healthcare Philippines Inc. [Philippines]	Zydus Discovery DMCC [Dubai] [Merged with ZTI w.e.f. July 1, 2021]
	Zydus Pharmaceuticals (USA) Inc. [USA]	
e	Directors	
	Dr. Sharvil P. Patel	Non-Executive Chairman
	Mr. Ganesh N. Nayak	Non-Executive Director
	Mr. Kulin S. Lalbhai	Independent Director
	Mr. Savyasachi S. Sengupta	Independent Director
	Mr. Ashish P. Bhargava	Nominee Director
	Mr. Srivishnu R. Nandyala	Independent Director
	Ms. Dharmishtaben N. Raval	Independent Director
f	Key Managerial Personnel [KMPs]:	
	Mr. Tarun Arora	Chief Executive Officer [CEO] & Whole Time Director
	Mr. Umesh V. Parikh	Chief Financial Officer
	Mr. Dhanraj P. Dagar ***	Company Secretary

Notes to the Financial Statements (Contd...)

Note: 37 - Related Party Transactions: (Contd...)

g	Enterprises significantly influenced by Directors and/ or their relatives of Holding Company:
	Mukesh M. Patel & Co.
h	Enterprises significantly influenced by Directors and/ or their relatives of the Company:
	Cadmach Machinery Company Private Limited
	Zydus Hospitals and Healthcare Research Private Limited
i	Post Employment Benefits Plan-
	Zydus Wellness Limited Employee Group Gratuity Scheme
	Zydus Wellness Sikkim Employee Group Gratuity Scheme

* Zydus Family Trust is a related party as per Ind AS.

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

*** Resigned w.e.f. close of business hours of May 9, 2022.

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business:

a Details relating to parties referred to in Note 37 - A [a, b, c, d and i]

₹ in Lakhs

Nature of Transactions	Value of the Transactions					
	Holding Company/ Entity having control over Holding Company		Subsidiaries and Fellow Subsidiaries/ concerns		Post Employment Benefits Plan	
	Year ended March 31					
	2022	2021	2022	2021	2022	2021
Sales:						
Goods:						
Zydus Wellness Products Limited	-	-	10,490	247	-	-
Zydus Wellness International DMCC	-	-	134	131	-	-
Royalty:						
Zydus Wellness Products Limited	-	-	2,298	-	-	-
Reimbursement of Expenses Recovered:						
Zydus Wellness International DMCC	-	-	62	32	-	-
Purchase:						
Goods:						
Zydus Wellness Products Limited	-	-	451	518	-	-
Zydus Healthcare Limited	-	-	1	-	-	-
Services:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	72	22	-	-	-	-

Notes to the Financial Statements (Contd...)

Note: 37 - Related Party Transactions: (Contd...)

₹ in Lakhs

Nature of Transactions	Value of the Transactions					
	Holding Company/ Entity having control over Holding Company		Subsidiaries and Fellow Subsidiaries/ concerns		Post Employment Benefits Plan	
	Year ended March 31					
	2022	2021	2022	2021	2022	2021
Reimbursement of Expenses:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	9	10	-	-	-	-
Zydus Wellness Products Limited	-	-	80	-	-	-
CSR contributions:						
Zydus Foundation	-	-	-	92	-	-
Investments/Redemption:						
Subscription to Share capital:						
Liva Nutritions Limited	-	-	-	300	-	-
Zydus Wellness Products Limited	-	-	-	20,168	-	-
Redemption of Investments:						
Zydus Wellness Products Limited	-	-	-	6,100	-	-
Issue of Equity Shares:						
Zydus Family Trust	-	34,992	-	-	-	-
Finance:						
Intercompany Loan given:						
Zydus Wellness International DMCC	-	-	298	-	-	-
Zydus Wellness Products Limited	-	-	2,000	-	-	-
Intercompany Loan repaid by:						
Zydus Wellness International DMCC	-	-	112	136	-	-
Zydus Wellness Products Limited	-	-	4,900	67,600	-	-
Interest Income:						
Zydus Wellness International DMCC	-	-	4	2	-	-
Zydus Wellness Products Limited	-	-	1,154	6,676	-	-
Interest expense:						
Zydus Wellness Products Limited	-	-	-	1,278	-	-
Zydus Healthcare Limited	-	-	-	433	-	-

Notes to the Financial Statements (Contd...)

Note: 37 - Related Party Transactions: (Contd...)

₹ in Lakhs

Nature of Transactions	Value of the Transactions					
	Holding Company/ Entity having control over Holding Company		Subsidiaries and Fellow Subsidiaries/ concerns		Post Employment Benefits Plan	
	Year ended March 31					
	2022	2021	2022	2021	2022	2021
Contributions during the year (includes Employee's share and contribution):						
Zydus Wellness Limited Employee Group Gratuity Scheme	-	-	-	-	53	37
Dividend Paid:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	1,832	-	-	-	-	-
Zydus Family Trust	230	-	-	-	-	-
Outstanding Receivable:						
Zydus Wellness Products Limited	-	-	22,948	25,091	-	-
Zydus Wellness International DMCC	-	-	235	49	-	-
Outstanding Payable:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	52	10	-	-	-	-

b Details relating to persons referred to in Note 37-A [e] and [f] above:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(i) Salaries and other employee benefits to Whole time directors and KMPs	272	299
(ii) Commission and Sitting Fees to Non Executive/ Independent Directors	59	83
(iii) Remuneration to Independent Directors	20	20
(iv) Outstanding payable to above (i), (ii) and (iii)	45	21

c Details relating to persons referred to in Note 37-A [g] and [h] above:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(i) Purchase of services	13	12

Notes to the Financial Statements (Contd...)

Note: 38 - Financial instruments:

(i) Fair values hierarchy:

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the 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.

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

₹ in Lakhs

Particulars	As at March 31, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments at FVTPL								
Mutual funds	1,202	-	-	1,202	-	-	-	-
Total	1,202	-	-	1,202	-	-	-	-
Financial liabilities	-	-	-	-	-	-	-	-

(iii) Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed.

Financial Assets: The carrying amounts of trade receivables, loans and advances to related parties and other financial assets [other than investment in preference shares], cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities: Fair values of loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values. Fair values of investment in preference shares were calculated based on cash flows discounted using the applicable adjusted market interest rates.

Note: 39 - Financial risk management:

(i) Financial instruments by category:

₹ in Lakhs

Particulars	As at March 31, 2022				As at March 31, 2021			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Trade receivables	-	-	1,102	1,102	-	-	171	171
Cash and Cash equivalents	-	-	310	310	-	-	502	502
Bank balance other than cash and cash equivalents	-	-	5,425	5,425	-	-	7,898	7,898
Loans	-	-	21,690	21,690	-	-	24,400	24,400
Other financial assets	-	-	782	782	-	-	723	723
Total	-	-	29,309	29,309	-	-	33,694	33,694
Financial liabilities								
Borrowings	-	-	4,600	4,600	-	-	4,975	4,975
Lease liabilities	-	-	48	48	-	-	65	65
Trade payables	-	-	3,116	3,116	-	-	3,558	3,558
Other financial liabilities	-	-	681	681	-	-	461	461
Total	-	-	8,445	8,445	-	-	9,059	9,059

Notes to the Financial Statements (Contd...)

Note: 39 - Financial risk management: (Contd...)

(ii) Risk Management:

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

The Company's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Company'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 loans and advances to related parties, 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 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 [excluding outstanding from subsidiaries] as at March 31, 2022 and March 31, 2021. The Company has used expected credit loss [ECL] model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

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

Particulars	₹ in Lakhs	
	As at March 31, 2022	As at March 31, 2021
Trade Receivables:		
Less than 180 days	1,097	165
180 - 365 days	5	5
Above 365 days	-	1
Total	1,102	171

Notes to the Financial Statements (Contd...)

Note: 39 - Financial risk management: (Contd...)

Movement in the expected credit loss allowance on trade receivables: ₹ in Lakhs

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	3	-
Addition	5	3
Trade receivable write off	-	-
Balance at the end of the year	8	3

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

B Liquidity risk:

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

Maturities of financial liabilities :

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

₹ in Lakhs

Particulars	As at March 31, 2022				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	4,772	-	-	-	4,772
Lease liabilities	22	22	13	-	56
Trade payables	3,116	-	-	-	3,116
Other financial liabilities (excluding interest accrued but not due)	581	-	-	87	668
Total	8,491	22	13	87	8,612

₹ in Lakhs

Particulars	As at March 31, 2021				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	4,975	-	-	-	4,975
Lease liabilities	22	22	22	11	77
Trade payables	3,558	-	-	-	3,558
Other financial liabilities (excluding interest accrued but not due)	373	-	-	82	455
Total	8,928	22	22	93	9,065

Notes to the Financial Statements (Contd...)

Note: 39 - Financial risk management: (Contd...)

C Foreign currency risk

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

a Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed as follows:

Sensitivity

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

₹ in Lakhs

Particulars	As at March 31, 2022		As at March 31, 2021	
	Movement in Rate *	Impact on PAT	Movement in Rate *	Impact on PAT
USD	4%	1	7%	2
USD	(4%)	(1)	(7%)	(2)
EUR	2%	-	5%	2
EUR	(2%)	-	(5%)	(2)
Others	2%	(1)	5%	-
Others	(2%)	1	(5%)	-

* Holding all other variables constant

D Interest rate risk:

Liabilities:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2022, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in Fixed Deposits are at fixed interest rates.

Sensitivity:

Below is the sensitivity of profit or loss and equity changes in interest rates:

₹ in Lakhs

Particulars	Movement in Rate *	As at	As at
		March 31, 2022	March 31, 2021
Interest rates	0.50%	(17)	(18)
Interest rates	(0.50%)	17	18

* Holding all other variables constant

E Price Risk

(a) Exposure

The Company's exposure to price risk arises from investments in equity and mutual funds held by the Company and classified in the balance sheet as fair value through OCI and at fair value through profit or loss respectively. To manage its price risk arising from investments in equity securities and mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Notes to the Financial Statements (Contd...)

Note: 39 - Financial risk management: (Contd...)

(b) Sensitivity- Mutual Fund:

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit and loss for the period. The analysis is based on the assumption that the price of the instrument has increased by 2% or decreased by 2% with all other variables held constant.

₹ in Lakhs			
Particulars	Movement in Rate *	As at March 31, 2022	As at March 31, 2021
Mutual Funds [Quoted]			
Increase	2%	18	-
Decrease	(2%)	(18)	-

* Holding all other variables constant

Note 40: Capital management:

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders
- to 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. This takes into account the subordination levels of the Company various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Particulars		As at March 31, 2022	As at March 31, 2021
Gross debts	₹ in Lakhs	4,600	4,975
Total equity	₹ in Lakhs	4,00,018	4,01,929
Gross debt to equity ratio [No. of times]		0.01	0.01

As at March 31, 2022 and March 31, 2021, there are no covenant applicable to the Company.

Note: 41 - Leases:

Lessee:

A Relating to statement of financial position:

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

Right of use assets are part of financial statement caption "Property plant and equipment". Depreciation and impairment is similar to measurement of owned assets. Interest is part of financial statement caption "Finance cost".

₹ in Lakhs	
Right of use assets	Total
Balance as at April 1, 2020 [net]	77
Additions during the year	-
Depreciation charge for the year	(17)
Balance as at March 31, 2021 [net]	60
Additions during the year	-
Depreciation charge for the year	(17)
Balance as at March 31, 2022 [net]	43

The Company leases assets include office buildings.

Notes to the Financial Statements (Contd...)

Note: 41 - Leases: (Contd...)

Movement in lease liabilities:

₹ in Lakhs

Lease liabilities	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	65	78
Redemptions	(17)	(13)
Balance at the end of the year	48	65
of which:		
Non Current portions	31	49
Current portions	17	16

Maturity analysis of lease liabilities:

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

₹ in Lakhs

Minimum lease payments due	As at March 31, 2022	As at March 31, 2021
Within 1 years	22	22
1-5 years	34	55
Total	56	77

Note: 42-Analytical Ratios:

Sr. No.	Ratio	Numerator	Denominator	FY 2021-2022	FY 2020-2021	% of variance	Refer note
1	Current Ratio (in times)	Current Assets	Current Liabilities	1.39	1.41	(1)	-
2	Debt-Equity Ratio (in times)	Total Debt	Equity	0.01	0.01	-	-
3	Debt Service Coverage Ratio (in times)	Earnings available for debt service	Debt Service	(2.63)	(2.37)	11	-
4	Return on Equity Ratio (in %)	Net Profits after taxes Less Preference Dividends	Average shareholder equity	0.32	(5.04)	(106)	i, ii, iii & iv
5	Inventory turnover ratio (in times)	Net Sales	Average Inventory	15.72	8.20	92	ii
6	Trade Receivables turnover ratio (in times)	Net Sales	Average Trade Receivables	29.92	99.85	(70)	ii
7	Trade payables turnover ratio (in times)	Net Purchases	Average Trade Payables	5.74	4.27	34	ii
8	Net capital turnover ratio (in times)	Net Sales	Working Capital	5.54	2.92	90	ii
9	Net profit ratio (in %)	Net Profits	Net Sales	6.67	(161.43)	(104)	i, ii, iii & iv
10	Return on Capital employed (in %)	Earnings before interest and taxes	Average Capital Employed	0.18	(2.58)	(107)	i, ii, iii & iv
11	Return on investments (in %)	Income generated from investments	Average of investments	0.17	0.00	100	v

Notes to the Financial Statements (Contd...)

Note: 42-Analytical Ratios: (Contd...)

Notes

- i The Company had redeemed secured Non-convertible debentures (NCDs) due to which the finance cost and premium paid on redemption in financial year ended March 31, 2021 was not applicable during financial year ended March 31, 2022, this resulting into variances in ratio as reported above.
- ii During the financial year ended March 31, 2022, there had been a significant increase in the net sales on account of low base in previous financial year due to Covid correspondingly total purchase, average trade receivables and average trade payables increased when compared to the previous year financial year, this resulting into variances in ratio as reported above.
- iii During the financial year ended March 31, 2022, due to increase in price of certain raw materials margins have been impacted, this resulted into variances in ratio as reported above.
- iv During the year ended March 31, 2022, pursuant to the trademark license agreement entered into between the Company and ZWPL, the Company has recognized royalty income.
- v There was no mutual fund investments as at March 31, 2021 and March 31, 2020.

Note: 43 : COVID-19 Impact:

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

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

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

Note: 44: Disclosure of Transaction with Struck Off Companies

The Company did not have any material transaction with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the current and previous financial year.

Notes to the Financial Statements (Contd...)

