zydus
Dedicated To Life

July 14, 2023

Listing Department *Code: 532321*	Listing Department *Code: ZYDUSLIFE*
BSE Limited P.J. Towers, Dalal Street Mumbai-400001	**National Stock Exchange of India Limited** Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai-400051

Re: **Annual General Meeting and Annual Report for the Financial Year ended on March 31, 2023**

Dear Sir / Madam,

Pursuant to regulation 34(1) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of Twenty Eighth Annual General Meeting ("**AGM**") for the Financial Year ended on March 31, 2023 which is sent to the members through electronic means as per the circulars from Ministry of Corporate Affairs and The Securities and Exchange Board of India.

Important details with regard to AGM are as under:

Sr. No.	Particulars	Details
1.	AGM details	**Day:** Friday **Date:** August 11, 2023 **Time:** 10:00 a.m. (IST) **Through Video 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 7, 2023
3.	Cut-off date to determine list of members entitled to receive final dividend	Friday, July 28, 2023
4.	Dividend Payment Date	On or after Tuesday, August 16, 2023
5.	Cut-off date to determine list of members entitled for e-voting	Friday, August 4, 2023
6.	Remote e-voting start time, day and date	9.00 a.m. (IST), Tuesday, August 8, 2023
7.	Remote e-voting end time, day and date	5.00 p.m. (IST), Thursday, August 10, 2023

The link to view the Notice of AGM and Annual Report is as under:

https://zyduslife.com/investor/admin/uploads/14/2/2022-2023.pdf

Please receive the same in order.

Thanking you,

Yours faithfully,
For, **ZYDUS LIFESCIENCES LIMITED**
DHAVAL NARENDRA SONI
Digitally signed by DHAVAL NARENDRA SONI
Date: 2023.07.14 15:39:48 +05'30'
DHAVAL N. SONI
COMPANY SECRETARY

Encl.: As above

Dedicated To Life

Shaping a healthier world

by offering novel solutions

Zydus Lifesciences Limited

Annual Report 2022-23

Corporate Information

FOUNDER
Late Mr. Ramanbhai B. Patel

BOARD OF DIRECTORS

Pankaj R. Patel
Chairman

Dr. Sharvil P. Patel
Managing Director

Ganesh N. Nayak
Executive Director

Nitin R. Desai
Independent Director

Bhadresh K. Shah
Independent Director

Dharmishtaben N. Raval
Independent Woman Director

Apurva S. Diwanji
Independent Director

Akhil Monappa
Independent Director

Upasana Konidela
Independent Woman Director

Mukesh M. Patel
Non-Executive Director

KEY MANAGERIAL PERSONNEL (OTHER THAN DIRECTORS)

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

KEY CONTACTS

Arvind Bothra
Head - Investor Relations
arvind.bothra@zyduslife.com

Dhaval N. Soni
dhavalsoni@zyduslife.com

COMMITTEES OF THE BOARD AND THEIR CONSTITUTION

AUDIT COMMITTEE
Nitin R. Desai, Chairperson
Bhadresh K. Shah
Dharmishtaben N. Raval
Apurva S. Diwanji
Mukesh M. Patel*

* ceased to be a member w.e.f. May 18, 2023

NOMINATION AND REMUNERATION COMMITTEE
Nitin R. Desai, Chairperson
Pankaj R. Patel*
Bhadresh K. Shah
Dharmishtaben N. Raval
Apurva S. Diwanji
Upasana Konidela**
Mukesh M. Patel*

* ceased to be the members w.e.f. May 18, 2023

** inducted as a member w.e.f. May 18, 2023

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENT SOCIAL AND GOVERNANCE COMMITTEE
Pankaj R. Patel, Chairperson
Dr. Sharvil P. Patel
Dharmishtaben N. Raval
Upasana Konidela*

* inducted as a member w.e.f. May 18, 2023

RISK MANAGEMENT COMMITTEE
Pankaj R. Patel, Chairperson
Dr. Sharvil P. Patel
Apurva S. Diwanji
Akhil Monappa*
Mukesh M. Patel
Nitin D. Parekh

* inducted as a member w.e.f. May 18, 2023

STAKEHOLDERS' / INVESTORS' RELATIONSHIP COMMITTEE
Mukesh M. Patel, Chairperson
Pankaj R. Patel
Sharvil P. Patel
Bhadresh K. Shah

SHARE TRANSFER COMMITTEE
Pankaj R. Patel, Chairperson
Dr. Sharvil P. Patel
Mukesh M. Patel

FINANCE AND ADMINISTRATION COMMITTEE
Pankaj R. Patel, Chairperson
Dr. Sharvil P. Patel
Ganesh N. Nayak

STATUTORY AUDITORS
Deloitte Haskins & Sells LLP
Chartered Accountants
Ahmedabad

SECRETARIAL AUDITORS
Manoj Hurkat & Associates
Practicing Company Secretaries
Ahmedabad

COST AUDITORS
Dalwadi & Associates
Cost Accountants
Ahmedabad

JOINT INTERNAL AUDITORS
Ernst & Young and PricewaterhouseCoopers
Chartered Accountants
Mumbai

REGISTERED AND CORPORATE OFFICE
Zydus Corporate Park,
Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar)
Near Vaishnodevi Circle,
Sarkhej- Gandhinagar Highway,
Ahmedabad-382481

REGISTRAR AND SHARE TRANSFER AGENTS
Link Intime India Private Limited
506-508, Amarnath Business Centre-1 (ABC-1),
Besides Gala Business Centre,
Off. C G Road, Ellisbridge,
Ahmedabad-380006

R&D CENTRES
Zydus Research Centre (ZRC)
Survey No. 396/403, Sarkhej-Bavla
N.H. No. 8A, Moraiya,
Ahmedabad-382213

Pharmaceutical Technology Centre (PTC)
Plot No. 417,419,420, Sarkhej-Bavla
National Highway No. 8A,
Village- Moraiya, Taluka- Sanand,
Moraiya, District-Ahmedabad-382210.

Zydus API Park
Survey No. 233, 234/2, 236/1, 237/1,
Tandalja, B/h. Bright Day CBSE
School, Vasna Bhayali Canal Road,
Vadodara-390012

MANUFACTURING FACILITIES

Human Formulations

Plot No. 417,419,420, Sarkhej-Bavla National Highway No. 8A, Village-Moraiya, Taluka-Sanand, Moraiya, District-Ahmedabad-382210. (Formulations & Vaccines)

Swaraj Marja, Juddi Kalan, Post- Baddi, Tehsil-Nalagarh, Solan District, Himachal Pradesh-173205.

Plot No. 203-213, Kundaim Industrial Estate, Kundaim Village, Ponda, Goa-403115.

Plot No. 1A/1 & 2, Pharma SEZ (Zydus), Sarkhej-Bavla Highway, NH 8, Village-Matoda, Taluka-Sanand, Ahmedabad-382213.

Plot - 1/B, Pharmez Special Economic Zone, SB Highway (NH#8A), Village-Matoda, Taluka- Sanand, Ahmedabad-382213.

Plot No. 1A, PHARMEZ Special Economic Zone, Sarkhej-Bavla N.H. No. 8A, Matoda, Taluka-Sanand, Ahmedabad-382213.

Survey No. 434/6/B & 431/1/K, Village-Jarod, Taluka-Waghodia, Distract-Vadodara-391510.

Plot No. 254-255, Behind Zyfine Unit, Opp. Laxminarayan Petrol Pump, Sarkhej-Bavla National Highway-8A, Village-Changodar, Taluka-Sanand, District-Ahmedabad-382210.

Active Pharmaceutical Ingredients (API)

291, GIDC Industrial Estate, Ankleshwar-393002.

Plot No. 5/1-B, GIDC Estate, Ankleshwar-393002.

Plot No. 26-29, 31, Dabhasa-Umraya Road, Dabhasa, Taluka-Padra, District-Vadodara-391440.

Plot No. 162, Ekalbara Road, Village- Dabhasa, Taluka-Padra, District-Vadodara-391440.

Plot No. 254-255, Behind Zyfine Unit, Opp. Laxminarayan Petrol Pump, Sarkhej-Bavla National Highway-8A, Village-Changodar, Taluka-Sanand, District-Ahmedabad-382210.

Biological Products and Vaccines

Plot No. 23, 25/P, 37, 40/P, 42, Sarkhej-Bavla NH No. 8A, Opp. Ramdev Masala, Village-Changodar, Taluka-Sanand, District-Ahmedabad-382213.

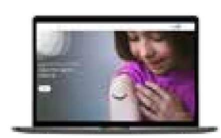
Contents

Forward-looking statement:

In this Annual Report, we may have disclosed forward-looking information to enable stakeholders to comprehend our prospects and take informed 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 on 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. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Scan above QR code to see this report online



You can also find this report online: https://zyduslife.com/zyduslife/

ZYDUS is

a lifesciences company

backed by

pathbreaking scientific research and technological innovations, done with the patient in mind

offering

access to life-saving & life-changing solutions & addresses unmet healthcare needs

powered by

excellence in quality and a digital first approach

to

improve lives, by helping people discover well-being & good health.

Late Mr. Ramanbhai B. Patel
Founder Chairman
August 19, 1925 - September 19, 2001

For my part, I had a dream to contribute to the process of nation building and of becoming a successful entrepreneur. Over the years, I put my heart and soul into realising this dream and was also fortunate to have people join me and share this vision. I am happy to have been able to give a concrete shape to my dreams and build the edifice of an enterprise, which I am sure will continue to transform itself in response to the changing times.

About us

Empowering Lives Through Science & Innovation

Zydus is working towards building solutions across the value chain. bridging health need gaps for overall well-being of people, thereby ensuring better health outcomes for the society.

The company endeavours to empower people with the freedom to live healthier and more fulfilled lives. This is its purpose to exist.

The company aims to achieve this through innovation, which is what uniquely positions it at the confluence of science, innovation and nurturance.

With an aim to revolutionize healthcare to meet future healthcare needs, Zydus is improving people's quality of life, by helping them discover wellness & good health (prevent, detect or manage diseases) through healthcare optimized for access and delivery.

>US$ 2 bn
Global revenues

35
Manufacturing facilities

5th largest
Generic company in the US in terms of prescriptions

~50%
Revenues from branded business (India, Wellness and EM)

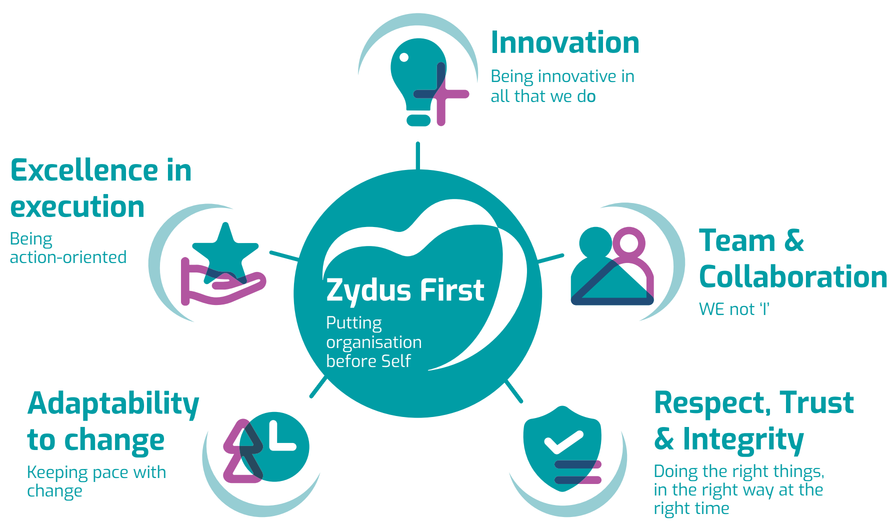
Amongst Top 3 in ~65%
Product families marketed in US

12
Brands among top 300 in India

Vision
To be a global life sciences company transforming lives through pathbreaking discoveries.

Mission
To unlock new possibilities in lifesciences through quality healthcare solutions that impact lives.

Purpose
Empowering them with the freedom to live healthier and more fulfilled lives.



Core Behaviours

Chairman's Message

"Innovation is an integral part of who we are as a lifesciences company. Our objective is to improve health outcomes for patients who are in need of therapies to treat the unmet healthcare needs.

Pankaj R. Patel
Chairman

Dear Shareholders,

It gives me immense pleasure to present our annual report for the fiscal year 2022-23.

We continue to evolve as an innovation-driven lifesciences company to bridge the unmet healthcare needs of patients in India and other global markets. When a Company transforms at a rapid pace, the intrinsic culture of the organisation must serve as an anchor. Our culture at Zydus is inclusive and fosters empathy and dynamism. Our revamped logo reflects this approach with emphasis on 'US', which comprises employees, patients, caregivers, partners, customers, suppliers, investors and all other stakeholders.

We believe that while the business realities and our strategic responses may vary over time, our vision continues to be that of transforming lives through groundbreaking discoveries. Our objective is to improve health outcomes for patients who are in need of therapies to treat the unmet healthcare needs.

Over the years, our endeavour has always been to grow the business profitably. I am happy to inform you that the Company's revenues have grown at 11% CAGR over the last decade with improved profitability. EBITDA margins have expanded from 17.1% in FY2013 to 22.4% in FY2023.

Both our key markets viz. India and US have delivered a robust compounded annual growth of 10% and 17% respectively over the last decade. Our balance sheet and cash flows have continued to get stronger, and we are a cash surplus company now.

We remain committed to investing in our future to drive sustainable and profitable growth by building a diversified portfolio of differentiated products in generics, complex generics, biologics and NCEs. Innovation is an integral part of who we are as a lifesciences company. Our R&D capabilities enabled us to maintain a steady pipeline of novel molecules and biosimilars that helped us with new launches during the fiscal year, both in India and overseas markets. We also adopted better manufacturing practices and a tighter focus on cost optimisation this year.

We executed focused strategies for specific geographies, based on market dynamics. This approach aided sustained revenue growth and also strengthened our profitability. Our brand building initiatives and expansive distribution network also enabled us to deliver steady double-digit revenue growth. In a year when it seemed challenging to achieve these outcomes, our teams rallied together to serve our customers with dedication and I sincerely appreciate the relentless efforts of our people.

Driving digital transformation

At Zydus, we leverage digital technologies to improve our decision-making process, ensure optimum resource utilisation and enhance access of healthcare solutions, keeping patients' needs at the core. Our digital transformation also enables us to transform into a 'future-ready' lifesciences company. Notably, we are increasing the usage of specialised software to automate processes through advanced applications that minimise errors and enhance productivity. During the reporting year, we stepped up our efforts to digitalise different aspects of the business, which translated into higher organisational agility and better business outcomes.

Our teams make us proud

We care for our people and offer ample opportunities for professional as well as personal growth. In line with this, we provide continuous capability building and skill development programmes for our employees.

We have always prioritised the safety of our people and have a dedicated EHS policy for the purpose. To further improve the safety of our working environment, we have implemented the requirements of the international standard on safety - OHSAS 18001. During the year, we were yet again accredited as a 'Great Place to Work' and we achieved this accolade on the strength of our High-Trust, High-Performance Culture™. With a motto 'We Build People to Build our Business', we will champion ways to increase diversity and continue building an eco-system for rewarding careers.

Dedicated to life in all dimensions

Our journey as a responsible organisation has been marked by a conscious effort to contribute to the well-being of the planet, our people and the communities we work with through a strong governance mechanism. Our Environmental Social and Governance (ESG) initiatives, re-affirm our commitment to remain dedicated to life in all its dimensions. We constantly look for ways to increase the renewable energy quotient in our energy mix and other advanced technologies to limit our carbon footprint. We are also actively working on projects to find eco-friendly solutions of co-processing for waste disposal.

To reduce or eliminate the use of plastic for packaging, we are also adopting innovative technologies to utilise eco-friendly materials. We have also implemented ISO 14001 environment management system at our sites.

We also spend on our community projects far more than the regulatory guidelines mandate. During the reporting year, we undertook several initiatives for healthcare and education and the outcomes of these projects have made a significant impact in the community.

Our governance structure is designed to sustain high standards of ethical behaviour and maintain transparency across operations. As a result, our corporate governance policies are revisited and refined as and when required to reflect emerging best practices.

In our continuous endeavour to improve our ESG performance, we participated in one of the globally renowned ESG ratings - the Corporate Sustainability Assessment (CSA) by S&P Global. Based on the assessment, we ranked among the top 4 in India, which is a validation of our efforts to work towards a more sustainable future. In the last financial year, we also published our ESG report. We will continue to disclose our ESG performance in line with national and global frameworks.

Way forward

As we evolve as an innovation driven lifesciences company, our focus remains on sustainable growth. While we aspire to align our efforts with recent developments in the industry, in the medium to long-term, we intend to outperform with our presence in chronic therapies, introduction of new molecules for therapies where we are primarily focused, growing our presence in the institutional segment and creating a pipeline of innovative products including IP protected novel molecules.

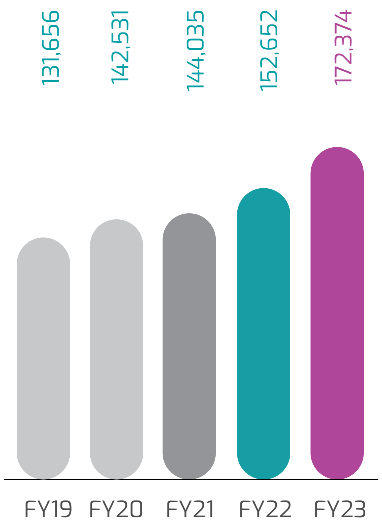
In closing, I want to extend my appreciation to the entire team at Zydus. I thank every member of our team for their extraordinary commitment and unrelenting pursuit of excellence. I also remain grateful to all our customers, the Board of Directors and our shareholders for their unwavering trust in our Company.

Pankaj R. Patel
Chairman

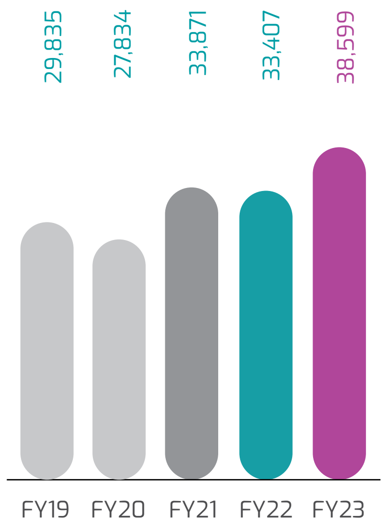
Financial scorecard

Performance driven by robust growth in businesses

Total Revenues
(₹ mn)



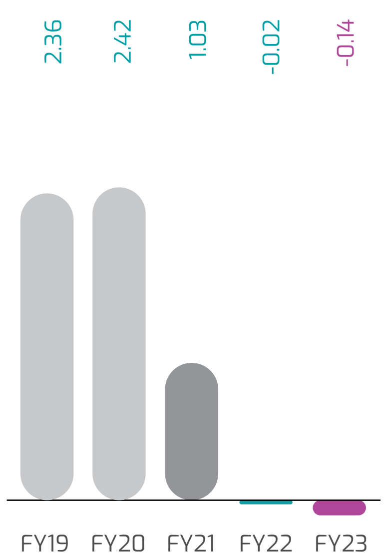
EBITDA
(₹ mn)



R&D
(₹ mn)

Net Profit
(₹ mn)

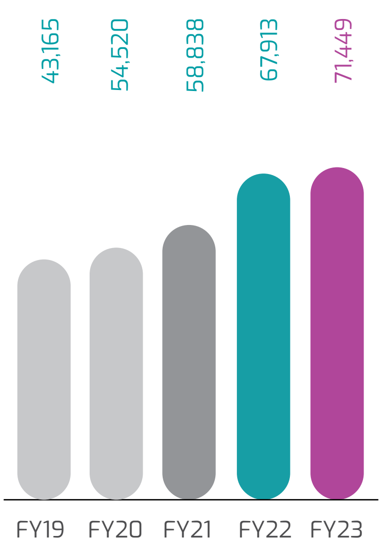
Net Debt to EBITDA
(x)



ROCE
(%)

US Revenues
(US$ mn)

Indian Geography Revenues
(₹ mn)



Offering novel solutions through innovation

NCE Research

Lipaglyn® and Bilypsa® (Saroglitazar)

Our New Chemical Entities (NCE) research focuses on the development of NCEs that could be used as drugs to treat various diseases. Leveraging cutting-edge technology, we are working diligently to discover novel agents in several therapeutic areas.

Geography	Launched/ Under development	Indications	Current Status
India	Launched under the brand names Lipaglyn® and Bilypsa®	Diabetic Dyslipidaemia Hypertriglyceridemia NAFLD | NASH Type II Diabetes	**Lipaglyn®** • 62nd largest brand in the IPM in FY2023 • 37% increase in the patient base in FY2023 **Bilypsa®** Included in recent INASL guidelines for NAFLD and NASH
US	Under development	PBC	• Phase II(b)/ III clinical trials under progress • Orphan Drug Designation status from USFDA and EMA • Fast-Track designation from USFDA
US	Under development	NASH	Phase II(b) trials under progress
US	Under development	PCOS	• Clinical trials under progress • Only trial in the world for these indications

Interesting Facts

Saroglitazar

is the first drug approved in India for treating NAFLD and NASH

- AWACS Pharmarack Best Brand of the Year Award for Lipaglyn
- Research papers published in reputed scientific journals like Hepatology Journal
- 1.5mn patients successfully treated with Lipaglyn so far

Oxemia™ (Desidustat)

Geography	Launched/ Under development	Indications	Current Status
India	Launched under the brand name Oxemia™	Chronic Kidney Disease (CKD) induced anaemia	• First novel oral alternative to injectable Erythropoietin Stimulating Agent (ESA) • Provided relief to over 25000 patients during the year from injections
US	Under development	Chemotherapy Induced Anaemia (CIA)	Completed Phase I(b) trials in USA for CIA
China	Under development	Management of CKD	

Interesting Facts

Oxemia™ (Desidustat)

is the first oral alternative to injectable ESAs in India launched in March 2022

ZYIL1 (NLRP3 inhibitor)

Launched/ Under development	Indications	Current Status
Under development	Cryopyrin Associated Periodic Syndrome (CAPS)	• Achieved a positive Proof-of-Concept (POC) in Phase II trials in CAPS patients • Received Orphan Drug Designation from the USFDA

Interesting Facts

ZYIL1

is the first in the world to achieve Phase 2 POC in CAPS for oral NLRP3 inhibitor

ZY19489 (Potential single dose anti-malarial drug)

Launched/ Under development	Indications	Current Status
Under development	Malaria	• Phase II clinical trials in progress in India • Received Orphan Drug Designation from USFDA

Interesting Facts

ZY19489

is a potential single-dose cure for Malaria being developed in collaborative with Medicines for Malaria Venture (MMV)

Biologics

- Currently marketing 13 molecules (including 1 novel biologic and 1 antibody drug conjugate) in India and the Emerging Markets.
- 17 projects under development (7 novel biologics and 10 biosimilars)
- Targeted therapy areas: oncology, autoimmune disease, nephrology, inflammation, rheumatology, hepatology and infectious illnesses
- Launched Ujvira™ in India, the first biosimilar of an Antibody Drug Conjugate (ADC) Trastuzumab emtansine in FY2022

API R&D

- The Company's API operations are backed by state-of-the-art R&D center and a team of over 200 dedicated scientists based out of Vadodara.
- The Center focuses on developing novel, cost effective, robust, scalable and non-infringing processes for API's and intermediates for regulatory filings.
- Filed 7 US DMFs during the year, taking the cumulative no. of US DMF filings to 135.

Generic Development

- Three Pharmaceutical Technology Centres (PTCs) with a team of over 700 scientists driving the generic product development efforts to serve different markets globally.
- PTCs comprise different clusters, each responsible for serving a specific market.
- Focus on building a robust pipeline in a timely, cost-effective and regulatory compliant manner.
- Capabilities to develop various dosage forms across a range of technology platforms. Moving up the value chain over the years with a consistent increase in the share of complex products.

Vaccines

- Vaccine Technology Centre (VTC) drives the vaccines development efforts for various infectious diseases as well as certain lifestyle disorders.
- Received marketing approval for 17 vaccines in India so far.
- The pipeline includes vaccines such as the Hepatitis E vaccine, Hepatitis A vaccine, MMRV vaccine, and Bivalent HPV vaccine, as well as a few vaccines in the early development stage.
- Launched MMR vaccine in India during the year. Became the second Indian Company to develop and launch the product indigenously.
- To serve the global markets, submitted the dossier of Typhoid Conjugate Vaccine to WHO for pre-qualification.

Specialty and Complex Generics

- Building a portfolio of specialty products organically and through an inorganic route to address unmet patient needs for the US market.
- In-house portfolio:
  - Consists of 10 products
  - Focused therapies: pain management, neurology, metabolic disorders and liver diseases
  - Two NDAs filed during the year. One product has tentative approval.
- Inorganic opportunities:
  - Focus on orphan and ultra-rare diseases. Acquired two assets so far.
  - NDA submission under progress for the first asset, CUTX101, a copper histidinate product to treat Menkes disease
  - Second asset, NULIBRY™ (Fosdenopterin for Injection), which is indicated to reduce the risk of mortality in patients with Molybdenum Cofactor Deficiency (MoCD) Type A was commercialised during the year.
  - NULIBRY™ received marketing authorization in the EU during the year.

Business divisions

Strong momentum in our India business

India Formulations

The Company is one of the leading players in the Indian pharmaceutical market having a presence across key therapy areas. Here's how the company performed during the year...

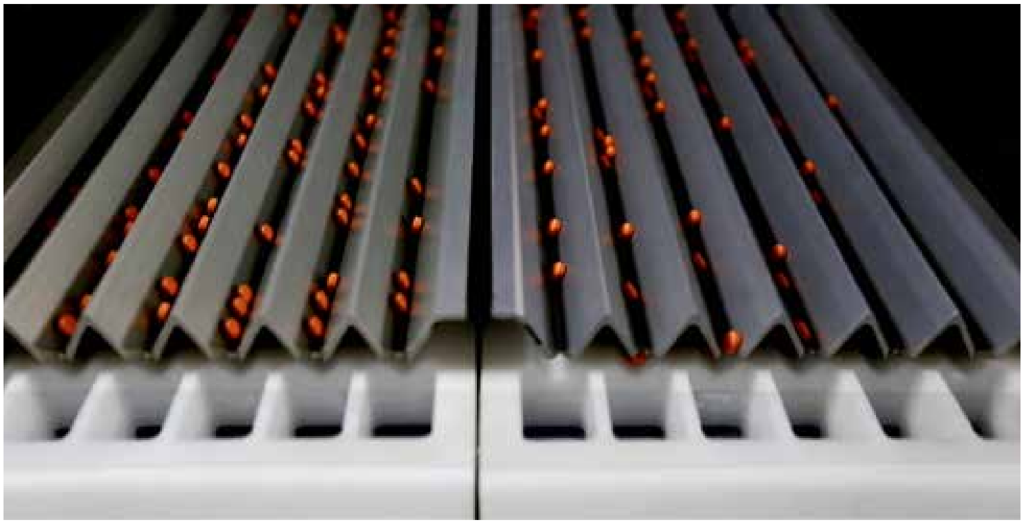
Consistently delivered double digit growth on a COVID adjusted base.

Outpaced IPM growth and gained ranks in chronic and sub-chronic segments during the year.

Continued to strengthen the presence in the focussed therapeutic areas of Cardiovascular, Anti-Diabetic, Respiratory, Gynecology, Gastro Intestinal, Dermatology, and super specialty areas of Oncology and Nephrology.

Focused growth initiatives for select flagship brands known as Growth Booster brands.

Continued to leverage strong innovation capabilities for sustainable growth.



₹49,111 mn
Revenue contribution

12%
adjusted YoY growth

Rank in IPM
5th
(AWACS MAT March 2023 Report)

48%
Chronic contribution in FY23 vs. 46% in FY22

Consumer wellness

Zydus Wellness Limited, a subsidiary of the Company, combines wellness, nutrition, and skincare to provide quality, 'good-for-you' products. The Company helps people pursue integrated well-being through its vast product offerings. Here's how the company performed during the year...

Achieved an important milestone of expanding the distribution reach of its products to over 2.5 mn stores during the year. Direct reach across sub-channels crossed 6 lac stores during the year.

Remained the market leader in five out of six categories it operates in.

Strengthened presence in modern trade and e-commerce platforms to leverage changing customer behaviour.

Endeavoured to protect profitability from the impact of input inflation, which remained high for most of the year, through cost optimization measures coupled with calibrated price increases.

₹22,338 mn
Revenue contribution

13%
YoY growth

Growing the US formulations business

The Company is one of the leading generic pharmaceutical companies in the US, offering a wide range of medications across therapies that help patients manage diseases to improve overall health and well-being. Here's how the company performed during the year...

Stable pricing environment, volume expansion in the base portfolio and 32 new launches aided business performance.

The Company was ranked 5th among US generic companies based on prescriptions (Source: IQVIA, Regulatory Insights, MAT March 2023 TRx).

The Company held leadership position in approximately 25% of the product families and was amongst the top 3 players in almost 65% of the product families (Source: IQVIA, Regulatory Insights, MAT March 2023 TRx).

₹74,451mn
Revenue contribution

28%
YoY growth

22
ANDAs filed in FY2023

63
ANDAs approved in FY2023

442
Cumulative ANDA filings

364
Cumulative ANDA approvals

32
Products launched in FY2023

Emerging Markets and Europe Formulations Business

The Company has delivered consistent growth over the years in the international market comprising various emerging markets and Europe region. Here's how the company performed during the year...

All major markets witnessed healthy secondary sales growth despite several geo-political and forex-related challenges.

On the emerging markets front, looking to expand the offerings in focused therapies by leveraging the global portfolio and through various business development efforts.

In Europe, the focus remained on deepening the presence through portfolio expansion and increasing the pharmacy coverage in the generics markets of France and Spain. In the Business to Business (BTB) space, the Company looks to scale-up the business and enter new markets through partnerships.

₹15,794 mn
Revenue Contribution

9%
YoY growth

20%
Adjusted YoY growth

Ranked **#1**
in Sri Lanka with a 7.4% market share

Ranked **#2**
in the covered market of South Africa

Manufacturing and Quality

The Company has a network of 35 state-of-the-art manufacturing facilities that conform to the highest quality specifications and are fully equipped with cutting-edge technology. The manufacturing processes designed by the Company ensure the products' safety, efficacy, and consistency.

The robust quality control system put in place by the Company includes rigorous testing and validation procedures at every stage of the manufacturing process. Here's how the company performed during the year...

Deployed several automation and digitalization initiatives to eliminate human errors in manufacturing processes and ensure that the products meet the highest quality standards.

Continued implementing various measures to reduce energy consumption and efficiently manage energy requirements.

Leveraged digital tools to ensure efficient allocation of work on the shopfloor.

On the regulatory front,

- Moraiya formulations facility successfully completed 2 USFDA inspections. The facility resolved Warning Letter upon completion of the first inspection.
- The USFDA inspection of the animal health formulations facility in Ahmedabad SEZ was also successful.
- Filed first ANDA from the newly constructed formulations manufacturing facility in Ahmedabad SEZ (known as SEZ II).

ESG

Following a holistic philosophy of sustainability

At Zydus, we are turning our ESG principles into actions. We have implemented several initiatives to ensure that we operate in a sustainable and ethical manner, safeguarding all stakeholder interests.