Note: 45:

- [a] The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- [b] The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note: 46:

Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

Signatures to Significant Accounting Policies and Notes 1 to 46 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

Mukesh M. Shah

Partner

Membership Number: 030190

Place: Ahmedabad

Date: May 17, 2022

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place: Mumbai

Date: May 17, 2022

Tarun Arora

CEO & Whole Time Director

DIN: 07185311

Place: Ahmedabad

Date: May 17, 2022

Umesh V. Parikh

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2022

Independent Auditors' Report

To the Members of
Zydus Wellness Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial statements of Zydus Wellness Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprises of the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Cash Flows and the Consolidated 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 Consolidated Financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 Consolidated 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 by us and the other auditors in terms of their report referred to in Other matters section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial statements of the current year. These matters were addressed in the context of our audit of the Consolidated Financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Assessment of impairment of Goodwill amounting to ₹ 3,92,002 Lakhs and Intangible assets having indefinite useful life amounting to ₹ 53,868 Lakhs respectively (Refer Note 3 of the Consolidated Financial Statements)</p> <p>The Group's evaluation of goodwill and intangible assets for impairment testing, involves the comparison of its recoverable amount to its carrying amount as at March 31, 2022. The Group has carrying value of goodwill and intangible assets amounting to ₹ 3,92,002 and ₹ 53,868 Lakhs in its Consolidated financial statements relating to Consumer Health & Wellness Cash Generating Units ("CGU's"). These intangibles are subject to test of impairment by the management in accordance with the applicable accounting standards.</p> <p>The recoverable amount is determined based on value in use, which represents the present value of the estimated future cash flows expected to arise from the use of the asset group comprising each cash generating unit or group of cash generating units. There is a risk that the goodwill / intangible assets will be impaired if these cash flows do not meet the Group's expectations.</p> <p>In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the forecasted cash flows, principally relating to long-term revenue growth rates, terminal values, margins, external market conditions and the discount rate used.</p> <p>Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying value of goodwill and intangible assets is considered to be complex and determined to be a key audit matter in our current year audit.</p>	<p>Principal Audit Procedures</p> <p>Procedures performed by us have been enumerated herein below:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the accounting policies in respect of impairment by comparing with the applicable accounting standards. Evaluated the design, tested the implementation and operating effectiveness of the internal controls over impairment assessment process, including those over the forecast of future revenues, operating margins, growth rate and terminal values, external market conditions and the selection of the appropriate discount rate. Gained an understanding and assessed the reasonableness of business plans by comparing them to prior year's assumptions; Tested the reasonableness of the key business projections and valuation assumptions carried out by the management / independent valuer in determining the fair value of the CGU, discount rate, revenue growth rate, EBITDA growth rate, terminal growth rate used in computing the fair value of the components. Performed retrospective review of projections by comparison with historical performance, inquiries with management and forecast trends in the industry. <p>Considered sensitivity to reasonable possibility of changes in the key assumptions and inputs to ascertain whether these possible changes have a material effect on the fair value.</p>

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and Directors' Report, but does not include the consolidated financial statements, the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information,

compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

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 Consolidated Financial Statements

The Holding 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 Consolidated financial statements that give a true and fair view of the Consolidated financial position, the Consolidated financial performance and the changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The respective Board of Directors of the Companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- a) Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Group 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated 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 Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Other Matters

We did not audit the financial statements of 5 subsidiaries included in the Consolidated financial statements, whose financial statements reflect [the figures reported below are before giving effect to consolidation adjustments] total assets of ₹ 4,20,033 Lakhs as at March 31, 2022, total revenues of ₹ 1,94,246 Lakhs, total net loss after tax of ₹ 4,407 Lakhs, total comprehensive income of ₹ (4,509) Lakhs and net cash outflows amounting to ₹ 4,127 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion and conclusion on the statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated under Auditor's Responsibilities section above.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries, we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial

statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting with reference to the financial statements of the Holding Company and its subsidiaries incorporated in India and the operating effectiveness of such controls, refer to our separate report in the Annexure -A, which is based on the auditors' reports of the Holding Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those Companies.
- 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 Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group during the year ended March 31, 2022.
- iv. (a) The respective managements of the Holding Company and its subsidiaries, which are companies incorporated in India, whose financial statement have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, to the best of their knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries or in any other person(s) or entity(ies), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The respective Managements of the Holding Company and its subsidiaries, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, to the best of their knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiaries, with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other person(s) or entity(ies) identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or the other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The final dividend proposed in the previous year, declared and paid during the year by the Holding Company, whose financial statements have been audited under the Act, where applicable, during the year is in accordance with Section 123 of the Act, as applicable.
- As stated in notes to the consolidated financial statements, the Board of Directors of the Holding Company, whose financial statements have been audited under the Act, where applicable, have proposed final dividend for the year which is subject to the approval of the members of the Holding Company at the ensuing respective Annual General Meetings. Such dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order" / "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and by other auditors of its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration No.: 106625W

Mukesh M. Shah

Partner

Membership No.: 030190

UDIN:22030190AJCECN7602

Place : Ahmedabad

Date : May 17, 2022

“Annexure A” to the Independent Auditors’ Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of Zydus Wellness Limited (hereinafter referred to as “Holding Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

Management Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 the respective 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 of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies incorporated in India.

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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, the Holding company and its subsidiary

companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other matter

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 3 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration No.: 106625W

Mukesh M. Shah

Partner

Membership No.: 030190
UDIN:22030190AJCECN7602

Place : Ahmedabad

Date : May 17, 2022

Consolidated Balance Sheet

As at March 31, 2022

₹ in Lakhs

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS:			
Non-current assets:			
Property, plant and equipment	3 [A]	24,447	19,957
Capital work-in-progress	3 [C]	1,192	374
Goodwill	3 [B]	3,92,002	3,92,002
Other intangible assets	3 [B]	54,545	54,781
Financial assets:			
Other financial assets	4	426	874
Deferred tax assets [net]	5	12,981	12,650
Other non-current assets	6	1,701	1,173
Assets for tax [net]	7	554	143
		4,87,848	4,81,954
Current assets:			
Inventories	8	36,164	36,472
Financial assets:			
Investments	9	2,702	-
Trade receivables	10	14,232	9,428
Cash and cash equivalents	11 [A]	11,538	17,374
Bank balance other than cash and cash equivalents	11 [B]	5,442	7,898
Other current financial assets	12	2,101	1,860
Other current assets	13	9,191	11,657
		81,370	84,689
Total		5,69,218	5,66,643
EQUITY AND LIABILITIES:			
Equity:			
Equity share capital	14	6,363	6,363
Other equity	15	4,78,040	4,50,416
		4,84,403	4,56,779
Liabilities:			
Non-current liabilities:			
Financial liabilities:			
Borrowings	16	6,250	31,250
Lease liabilities	42	471	49
Other financial liabilities	17	101	91
Provisions	18	1,281	1,282
Other non-current liabilities	19	31	100
		8,134	32,772
Current liabilities:			
Financial liabilities:			
Borrowings	20	31,900	23,725
Lease liabilities	42	113	16
Trade payables:			
Dues to Micro and Small Enterprises	21	1,711	1,245
Dues to other than Micro and Small Enterprises	21	34,717	42,616
Other financial liabilities	22	2,609	2,954
Other current liabilities	23	3,446	4,695
Provisions	24	2,185	1,841
		76,681	77,092
Total		5,69,218	5,66,643
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 46		

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

Mukesh M. Shah

Partner

Membership Number: 030190

Place: Ahmedabad

Date: May 17, 2022

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place: Mumbai

Date: May 17, 2022

Tarun Arora

CEO & Whole Time Director

DIN: 07185311

Place: Ahmedabad

Date: May 17, 2022

Umesh V. Parikh

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2022

Consolidated Statement of Profit and Loss

For the year ended March 31, 2022

₹ in Lakhs

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
INCOME:			
Revenue from operations	27	2,00,910	1,86,667
Other income	28	1,040	894
Total Income		2,01,950	1,87,561
EXPENSES:			
Cost of materials consumed		88,494	74,375
Purchases of stock-in-trade		9,463	14,224
Changes in inventories of finished goods, work-in-Progress and stock-in-trade	29	80	(4,113)
Employee benefits expense	30	16,356	16,383
Finance costs	31	2,551	8,380
Depreciation and amortisation expense	3 [A], [B]	2,362	2,516
Other expenses	32	52,042	51,362
Total Expenses		1,71,348	1,63,127
Profit before exceptional items and tax		30,602	24,434
Less: Exceptional items	33	-	13,213
Profit before Tax		30,602	11,221
Less: Tax expense:			
Current tax	34	-	-
Deferred tax	34	(285)	(652)
		(285)	(652)
Profit for the year		30,887	11,873
OTHER COMPREHENSIVE INCOME (OCI):			
Items that will not be reclassified to profit or loss:			
Re-measurement [loss]/ gains on post employment defined benefit plans	18	(147)	275
Income tax effect	34	46	(81)
Items that will be reclassified to profit or loss:			
Exchange differences on transaction of financial statement of a foreign operations		20	(11)
Other Comprehensive Income for the year [net of tax]		(81)	183
Total Comprehensive Income for the year [net of tax]		30,806	12,056
Profit attributable to:			
Owners of the parent		30,887	11,873
Other Comprehensive Income Attributable to:			
Owners of the parent		(81)	183
Total Comprehensive Income Attributable to:			
Owners of the parent		30,806	12,056
Basic & diluted Earnings per equity share [EPS] [in ₹]	35	48.54	19.55
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 46		

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

Mukesh M. Shah

Partner

Membership Number: 030190

Place: Ahmedabad

Date: May 17, 2022

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place: Mumbai

Date: May 17, 2022

Tarun Arora

CEO & Whole Time Director

DIN: 07185311

Place: Ahmedabad

Date: May 17, 2022

Umesh V. Parikh

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2022

Consolidated Cash flow Statement

For the year ended March 31, 2022

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A Cash flows from operating activities		
Profit before tax	30,602	11,221
Adjustments for:		
Depreciation and amortisation expense	2,362	2,516
Net Loss on disposal of Property, plant and equipment	3	(30)
FVTPL gain on sale of investments [net]	(111)	(218)
Expected credit loss on trade receivables [net]	123	63
Interest income	(929)	(676)
Interest expense, Bank commission and charges	2,551	8,380
Amortisation of deferred revenue on Government grants	(69)	(68)
Provisions for probable product expiry claims and return of goods	73	500
Provision for employee benefits	123	311
Premium paid to the holders of Non-Convertible Debentures [NCDs] upon purchase of the NCDs	-	13,213
Operating profit before working capital changes	34,728	35,212
Adjustments for:		
Decrease/ [Increase] in inventories	308	(7,238)
[Increase]/ Decrease in trade receivables	(5,283)	2,217
Decrease in other assets	1,815	2,722
Decrease in trade payables and other liabilities	(7,472)	(4,260)
Cash generated from operations	24,096	28,653
Direct taxes paid [net of refunds]	(411)	20
Net cash from operating activities	23,685	28,673
B Cash flows from investing activities:		
Purchase of Property, plant and equipment and Other intangible assets	(7,544)	(1,966)
Proceeds from sale of Property, plant and equipment	71	220
Net gain from sale of current investments	111	218
Proceeds from/ [Investment in] non current fixed deposit [net]	540	(189)
Interest received	929	676
Net cash used in investing activities	(5,893)	(1,041)
C Cash flows from financing activities:		
Proceeds from issue of equity share capital [net of expense incurred to issue shares]	-	98,657
Repayment of non-current borrowings	(18,750)	(1,50,000)
Premium paid to the holders of Non-Convertible Debentures [NCDs] upon purchase of the NCDs	-	(13,213)
Proceeds of non-current borrowings	-	31,250
Current Borrowings [net - (repayment) / taken]	1,925	21,820
Repayment of lease liabilities	(120)	(22)
Interest paid	(3,249)	(10,116)
Dividend paid (including tax on dividend paid)	(3,188)	(19)
Net cash used in financing activities	(23,382)	(21,643)
Net [decrease]/ increase in cash and cash equivalents	(5,590)	5,989
Cash and cash equivalents at the beginning of the year	25,272	19,283
Cash and cash equivalents at the end of the year	19,682	25,272

Consolidated Cash flow Statement

For the year ended March 31, 2022

Notes to the Cash flow Statement

- The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".
- All figures in brackets are outflows.
- Previous year's figures have been regrouped wherever necessary.
- Cash and cash equivalents at the end [beginning] of the year include ₹ 55 [₹ 61] Lakhs not available for immediate use.
- Cash and cash equivalents comprise of:

₹ in Lakhs

Particulars	As at March 31		
	2022	2021	2020
a Cash on Hand	13	4	6
b Balances with Banks	16,967	25,268	8,236
c Investments in liquid mutual funds	2,702	-	11,041
Total	19,682	25,272	19,283

- Change in liability arising from financing activities:

₹ in Lakhs

Particulars	Total Borrowings (Refer Note 16 and 20)
As at March 31, 2020	1,51,905
Cash Flow	(96,930)
Foreign exchange movement	-
As at March 31, 2021	54,975
Cash Flow	(16,825)
Foreign exchange movement	-
As at March 31, 2022	38,150

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

Mukesh M. Shah

Partner

Membership Number: 030190

Place: Ahmedabad

Date: May 17, 2022

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place: Mumbai

Date: May 17, 2022

Tarun Arora

CEO & Whole Time Director

DIN: 07185311

Place: Ahmedabad

Date: May 17, 2022

Umesh V. Parikh

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2022

Statement of Change in Consolidated Equity

For the year ended March 31, 2022

A Equity Share Capital:

Particulars	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2020	5,76,64,144	5,766
Add: Shares issued during the year *	59,68,000	597
As at March 31, 2021	6,36,32,144	6,363
Add: Shares issued during the year	-	-
As at March 31, 2022	6,36,32,144	6,363

B Other Equity:

₹ in Lakhs

Particulars	Reserves and Surplus				Items of OCI	Total
	Securities Premium	Debentures Redemption Reserve	General Reserve	Retained Earnings	Foreign Currency Translation Reserves	
As at March 31, 2020	2,55,641	37,500	4,500	42,642	17	3,40,300
Add: Profit for the year	-	-	-	11,873	-	11,873
Add/[Less]: Other Comprehensive income	-	-	-	194	(11)	183
Total Comprehensive Income	-	-	-	12,067	(11)	12,056
Add: Addition pursuant to issue of shares *	99,393	-	-	-	-	99,393
Less: Utilized for issue of shares **	(1,333)	-	-	-	-	(1,333)
Transfer to Retained Earnings from Debenture Redemption Reserve	-	(37,500)	-	37,500	-	-
As at March 31, 2021	3,53,701	-	4,500	92,209	6	4,50,416
Add: Profit for the year	-	-	-	30,887	-	30,887
Add/[Less]: Other Comprehensive income	-	-	-	(101)	20	(81)
Total Comprehensive Income	-	-	-	30,786	20	30,806
Transactions with Owners in their capacity as owners:						
Dividends	-	-	-	(3,182)	-	(3,182)
As at March 31, 2022	3,53,701	-	4,500	1,19,813	26	4,78,040

* During the year ended March 31, 2021, the Company had issued and allotted 21,22,000 and 38,46,000 Equity Shares of ₹ 10 each to Promoters group and Qualified Institutional Investors on September 19, 2020 and September 28, 2020 at an issue price of ₹ 1,649 and ₹ 1,690 per Equity share respectively (including premium of ₹ 1,639 and ₹ 1,680 per Equity Share). Pursuant to allotment of Equity Shares to Promoters group and Qualified Institutional Investors, the paid up share capital of the Company stands increased to ₹ 6,363 Lakhs.