Environment

Being a responsible corporate citizen, we are dedicated to the conservation of the environment and ensure compliance with all applicable regulations pertaining to the environment. Throughout our journey, we have been working beyond statutory compliance, focusing on the 4 R-Reduce, Reuse, Recycle and Recover for resources.

In keeping with this, our primary objectives for FY 2023 include the planning and implementation of initiatives associated with energy and water conservation as well as the purchase of hybrid power from solar and wind farms.

24%

increase in waste disposal (Mt) by Co processing*

20%

reduction in Greenhouse Gas Emission intensity (tCO_2e/Mn₹)*

8%

reduction in energy intensity (GJ/Mn₹)*

150%

increase in utilisation of renewable energy (MWh)*

Water Management

We are committed to efficient water management and are implementing the zero liquid discharge (ZLD) process to optimize the reuse of water and minimize freshwater intake. Internal and external stakeholders are being educated about the significance of reducing water usage.

9%

reduction in water intensity (KL/Mn₹)*

18 sites

Across the group where water conservation initiatives are under progress*

**Derived from Zydus Lifesciences Ltd. Standalone entity data as reported in BRSR Report of FY2023.*

Waste Management

While paying more attention on waste management, we also comply with all applicable regulations concerning waste generation and disposal. We have made substantial progress in waste management by shifting from traditional landfill practices to an eco-friendly solution known as co-processing. This responsible method ensures the proper disposal of waste materials while minimizing our environmental impact.

Climate Change

We are cognizant of the pressing issue of climate change and have adopted several measures to address it. Apart from incorporating onsite generation of solar power at our manufacturing plants, we are also focusing on improving operational efficiency of equipment to reduce their energy consumption. We are increasing the share of biofuel in our energy mix to minimise our reliance on conventional fuels, i.e., coal and diesel. Looking ahead, we plan to procure and consume solar-wind hybrid power in FY24 to lower our GHG emissions.

As part of our endeavours to foster a climate-conscious mindset among our personnel, we organise multiple training and awareness programmes. Through these initiatives, we educate our team members about climate change and its implications, emphasising the necessity of energy conservation and adopting sustainable practices. Moreover, we have significantly increased our renewable energy quotient in our total power purchase, further reducing our greenhouse gas emissions.

Certification of ISO 14001

Established Environment Management framework requirements in major units.

People initiatives

At Zydus, we leave no stone unturned to drive employee growth and ensure their holistic well-being. Recognizing that our people are our most valuable asset, we endeavour to foster a positive work culture, promoting skill development and a healthy work-life balance. Being mindful of the significance of increasing gender diversity within our organization, we strive to create an inclusive workplace that promotes gender diversity and equal opportunities for all.

EHS

Our dedicated EHS policy covers all stakeholders, including our subsidiaries, ensuring a consistent and comprehensive approach to EHS across the organization. At each location, we have established a robust EHS team to oversee the implementation of this policy. To keep our personnel informed and equipped with the necessary knowledge, we have developed a mandatory annual training module on EHS.

Additionally, we have also implemented a structured incident reporting and investigation system that promptly addresses any incidents that may occur. This system identifies the root cause of incidents, allowing us to take appropriate actions to prevent their recurrence. During the year we have recorded zero fatal incidents and the number of reported incidents has significantly decreased, which reflects our ongoing efforts to enforce safety across the organization.

Stakeholder engagement

We encourage effective, regular and meaningful interactions with stakeholders, focusing on topics that directly or indirectly affect various aspects of ESG. These engagements provide stakeholders with a platform to share their perspectives, concerns, and expectations. The input received from these interactions is carefully assessed by us and appropriate actions are taken to drive continuous improvement.

As part of our stakeholder engagement efforts, we recently conducted a third-party survey with patients at the Zydus Medical College and Hospital. This survey was aimed at understanding the impact of the hospital on their lives, enabling us to better understand patient needs and enhance their overall healthcare experience.

Derived from Zydus Lifesciences Ltd. Standalone entity data as reported in BRSR Report of FY2023.

Nurturing Human Capital

At Zydus, we play a pivotal role in fostering a thriving and inclusive work environment through employee initiatives, comprehensive learning and development programmes, talent management strategies, and a steadfast commitment to diversity and inclusion.

24072
Zydans

200
Young leaders

19680
Below 45 years

4740
Zydan Frontliners on the shopfloor

7507
Zydan Frontliners at the market place

2261
Employees associated with Zydus for over 14 years

Employee engagement

Our programme STARS is a well-established reward and recognition programme that identifies and celebrates achievements of employees based on specific criteria within each business unit. Additionally, our Wall of Gratitude initiative enables us to express gratitude and acknowledge the efforts of our colleagues.

We further extend our commitment to employee well-being by providing free liver health diagnosis, ensuring our employees have access to guidance and support for maintaining optimal health. Through our Open Talent programme, we offer exciting opportunities for personal and professional growth. Furthermore, we have developed Reach Out to Group HR Head, a mobile platform accessible through our employee self-service system, Zydus Connect which enables employees to address any concerns or grievances.

Diversity and Inclusion

We are committed to fostering diversity, equity, and inclusion throughout our organization. To support our female employees, we have implemented a programme called Zydus Cares, which provides special assistance and assigns a female buddy to each pregnant employee across all our sites in India. This dedicated support system ensures that pregnant employees receive the necessary help both before and during their maternity leave.

Furthermore, we have implemented WINGS, a well-structured development intervention specifically designed to nurture leadership in women. This programme has been successfully rolled out in two phases, benefiting around 85 mid to senior-level women through a six-month intervention. We have implemented specialized programmes tailored for our women employees.

Moreover, at our manufacturing locations, we regularly conduct development interventions specifically designed to enhance the skills of our shop floor employees.

Emphasizing inclusion, our vision at Zydus is to provide equal development opportunities for all employees, in a consistent and uniform manner across all geographies.

Championing Women in Science:
Over 14% of our researchers are women

Learning and development

We have established an online learning platform called ZyLearn, offering over 100 modules covering a wide range of software skills. We actively track and monitor the enrolment and progress of individuals in these learning and development programmes. Our LEAP Journey programme is a comprehensive competency enhancement initiative conducted for eight months, enabling managers to enhance their skills and capabilities.

We also organize a series of webinars titled 'For Zydans, By Zydans' where internal employees facilitate sessions, providing a platform for knowledge-sharing and learning from the practical experiences of others.

Our exclusive learning management system, integrated with the employee HRMIS portal, grants every employee access to a vast repository of training programmes and modules. Calendared instructor-led training sessions are also organized to focus on skill-building and behavioural development, with employees having the opportunity to nominate themselves for upskilling.

193

Managerial and leadership development programmes

15282

Employees covered through **180** online training modules with **86%** curriculum completion

Talent Development

We give significant importance to addressing the training needs identified during the annual appraisal cycle, through performance appraisals. Additionally, Zydus' Talent Management programme is a digital platform where all available positions are published, encouraging employees to apply and explore new opportunities within the organization. We have established a forum called Zydus Collaborative Leadership Operating Model for coaching and development of C-Suite leaders.

Furthermore, we have established exclusive partnerships with esteemed institutions such as IIM Ahmedabad, Ahmedabad University, Symbiosis Institute of Business Management to offer specialized business leadership development interventions for our senior leaders.

Our initiatives

LEARN TO LEAD

A well designed development intervention to build manager acumen and skills amongst all individuals promoted to a people manager for the first time.

STEP UP

A long term development intervention for potential development of all identified critical talent which enables them to be ready for future roles.

FUTURE SKILLS ACADEMY

A structured set of learning modules and certifications introduced for employees to develop on a set of future skills. These modules are rolled out in sequence and also complemented with rewards and recognition for achievers.

345894

Hours of training

2635

Employees covered under Future skill development programmes

Performance management system

We have implemented a comprehensive Performance Management System (PMS) that encompasses all levels of employees, including operatives and blue-collar workers. Our PRIDE system serves as an online platform for PMS, enabling employees to track their Key Performance Indicators (KPIs) throughout the year. At the beginning of each year, employees collaborate with their supervisors to define their KPIs, which are then recorded in the system for easy access and reference.

As the year progresses, the system allows for ongoing evaluation and monitoring of individual performance against these established KPIs. At the end of the year, a performance discussion takes place between employees and their respective supervisors, facilitated through the online KPI evaluation sheet within the system. Our PMS ensures transparency, accountability, and constructive feedback for all employees, contributing to their professional growth and overall organizational success.

29

First Time Managers developed for People Management role through a **6-month** intervention

Talent Management and Capability Building at Zydus Group 2022-23

206997
programmes

1136
Managers & Leaders trained on Capability Building

2635
skill building and behavioral programmes

145483
short duration Technical & SOP trainings conducted covering **396503** participants

48
Senior Executives above General Managers enrolled for **9** month MDP through IIM Ahmedabad

84
Senior Leaders attended Assessment & Development Centre for career elevation, **38** are undergoing development. **89.7%** promoted on 2022

Areas of focus in Talent Development Life Cycle

Skill Building + Leadership Development + Career Progression + Succession Development

HR Digitization

55%

Operational efficiencies (standardisation and simplification of processes)

68%

Improvement in the employee and line manager experience

71%

Digitisation and automation

Bachat & More
Frontlineone
Parichay
Reach out
Zylearn
Zynext
Analytics
Attendance
Calendar
Compensation
Employees
Flows
Helpdesk
Report builder
Vibe
Leaves
Onboarding
Position Management
Recognition
Recruitment

Employee Value Proposition

88%

My work has special meaning: this is not 'just a job'.


Great Place To Work.
Certified

This is to certify that Zydus Lifesciences Ltd has successfully completed the assessment conducted by Great Place to Work® Institute, India, and is certified as a great workplace.

This certificate is valid from Feb 2023 to Feb 2024.

Note: The certificate is valid subject to the terms and conditions agreed to by the Organization.

Employee Support Programmes

42mn

Worth of support for new homes

10mn

towards medical emergencies

16mn

towards higher education

14mn

towards Shubh Vivah Fund

22,500

Employees were felicitated under various R&R programmes

Our CSR Programme in the aspirational district of Dahod, Gujarat

At Zydus, we are not just exploring novel healthcare solutions, but also endeavouring to make a meaningful impact on the local communities we serve. We hope to empower and uplift them through our well thought out CSR programmes, focused on the areas of health, education and research. These endeavours will strengthen our objective of creating healthier and happier communities across the world.

Zydus Shrishti

Our CSR programme Zydus Shrishti aspires to add value in a range of areas, including healthcare, quality education, research and innovation, and environmental sustainability. We seek to meet the patients' demands while offering medical help. We aim to deliver world-class medical education tthrough Zydus Medical College Dahod.

Zydus Hospital in Dahod

Zydus Medical Hospital in Dahod is situated in a strategic location near Gujarat's Panchmahal and Chhota Udepur districts, Madhya Pradesh's Jhabua and Alirajpur, and Rajasthan's Banswara. This hospital has been providing healthcare services to the needy and underprivileged people. It stands as a beacon of excellence in medical education, research, and patient care. With its state-of-the-art facilities, dedicated faculty, and commitment to serving the community, Zydus Medical College and Hospital in Dahod has emerged as a leading centre for medical advancements in an aspirational district, providing comprehensive healthcare services to the communities residing in this region and beyond. The hospital provides free treatments including OPD, surgeries, anesthesia, oral medicines, injectables and food for patients.

1034
Number of beds

414380
Patients treated in FY23

26.36 lac
Lab investigations

268
Medical and Specialist doctors available

1.55lac
Radiology investigations

55
Ventilators

434
Nurses

95% beneficiaries
highly satisfied with the hospital

Services at ZMCH

OPD CONSULTATIONS

OPD consultations for various medical conditions such as carcinoma, malignant tumors and trauma care

MEDICAL SERVICES

High-end medical services such as MRI, CT scan, Mammography. 24x7 Emergency Services.

LAB INVESTIGATIONS

Free of cost lab investigation facilities including microbiology and pathology reports

SURGERIES

Surgeries completely free of cost for various medical conditions for all the patients supporting achievements of universal health coverage.

Our social initiatives

Nutritional rehabilitation center provides support to severely malnourished children

Childcare services are provided to economically disadvantaged patients from Gujarat and the states of Madhya Pradesh and Rajasthan

High cost medical drugs are supplied free of cost to the economically disadvantaged patients people at ZMCH

"I am thrilled to share my experience and express my gratitude towards Zydus Medical Hospital. I have been undergoing treatment for my diabetes at this exceptional medical facility, and the positive impact it has had on my life is truly remarkable. Before I came to Zydus, I was struggling with constant fatigue and low energy levels. The treatment I received at a local clinic in Sarsan was ineffective, and I was desperate for a solution. Fortunately, I found my way to Zydus, and it has been a life-changing experience. The doctors at Zydus are not only highly skilled and knowledgeable but also incredibly patient and empathetic. They took the time to understand my condition thoroughly and prescribed a personalized treatment plan for me. The medications they prescribed have been incredibly effective, and the best part is that I received them free of cost from the hospital's pharmacy. This compassionate gesture truly demonstrates Zydus' commitment to the well-being of its patients. Under the guidance of the doctor, I have witnessed a significant improvement in my sugar levels. My diabetes is now under control, and I feel a renewed sense of energy and vitality." - Satish Bhura Lalji Makwana

Our CSR Programme in the aspirational district of Dahod, Gujarat

Suresh Vechta Chauhan, a 30-year-old man from Badaguda village in Alirajpur District, Madhya Pradesh, was brought to the emergency department of Zydus Medical College and Hospital (ZMCH) following an episode of right-sided hemiplegia.

A preliminary diagnosis of CV stroke was made, through MRI brain scans, CT scans, and an ECGs. The patient received prompt medical attention from a stroke neurologist at the hospital, who provided necessary emergency interventions.

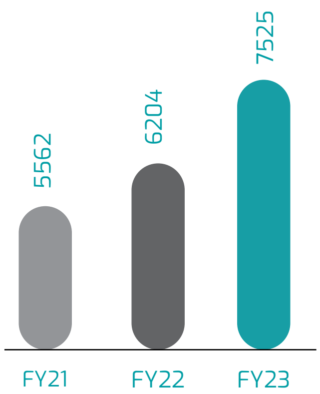
During the research study, the research team engaged with the family members of the patient who shared their experiences. Despite belonging to the Alirajpur district in Madhya Pradesh, they made the decision to travel approximately 70 km to Zydus Medical College and Hospital (ZMCH) in Dahod.

They were aware, through their relatives in the village, that ZMCH provided quality care for stroke and cardiac arrest patients. Additionally, they expressed their inability to afford treatment at a private hospital due to the exorbitant charges involved.

The family members emphasized their trust in the experience and expertise of the doctors at ZMCH, acknowledging that such quality care was not readily available in the entire region.

Furthermore, they expressed their immense relief at not having to bear any financial burden and expressed gratitude to Zydus for the invaluable support provided to economically disadvantaged individuals like themselves.

Significant Increase in the number of surgeries



Zydus Medical College, Dahod

Zydus Medical College is a self-financed brownfield medical institution in Gujarat's Dahod district. The mission of Zydus Medical College is to provide state-of-the-art medical education to the tribal and underprivileged populations of eastern Gujarat, Madhya Pradesh, and Rajasthan. It was created as a part of the public-private partnership (PPP) project under Gujarat's National Health Policy, 2016. The College is the first Medical College set up in Dahod and the first batch of the MBBS programme commenced in 2018.

The medical college offers an MBBS Programme that focuses on giving students with quality education. We serve the people with a sense of social responsibility through the educational facilities with the goal of offering the best medical support to the community. 800 Students have been enrolled for the MBBS Programme.

In February 2023, the National Medical Commission, Delhi has approved 63 seats for Postgraduate subjects : Microbiology,

Pharmacology, Community Medicine, Pathology, Forensic Medicine, General Medicine, Orthopedics, Oto-Rhinolaryngology, Obstetrics & Gynaecology and Radiology.

Governance

At Zydus, we consistently uphold the highest standards of corporate governance, ensuring a solid foundation for our long-term growth and success. Under the astute leadership of our Board of Directors and senior management, we adhere to stringent governance principles, fostering a culture of integrity, innovation, and sustainability.

12%
in FY22

20%
in FY23

Increase in Board gender diversity by on-boarding female independent director

50%
in FY22

60%
in FY23

Increase in Board's independence by on-boarding two independent directors

50%
Board diversity in CSR and ESG Committee with well-defined terms of reference (TOR)

ESG

We have established a CSR and ESG Committee with defined roles and responsibilities to oversee sustainability matters, ensuring that ESG principles align with our long-term goals. We have in place well-defined measurements and reporting systems to track ESG performance and disclose relevant information to our stakeholders. This includes defining key performance indicators (KPIs) for ESG factors such as the environment, safety and social indicators and regularly reporting on the progress achieved.

We also actively participated in the Corporate Sustainability Assessment (CSA) conducted by S&P Global, gaining deeper insights into its environmental, social, and performance systems and performance. To oversee risk and mitigation actions, we have a dedicated Risk Management Committee (RMC) constituted by the Board of Directors (BOD). Through these comprehensive ESG governance measures, we uphold our commitment to sustainable business practices and responsible corporate citizenship.

Corporate Ethics

With a zero-tolerance policy for any breaches of ethics, we make sure that all our personnel, including directors, adhere to our comprehensive Code of Business Ethics and Conduct. This Code serves as a guiding framework, fostering the values of honesty, trust, accountability, and transparency across the organization. Every new member joining Zydus Lifesciences is thoroughly briefed about the Code and encouraged to embrace it both in letter and in spirit, nurturing a culture of ethical behaviour that permeates every aspect of our operations.

Notable achievements

IHW Council Award for Patient Centricity in Non Communicable diseases for the initiative - NASH24X7

Economic Times Award for Excellence in Marketing for the marketing campaign - "NASHhhhh – The Voice of Liver Health"

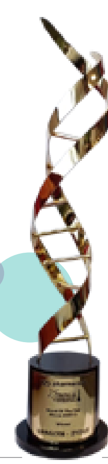
Confederation of Indian Industry (CII) Platinum Award Winner for Zero Manual Intervention in Packaging

Received three awards - 1 Gold and 2 Silver Awards for Best Design for Corporate Identity, Brand Logo and Re-Branding. from India Design Excellence Awards

Zydus Lifesciences Limited was featured among Top 40 India's Best Workplaces™ in Health & Wellness for 2022.

Confederation of Indian Industry (CII) Silver Award Winner for Zero Raw Material Wastage- Yield Improvement in Tab-X

Zydus Group bagged 12 INDIASTAR national awards for excellence in packaging design, innovation and technology.



AWACS Pharmarack Best Brand of the Year Award for Lipaglyn

Management Discussion and Analysis

Global Economy

Year 2021 was an encouraging one for the global economy as it made a strong come-back from the pandemic-induced recession with outputs in many countries making a strong re-bound. In 2022 also, the global economy continued to grow though it faced several headwinds. As a result, the global economy is likly to have grown by a modest 2.9% during the year following a robust 5.9% growth during the preceding year. Elevated inflationary trend globally has compelled the nations to resort to rapid and synchronous monetary policy tightening to contain the same. Although the policy tightening stabilizes the prices, it has significantly impacted the economic activities.

Growth of the Advanced Economies decelerated sharply as it is estimated to have grown by 2.5% in 2022 against 5.3% in 2021. Economic conditions weakened in the second half of 2022. Higher inflation reduced purchasing power and affected the consumer sentiments and in turn, impacted the demand. Monetary policy tightening to contain the inflation also weighed on demand. Gas supply to Euro area was disrupted on account of an ongoing war of Russia with Ukraine resulting in higher energy prices, hampering industrial production, and in turn, increased the uncertainty.

In the Emerging Markets and Developing Economies (EMDEs) also, activity levels declined sharply in 2022. Growth rate was nearly half at 3.4% in 2022 against 6.7% in 2021. Difficult global financial conditions, high inflation, weakness in demand from the large economies and spillovers from Russia-Ukraine war adversely impacted the performance of EMDEs.

The table below shows the global growth estimate for calendar year 2022 and forecast for the next two years:

	2022 E	2023 F	2024 F
World	**2.9%**	**1.7%**	**2.7%**
Advanced Economies	**2.5%**	**0.5%**	**1.6%**
- US	1.9%	0.5%	1.6%
- Euro Area	3.3%	0.0%	1.6%
- Japan	1.2%	1.0%	0.7%
EMDEs	**3.4%**	**3.4%**	**4.1%**

Going forward, global growth is expected to slow down further before making a recovery and is estimated at just 1.7% in 2023. This will be the third slowest pace of growth in nearly three decades, only behind the years impacted by the pandemic and the global financial crisis. High inflation and the resultant synchronous policy tightening aimed at containing the same, deteriorating financial conditions and the continued uncertainty from Russia-Ukraine war continue to take their toll of global growth. Difficult economic outlook is likely to impact the investments and any further negative shocks are likely to push the global economy into the recession.

Urgent efforts are needed to mitigate the risks of global recession. Given limited policy space, it is critical that the policy makers ensure that any fiscal support is focused on vulnerable groups, that inflation expectations remain well anchored and that financial systems continue to be resilient (Source: Global Economic Prospects, January, 2023).

Indian Economy

While the global economy faced headwinds during the year, fiscal 2023 was a strong one for India as the economy is estimated to have grown at around 7 percent, ahead of the trend and outpacing the growth of the other major economies. Growing macroeconomic stability, evident from the improved current account deficit, easing of inflationary pressure and a resilient banking system to survive the increase in policy rates, has made the growth trajectory more sustainable. In fact, the World Economic Outlook's (WEO) update issued in the month of April, 2023 has projected India to be the fastest growing economy in FY2024. As per the Economic Survey 2022-23 and RBI as well, the Indian economy is expected to register a real GDP growth of 6.5% in FY2024.

Even as external stability strengthened, the economy witnessed an improvement in factors contributing to internal stability. Fiscal parameters for the center and the states during the year have been robust as is evident from a strong traction seen in revenue generation and improvement in the quality of expenditure.

Inflation moderated during the year as food and core inflation fell to a 16-month low in March, 2023. Although Consumer Price Index (CPI) for the full year was up by 1.2% from 5.5% in FY2022 to 6.7% in FY2023, it showed declining trend and was much lower in the second half of FY2023 at 6.1% compared to 7.2% in the first half. The easing of international commodity prices, the promptness of measures taken by the government, and monetary tightening by the RBI have helped to rein in the inflation.

While the Indian economy is expected to put up a resilient performance in FY2024, there are certain factors which pose the downside risk. Key ones among them are:

- OPEC's surprise production cut and resultant increase in oil prices as seen in April,2023
- Uncertainties in the financial sector in advanced economies impeding the capital flows
- The likely effect of El Nino on south-west monsoon resulting in drought like conditions and lowering agricultural output and in turn, elevating the commodity prices (Source: Monthly Economic Reports, Department of Economic Affairs).

Robust
7%
growth in fiscal 2023

Likely to be the
Fastest
growing economy in FY2024 as per WEO

Global Pharma Industry

The use of medicines across the globe has grown by 36% over the last decade, driven mainly by increased access to medicines. The global pharmaceutical market is currently valued at around US$ 1.5 trillion. Global medicine spending is expected to grow in low to mid-single digit and reach approximately US$ 1.9 trillion by 2027. The spending and volume growth will vary considerably across the regions.

The table below depicts the current size and growth and estimated size and growth of different segments of the global pharma market.

	Current Size (CY22) - US$ bn	CAGR 2018-22	Est. Size (CY27) - US$ bn	Est. CAGR 2022-27
Developed Markets	1,088	5.7%	1370 - 1400	2.5 - 5.5%
Pharmerging Markets	371	7.2%	487-518	5-8%
Low-income Countries	23	6.0%	29-33	4.5-7.5%
Total	**1,482**	**6.1%**	**1900-1930**	**3-6%**

Growth is expected to moderate over the next 5 years with pharmerging markets likely to remain as the fastest growing segment. In developed markets, new medicines that are increasingly specialty, niche and rare-disease-focused will drive growth which will be partly offset by maturing biosimilar market and declining costs in older medicines. In pharmerging markets, better access and wider use of novel medicines will drive the growth. Lower income countries continue to witness decline in access to medicines, potentially putting health improvements at risk (Source: IQVIA Global Use of Medicines, 2023).

36%

growth in use of medicines in the last decade

US$ 1.9 tn

estimated value of global medicine spending by CY2027

Specialty medicines outlook

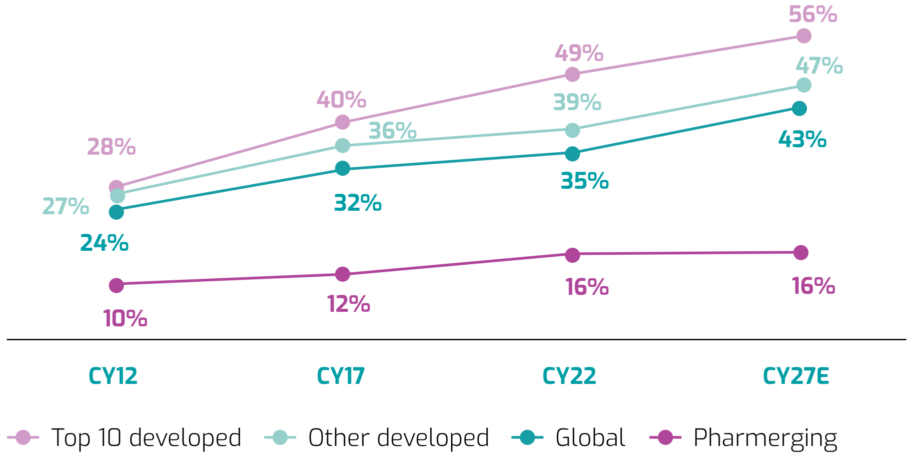
Share of specialty medicines in global medicines spending has gone up over the last decade from 24% in 2012 to 35% in 2022. Specialty medicines are the ones that treat chronic, complex and rare diseases and are more expensive than the other traditional medicines. The ten largest developed and other high and upper-middle-income countries were the drivers of specialty medicines. Contribution of pharmerging countries remained low on account of higher cost.

Share up from 24% in 2012 to

35%

in 2022

The chart given below shows the proportion of specialty medicines spend over the last decade and over next 5 years across different regions.



Over next 5 years, share of specialty medicines is likely to go up to 43% of the total spending with more than half of spending likely to come from major developed markets (Source: IQVIA Global Use of Medicines, 2023).

Global biotech outlook

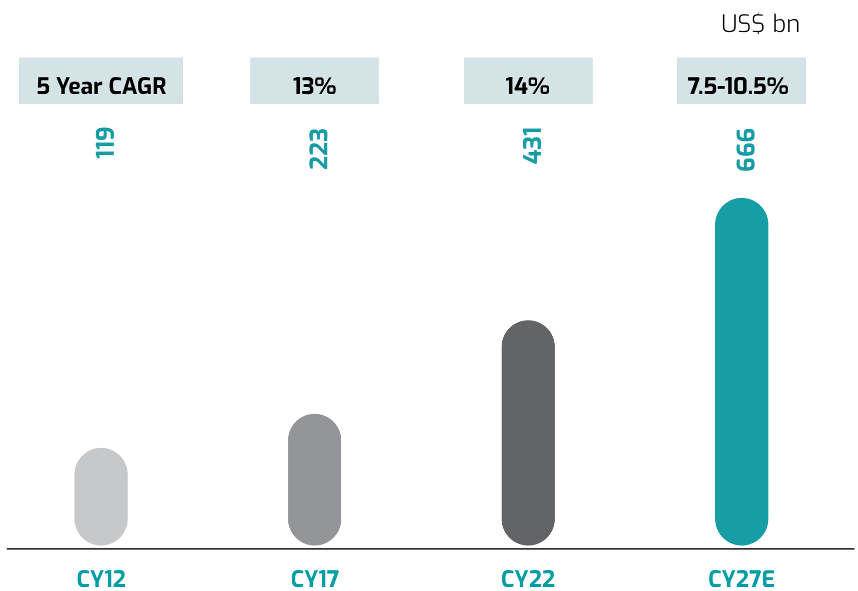
In 2022, spending on biotech products accounted for 30% of global pharma market and stood at US$ 431 bn. Over the last decade, biotech segment grew at a robust CAGR of 14%. The biotech products cover a range of therapies such as traditional insulin analogues and more complex specialty medicines. Over the next 5 years, the growth is expected to slow down on account of the impact of key biosimilars especially in developed markets. However, continued flow of new medicines will aid the growth of this segment.

Robust CAGR of

14%

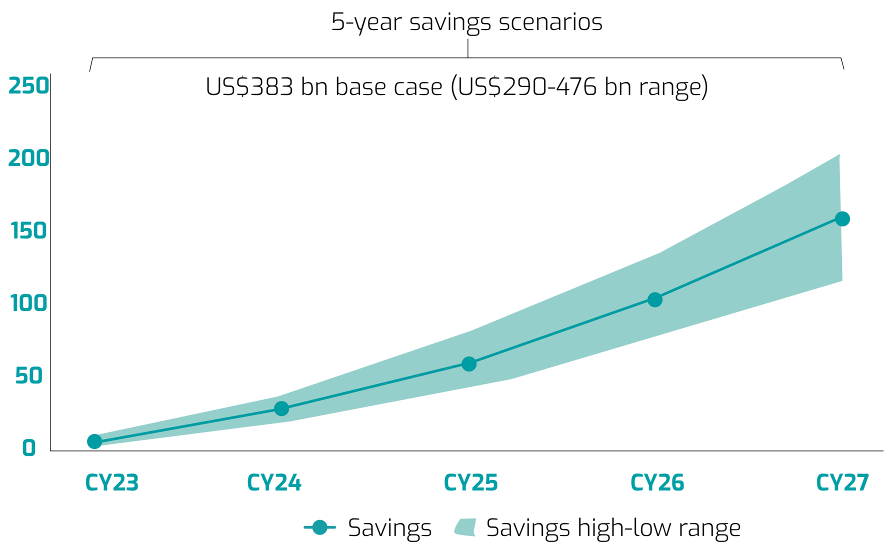
over last decade

The chart below captures the current and potential size and growth of global biotech market:



Biosimilars will play a crucial role in the overall biotech market going forward as the savings from these biosimilars will have a significant impact on the biotech market through 2027.

Global savings from biosimilars 2023-2027



Cumulative incremental savings over next 5 years from the use of biosimilars are expected to be around US$ 383 bn as some of the largest biological molecules will have a well-developed biosimilar market by that time. Savings on account of biosimilars is expected to provide the access to biological medicines to more people globally as cost of treatment will become affordable for patients and governments across countries (Source: IQVIA Global Use of Medicines, 2023).

US$ 383 bn

likely savings from biosimilars over CY2023 to CY2027

Therapy-wise Outlook

In terms of therapies, two leading therapies viz. oncology and immunology are estimated to grow at a CAGR of 13-16% and 3-6% respectively through 2027. Oncology is projected to add 100 new treatments over five years which will be the key growth driver. Overall, oncology market is expected to double in next 5 years and cross US$ 370 bn. Immunology will face the biosimilar competition. Growth of the segment will be driven by steady increase in number of patients and new products and will be partly offset by entry of biosimilars after 2023 (Source: IQVIA Global Use of Medicines, 2023).

Est. 13-16%

CAGR through CY2027 in oncology segment

Indian Pharma Industry

The Indian pharmaceutical market is worth US$ 23 bn and is amongst the world's fastest growing pharmaceutical markets. In fact, the Indian pharma market delivered a double-digit growth on a consistent basis during the last decade except for the couple of years when the growth was impacted on account of macro factors though there was no structural change in market dynamics. The growth posted by Indian pharma market is significant considering the fact that most large markets across the globe grew in mid-single digit during the period. Going forward also, over the next five years, Indian pharma market is expected to grow in high single digit to low double digit and be amongst the fasted growing regions across the globe. Factors such as increased spend on healthcare aided by increased health insurance coverage as well as increased government and private sector spending on healthcare, rise in disposable income of people with the growth of Indian economy, increase in prevalence of life-style related disorders, increased investment in the sector on account of accommodative Government policy and various government initiatives have propelled the growth of Indian pharma market.

During the year, Indian pharma market stabilized after a period of 2 years when the COVID-19 pandemic impacted the growth of the market. Overall, the market grew by 9.3% during the year. The market was off to a slow start as it grew by just 2.1% in the first quarter on account of COVID-19 led higher base of previous year. However, from second quarter onwards through the year, the market grew in double digit with improving contributions from volume expansion and new launches. In terms of therapeutic performance, chronic therapies outpaced the growth of acute therapies during the year.

Therapeutic area-wise break of Indian pharma market is as under:

Therapy area	Sales in FY2023 (₹ bn)	Therapy Contribution	YoY Growth
Cardiac	240.9	13.0%	9.8%
Anti-Infectives	233.2	12.6%	-2.4%
Gastro-Intestinal	215.8	11.7%	11.0%
Anti-Diabetic	167.7	9.1%	5.9%
Vitamins/Minerals/Nutrients	163.9	8.9%	6.9%
Respiratory	153.3	8.3%	12.7%
Pain/Analgesics	130.4	7.1%	11.8%
Derma	124.4	6.7%	15.5%
Neuro/ CNS	112.6	6.1%	12.4%
Gynaecology	61.9	3.3%	20.4%
Others	246.2	13.3%	13.8%
IPM - Total	**1,850.1**	**100.0%**	**9.3%**

(Source: AWACS MAT March 2023 Report)

During the year, the Government of India updated the list of essential medicines known as "National List of Essential Medicines (NLEM-2022)". NLEM 2022 is a revision of the NLEM 2015, with the addition of 34 drugs and deletion of 26 drugs from the previous list. Total number of drugs under the updated list of NLEM as at 31st March, 2023 stood at 384 across 29 categories. The ceiling price of drugs listed under the NLEM are fixed by the Government and are changed each year, in line with the Wholesale Price Index (WPI). NLEM plays an important role in ensuring accessibility of cost-effective and quality medicines and contributes towards reducing the out of pocket expenditure on healthcare for the citizens of the country.

US$ 23 bn

size of the Indian pharmaceutical market

Double digit

growth over last decade

Leadership in the global generics market

In terms of production volume, Indian pharma industry ranks third globally and is known for its generic medicines and low-cost vaccines. In the generic medicines space, India is the largest supplier across the globe. Generic drugs, OTC medicines, bulk drugs, vaccines, contract research & manufacturing and biological products are the major segments of Indian pharma industry. It manufactures about 60000 different generic brands across 60 therapeutic categories and accounts for 20% of the global supply of generics. In terms of production of vaccines, India accounts for 60% of global vaccine production and accounts for a large chunk of WHO demand for DPT, BCG and measles vaccines. India is known as the "pharmacy of the world" as it supplies high quality and low-cost generic drugs to millions of people across the globe. Indian pharma sector forms a major component of the country's foreign trade and has been consistently generating the trade surplus over last many years (Source: Annual Report of Department of Pharmaceuticals, 2022-23).

During FY2023, pharmaceutical exports from India stood at US$ 25.4 bn. US was the largest export destination for the Indian pharmaceutical industry. 8 Indian companies are among the top 20 global generic companies.

- Largest generics supplier across the globe
- Accounts for 20% of global supply of generics

Zydus Lifesciences Ltd. - Overview

Zydus Lifesciences Ltd. is one of the leading innovation driven life sciences companies in India with presence across the pharmaceutical value chain of innovating (research & development), manufacturing, marketing and selling of finished dosage human formulations (generics, branded generics and specialty formulations, including biosimilars and vaccines), active pharmaceutical ingredients ("APIs"), animal healthcare products and consumer wellness products. Innovation is the backbone of the Company as it ensures business sustainability through continuous availability of new products for various businesses. The Company has a global presence and markets its products in the United States, India, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa. The Company has a manufacturing footprint of 35 facilities that adhere to stringent regulatory compliance standards and have capabilities to manufacture diverse dosage forms at scale, offering cost-effective and high-quality pharmaceutical products to customers worldwide.

Innovation - the growth engine for future

Continuous innovation is one of the most distinguishing features of the pharmaceutical sector. Innovation enhances patient health outcomes by ensuring patients have access to high-quality, effective medicines that meet their unmet healthcare needs. Zydus' success in various markets throughout the world has been driven by its constant pursuit of innovation. The Company will continue to prudently invest in its innovation engine in order to improve patient health outcomes and evolve as a progressive life sciences company. Apart from developing a strong generic portfolio to serve many markets, the Company has made significant strides in other areas of innovation including innovative drug research, biosimilars, vaccines, and specialty medicines. Notably, some of the Company's commercially successful innovative products, such as Lipaglyn® and Bilypsa® (Saroglitazar), Ujvira™ (Trastuzumab emtansine biosimilar), Exemptia™ (Adalimumab biosimilar), Vivitra™ (Trastuzumab biosimilar) and Bryxta™ (Bevacizumab biosimilar) have significantly improved access and availability to patients in need of therapy, achieving a dominant position in their respective therapy areas.

The Company's innovation program is spearheaded by distinguished leaders with deep and specialised experience in their respective domains and supported by over 1400 scientists (around 200 of them having doctorate qualification) across its 7 state-of-the-art R&D centres. The Company invests approximately 7 to 8% of its consolidated revenues on research and development. So far, the Company has filed over 1400 patent applications globally across different areas of research and development. Adoption of technological advancement, digitalization, improved knowhow and competencies enable the Company to progress further in diverse areas including NCEs, vaccines, biosimilars, niche technologies and generic product development. The Company's unwavering commitment to innovation enables it to advance further in its objective to improve human lives via better health outcomes by ensuring that high-quality and effective products reach patients worldwide.

1400+
scientists

7-8%
of annual revenues invested on R&D

7
R&D facilities

2 NCEs &
1 ADC biosimilar
commercialized from innovation pipeline

Here is an overview of the Company's efforts in different areas of innovation:

New Chemical Entity (NCE) Research

The Company has successfully created a pipeline of New Chemical Entities (NCEs) driven by dedicated efforts over the years with an objective of addressing patients' unmet healthcare needs. Zydus Research Centre (ZRC), a dedicated research arm of the Company based in Ahmedabad, drives the Company's NCE research activities. The Centre has around 400 highly qualified scientists. It is a state-of-the-art facility capable of advancing a molecule from the concept stage through human trials. NCE research primarily focuses on cardiometabolic illnesses, inflammation, fibrosis and infectious diseases.

The molecules currently in clinical development have progressed along expected lines during the past year. The Company continued to expand patient coverage for the in-market brands Lipaglyn® and Bilypsa® (Saroglitazar Magnesium for multiple indications viz. Diabetic Dyslipidemia, Hypertriglyceridemia, NAFLD and NASH) and Oxemia™ (Desidustat for CKD induced anaemia).

~400

scientists for NCE research

The following is a molecule-by-molecule summary of the Company's progress during the year:

Saroglitazar Magnesium

Following the successful launch in India for multiple indications such as Diabetic Dyslipidemia, Hypertriglyceridemia, NASH and NAFLD, the molecule is currently undergoing global clinical trials for the US market for Primary Biliary Cholangitis (PBC) and Non-Alcoholic Steatohepatitis (NASH) indications. The table below gives an update on the development status for each indication.

Phase II(b)/ III trials for PBC and Phase II(b) trials for NASH indication going on for the US market

Primary Biliary Cholangitis (PBC)

- Initiated global pivotal Phase II(b)/ III clinical trials viz. EPIC-III™ during FY2022.
- The trials would randomise 138 patients. 92 patients have been randomised so far.
- It would study the effects of a molecule relative to placebo over 52 weeks across 100 sites.
- During the year, received approvals from the Ministry of Health (MOH) of Spain, Iceland and Argentina for the trials for the US market.
- The molecule holds an Orphan Drug Designation (ODD) from both the USFDA and the EMA and Fast-Track Designation from the USFDA.
- Hepatic impairment studies also going on in 24 Cirrhotic Cholestatic patients to understand the pharmacokinetics and safety of the molecule in mild, moderate and severe disease population.

Non-Alcoholic Steatohepatitis (NASH)

- USFDA approved Phase II(b) clinical trials protocol in FY2022.
- The protocol encompassed 76 weeks paired biopsy study in the US and Argentina to evaluate resolution of NASH and F2/F3 Fibrosis.
- Phase II(b) clinical trials viz. EVIDENCES-X™ trials to evaluate the efficacy and safety of the molecule are going on at present.
- The trials would randomise 210 patients. 76 patients have been recruited so far.
- During the year, received permission from Turkish regulatory authority to conduct clinical trials for NASH indication for the US market.
- Completed hepatic impairment studies in NASH and normal PBC patients in FY2022. Submitted the trials' data to the USFDA.

Polycystic Ovary Syndrome (PCOS) and Non-alcoholic Fatty Liver Disease (NAFLD)

- Clinical trials currently underway in the US.
- Recruited 55 patients so far out of the total requirement of 90 patients.
- Only trial in the world going on at present for these indications.

Desidustat

In FY2022, the Company received marketing authorization from the Drug Controller General of India (DCGI) for its second NCE viz. Desidustat for the treatment of anaemia in Chronic Kidney Disease (CKD) patients both on dialysis and not on dialysis. Subsequently, the molecule was launched under the brand name Oxemia™. The molecule provides an alternative to injectable Erythropoietin-Stimulating Agents (ESAs), thereby giving CKD patients a convenient option for the treatment of anaemia. The table given below captures the developments for the year gone by.

India Market

- Initiated Phase IV clinical trials viz. DREAM-CKD to generate real world evidence of the molecule in patients with CKD induced anaemia.
- It would enrol 1004 patients (502 dialysis dependent and 502 dialysis independent) in India.
- The study would evaluate the safety of the molecule over a period of 52 weeks.

Global Markets

- Published two manuscripts in the prestigious American Journal of Nephrology detailing the Phase III results (conducted in India).
- Completed Phase I(b) clinical trials in the US for Chemotherapy Induced Anaemia (CIA) in cancer patients. CIA can potentially be the second indication for Desidustat.
- Phase III clinical trials currently going on in China for management of CKD.

ZYIL1 (NLRP3 inhibitor)

The Company is developing a novel, oral small molecule ZYIL1 to treat the patients with Cryopyrin Associated Periodic Syndrome (CAPS) by selectively supressing inflammation caused by the NLRP3 inflammasome. During the year, the Company completed recruitment of patients for Phase II clinical trials of the molecule in Australia and achieved a positive Proof-Of-Concept (POC) in Phase II clinical trials in CAPS patients. As per the study, the molecule is beneficial in the treatment of chronic inflammation in CAPS patients. Recently, USFDA granted on Orphan Drug Designation (ODD) to the molecule.

ZY19489 (Potential single dose anti-malarial drug)

ZY19489 is a novel anti-malarial compound which is fast-acting and effective against both P. falciparum and P. vivax strains of malarial parasites. It is being developed to provide an effective alternative to the current front-line antimalarial drugs, as artemisinin-based combination therapies (ACTs) face the risk of resistance. During the year, the Company completed additional Phase I clinical trials of the molecule and initiated Phase II clinical trials in India. On the global development front, it is being positioned as a combination treatment with Ferroquine for malaria in the endemic regions with heavy disease burden.

ZYBK2 (HLA-DRB1 Shared Epitope inhibitor)

The molecule is currently undergoing Phase I(b) clinical trials in patients of Rheumatoid Arthritis (RA). The molecule is designed to inhibit HLA-DRB1 Shared Epitope signalling which may be the cause for RA. The molecule has the potential to become a safe and effective drug for the treatment of RA.

Biologics

The Company's efforts in biotech research over the years have helped develop a comprehensive and broad portfolio that encompasses 30 compounds, including 8 novel biologics and 22 biosimilars. So far, 13 compounds (including one novel biologic) have been commercialized in India and other emerging market countries. Oncology, autoimmune disease, nephrology, inflammation, rheumatology, hepatology and infectious illnesses are among the therapeutic areas covered by the commercialized portfolio. Oncology will be the most significant therapeutic area for the Company in the future, accounting for the majority of the under-development portfolio, followed by ophthalmology, inflammation, infectious and uncommon illnesses. An update with respect to the progress made on the biotech R&D front for different geographies is given below:

India Market

- Rituximab - Applied for marketing authorization in FY2022. Dossier being reviewed by DCGI.
- Initiated clinical trials for 2 monoclonal antibodies (mAbs). Patient enrolment is underway.
- Completed pre-clinical studies for 1 product and applied for Phase III trials permission.
- Ujvira™ (Trastuzumab Emtansine biosimilar)
    - Launched in FY2022 in India. It is the first biosimilar of an Antibody Drug Conjugate (ADC) Kadcyla®.
    - Sole player to launch the biosimilar of Kadcyla®.
    - It has further strengthened the Company's presence in Oncology space.
    - It is a key differentiator considering the benefits offered and the challenges associated with the development and manufacturing.
- On novel biologics front, initiated animal toxicity studies for one of the compounds targeted at Congenital Muscular Dystrophy.

Emerging Markets

- Continues to file dossiers of various biosimilars, which were developed for India market, in various emerging markets.
- Russia, Brazil, Mexico, and Turkey will be major markets for the Company.
- Received GMP approval for the manufacturing facility from Colombia's regulatory authority, INVIMA, for three products. Four biosimilar products are in various stages of review.
- Received marketing approval for biosimilar Adalimumab drug substance from the Russian regulatory authority.

8
Novel biologics

22
Biosimilars

Ujvira™
The first biosimilar of an ADC Trastuzumab emtansine

Vaccines

The Vaccines Technology Centre (VTC) in Ahmedabad leads the Company's endeavors in vaccine research, development and manufacturing. The Centre works on developing the vaccines for various infectious diseases and has also ventured into novel vaccines for certain lifestyle disorders. VTC has developed and got the marketing approval for 17 vaccines which include vaccines such as Pentavalent vaccine, Measles containing vaccines, Varicella vaccine, Typhoid Conjugate vaccine(TCV), Typhoid Polysaccharide vaccine, seasonal Flu vaccines etc. VTC also has a robust pipeline of vaccines under development, including Hepatitis E vaccine, Hepatitis A vaccine, MMRV vaccine and Bivalent HPV vaccine, as well as a few vaccines in the early development stage.

With respect to measles containing vaccines, during the year, the Company launched MMR vaccine in India and became the second Indian Company to indigenously develop and launch the product. The Company also initiated post marketing surveillance study to evaluate the safety of MR vaccine in subjects aged nine to twelve months. CDSCO approved multi dose presentation of MR vaccine during the year. The product will be used to meet the requirements of public market in India.

The Company completed the post-marketing surveillance study to evaluate the safety and immunogenicity of Typhoid Conjugate vaccine in healthy subjects. Enrolment of subjects for a Phase IV clinical study to evaluate the immunological non-interference of Typhoid VI Conjugate vaccine with Measles and Rubella vaccine in healthy infants was also completed during the year. The Company received marketing authorization for the age extension study of Typhoid Conjugate vaccine in 45 to 65 years age group. During the year, the Company submitted the dossier of Typhoid Conjugate vaccine to WHO for pre-qualifying the vaccine.

During the year, the Company successfully completed an age extension Phase III clinical trials for a full dose of Vaxiflu-4 vaccine in the age group of six to thirty-five months. With this approval, full dose of Vaxiflu-4 vaccine can be given to the pediatric population in the age group of six to thirty-five months. During the year, the Company received an approval from DCGI to initiate Phase II clinical trials of Hepatitis E vaccine.

In the near future, the Company intends to penetrate the high volume public market in India. Post WHO pre-qualification, the Company intends to service the global markets in the medium term.

2nd

Indian company to indigenously develop and launch MMR vaccine

Submitted the dossier of TCV to WHO for pre-qualification

Specialty and Complex Generics

The Company has been building a portfolio of specialty products in an effort to address unmet needs for the patients and provide additional offerings to the customers. The specialty portfolio is being built through in-house development efforts as well as by pursuing inorganic opportunities.

On the in-house development front, the Company has developed a portfolio of 10 products including 1 in orphan diseases space. The focused therapy areas are Pain Management, Neurology, Metabolic Disorders and Liver Diseases. In FY2023, the Company filed two New Drug Applications (NDAs), one each in metabolic disorder and pain management space. NDA for one more product is expected to be filed soon. The Company also filed pNDA for one product during the year.

2

NDA filings from own pipeline in FY2023

Orphan and ultra-rare diseases is the niche focus area of Company's US Specialty business. As a part of the strategy, the Company's wholly owned subsidiary Sentynl Therapeutics Inc. USA (Sentynl) has made two acquisitions in this space so far. The table is given below which contains the status of two acquired assets:

Molecule Name	Indication	Current Status
NULIBRY™ (Fosdenopterin) for Injection	Molybdenum Cofactor Deficiency (MoCD) Type A	• Orphan Drug Designation by USFDA • First commercial shipment in FY2023 • Received Industry Innovation Award for 2022 from National Organization for Rare Disorders (NORD), US • Received marketing authorization in EU. Only treatment available in EU to treat MoCD Type A
CUTX 101 (Copper Histidinate Product)	Menkes disease	• Orphan Drug and Fast-Track Designation by USFDA • NDA submission under process (in collaboration with licensing partner)

Post the acquisition of Nulibry™, the first commercial rare disease product in FY2022, the Company built the commercial capabilities for rare disease products in the US market. This platform is aimed at providing all the patient support around Nulibry™ and can be leveraged across multiple products. During the year, the Company continued to expand disease awareness efforts on both Menkes and MoCD-A through various means of communication. The Company also worked towards addition of both these diseases to key genetic lab panels in the US.

The Company is working to extend its expertise from traditional generics to complex generics products which will drive future growth in the US. Development of complex generics poses a number of challenges right from the stage of API availability till the scale-up and in turn, make them attractive, low competition opportunities. Such opportunities help to counter the challenges associated with the US generic market in the form of continued price erosion in the base portfolio. The Company has entered into partnerships for some of these products to expedite the development timelines and favorably balance the associated risks and investments. Currently, several complex generics, such as modified release oral solids, complex injectables, transdermal patches and drug-device combinations are either under registration and/or under development, for the US market. Till date, the Company has successfully in-licensed 27 products in the complex generics space addressing a market size of ~ US$ 36 bn (Source: IQVIA MAT February, 2023).

Generic Product Development

The Company's operations are spread across different global generics markets. The Company needs to continuously launch new products to expand the offerings to its customers as well as to mitigate the price related challenges associated with the generic industry. The Company has three Pharmaceutical Technology Centres (PTCs) located in Ahmedabad, India which drive the R&D efforts for generic development to deliver new products across markets. These centres have a talent pool of over 700 scientists who work towards creating a robust product pipeline in a timely, cost effective and regulatory compliant manner. These centres comprise of different clusters with each cluster made responsible to meet the demand of a specific market to bring in the focused approach towards different markets.

The key markets being served by these centres are US, India and other international markets comprising of different countries of Emerging Markets and Europe. For the US market, over the last few years, the efforts have been made to move up the value chain. The PTCs have filed a higher proportion of complex products including modified release oral drugs with first to file and first to launch opportunities as well as other dosage forms such as injectables, transdermals etc. For Indian market, apart from delivering me-too kind of products, the Company focuses on delivering innovative solutions like packaging, drug delivery solutions etc. to satisfy the unmet needs of the patients as well as target day one launches for Loss of Patent Expiration (LOE). This approach has ensured that the Company will either be the only player or amongst a few players in the market for new product introductions in the first wave of launch. For other international markets, the Company leverages its existing rich pipeline to expedite filings in different countries to support them in expanding their product offerings in those markets.

PTCs have adopted an approach of Leveraging and Harmonization. If during the early stage of development of a product, it is identified as a product to be supplied to multiple markets then, the product development meets the requirements of all geographies. This approach is known as Harmonization. If a product is already developed for a particular market and subsequently, it is identified for another market then, the Leveraging approach is followed. Under this approach, the development knowledge and dossier developed for one market will be extended to other markets with minimum changes.

700+

scientists focused on generic development

Digital Initiatives – To Empower and Enrich the Future

Adoption of digital tools and leveraging the technological advancements are of paramount importance in today's rapidly evolving business landscape. Embracing digitalization offers multiple benefits in the form of enhanced customer satisfaction, improved operational efficiency, competitive advantage and faster growth. Over the years, the Company has made a significant progress towards digitalization of various processes and functions through the adoption of various digital tools and practices and in turn, has successfully delivered greater value to all the stakeholders. By leveraging the digitalization, the Company aims to bring in greater efficiency, effectiveness, agility and transparency in its operations and in turn, realise its true potential by delivering better health outcomes for its patients globally.

Here are the key digitalization initiatives being undertaken by the Company across different functions:

India Formulations Business

The Company is one of the largest players in the Indian pharmaceutical market with a strong presence across key therapies. The Company has adopted various digital measures to enhance the engagement with all the stakeholders. A summary of key initiatives being undertaken in the digital space across functions is provided below.

Field Force Management

- Use of digital analytics tool to generate meaningful insights for improved engagement with the prescribers and create better brand visibility and re-call.
- Various customer centric developments provided better understanding of customers and in turn, helped to serve them better.
- Feedback from the prescribers helped to drive improvement in brand communication and strategy.

Brand Management

- Building digital content creation and content delivery capabilities to create system based, cogent and consistent content which is customer centric. This has helped to create a content which is easy to consume and deliver.
- Establishing the platform to shape and drive coherent articulation of core value proposition across brands in a compelling, systematic and strategic manner.

Knowledge Dissemination

- Connecting healthcare professionals with subject matter experts to provide updated scientific information on various therapeutic approaches through digital tools.

Supply Chain

The Company has leveraged multiple digital tools and techniques to enhance the efficiency and agility of its supply chain operations. Key ones among them are Planning And Collaboration Excellence (PACE), a project which is aimed at optimizing the supply chain to deliver greater value to customers and project SEED which aims at strengthening master data structure of various functions.

Project PACE

- Advanced data analytics and machine learning algorithms provide detailed insights about demand and forecast patterns, production capacities and material shortages.
- Effective data driven decisions, resulting in improved accuracy in forecasting and reduced stock-out situations leading to enhanced customer satisfaction.
- Long-range planning modules help to optimize sourcing, production, storage and distribution by proactively anticipating the disruptions and in turn, create an agile supply chain.

Project SEED

- SAP based centralized solution to strengthen the master data of various functions to ensure greater control, accuracy and accessibility to critical information.
- In the first phase, rolled out centralized "21 CFR compliant" material master which ensured
  - Enhanced regulatory compliance.
  - Streamlined processes, reduced manual errors and real-time data sharing, resulting in improved decision-making and operational efficiency.
- In the second phase, nine cross functional masters have been taken up along with SAP S/4 HANA journey to further strengthen the master data framework and making it the backbone of transformation journey.

In addition to the above, the Company has deployed various analytical tools viz. SAP BI-BO, power BI and Tableau to help leverage the power of analytics and implemented SAP ARIBA – a digitized sourcing platform with an integrated vendor network.

SAP S/4 HANA Implementation

The Company is in the process of transforming its ERP system through the greenfield implementation of SAP S/4 HANA across the enterprise. The project is expected to become operational from the next financial year. Key benefits of this initiative are:

- Productivity improvement through enhanced speed of execution.
- Harmonization and simplification of practices across the functions.
- Use of analytics that will aid decision-making.

Research and Development

The R&D team has developed and implemented a new Project Management Tool "IRIS" which covers New Product Development (NPD) and New Product Launch (NPL) activities. It provides real-time visibility in project milestones. IRIS is a customized digital tool that is positioned for cross functional collaboration for developing and launching new products in different markets. IRIS helps to manage the projects in a more effective manner by ensuring timelines and accountability for new product development. It provides management dashboards for tracking the status of various projects and the risks and costs associated with them. Efforts are being made to enhance the utility of this digital tool and in turn, make it the single source of information in the generic development space.

Manufacturing

The Company has undertaken number of initiatives to digitize various shop floor operations through the adoption of advanced technological tools. These initiatives, which focus on real time data generation, lead to well-informed decision making and in turn, ensure reliable and responsive operations. Here is the list of key digital initiatives taken by the Company in the area of manufacturing operations:

- In the area of digital performance management, made significant investments to upgrade the machines to make them digitally communicative
- In the laboratories, implemented Laboratory Information Management System (LIMS) to connect all the systems to software and ensure data integrity
- Installed documentum software to ensure that every person has access to the latest version of SOPs.
- Adoption of Dynamic Workforce Automation Tool to ensure that right talent is assigned to right machine and product.
- HR Analytics tool to visualize organization structure and span of control across each layer and suggest structural changes based on comparison with industry benchmark.
- In a new facility being put up in Ahmedabad SEZ (known as SEZ II), the Company will manufacture the products without any human intervention and achieve the highest standards of quality and automation in manufacturing drug products.

Consolidated Financial Highlights

The financial statements for the current financial year and the comparative financial statements of previous financial year have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

Total Operating Revenues

The total income from operations grew by 14% to ₹ 172.4 bn from ₹ 151.1 bn last year. US formulations business, which was the largest contributor to the consolidated revenues, grew by 28% and registered sales of ₹ 74,451 mn during the year. India geography, which comprises formulations and consumer wellness business and which was the second largest contributor to the consolidated revenues, grew by 5% to ₹ 71,449 mn.

Profits and Margins

EBITDA (Earnings before Interest, Taxation, Depreciation and Amortization) grew by 16% to ₹ 38,599 mn from ₹ 33,407 mn last year. EBITDA margins expanded during the year despite the high base and stood at 22.4% of revenues, which is an improvement of 30 bps over the previous year. Adjusted for one-time COVID related inventory provision, EBITDA margin for the year stood at a robust 23.1%. Net profit for the year, adjusted for certain exceptional and non-recurring items and the impact of discontinued operations, stood at ₹ 26,608 mn, up 16%.

Return on Net Worth

Return on net worth, excluding exceptional items and profit from discontinued operations improved by 50 bps for FY2023 and stood at 14.9% viz-a-viz 14.4% during FY2022.

Interest Coverage Ratio

Interest coverage ratio has gone up to 29.7 in FY2023 from 26.3 in FY2022. The increase is mainly on account of increase in EBITDA as finance cost has gone up by just 2% during the year.

Debt

The Company continued to hold net cash position as on 31st March, 2023 as it had a net cash of ₹ 5,462 mn as on 31st March, 2023 vs. ₹ 632 mn as on 31st March, 2022. Net debt-equity ratio was -0.03 as on March 31, 2023 as against nil as on March 31, 2022. Net debt to EBITDA ratio for the year was -0.14 as against -0.02 in FY2022.

Fixed Assets and Capital Expenditure

The consolidated gross block (including capital work in progress) at the end of the year was ₹ 189.4 bn, up by about ₹ 5.7 bn, from ₹ 183.7 bn last year. Net capital expenditure including capital work in progress but excluding acquisition related spend during the year was ₹ 9.6 bn. The capex during the year was incurred mainly for creation of new facilities and up-gradation and capacity expansion of existing facilities.

Capital Employed and Operating Efficiency

The total Capital Employed (CE) at the end of the year was ₹ 208.5 bn, down from ₹ 232.5 bn, at the end of the previous year. Reduction in capital employed was mainly on account of reduction in debt and buy-back of 1.13% of pre buy-back paid-up equity share capital. Return on Capital Employed (ROCE = Adjusted earnings before interest / Average CE) for the year improved by 190 bps during the year and stood at 15.5% viz-a-viz 13.6% registered during the previous financial year. Improvement in ROCE was driven by growth in profit and reduction in capital employed on account of reduction in debt and buy-back of equity as mentioned above.

14%
Revenue growth in FY2023

₹38,599 mn
EBITDA in FY2023

23.1%
Adjusted EBITDA margins in FY2023

Net debt free
as on 31st March, 2023

14.9%
Return on Net Worth in FY2023

15.5%
ROCE in FY2023

An analysis of the performance of different business verticals of the Company is given below.

India Geography

Formulations Business

The Company's formulations business in India has been one of the prominent pillars in its growth journey over the years. It was the second largest contributor to the consolidated revenues during the year, accounting for 29% of business. The Company continued to expand the business consistently over the years through various focused brand building initiatives, enhancing the reach, launching new therapies, introducing new products and by leveraging its innovation engine to offer new healthcare solutions.

FY2023 was an encouraging year for Company's formulations business in India as the business consistently posted double digit growth through the year, adjusted for COVID related revenues.

In terms of secondary sales, the Company grew faster than the industry with a growth of 10.7% during the year viz-a-viz the market growth of 9.3%. The Company continued to maintain its ranking in IPM and was ranked 5th in terms of revenues during the year. Twelve of the Company's brands were amongst the top 300 brands of IPM during the year. Out of all the brands currently being marketed, 12 brands recorded sales in excess of ₹ 1000 mn, 23 brands recorded sales between ₹ 500 to ₹ 1000 mn and 38 brands recorded sales between ₹ 250 to ₹ 500 mn (Source: AWACS MAT March 2023 Report).

12

brands among top 300 brands

12

Brands recorded sales in excess of ₹ 1000 mn

23

Brands recorded sales between ₹ 500 to ₹ 1000 mn

Increase in chronic contribution

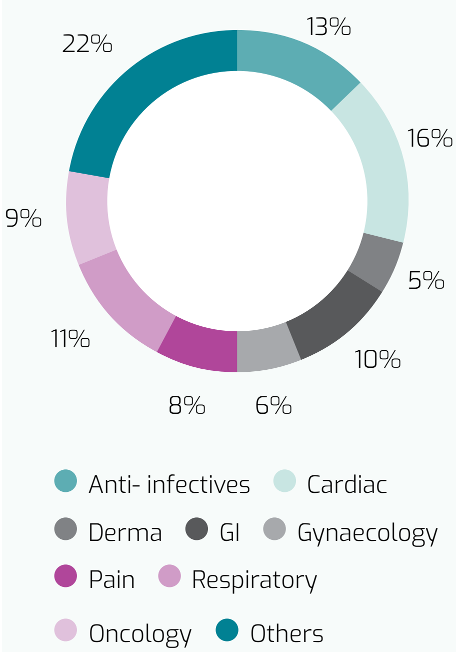
46% in FY2022 → **48%** in FY2023

The Company further strengthened its presence in focused therapeutic areas of Cardiology, Anti-Diabetes, Gynaecology, Respiratory, Gastro-Intestinal, Dermatology and super specialty areas of Oncology and Nephrology. This helped the Company grow faster than the market in both chronic and sub-chronic segments during the year, thereby improving its ranking in these segments viz-a-viz the preceding financial year (from 10th to 9th in chronic and from 7th to 6th in sub-chronic). Contribution of chronic and sub-chronic segments to overall secondary sales went up from 46% in FY2022 to 48% in FY2023. The Company was ranked amongst the top 5 Companies in Cardiology, Oncology, Respiratory, Gynaecology and Pain management segments during the year (Source: AWACS MAT March 2023 Report).