** Includes payment to Auditors ₹ 3 Lakhs.

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

Mukesh M. Shah

Partner

Membership Number: 030190

Place: Ahmedabad

Date: May 17, 2022

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place: Mumbai

Date: May 17, 2022

Tarun Arora

CEO & Whole Time Director

DIN: 07185311

Place: Ahmedabad

Date: May 17, 2022

Umesh V. Parikh

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2022

Notes to the Consolidated Financial Statements (Contd...)

Note: 1 - Group Overview:

The consolidated financial statements comprise financial statements of Zydus Wellness Limited ["the Parent"] and its Subsidiaries [collectively, "the Group"] for the year ended as at March 31, 2022. The Group operates as an integrated consumer Group with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Group includes brands like Sugar Free, Sugar Lite, Everyuth, Nutralite, Complian, Glucon D, Nycil and Sampri Ghee. The Parent's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited [BSE]. The registered office of the Parent is located at Zydus Corporate Park, Scheme No. 63, Survey No. 536 Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad 382 481.

These financial statements were authorised for issue in accordance with a resolution passed by Board of the Directors at its meeting held on May 17, 2022.

Note: 2 - Significant Accounting Policies:

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

1 Basis of preparation:

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

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

- i Derivative financial instruments
- ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]
- iii Defined benefit plans

2 Basis of consolidation:

A The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at March 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the

investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- a Power over the investee [i.e. existing rights that give it the current ability to direct the relevant activities of the investee]
- b Exposure, or rights, to variable returns from its involvement with the investee and
- c The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- a The contractual arrangement with the other vote holders of the investee.
- b Rights arising from other contractual arrangements.
- c The Group's voting rights and potential voting rights.
- d The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

B The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

C Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like

Notes to the Consolidated Financial Statements (Contd...)

transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

- D** The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Group, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary.

3 Business combinations and Goodwill:

- A** Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value.
- B** At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the Deferred tax assets or liabilities and the assets or liabilities related to employee benefit arrangements acquired in a business combination are recognised and measured in accordance with Ind AS-12 "Income Tax" and Ind AS-19 "Employee Benefits" respectively.
- C** When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.
- D** 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 Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures

used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as Capital Reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as Capital Reserve, without routing the same through OCI.

- E** After initial recognition, Goodwill is not amortised. Goodwill is accordingly recognised at original value less any accumulated impairment. For the purpose of impairment testing, Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.
- F** A cash generating unit to which Goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any Goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for Goodwill is recognised in Statement of profit and loss. An impairment loss recognised for Goodwill is not reversed in subsequent periods.
- G** If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.
- H** Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ National Company Law Tribunal [NCLT], the business combination is accounted for as per the accounting treatment sanctioned in the Scheme. Goodwill arising on such

Notes to the Consolidated Financial Statements (Contd...)

business combination is amortised over the period, as provided in the Scheme, as approved by the Hon'ble High Court or NCLT.

4 Use of Estimates:

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

Critical accounting judgments and estimates:

A Taxes on Income:

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

B Property, Plant and Equipment:

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

C Employee Benefits:

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

D Product warranty and expiry claims:

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

E Impairment of Property, Plant and Equipments, Goodwill, Other Intangible Assets and Investments:

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

F Contingent liabilities:

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

5 Foreign Currency Transactions:

The Group's Consolidated Financial statements are presented in Indian Rupees [₹], which is the functional currency of the Parent Company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

A The transactions in foreign currencies are translated into functional currency by the Group's entities at their respective functional currency rate 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.

Notes to the Consolidated Financial Statements (Contd...)

D Investments in foreign companies are recorded in functional currency at the rates of exchange prevailing at the time when the investments were made.

E Group Companies:

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their Statements of profit and loss are translated at average exchange rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

6 Revenue Recognition:

A The Group has applied Ind AS 115 - "Revenue from Contracts with Customers" which is effective for an annual period beginning on or after April 1, 2018. The following is the significant accounting policy related to revenue recognition under Ind AS 115.

a Sale of Goods:

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer. The goods are often sold with volume discounts/ pricing incentives/ chargebacks/ rebates and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts/ MRP, net of discounts, chargebacks and other similar allowances. 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. These are calculated on the basis of historical experience and the specific terms in the individual contracts. Historical experience, specific contractual terms

and future expectations of sales returns are used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Group.

b Service Income:

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

B 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 Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

b Dividend:

Dividend income is recognised when the Group's right to receive the payment is established.

c Other Income:

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

7 Government Grants:

A Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

B Government grants related to revenue are recognised on a systematic and gross basis in the Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.

Notes to the Consolidated Financial Statements (Contd...)

- C** Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.
- 8 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 for Indian entities or provisions of respective countries where the Group operates and generate taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- b Current tax items are recognised in correlation to the underlying transaction either in profit or loss, Other Comprehensive Income (OCI) or directly in equity.
- B Deferred Tax:**
- a Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
- b Deferred tax liabilities are recognised for all taxable temporary differences.
- c Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.
- d The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
- e Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.
- f Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss, OCI or directly in equity.
- g Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.
- h Minimum Alternate Tax [MAT] paid in a year is charged to the Statement of Profit and Loss as current tax.
- i The Group recognizes MAT credit available as an asset only when and to the extent there is a convincing evidence of actual utilisation of such credit and also based on historical experience that the Group will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward. Such asset, if any recognised, is reviewed at each balance sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the Group will be liable to pay normal tax during the specified period.
- 9 Property, Plant and Equipment:**
- A** Freehold land is carried at historical cost less impairment, if any. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment. On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, Plant and Equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

Notes to the Consolidated Financial Statements (Contd...)

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 which may be different for foreign entities. 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.

The estimated useful lives are as follows:

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

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

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

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

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

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

and the carrying amount of the asset] is included in the statement of profit and loss when the asset is derecognised.

10 Intangible Assets:

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

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

C Technical Know-how Fees, Trademark, Brands 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 as estimated by the management at the time of capitalisation.

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

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

11 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.

12 Borrowing Costs:

A Borrowing costs consist of interest and other borrowing costs that are incurred in connection with the borrowing

Notes to the Consolidated Financial Statements (Contd...)

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.

13 Impairment of Non Financial Assets:

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

14 Inventories:

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

- A** Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.
- B** Cost [Net of Input tax credit availed] of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Work-in-Progress is determined on Moving Average Method.

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Write down of inventories to net realisable value is recognised as an expenses and included 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.

15 Cash and Cash Equivalents:

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

16 Provisions, Contingent Liabilities and Contingent Assets:

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

17 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.

Notes to the Consolidated Financial Statements (Contd...)

18 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 at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

Gratuity:

The Group operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The Liability or Asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at the end of the reporting period using the projected unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government

bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss.

Re-measurements gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "Other Comprehensive Income" and are included in retained earnings in the Statement of Changes in Equity and in the Balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

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

Group administered Provident Fund:

In case of a specified class of employees, who are eligible to receive benefits if Group administered provident funds, such contributions are deposited to Employee's Provident Fund Trust. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Contributions to such provident fund are recognised as employee benefits expenses when they are due in the statement of profit and loss.

c Defined Contribution Plans - Provident Fund Contribution:

Specified class of employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the entities make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The Group have no

Notes to the Consolidated Financial Statements (Contd...)

further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employees benefit expenses when they are due in the statement of profit and loss.

C Employee Separation Costs:

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

19 Dividends :

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

20 Financial Instruments:

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

A Financial assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified into four categories as follows:

i Debt instruments at amortised cost:

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

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

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

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

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

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

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

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

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

iv Equity instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments

Notes to the Consolidated Financial Statements (Contd...)

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

If the Group 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 Group may transfer the cumulative gain or loss within equity.

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

c **Derecognition:**

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing

involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. When the Group has transferred the risk and rewards of ownership of the financial asset, the same is derecognised.

d **Impairment of financial assets:**

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

- a Financial assets that are debt instruments, and are measured at amortised cost
- b Trade receivables or any contractual right to receive cash or another financial asset
- c Financial assets that are debt instruments and are measured as at FVTOCI

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

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all

Notes to the Consolidated Financial Statements (Contd...)

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 Group does not reduce impairment allowance from the gross carrying amount.

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

B Financial Liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

c Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms

of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or 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 through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

C Reclassification of financial assets:

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

D Offsetting of financial instruments:

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

Notes to the Consolidated Financial Statements (Contd...)

21 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 Group.

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

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

- a Level 1 – Quoted [unadjusted] market prices in active markets for identical assets or liabilities
- b Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

22 Leases:

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

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

The Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 did not have any impact to be recognised in equity as an adjustment to the opening balance of retained earnings for the current period. For contracts in place at the date of initial application, the Group has elected to apply the definition of lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17. The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.

As a lessee:

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

Notes to the Consolidated Financial Statements (Contd...)

Measurement and recognition of leases as a lessee:

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date [net of any incentives received]. The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

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

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

As a lessor:

As a lessor the Group 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.

23 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group.

24 Earnings per Share:

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

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

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs ["MCA"] notifies new standard or amendments to the existing standards under Companies [Indian Accounting Standards] Rules as issued from time to time. On March 23, 2022, the MCA amended the Companies [Indian Accounting Standards] Amendment Rules, 2022, applicable from April 1, 2022, as below:

a Ind AS 103 – Business Combination:

The amendment clarifies that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any impact on its financial statements.

Notes to the Consolidated Financial Statements (Contd...)

b Ind AS 109 – Financial Instruments:

The amendment clarifies the nature of fees which can be included by the entity for the purpose of assessing the '10 percent' test for derecognition of financial liabilities. The amendment is not expected to have any material impact on the Company's consolidated financial statement.

c Ind AS 16 – Property, Plant and Equipments:

The amendments clarify, the excess of net sale proceeds of items produced over the cost of testing, if any, should not be recognised in the statement of profit or loss but deducted from the directly attributable costs considered as part of cost of an item of PPE. The Group does not expect the amendment to have any material impact on its financial statements.

d Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

The amendments clarify the nature of costs that can be directly related to the contract for the purpose of assessing the contract is onerous. The Group does not expect the amendment to have any material impact in its financial statements.

e Ind AS 101 – First time adoption of Indian Accounting Standard

As per the amendment, on adoption of Ind AS by the subsidiary, the subsidiary may choose to measure cumulative translation differences for all foreign operations at amounts included in the parent's consolidated financial statements based on the parent's date of Ind AS transition. The Company does not expect the amendment to have any impact on its financial statements.

Notes to the Consolidated Financial Statements (Contd...)

Note: 3 - Property, plant and equipment & Intangible Assets:

[A] Property, Plant and Equipment:

₹ in Lakhs

Particulars	Freehold Land	Leasehold Land *	Buildings *	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2020	4,337	1,623	9,580	20,239	652	347	274	37,052
Additions	-	-	113	1,522	22	132	58	1,847
Disposals	-	-	-	(603)	(9)	(79)	(1)	(692)
As at March 31, 2021	4,337	1,623	9,693	21,158	665	400	331	38,207
Additions	1,906	-	2,642	1,665	117	76	94	6,500
Disposals	-	-	-	(538)	(52)	(9)	(1)	(600)
As at March 31, 2022	6,243	1,623	12,335	22,285	730	467	424	44,107
Depreciation and Impairment:								
As at March 31, 2020	-	110	2,182	13,460	420	201	212	16,585
Depreciation for the year	-	18	403	1,632	56	34	24	2,167
Disposals	-	-	-	(446)	(8)	(47)	(1)	(502)
As at March 31, 2021	-	128	2,585	14,646	468	188	235	18,250
Depreciation for the year	-	18	499	1,295	46	43	35	1,936
Disposals	-	-	-	(479)	(45)	(1)	(1)	(526)
As at March 31, 2022	-	146	3,084	15,462	469	230	269	19,660
Net Block:								
As at March 31, 2021	4,337	1,495	7,108	6,512	197	212	96	19,957
As at March 31, 2022	6,243	1,477	9,251	6823	261	237	155	24,447

[B] Intangible Assets:

₹ in Lakhs

Particulars	Goodwill	Other intangible assets				Total
		Brand/Trade Mark	Softwares	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2020	3,92,002	53,873	1,446	10	2	55,331
Additions	-	-	247	-	-	247
As at March 31, 2021	3,92,002	53,873	1,693	10	2	55,578
Additions	-	-	190	-	-	190
As at March 31, 2022	3,92,002	53,873	1,883	10	2	55,768
Amortisation and Impairment:						
As at March 31, 2020	-	5	431	10	2	448
Amortisation for the year	-	-	349	-	-	349
As at March 31, 2021	-	5	780	10	2	797
Amortisation for the year	-	-	426	-	-	426
As at March 31, 2022	-	5	1,206	10	2	1,223
Net Block:						
As at March 31, 2021	3,92,002	53,868	913	-	-	54,781
As at March 31, 2022	3,92,002	53,868	677	-	-	54,545

Notes to the Consolidated Financial Statements (Contd...)

Note: 3 - Property, plant and equipment & Intangible Assets: (Contd...)

Goodwill:

- Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units [CGUs] those are expected to get benefit from that business combination. The carrying amount of goodwill has been allocated to Consumer Health & Wellness.
- The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU/ groups of CGU over a period of five years. An average of the range of key assumptions used is mentioned below. As of March 31, 2022 and March 31, 2021, the estimated recoverable amount of the CGU exceeded its carrying amount. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows :

Particulars	As at March 31, 2022	As at March 31, 2021
Long Term Growth Rate	6.50%	6.50%
Discount Rate	9.70%	9.60%

The above discounted rate is based on the Weighted Average Cost of Capital [WACC]. These estimates are likely to differ from future actual results of operations and cash flows.

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

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Projects in progress:		
Less than 1 year	947	374
1 - 2 years	245	-
2 - 3 years	-	-
More than 3 years	-	-
Total Capital work-in-progress	1,192	374

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

Notes:

- Legal titles of the immovable properties are in the name of the Group [excluding lease assets].
- Additions of ₹ 2 [Previous Year: ₹ 34] Lakhs in research assets during the year are included in "Additions" under the respective heads of Gross Block of Property, plant and equipment and Intangible Assets.

[*] Includes right of use assets, Refer Note 42 for detailed breakup.