Zydus: Therapy wise performance and Ranking (vs IPM) in FY2023

₹ bn	IPM			Zydus			Zydus' Ranking	
	MAT Mar 23	MAT Mar 22	% Gr.	MAT Mar 23	MAT Mar 22	% Gr.	MAT Mar 23	MAT Mar 22
Anti-Infectives	233.2	238.9	-2.4%	9.6	9.7	-1.1%	9	8
Cardiac	240.9	219.4	9.8%	11.4	10.3	10.9%	5	5
Derma	124.4	107.7	15.5%	3.7	3.5	3.3%	10	9
Gastro-Intestinal	215.8	194.4	11.0%	7.6	7.1	7.8%	8	8
Gynaecology	61.9	51.4	20.4%	4.3	3.5	23.9%	4	5
Pain/Analgesics	130.4	116.7	11.8%	5.5	5.1	7.7%	4	5
Respiratory	153.3	136.0	12.7%	7.7	6.9	12.5%	5	5
Oncology	37.2	31.6	17.5%	6.5	5.1	26.6%	1	1
Others	653.1	596.4	9.5%	16.3	14.5	13.0%		
TOTAL	**1,850.1**	**1,692.4**	**9.3%**	**72.6**	**65.6**	**10.7%**	**5**	**5**

Therapeutic area-wise break up of Company's formulations sales in India as per AWACS MAT March 2023 is as under:



(Source: AWACS MAT March 2023 report)

The Company has identified select flagship brands also referred to as Growth Booster brands which will be the key growth drivers. These brands registered improved volume traction due to concerted efforts and will continue to be the mainstay for strategic growth.

The Company has created a rich pipeline of New Chemical Entities (NCEs) and biosimilars to cater to the unmet healthcare needs of the patients. The Company continues to leverage its innovation capabilities to enable sustainable growth for the business. The Company's first NCE viz. Saroglitazar Magnesium is approved for multiple indications viz. Diabetic Dyslipidemia, Hypertriglyceridemia, NAFLD and NASH and is marketed under the brand names Lipaglyn® and Bilypsa®. Lipaglyn® brand since its launch a decade back, has gained a significant momentum and it was the 62nd largest brand in the IPM during the year, a gain of 47 positions viz-a-viz the preceding year. The brand registered 37% increase in patient base during the year alone, evidencing the effectiveness and relevance of the Company's innovative product for the patients.

Bilypsa® brand made significant strides in terms of prescriber base and volumes since its launch and registered secondary sales of ₹ 639 mn during the year. Indian National Association for the Study of Liver (INASL) has now included Bilypsa® brand in the recently released guidelines for NAFLD and NASH. The guidelines have prescribed minimum duration of one year for the therapy. To ensure that unmet patient needs get addressed at a faster pace, the Company has made concerted efforts to improve the diagnosis of NAFLD and NASH. This has been done through liver scanning across the country via the liver screening project viz. Shear Wave Elastography Liver Scan. Over 1 million people have been screened under the project.

Lipaglyn®

62nd largest brand in the IPM

37%

increase in patient base of Lipaglyn® in FY2023

Over 1 mn

people screened under liver screening project

During the preceding financial year FY2022, the Company launched its second NCE viz. Desidustat under the brand name Oxemia™ for the treatment of Chronic Kidney Disease (CKD) induced anemia. The launch of Oxemia™ further bolstered the Company's leadership position in the Nephrology segment. The Company focused on increasing awareness about CKD and anemia through multiple webinars and doctor-patient outreach sessions. The Company also created Oxemia™ website (http://www.oxemia.com/) which is a one-stop solution for health care practitioners seeking information about the therapy. Through well-carved out market awareness and market-shaping initiatives, the Company established a strong footing in the CKD anemia market with Oxemia™. During the year, Oxemia™, which is the first novel oral alternative to Erythropoietin Stimulating Agent (ESA) provided relief to more than 25000 CKD anemia patients from injections.

During the preceding financial year FY2022, the Company launched Ujvira™ brand for the treatment of breast cancer. Ujvira™ is the world's first biosimilar of an antibody drug conjugate Kadcyla®. The brand was launched with an aim to make the treatment affordable to a larger pool of patients who were unable to afford the cost of the innovator drug. The patient centric approach helped in rapid volume expansion for Ujvira™ since its launch on account of the affordability of the product compared to the innovator brand. Over 5000 patients have benefited from Ujvira™ since its launch. The drug which was accessible to less than 5% of the patients have now benefitted over 20% of eligible patients, thanks to patient friendly pricing and improved availability of Ujvira™.

Oxemia™ - Relief to Over

25000

CKD patients from injections

Over 5000

patients benefited from Ujvira™ since its launch

These efforts would potentially aid visibility on new growth levers and help it stay relevant to changing market realities.

India formulations revenues over last 5 years: ₹ mn

Overall, the Company's formulations business in India registered revenues of ₹ 49,111 mn during the year, up 2%. Excluding the COVID opportunity revenues from the base, the business grew by 12% during the year.

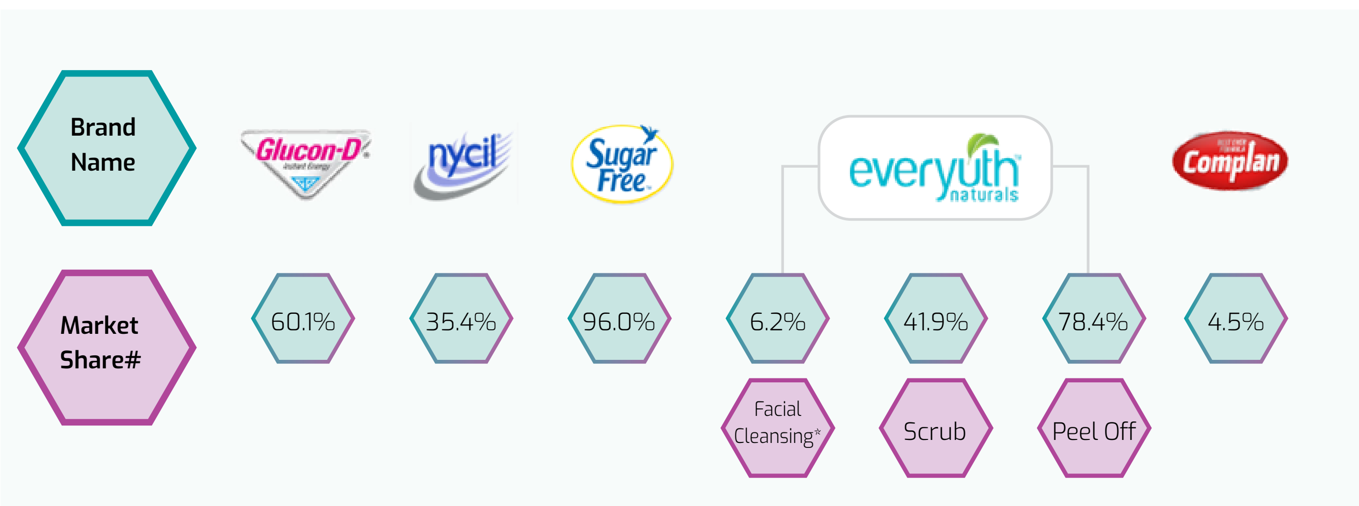
Consumer Wellness

Zydus Wellness Limited (ZWL), the Company's subsidiary which spearheads the group's operations in the consumer wellness space, has a portfolio of leading brands built organically over the years as well as acquired ones.

Normal summer season and increased level of commodity inflation were the key macro factors which impacted the business performance during the year. Two summer heavy brands viz. Glucon-D® and Nycil® registered sales revival, driven by normal summer season, after being hit by the pandemic for two consecutive years i.e. FY2021 and FY2022. In fact, both the brands could re-gain pre-covid level of sales on the back of continued marketing support and recruitment of new consumers. Inflation remained at an elevated level during most part of the year. As a result, consumers continued to down trade towards lower priced products especially in the rural areas. Demand in urban areas started to improve from the second half of the year, however, rural demand remained muted for the most part of the year. Various cost optimization measures undertaken by the Company coupled with calibrated price increase taken across brands helped the Company to counter the impact of inflation and protect the margins.

Five out of six brands of the Company are market leaders in their respective categories. The Company continued to strengthen its competitive positioning and market share across brands through strong distribution, category expansion and investments in product innovations, media campaigns, sales promotions and digital initiatives. The company has more than 50 million consumers which is a testament to brands that are engraved in consumers' daily needs and shopping basket.

Market share of different brands in their respective categories is as under:



#Source: Nielsen and IQVIA MAT March 2023 report

* Facial cleansing segment includes Face Wash, Scrub, Peel-off and Face Masks

The Company continued to work on three key pillars to grow the business and unlock the value for all the stakeholders. They are:

A. To accelerate the growth of core brands

The Company continued to support existing portfolio and new products through various marketing initiatives and expansion of distribution network.

During the year, Glucon-D® brand made a strong come back with good summer season. The Company worked towards building the daily relevance of the brand as an "Energy Drink". New variants of the brand were also launched during the year.

Nycil® brand witnessed strong traction post the COVID-19 pandemic. The brand was re-positioned with new packaging to highlight "coolness factor". The Company re-launched new variant viz. Body Mist, a water-based product which offers same cooling and prickly heat solution as talcum powder.

On Complan® front, the Company continued to support the brand with various campaigns highlighting superior nutrition with the highest protein content in the segment. The Company highlighted the difference in nutritional value being offered by the brand in its communication.

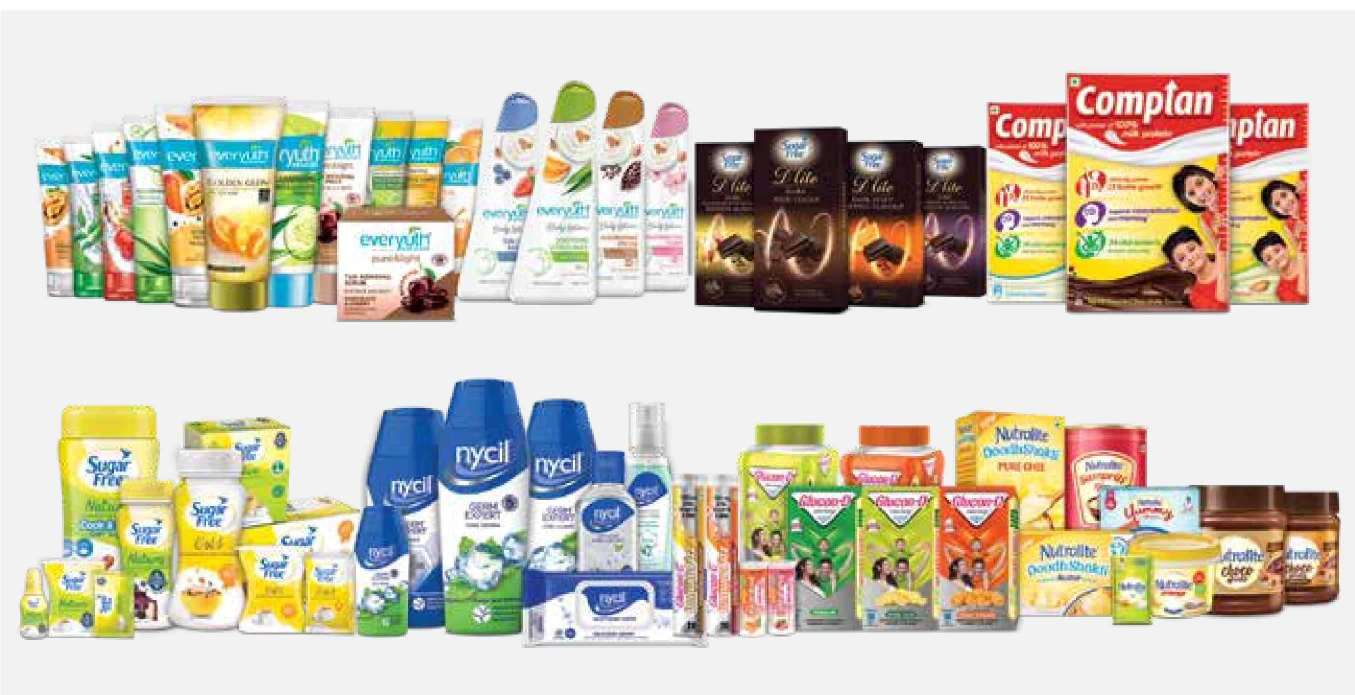
On the sweeteners front, the growth was driven by stevia based natural variant of SugarFree™ brand viz. SugarFree Green. The Company continued to promote the use of SugarFree Green through the thematic communication "Fitness Ka Pehla Kadam" along with various social media digital initiatives.

Nutralite Doodhshakti dairy portfolio delivered robust growth during the year driven by focused celebrity engagements, well planned digital and print media campaigns and on-ground activations.

B. To expand international presence

The Company aims to build the scale in international business by focusing on key regions viz. South Asian Association for Regional Co-operation (SAARC), Middle East and Africa (MEA) and South East Asia (SEA), entering new geographies and introducing suitable innovations and extensions to cater to the needs of different markets. The Company aims to achieve 8-10% contribution from international markets over next five years.

During the year, the Company operationalized the subsidiary in Bangladesh viz. Zydus Wellness BD Pvt. Ltd. which will help to further expand the presence in Indian sub-continent.



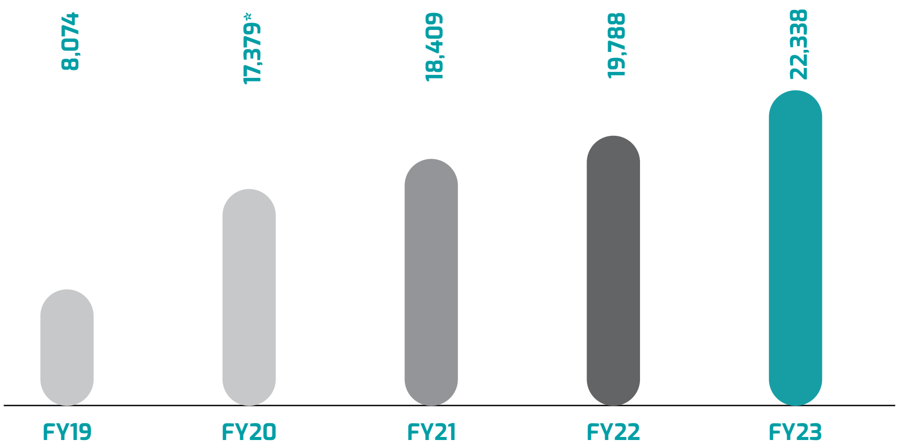
C. To grow the scale and improve profitability

The Company has taken number of initiatives to increase consumer base and improve profitability. Large number of customers continue to shift towards modern trade and e-commerce platforms on account of increasing influence of digital and social media. The Company is ready to leverage changing customer behavior by building stronger presence in organized trade and by managing the spends on visibility and promotions in an efficient manner.

The Company achieved an important milestone during the year as the availability of the products crossed 2.5 mn stores with equal split between urban and rural distribution. Direct reach across sub-channels crossed 6 lac stores during the year.

The Company is confident to drive growth and increase the market share of its brands through innovation, leveraging distribution channels and expanding portfolio. This will enable to grow customer base with increased penetrations.

Consumer Wellness business revenues over last 5 years: ₹ mn



*In January, 2019, the Company acquired business of Heinz India which led to significant jump in revenues in FY2020.

Overall, the consumer wellness business grew by 13% and posted revenues of ₹ 22,338 mn, accounting for 13% of consolidated revenues in FY2023.

#1
in 5 out of 6 brands

50 mn+
consumers indicating brand leadership

Product availability in over
2.5 mn
stores

US Formulations

US remained the world's largest pharmaceutical market, accounting for over 40% of the global market in 2022. Over the last 5 years, the US pharmaceutical market grew almost in line with the global market and maintained its dominant position. Over the next 5 years, the US pharmaceutical market is likely to sustain its dominant position as well, though it is likely to grow marginally slower than the global market. Growth will be led by increased usage of existing patent protected branded products and the launch of new brands. However, significant increase in losses of exclusivity of both small molecules and biological products are likely to restrict the growth of the market from revenue standpoint.

Current size and growth of US pharma market and the potential size and growth going forward are as under:

US pharmaceutical spending and growth

CY22 Size - US$ bn	CY18-22 CAGR	CY27E Size - US$ bn	CY22-27 CAGR
629	6.2%	763	2.5-5.5%

The Company's US operations are spearheaded by its wholly-owned subsidiary Zydus Pharmaceuticals USA Inc. US business had a remarkable performance in FY2023, benefitting from the stable pricing environment, volume expansion in base portfolio and impact of new launches all through the year. During the year, the US was the largest market for the Company, accounting for 44% of consolidated revenues.

Currently, the Company distributes 176 generic products in the US market. Out of these, the Company has leadership position in approximately 25% of the product families and is ranked amongst top 3 players in almost 65% of the product families. In terms of overall ranking, the Company continues to maintain the fifth spot amongst the US generic companies based on prescriptions (Source: IQVIA, Regulatory Insights, MAT March 2023 TRx).

During the year, the Company launched 32 new products in the US generics market. This included some important launches like Lenalidomide Capsules (gRevlimid) and Topiramate Extended Release Capsules (gTrokendi). The Company was the first player to launch the generic version of Topiramate Extended Release Capsules.

5th

largest generic Company in the US

176

products being marketed in the US

Ranked

1

in ~25% of product families

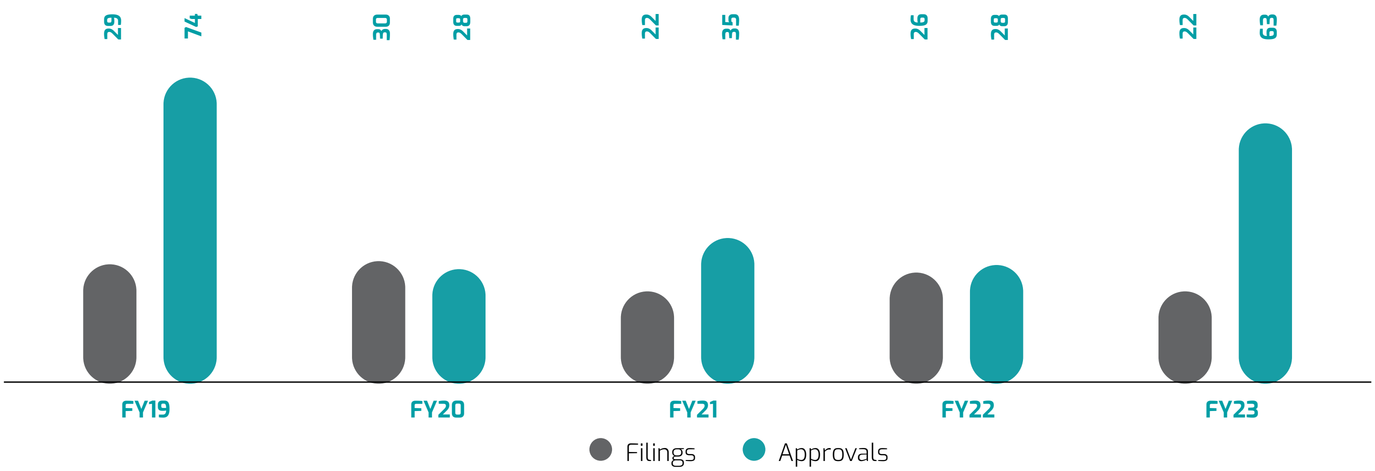
Ranked amongst

top 3

in ~65% of product families

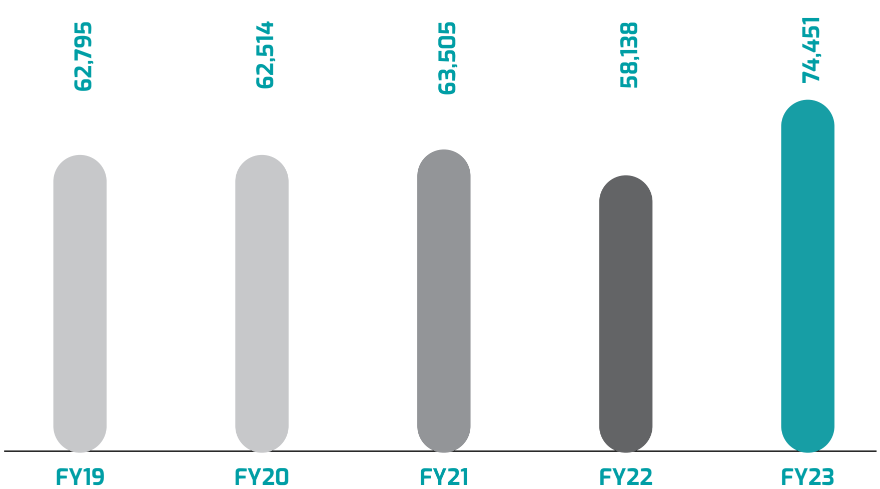
The clearance of Warning Letter at Moraiya site was a notable success from regulatory standpoint for the Company and this also resulted in strong uptick in the number of ANDA approvals. In FY2023, the Company received 63 new product approvals (incl. 9 tentative approvals) which is one of the highest number of approvals received in a single financial year. This included receipt of final approval for 3 transdermal products from the Moraiya site. These approvals marked the onset of transdermal approvals from the Moraiya site. Cumulative number of ANDA approvals at the end of the year stood at 364. The Company filed 22 ANDAs with the USFDA during the year taking the cumulative number of ANDA filings at the end of the year to 442.

ANDA filings and approvals summary:



Presence of a large number of players in the US generics space leads to continued price erosion and in turn, restricts margin improvement. To offset the impact of price erosion, the Company is focused on launching new products and expanding presence in complex generics as well as products sold through specialty channels. The Company keeps on evaluating various business development and licensing opportunities that will supplement its in-house portfolio and thereby offer a wider set of healthcare solutions for patients in the US. These opportunities will allow the Company to diversify its offerings in new dosage forms and therapy areas. Overall, the Company expects to continue its growth trajectory going forward on the back of several key launches lined up in coming years as well as continued momentum in recent launches including Lenalidomide Capsules.

US formulations revenues over last 5 years: ₹ mn



During the year, the Company's formulations business in the US posted revenues of ₹ 74,451 mn, with a strong growth of 28%.

32

new launches in FY2023

63

ANDA approvals in FY2023

Emerging Markets and Europe Formulations

In the Emerging Markets space, the Company operates in select countries of Asia Pacific region, Middle East, Africa and Latin America. In Europe, the Company has a direct presence in France and Spain and it serves some of the other European countries through BTB (Business to Business) route.

In the Emerging Markets, the Company is pre-dominantly a branded generics player with a focus on select therapy areas. The focused areas include chronic therapies of Cardiology, Diabetology and Neuro Psychiatry and Pain Management in acute space. The Company engages with Key Opinion Leaders (KOLs) for overall disease management in these therapies. The marketing strategies in these markets have evolved from brand management to disease management by engaging with all the stakeholders across the value chain and is not just limited to the prescribers. Patient centricity is pivotal in both the promotional efforts and communication strategy across all the focused therapies. COVID-19 pandemic motivated the Company to adopt technological advancements in its efforts to reach out to all the stakeholders which as an evolved practice now complements the physical reach of the field force.

In Europe, the Company is present in the generics market of France and Spain. In these markets, the Company engages with the pharmacy chains to grow the business. The Company's strategy in these markets is to expand the product offerings from its global R&D pipeline and deepen the presence by increasing its pharmacy coverage. In the past, the Company's

presence was mostly confined to smaller retail chains. However, the Company has now embarked upon a journey to enter the wholesale channel and deepen its presence by engaging with the large wholesalers who cover majority of the market.

During the year, the Company directed its efforts towards regaining the normalcy post the COVID-19 pandemic. The business maintained growth momentum as all the major markets witnessed healthy secondary sales growth during the year. However, challenges in the form of forex and political crisis in Sri Lanka and ongoing conflict in Eastern Europe persisted.

The Company retained its leadership position in Sri Lanka with a market share of 7.4% with 30 brands ranked first in their respective molecule categories (Source: IQVIA Report). In Philippines, the Company grew faster than the participated market growth and was the 9th largest Company in the participated market.

Despite the challenging market scenario, the company was able to register strong growth in South Africa, a key emerging market. The Company grew by 12% viz-a-viz the participated market growth of just 2% and was the 2nd largest company in the covered market of South Africa.

On Latin America front, with COVID impact behind and on ground activities returning to pre-covid levels, the business in both Brazil and Mexico regained growth momentum and posted strong double-digit growth during the year.

2nd

largest company in South Africa in participated market

9th

largest company in the Philippines in participated market

The Company looks to expand its presence in select emerging market countries as it endeavors to enter into partnership with local players in these countries. The Company has already initiated filing process in some of these countries. During the year, the Company commenced commercial operations in Australia with supply of first product in the country.

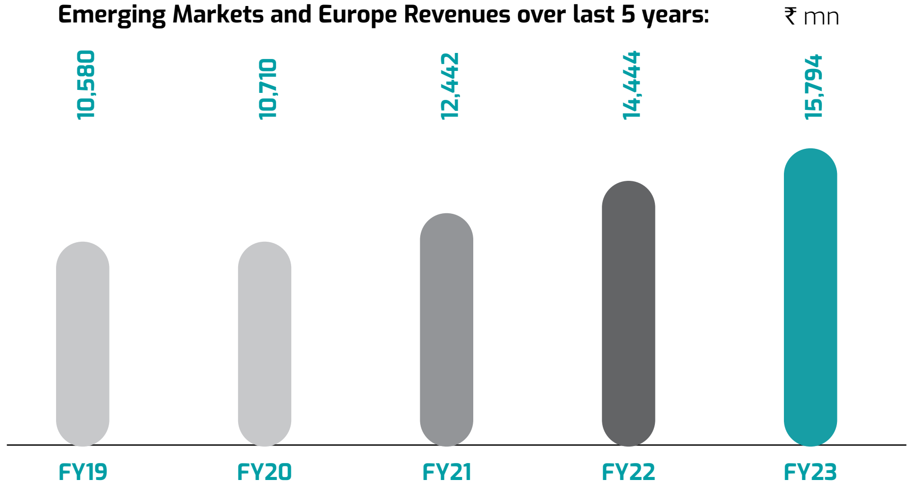
In an effort to leverage the Company's rich innovation led R&D pipeline, steady progress was made on the biosimilars front. The Company continued to file the dossiers with the regulatory authorities of different countries of Asia, Africa and Latin America.

In Europe, the demand scenario remained robust during the year.

Ranked #1 in Sri Lanka with a market share of 7.4% with 30 brands ranked first in their respective molecule categories

The Company looks to strengthen its presence in retail business through portfolio expansion and improving cost proposition. In Business to Business (BTB) space, the Company looks to scale-up the business and enter into new markets through partnerships.

Emerging Markets and Europe Revenues over last 5 years:



Overall, the Company's Emerging Markets and Europe formulations business posted revenues of ₹ 15,794 mn during the year, up 9%. Excluding the COVID opportunity revenues from the base, the business grew by 20% during the year.

JVs and Alliances

Zydus Takeda Healthcare Pvt. Ltd.

Zydus Takeda Healthcare Pvt. Ltd. is a 50:50 JV between the Company and Takeda Pharmaceuticals Co. Ltd., Japan to manufacture a gamut of generic APIs covering various therapeutic categories and exports exclusively to the JV partner for its generic portfolio. The JV's manufacturing facility is designed to produce both intermediates and active pharmaceutical ingredients and is compliant with both national and international GMP standards. During the year, the JV expanded the capacity of the manufacturing facility to meet the growing demand of Takeda. Manufacturing facility of the JV successfully completed the quality audit by Takeda during the year. The JV undertook various efficiency enhancement initiatives during the year to improve the yield and reduce the operating cost and processing time. The manufacturing facility was approved as an alternate site for couple of APIs for EU, Switzerland and UK markets during the year. Going forward, the focus of the JV will remain on expanding the volumes to be supplied to Takeda. As a part of Takeda's global sourcing strategy, the manufacturing facility of the JV is a strategic site for API and API intermediates manufacturing.

As a part of its global sourcing strategy, Takeda has identified the JV site as a strategic site for API and API intermediates manufacturing

Zydus Hospira Oncology Pvt. Ltd.

Zydus Hospira is a 50:50 contract manufacturing JV between the Company and Hospira Inc., USA (now part of Pfizer group), which manufactures oncology injectable products. The products are supplied to the JV partners to cater to the requirements of the markets assigned to them. The JV has an annual capacity to manufacture upto 7 mn vials and it currently manufactures and supplies around 30 products to the JV partners. The JV expanded the capacity in last couple of years considering the increased demand for the products. During the year, the JV completed the majority of site transfer related activities of products transferred from Perth manufacturing site of Pfizer to the JV site. The JV commenced supply of three new products to the JV partners for the regulated markets of US, Europe, Canada and Japan during the year. On the business development front, the JV identified two new customers and successfully completed the facility audit from them during the year. Manufacturing facility of the JV received the Global Performance Award for the year 2022 from Pfizer.

30

products portfolio

7 mn vials

annual capacity

Bayer Zydus Pharma Pvt. Ltd.

Bayer Zydus Pharma is a 75:25 marketing joint venture between Bayer (South East Asia) Pte. Ltd. (wholly owned subsidiary of Bayer AG, Germany) and Zydus Lifesciences Limited in India. The focus of the JV is on prescription products especially for cardiology and women's health care and on specialty therapeutics in the areas of oncology, haematology and ophthalmology. The partnership combines Bayer's expertise in successfully commercializing novel products, sophisticated administration and sales processes according to international standards with Zydus' strong marketing and sales expertise in India as well as excellent distribution network within the industry. Backed by strong research and development and a novel therapeutic approach, the JV is focused on meeting the patients' healthcare needs in India.

APIs

The Company's API business is one of the most essential pillars powering its operations enabling better control over its supply chain through strong backward integration, reducing reliance on third-party suppliers. The Company has wide range of capabilities to produce the APIs as well as some intermediates across different technology platforms with product range spanning across therapeutic segments. The Company has five state-of-the-art manufacturing facilities, a dedicated R&D centre and a team of talented scientists for sustainable growth. The Company strives to ramp up the base business and develop a portfolio of new APIs with value addition through improved process chemistry or better yields, thereby ensuring competitive supplies to both internal and external clients. The Company currently manufactures and supplies a wide range of more than 250 products to its global customers. Cost competitiveness, technology adoption and building scale are the three important aspects of the Company's API business. The Company continuously assesses its manufacturing processes to enable operational efficiencies, leveraging the technological advancements and in turn, meet the stakeholders' demand in a timely and the most cost-efficient manner.

In order to expand the capacity and new product pipeline, the Company entered into an agrrement with Watson Pharma Pvt. Ltd. for purchase of its API manufacturing facility at Ambernath, Maharashtra, India for a consideration of ₹ 467.7 mn. The facility has been inspected by the USFDA and has 3 DMFs and a team of trained employees. During the year, the Company filed 7 US DMFs taking the cumulative number of filings to 135.

The Company's API business posted sales of ₹ 5,473 mn during the year, down 4% and accounted for 3% of consolidated revenues.