Note: 4 - Other financial assets:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	380	288
Fixed Deposits	46	586
Total	426	874

Notes to the Consolidated Financial Statements (Contd...)

Note: 5 - Deferred tax [net]:

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

Particulars	As at March 31 2020	Impact for the previous year	As at March 31 2021	Impact for the current year	As at March 31 2022
Deferred tax liabilities					
Depreciation	844	256	1,100	248	1,348
	844	256	1,100	248	1,348
Deferred tax assets					
Employee benefits/ Payable to statutory authorities	631	(200)	431	(22)	409
Unabsorbed business loss and depreciation	1,315	597	1,912	810	2,722
Provision for Expiry and Breakages	325	220	545	24	569
Disallowance under section 35DD of Income tax Act	40	(8)	32	(16)	16
Disallowance under section 40(a)(ia) of Income tax Act	-	227	227	(169)	58
Others	101	(9)	92	(48)	44
	2,412	827	3,239	579	3,818
Minimum alternative tax credit entitlement	10,511	-	10,511	-	10,511
Net Deferred Tax Assets	12,079	571	12,650	331	12,981

- B. The net deferred tax assets of ₹ 331 Lakhs [March 31, 2021: ₹ 571 Lakhs] for the year has been credited in the Statement of Profit and Loss.
- C. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- D. The Group has tax losses which arose in India of ₹ 93,978 Lakhs [March 31, 2021: ₹ 1,17,437 Lakhs] that are available for offsetting for indefinite period, except losses of ₹ 22,572 Lakhs which are available for offset for eight years against future taxable profits of the companies in which the losses arose. Out of ₹ 22,572 Lakhs, majority of these losses will expire in March 2029.

In India, unabsorbed depreciation is allowed to be set-off for indefinite period. MAT Credit not recognised as at March 31, 2022 is ₹ 5,414 Lakhs [March 31, 2021: ₹ 5,414 lakhs]. Such MAT credit has not been recognised and included as a component of deferred tax asset in the balance sheet, as, on the basis of the assessment made by the management of the respective Company's profitability and operational plans in the foreseeable future, the management is of the view that presently, there is no convincing evidence that the respective Company would be liable to pay income tax under the normal provisions of the Income-tax Act for the periods up to which the Group is eligible to utilise the unused MAT credit.

Further, notwithstanding the foregoing, the respective Company can elect to exercise the option permitted u/s 115BAA of the Income- tax Act, 1961 consequent to which the entire MAT credit would no longer be allowed for utilisation.

Note: 6 - Other non-current assets:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	778	148
Balances with Statutory Authorities	923	1,025
Total	1,701	1,173

Notes to the Consolidated Financial Statements (Contd...)

Note: 7 - Assets for tax [net]:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Advance payment of tax [Net of provision for taxation]	554	143
Total	554	143

Note: 8 - Inventories:

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

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Classification of Inventories:		
Raw Materials	5,447	5,858
Work-in-progress	9,540	8,944
Finished Goods	15,381	16,629
Stock-in-Trade	2,767	2,195
Store and Spares	971	828
Others:		
Packing Materials	2,058	2,018
Total	36,164	36,472
The above includes Goods in transit as under:		
Raw Materials	82	326
Finished Goods	4	-
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories:		
- Net of reversal of write down	1,753	981

Note: 9 - Investments:

₹ in Lakhs

Particulars	Nos. [**]	As at March 31, 2022	As at March 31, 2021
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss] [*]			
ICICI prudential overnight fund direct plan growth	2008207.738 [0]	2,302	-
SBI overnight fund direct growth plan	11557.854 [0]	400	-
Total		2,702	-
A. Aggregate amount of quoted investments and aggregate value thereof		2,702	-
[*] Considered as cash and cash equivalents for Cash Flow Statement			
[**] In "Nos." figures of previous year are stated in []			

Notes to the Consolidated Financial Statements (Contd...)

Note: 10 - Trade receivables:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured - Considered good	14,232	9,428
Unsecured - Credit impaired	153	301
	14,385	9,729
Less: Allowances for credit losses	(153)	(301)
Total	14,232	9,428

Ageing of Trade Receivables :

[A] As at March 31, 2022

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 Months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed – considered good	10,803	3,310	55	47	15	2	14,232
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	29	59	14	2	104
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	42	7	-	49
Total	10,803	3,310	84	148	36	4	14,385

[B] As at March 31, 2021

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 Months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed – considered good	6,336	1,940	333	221	515	83	9,428
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	48	42	88	74	252
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	42	7	-	49
Total	6,336	1,940	381	305	610	157	9,729

Note: 11 [A] - Cash and cash equivalents:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks	11,525	17,370
Cash on hand	13	4
Total	11,538	17,374

Notes to the Consolidated Financial Statements (Contd...)

Note: 11 [B] - Bank balance other than cash and cash equivalents:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Earmarked balances with bank for unclaimed dividend accounts	55	61
Balances with Banks	5,387	7,837
Total	5,442	7,898

Note: 12 - Other current financial assets:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	-	130
Other receivables	2,101	1,730
Total	2,101	1,860

Note: 13 - Other current assets:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
[Unsecured, Considered Good unless otherwise stated]		
Advances to suppliers	524	964
Prepaid expenses	280	200
Balances with statutory authorities	8,387	10,493
Total	9,191	11,657

Note: 14 - Equity share capital:

Particulars		As at March 31, 2022	As at March 31, 2021
Authorised:			
10,00,00,000 [as at March 31, 2021: 10,00,00,000] Equity shares of ₹ 10 each	₹ in Lakhs	10,000	10,000
Total		10,000	10,000
Issued, Subscribed and fully paid-up:			
6,36,32,144 [as at March 31, 2021: 6,36,32,144] Equity share of ₹ 10 each	₹ in Lakhs	6,363	6,363
Total		6,363	6,363

Notes to the Consolidated Financial Statements (Contd...)

Note: 14 - Equity share capital: (Contd...)

Particulars	As at March 31, 2022	As at March 31, 2021
A. The reconciliation in number of Equity shares is as under:		
Number of shares at the beginning of the year	6,36,32,144	5,76,64,144
Add: Shares issued during the year	-	59,68,000
Number of shares at the end of the year	6,36,32,144	6,36,32,144
B. The Parent has only one class of equity shares having a par value of ₹ 10 each per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Parent Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts and all liabilities.		
C. Details of Shareholder holding more than 5% of total equity shares of the Company		
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]		
Number of Shares	3,66,47,509	3,66,47,509
% to total share holding	57.59%	57.59%
Zydus Family Trust		
Number of Shares	45,93,193	45,93,193
% to total share holding	7.22%	7.22%
Threpsi Care LLP (True North)		
Number of Shares	72,20,216	72,20,216
% to total share holding	11.35%	11.35%
D. Number of Shares held by Holding Company		
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	3,66,47,509	3,66,47,509

E. Details of Equity Shares held by promoters at the end of the year March 31, 2022.

Sr. No.	Promoter's Name	No. of Shares	% of total shares	% change during the year
1	Mr. Pankaj R. Patel	1,599	0.00%	0.00%
2	Pankaj R. Patel HUF	1,066	0.00%	0.00%
3	Pankaj R. Patel (Taraben Patel Family Will Trust)	533	0.00%	0.00%
4	Mrs. Priti P. Patel	533	0.00%	0.00%
5	Dr. Sharvil P. Patel	533	0.00%	0.00%
6	Mrs. Shivani P. Patel	533	0.00%	0.00%
7	Zydus Family Trust	45,93,193	7.22%	0.00%
8	Zydus Lifesciences Limited	3,66,47,509	57.59%	0.00%
9	Pripan Investment Private Limited	640	0.00%	0.00%

Notes to the Consolidated Financial Statements (Contd...)

Note: 15 - Other equity:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Debentures Redemption Reserves:		
Balance as per last Balance Sheet	-	37,500
Less: Transfer to Retained Earnings	-	(37,500)
Balance as at the end of the year	-	-
Securities Premium: [*]		
Balance as per last Balance Sheet	3,53,701	2,55,641
Add: Addition pursuant to issue of shares	-	99,393
Less: Utilized for issue of shares [includes payment to Auditors ₹ 3 Lakhs]	-	(1,333)
Balance as at the end of the year	3,53,701	3,53,701
General reserve: [**]		
Balance as per last Balance Sheet	4,500	4,500
	4,500	4,500
Foreign Currency Translation Reserve:		
Balance as per last Balance Sheet	6	17
Add/ [Less]: Credited/ [Debited] during the year	20	(11)
Balance as at the end of the year	26	6
Retained Earnings:		
Balance as per last Balance Sheet	92,209	42,642
Add: Profit for the year	30,887	11,873
Add/ [Less]: Other Comprehensive Income for the year	(101)	194
	1,22,995	54,709
Add: Transfer from Debentures Redemption Reserves	-	37,500
Less: Dividends	(3,182)	-
	(3,182)	37,500
Balance as at the end of the year	1,19,813	92,209
Total	4,78,040	4,50,416

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

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

Notes to the Consolidated Financial Statements (Contd...)

Note: 16 - Borrowings:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Loans from related party [Unsecured] [*]	6,250	31,250
Total	6,250	31,250
[*] Terms of repayment of Unsecured Borrowing:		
The loan from fellow subsidiary company is repayable within two years along with applicable interest for the period.		
Name of the party and relationship with the party from whom received:		
Fellow Subsidiary Company:		
a Zydus Healthcare Limited	6,250	31,250
	6,250	31,250

Note: 17 - Other financial liabilities:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Other deposits	101	91
Total	101	91

Note: 18 - Provisions:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits	1,281	1,282
Total	1,281	1,282

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

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

Notes to the Consolidated Financial Statements (Contd...)

Note: 18 - Provisions: (Contd...)

Investment risk:

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

Interest risk:

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

Longevity risk:

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

Salary risk:

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

₹ in Lakhs

Particulars	March 31, 2022			March 31, 2021		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	Change in the present value of the defined benefit obligation:					
Opening obligation	332	1,373	2,145	313	1,238	2,182
Transfer in/ [out] Obligation	-	-	(12)	-	-	22
Interest cost	19	78	124	19	76	135
Current service cost	82	183	224	55	199	248
Benefits paid	(125)	(248)	(304)	(131)	(229)	(254)
Actuarial [gains] / losses on obligation due to:						
Experience adjustments	48	44	255	72	58	(180)
Change in financial assumptions	(11)	(38)	(83)	4	31	(8)
Closing obligation	345	1,392	2,349	332	1,373	2,145
C	Change in the fair value of plan assets:					
Opening fair value of plan assets	-	204	2,268	-	192	2,199
Transfer in/ [out] Obligation	-	-	(12)	-	-	22
Expected return on plan assets	-	7	25	-	1	87
Interest Income	-	12	137	-	11	143
Contributions by employer	-	-	101	-	-	71
Benefits paid	-	-	(304)	-	-	(254)
Closing fair value of plan assets	-	223	2,215	-	204	2,268
Total actuarial [losses]/gains to be recognised	37	(1)	147	76	88	(275)

Notes to the Consolidated Financial Statements (Contd...)

Note: 18 - Provisions: (Contd...)

₹ in Lakhs

Particulars	March 31, 2022			March 31, 2021		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
D Actual return on plan assets:						
Actual return on plan assets	-	19	162	-	12	230
E Amount recognised in the balance sheet:						
Liabilities / [Assets] at the end of the year	345	1,392	2,349	332	1,373	2,145
Fair value of plan assets at the end of the year	-	(223)	(2,215)	-	(204)	(2,268)
Liabilities / [Assets] recognised in the Balance Sheet	345	1,169	134	332	1,169	(123)
F Expenses / [Incomes] recognised in the Statement of Profit and Loss:						
Current service cost	82	183	224	55	199	248
Interest cost on benefit obligation	19	78	124	19	76	135
Expected return on plan assets	-	(12)	(137)	-	(11)	(143)
Net actuarial [gains]/ losses in the year	37	(1)	-	76	88	-
Net expenses / [benefits]	138	248	211	150	352	240
Net actuarial [gains]/ losses in the year	-	-	147	-	-	(275)
Amounts recognized in Other Comprehensive income [OCI]	-	-	147	-	-	(275)
G Movement in net liabilities recognised in Balance sheet:						
Opening net liabilities	332	1,169	(123)	313	1,046	(17)
Transfer in/[out] obligation	-	-	-	-	-	-
Expenses as above [Profit & Loss Charge]	138	248	211	150	352	240
Amount recognised in OCI	-	-	147	-	-	(275)
Contribution to plan assets	-	-	(101)	-	-	(71)
Benefits Paid	(125)	(248)	-	(131)	(229)	-
Liabilities/ [Assets] recognised in the Balance Sheet	345	1,169	134	332	1,169	(123)
H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:						
Discount rate	6.90%	6.90%	6.90%	6.25%	6.25%	6.25%
[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations.]						
Annual increase in salary cost	9%			9%		
[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.]						
I The categories of plan assets as a % of total plan assets are:						
Insurance plan	0%	100%	100%	0%	100%	100%

Notes to the Consolidated Financial Statements (Contd...)

Note: 18 - Provisions: (Contd...)

J Amount recognised in current and previous four years:

₹ in Lakhs

Particulars	As at March 31				
	2022	2021	2020	2019	2018
Gratuity:					
Defined benefit obligation	2,349	2,145	2,182	2,141	290
Fair value of Plan Assets	2,215	2,268	2,199	1,945	279
Deficit / [Surplus] in the plan	134	(123)	(17)	196	12
Actuarial Loss / [Gain] on Plan Obligation	172	(188)	(187)	(2)	(15)
Actuarial Loss / [Gain] on Plan Assets	-	-	-	(4)	(1)

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2021-22.

The average duration of future service of defined benefit plan obligation at the end of the year is 22.00 years [as at March 31, 2021 : 22.79 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is shown below:

₹ in Lakhs

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2022	2021	2022	2021	2022	2021
Impact on obligation:						
Discount rate increase by 0.5%	(13)	(10)	(59)	(41)	(61)	(59)
Discount rate decrease by 0.5%	8	10	26	44	64	62
Annual salary cost increase by 0.5%	8	10	25	43	43	45
Annual salary cost decrease by 0.5%	(12)	(9)	(58)	(41)	(44)	(46)

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

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Within the next 12 months [next annual reporting period]	732	613
Between 2 and 5 years	1,966	1,724
Between 5 and 10 years	1,594	1,457
Total expected payments	4,292	3,794

Note: 19 - Other non current liabilities:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred revenue on Government grants	31	100
Total	31	100

Notes to the Consolidated Financial Statements (Contd...)