>250

products portfolio

7

US DMFs filed in FY2023
135 US DMFs filed cumulatively

Manufacturing and Quality

The Company has a pool of modern, cost efficient and regulatory compliant manufacturing facilities which produces high quality, affordable products to serve its customers across the globe. The Company has the capabilities to manufacture diverse products such as small molecules, APIs, vaccines, biosimilars, complex products, animal health products as well as consumer wellness products. The manufacturing network of the Company comprises of 35 manufacturing facilities. Out of these, 31 facilities are dedicated to manufacturing of finished dosage formulations and active pharmaceutical ingredients. 12 of these 31 facilities have been inspected by the USFDA.

The Company's API manufacturing is adequately supported by a robust R&D team as some of the key APIs of the Company are developed in-house. The Company has vertically integrated operations for major markets and important molecules that ensure high quality, low cost, seamless production schedule and timely availability of raw materials and finished products.

The Company has strong processes to manage costs effectively and believes that effective cost management is a key to succeed in a competitive industry like pharmaceuticals. The Company has undertaken specific initiatives to control the operating costs across plants.

- Through various efficient energy management initiatives, the Company endeavours to reduce the energy consumption despite the expansion of its facilities and increase in output levels.
- Measures undertaken to reduce the energy consumption include deployment of more efficient motors and boilers, multi fuel boilers to switch across fuels depending upon the need, controlling the steam leakages etc.

On the manpower development front,

- The Company continuously looks to build the capability of the people on the shop floor by imparting the requisite training and knowledge.
- For new graduates, the Company starts imparting training from the last year of their graduation to ensure that they have the requisite skills and understanding of the industry at the time of joining the organization.
- An independent process in the form of an assessment centre is in place to assess the proficiency and skill sets of shop floor employees and in turn, their eligibility for the promotion and role expansion.
- The Company has developed a digital tool to ensure that right talent is assigned to right machine and product.
- Another digital tool is implemented across sites to study "span of control" and "layers" at each site. With the help of this tool, allocated manpower and actual utilized manpower across categories can be studied and benchmarked for future improvement.

The Company has been continuously working on building a quality culture among its employees through the program Quality Excellence by Sustainable Transformation (QUEST) as the Company believes that the culture is the driving force behind the quality.

During the year,

- Moraiya formulations facility successfully completed two USFDA inspections.
    - The first inspection took place in July-August 2022. At that time, the facility was under Warning Letter from the USFDA. The inspection concluded with four observations. Subsequently, in the month of November, 2022, USFDA issued an Establishment Inspection Report (EIR) with Voluntary Action Indicated (VAI) status indicating the successful closure of the inspection.
    - The second inspection, which was a Pre-Approval inspection for transdermal patches concluded in January, 2023. Recently, USFDA issued an EIR for this inspection.
- The Company's injectable facility at Jarod received an EIR from the USFDA during the year against the inspection which was conducted in previous financial year FY2022.
- The Company's animal health formulations facility located in Ahmedabad SEZ also successfully completed the USFDA inspection during the year.
- On the biologics front, the biologics fill & finish facility successfully completed the audit by the regulatory authority of Colombia for 3 products viz. Adalimumab, Trastuzumab and Bevacizumab.
- On the API front, Dabhasa facility successfully completed the audit by the Japanese regulatory authority PMDA. The facility renewed its WHO-GMP certificate during the year.

- **Moraiya facility - successful completion of 2 USFDA inspections**
- **Animal health formulations facility - successful completion of USFDA inspection**
- **Newly constructed SEZ II facility - a highly automated plant to meet customer demand in the most cost effective manner**

In order to meet the rising global customers' demand and to be well positioned to capitalise on long term volume growth forecasts, the Company continues to invest its resources to expand the capacities. During the year, the Company filed first ANDA from the newly constructed formulations manufacturing facility in Ahmedabad SEZ (known as SEZ II).

Research backed portfolio, wide product offerings, agility in execution to satisfy the ever-changing consumer demand and cost competitiveness are the key differentiating factors of Company's manufacturing operations.

The table below provides the list of all the manufacturing facilities owned by the Company along-with the dosage forms which can be manufactured at those facilities and the regulatory authorities which have inspected the facilities.

Small Molecule Human Formulations

Sr. No.	Plant Location	Dosage Forms	Accreditation by
1	Moraiya, Gujarat, India	Oral Solids, Injections, Nasals, Aerosols, Transdermals	USFDA, ANSM - France, ANVISA - Brazil, MCC - South Africa, COFEPRIS - Mexico, NDA - Uganda, MOH - Kenya, NMPB-Sudan, MOH - Ukraine, TMDA - Tanzania, FMHACA - Ethiopia, MOH - Libya, MOH - Yemen, MOH - Taiwan, India FDA/ CDSCO
2	Baddi, Himachal Pradesh, India	Oral Solids	USFDA, India FDA/CDSCO
3	Goa, India	Oral Solids, Injections	EU-GMP, FMHACA - Ethiopia, NDA-Uganda, MOH - Kenya, TMDA - Tanzania, MOH - Yemen, MOH - Libya, India FDA/CDSCO
4	Unit 1, Sikkim, India	Oral Solids	MOH - Kenya, NMRA - Sri Lanka, DDA - Nepal, India FDA/CDSCO
5	Unit 2, Sikkim, India	Oral Solids, Topicals, Aerosols	India FDA/CDSCO
6	Matoda SEZ, Gujarat, India	Oral Solids	USFDA, EU-GMP, MOH - Taiwan, India FDA/ CDSCO
7	Matoda SEZ, Gujarat, India (SEZ II)	Oral Solids	The facility is yet not inspected by any regulatory authority
8	Matoda SEZ, Gujarat, India	Transdermals	USFDA, India FDA/CDSCO
9	Matoda SEZ, Gujarat, India	Injections	USFDA, PMDA-Japan, BGV-Germany, India FDA/ CDSCO
10	Jarod, Gujarat, India	Injections	USFDA, India FDA/CDSCO
11	Changodar, Gujarat, India	Topicals	USFDA, India FDA/CDSCO
12	Vatva, Gujarat, India	Injections	India FDA/CDSCO, NMPB-Sudan
13	Sanand, Gujarat, India	Injections	India FDA/CDSCO
14	Unit 1, Daman, India	Oral Solids, Injections	NDA-Uganda, MOH - Ivory Coast, DDA - Nepal, India FDA/CDSCO
15	Unit 2, Daman, India	Oral Solids, Injections	MOH - Kenya, DDA – Nepal, MOH - Ivory Coast, India FDA/CDSCO
16	Rio de Janeiro, Brazil	Oral Solids and liquids	ANVISA
17	Yangon, Myanmar	Oral Solids	Myanmar FDA

Animal Health Formulations

Sr. No.	Plant Location	Dosage Forms	Accreditation by
1	Matoda SEZ, Gujarat, India	Oral Solids, Topicals	USFDA, India FDA/CDSCO

Biological Products

Sr. No.	Plant Location	Dosage Forms	Accreditation by
1	Unit 1, Changodar Gujarat, India	Biosimilar drug substance	USFDA (Specific to Fill Finish Unit), MOH - Russia, COFEPRIS - Mexico, TMMDA - Turkey, INVIMA - Colombia, FDA - Philippines, NDA - Uganda, MOH - Kenya, NADFC - Indonesia, NMRA - Sri Lanka, DDA – Nepal, TMDA – Tanzania, India FDA/CDSCO
2	Unit 2, Changodar Gujarat, India	Biosimilar drug substance	
3	Fill Finish Unit, Changodar, Gujarat, India	Injections	

Vaccines Products

Sr. No.	Plant Location	Dosage Forms	Accreditation by
1	Flu and Hepatitis vaccine plant, Changodar, Gujarat, India	Vaccines	CDSCO
2	MMR vaccine plant, Changodar, Gujarat, India	Vaccines	CDSCO
3	Bacterial Vaccines plant, Changodar, Gujarat, India	Vaccines	CDSCO
4	Rabies vaccine plant, Moraiya, Gujarat, India	Vaccines	WHO - Geneva, Myanmar FDA, MOH - Libya, FDA - Philippines, NDA - Uganda, MOH - Kenya, TMDA - Tanzania, NMRA - Sri Lanka, CDSCO
5	ZyCov-D Vaccine plant, Changodar, Gujarat, India	Vaccines	CDSCO

API Manufacturing

Sr. No.	Plant Location	Dosage Forms	Accreditation by
1	Unit 1, Ankleshwar, Gujarat, India	API	USFDA, PMDA-Japan, BGV - Germany, MHRA – UK, ANSM – France, Health Canada, COFEPRIS - Mexico, KFDA – Korea, India FDA/CDSCO
2	Unit 2, Ankleshwar, Gujarat, India	API	USFDA, BGV - Germany, DMA – Denmark, COFEPRIS-Mexico, NDA - Uganda, India FDA/ CDSCO
3	Dabhasa, Gujarat, India	API	USFDA, TGA - Australia, DMA-Denmark, COFEPRIS - Mexico, India FDA/CDSCO
4	Changodar, Gujarat, India	API and Biosimilar Drug Substance	India FDA/CDSCO
5	Ekalbara, Gujarat, India	API	India FDA/CDSCO

Consumer Products

Sr. No.	Plant Location	Dosage Forms	Accreditation by
1	Moraiya, Gujarat, India	Fat spread	FSSC 22000
2	Unit 1, Sikkim, India	Cosmetics, Glucose powder	FSSC 22000, Cosmetic GMP
3	Unit 2, Sikkim, India	Sugar substitute	FSSC 22000, Cosmetic GMP
4	Aligarh, U.P., India	Health food drinks, Glucose powder, Ghee, Blended sugar	FSSC 22000

Glossary:

TGA - Therapeutic Goods Administration, MCC - Medicine Control Council, NDA - National Drug Authority, MOH - Ministry of Health, NMPB - National Medicine and Poison Board, TMDA - Tanzania Medicines and Medical Devices Authority, WHO - World Health Organization, FMHACA - Food, Medicine and Healthcare Administration and Control Authority, DDA - Department of Drug Administration, NMRA - National Medicines Regulatory Authority, PMDA - Pharmaceuticals and Medical Devices Agency, TMMDA -Turkish Medicines and Medical Devices Agency, NADFC - National Agency of Drug and Food Control, DMA - Danish Medicines Agency, CDSCO - Central Drugs Standard Control Organisation, FSSC - Food Safety System Certification, KFDA - Korean Food and Drug Administration

Environment, Health and Safety

As a responsible corporate citizen, the Company continuously works towards achieving environment, health and safety excellence across all the units. The Company has a dedicated Environment, Health and Safety (EHS) cell which engages with all the stakeholders to build the harmonized EHS culture across units and functions.

The Company has put in place the governance mechanism in the form of EHS monthly report, which evaluates the performance of all the sites across multiple parameters. Monthly performance of each site in the area of EHS is reviewed by Corporate EHS cell and communicated to the top management.

The Company periodically issues policies and SOPs in various EHS related matters and periodically revises the same to ensure the compliance with all the applicable regulations. The Company has put in place the mechanism of internal audit to ensure compliance with these policies and SOPs.

The Company has been taking number of initiatives to protect the environment in the form of reducing the carbon footprint, use of recyclable energy etc. The Company continuously works towards building the awareness among the people and comes out with different themes for environment protection, water and energy savings.

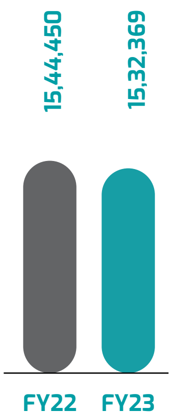
To conserve the natural resources, the Company has deployed energy efficient equipments across sites. The Company periodically carries out energy audits to identify the areas of energy loss and in turn, implements the measures to arrest the loss. The Company has taken various initiatives to reduce water consumption and explored various options like steam recovery, recycle and reuse of treated water in cooling tower, boiler and gardening.

The Company is working towards the use of solar and other forms of renewable energy. The Company has installed solar panels across various sites for electricity generation. The use of biomass as a boiler fuel has also gone up. In order to fulfil the commitment of enhancing the share of renewable power in its operations, the Company has invested in AMP Energy Green Nine Pvt. Ltd., a subsidiary of AMP Energy India Pvt. Ltd., to set up a captive wind solar hybrid power project in Gujarat. Supply of power from the plant would commence from the first quarter of FY2024.

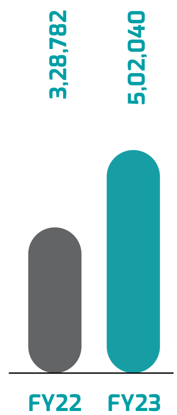
The Company has deployed state of the art technologies for air pollution control and waste-water treatment plants to ensure that the emissions and treated water discharge are within the prescribed norms. In addition, the Company keeps on upgrading the pollution control devices for emission and water discharge from time to time.

Key highlights related to EHS matters for FY2023*

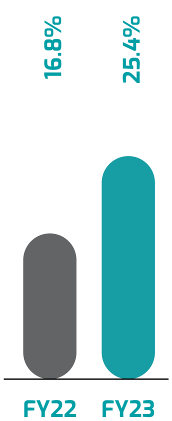
Fresh water consumption
(in KL)



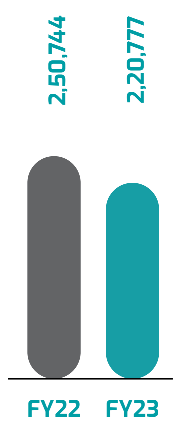
Total renewable energy consumption
(in Gigajoules)



Share of renewable energy in total energy consumption



Total GHG emission
(tCO2 eq)



Total hazardous waste co-processing

* The data presented on this page pertains to Zydus Lifesciences Ltd. standalone entity.

Risk Identification, Risk Mitigation and Internal Controls

Zydus Lifesciences Limited, a leading Indian pharmaceutical company, is an integrated, global healthcare provider. The Company's operations cover the entire spectrum of pharmaceutical value chain and are spread across the globe. The variety of business activities being performed and the geographies being served by the Company pose various risks and challenges. The Company has a well-defined process of risk management which includes identification, analysis and assessment of various risks, measurement of probable impact of such risks and formulation and implementation of risk mitigation strategies. Implementation of these measures help to minimize the impact of such risks on the Company's operations. These are briefly described below:

Risk of competition, pricing pressure and Government control on prices

Risk Involved	• Entry of a new player/s in existing product results in increased competition leading to pricing pressure • In some countries, Government regulates prices of medicines and reduces them periodically to make them affordable to patients
Impact	• Impact on profitability and rendering some products unviable at times
Mitigation Strategy	• Expanding the volume of existing portfolio and launch of new products • Move up the product value chain and launch complex products which have significant entry barriers, limiting new competition • Continued focus on brand building in the branded markets • Implementation of various cost optimization initiatives across the value chain

Risk related to economic and political environment

Risk Involved	• Frequent political changes including civil unrest and war like situation in different geographies impact the economic activities in those regions
Impact	• Significant uncertainty in Company's operations in regions impacted by political instability
Mitigation Strategy	• Continued evaluation of political and economic scenarios across the globe to cap the exposure to the affected regions • Securing receivables through letter of credit or advance payments

Risk of regulatory actions due to non-compliance of quality standards

Risk Involved	• Non-compliance with the regulations of respective geographies impact the Company's presence in those geographies
Impact	• Penal action or notice for compliance gaps issued by the regulators and customers • Loss of reputation and consequent threat to future operations
Mitigation Strategy	• Continued evaluation of applicable regulations to ensure compliance at all times • Building a strong quality culture across organization and adoption of new technologies and automation to ensure better compliance • Proactively improve the systems and processes in the light of regulatory actions taken on other players

Risk of litigation related to intellectual properties and other litigations	
Risk Involved	• Litigation from innovators if patents granted to them are infringed • Litigation with tax authorities on account of difference in interpretation of various provisions due to frequent changes in tax laws
Impact	• Significant investment of resources and efforts to defend the claim and handle litigations • The products may not be launched considering the patents granted to innovators
Mitigation Strategy	• Implementation of review mechanism to check for possible infringement of intellectual property rights before developing and filings the dossiers • To ensure compliance with various statutory requirements
Risk of delay in new product approvals	
Risk Involved	• Delay in launch of new products
Impact	• Affect growth and profitability of operations in different markets
Mitigation Strategy	• Implementation of a mechanism to critically review all new product dossiers before submitting the same to regulatory authorities • Speedy response to queries raised by regulators on product dossiers to expediate the approvals
Risk of international operations including foreign exchange risk	
Risk Involved	• Presence in different geographies exposes the Company to the volatility in currencies of different countries
Impact	• Growth, profitability, investments and debt obligations of the Company in foreign currency vary considerably depending upon the fluctuations
Mitigation Strategy	• Adoption of appropriate hedging strategy to safeguard against adverse currency movements
Risk of cyber-attack on digital infrastructure	
Risk Involved	• Disruption of Company's operations caused by cyber security breach on digital infrastructure
Impact	• Financial, operational and reputational loss
Mitigation Strategy	• To strengthen cyber security controls, to undertake initiatives to lower operational and strategic risk profiles and to take swift actions on emergence of risks across businesses
Risk of supply chain vulnerability	
Risk Involved	• Rising raw materials, utilities and logistics cost • Disruption in supply chain on account of geo-political and socio-economic threats
Impact	• Significant impact on profitability on account of increase in raw materials, utilities and logistics cost • Inability to consistently service the demand of customers across the globe
Mitigation Strategy	• Identifying key APIs, excipients and other inputs and continuous monitoring of pricing trend to take appropriate buying decisions to protect against the increase in cost • Identifying alternate vendors for key raw materials and developing India based vendors to have better control on cost, quality and supply

Risk of failure to achieve the objectives of large projects

Risk Involved	• Non-achievement/ significant delay in achievement of objectives of large inorganic opportunities/ capital projects
Impact	• Significant impact on profitability and return on investments
Mitigation Strategy	• Ensuring realistic approach to valuation, critical evaluation and due diligence of each and every aspect related to the project • Periodic monitoring of implementation of key strategies planned and achievement of key milestones vs. plan • Establishing discipline on investments and debt raising

Risk Management and Internal Control Systems

Though it is not possible to completely eliminate various risks associated with the business of the Company, efforts are made to minimize the impact of such risks on the operations of the Company. The Company has put in a place a robust risk management framework. Through this framework, an enterprise wide risk evaluation and validation process is carried out regularly. Risk management policy is also reviewed regularly by the Risk Management Committee and the Board of Directors. This is done to identify the new risks and gauge the impact of existing risks which might have gone up and in turn, put in place a proper strategy to mitigate such risks. The Company has put in place various internal controls for different activities so as to minimize the impact of various risks. Also, as mandated by the Companies Act, 2013, the Company has implemented an Internal Financial Control (IFC) framework to ensure proper internal controls over financial reporting. Apart from this, a well-defined system of internal audit is in place so as to independently review and strengthen these internal controls. The Audit Committee of the Company regularly reviews the reports of internal auditors and recommends steps for further improvement in the internal controls.

Board's Report:

Your Directors are pleased to present the Twenty Eighth Annual Report and the Audited Financial Statements of Zydus Lifesciences Limited ("the **Company**") for the Financial Year ended on March 31, 2023.

FINANCIAL HIGHLIGHTS:

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, 2023 is summarized below:

₹ in mio.

Particulars	Standalone		Consolidated	
	2022-23	**2021-22**	**2022-23**	**2021-22**
Revenue from Operations and Other Income	92,800	80,156	174,240	153,346
Profit before Interest, Depreciation, Amortisation and Impairment Expenses & Tax **("PBIDT")**	30,028	20,968	40,465	35,654
Less: Finance Cost	2,782	1,349	1,299	1,270
Less: Depreciation, Amortisation and Impairment Expenses	4,886	4,787	7,227	7,130
Less/(Add) : Exceptional Items	2,038	3,193	6,042	(1,127)
Profit Before Tax ("PBT")	**20,322**	**11,639**	**25,897**	**28,381**
Less: Tax Expenses	5,030	3,060	5,878	5,117
Profit After Tax ("PAT")	15,292	8,579	20,019	23,264
Add: Share of Profit of Joint Ventures (Net of Tax)	-	-	946	462
Profit for the year from continuing operations	**15,292**	**8,579**	**20,965**	**23,726**
Add: (Loss) / Profit after tax from discontinued operations	-	-	(46)	22,457
Profit for the year	**15,292**	**8,579**	**20,919**	**46,183**
Attributable to:				
Owners of the Parent	15,292	8,579	19,603	44,873
Non-Controlling Interests	-	-	1,316	1,310
Other Comprehensive Income / (Loss) (Net of Tax)	(141)	42	(3,144)	(1,045)
Total comprehensive income	**15,151**	**8,621**	**17,775**	**45,138**
Attributable to:				
Owners of the Parent	15,151	8,621	16,459	43,832
Non-Controlling Interests	-	-	1,316	1,306
Opening balance in Retained Earnings	92,894	87,969	154,958	113,842
Amount available for appropriation	108,204	96,479	174,563	158,678
Dividend	2,530	3,585	2,665	3,720
Closing Balance in Retained Earnings	**105,674**	**92,894**	**171,898**	**154,958**
Earnings Per Share **("EPS")** from continuing operations (Face Value of shares of Re. 1/- each)	15.06	8.38	19.35	21.90
EPS from continuing and discontinued operations (Face Value of shares of Re. 1/- each)	15.06	8.38	19.30	43.83

Note: Previous year figures have been regrouped / re-arranged wherever necessary.

The Company proposes to retain an amount of ₹ 105,674 mio. (Rupees One Lakh Five Thousand Six Hundred Seventy Four Million only) in the Statement of Profit and Loss. The Company proposes not to transfer any amount to general reserve on declaration of dividend.

RESULTS OF OPERATIONS:

During the year under review, the consolidated revenue from operations and other income was ₹ 174,240 mio. (Rupees One Lakh Seventy Four Thousand Two Hundred Forty Million only). The Company has achieved consolidated PBT from continuing operations of ₹ 25,897 mio. (Rupees Twenty Five Thousand Eight Hundred Ninety Seven Million only) and consolidated PAT (from continuing and discontinued operations) of ₹ 20,919 mio. (Rupees Twenty Thousand Nine Hundred Nineteen Million only). The Company achieved a consolidated total Comprehensive Income of ₹ 17,775 mio. (Rupees Seventeen Thousand Seven Hundred Seventy Five Million only). The consolidated EPS for the Financial Year ended on March 31, 2023 was ₹ 19.30 (Rupees Nineteen and Paisa Thirty).

During the year under review, the standalone revenue from operations and other income was ₹ 92,800 mio. (Rupees Ninety Two Thousand Eight Hundred only). The Company has achieved standalone PBT of ₹ 20,322 mio. (Rupees Twenty Thousand Three Hundred Twenty Two Million only) and standalone PAT of ₹ 15,292 mio. (Rupees Fifteen Thousand Two Hundred Ninety Two Million only). The Company achieved a standalone total Comprehensive Income of ₹ 15,151 mio. (Rupees Fifteen Thousand One Hundred Fifty One Million only). The standalone EPS for the Financial Year ended on March 31, 2023 was ₹ 15.06 (Rupees Fifteen and Paisa Six).

DIVIDEND:

Your Directors have recommended a final dividend of ₹ 6.00/- (Rupees Six only) (i.e. 600%) per equity share of Re. 1/- (Rupee One only) each fully paid-up for the Financial Year ended on March 31, 2023. The final dividend, if declared by the members at the ensuing Annual General Meeting ("**AGM**"), will result into cash outflow of ₹ 6,073.22 mio. (Rupees Six Thousand Seventy Three Million Two Hundred Twenty Thousand only) and will be paid to those members, whose names stand registered in the Register of Members on Friday, July 28, 2023 i.e. the record date. In respect of shares held in dematerialized mode, 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, 2023 is 31.01% of profits from continuing operations.

Pursuant to and in compliance with regulation 43A of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**"), the Company has formulated Dividend Distribution Policy, which is approved by the Board of Directors ("the **Board**") and is uploaded on Company's website and the weblink of the same is provided in a separate section of Corporate Governance Report, which forms a part of this Annual Report.

BUYBACK OF EQUITY SHARES:

The Board at its meeting held on May 20, 2022 passed a resolution to buyback 1,15,38,461 (one crore fifteen lakh thirty eight thousand four hundred sixty one) equity shares of ₹ 1/- (Rupee One only) each fully paid-up, representing 1.13% of the total number of pre-buyback equity shares at a price of ₹ 650/- (Rupees Six Hundred Fifty only) aggregating to ₹ 7,500 mio. (Rupees Seven Thousand Five Hundred Million only), being 6.85% and 4.36% of the aggregate of the fully paid-up equity share capital and free reserves of the Company as per the audited standalone and consolidated financial statements of the Company as at March 31, 2022, respectively (which is within the statutory limits of 10% of the aggregate of the fully paid-up equity share capital and free reserves of the Company, based on both standalone and consolidated financial statements of the Company, under the Board approval route as per the provisions of the Act and The SEBI (Buyback of Securities) Regulations, 2018 ("the **Buyback Regulations**")), excluding the transaction cost relating to the buyback, from the members of the Company, including the promoters of the Company, on a proportionate basis under the tender offer route in accordance with the provisions of the Buyback Regulations and the Act and Rules made thereunder.

Pursuant to and in compliance with the provisions of section 68 of the Act read with rule 17 of The Companies (Share Capital and Debentures) Rules, 2014 and the Buyback Regulations, the amount of buyback was distributed to the members on July 15, 2022 and the corresponding equity shares were extinguished on July 19, 2022. Pre and post buyback shareholding structure is as under:

Pre buyback shareholding	No. of shares bought back	Post buyback shareholding
102,37,42,600 equity shares of ₹ 1/- each fully paid-up	1,15,38,461 equity shares of ₹ 1/- each fully paid-up	101,22,04,139 equity shares of ₹ 1/- each fully paid-up

SECRETARIAL STANDARDS:

The Company is in compliance with Secretarial Standards on Meetings of Board of Directors and General Meetings issued by The Institute of Company Secretaries of India.

MANAGEMENT DISCUSSION AND ANALYSIS ("MDA"):

Pursuant to and in compliance with the provisions of regulation 34(2)(e) of the Listing Regulations, MDA for the Financial Year ended on March 31, 2023 is presented in a separate section which forms a part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS:

Pursuant to and in compliance with the provisions of Ind AS-110 on Consolidation of Financial Statements read with Ind

AS-28 on Accounting for Investments in Associates and Joint Ventures and as prescribed 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, its associate companies and its subsidiary companies after elimination of minority interest, as a single entity.

SUBSIDIARY COMPANIES:

i. The Company has 15 (fifteen) Indian subsidiary companies (including 6 (six) step down subsidiaries), 29 (twenty nine) foreign subsidiary companies (including 19 (nineteen) step down subsidiaries) and 3 (three) joint venture companies as at March 31, 2023. There has been no material change in the nature of business of the Company, subsidiary companies and joint venture companies. There is 1 (one) partnership firm in the group, in which 2 (two) subsidiary companies of the Company are the partners. 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.

ii. The Company has incorporated Zydus Pharmaceuticals UK Limited in United Kingdom as a wholly owned subsidiary company on February 8, 2023.

iii. The Company has incorporated Zynext Ventures Pte. Ltd. ("**ZVPL**") in Singapore as a wholly owned subsidiary on February 21, 2023.

iv. ZVPL has incorporated Zynext Ventures USA LLC as its wholly owned subsidiary in the United States of America on March 3, 2023.

v. Pursuant to the provisions of section 136 of the Act, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available free of cost the Audited Financial Statements of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Financial Statements of the subsidiary companies will also be kept open for inspection. Pursuant to and in compliance with the provisions of sections 129, 134 and 136 of the Act and Rules made thereunder and regulation 33 of the Listing Regulations, the Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

vi. Pursuant to and in compliance with the provisions of section 129(3) of the Act and Rules made thereunder, a statement containing the salient features of the financial statements of its subsidiaries and joint venture companies in the format prescribed under the rules is attached to the audited financial statements. The policy relating to material subsidiaries, pursuant to the provisions of regulation 16(1)(c) of the Listing Regulations is uploaded on Company's website and the weblink of the same is provided in a separate section of Corporate Governance Report, which forms a part of this Annual Report.

vii. Pursuant to and in compliance with the provisions of section 134 and rule 8(1) of the Accounts Rules, the details of performance of subsidiaries and joint ventures of the Company are covered in the MDA and Audited Financial Statements.

viii. Your Company funds its subsidiaries, from time to time, in the ordinary course of business and as per their funding requirements, through equity, loan, guarantee and/or other means for their business purposes.

ix. Pursuant to the Company's policy to determine material subsidiary companies, read with the provisions of the Act and the Listing Regulations, Zydus Healthcare Limited, Zydus Wellness Limited, Zydus Wellness Products Limited, Zydus Animal Health and Investments Limited and Zydus Pharmaceuticals USA Inc., USA are the material subsidiary companies of the Company, the details of which are provided in the Corporate Governance Report, which forms a part of this Annual Report.

WIND SOLAR HYBRID POWER PROJECT:

In line with the philosophy to enhance the share of renewable power source in its operations and to comply with regulatory requirement for being a 'captive user' under Electricity Laws, 2003, the Company has entered into Share Purchase, Subscription and Shareholders' Agreement to acquire stake in AMP Energy Green Nine Private Limited ("**AMP**"), for setting up captive Wind Solar Hybrid Power Project in Gujarat. The Company has invested in the equity shares and Compulsorily Convertible Debentures ("**CCDs**") equivalent to 12.17% of the equity share capital and CCDs of AMP, on a fully diluted basis, as at March 31, 2023 and the details of investment are provided in the Note No. 4-Investments of the Audited Standalone Financial Statements.

ACQUISITION OF BUSINESS UNDERTAKING:

The Company has entered into a Business Transfer Agreement ("**BTA**") for purchase of one of the business undertakings ("**Business Undertaking**") of Watson Pharma Private Limited ("**Watson**") on a going concern basis by way of slump sale, without values being assigned to individual assets and liabilities, on cash-free and debt-free basis at a lump-sum consideration of ₹ 467.70 mio. (Rupees Four Hundred Sixty Seven Million Seven Hundred Thousand only), subject to certain closing date adjustments as provided in the BTA, with effect from such date and in such manner and on the terms and conditions as mentioned in the BTA.

Business Undertaking of Watson is engaged in the business of developing, manufacturing, marketing and sale of Active Pharmaceutical Ingredients ("**APIs**"). The said transaction will help the Company to expand its presence in the APIs space through increase in product pipeline and manufacturing capacity.

EXTRA ORDINARY GENERAL MEETING:

During the Financial Year ended on March 31, 2023, 1 (one) extra ordinary general meeting of the members of the Company was held on December 30, 2022 to appoint Mr. Akhil Monappa (DIN-09784366) and Ms. Upasana Konidela (DIN-02781278) as the Independent Directors ("**IDs**") of the Company for the first term of 5 (five) consecutive years.

INSURANCE:

The Company's plants, properties, equipments and stocks / inventory are adequately insured against all major risks. The Company has insurance cover for product liability and clinical trials. The Company has also taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

PUBLIC DEPOSITS:

The Company has not accepted any deposits from public as per the provisions of sections 73 and 74 of the Act read with Rules made thereunder and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

COST ACCOUNTS AND RECORDS:

The Company has made and maintained the cost accounts and records as specified under section 148(1) of the Act and Rules made thereunder.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

In terms of provisions of section 134(3)(g) of the Act, details of loans, guarantees and investments covered under section 186(4) of the Act are given in the notes to the Audited Standalone Financial Statements.