Note: 20 - Borrowings:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Loans repayable on Demand:		
Working Capital Loans from Banks [Unsecured]	4,600	4,975
Loans from related parties [Unsecured] [*]	2,300	18,750
Current Maturities of long term debt from related parties [Unsecured] [*]	25,000	-
Total	31,900	23,725
[*] Terms of repayment of Unsecured Borrowing:		
The loan from fellow subsidiary company are payable within the period of one year along with applicable of interest.		
Name of the party and relationship with the party from whom received:		
Fellow Subsidiary Company:		
a Zydus Healthcare Limited	27,300	18,750
	27,300	18,750

Note: 21 -Trade payables:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Dues to Micro and Small Enterprises [*]	1,711	1,245
Dues to other than Micro and Small Enterprises	34,717	42,616
Total	36,428	43,861
[*] Disclosure in respect of Micro and Small Enterprises:		
A. Principal amount remaining unpaid to any supplier as at year end	1,711	1,245
B. Interest due thereon	16	128
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.	121	-
D. Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
E. Amount of interest accrued and remaining unpaid at the end of the accounting year.	16	128
F. Amount of further interest remaining due and payable in succeeding years.	23	128
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.		

Notes to the Consolidated Financial Statements (Contd...)

Note: 21 -Trade payables: (Contd...)

Ageing of Trade Payables :

[A] As at March 31, 2022

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Micro and Small Enterprises [MSME]	1,619	30	-	-	-	1,649
Undisputed Others	26,730	7,829	53	20	85	34,717
Disputed MSME	-	-	-	62	-	62
Disputed Others	-	-	-	-	-	-
Total	28,349	7,859	53	82	85	36,428

[B] As at March 31, 2021

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Micro and Small Enterprises [MSME]	1,140	43	-	-	-	1,183
Undisputed Others	26,576	15,063	807	63	107	42,616
Disputed MSME	-	-	62	-	-	62
Disputed Others	-	-	-	-	-	-
Total	27,716	15,106	869	63	107	43,861

Note: 22 - Other financial liabilities:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings [*]	336	1,079
Payable to employees	2,218	1,814
Unpaid dividends [**]	55	61
Total	2,609	2,954
[*] Details of interest accrued but not due on borrowings to Related Parties are as under:		
Fellow Subsidiary Company		
a Zydus Healthcare Limited	323	1,079
	323	1,079

[**] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Note: 23 - Other current liabilities:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Payable to statutory authorities	2,745	3,638
Deferred revenue on Government grants	68	68
Advances from customers	633	989
Total	3,446	4,695

Notes to the Consolidated Financial Statements (Contd...)

Note: 24 - Provisions:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits [*]	367	96
Provision for claims for product expiry and return of goods [**]	1,818	1,745
Total	2,185	1,841
[*] Refer note 18		
[**] 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 Group does not expect such claims to be reimbursed by any other party in future.		
b. The movement in such provision is stated as under:		
Opening balance at the beginning of the financial year	1,745	1,245
Add: Provision created during the year	3,572	2,759
Less: Provision used during the year	(3,499)	(2,259)
Closing balance at the end of the financial year	1,818	1,745

Note: 25 - Contingent liabilities and commitments [to the extent not provided for]:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
A Contingent liabilities:		
a Other money for which the Group is contingently liable: [*]		
i In respect of Sales Tax and VAT matters pending before appellate authorities/ court which the Group expects to succeed, based on decisions of Tribunals/ Courts	11,122	9,639
ii In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	1,449	1,449
iii In respect of Income Tax matters pending before appellate authorities which the Group expects to succeed, based on decisions of Tribunals/ Courts	18,854	16,588
iv In respect of Stamp Duty and other matters	4,363	4,363
[*] The Group has signed tax indemnity with erstwhile seller shareholder of acquired Heinz India Private Limited that purchasing buyer shall have the rights to make a tax indemnity claim to extent of the loss suffered by the group for the period prior to acquisition. Of the above ₹ 29,975 Lakhs and ₹ 25,713 Lakhs as at March 31, 2022 and March 31, 2021, respectively, is covered under agreed tax indemnity clause and reimbursable from erstwhile shareholder of the Heinz India Private Limited on the amount being crystalized.		
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,124	701

Note: 26 - Dividend proposed to be distributed:

The Board of Directors, at its meeting held on May 17, 2022, recommended the final dividend of ₹ 5 per equity share of ₹ 10/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Notes to the Consolidated Financial Statements (Contd...)

Note: 27 - Revenue from operations:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Sale of Products [*]	1,98,846	1,85,366
Other Operating Revenues:		
Net Gain on foreign currency transactions and translation	-	77
Miscellaneous income	2,064	1,224
Total	2,00,910	1,86,667
[*] Reconciliation of revenue recognised in the Statement of Profit and Loss with the contracted price:		
Revenue as per contracted price, net of returns	2,13,207	2,00,002
Less:		
Provision for claims for product expiry and return of goods	73	500
Discounts/ Price Reduction/ Rebates	14,288	14,136
	14,361	14,636
Revenue from contract with customers	1,98,846	1,85,366

Note: 28 - Other income:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Finance Income:		
Interest income on financial assets measured at amortised cost	929	676
Gain on investment mandatorily measured at FVTPL	111	218
Total	1,040	894

Note: 29 - Changes in inventories:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Stock at commencement:		
Work-in-progress	8,944	9,199
Finished Goods	16,629	13,763
Stock-in-trade	2,195	693
	27,768	23,655
Less: Stock at close:		
Work-in-progress	9,540	8,944
Finished Goods	15,381	16,629
Stock-in-trade	2,767	2,195
	27,688	27,768
Total	80	(4,113)

Notes to the Consolidated Financial Statements (Contd...)

Note: 30 - Employee benefits expense:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages	14,727	15,209
Contribution to provident and other funds [*]	1,229	738
Staff welfare expenses	400	436
Total	16,356	16,383
Above expenses include:		
Research related expenses:		
Salaries and wages	695	592
Contribution to provident and other funds	36	37
Staff welfare expenses	310	261
Total	1,041	890
Whole-time Director's Remuneration	470	452
[*] The Group's contribution towards the defined contribution plan	1,011	488

Note: 31 - Finance cost:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense [*]	2,511	8,340
Bank commission and charges	40	40
Total	2,551	8,380
[*] The break up of interest expense into major heads is given below:		
On Non-Convertible Debentures	-	6,018
On working capital loans	194	157
On term loans	2,256	2,026
On lease liabilities	45	7
On Others	16	132
Total	2,511	8,340

Notes to the Consolidated Financial Statements (Contd...)

Note: 32 - Other expenses:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Consumption of stores and spare parts	615	630
Power and fuel	3,142	2,503
Labour charges	2,791	2,386
Rent	693	907
Repairs to buildings	141	172
Repairs to plant and machinery	471	461
Repairs to others	613	757
Insurance	740	570
Rates and taxes	1,047	651
Traveling expenses	640	805
Legal and professional fees [*]	927	1,161
Commission on sales	1,864	1,643
Freight and forwarding on sales	6,459	6,330
Advertisement and sales promotions	23,475	22,959
Representative allowances	590	1,295
Outside services	3,374	3,333
Other marketing expenses	2,360	2,449
Directors' fees	61	83
Remuneration to independent directors	20	20
Allowances of credit losses		
Trade receivables written off	271	-
Expected credit loss	78	63
	349	63
Less: Transferred from expected credit loss	(226)	-
	123	63
Net loss on foreign currency transactions and translation	88	-
Net Loss on disposal of Property, plant and equipment [Net of gain of ₹ 3 {Previous Year: ₹ 2} Lakhs]		
Miscellaneous expenses [**]	1,808	2,184
Total	52,042	51,362
Above expenses include Research related expenses as follows:		
Consumption of Stores and spare parts	2	2
Repairs to others	5	7
Miscellaneous Expenses	199	216
Total	206	225
[*] Legal and professional fees include:		
a Payment to the Statutory Auditors [excluding Taxes]:		
As Auditor	32	30
For Other Services	10	5
Total	43	35
b Cost Auditor's Remuneration including fees for other services	8	3

Notes to the Consolidated Financial Statements (Contd...)

Note: 32 - Other expenses: (Contd...)

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
[**] Miscellaneous expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	-	92
Particulars with regard to CSR activities :		
1 Amount required to be spent during the year	-	92
2 Amount of expenditure incurred	-	92
3 Shortfall at the end of the year	-	-
4 Total of previous years shortfall	-	-
5 Reasons for shortfall	-	-
6 Nature of CSR Activities:		
A Healthcare	-	92
7 Details of Related Parties:		
A Contribution to Zydus Foundation, a fellow subsidiary of the Company, is a company incorporated under Section 8 of the Companies Act, 2013	-	92
8 Movements in the provision of CSR:		
A Opening Balance	-	-
B Provision made during the year	-	92
C Provision reversed during the year	-	92
D Closing Balance	-	-

Note: 33 - Exceptional items:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Exceptional items [*]	-	13,213
Total	-	13,213

[*] During the year ended March 31, 2021, the secured Non-Convertible debentures (NCDs) previously issued by the Company had been redeemed amounting to ₹ 1,50,000 Lakhs and the premium amount paid towards the purchase of the above NCDs is expensed off as an exceptional items.

Notes to the Consolidated Financial Statements (Contd...)

Note: 34 - Tax expense:

The major components of income tax expense are:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A. Statement of Profit and Loss:		
Profit or Loss section:		
Current income tax:		
Current income tax charge	-	-
	-	-
Deferred Tax:		
Deferred tax asset relating to origination and reversal of temporary differences	(285)	(652)
Total reported in the Statement of Profit or Loss	(285)	(652)
OCI Section:		
Tax related to items recognised in OCI during the year:		
Net loss on remeasurements of defined benefit plans	(46)	81
Tax charged to OCI	(46)	81
Total reported in the Statement of Profit and Loss	(331)	(571)
B. Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Profit before tax:	30,602	11,221
Enacted Tax Rate in India (%)	34.94%	34.94%
Expected Tax Expenses	10,694	3,921
Adjustments for:		
Effect of Non-taxable Income	(97)	(62)
Utilisation of previously unrecognised tax losses	(4,440)	(7,874)
Effect of differences in tax rate in standalone and consolidated	(215)	(223)
Effect of unrecognised deferred tax assets/ liabilities	(6,476)	3,516
Effect of other non-deductible expenses	39	24
Others	164	127
Tax expense as per Statement of Profit and Loss	(331)	(571)

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

Particulars		Year ended March 31, 2022	Year ended March 31, 2021
A. The numerators and denominators used to calculate the basic and diluted EPS items are as follows:			
i Profit attributable to Shareholders	₹- in Lakhs	30,887	11,873
ii Basic and weighted average number of Equity Shares outstanding during the period	Numbers	6,36,32,144	6,07,41,344
iii Nominal value of equity share	₹	10	10
iv Basic & diluted Earnings per equity share items [EPS]	₹	48.54	19.55

Notes to the Consolidated Financial Statements (Contd...)

Note: 36 - Segment Reporting:

The Chief Operating Decision Maker [CODM] reviews the Group as a single “Consumer” segment. The Group operates in one segment only, namely “Consumer Products.” The Group also exports its products to other countries. However the value being below threshold limit as prescribed under Ind AS provisions of “Segment Reporting”, the reporting is not required.

Note: 37 - Related Party Transactions:

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

a	Entity having control over Holding Company : Zydus Family Trust *	
b	Holding Company: Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	
c	Fellow Subsidiaries/ Concerns:	
	Zydus Healthcare Limited	Nesher Pharmaceuticals (USA) LLC [USA]
	German Remedies Pharmaceuticals Private Limited	ZyVet Animal Health Inc. [USA]
	Zydus Animal Health and Investments Limited	Zydus Healthcare (USA) LLC [USA]
	Dialforhealth Unity Limited	Sentynl Therapeutics Inc. [USA]
	Dialforhealth Greencross Limited	Zydus Noveltech Inc. [USA]
	Violio Healthcare Limited	Hercon Pharmaceuticals LLC [USA]
	Zydus Pharmaceuticals Limited	Viona Pharmaceuticals Inc. [USA]
	Biochem Pharmaceutical Private Limited	Zydus Therapeutics Inc. [ZTI] [USA]
	Zydus Strategic Investments Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
	Zydus VTEC Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
	Zydus Foundation **	Script Management Services (Pty) Ltd [South Africa]
	M/s. Recon Pharmaceuticals and Investments, a Partnership Firm	Zydus France, SAS [France]
	Zydus International Private Limited [Ireland]	Laboratorios Combix S.L. [Spain]
	Zydus Netherlands B.V. [the Netherlands]	Etna Biotech S.R.L. [Italy]
	Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
	Zydus Nikkho Farmaceutica Ltda. [Brazil]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
	Alidac Healthcare (Myanmar) Limited [Myanmar]	Zydus Worldwide DMCC [Dubai]
	Zydus Healthcare Philippines Inc. [Philippines]	Zydus Discovery DMCC [Dubai] [Merged with ZTI w.e.f. July 1, 2021]
	Zydus Pharmaceuticals (USA) Inc. [USA]	
d	Directors	
	Dr. Sharvil P. Patel	Non-Executive Chairman
	Mr. Ganesh N. Nayak	Non-Executive Director
	Mr. Kulin S. Lalbhai	Independent Director
	Mr. Savyasachi S. Sengupta	Independent Director
	Mr. Ashish P. Bhargava	Nominee Director
	Mr. Srivishnu R. Nandyala	Independent Director
	Ms. Dharmishtaben N. Raval	Independent Director
e	Key Managerial Personnel [KMPs]:	
	Mr. Tarun Arora	Chief Executive Officer [CEO] & Whole Time Director
	Mr. Umesh V. Parikh	Chief Financial Officer
	Mr. Dhanraj P. Dagar ***	Company Secretary

Notes to the Consolidated Financial Statements (Contd...)

Note: 37 - Related Party Transactions: (Contd...)

f	Enterprises significantly influenced by Directors and/ or their relatives of Holding Company:	
	Mukesh M. Patel & Co.	
g	Enterprises significantly influenced by Directors and/ or their relatives of the Company:	
	Cadmach Machinery Company Private Limited	
	Zydus Hospitals and Healthcare Research Private Limited	
h	Post Employment Benefits Plan-	
	Zydus Wellness Limited Employee Group Gratuity Scheme	Heinz India Private Limited Employee Provident Fund
	Zydus Wellness Sikkim Employee Group Gratuity Scheme	Heinz India Private Limited Gratuity fund
	Heinz India Private Limited Provident Fund	Heinz India Private Limited Pension fund

* Zydus Family Trust is a related party as per Ind AS.

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

*** Resigned w.e.f. close of business hours of May 9, 2022.

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business:

a Details relating to parties referred to in Note 37 - A [a, b, c and h]

₹ in Lakhs

Nature of Transactions	Value of the Transactions					
	Holding Company/ Entity having control over Holding Company		Fellow Subsidiaries/ concerns		Post Employment Benefits Plan	
	Year ended March 31					
	2022	2021	2022	2021	2022	2021
Sales:						
Goods:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	59	9	-	-	-	-
Zydus Healthcare Limited	-	-	904	1,285	-	-
Zydus Healthcare SA (PTY) Limited	-	-	-	62	-	-
Service:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	2	-	-	-	-	-
Zydus Healthcare Limited	-	-	297	72	-	-

Notes to the Consolidated Financial Statements (Contd...)