FRAUDS:

In terms of section 134(3)(ca) of the Act, during the Financial Year ended on March 31, 2023, the statutory auditors, cost auditors and the secretarial auditor have not reported to the Audit Committee, under section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

RELATED PARTY TRANSACTIONS:

All contracts / arrangements / transactions entered into by the Company during the Financial Year ended on March 31, 2023 with related parties were in the ordinary course of business and on an arm's length basis and had no conflict with the interest of the Company. All related party transactions are placed before the Audit Committee on quarterly basis for review and approval. As provided under section 134(3)(h) of the Act and Rules made and the Listing Regulations, disclosure of particulars of material transactions (i.e. transactions exceeding ₹ 10,000 mio. (Rupees Ten Thousand Million only) or 10% of the annual consolidated turnover as per the last Audited Financial Statements) with related parties entered into by the Company in the prescribed Form No. AOC-2 is annexed to this report as **Annexure-A.** Disclosures on related party transactions are set out in Note No. 41 of the Audited Standalone Financial Statements.

The weblink to view the policy on materiality of related party transactions and dealing with related party transactions is provided in a separate section of Corporate Governance Report, which forms a part of this Annual Report.

Pursuant to and in compliance with provisions of regulation 23(9) of the Listing Regulations, the Company has filed the related party transactions with the stock exchanges.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

As at March 31, 2023, your Company's Board comprised of 10 (ten) Directors, of which 2 (two) are Executive Directors, 2 (two) are Non-Executive Directors and 6 (six) are IDs (including 2 (two) woman IDs). Other statutory details are provided in the Corporate Governance Report, which forms a part of this Annual Report.

i. Appointment and re-appointment of IDs:

Based on the recommendation of Nomination and Remuneration Committee ("**NRC**") and the Board, the members at their extra ordinary general meeting held on December 30, 2022 passed special resolutions to appoint Mr. Akhil Monappa (DIN-09784366) and Ms. Upasana Konidela (DIN-02781278) as the IDs of the Company for the first term of 5 (five) consecutive years.

Mr. Bhadresh K. Shah (DIN-00058177) was appointed as an ID of the Company at the AGM held on August 19, 2019, to hold office for the first term of 5 (five) consecutive years with effect from December 6, 2018 till to December 5, 2023.

The NRC has considered his diverse skills, leadership capabilities, knowledge and expertise in manufacturing, marketing, business and management. In view of the above and based on his performance evaluation by the NRC, the NRC and the Board have recommended the re-appointment of Mr. Bhadresh K. Shah as an ID of the Company for the second term of 5 (five) consecutive years with effect from December 6, 2023 to December 5, 2028, notwithstanding that he shall attain the age of 75 (seventy five) years during the said second term, in accordance with the provisions of sections 149, 150 and 152 of the Act and regulations 16(1)(b), 17(1A) and 25(2A) of the Listing Regulations.

ii. Retirement by rotation:

Pursuant to and in compliance with the provisions of section 152(6) of the Act and in terms of the Articles of Association of the Company, Dr. Sharvil P. Patel, Managing Director (DIN-00131995) and Mr. Ganesh N. Nayak, Executive Director (DIN-00017481), will retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

iii. Declaration of independence:

Pursuant to and in compliance with the provisions of section 134(3)(d) of the Act, the Company has received declaration of independence as stipulated under sections 149(6) and 149(7) of the Act and regulations 16(1)(b) and 25 of the Listing Regulations from IDs confirming that they are not disqualified for continuing as an ID. There has been no change in the circumstances affecting their status as an ID of the Company.

All the Directors of the Company, who are required to get registered, have registered themselves with The Indian Institute of Corporate Affairs. Further, as per the declarations received, none of the Directors of the Company are required to give online proficiency test, except 1 (one) ID (who shall comply with the provisions within the prescribed time frame), as per the first proviso to rule 6(4) of The Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time.

iv. Profile of Directors seeking re-appointment:

Pursuant to and in compliance with the provisions of regulation 36(3) of the Listing Regulations and standard 1.2.5 of Secretarial Standard on General Meetings, particulars of Directors (Dr. Sharvil P. Patel, Mr. Ganesh N. Nayak and Mr. Bhadresh K. Shah) seeking re-appointment at the ensuing AGM are annexed to the notice convening Twenty Eighth AGM.

v. Key Managerial Personnel:

The following persons are the Key Managerial Personnel ("**KMP**") as on March 31, 2023:

1. Dr. Sharvil P. Patel, Managing Director,
2. Mr. Ganesh N. Nayak, Executive Director,
3. Mr. Nitin D. Parekh, Chief Financial Officer and
4. Mr. Dhaval N. Soni, Company Secretary.

vi. Board Evaluation:

Pursuant to and in compliance with the provisions of the Act and Rules made thereunder and as provided in Schedule IV of the Act and the Listing Regulations, the NRC and the Board have carried out an annual evaluation of its own performance, the Directors individually as well as its committees. In terms of section 134(3)(p) of the Act read with rule 8(4) of the Account Rules, the manner in which the evaluation was carried out is provided in the Corporate Governance Report, which forms a part of this Annual Report.

In a separate meeting of IDs, the performance of the non-independent directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

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

The functioning of the Board, the Committees and performance of individual Directors was found satisfactory.

vii. Nomination and Remuneration Policy:

The Board has, on the recommendation of the NRC, framed a policy on selection and appointment of Directors, Senior Management and their remuneration. The Nomination and Remuneration Policy and weblink of the same is provided in a separate section of Corporate Governance Report, which forms a part of this Annual Report.

viii. 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.

CREDIT RATING:

The details of credit ratings obtained during the Financial Year ended on March 31, 2023 are provided in below table:

Sr. No.	Facility / Instrument	Amount (₹ in mio.)	Ratings
1.	Various Bank Facilities	47,240	Long term rating CRISIL AA+/Positive (reaffirmed) Short term rating CRISIL A1+ (reaffirmed)
2.	Commercial Papers (**CPs**) *	2,000	CRISIL A1+ (reaffirmed)
3.	Non-Convertible Debentures (**NCDs**) *	500	CRISIL AA+/Positive (reaffirmed)
4.		750	CRISIL AA+/Positive (reaffirmed)

* No CPs / NCDs were issued during the Financial Year ended on March 31, 2023.

INSIDER TRADING REGULATIONS:

The Company has adopted the Code for Insider Trading as per The SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**Insider Trading Regulations**"). Other details on Insider Trading Regulations are provided in the Corporate Governance Report, which forms a part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of sections 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 explanations relating to material departures, if any,

ii. that such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2023 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 annual 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 were operating effectively, and

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

TRANSFER OF SHARES AND DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND ("IEPF"):

During the year under review, pursuant to and in compliance with the provisions of sections 124 and 125 of the Act and Rules made thereunder, the Company has transferred-

i. 86,432 (eighty six thousand three hundred forty two) equity shares held by 69 (sixty nine) members whose dividend has remained unclaimed / unpaid for a consecutive period of 7 (seven) years to IEPF and

ii. ₹ 5.99 mio. (Rupees Five Million Nine Hundred Ninety Thousand only) held by 2,634 (two thousand six hundred thirty four) members, being the unclaimed dividend, pertaining to the interim dividend for the Financial Year ended on March 31, 2015 to IEPF after giving notice to the members to claim their unclaimed / unpaid dividend.

As at March 31, 2023, 14,78,733 (one million four hundred seventy eight thousand seven hundred thirty three) equity shares are lying with IEPF.

Further, during April / May 2023, the Company has transferred-

i. 42,464 (forty two thousand four hundred sixty four) equity shares held by 66 (sixty six) members whose dividend has remained unclaimed / unpaid for a consecutive period of 7 (seven) years to IEPF and

ii. ₹ 7.43 mio. (Rupees Seven Million Four Hundred Thirty Thousand only) held by 3,443 (three thousand four hundred forty three) members, being the unclaimed dividend, pertaining to the interim dividend for the Financial Year ended on March 31, 2016 to IEPF after giving notice to the members to claim their unclaimed / unpaid dividend.

BOARD MEETINGS:

5 (five) Board meetings were held during the Financial Year ended on March 31, 2023 and in compliance with provisions of section 173(1) of the Act, time gap between any 2 (two) Board meetings was not more than 120 (one hundred twenty) days. The Board approved 2 (two) resolutions by circulation, vide circulars dated April 1, 2022 and March 30, 2023. Other information with regard to the Board meetings is given in the Corporate Governance Report, which forms a part of this Annual Report.

AUDIT COMMITTEE:

Pursuant to and in compliance with the provisions of section 177(8) of the Act and regulation 18 of the Listing Regulations, the information about composition of Audit Committee and other details are given in the Corporate Governance Report, which forms a part of this Annual Report.

RECOMMENDATION OF COMMITTEES:

The Board has accepted the recommendations of all the committees constituted by the Board.

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 Manoj Hurkat & Associates, Practicing Company Secretaries, confirming the compliance, forms a part of this Annual Report.

AUDITORS:

i. Statutory Auditors and Audit Report:

Deloitte Haskins & Sells LLP, Chartered Accountants ("**Deloitte**"), were appointed as the Statutory Auditors of the Company for a period of 5 (five) consecutive years from the conclusion of Twenty Second AGM till the conclusion of Twenty Seventh AGM.

Based on the recommendation of the Audit Committee and the Board, members at their Twenty Seventh AGM passed the resolution to re-appoint Deloitte as the Statutory Auditors of the Company for a further period of 5 (five) consecutive years from the conclusion of Twenty Seventh AGM till the conclusion of Thirty Second AGM in the calendar year 2027, with an authority to the Audit Committee and the Board to decide the remuneration payable to them.

Deloitte 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 and the observations and comments, appearing in the report, are self-explanatory and do not call for any further explanation / clarification by the Board as provided under section 134(3)(f) of the Act.

ii. Cost Auditors:

Pursuant to the provisions of section 148(3) of the Act and rules 3 and 4 of The Companies (Cost Records and Audit) Rules, 2014, ("the **Cost Rules**") the cost audit records maintained by the Company in respect of Drugs and Pharmaceuticals are required to be audited. The Board had, on the recommendation of the Audit Committee, appointed Dalwadi & Associates, Cost Accountants to audit the cost records of the Company for the Financial Year ending on March 31, 2024 on a remuneration of ₹ 1.41 mio. (Rupees One Million Four Hundred Ten Thousand only) plus applicable Goods and Services Tax and out of pocket expenses at actuals. Pursuant to the provisions of section 148 of the Act and rule 14(a)(ii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be placed before the members in a general meeting for ratification. Accordingly, a resolution seeking ratification by members for the remuneration payable to Dalwadi & Associates is included at Item No. 7 of the Notice convening Twenty Eighth AGM.

iii. Secretarial Auditors and Secretarial Audit Report:

Pursuant to and in compliance with the provisions of section 204 of the Act , rule 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("**Managerial Personnel Rules**") and regulation 24A(1) of the Listing Regulations, the Board has appointed Manoj Hurkat & Associates, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the Financial Year ended on March 31, 2023. The Secretarial Audit Report is annexed herewith as **Annexure-B**. The Board has duly reviewed the Secretarial Audit Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board as provided under section 134(3)(f) of the Act.

Further, pursuant to and in compliance with the provisions of regulation 24A(1) of the Listing Regulations, the secretarial audit reports of Zydus Healthcare Limited and Zydus Animal Health and Investments Limited, unlisted material subsidiary companies incorporated in India are annexed herewith as **Annexure-B1** and **Annexure-B2** respectively.

Zydus Wellness Products Limited ("**ZWPL**") is a wholly owned subsidiary of Zydus Wellness Limited ("**ZWL**"), a listed entity and a subsidiary of the Company. ZWL and ZWPL are also material subsidiaries of the Company. In view of the same, secretarial audit reports of ZWL and ZWPL are not required to be annexed with the Boards' Report of the Company.

iv) Annual Secretarial Compliance Report:

Pursuant to and in compliance with the provisions of regulation 24A(2) of the Listing Regulations, Manoj Hurkat & Associates, Practicing Company Secretaries have issued Annual Secretarial Compliance Report for the Financial Year ended March 31, 2023. Said report was presented at the Board meeting held on May 18, 2023.

AWARDS AND RECOGNITIONS:

Details of awards and recognitions are provided in separately in this Annual Report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT ("BRSR"):

Pursuant to and in compliance with the provisions of regulation 34(2)(f) of the Listing Regulations, a separate section on BRSR forms a part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") AND ENVIRONMENT SOCIAL AND GOVERNANCE ("ESG") COMMITTEE:

Pursuant to and in compliance with section 135 of the Act read with section 134(3)(o) and rule 5 of The Companies (Corporate Social Responsibility Policy) Rules, 2014 ("the **CSR Rules**"), the Board has constituted a CSR and ESG Committee. CSR Policy is placed on the Company's website. The details of the CSR and ESG Committee constitution, CSR activities and other details, as required under section 135 of the Act and the CSR Rules, are given in the CSR Report at **Annexure-C**.

The Board at its meeting held on August 10, 2022 adopted the charter for ESG part of the CSR and ESG Committee.

BUSINESS RISK MANAGEMENT:

Pursuant to and in compliance with the provisions of section 134(3)(n) of the Act and regulation 21 of the Listing Regulations, the Company has constituted a Risk Management Committee ("**RMC**"). The details of the RMC and its terms of reference are set out in the Corporate Governance Report, which forms a part of this Annual Report.

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. The Company has framed a Risk Management Policy to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure.

Discussion on risks and concerns are covered in the MDA, which forms a part of this Annual Report.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:

Pursuant to and in compliance with the provisions of section 134(5)(e) of the Act read with rule 8(5) of the Account Rules, the Company has designed and implemented a process driven framework for Internal Financial Controls ("**IFC**"). For the Financial Year ended on March 31, 2023, 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 implement new and / or improved internal controls whenever the effect of such gaps would have a material effect on the Company's operations.

The Company has a well-placed, proper and adequate IFC system, which ensures:

- The orderly and efficient conduct of its business,
- 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.

The Board reviews the effectiveness of controls documented as a part of IFC framework and take necessary corrective and preventive actions wherever weaknesses are identified as a result of such reviews. This review covers entity level controls, process level controls, fraud risk controls and Information Technology environment.

Based on this evaluation, no significant events had come to notice during the Financial Year ended on March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our IFC. The management has also come to a conclusion that the IFC and other financial reporting was effective during the Financial Year ended on March 31, 2023 and is adequate considering the business operations of the Company. The Statutory Auditors of the Company have audited the IFC with reference to Financial Reporting and their Audit Report is annexed as an Annexure to the Independent Auditors' Report under Standalone Financial Statements and Consolidated Financial Statements.

MANAGING THE RISKS OF FRAUD, CORRUPTION AND UNETHICAL BUSINESS PRACTICES:

i. Vigil Mechanism / Whistle Blower Policy:

The Company has built a reputation for doing business with honesty and integrity and it has zero tolerance for any type of unethical behavior or wrongdoing. The Company has in place a stringent vigil system to report unethical behavior in order to promote professionalism, fairness, dignity and ethical behavior in its employees.

Pursuant to and in compliance with the provisions of section 177(9) of the Act, rule 7 of The Companies (Meetings of Board and its Powers) Rules, 2014 and regulation 22 of the Listing Regulations, the Company has established vigil mechanism and framed Whistle Blower Policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy and Insider Trading Regulations. Whistle Blower Policy is uploaded on Company's website and the weblink of the same is provided in a separate section of Corporate Governance Report, which forms a part of this Annual Report.

ii. Zydus Business Conduct Policy:

The Company has framed "Zydus Business Conduct Policy" ("**Business Conduct Policy**") and is monitored by the President-Group Human Resources. Every employee is required to review and sign the policy at the time of joining and an undertaking shall be given for adherence to the Business Conduct Policy. The objective of the Business Conduct Policy is to conduct the business in an honest, transparent and ethical manner. The Business Conduct 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 made thereunder. The Company has constituted an Internal Complaints Committee as required under the said Act.

The Company always endeavors to create and provide an 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 and lays down the guidelines for identification, reporting and prevention of sexual harassment.

During the Financial Year ended on March 31, 2023, 1 (one) complaint was received and the same was resolved. No complaint was pending to be resolved as at March 31, 2023.

ANNUAL RETURN:

Pursuant to and in compliance with the provisions of section 92(3) read with section 134(3)(a) of the Act, Annual Return for the Financial Year ended on March 31, 2023, in prescribed Form No. MGT-7 is available on the website of the Company at https://www.zyduslife.com/investor/#FinancialInformation1785.

PARTICULARS OF EMPLOYEES:

The information required under section 197(12) of the Act read with rule 5(1) of Managerial Personnel Rules is provided in **Annexure-D**.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, 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 provided in **Annexure-E**.

GENERAL DISCLOSURES:

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134(3) of the Act and rule 8 of the Accounts Rules to the extent the transactions took place on those items during the year under review.

During the Financial Year ended on March 31, 2023, the Company has not issued any shares with differential voting rights and sweat equity shares.

There are no proceedings initiated/pending against your Company under the Insolvency and Bankruptcy Code, 2016 which materially impact the business of the Company.

There were no instances where your Company required the valuation for one time settlement or while taking the loan from the Banks or Financial institutions.

In terms of section 134(3)(l) of the Act, apart from what is 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 to which the financial statements relate and the date of this report.

ACKNOWLEDGMENT:

Your Directors place on record their sincere appreciation for the continued co-operation and support extended to the Company by various Banks. Your Directors also thank the Medical Profession, 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. The Directors also thank the Company's customers, vendors, investors, business associates, Stock Exchanges, Government of India, State Governments and various departments and agencies for their support and co-operation.

Your Directors appreciate and value the contribution made by every member of the Zydus group.

On behalf of the Board of Directors

Pankaj R. Patel
Chairman
DIN: 00131852

Place : Ahmedabad
Date : May 18, 2023

Annexure-A

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of The Companies Act, 2013 and rule 8(2) of The Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Act, including certain arm's length transactions under third proviso thereto.

A. Details of contracts or arrangements or transactions not on an arm's length basis:

There were no contracts or arrangements or transactions entered into with related parties during the year under review, which were not on an arm's length basis.

B. Details of material contracts or arrangements or transactions on an arm's length basis:

Sr. No.	Name of the Related Party and Nature of Relationship	Nature of contract / arrangement or transaction	Duration of contract / arrangement or transaction	Salient terms of the contract / arrangement or transaction, including value, if any.	Dates of approval by the Board of Directors	Amount paid as advance, if any.
1.	Zydus Pharmaceuticals USA Inc., USA (a wholly owned material subsidiary company)	Supply and Distribution Agreement	On-going	Pricing of supply of products based on relevant guidelines of transfer pricing During the Financial Year ended on March 31, 2023, the aggregate value of transactions is ₹ 52,765.00 mio.	May 20, 2022	Nil

On behalf of the Board of Directors

Pankaj R. Patel
Chairman
DIN: 00131852

Place : Ahmedabad
Date : May 18, 2023

Annexure-B

Secretarial Audit Report of Zydus Lifesciences Limited (Form MR-3)

For the Financial Year ended on March 31, 2023

(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
Zydus Lifesciences Limited
(Earlier known as Cadila Healthcare Limited)
(CIN: L24230GJ1995PLC025878)
Registered Office: 'Zydus Corporate Park', Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near 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 Lifesciences 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 my opinion thereon.

Based on our verification of the 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, 2023 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:

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, 2023 according to the provisions of:

1. The Companies Act, 2013 ("the **Act**") and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. The 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;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to the extent applicable to the Company:
    a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
    d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equities) Regulations, 2021;
    e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
    f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
    h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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

a. Secretarial Standards issued by The Institute of Company Secretaries of India.

b. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

We hereby report that during the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

6. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the provisions of The Drugs and Cosmetics Act, 1940 and

Rules made thereunder, as is specifically applicable to the Company.

We further report that:

a. 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 that took place during the period under review were carried out in compliance with the provisions of the Act.

b. Adequate notice is given to all Directors to schedule the Board Meetings at least seven days in advance. Agenda and detailed notes on agenda were also sent to all Directors 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.

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

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

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

The Board of Directors of the Company at their meeting held on May 20, 2022 have approved the Buy-back of fully paid up equity shares having face value of ₹ 1/- each, from the members of the Company at a price not exceeding ₹ 650/- per Equity Share ("**Maximum Buyback Price**"), and for an aggregate amount not exceeding ₹ 750 Crores ("**Maximum Buyback Size**"), which was less than 10% of the paid-up capital and free reserves of the Company as per the audited financial statements as at March 31, 2022, through Tender Offer route, in accordance with the provisions of SEBI (Buyback of Securities) Regulations, 2018 and the Companies Act, 2013 and Rules made thereunder ("**Buyback**"). At the Maximum Buyback Price and for the Maximum Buyback Size, the indicative maximum number of Equity Shares to be bought back was to be 1,15,38,461 equity shares ("**Maximum Buyback Shares**") (comprising 1.13 % of the paid-up share capital. Pursuant to the aforesaid Buyback offer, the Company has bought back 1,15,38,461 equity shares at aggregate amount of ₹ 750 Crores at price of ₹ 650/- per equity share at the end of Buyback period. The Buyback period commenced from June 23, 2022 and ended on July 6, 2022. Post buyback, the paid up capital of the Company stand reduced to ₹ 101,22,04,139/- divided into 101,22,04,139 Equity Shares of ₹ 1/- each.

For, **MANOJ HURKAT & ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800
PR Certificate No.: 600/2019

MANOJ R HURKAT
Partner
FCS No.4287, C P No.: 2574
UDIN: F004287E000309561

Place : Ahmedabad
Date : May 18, 2023

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

Annexure A to the Secretarial Audit Report of Zydus Lifesciences LImited

To
The Members
Zydus Lifesciences Limited
(Earlier known as Cadila Healthcare Limited)
(CIN: L24230GJ1995PLC025878)
Registered Office: 'Zydus Corporate Park', Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near Vaishnodevi Circle, Sarkhej-Gandhinagar Highway,
Ahmedabad-382481

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

1. Maintenance of Secretarial record 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 test basis to ensure that correct facts are reflected in 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 and cost records of the Company.
4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, secretarial records and other factual position which cannot be otherwise verified etc. wherever required or necessary.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of the same 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.
7. The Secretarial audit was conducted in accordance with Auditing Standards issued by the Institute of Company Secretaries of India and in a manner which evolved such examinations and verifications as considered necessary and adequate for the said purpose.

For, **MANOJ HURKAT & ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800
PR Certificate No.: 600/2019

MANOJ R HURKAT
Partner
FCS No.4287, C P No.: 2574
UDIN: F004287E000309561

Place : Ahmedabad
Date : May 18, 2023

ANNEXURE-B1

Secretarial Audit Report of Zydus Healthcare Limited (Form MR-3)

For the Financial Year ended on March 31, 2023

[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,
Zydus Healthcare Limited
"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 Healthcare Limited** (hereinafter called "the **Company**"). The 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 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 in electronic form and on physical verification of records during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2023** 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as per Annexure I for the financial year ended on **March 31, 2023** according to the provisions of:

i) The Companies Act, 2013 ("**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;

v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 regarding the Companies Act and dealing with client

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021

h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018

i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

However, it is reported that there were no instances requiring compliance with the provisions of the laws indicated at para (v) mentioned hereinabove during the period under review as said regulations were not applicable to the company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Company with the Stock Exchange and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

However, it was noted that since securities of the company are not listed on any recognized stock exchange, clauses of listing agreement and rules of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 were not applicable except the regulations applicable to material subsidiary of a listed entity.

vi. We further report that having regard to the compliance management system prevailing in the Company in relation to other applicable sector specific laws, we have relied on the confirmations of compliances placed before the board which were made available to us for our verification and were considered as assurance for existence of proper compliance management system.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, mentioned hereinabove and there is adequate compliance management system for the purpose of other applicable laws mentioned hereinabove. We have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliances under laws and regulations applicable to the Company mentioned hereinabove.

We report that the Board of Directors of the Company is duly constituted with proper balance of the Executive Directors and the Non-executive Directors (Independent and Non-independent). During the year under review, Ms. Dharmishtaben N. Raval (DIN–02792246) has been re-appointed as an Independent Director of the Company for a second term from 33rd Annual General Meeting or till such time she holds the office of an Independent Director in Zydus Lifesciences Limited, whichever is earlier.

Adequate notices are given to all the Directors to schedule the Board and the other 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 meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting Members' views are captured and recorded as part of the minutes, wherever required.

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 the applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were following events / actions having a 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 the:

i) approval of the members of the Company at their 1st Extra-ordinary General meeting of the financial year 2022-23 to make investment, give loan or provide guarantee upto an amount of 200% of the paid-up share capital, free reserve and securities premium at any point of time; and

ii) declaration of interim dividend of ₹ 780/- (Rupees Seven Hundred Eighty only) per equity share on 21,61,742 (Twenty One Lakh Sixty One Thousand Seven Hundred Forty Two) equity shares of ₹ 100/- (Rupees One Hundred only) each amounting to ₹ 168,61,58,760 (Rupees One Hundred Sixty Eight Crore Sixty One Lakh Fifty Eight Thousand Seven Hundred Sixty only). The interim dividend was paid on March 29, 2023 to Zydus Lifesciences Limited.

Signature:
Name of practicing CS: **Ashish C. Doshi, Partner**
SPANJ & ASSOCIATES
Company Secretaries
ACS/FCS No.: F3544
C P No: 2356
PR No.: 702/2020
UDIN: F003544E000312479

Place : Ahmedabad
Date : May 16, 2023

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

Annexure I to the Secretarial Audit Report of Zydus Healthcare Limited

To,
The Members
Zydus Healthcare Limited
"Zydus Corporate Park, Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle, Sarkhej-Gandhinagar Highway,
Ahmedabad-382481

Dear Sir,

Sub.: Secretarial Audit Report for the Financial Year ended on March 31, 2023

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

1. Maintenance of secretarial record 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 test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. The verification of the correctness and appropriateness of financial records and Books of accounts of the company was falling within the purview of statutory auditors and therefore, we have relied on the audit carried out by them.
4. Where ever 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, 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.

Signature:
Name of practicing CS: **Ashish C. Doshi, Partner**
SPANJ & ASSOCIATES
Company Secretaries
ACS/FCS No.: F3544
C P No: 2356
PR No.: 702/2020
UDIN: F003544E000312479

Place : Ahmedabad
Date : May 16, 2023

ANNEXURE-B2

Secretarial Audit Report of Zydus Animal Health and Investments Limited (Form MR-3)

For the financial year ended March 31, 2023

(Pursaunt to section 204(1) of The Companies Act, 2013 and rule No. 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED
(Formerly known as Violio Pharmaceuticals Limited and then Violio Pharmaceuticals and Investments Limited)
CIN: U24236GJ2018PLC102269
Zydus Corporate Park, Scheme No. 63,
Survey No. 536 Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle,
Ahmedabad 382481

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED** (hereinafter called 'the Company') (formerly known as Violio Pharmaceuticals Limited and then Violio Pharmaceuticals and Investments Limited). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and based on the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit through electronically by way of scan copy or soft copy through mail or otherwise, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, generally complied with the material 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:

I have examined through electronically by way of scan copy or soft copy through mail or otherwise, the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made there under as applicable;

(ii) Secretarial Standards (SS-1 & SS-2) issued by the Institute of Company Secretaries of India;

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

(iv) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.

(v) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

During the period under review, the Company has generally complied with all the material aspects of the applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Further being a Pharmaceutical Company (Animal Healthcare), following are some of the Acts applicable to the Company, for which examination of the relevant documents and records, on test check basis, have been carried out under:

1. Biological Diversity Act 2002 and their Rules
2. Drug Policy 2002
3. Drugs (Price Control) Order, 2013

During the Period under review, provisions of the following regulation were not applicable to the Company:

i. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;

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

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;

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

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) Securities and Exchange Board of India (Share Based Employee Benefits and sweat equity) Regulations, 2021;

(e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(f) SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2016 and 2021; and

(g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

iii. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015, as the Company is Unlisted Company. However, the Company is defined as material subsidiary company under regulation 16(1)(c) of SEBI (LODR) Regulation, 2015. The Company is also defined as wholly owned subsidiary Company of Zydus Lifesciences Limited, being a Listed Company.

I further report that –

The Compliance by the Company of applicable financial laws and direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

I further report that –

Based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, in my opinion, adequate systems and processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines and general laws like various labour laws, competition law, environmental laws, etc.

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors, as on close of the financial year. The changes in the composition of the Board of Directors and 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 generally 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.

During the year, all decisions in the Board Meetings were carried unanimously.

I further report that during the audit period there were few specific events/ actions in pursuance of the above referred laws, rules, regulations, standards, etc. having a major bearing on the Company's affairs, details of which are as stated below:

i. Dr. Kunal Chitnis has resigned as a director of the company from the close of business hours of February 21, 2023.

ii. The Company has appointed Mr. Pramod Lokhande as a whole time director of the company in the AGM held on August 9, 2022.

iii. The company has appointed Mr. Mihir Mehta, as a company secretary of the company with effect from January 2, 2023 as Ms. Hiranya Tusharbhai Deshmukh resigned as a company secretary from the close of the business hours on December 31, 2022.

iv. The Company has obtained enhanced borrowing limits u/s 180(1)(c) and creation of charge limits u/s 180(1)(a), to the extent of ₹ 4000 Crores, as approved by members in their meeting held on September 5, 2022.

v. The Company has enhanced its investment, loan and guarantee limits u/s 186 of the Act, to the extent of ₹ 2000 Crores and then further enhanced to ₹ 4000 Crores, as approved by the members of the Company

Signature:
Name of Company Secretary in practice: **Tapan Shah**
FCS No.: 4476
C P No.: 2839
UDIN: F004476E000262239
PR No.: 673/2020

Place : Ahmedabad
Date : May 8, 2023

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

Annexure A to the Secretarial Audit Report of Zydus Animal Health and Investments Limited

To,
The Members,
ZYDUS ANIMAL HEALTH AND INVESTMENTS LIMITED
(Formerly known as Violio Pharmaceuticals Limited and then
Violio Pharmaceuticals and Investments Limited)
CIN: U24236GJ2018PLC102269
Zydus Corporate Park, Scheme No. 63,
Survey No. 536 Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle, Ahmedabad 382481

My report of the above date is to be read along with this letter.

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

Signature:
Name of Company Secretary in practice: **Tapan Shah**
FCS No.: 4476
C P No.: 2839
UDIN: F004476E000262239
PR No.: 673/2020

Place : Ahmedabad
Date : May 8, 2023

Annexure-C

Annual Report on Corporate Social Responsibility ("CSR") activities

1. Brief outline on CSR Policy of the Company:

Pursuant to and in compliance with the provisions of section 135(4)(a) of the Act and rule 6 of the CSR Rules, the Company has framed a CSR Policy. 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

The Board, on the recommendation of CSR and ESG Committee, approved the CSR spending, apart from others, for providing support in key areas (a) healthcare and (b) education by financing / refinancing construction, operation and maintenance of infrastructure facilities of hospital (healthcare) and medical college (education) by Zydus Foundation ("**ZF**"), a section 8 wholly owned subsidiary company, which runs hospital and medical college at Dahod, Gujarat. ZF provides hospital services to the patients and education services and related facilities to the medical students. The objective of ZF includes, amongst others, to help the marginalized and economically weaker sections people of the society.

2. Composition of CSR and ESG Committee:

Sr. No.	Name of the Director	Designation / Nature of Directorship	Number of CSR and ESG Committee meetings	
			Held	Attended
1.	Mr. Pankaj R. Patel	Chairman of the CSR and ESG Committee and Non-Executive Chairman	2	2
2.	Dr. Sharvil P. Patel	Member of the CSR and ESG Committee and Managing Director		2
3.	Ms. Dharmishtaben N. Raval	Member of the CSR and ESG Committee and Independent Director		2
4.	Ms. Upasana Konidela *	Member of the CSR and ESG Committee and Independent Director		N.A.

* The Board at its meeting held on May 18, 2023 passed a resolution to re-constitute the CSR and ESG Committee, by virtue of which, Ms. Upasana Konidela, ID was inducted as a member of the CSR and ESG Committee.

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

Composition of CSR and ESG Committee:

https://www.zyduslife.com/compcommittee#corporate

CSR Policy:

https://www.zyduslife.com/public/pdf/companypolicy/Corporate-Social-Responsibility-Policy.pdf

CSR Projects approved by the Board:

https://www.zyduslife.com/public/pdf/financial/CSR_Projects.pdf

4. Provide the executive summary along with web-links of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

Pursuant to and in compliance with provisions of rule 8(3) of the CSR Rules, Soulace, an independent agency has carried out the Impact Assessment of the CSR Projects of the Company.
https://www.zyduslife.com/investor/admin/uploads/18/95/CSR-Impact-Assessment-Report.pdf.

5. (a) **Average net profit of the Company as per section 135(5):**

₹ 12,137.00 mio. (Rupees Twelve Thousand One Hundred Thirty Seven Million only)

(b) **Two percent of average net profit of the Company as per section 135(5):**

₹ 242.74 mio. (rounded off to ₹ 243.00 mio.) (Rupees Two Hundred Forty Three Million only)

(c) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:**

Nil

(d) **Amount required to be set off for the financial year, if any:**

₹ 180.00 mio. (Rupees One Hundred Eighty Million only)

(e) **Total CSR obligation for the financial year (b+c-d):**

₹ 63.00 mio. (Rupees Sixty Three Million only)

6. (a) **Amount spent on CSR Projects (both Ongoing project and other than Ongoing project):**

₹ 63.00 mio. (Rupees Sixty Three Million only)

(b) **Amount spent in Administrative Overheads:**

Nil

(c) **Amount spent on Impact Assessment, if applicable:**

₹ 0.50 mio. (Rupees Five Hundred Thousand only)

(d) **Total amount spent for the Financial Year (a+b+c):**

₹ 63.50 mio. (Rupees Sixty Three Million Five Hundred Thousand only) (which includes ₹ 0.50 mio. (Rupees Five Hundred Thousand only) towards Impact Assessment)

(e) **CSR amount spent or unspent during the Financial Year:**

₹ in mio

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
63.00	N.A.				

(f) **Excess amount for set-off, if any:**

₹ in mio

Sr. No.	Particulars	Amount
i.	Two percent of average net profit of the Company as per section 135(5)	243.00 *
ii.	Total amount spent for the Financial Year	63.00 **
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	N.A.
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)]	N.A.

* Actual amount is ₹ 242.74 mio., however, the same is rounded to ₹ 243.00 mio. (Rupees Two Hundred Forty Three Million only).

** The Company had contributed an excess amount of ₹ 531.00 mio. (Rupees Five Hundred Thirty One Million only) during the Financial Year ended on March 31, 2021, which can be set-off in subsequent 3 (three) financial years. Pursuant to the resolution passed by the Board at their meetings held on August 11, 2021 and August 10, 2022, an amount of ₹ 100.00 mio. (Rupees One Hundred Million only) and ₹ 180.00 mio. (Rupees One Hundred Eighty Million only) was set-off during the Financial Years ended on March 31, 2022 and March 31, 2023 respectively. Balance amount of ₹ 251.00 mio. (Rupees Two Hundred Fifty One Million only) (₹ 531.00 mio. - ₹ 100.00 mio. - ₹ 180.00 mio.) shall be set off in the Financial Year ending on March 31, 2024. After availing set-off of ₹ 180.00 mio. (Rupees One Hundred Eighty Million only) during the Financial Year ended on March 31, 2023, the Company has contributed an amount of ₹ 63.00 mio. (Rupees Sixty Three Million only) (₹ 243.00 mio. - ₹ 180.00 mio.).

7. 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)	Balance Amount in Unspent CSR Account under subsection (6) of section 135	Amount spent in the Financial Year	Amount transferred to a Fund specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years	Deficiency, if any
					Amount	Date of Transfer		
N.A.								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

☐ Yes ☑ No

If yes, enter the number of capital assets created / acquired:

Not Applicable

Furnish the details relating to such asset(s) so created or acquired through CSR amount spent in the Financial Year:

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR spent	Details of entity / authority / beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered Address
N.A.							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per sub-section (5) of section 135:

Not Applicable

	Pankaj R. Patel	**Dr. Sharvil P. Patel**
Place : Ahmedabad	Chairman of the Board and the CSR and ESG Committee	Managing Director
Date : May 18, 2023	DIN: 00131852	DIN: 00131995

Annexure-D

Particulars of remuneration as per 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
Mr. Pankaj R. Patel	--
Dr. Sharvil P. Patel	479.52 *
Mr. Ganesh N. Nayak	219.21
Mr. Nitin R. Desai	5.48
Mr. Bhadresh K. Shah	5.48
Ms. Dharmishtaben N. Raval	5.48
Mr. Apurva S. Diwanji	5.48
Mr. Akhil Monappa	1.83 **
Ms. Upasana Konidela	1.83 **
Mr. Mukesh M. Patel	5.48

* During the Financial Years ended on March 31, 2021 and March 31, 2022, Dr. Sharvil P. Patel was paid remuneration of ₹ 262.50 mio. (Rupees Two Hundred Sixty Two Million Five Hundred Thousand only) and ₹ 200.00 mio. (Rupees Two Hundred Million only) respectively. Thus as compared to the remuneration in the Financial Year ended March 31, 2021, there is no increase in his remuneration.

** Appointed w.e.f. November 29, 2022.

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

Name of the Director, the Chief Financial Officer and the Company Secretary	% increase in the remuneration in the financial year
Mr. Pankaj R. Patel	--
Dr. Sharvil P. Patel	31.25 *
Mr. Ganesh N. Nayak	(26.88)
Mr. Nitin R. Desai	9.09
Mr. Bhadresh K. Shah	9.09
Ms. Dharmishtaben N. Raval	9.09
Mr. Apurva S. Diwanji	9.09
Mr. Akhil Monappa	N.A. **
Ms. Upasana Konidela	N.A. **
Mr. Mukesh M. Patel	9.09
Mr. Nitin D. Parekh, Chief Financial Officer	7.74
Mr. Dhaval N. Soni, Company Secretary	25.66

* During the Financial Years ended on March 31, 2021 and March 31, 2022, Dr. Sharvil P. Patel was paid remuneration of ₹ 262.50 mio. (Rupees Two Hundred Sixty Two Million Five Hundred Thousand only) and ₹ 200.00 mio. (Rupees Two Hundred Million only) respectively. Thus as compared to the remuneration in the Financial Year ended March 31, 2021, there is no increase in his remuneration.

** Appointed w.e.f. November 29, 2022.

c. The percentage increase in the median remuneration of employees for the Financial Year ended on March 31, 2023 was 9.77%.

d. There were 23,026 (twenty three thousand twenty six) permanent employees (on consolidated basis) on the rolls of the Company as on March 31, 2023.

e. The PAT for the Financial Year ended on March 31, 2023 increased by 78.25% and the average increase in remuneration of employees was 11.21%. After excluding the items of exceptional nature, the PAT for the Financial Year ended on March 31, 2023 increased by 47.21%.

f. The remuneration of Key Managerial Personnel, viz. (1) the Managing Director, (2) the Executive Director, (3) the Chief Financial Officer and (4) the Company Secretary increased by 31.25%, (26.88%), 7.74% and 25.66% respectively.

g. The average annual increase in the salaries of the employees, other than managerial personnel was 11.21%, whereas the weightage average increase in the managerial remuneration was 25.53% for the Financial Year ended on March 31, 2023. The increase in remuneration was on the recommendation of the NRC considering the performance of the managerial personnel and the Company.

h. The members have, at the AGM of the Company held on August 11, 2021, 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 ₹ 40.00 mio. (Rupees Forty Million only) in aggregate, computed as per the provisions of section 198 of the Act. This resolution is valid for a period of 5 (five) years i.e. Financial Year starting from April 1, 2021 and ending on March 31, 2026. The performance of the Company in terms of sales and profitability are the key parameters, apart from size of the Company and contributions of the Directors at the Board and Committee meetings.

i. The Company affirms that remuneration is as per the Nomination and Remuneration Policy of the Company. There is no employee drawing remuneration in excess of the remuneration of the Managing Director and the Executive Director.

j. The statement containing particulars of employees as required under section 197(12) of the Act read with rules 5(2) and 5(3) of Managerial Personnel Rules is provided in a separate annexure which forms a part of this Annual Report. Pursuant to the provisions of section 136 of the Act, the said annexure is open for electronic inspection. The Annual Report is being sent to the members excluding the aforesaid separate annexure. Any member interested in obtaining a copy of the same may write to the Company Secretary.

On behalf of the Board of Directors

Pankaj R. Patel
Chairman
DIN: 00131852

Place : Ahmedabad
Date : May 18, 2023

Annexure-E

Information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to section 134(1)(m) of The Companies Act, 2013 read with rule 8(2) of The Companies (Accounts) Rules, 2014.

The Company is making continuous efforts to conserve energy by adopting innovative measures to reduce wastage and optimize consumption. Amongst others, below are some of the specific steps taken by the Company towards conservation of energy at its various locations.

A. Conservation of Energy:

Sr. No.	Particulars	Impact in terms of Savings
1.	Automated boiler	997 ton fuel
2.	Replaced cooling tower fan with higher energy efficiency fan	61 MwH
3.	Installed EC motors	62 MwH
4.	Replaced heaters in AHUs with hot water coil	300 MwH
5.	Replaced AC with AHUs	31 MwH
6.	Installed water sprinkler	69 MwH
7.	Replaced AHU blowers with EC fans	181 MwH
8.	Installed VFD in AHU	18 MwH
9.	Installed compressed air network manager	1,247 MwH
10.	Replaced CHW pump motor with high efficiency motor	
11.	Replaced cooling tower fans with high efficient FRP fans	
12.	Replaced air dryer CS with BD dryer	1,228 MwH
13.	Replaced nitrogen generator with new high efficient generator	
14.	Installed VFD for ETP blower and fume hood of QC	
15.	Installed vacuum pump in place of air venture system, disconnected ductable AC and placed AHU in Micro area, etc.	
16.	Replaced centrifugal chiller with energy efficient screw chiller	Refer Note 1
17.	Replaced reciprocating air compressor (220 cfm capacity) with screw air compressor (500 cfm capacity)	
18.	Installed boiler FD fan VFD	36 MwH
19.	Installed auto scheduling PLC for VRX indoor units for runtime optimization	35 MwH
20.	Replaced LED tube reflector type to LED PCB sheet diffuser with high illumination	12 MwH
21.	Upgraded ETP blower	18 MwH

Note 1: Resulted in (i) optimal utilization of energy during periods of low demand thereby reducing maximum power demand and improving iKW/TR ratio i.e. lower power consumption per ton of refrigeration and (ii) lower operation and maintenance cost.

B. Steps taken by the Company for utilizing alternative source of energy:

The Company has taken various steps for utilizing alternative source of energy. Amongst others, below are some of the specific steps taken:

a. Utilized multiple solid fuel (bio mass) for boiler against imported coal.

b. Initiated solar power trading from open access, implemented solar power generation, purchased solar power from solar power supplier and installed solar generation plant.

c. Entered into agreement with state government for hybrid power supply.

d. Initiated medium term open access under captive structure for hybrid power (Wind / Solar).

e. Replaced furnace oil used as a fuel for firing steam boilers with low Sulphur heavy stock fuel.

C. Technology Absorption:

1. Efforts made towards technology absorption and benefits derived there from:

a. Replaced induction motor and blower for AHUs with highly efficient EC motor and blower resulted in reduction in power consumption.

b. Installed high energy efficient chiller and EC fan resulted in reduction in power consumption.

c. (i) Replaced cooling tower fans with high efficient, reliable and less weight FRP fans, (ii) replaced desiccant driers with zero purge driers, (iii) Recovered and reused upto 70% of waste water, (iv) digitized and automated process equipment, all these resulted into reduced power consumption, waste water recovery, reduction in carbon footprint, improved efficiency in operations, better yield and reduction in wastage.

d. (i) indigenous development of cooling tunnel against imported one for tablet cooling, (ii) replaced pure steam generator with clean steam generator, (iii) installed roll up doors, (iv) implemented material transfer system for big bag and tab loading, all these resulted into ease of operations and savings in cost, power enhancement and reliability and better performance.

e. (i) implemented paperless activity, (ii) operated machine in auto mode, (iii) installed EFRO system, all these resulted into improved production, less error, cost saving in paper, improvement in production output and quality of product and savings in PWD water.

f. Replaced conventional fluorescent tube lights with energy efficient LED lights resulted into savings in cost.

g. Installed Wifi system for communicating and displaying granulation machine field parameters resulted into elimination of complex cabling and hard wiring between the filed instruments and control panel, ultimately resulting into simplification of data transmission.

h. Installed ultrasonic level sensors which resulted into achieving cost effective alternative to the expensive rotating contact type paddle switches.

i. Replaced imported mill machine tools which resulted into reduction of cost of procurement and reduction in delivery time.

j. Upgraded SCADA system for manufacturing operations which has addressed security, reliability and performance concerns posed by the previous technology.

k. Upgraded SCADA system for suspension preparation process operation which enabled recording and handling of voluminous process data, added security checks, ease of operations and historisation.

l. Implemented E-logbooks for manufacturing process and cleaning processes through MES, which resulted into remarkable reduction in cost or logbook printing and simplification in manufacturing process / cleaning activity with less GMP errors.

2. Details of technology imported (imported during the last 3 years reckoned from the beginning of the financial year):

Sr. No.	Technology Imported	Year of import
1.	High efficient EC motor and blower	2022-2023
2.	Single auto tech camera system	2022-2023
3.	EURO Fork (made in Europe) on ASRS-I and ASRS-II stacker Crane	2022-2023
4.	Software (upgradation) with multiport connectivity	2002-2021
5.	Nasal facility (upgradation) with new German design camera system	2022-2023
6.	New hero system with German technology for TDS touch to carton packing	2022-2023
7.	Coating machine new design dragger system	2022-2023
8.	TDS Delta machine (upgradation)	2022-2023
9.	Washing machine system (upgradation) from micro controller to PLC base	2022-2023
10.	Auto chemical dosing system for chillers	2021-2022

Sr. No.	Technology Imported	Year of import
11.	Boiler automation	2021-2022
12.	High efficiency VFD base chiller	2021-2022
13.	Standalone brine chiller	2021-2022
14.	Harmonic filter in the electric system	2021-2022
15.	End to end duct cleaning system	2021-2022
16.	SAS-VISTEK camera system	2020-2021
17.	Centrifugal chiller 1000	2020-2021
18.	Screw type air compressor	2020-2021
19.	Van axial fan and motor	2020-2021 *
20.	Optima line modification for combo operation in PFS and cartridge	2020-2021
21.	Trucking filling line for BVP/TCV plant	2020-2021

* Installed in 2020-2021 and fully absorbed during 2021-2022.

The above technologies are fully absorbed.

3. The Company has made capital investment of ₹ 71.41 mio. (Rupees Seventy One Million Four Hundred Ten Thousand only) on energy conservation equipments.

4. Expenditure incurred on Research and Development:

The Company has incurred expenditure of ₹ 8,148.00 (Rupees Eight Thousand One Hundred Forty Eight Million only) under the head Research and Development.

D. Foreign Exchange Earnings and Outgo:

During the year under review, the foreign exchange earned in terms of actual inflows was ₹ 67,577.00 mio. (Rupees Sixty Thousand Five Hundred Seventy Seven Million only), whereas the foreign exchange in terms of actual outflows was ₹ 20,544.00 mio. (Rupees Twenty Thousand Five Hundred Forty Four Million only).

On behalf of the Board of Directors

Pankaj R. Patel
Chairman
DIN: 00131852

Place : Ahmedabad
Date : May 18, 2023

Corporate Governance Report

Company's Philosophy on Corporate Governance:

Zydus Lifesciences 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, 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("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 patients, healthcare professionals, customers and channel partners, employees, investors and members, communities, business associates, government and regulators and suppliers.

1. Governance Structure:

Governance structure of the Company comprises of the Board and the committees of the Board at the top level and the internal governance structure at the operational level. The responsibility of the Board is to determine the overall corporate objectives and give direction and freedom to the management to achieve those objectives within a given framework. The organizational 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.

The Chairman and the Managing Director are in overall control and responsible for the overall working of the Company. They give strategic directions, lay down the policy guidelines and ensure the implementation of the decisions of the Board and its Committees. The Managing Director and the Executive Director are responsible for leading and directing the Company's overall operations.

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 Managing Director and the Executive Director look 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 Managing Director, the Chief Financial Officer and other senior executives of the Company.

A. Composition of the Board:

The composition of the Board is in compliance with the provisions of regulation 17 of the Listing Regulations and sections 149 and 152 of The Companies Act, 2013 ("the **Act**"). The Board is headed by Non-Executive Chairman, Mr. Pankaj R. Patel, who is also the promoter Director. As at March 31, 2023, your Company's Board comprised of 10 (ten) Directors; which include 2 (two) Executive Directors and 8 (eight) (i.e. 80%) Non-Executive Directors, including 6 (six) (i.e. 60%) Independent Directors ("**IDs**"), who have considerable experience in their respective fields. As required under the provisions of section 149(1) of 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, legal, IT, HR, CSR and industry. Thus, the Board represents a judicious mix of entrepreneurs and professionals, who bring the benefits of their knowledge, expertise and competence and enable the Board to discharge its responsibilities and provide effective leadership to the business. Profile of all the Directors is available on the website of the Company. The weblink of the same is provided separately under this report.

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

Board Composition

Board size	10
Non-Independent Directors	4
Independent Directors	6
Gender diversity	
Women	20%
Men	80%
Average age	60.30 years
Average board tenure	11.76 years
Average tenure-Independent Directors	5.44 years
Number of Board meetings	5
Board attendance %	100.00%
Number of committee meetings	51
Committee attendance %	100.00%
Age diversity	
30 - 39	10.00%
40 - 49	20.00%
50 - 59	10.00%
60 - 69	40.00%
70 - 79	20.00%
Board Chairperson	Non-Executive Director
Separate role of Chairperson & MD	Yes
Board evaluation	Annual
Board re-election	
Independent Directors	Fixed term of 5 years (upto 2 terms)
Executive & Non-Executive Directors	Annual retirement by rotation (1/3rd of 2/3rd)

Audit Committee Independence

Independent Directors *	100.00%

* The Board at its meeting held on May 18, 2023 passed a resolution to re-constitute the Audit Committee, by virtue of which, Mr. Mukesh M. Patel, Non-Executive Director ceased to be the member of the Audit Committee.

Nomination and Remuneration Committee ("NRC") Independence

Independent Directors *	100.00%

* The Board at its meeting held on May 18, 2023 passed a resolution to re-constitute the NRC, by virtue of which, Mr. Pankaj R. Patel and Mr. Mukesh M. Patel, Non-Executive Directors ceased to be the members and Ms. Upasana Konidela, ID was inducted as the member of the NRC.

IDs are non-executive directors as defined under regulation 16(1)(b) of the Listing Regulations read with section 149(6) of the Act and Rules made thereunder. Pursuant to and in compliance with the provisions 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 prescribed under regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

The Board, based on the declarations received from IDs, has verified the veracity of such disclosures and confirmed that the IDs fulfil the conditions of independence specified in the Listing Regulations and are independent of the management of the Company.

There were no conflicts of interest of IDs with the Company.

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 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. has any personal service contract with the Company or a member of the Company's senior management,

vi. is affiliated with a not-for-profit entity that receives significant contributions from the Company,

vii. is a partner or employee of the Company's statutory auditors during the past 3 (three) years,

viii. accepts or have a family member who accepts any payments from the Company or any subsidiary company and

ix. has any other conflict of interest that the Board itself determines to mean that he/she cannot be considered independent.

The Company shall always maintain a minimum of 50% IDs on the Board.

The Managing Director and the Executive Director are not serving as an ID in any listed company.

Mr. Pankaj R. Patel, Non-Executive Chairman is the father of Dr. Sharvil P. Patel, Managing Director. Except this, none of the directors are relatives of any other directors.

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 pharmaceuticals (including medical, pharmacology and research), manufacturing, accounts, finance, taxation, banking, Human Resources ("**HR**"), Information Technology ("**IT**") marketing, law, business and management.

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.	Mr. Pankaj R. Patel	Knowledge and expertise in pharmaceuticals (including medical, pharmacology and research), manufacturing, marketing, business and management
2.	Dr. Sharvil P. Patel	
3.	Mr. Ganesh N. Nayak	Knowledge and expertise in pharmaceuticals, marketing, business and management
4.	Mr. Nitin R. Desai	Knowledge and expertise in business and management
5.	Mr. Bhadresh K. Shah	Knowledge and expertise in manufacturing, marketing, business and management
6.	Ms. Dharmishtaben N. Raval	Knowledge and expertise in law
7.	Mr. Apurva S. Diwanji	Knowledge and expertise in law
8.	Mr. Akhil Monappa	Knowledge and expertise in finance and IT
9.	Ms. Upasana Konidela	Knowledge and expertise in HR, IT and CSR
10.	Mr. Mukesh M. Patel	Knowledge and expertise in taxation

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.

B. Board Meetings / Directors' Particulars:

Pursuant to and 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, 2023, 5 (five) Board meetings were held on May 20, 2022, August 10, 2022, November 11, 2022, November 29, 2022 and February 3, 2023. Out of them, 3 (three) meetings were held through video conferencing and 2 (two) meetings were held physically at the registered office of the Company. Necessary quorum was present in all the meetings.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly / half yearly / yearly unaudited / audited financial results, unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure and ensures compliance of applicable laws and regulations. It monitors overall performance of the Company and reviews performance of its subsidiaries and joint ventures. 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 Board meetings are scheduled well in advance, in consultation with the Directors, to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. Minimum 4 (four) pre-scheduled Board meetings are held every year. Apart from this, additional Board meetings are convened by giving appropriate notice to address the specific needs of the Company. 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 and the Managing Director, prepare detailed agenda for the meetings. Directors are also free to bring up any other matter for discussion at the Board meetings with the permission of the Chairman. Any other business, which may come up after circulation of agenda papers is placed before the Board by way of table agenda. 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 ratified in the subsequent Board meeting. The Board approved 2 (two) resolutions by circulation, vide circulars dated April 1, 2022 and March 30, 2023.

Moreover, certain urgent matters are also being taken up at a Board meeting which are held at a shorter notice. With the unanimous consent of the Board, unpublished price sensitive information is circulated to directors 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 all 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 on the status of 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 for their noting.

An Action Taken Report is placed before the Board for their noting.

The Board has 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 Company, its subsidiaries and joint ventures,
3. All borrowings, investments, loans and guarantees,
4. Minutes of the meetings of the Board, Committees of the Board and minutes of the Indian subsidiary companies,
5. Details of any joint ventures, acquisitions of brands, trademarks or companies or any collaboration agreements,
6. Quarterly report on any fatal or serious accidents or dangerous occurrences and material effluent or pollution problems,
7. 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,
8. 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,
9. Compliance or non-compliance of any regulatory, statutory nature or listing requirements and matters related to investors' service such as non-payment of dividend, delay in transfer of shares, etc.

IDs play an important role in the deliberations in Board meetings and bring with them rich expertise in the field of industry, marketing, accountancy, finance, law, taxation, IT, HR and other areas.

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 not more than 5 (five) committees have been ensured and complied with. None of the IDs serves 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 are liable to retire by rotation. During the year under review, none of the IDs of the Company had resigned before the expiry of their respective tenure(s).

The following table gives the name of the Director, category and position, original date of appointment, tenure, attendance of the Director at the Board meetings, whether they have attended the last AGM, number of other Directorships held in Indian Public Limited Companies (other than the Company) and Chairmanship / Membership in Board Committees of Public Companies as at March 31, 2023.

Name of the Director	Category and Position	Age and Original date of appointment	Tenure (in years)	No. of Board meetings held during the year	No. of Board meetings attended	% of attendance	Whether attended last AGM	Member (Chairman)[1] of Board Committees[2]	No. of other Directorships held
Mr. Pankaj R. Patel (DIN-00131852)	Non-Executive Chairman	70 years May 15, 1995	28	5	5	100%	Yes	3 (2)	4
Dr. Sharvil P. Patel (DIN-00131995)	Managing Director	44 years August 1, 1997	26		5		Yes	1	6
Mr. Ganesh N. Nayak (DIN-00017481)	Executive Director	68 years July 12, 2017	6		5		Yes	2 (1)	2
Mr. Nitin R. Desai (DIN-00140239)	Non-Executive and Independent Director	80 years May 6, 2011	12		5		Yes	2 (1)	1
Mr. Bhadresh K. Shah (DIN-00058177)	Non-Executive and Independent Director	71 years December 6, 2018	5		5		Yes	6	3
Ms. Dharmishtaben N. Raval (DIN-02792246)	Non-Executive and Independent Woman Director	67 years May 16, 2014	9		5		Yes	3 (2)	4
Mr. Apurva S. Diwanji (DIN-00032071)	Non-Executive and Independent Director	54 years May 13, 2016	7		5		Yes	1	1
Mr. Akhil Monappa [3] (DIN-09784366)	Non-Executive and Independent Director	44 years November 29, 2022	0.30		1		N.A.	0	0[4]
Ms. Upasana Konidela [3] (DIN-02781278)	Non-Executive and Independent Woman Director	36 years November 29, 2022	0.30		1		N.A.	0	7
Mr. Mukesh M. Patel (DIN-00053892)	Non-Executive Director	68 years August 1, 1997	26		5		Yes	10 (5)	6

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

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

3 Appointed as Independent Directors w.e.f. November 29, 2022.

4 As on date of this report, the number is 1, upon appointment as an ID of Zydus Wellness Limited, a subsidiary company w.e.f. May 17, 2023.

The following table gives the names of the listed companies where the Directors of the Company are Directors and the category of their respective directorships (as on date of this report):

Sr. No.	Name of the Director of the Company	Name of the listed companies in which the Director of the Company is a Director	Category of Directorship in the listed companies
1.	Mr. Pankaj R. Patel	Bayer CropScience Limited	Independent Director
		Torrent Power Limited	
2.	Dr. Sharvil P. Patel	Zydus Wellness Limited	Non-Executive and Non-Independent Director
3.	Mr. Ganesh N. Nayak	Zydus Wellness Limited	Non-Executive and Non-Independent Director
4.	Mr. Nitin R. Desai	None	N.A.
5.	Mr. Bhadresh K. Shah	AIA Engineering Limited	Managing Director
		Welcast Steels Limited	Non-Executive and Non-Independent Director
6.	Ms. Dharmishtaben N. Raval	Zydus Wellness Limited	Independent Director
		NOCIL Limited	
7.	Mr. Apurva S. Diwanji	None	N.A.
8.	Mr. Akhil Monappa	Zydus Wellness Limited	Independent Director
9.	Ms. Upasana Konidela	None	N.A.
10.	Mr. Mukesh M. Patel	The Sandesh Limited	Independent Director
		Johnson Controls-Hitachi Air Conditioning India Limited	
		Force Motors Limited	

C. 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 our Directors are aware and also updated, whenever required, of their roles, responsibilities, liabilities and obligations under the provisions of Schedule IV of the Act and Rules made thereunder and regulation 25 of the Listing Regulations.

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

D. Evaluation:

During the year under review, the Nomination and Remuneration Committee ("**NRC**") / the Board have carried out evaluation of the performance of following:

1. Board as a whole,
2. Committees of the Board,
3. Directors,
4. IDs and
5. Chairman.

Evaluation sheets for evaluation of above were circulated to all the Directors and the filled in evaluation sheets of all the Directors were submitted to 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, 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. Nomination and Remuneration Committee;

C. Corporate Social Responsibility and Environment Social and Governance Committee;

D. Risk Management Committee;

E. Stakeholders' / Investors' Relationship Committee;

F. Share Transfer Committee;

G. Buyback Committee; and

H. 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 pursuant to and in compliance with the statutory provisions of the Act and the Listing Regulations.

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. Recommendation for appointment (including re-appointment), removal, remuneration and terms of appointment of statutory, internal (chief internal auditor) and cost auditors,
3. Review with the management the quarterly / half-yearly / yearly, unaudited / audited financial results, statements and limited review reports / audit reports of the Statutory Auditors before recommending for approval by the Board with particular reference to matters required to be included in the directors' responsibility statement to be included in board's report in terms of section 134(3)(c) of the Act,
4. Review changes in the accounting policies, major accounting entries / 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,
5. Review of the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.). The statement of funds utilized for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency about the utilization of proceeds of a public issue or rights issue or preferential issue of qualified institutional placement, and making appropriate recommendation to the Board to take up steps in this matter,
6. Review of Management Discussion and Analysis of financial and operational performance,
7. Review of inter-corporate loans and investments,
8. Review with the management the performance of statutory and internal auditors,
9. Review the adequacy and effectiveness of internal financial controls and systems,
10. Review and discuss with the management major financial risk exposures and steps taken to monitor and control them,
11. Oversee and review the functioning of vigil mechanism (implemented by the Company as a Whistle Blower Policy),
12. Review the scope of the Internal Auditors and Audit Plan to ensure reasonable coverage of different areas of operations,
13. Review, discuss and monitor the observations reported by Statutory / Internal Auditors and their compliance,
14. Review the findings of any internal investigation by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board,
15. Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern,
16. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members (in case of non-payment of declared dividend) and creditors,

17. Review and recommend to the Board the appointment / re-appointment of the Statutory and Cost Auditors after due consideration of their independence and effectiveness,
18. Approve the payment towards additional services rendered by the Statutory Auditors except those enumerated in section 144 of the Act,
19. Review Cost Audit Report submitted by the Cost Auditors,
20. Approve the Related Party Transactions and / or subsequent modification, if any, and grant omnibus approvals for certain related party transactions, which are in the ordinary course of business and on an arm's length basis,
21. Approve appointment of Chief Financial Officer after assessing the qualifications, experience, and background, etc. of the candidate,
22. Review utilization of loans and / or advances from / investment by the Company in subsidiary company in excess of ₹ 1,000 mio. (Rupees One Thousand Million only) or 10% (ten percent) of asset size of the subsidiary, whichever is lower,
23. Supervise implementation of Insider Trading Code and policies relating thereto,
24. Valuation of undertakings or assets of the Company, wherever necessary, and
25. 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 ratified all the related party transactions entered into by the Company during the Financial Year ended on March 31, 2023. The Audit Committee also granted omnibus approval for the related party transactions proposed to be entered into by the Company during the Financial Year ending on March 31, 2024. The Company did not enter into any related party transactions that required approval of the members.

Pursuant to the provisions of regulation 23(2) of the Listing Regulations, only the IDs participated and approved the related party transactions.

The Audit Committee also took a note of the material subsidiaries of the Company.