Note: 37 - Related Party Transactions: (Contd...)

₹ in Lakhs

Nature of Transactions	Value of the Transactions					
	Holding Company/ Entity having control over Holding Company		Fellow Subsidiaries/ concerns		Post Employment Benefits Plan	
	Year ended March 31					
	2022	2021	2022	2021	2022	2021
Purchase:						
Goods:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	-	10	-	-	-	-
Zydus Healthcare Limited	-	-	1	-	-	-
Services:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	144	22	-	-	-	-
Zydus Healthcare Limited	-	-	98	-	-	-
Reimbursement of Expenses:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	181	113	-	-	-	-
CSR contributions:						
Zydus Foundation	-	-	-	92	-	-
Issue of Equity shares:						
Zydus Family Trust	-	34,992	-	-	-	-
Finance:						
Interest Expenses:						
Zydus Healthcare Limited	-	-	2,021	2,460	-	-
Inter Corporate Loan accepted:						
Zydus Healthcare Limited	-	-	3,800	1,66,500	-	-
Inter Corporate Loan repaid to:						
Zydus Healthcare Limited	-	-	20,250	1,16,775	-	-
Contributions during the year (includes Employee's share and contribution):						
Zydus Wellness Limited Employee Group Gratuity Scheme	-	-	-	-	53	37
Zydus Wellness Sikkim Employee Group Gratuity Scheme	-	-	-	-	48	34
Heinz India Private Limited Provident Fund	-	-	-	-	335	421
Heinz India Private Limited Employee Provident Fund	-	-	-	-	354	348
Heinz India Private Limited Pension fund	-	-	-	-	48	64

Notes to the Consolidated Financial Statements (Contd...)

Note: 37 - Related Party Transactions: (Contd...)

₹ in Lakhs

Nature of Transactions	Value of the Transactions					
	Holding Company/ Entity having control over Holding Company		Fellow Subsidiaries/ concerns		Post Employment Benefits Plan	
	Year ended March 31					
	2022	2021	2022	2021	2022	2021
Dividend Paid:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	1,832	-	-	-	-	-
Zydus Family Trust	230	-	-	-	-	-
Outstanding Receivable:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	-	1	-	-	-	-
Outstanding Payable:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	104	-	-	-	-	-
Zydus Healthcare Limited	-	-	33,592	50,780	-	-

b Details relating to persons referred to in Note 37-A [d] and [e] above:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(i) Salaries and other employee benefits to Whole time directors and KMPs	624	623
(ii) Commission and Sitting Fees to Non Executive/ Independent Directors	59	83
(iii) Remuneration to Independent Directors	20	20
(iv) Outstanding payable to above (i), (ii) and (iii)	57	22

c Details relating to persons referred to in Note 37-A [f] and [g] above:

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(i) Purchase of services	26	24
(ii) Purchase of goods	-	1
(iii) Purchase of Property, plant and equipment	7	-

Notes to the Consolidated Financial Statements (Contd...)

Note: 38 - Financial instruments:

(i) Fair values hierarchy:

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the 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.

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

₹ in Lakhs

Particulars	As at March 31, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments at FVTPL								
Mutual funds	2,702	-	-	2,702	-	-	-	-
Total	2,702	-	-	2,702	-	-	-	-
Financial liabilities	-	-	-	-	-	-	-	-

(iii) Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed.

Financial Assets: The carrying amounts of trade receivables and other financial assets [other than derivatives], cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities: Fair values of loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

Notes to the Consolidated Financial Statements (Contd...)

Note: 39 - Financial risk management:

(i) Financial instruments by category:

₹ in Lakhs

Particulars	As at March 31, 2022				As at March 31, 2021			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Investments	2,702	-	-	2,702	-	-	-	-
Trade receivables	-	-	14,232	14,232	-	-	9,428	9,428
Cash and Cash equivalents	-	-	11,538	11,538	-	-	17,374	17,374
Bank balance other than cash and cash equivalents	-	-	5,442	5,442	-	-	7,898	7,898
Other financial assets	-	-	2,527	2,527	-	-	2,734	2,734
Total	2,702	-	33,739	36,441	-	-	37,434	37,434
Financial liabilities								
Borrowings	-	-	38,150	38,150	-	-	54,975	54,975
Lease liabilities	-	-	584	584	-	-	65	65
Trade payables	-	-	36,428	36,428	-	-	43,861	43,861
Other financial liabilities	-	-	2,710	2,710	-	-	3,045	3,045
Total	-	-	77,872	77,872	-	-	1,01,946	1,01,946

(ii) Risk Management:

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

The Group's risk management is managed in close co-ordination with the board of directors and focuses on actively securing the Group's short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below:

A. Credit risk:

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

- i Investments at Amortised Cost : They are investments in the normal course of business of the company.
- ii Bank deposits : The Group maintains its Cash and cash equivalents and Bank deposits with reputed and highly rated banks Hence, there is no significant credit risk on such deposits.
- 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 Group trades with recognized and credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Notes to the Consolidated Financial Statements (Contd...)

Note: 39 - Financial risk management: (Contd...)

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

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

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

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables:		
Less than 180 days	14,113	8,276
180 - 365 days	55	333
Above 365 days	64	819
Total	14,232	9,428

Movement in the expected credit loss allowance on trade receivables: ₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	301	238
Addition	78	63
Trade receivable write off	(226)	-
Balance at the end of the year	153	301

Other than trade receivables, the Group 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 Group maintains flexibility in funding by maintaining availability under committed facilities.
- b Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which it operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities :

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

Notes to the Consolidated Financial Statements (Contd...)

Note: 39 - Financial risk management: (Contd...)

₹ in Lakhs

Particulars	As at March 31, 2022				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	32,922	6,261	-	-	39,183
Lease Liabilities	169	169	172	218	727
Trade payables	36,428	-	-	-	36,428
Other financial liabilities (excluding interest accrued but not due)	2,609	-	-	101	2,710
Total	72,128	6,430	172	319	79,048

₹ in Lakhs

Particulars	As at March 31, 2021				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	28,385	27,213	6,955	-	62,553
Lease Liabilities	22	22	22	11	77
Trade payables	43,861	-	-	-	43,861
Other financial liabilities (excluding interest accrued but not due)	1,875	-	-	91	1,966
Total	74,143	27,235	6,977	102	1,08,457

C Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Euro and Other currency. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group's operations in foreign currency is insignificant and hence there is no material risk.

a Foreign currency risk exposure:

The Groups exposure to foreign currency risk at the end of the reporting period is expressed as follows:

Sensitivity

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

₹ in Lakhs

Particulars	As at March 31, 2022		As at March 31, 2021	
	Movement in Rate *	Impact on PAT	Movement in Rate *	Impact on PAT
USD	4%	4	7%	15
USD	(4%)	(4)	(7%)	(15)
EUR	2%	(1)	5%	(5)
EUR	(2%)	1	(5)%	5
Others	2%	(3)	5%	(2)
Others	(2%)	3	(5)%	2

* Holding all other variables constant

Notes to the Consolidated Financial Statements (Contd...)

Note: 39 - Financial risk management: (Contd...)

D Interest rate risk:

Liabilities:

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2022, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in Fixed Deposits are at fixed interest rates.

Sensitivity:

Below is the sensitivity of profit or loss and equity changes in interest rates:

₹ in Lakhs

Particulars	Movement in Rate *	As at March 31, 2022	As at March 31, 2021
Interest rates	0.50%	(17)	(18)
Interest rates	(0.50%)	17	18

* Holding all other variables constant

E Price Risk

(a) Exposure

The Group's exposure to price risk arises from investments in equity and mutual funds held by the group and classified in the balance sheet as fair value through OCI and at fair value through profit or loss respectively, to manage its price risk arising from investments in equity securities and mutual funds, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

(b) Sensitivity- Mutual Fund:

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit and loss for the period. The analysis is based on the assumption that the price of the instrument has increased by 2% or decreased by 2% with all other variables held constant.

₹ in Lakhs

Particulars	Movement in Rate *	As at March 31, 2022	As at March 31, 2021
Mutual Funds [Quoted]			
Increase	2%	35	-
Decrease	(2%)	(35)	-

* Holding all other variables constant

Note 40: Capital management:

The Group's capital management objectives are

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

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Notes to the Consolidated Financial Statements (Contd...)

Note 40: Capital management: (Contd...)

Particulars		As at March 31, 2022	As at March 31, 2021
Gross debts	₹ in Lakhs	38,150	54,975
Total equity	₹ in Lakhs	4,84,403	4,56,779
Gross debt to equity ratio [No. of times]		0.08	0.12

Loan covenants:

As at March 31, 2022 and March 31, 2021, there are no covenant applicable to the Company.

Note: 41 - Group Information:

Consolidated Financial Statements as at March 31, 2022 comprise the Financial Statements [FS] of Zydus Wellness Limited and its subsidiaries, which are as under:

Name	Principal activities	Country of incorporation	Status of FS at March 31, 2022	% Share of Interest As at March 31	
				2022	2021
Liva Investment Limited	Investment	India	Audited	100%	100%
Liva Nutritions Limited	Consumer Health & Wellness	India	Audited	100%	100%
Zydus Wellness Products Limited	Consumer Health & Wellness	India	Audited	100%	100%
Zydus Wellness International DMCC [Dubai]	Consumer Health & Wellness	Dubai	Audited	100%	100%
Zydus Wellness (BD) Pvt Limited [Bangladesh] [Date of incorporation: November 18, 2021]	Consumer Health & Wellness	Bangladesh	Audited	100%	N.A.

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

Particulars	Net Assets i.e. total assets minus total liabilities		Share in Profit / [Loss]		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of Consolidated Net Assets	₹ in Lakhs	As % of Consolidated Profit / [Loss]	₹ in Lakhs	As % of Consolidated other Comprehensive income	₹ in Lakhs	As % of total Comprehensive income	₹ in Lakhs
Parent:								
Zydus Wellness Limited	83%	4,00,018	4%	1,270	(1%)	1	4%	1,271
Subsidiaries:								
Indian:								
Zydus Wellness Products Limited	56%	2,70,534	(15%)	(4,697)	125%	(101)	(16%)	(4,798)
Liva Investment Limited	0%	19	0%	-	0%	-	0%	-
Liva Nutritions Limited	0%	240	0%	-	0%	-	0%	-
Foreign:								
Zydus Wellness International DMCC [Dubai]	0%	765	1%	301	1%	(1)	1%	300
Zydus Wellness (BD) Pvt Limited [Bangladesh]	0%	(3)	0%	(11)	0%	-	0%	(11)
Total Eliminations/ Consolidation Adjustments	(39%)	(1,87,171)	110%	34,024	(25%)	20	111%	34,044
Total	100%	4,84,403	100%	30,887	100%	(81)	100%	30,806

Notes to the Consolidated Financial Statements (Contd...)

Note: 42 - Leases:

Lessee:

A Relating to statement of financial position:

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

Right of use assets are part of financial statement caption "Property plant and equipment". Depreciation and impairment is similar to measurement of owned assets. Interest is part of financial statement caption "Finance cost".

₹ in Lakhs			
Right of use assets	Leasehold Land	Building	Total
Balance as at April 1, 2020 [net]	1,513	77	1,590
Depreciation charge for the year	(18)	(17)	(35)
Balance as at March 31, 2021 [net]	1,495	60	1,555
Additions during the year	-	594	594
Depreciation charge for the year	(18)	(96)	(114)
Balance as at March 31, 2022 [net]	1,477	558	2,035

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

The Company leases assets include office buildings.

Movement in lease liabilities:

₹ in Lakhs		
Lease liabilities	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	65	78
Additions	595	-
Redemptions	(76)	(13)
Balance at the end of the year	584	65
of which:		
Non Current portions	471	49
Current portions	113	16

Maturity analysis of lease liabilities:

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

₹ in Lakhs		
Minimum lease payments due	As at March 31, 2022	As at March 31, 2021
Within 1 years	169	22
1-5 years	558	55
Total	727	77

Notes to the Consolidated Financial Statements (Contd...)

Note: 43 - COVID-19 Impact:

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

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

As per our current assessment of the situation based on internal and external information available up to the date of approval of these financial results by the Board of Directors, the Group 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 Group will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

Note: 44: Disclosure of Transaction with Struck Off Companies

The Group did not have any material transaction with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the current and previous financial year.

Note: 45:

- [a] The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- [b] The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note: 46:

Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

Signatures to Significant Accounting Policies and Notes 1 to 46 to the Consolidated 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

Mukesh M. Shah

Partner

Membership Number: 030190

Place: Ahmedabad

Date: May 17, 2022

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place: Mumbai

Date: May 17, 2022

Tarun Arora

CEO & Whole Time Director

DIN: 07185311

Place: Ahmedabad

Date: May 17, 2022

Umesh V. Parikh

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2022

Statement containing the salient features of the financial Statements of Subsidiaries/ Associates/ Joint Ventures

[Pursuant to first proviso to sub-section (3) of Section 129 of read with rule 5 of the Companies (Accounts) Rules, 2015]

Part: "A" - Subsidiaries

Sr No.	Name of the Subsidiary	Date of incorporation/ acquisition	Reporting Year Ended	Reporting Currency	Exchange Rate	₹ in Lakhs							% of Shareholding			
						Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than Investments in Subsidiaries	Turnover & Other income from operations *	Profit/ (Loss) before Taxation *		Provision for Taxation *	Profit/ (Loss) after Taxation *	Proposed Dividend
1	Zydus Wellness Products Limited	28-Feb-19	March 31, 2022	₹	1	21,884	2,48,650	4,18,029	1,47,495	1,500	1,88,168	(8,875)	(4,178)	(4,697)	-	100.00%
2	Liva Nutritions Limited	21-Dec-18	March 31, 2022	₹	1	305	(65)	241	0	-	-	(0)	(0)	(0)	-	100.00%
3	Liva Investment Limited	24-Dec-18	March 31, 2022	₹	1	25	(6)	20	0	-	-	0	-	0	-	100.00%
4	Zydus Wellness International DMCC [Dubai]	28-May-19	March 31, 2022	USD	75.82	52	713	1,737	973	-	5,420	300	-	300	-	100.00%
5	Zydus Wellness (BD) Pvt Limited [Bangladesh] **	18-Nov-21	March 31, 2022	BDT	0.88	9	(12)	6	9	-	-	(11)	-	(11)	-	100.00%

* Converted using average exchange rates prevailing during the year.

** The subsidiary is yet to commence commercial operations.

For and on behalf of the Board

Dr. Sharvil P. Patel

Chairman

DIN: 00131995

Place: Mumbai

Date: May 17, 2022

Tarun Arora

CEO & Whole Time Director

DIN: 07185311

Place: Ahmedabad

Date: May 17, 2022

Umesh V. Parikh

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2022

Notice

ZYDUS WELLNESS LIMITED

(CIN:L15201GJ1994PLC023490)

Registered Office: Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej-Gandhinagar Highway, Ahmedabad – 382481

Website: www.zyduwellness.com; **E-mail id:** investor.grievance@zyduwellness.com

Phone No.: +91-79-71800000; +91-79-48040000

Notice is hereby given that the **Twenty Eighth** Annual General Meeting (“**AGM**”) of the members of the Company will be held on Friday, July 29, 2022 at 10:00 a.m. (IST) through Video Conference (“**VC**”) / Other Audio Visual Means (“**OAVM**”). The venue of the AGM shall be deemed to be the Registered Office of the Company. The following businesses will be transacted at the AGM:

ORDINARY BUSINESS:

- To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the year ended on March 31, 2022 and the Reports of the Board of Directors and the Auditors thereon.
- To receive, consider and adopt the Consolidated Audited Financial Statements of the Company for the year ended on March 31, 2022 and the Report of the Auditors thereon.
- To declare dividend of ₹ 5/- (50.0%) per equity share of ₹ 10/- each for the Financial Year ended on March 31, 2022.
- To consider re-appointment of Mr. Ganesh N. Nayak (DIN: 00017481), as a Non-Executive Director, who retires by rotation in the AGM and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. To ratify remuneration of Cost Auditors:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to provisions of section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies the remuneration of ₹ 3 Lakhs plus applicable Goods and Service Tax and out of pocket expenses at actuals for the Financial Year ending on March 31, 2023 to

Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338) who were appointed by the Board of Directors as Cost Auditors to conduct the audit of cost records maintained by the Company pertaining to product 'Nutralite' to be manufactured by the Company for the Financial Year ending on March 31, 2023.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps as may be necessary to give effect to this resolution.”

By Order of the Board of Directors

Place : Ahmedabad

Date : May 17, 2022

Umesh V. Parikh

Chief Financial Officer

NOTES:

- The Explanatory Statement pursuant to provisions of section 102 of the Companies Act, 2013 (“the **Act**”) in respect of business under Item No. 5 of the Notice is annexed hereto. The Board of Directors (“the **Board**”) have considered and decided to include Item No. 5 given above as the special business in the Twenty Eighth AGM.
- The final dividend on equity shares, if declared at the AGM, will be paid electronically or through cheque which will be dispatched through post around Wednesday, August 3, 2022 to those members whose names appear in the Company’s Register of Members and List of Beneficial Owners as received from the National Securities Depository Limited (“**NSDL**”) and Central Depository Services (India) Limited (“**CDSL**”) on Friday, July 15, 2022 i.e. the Record Date fixed for this purpose.
- In view of the Covid-19 pandemic, the Ministry of Corporate Affairs vide its circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021 and May 5, 2022 and SEBI vide its circulars dated May 12, 2020, January 15, 2021 and May 13, 2022 (MCA Circulars for General Meetings and SEBI Circulars for General Meetings are collectively

referred to “**MCA and SEBI Circulars for General Meetings**”), permitted the holding of the General Meetings through VC / OAVM, without the physical presence of the members at a common venue. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the **Listing Regulations**”), MCA and SEBI Circulars for General Meetings, the AGM of the Company is being held through VC / OAVM.

As the AGM is being held pursuant to the MCA and SEBI Circulars for General Meetings through VC / OAVM, the facility to appoint proxy will not be available for this AGM and hence the Proxy Form, Attendance Slip and Route Map for venue of AGM are not annexed to this Notice. However, a Body Corporate is entitled to appoint authorised representative to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.

4. Institutional / Corporate Members (i.e. other than individual / HUF, NRI etc.) are required to send a scanned copy (PDF / JPEG format) of its Board or governing body Resolution / Authorization etc. authorizing the representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorization shall be sent to Mr. Hitesh Buch, the Scrutinizer appointed by the Company, by e-mail on his registered e-mail address pcs.buchassociates@gmail.com with a copy marked to helpdesk.evoting@cDSLindia.com.
5. Members may note that the Board, at their meeting held on May 17, 2022 has recommended a final dividend of ₹ 5/- (i.e. 50.0%) per equity share of ₹ 10/- each, for the Financial Year ended on March 31, 2022. The members holding shares as on Friday, July 15, 2022 will be entitled to receive the final dividend declared, if any, for the Financial Year 2021-2022, by the members at the ensuing AGM, (i) as per the list of beneficial owners provided by the Depositories in respect of shares held in demat form and (ii) as per the Register of Members of the Company after giving effect to valid request of transmission / transposition in physical form lodged with the Link Intime India Private Limited, Registrar and Share Transfer Agent of the Company (“**RTA**”) on or before the aforesaid date i.e. July 15, 2022. The transmission / transposition request complete in all respects should reach the RTA well before the above date. The final dividend, once approved by the members in the AGM, will be paid on or after 5th day from the date of AGM i.e. Wednesday, August 3, 2022, electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, cheques will be sent to their

registered addresses as per the permitted mode. To avoid delay in receiving the dividend, members are requested to update their Know Your Client (“**KYC**”) with their Depositories (where shares are held in dematerialized mode) and with the Company’s RTA (where shares are held in physical mode) to receive the dividend directly into their bank account on the pay-out date.

6. Pursuant to the provisions of section 125 of the Act, and the Rules made thereunder, those members who have not encashed their dividend warrants / cheques pertaining to the following Financial Years are requested to approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund (“**IEPF**”) on the respective dates mentioned there against. Members are requested to note that after such date, they may apply for refund of any unclaimed dividend which has been transferred to the IEPF, under sub-section (4) of section 125 or under proviso to sub-section (3) of section 125 of the Act, as the case may be, to the IEPF authority by making an online application in the prescribed web Form No. IEPF-5 available on website www.iepf.gov.in along with fees and documents as may be prescribed by the IEPF authority.

Financial year ended on	Date of declaration of dividend	% of Dividend paid	Due date of transfer of unpaid dividend to IEPF Authority
March 31, 2015	July 29, 2015	60	September 4, 2022
March 31, 2016	March 4, 2016	65 ^a	April 10, 2023
March 31, 2017	March 1, 2017	65 ^a	April 7, 2024
March 31, 2018	August 3, 2018	80	September 9, 2025
March 31, 2019	July 31, 2019	50	September 6, 2026
March 31, 2020	March 13, 2020	50 ^a	April 19, 2027
March 31, 2021	July 30, 2021	50	September 5, 2028

^aInterim Dividend

In compliance with the provisions of section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016 dated September 5, 2016 and as amended from time to time (hereinafter referred to as “the **said Rules**”), during the Financial Year ended on March 31, 2022, the Company has transferred 8,185 (Eight Thousand One Hundred Eighty Five) Equity Shares of ₹ 10 (Rupees Ten only) each of 216 (Two Hundred Sixteen) members whose dividend remained unclaimed or unpaid for a consecutive period of 7 (seven) years or more to IEPF authority constituted by the Ministry of Corporate Affairs.

Pursuant to the said rules, the Company has uploaded the information in respect of the Unclaimed Dividend as on March 31, 2021 on its website www.zyduswellness.com and on the website of IEPF www.iepf.gov.in.

7. Members holding shares in physical mode are requested to intimate the RTA of the Company at 506-508, Amarnath Business Centre-I, Beside Gala Business Centre, Navrangpura, Off C.G. Road, Ahmedabad-380006, changes, if any, in their names, registered address along with pin code number, e-mail address, telephone / mobile number, Permanent Account Number ("PAN"), mandates, nominations, power of attorneys, bank details such as name of the bank, branch details, bank account number, MICR code, IFS code, etc. and relevant evidences. Members holding shares in electronic mode shall update such details with their respective Depository Participant ("DP").

As per the provisions of section 72 of the Act, the facility of making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their respective DP in case the shares are held by them in electronic mode and to the Company / RTA, in case the shares are held in physical mode.

Members holding shares in physical mode, in identical order of names, in more than one folio are requested to send to the Company / RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such members after making requisite changes.

In case of joint holders, the Members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

8. The information of the Director seeking re-appointment at the ensuing AGM is provided at **Annexure-A** to this Notice as prescribed under regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India.
9. In compliance with the MCA and SEBI Circulars for General Meetings, Notice of the AGM of the Company, inter alia, indicating the process and manner of e-voting and the Annual Report 2021-2022 are being sent only through electronic mode to those Members whose e-mail address are registered with the Company / DP.
10. As per regulation 40 of the Listing Regulations, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised mode, except for transmission or transposition or re-lodged for transfer of securities. Further, SEBI vide its circular

No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical mode are requested to consider to dematerialise their holdings at the earliest, as it will not be possible to transfer shares held in a physical mode. Members can contact the Company or RTA for assistance in this regard.

11. **Mandatory furnishing of KYC details and nomination by holders of physical securities:**

SEBI vide its circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021 has prescribed certain mandatory provisions with regard to "Common and Simplified Norms for processing investor's request by RTAs and norms for furnishing PAN, KYC details and Nomination", where the shares are held in physical mode. The said SEBI circular prescribes following norms, in case the shares are held in physical mode:

- i. Common and simplified norms for processing any service request from the holder, pertaining to the captioned items, by the RTAs.
- ii. Electronic interface for processing investor's queries, complaints and service request.
- iii. Mandatory furnishing of PAN, KYC details and Nomination by holders of physical securities.
- iv. Freezing of folios without valid PAN, KYC details and Nomination and
- v. Compulsory linking of PAN and Aadhaar by all holders of physical securities.

Members of the Company holding shares in physical mode shall provide the following documents / details to the RTA of the Company:

- i. PAN.
- ii. Nomination (for all eligible folios) in Form No. SH-13 or submit declaration to "Opt-Out" in Form No. ISR-3.
Note: Any cancellation or change in nomination shall be provided in Form No. SH-14.
- iii. Contact details including postal address with pin code, mobile number and e-mail address.
- iv. Bank account details including bank name, branch, bank account number and IFS Code.
- v. Specimen signature.

Please provide the above documents / details to the RTA of the Company along with other basic details like name of the member, folio number, certificate number and distinctive numbers.

As per the said SEBI circular, the Company has uploaded the following documents (along with the SEBI circular) on the website of the Company:

- i. Form No. ISR-1-request for registering PAN, KYC details or changes / updation thereof.
- ii. Form No. ISR-2-confirmation of signature of securities holder by the Banker.
- iii. Form No. ISR-3-declaration form for opting-out of nomination by holders of physical securities in listed companies.
- iv. Form No. SH-13-nomination form.
- v. Form No. SH-14-cancellation or variation of nomination.

Further, the contact details of the Company and RTA are also available on the website of the Company.

The link to view the said SEBI circular along with the various forms is available at <https://www.zyduswellness.com/investor/Mandatory-furnishing-of-KYC-and-Nomination-of-Shareholders.pdf>.

12. Issue of shares in demat mode only:

SEBI vide its notification dated January 24, 2022 amended certain provisions of the Listing Regulations inter alia pertaining to issue of shares in demat mode only. Further SEBI vide its circular No. SEBI/HO/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 issued operational guidelines for dematerialization of securities received for processing investor's service request.

For more details, please visit our website at <https://www.zyduswellness.com/investor/Issue-of-shares-in-demat-mode-only.pdf>.

13. SEBI vide its circular dated April 20, 2018, directed all the listed companies to record the PAN and bank account details of all their members holding shares in physical mode. All those members who are yet to update their details with the Company are requested to do so at the earliest. This will help the members to receive the dividend declared by the Company, directly in their respective bank account.

14. **Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communications electronically including Annual Report, Notices, Circulars, etc. from the Company.**

The e-mail addresses can be registered with the DP in case the shares are held in electronic mode and with the RTA in case the shares are held in physical mode.

Members may also note that the Notice of the AGM and the Annual Report 2021-2022 are uploaded and available on the website of the Company, the Stock Exchanges and CDSL at www.zyduswellness.com, www.bseindia.com, www.nseindia.com and www.evotingindia.com respectively. The copies of the documents will also be available for electronic inspection during normal business hours on working days, from the date of circulation of this Notice up to the date of AGM. For any communication, the members may also send requests to the Company's investor e-mail id at investor.grievance@zyduswellness.com.

The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested will be available for inspection by the members electronically during the AGM.

15. Members may note that the Income Tax Act, 1961, ("the **IT Act**") as amended by the Finance Act, 2020, mandates that dividend paid or distributed by a company after April 1, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source ("**TDS**") at the time of making the payment of final dividend. The Company will send an e-mail communication to all the members of the Company whose e-mail ids are registered with the Company / RTA with all the details with regard to deduction of tax on dividend as per the amendment introduced by the Finance Act, 2020 in the IT Act.

Said e-mail communication will contain the details of tax rates for various categories of members (Resident Indian, Non-Resident Indian, FIIs, FPIs, etc.), the link to download various blank forms, separate link and e-mail id to upload the signed forms and various documents by the members to enable the Company to determine the appropriate TDS / withholding tax rate applicable.

For the information of the members, it is hereby clarified that **No tax will be deducted on payment of dividend to the resident individual members if the total dividend to be paid during the Financial Year does not exceed ₹ 5,000** or if an eligible resident member has provided a valid declaration in Form 15G/15H or other documents as may be applicable to different categories of members. The rate of TDS will vary depending on the residential status of the member and documents registered with the Company.

The Company will issue soft copy of the TDS certificate to its members through e-mail registered with the Company / RTA post payment of the dividend. The members will also be able to download the TDS details from the website of the Income Tax Department at <https://www.incometax.gov.in> (refer to Form 26AS).

In case TDS is deducted at a higher rate in the absence of receipt of the aforementioned details/documents, an option is still available with the member to file the return of income and claim an appropriate refund. No claim shall lie against the Company for such taxes deducted.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the member/s, such member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any assessment / appellate proceedings before the Tax / Government Authorities.

This communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Members should consult their tax advisors for requisite action to be taken by them.

If you are a member of the Company as on Friday, July 15, 2022 and the dividend receivable by you is taxable under the IT Act, the Company shall be obligated to deduct taxes at source on the dividend payable to you as per the applicable provisions under the IT Act.

Members holding shares in dematerialized mode, are requested to update their records such as tax residential status, PAN, register their e-mail address, mobile number and other details with their relevant depositories through their DPs. The members holding shares in physical mode are requested to furnish details to the Company's RTA.

16. **E-Voting (voting through electronic means):**

I. The businesses as set out in the Notice shall be transacted through electronic voting system. In compliance with the provisions of section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, Standard 2 of the Secretarial Standard on General Meetings and in compliance with regulation 44 of the Listing Regulations and pursuant to the MCA and SEBI Circulars for General Meetings, the Company is pleased to offer the facility of voting through electronic means, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with CDSL to facilitate the members to cast their votes from a place other than venue of the

AGM ("**remote e-voting**"). The facility for voting shall be made available at the AGM through electronic voting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right during the AGM. The facility of casting votes by a member using remote e-voting as well as e-voting at the meeting on the date of the AGM will be provided by CDSL.

In terms of provisions of section 107 of the Act, as the Company is providing the facility of remote e-voting to the members, there shall be no voting by show of hands at the AGM.

- II. In view of the continued Covid-19 pandemic, social distancing is still a norm to be followed and pursuant to the MCA and SEBI Circulars for General Meetings, physical attendance of the members at the AGM venue is not required and AGM can be held through VC / OAVM. Accordingly, members can attend and participate in the ensuing AGM through VC / OAVM.
- III. The Members can join the AGM through VC / OAVM mode 30 minutes before the scheduled time for AGM and within 15 minutes after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on first come first served basis. This will not include large shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, the Nomination and Remuneration Committee and the Stakeholders Relationship Committee and the Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- IV. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Act.
- V. A person whose name is recorded in the Register of Members and in the List of Beneficial Owners maintained by the depositories as on Friday, July 22, 2022 ("**cut-off date**") shall be entitled to avail the facility of remote e-voting or voting at the time of AGM. Persons who are not members as on the cut-off date should treat this notice for information purpose only.

The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again.

The members whose names appear in the Register of Members and List of Beneficial Owners as on cut-off date are entitled to vote on Resolutions set forth in the Notice of AGM. Eligible members who have acquired shares after sending the Notice electronically and holding shares as on the cut-off date may approach the Company for seeking assistance for issuance of the User id and Password for exercising their right to vote by electronic means.

VI. **Process for those members whose e-mail ids, mobile nos. are not registered with the Depositories:**

- i. Members holding shares in physical mode-please provide the necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card) by e-mail to **Company/RTA**.
- ii. Members holding shares in demat mode-please update your e-mail id and mobile number with your respective DP.
- iii. Individual members holding shares in demat mode-please update your e-mail id and mobile number with your respective DP which is mandatory for e-voting and joining the AGM through VC / OAVM through Depository.

VII. **Instructions for members for remote e-voting, e-voting during AGM and joining the AGM through VC/OAVM are as under:**

- i. The remote e-voting period commences at **9:00 a.m. (IST) on Tuesday, July 26, 2022 and ends at 5:00 p.m. (IST) on Thursday, July 28, 2022**. During this period members of the Company, holding shares either in physical mode or in dematerialized mode, as on the cut-off date i.e. Friday, July 22, 2022, may cast their vote by remote e-voting. The remote

e-voting module shall be disabled by CDSL for voting thereafter.

- ii. The members who have already voted prior to the AGM date would not be entitled to vote during the AGM.
- iii. Pursuant to SEBI Circular No. SEBI/HO/FD/CMD/CIR/P/2020/242 dated December 9, 2020, under regulation 44 of the Listing Regulations, listed companies are required to provide remote e-voting facility to its members in respect of all members' resolutions.

Currently there are multiple e-voting service providers (“**ESPs**”) providing e-voting facility to listed companies in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the members.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders by way of a single login credential, through their demat accounts / websites of Depositories / DPs. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication, but also enhancing ease and convenience of participating in e-voting process.

- iv. In view of the aforesaid SEBI Circular dated December 9, 2020, individual members holding shares in demat mode are allowed to vote through their demat account maintained with Depositories and DPs. **Members are advised to update their mobile number and e-mail id in their demat accounts in order to access e-voting facility**. Pursuant to the aforesaid SEBI Circular dated December 9, 2020, login method for e-voting and joining virtual meetings for individual members holding shares in demat mode is given below:

Type of members	Login methods
Individual member holding shares in demat mode with CDSL	<ol style="list-style-type: none"> Users who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. After successful login, the Easi / Easiest user will be able to see the e-voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-voting service provider i.e. CDSL / NSDL / Karvy / Link Intime as per information provided by Issuer / Company. Additionally, we are providing links to e-voting Service Providers, so that the user can visit the e-voting service providers' site directly. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN from a link on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and e-mail id as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-voting is in progress during or before the AGM.
Individual member holding shares in demat mode with NSDL	<ol style="list-style-type: none"> If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.
Individual member (holding shares in demat mode) login through their DPs	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider's website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned websites.

Helpdesk for individual members holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk numbers
Individual members holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or call at toll free no.: 1800 22 55 33.
Individual members holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

v. Login method for e-voting and joining AGM through VC/OAVM for **members other than individual members holding shares in demat and physical mode** is as under:

1. The members should log on to the remote e-voting website www.evotingindia.com.
2. Click on Shareholders.
3. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if the members are registered on CDSL's EASI/EASIEST e – service, a member can login at <http://www.cdslindia.com> from login myeasi using its login credentials. Once a member successfully log in to CDSL's EASI/EASIEST e-services, click on e-voting option and proceed directly to cast its vote electronically.

4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat mode and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

6. If you are a first time user follow the steps given below:

For members holding shares in Demat and Physical mode other than individual members

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both, members holding shares in demat mode and members holding shares in physical mode).
Dividend Bank Details	Enter the Dividend Bank details or Date of Birth (DOB) (in dd/mm/yyyy format) as recorded in your demat account or in the company's records in order to login.
OR	
Date of Birth (DOB)	If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (3).

7. After entering these details appropriately, click on "SUBMIT" tab.
8. Members holding shares in physical mode will then directly reach the Company selection screen. However, members holding shares in demat mode will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other Company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
9. For Members holding shares in physical mode, the details can be used only for e-voting on the resolutions contained in this Notice.
10. Click on the EVSN for ZYDUS WELLNESS LIMITED on which you choose to vote.
11. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.

12. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.
13. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
14. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
15. You can also take a print of the vote cast by clicking on "Click here to print" option on the voting page.
16. If demat account holder has forgotten the login password, they should enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
17. Members can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while remote e-voting on your mobile.
18. Note for Non-Individual Members and Custodians:
 - Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance Users would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and/ or Power of Attorney ("POA"), which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively non-individual members are required to send the relevant Board Resolution/authority letter together with attested specimen signature of the duly

authorised signatory, who are authorised to vote, to the Scrutinizer and to the Company, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the Scrutinizer to verify the same.

19. If you have any queries or issues regarding attending AGM and e-voting from the e-voting system, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an e-mail to helpdesk.evoting@cdslindia.com.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai-400013 or send an e-mail to helpdesk.evoting@cdslindia.com or call on toll free no. 1800 22 55 33.

A member can opt for only one mode of voting i.e. either through remote e-voting or e-voting at the meeting. If a member casts votes by both modes, then voting done through remote e-voting shall prevail.

The Company has appointed Mr. Hitesh Buch, Practicing Company Secretary (Membership No. 3145), to act as the Scrutinizer for conducting the e-voting and remote e-voting process in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the e-voting on the Resolutions at the AGM shall be announced by the Chairman or any other person authorised by him immediately after the results are declared.

The results declared along with the Scrutinizer's report, will be posted on the website of the Company www.zyduswellness.com and on the website of CDSL www.cdslindia.com and will be displayed on the Notice Board of the Company at its Registered Office immediately after the declaration of the result by the Chairman or any other person authorised by him and communicated to the Stock Exchanges.

VIII. Instructions for members attending the AGM through VC / OAVM and e-voting during AGM are as under:

1. The procedure for attending the AGM and e-voting on the day of AGM is same as the instructions mentioned above for remote e-voting.

2. The link for VC / OAVM to attend AGM will be available where the EVSN of the Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote during the AGM.
4. Members are encouraged to join the AGM through Laptops / IPads for better experience.
5. Further, members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
6. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable WI-FI or LAN connection to mitigate any kind of aforesaid glitches.
7. Members who would like to express their views/ask questions during the AGM may register themselves as a speaker by sending their request in advance at least **7 (seven) days prior to the AGM** mentioning their name, demat account number / folio number, e-mail id and mobile number at umesh.parikh@zyduswellness.com.

The members who do not wish to speak during the AGM but have queries may send their queries in advance **7 (seven) days prior to the AGM** mentioning their name, demat account number / folio number, e-mail id and mobile number at the Company's e-mail id. These queries will be replied by the Company suitably by e-mail.
8. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.
9. Only those members, who are present in the AGM through VC/OAVM facility and have not cast their vote on the resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
10. If any votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the AGM through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the AGM is available only to the members attending the AGM.

REQUEST TO THE MEMBERS:

Members desiring any relevant information on the Audited Financial Statements or any matter to be placed at the AGM are requested to write to the Company at least 7 (seven) days in advance of the date of AGM through e-mail at umesh.parikh@zyduswellness.com. The same will be replied by the Company suitably.

ZYDUS WELLNESS LIMITED

(CIN:L15201GJ1994PLC023490)

Registered Office: Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle, Sarkhej-Gandhinagar Highway, Ahmedabad – 382481

Website: www.zyduswellness.com; **E-mail id:** investor.grievance@zyduswellness.com

Phone No.: +91-79-71800000; +91-79-48040000

Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013 (“the Act”):

The following statement sets out all material facts relating to Special Business mentioned in the Notice of Annual General Meeting dated May 17, 2022.

Item No. 5: Ratification of remuneration to Cost Auditors:

In accordance with the provisions of section 148 of the Act and rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the Company pertaining to product ‘Nutralite’ manufactured by the Company.

On the recommendation of the Audit Committee, the Board of Directors have approved the appointment of Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338) as the Cost Auditors to conduct audit of cost records of the Company for the Financial Year ending on March 31, 2023, at a remuneration of ₹ 3 Lakhs plus applicable Goods and Service Tax and out of pocket expenses at actuals.

Dalwadi & Associates, Cost Accountants have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. As per the provisions of the Act read with the Rules, the remuneration payable to the Cost Auditors shall be ratified by the members of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 5 of the Notice.

The Board recommends the passing of the resolution as an Ordinary Resolution as set out at Item No. 5 of the Notice.

By Order of the Board of Directors

Place : Ahmedabad

Date : May 17, 2022

Umesh V. Parikh
Chief Financial Officer

Details of Director seeking re-appointment at the Annual General Meeting

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015]

Name of the Director	Mr. Ganesh N. Nayak, Non-Executive Director																								
DIN	00017481																								
Date of Birth	May 18, 1955																								
Age	66 years																								
Date of first appointment on the Board	July 27, 2006																								
Date of re-appointment by the members	July 31, 2019																								
Qualifications	Bachelor of Science, MBA from Newport University, California, USA. Mr. Ganesh N. Nayak has done General Management Programme from Harvard Business School, Boston, USA.																								
Brief resume and nature of expertise in functional areas	Mr. Ganesh Nayak is the Executive Director of Zydus Lifesciences Limited, the holding company. He spearheads the business of the Zydus Group, including its Joint Ventures and Alliances. Mr. Nayak joined Zydus Group in 1977. With experience of more than 45 years, he has contributed significantly to the growth of Zydus Group over the years Zydus Group has successfully undertaken several expansion plans during his association. With strategic insight and business acumen, Mr. Nayak has played a key role in several M&A deals and alliances. Strategic management skills, long standing expertise in sales and marketing and new insights from the Harvard Business School have catapulted Mr. Nayak to the global league of marketing professionals.																								
Relationship with other Directors and Key Managerial Personnel	None																								
Name of the companies in which Mr. Ganesh N. Nayak holds Directorships and Memberships of Committees of the Board	<p>A. Directorship in listed companies:</p> <ol style="list-style-type: none"> Zydus Lifesciences Limited Zydus Wellness Limited <p>Mr. Ganesh N. Nayak has not resigned as a director of any listed company in past three years</p> <p>B. Directorship in other companies:</p> <ol style="list-style-type: none"> Zydus Takeda Healthcare Private Limited Zydus Hospira Oncology Private Limited Bayer Zydus Pharma Private Limited German Remedies Healthcare Private Limited Zydus VTEC Limited <p>C. Committee positions in companies:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #4CAF50; color: white;"> <th>Sr. No.</th> <th>Name of the Company</th> <th>Name of the Committee</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td rowspan="2">1.</td> <td rowspan="2">Zydus Lifesciences Limited</td> <td>Finance and Administration Committee</td> <td>Member</td> </tr> <tr> <td>Stakeholders' Relationship Committee</td> <td>Chairman</td> </tr> <tr> <td rowspan="4">2.</td> <td rowspan="4">Zydus Wellness Limited</td> <td>Audit Committee</td> <td>Member</td> </tr> <tr> <td>CSR Committee</td> <td>Member</td> </tr> <tr> <td>Share Transfer Committee</td> <td>Member</td> </tr> <tr> <td>Finance and Administration Committee</td> <td>Member</td> </tr> <tr> <td>3.</td> <td>Zydus Hospira Oncology Private Limited</td> <td>CSR Committee</td> <td>Chairman</td> </tr> </tbody> </table>	Sr. No.	Name of the Company	Name of the Committee	Position	1.	Zydus Lifesciences Limited	Finance and Administration Committee	Member	Stakeholders' Relationship Committee	Chairman	2.	Zydus Wellness Limited	Audit Committee	Member	CSR Committee	Member	Share Transfer Committee	Member	Finance and Administration Committee	Member	3.	Zydus Hospira Oncology Private Limited	CSR Committee	Chairman
Sr. No.	Name of the Company	Name of the Committee	Position																						
1.	Zydus Lifesciences Limited	Finance and Administration Committee	Member																						
		Stakeholders' Relationship Committee	Chairman																						
2.	Zydus Wellness Limited	Audit Committee	Member																						
		CSR Committee	Member																						
		Share Transfer Committee	Member																						
		Finance and Administration Committee	Member																						
3.	Zydus Hospira Oncology Private Limited	CSR Committee	Chairman																						

Name of the Director	Mr. Ganesh N. Nayak, Non-Executive Director
Number of shares held in the Company	6550 Equity Shares
Terms of Conditions of Appointment	<ul style="list-style-type: none">• Liable to retire by rotation• Entitled to receive sitting fees for attending board and committee meetings
Total remuneration drawn in Financial Year ended on March 31, 2022	₹ 11 Lakhs towards sitting fees
Attendance in Board, committee and general meetings in Financial Year ended on March 31, 2022	Mr. Ganesh Nayak has attended all the Board, committee and general meetings held during the Financial Year ended on March 31, 2022



Zydus Wellness Ltd.

Registered Office: Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle, Sarkhej-Gandhinagar Highway, Ahmedabad - 382481, India.

Phone No.: +91-79-4804 0000, 7810 0000 | **Website:** www.zyduswellness.in

CIN: L15201GJ1994PLCO23490