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, 2023 on May 20, 2022, August 10, 2022, November 11, 2022 and February 3, 2023. 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, 2023 and details of the attendance of its members are as under:

Name of the Member	Category	No. of meetings held	No. of meetings attended	% of attendance
Mr. Nitin R. Desai, Chairman	Non-Executive and Independent	4	4	100%
Mr. Bhadresh K. Shah	Non-Executive and Independent		4	
Ms. Dharmishtaben N. Raval	Non-Executive and Independent		4	
Mr. Apurva S. Diwanji	Non-Executive and Independent		4	
Mr. Mukesh M. Patel *	Non-Executive		4	

* The Board at its meeting held on May 18, 2023 passed a resolution to re-constitute the Audit Committee, by virtue of which, Mr. Mukesh M. Patel, Non-Executive Director ceased to be the member of the Audit Committee.

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

The Chairman of the Audit Committee attended the Annual General Meeting ("**AGM**") of the Company held on August 10, 2022 to respond to members' queries.

III. **Invitees at the Audit Committee meetings:**

The representative(s) of the Statutory Auditors are regularly invited and they have attended all the Audit Committee meetings held during the Financial Year ended on March 31, 2023. The representative of the Cost Auditors attends the Audit Committee meeting, where the Cost Audit Report is tabled for discussion. The Managing Director, the Chief Financial Officer and the Management Auditor are invited to attend and participate in these meetings. The Company Secretary acts as the Secretary to the Audit Committee.

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

B. Nomination and Remuneration Committee ("NRC"):

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

I. **Terms of reference:**

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

1. To formulate criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to, the remuneration of the Directors, KMP and other employees,
2. To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management,
3. For appointment of an 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,
4. To recommend to the Board, appointment and removal of the Directors and evaluation of each Director's performance,
5. To formulate criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy relating to, remuneration of the Directors, KMP and other employees (For every appointment of an ID, the NRC shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an ID). The person recommended to the Board for appointment as an ID shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the NRC may:
    a. use the services of an external agencies, if required;
    b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
    c. consider the time commitments of the candidates.
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 payable to each of them,
7. To decide whether to extend or continue the term of appointment, on the basis of the report of performance evaluation of IDs, for re-appointment of an ID,
8. To devise policy on diversity of the Board,
9. To ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear and meets appropriate performance benchmarks, and
10. To develop and review the succession plan for the Board.

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

The composition of the NRC as at March 31, 2023 and details of attendance of the NRC members at the meetings are given in the following table. The NRC met thrice during the Financial Year ended on March 31, 2023 on May 20, 2022, August 10, 2022 and November 29, 2022. All members of the NRC are Non-Executive Directors and except Mr. Pankaj R. Patel and Mr. Mukesh M. Patel, other members are IDs.

<table>
<tr><th>Name of the Member</th><th>No. of meetings held</th><th>No. of meetings attended</th><th>% of attendance</th></tr>
<tr><td>Mr. Nitin R. Desai, Chairman</td><td rowspan="7">3</td><td>3</td><td rowspan="5">100%</td></tr>
<tr><td>Mr. Pankaj R. Patel *</td><td>3</td></tr>
<tr><td>Mr. Bhadresh K. Shah</td><td>3</td></tr>
<tr><td>Ms. Dharmishtaben N. Raval</td><td>3</td></tr>
<tr><td>Mr. Apurva S. Diwanji</td><td>3</td></tr>
<tr><td>Ms. Upasana Konidela *</td><td colspan="2">N.A.</td></tr>
<tr><td>Mr. Mukesh M. Patel *</td><td>3</td><td>100%</td></tr>
</table>

* The Board at its meeting held on May 18, 2023 passed a resolution to re-constitute the NRC, by virtue of which, Mr. Pankaj R. Patel and Mr. Mukesh M. Patel, Non-Executive Directors ceased to be the members and Ms. Upasana Konidela, ID was inducted as the member of the NRC.

The Company Secretary acts as the Secretary to the NRC. The Chairman of the NRC attended the AGM of the Company held on August 10, 2022.

III. Nomination and Remuneration Policy and details of remuneration paid / payable to the Directors for the Financial Year ended on March 31, 2023:

The Board approved the Nomination and Remuneration Policy on the recommendation of the NRC. The salient aspects of the said policy are outlined below:

a. Objectives:

1. To guide the Board in relation to 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 remuneration payable to the Directors and Senior Management which includes KMP.

The Company follows the policy for payment of remuneration to the Directors and Senior Management which includes KMP.

b. Remuneration to Non-Executive Directors:

1. 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 at ₹ 0.10 mio. (Rupees One Lakh only) to each Non-Executive Director towards each of the Board / Committee meetings attended by them. Normally, the sitting fees is paid immediately after the Board or Committee meetings, to those who have attended the meetings.
2. A Non-Executive Director is also paid commission on an annual basis, of such sum as may be recommended by the NRC and approved by the Board. The total commission payable to the Non-Executive Directors shall not exceed 1% of the net profit of the Company and subject to maximum of ₹ 40.00 mio. (Rupees Forty Million only) being the limit approved by the members. In case of loss or if profits are inadequate, the Non-Executive Directors are entitled to receive remuneration, subject to the provisions of the Act.
3. In determining the quantum of commission payable to Non-Executive Directors, the NRC considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Non-Executive Directors.

4. A Non-Executive Director is also reimbursed the expenses incurred by him / her for attending the Board and / or Committee meetings and members' meetings.
5. 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, 2023.
6. The Company has taken a Directors' and Officers' Liability Insurance Policy.

c. Remuneration to the Managing Director and the Executive Director:

Dr. Sharvil P. Patel is the Managing Director and Mr. Ganesh N. Nayak is the Executive Director of the Company. On the recommendation of the NRC, the Board decides and approves the remuneration payable to the Managing Director and the Executive Director within the ceiling fixed by members.

As per the recommendation of the NRC, remuneration, as per below table, is paid / payable to Dr. Sharvil P. Patel, Managing Director and Mr. Ganesh N. Nayak, Executive Director, for the Financial Year ended on March 31, 2023.

₹ in mio.

Sr. No.	Name of the Director	Fixed	Variable	Total
1.	Dr. Sharvil P. Patel, Managing Director	180.00	82.50	262.50
2.	Mr. Ganesh N. Nayak, Executive Director	72.00	48.00	120.00
	Total	**252.00**	**130.50**	**382.50**

Notes:

1. Fixed pay is paid during the Financial Year ended on March 31, 2023 and the variable pay is recommended by the NRC and the Board for payment.
2. Fixed portion includes salary and other allowances and variable portion includes commission.
3. In addition to fixed pay and variable pay, Dr. Sharvil P. Patel is entitled to Company's PF contribution, perquisites and retirement benefits and Mr. Ganesh N. Nayak is entitled to Company's PF contribution, perquisites and leave benefits.

The Company has entered into agreements with Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak for their respective employment for a period of 5 (five) years and 3 (three) years respectively. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 (three) months' or 6 (six) months' notice in writing to the other party in case of Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak respectively.

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:

The Managing Director and the Executive Director, with the help of the President-Group Human Resources, 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 a predetermined process and after assessing the candidate's capability to shoulder higher responsibility.

IV. Details of the commission / sitting fees paid to the Non-Executive Directors for the Financial Year ended on March 31, 2023 are given below:

₹ in mio.

Name of the Non-Executive Directors	Commission *	Sitting fees							Total
		Board Meetings	Audit Committee Meetings	CSR and ESG Committee Meetings	NRC Meetings	SRC Meetings	RMC Meetings	Separate meeting of IDs	
Mr. Pankaj R. Patel	--	0.50	N.A.	0.20	0.30	0.30	0.30	N.A.	**1.60**
Mr. Nitin R. Desai	3.00	0.50	0.40	N.A.	0.30	N.A.	N.A.	0.10	**4.30**
Mr. Bhadresh K. Shah	3.00	0.50	0.40	N.A.	0.30	0.30	N.A.	0.10	**4.60**
Ms. Dharmishtaben N. Raval	3.00	0.50	0.40	0.20	0.30	N.A.	N.A.	0.10	**4.50**
Mr. Apurva S. Diwanji	3.00	0.50	0.40	N.A.	0.30	N.A.	0.30	0.10	**4.60**
Mr. Akhil Monappa	1.00	0.10	N.A.	N.A.	N.A.	N.A.	N.A.	0.10	**1.20**
Ms. Upasana Konidela	1.00	0.10	N.A.	N.A.	N.A.	N.A.	N.A.	0.10	**1.20**
Mr. Mukesh M. Patel	3.00	0.50	0.40	N.A.	0.30	0.30	0.30	N.A.	**4.80**
Total	**17.00**	**3.20**	**2.00**	**0.40**	**1.80**	**0.90**	**0.90**	**0.60**	**26.80**

* The Board, based on the performance of the Company and on the recommendation of the NRC, has approved payment of commission to the Non-Executive Directors. Mr. Akhil Monappa and Ms. Upasana Konidela were on the Board for approximately 4 (four) months during the Financial Year ended on March 31, 2023.

The Nomination and Remuneration Policy is available on the website of the Company and the weblink of the same is provided separately in this report.

V. 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.

C. Corporate Social Responsibility ("CSR") and Environment Social and Governance ("CSR and ESG") Committee:

The terms of reference for CSR 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 and ESG Committee is approved by the Board. The details with regard to CSR, its composition, Policy, Projects, etc. are provided in the Board's Report.

The terms of reference for ESG includes, to provide strategic guidance and oversight to the Company's initiatives & practices towards ESG and respond to challenges posed by climate change through sustainable business practices. It will help to create long-term value for all stakeholders.

The composition of the CSR and ESG Committee as at March 31, 2023 and the details of members' participation at the meetings of the CSR and ESG Committee which were held on May 20, 2022 and February 3, 2023 are as under:

Name of the Member	No. of meetings held	No. of meetings attended	% of attendance
Mr. Pankaj R. Patel, Chairman	2	2	100%
Dr. Sharvil P. Patel		2	
Ms. Dharmishtaben N. Raval		2	
Ms. Upasana Konidela *	N.A.		

* The Board at its meeting held on May 18, 2023 passed a resolution to re-constitute the CSR and ESG Committee, by virtue of which, Ms. Upasana Konidela, ID was inducted as a member of the CSR and ESG Committee.

D. Risk Management Committee ("RMC"):

Pursuant to and in compliance with the provisions of regulation 21 of the Listing Regulations, the Company has constituted the 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 is uploaded on the website and the weblink of the same is provided separately in this report.

Role of the RMC, as enumerated in Para C of Part D of Schedule II of the Listing Regulations, shall be as under:

1. To formulate a detailed Risk Management Policy which shall include:
    i. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the RMC.
    ii. Measures for risk mitigation including systems and processes for internal control of identified risks.
    iii. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems;
4. To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken and
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the RMC.

The RMC reviewed the risks and extent of exposure and potential impact analysis was carried out by the management. It was confirmed by the Managing Director and the Chief Financial Officer that the mitigation actions are monitored.

The composition of the RMC as at March 31, 2023 and details of attendance of the RMC members at the meetings are given in the following table. The RMC met thrice during the Financial Year ended on March 31, 2023 on April 19, 2022, September 29, 2022 and February 3, 2023 and all the members remained present in the meetings.

<table>
<tr><th>Name of the Member</th><th>No. of meetings held</th><th>No. of meetings attended</th><th>% of attendance</th></tr>
<tr><td>Mr. Pankaj R. Patel, Chairman</td><td rowspan="6">3</td><td>3</td><td rowspan="3">100%</td></tr>
<tr><td>Dr. Sharvil P. Patel</td><td>3</td></tr>
<tr><td>Mr. Apurva S. Diwanji</td><td>3</td></tr>
<tr><td>Mr. Akhil Monappa *</td><td colspan="2">N.A.</td></tr>
<tr><td>Mr. Mukesh M. Patel</td><td>3</td><td rowspan="2">100%</td></tr>
<tr><td>Mr. Nitin D. Parekh</td><td>3</td></tr>
</table>

* The Board at its meeting held on May 18, 2023 passed a resolution to re-constitute the RMC, by virtue of which, Mr. Akhil Monappa, ID was inducted as the member of the RMC.

The Company Secretary acts as the secretary of the RMC.

E. Stakeholders' / Investors' Relationship Committee ("SRC"):

Pursuant to and in compliance with the provisions of section 178(5) of the Act and regulation 20 of the Listing Regulations, the Board has formed the 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 report, non-receipt of dividend or revalidation of expired dividend warrants / cheques, recording the change of address, nomination, etc.

Role of the SRC, as enumerated in Para B of Part D of Schedule II of the Listing Regulations, shall be 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 of measures taken for effective exercise of voting rights by members,

3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the RTA and
4. Review of the 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 the SRC attended the AGM of the Company held on August 10, 2022.

II. Composition, meetings held and attendance of members at the meetings:

The SRC held 3 (three) meetings during the Financial Year ended on March 31, 2023 on May 20, 2022, August 10, 2022 and November 11, 2022. The composition of the SRC as at March 31, 2023 and details of the attendance of its members are as under:

Name of the Member	Category	No. of meetings held	No. of meetings attended	% of attendance
Mr. Mukesh M. Patel, Chairman	Non-Executive and Non-Independent	3	3	100%
Mr. Pankaj R. Patel	Non-Executive and Non-Independent		3	
Dr. Sharvil P. Patel	Managing Director		3	
Mr. Bhadresh K. Shah	Non-Executive and Independent		3	

Mr. Dhaval N. Soni, Company Secretary of the Company acts as the Secretary to the SRC, who is designated as a Compliance Officer pursuant to and in compliance with regulation 6 of the Listing Regulations.

The SRC ensures that the members' / investors' grievances and correspondence are attended and resolved expeditiously.

181,075 (one lakh eighty one thousand seventy five) equity shares remained in the in-transit account with National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**") (NSDL and CDSL are collectively referred to as "the **Depositories**") as at March 31, 2023.

III. Number of complaints:

During the Financial Year ended on March 31, 2023, the Company has resolved investor grievances expeditiously. The Company and / or its RTA have received 13 (thirteen) complaints from SEBI / Stock Exchanges and also directly from the members, which were resolved within the time frame laid down by SEBI.

F. Share Transfer Committee ("STC"):

I. Terms of reference:

The STC is empowered to perform all the functions of the Board in relation to approval and monitoring of transfer, transmission, transposition, dematerialization, rematerialization, issue of duplicate share certificate, splitting and consolidation of shares issued by the Company. The STC also oversees the functions of 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 STC.

II. Composition:

As at March 31, 2023, the STC comprises of the following members:

1. Mr. Pankaj R. Patel-Chairman,
2. Dr. Sharvil P. Patel and
3. Mr. Mukesh M. Patel.

The Company Secretary acts as the Secretary to the STC.

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

The STC meets on a need basis to ensure the regular process of transfer / transmission of shares, split, consolidation, dematerialization / rematerialization and issuance of duplicate share certificates.

G. Buyback Committee:

The Board at its meeting held on May 20, 2022 constituted a Buyback Committee comprising of Mr. Pankaj R. Patel, Chairman, Dr. Sharvil P. Patel, Mr. Ganesh N. Nayak and Mr. Mukesh M. Patel as the committee members. Buyback Committee is authorized to carry out all such acts, deeds and things as may be deemed necessary and expedient for the buyback exercise.

H. Finance and Administration Committee ("FAC"):

The Board at its meeting held on August 5, 2020 constituted the FAC with Mr. Pankaj R. Patel as the Chairman and Dr. Sharvil P. Patel and Mr. Ganesh

N. Nayak as the members. The FAC 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 of routine / administrative nature and within the overall Board approved directions and framework. The Company Secretary acts as the Secretary to the FAC. The FAC met 10 (ten) times during the Financial Year ended on March 31, 2023 and all the members were present in the meetings.

Minutes of the FAC are placed before the Board for information.

4. Independent Directors' meeting:

During the Financial Year ended on March 31, 2023, a separate meeting of IDs, without the attendance of the non-Independent Directors was held on February 3, 2023, under the chairmanship of Mr. Nitin R. Desai, *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 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:

The details of the material subsidiary companies of the Company are provided in the below table:

<table>
<tr><th rowspan="2">Sr. No.</th><th rowspan="2">Name of the material subsidiary company</th><th colspan="2">Incorporation details</th><th colspan="2">Statutory Auditor's details</th><th rowspan="2">Other details</th></tr>
<tr><th>Date</th><th>Place</th><th>Name</th><th>Date of appointment</th></tr>
<tr><td>1.</td><td>Zydus Healthcare Limited ("ZHL")</td><td>August 1, 1989</td><td>State of Maharashtra</td><td>Deloitte Haskins & Sells LLP</td><td>August 10, 2017</td><td rowspan="2">unlisted companies incorporated in India</td></tr>
<tr><td>2.</td><td>Zydus Animal Health and Investments Limited ("ZAHL")</td><td>May 10, 2018</td><td rowspan="3">State of Gujarat</td><td rowspan="2">Mukesh M. Shah & Co.</td><td>August 8, 2019</td></tr>
<tr><td>3.</td><td>Zydus Wellness Limited ("ZWL")</td><td>November 1, 1994</td><td>August 27, 2020</td><td>listed company incorporated in India</td></tr>
<tr><td>4.</td><td>Zydus Wellness Products Limited ("ZWPL")</td><td>February 28, 2019</td><td>Dhirubhai Shah & Co. LLP</td><td>July 30, 2019</td><td>unlisted company incorporated in India</td></tr>
<tr><td>5.</td><td>Zydus Pharmaceuticals USA Inc. ("ZPUI")</td><td>November 18, 2003</td><td>New Jersey, USA</td><td>Ram Associates</td><td>December 29, 2005</td><td>unlisted company incorporated in USA</td></tr>
</table>

Notes:

1. ZHL was incorporated in the State of Maharashtra. As on date of this report, the registered office of ZHL, ZAHL, ZWL and ZWPL is situated at Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Near Vaishnodevi Circle, Sarkhej-Gandhinagar Highway, Ahmedabad-382481, Gujarat.
2. Deloitte Haskins & Sells LLP, Chartered Accountants ("**Deloitte**") were appointed as the Statutory Auditors of ZHL for their first term of 5 (five) years on August 10, 2017. Deloitte were re-appointed as the Statutory Auditors of ZHL for their second term of 5 (five) years on August 5, 2022.
3. ZWPL is a wholly owned subsidiary of ZWL.

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 unlisted Indian 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 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, 2023 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 related parties during the Financial Year ended on March 31, 2023 which were in conflict of interest of the Company. Suitable disclosures, as required by Ind AS 24, have been made in the notes to the Financial Statements.

The transactions by the Company with ZPUI are material related party transactions. However, as the criteria prescribed under regulation 23(5) of the Listing Regulations are met, approval of the members of the Company for entering into material related party transactions is not required.

Pursuant to and in compliance of regulation 24(1) of the Listing Regulations, the Company has appointed Ms. Dharmishtaben N. Raval, ID of the Company on the Boards of ZHL and ZPUI. Provisions of regulation 24(1) of the Listing Regulations are not applicable to ZWL, ZWPL and ZAHL.

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

During the Financial Year ended on March 31, 2023, there was no transaction between the Company and any of the promoter or promoter group of the Company, which holds 10% or more of shareholding of the Company.

B. Code of Conduct:

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

All the Board members and the Senior Management have affirmed compliance with the Code of Conduct for the year under review. The declaration of the Managing Director is given below:

To the members of Zydus Lifesciences 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.

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995

Place : Ahmedabad
Date : May 18, 2023

C. Prohibition of Insider Trading:

In compliance with The SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**Insider Trading 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 by the Insider Trading Regulations.

Shares held by the Directors as at March 31, 2023:

Name of the Directors	No. of shares held	Details of shares bought (+) / sold (-) during the Financial Year ended on March 31, 2023
Mr. Pankaj R. Patel	758,877,812 *	*** (7,593,622)
Dr. Sharvil P. Patel	14,851	*** (149)
Mr. Ganesh N. Nayak	250,211	*** (909)
Mr. Nitin R. Desai	467,270 **	30,000 *** (4,730)
Mr. Bhadresh K. Shah	Nil	Nil
Ms. Dharmishtaben N. Raval	Nil	Nil
Mr. Apurva S. Diwanji	Nil	Nil
Mr. Akhil Monappa	Nil	Nil
Ms. Upasana Konidela	Nil	Nil
Mr. Mukesh M. Patel	11,874	*** (126)

* Including 758,788,706 shares held as a Trustee of Zydus Family Trust; (b) 29,702 shares held as a Karta of Pankaj R. Patel HUF; (c) 14,851 shares held as a Trustee of R B Patel Will Pankaj Trust; (d) 14,851 shares held as a Karta of Pankaj R. Patel Smaller HUF; (e) 14,851 shares held as a Trustee of Taraben Patel Family Will Trust; and (f) 14,851 shares held in individual capacity.

** Including 89,098 equity shares held as a Karta of Nitinbhai Raojibhai Desai HUF.

*** The figures mentioned in ( ) are the shares bought back during the Financial Year ended on March 31, 2023.

D. Whistle Blower Policy:

Pursuant to and in compliance with the provisions of section 177(9) of the Act and regulation 22 of the Listing Regulations, the Company has formulated a Whistle Blower Policy to deal with any instance of fraud, mismanagement and to report instances of leakage of unpublished price sensitive information. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under Whistle Blower Policy. No personnel has been denied access to the Audit Committee pertaining to Whistle Blower Policy. The Whistle Blower 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 weblink 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 this Annual Report and forms a part of this Report.

ii. Disclosure of material financial and commercial transactions:

As per the disclosures received from 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, 2023.

F. Disclosure regarding re-appointment of Directors:

The particulars about the brief resume and other information of the Directors seeking re-appointment as required to be disclosed under this section as per standard 1.2.5 of Secretarial Standard on General Meetings and regulation 36(3) of the Listing Regulations are provided as an annexure to the notice convening the Twenty Eighth AGM.

G. Compliance by the Company:

The Company has complied with all the mandatory requirements of the Listing Regulations, regulations and guidelines of SEBI. Further, during last 3 (three) years, no penalties or strictures are 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, 2023.

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 Managing Director is placed before the Board on a quarterly basis.

H. CEO/CFO Certification:

The requisite certification from the Managing Director and the Chief Financial Officer required to be given under regulation 17(8) read with Part B of Schedule II of the Listing Regulations was placed before the Board and forms a part of this report.

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

Pursuant to the provisions of sections 124 and 125 of the Act read with the Rules made thereunder, dividend, if not claimed for period of 7 (seven) consecutive 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.

In the interest of members, the Company had sent reminders 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.

In light of the aforesaid provisions, 86,342 (eighty six thousand three hundred forty two) equity shares held by 69 (sixty nine) members were transferred to IEPF for which the Company has complied with the necessary requirements.

Moreover, ₹ 5.99 mio. (Rupees Five Million Nine Hundred Ninety Thousand only) held by 2,634 (two thousand six hundred thirty four) members, being the unclaimed dividend, pertaining to the dividend for the Financial Year ended on March 31, 2015 was transferred to IEPF after giving notice to the members to claim their unpaid / unclaimed dividend.

As at March 31, 2023, 1,478,733 (one million four hundred seventy eight thousand seven hundred thirty three) equity shares are lying with IEPF.

Further, during April / May 2023, 42,464 (forty two thousand four hundred sixty four) equity shares held by 66 (sixty six) members were transferred to IEPF for which the Company has complied with the necessary requirements.

Furthermore, during April / May 2023, Rs. 7.43 mio. (Rupees Seven Million Four Hundred Thirty Thousand only) held by 3,443 (three thousand four hundred forty three) members, being the unclaimed dividend, pertaining to the interim dividend for the Financial Year ended on March 31, 2016 was transferred to IEPF after giving notice to the members to claim their unclaimed / unpaid dividend.

Status of unclaimed dividend and shares which are 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 2015-2016	Transferred to IEPF	Yes	IEPF Authority Member to file online Form No. IEPF-5 and send the said form to the Nodal Officer of the Company at the Registered Office with complete documents. The Nodal Officer will file e-verification with IEPF Authority.	IEPF authority to credit 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 Years 2016-2017 to 2021-2022	Amount is lying in the respective unclaimed dividend account	Yes	The Company and / or 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 Note No. 6 of the Notice convening the Twenty Eighth AGM.

J. Credit Rating:

The details of credit ratings obtained during the Financial Year ended on March 31, 2023 are provided in below table:

Sr. No.	Facility / Instrument	Amount (₹ in mio.)	Ratings
1.	Various Bank Facilities	47,240	Long term rating CRISIL AA+/Positive (reaffirmed) Short term rating CRISIL A1+ (reaffirmed)
2.	Commercial Papers ("**CPs**") *	2,000	CRISIL A1+ (reaffirmed)
3.	Non-Convertible Debentures ("**NCDs**") *	500	CRISIL AA+/Positive (reaffirmed)
4.		750	CRISIL AA+/Positive (reaffirmed)

* No CPs / NCDs were issued during the Financial Year ended on March 31, 2023.

K. Utilization of funds:

The Company has not raised any funds through preferential allotment or qualified institutional placement during the Financial Year ended on March 31, 2023.

L. Certificate from a Practicing Company Secretary:

The Company has obtained a certificate from Manoj Hurkat & Associates, Company Secretary in practice 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 SEBI / MCA or any such Statutory Authority. The said certificate is enclosed to this Corporate Governance Report.

M. Fees paid to the Statutory Auditors:

During the Financial Year ended on March 31, 2023, Deloitte, the Statutory Auditors of the Company and Zydus Healthcare Limited, a wholly owned subsidiary company, was paid fees for audit and providing other services as per below details:

₹ in mio.

Sr. No.	Name of the Company	Fees paid		Total
		For Statutory Audit	For providing other services	
1.	Zydus Lifesciences Limited	11.30	3.75	**15.05**
2.	Zydus Healthcare Limited	3.70	Nil	**3.70**
	Total	**15.00**	**3.75**	**18.75**

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 and in compliance with the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

Details of complaints received and resolved are provided in below table:

Sr. No.	Particulars	Number
1.	Number of complaints as at April 1, 2022	0
2.	Number of complaints received during the year	1
3.	Number of complaints resolved during the year	1
4.	Number of complaints pending as at March 31, 2023	0

P. Accounting Standards:

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

Q. Dividend Distribution Policy:

Pursuant to and in compliance with the provisions of 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 weblink for the same is provided separately in this report.

R. Materiality of an event:

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 weblink 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 weblink for the same is provided separately in this report.

S. Unclaimed Suspense Account:

During the Financial Year ended on March 31, 2023, the Company has opened Unclaimed Suspense Account and transferred 298,385 (two lakh ninety eight thousand three hundred eighty five) equity shares of ₹ 1/- (Rupee One only) each fully paid-up, to the said account, held by 234 (two hundred thirty four) members, after following the process as prescribed under regulation 39(4) read with Schedule VI of the Listing Regulations. Voting rights of all the shares transferred to Unclaimed Suspense Account shall remain frozen till the rightful owner of such shares claims the shares. Members who have not yet claimed their shares are requested to immediately approach RTA of the Company by forwarding a request letter duly signed by all the joint holders furnishing their complete postal address along with pin code, self-attested copies of PAN card and proof of address, self-attested copy of client master list and Form ISR-2 (confirmation of signature of securities holder by the Banker), to enable the Company to release the said shares to the rightful owner.

The details of unclaimed shares are provided in below table:

Sr. No.	Particulars	No. of members	No. of shares
1.	Aggregate number of members and the outstanding shares in the suspense account lying at the beginning of the year	Nil	Nil
2.	**Number of shares transferred to suspense account during the year**	**234**	**298,385**
3.	Number of members who approached listed entity for transfer of shares from suspense account during the year	11	17,075
4.	Number of members to whom shares were transferred from suspense account during the year	11	17,075
5.	Number of members whose shares are transferred from suspense account to IEPF during the year	26	48,195
6.	**Aggregate number of members and the outstanding shares in the suspense account lying at the end of the year (2-4-5)**	**197**	**233,115**

T. Loans and advances:

The Company and its subsidiaries have not given loans and advances in the nature of loan to companies in which the Directors of the Company are interested during the Financial Year ended on March 31, 2023, except those disclosed in the Audited Financial Statements.

7. Means of Communication:

i. The Company has 345,251 (three lakh forty five thousand two hundred fifty one) members as on March 31, 2023. The main channel of communication to the members is through Annual Report, which includes, *inter-alia*, the Board's Report, Management Discussion and Analysis Report, Corporate Governance Report, Business Responsibility and Sustainability Report and Audited Financial Statements.

ii. Annual General Meeting is a platform for face-to-face communication with the members. The Chairman, the Managing Director and other KMP 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, half yearly and yearly results are published in widely circulating national and local daily 'Financial Express', in English and Gujarati. The results are also posted on the website of the Company www.zyduslife.com and the same are not sent individually to the members.

v. The Company's results and official news releases are displayed on the website of the Company www.zyduslife.com. The Company holds meetings and makes presentations 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 of National Stock Exchange of India Limited ("**NSE**") and online listing portal of BSE Limited ("**BSE**").

8. General Body Meetings:

i. Details of last 3 (three) Annual General Meetings held are provided hereunder:

Year	Date and Time	Venue
2021-2022	Twenty Seventh AGM on August 10, 2022 at 10.00 a.m. (IST)	Through Video Conference / Other Audio Visual Means ("**VC / OAVM**")
2020-2021	Twenty Sixth AGM on August 11, 2021 at 10.00 a.m. (IST)	
2019-2020	Twenty Fifth AGM on August 27, 2020 at 11.00 a.m. (IST)	

ii. Special Resolutions passed in the last 3 (three) Annual General Meetings:

Sr. No.	Nature of Special Resolutions passed	Relevant provisions of the Act	AGM details
1.	Re-appointment of Mr. Apurva S. Diwanji as an ID for the second term of 5 (five) consecutive years	Sections 149, 150 and 152 of the Act	Twenty Sixth AGM held on August 11, 2021
2.	Payment of commission to Non-Executive Directors	Section 197 of the Act	

iii. Approval of members through Postal Ballot:

During the Financial Year ended on March 31, 2023, the Company has not sought or passed any resolution through Postal Ballot.

iv. Extra Ordinary General Meetings:

During the Financial Year ended on March 31, 2023, 1 (one) extra ordinary general meeting of the members of the Company was held on December 30, 2022 to appoint Mr. Akhil Monappa and Ms. Upasana Konidela as the IDs of the Company for the first term of 5 (five) consecutive years.

9. General member information:

i. General information:

Date and Time of Twenty Eighth AGM	August 11, 2023 at 10.00 a.m. (IST)
Venue of Twenty Eighth AGM	As the AGM is to be held through VC / OAVM, the deemed venue shall be considered as the Registered Office of the Company
Financial Year	April 1, 2022 to March 31, 2023
Record Date	Friday, July 28, 2023
Registered Office Address	Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Near Vaishnodevi Circle, S G Highway, Ahmedabad-382481
Dividend Payment Date	On or after Wednesday, August 16, 2023, subject to approval of members
Compliance Officer	Mr. Dhaval N. Soni, Company Secretary
Website Address	www.zyduslife.com
Corporate Identification Number (CIN)	L24230GJ1995PLC025878

ii. Tentative financial calendar:

First Quarter Results	On or before August 14, 2023
Half Yearly Results	On or before November 14, 2023
Third Quarter Results	On or before February 14, 2024
Audited Results for the year 2023-2024	On or before May 30, 2024

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 become generally available.

iii. Listing:

The equity shares of the Company are listed on NSE and BSE.

iv. Listing / custodian fees:

The Company has paid the annual listing / custodian fees for the Financial Year 2023-2024 to the Stock Exchanges and the Depositories.

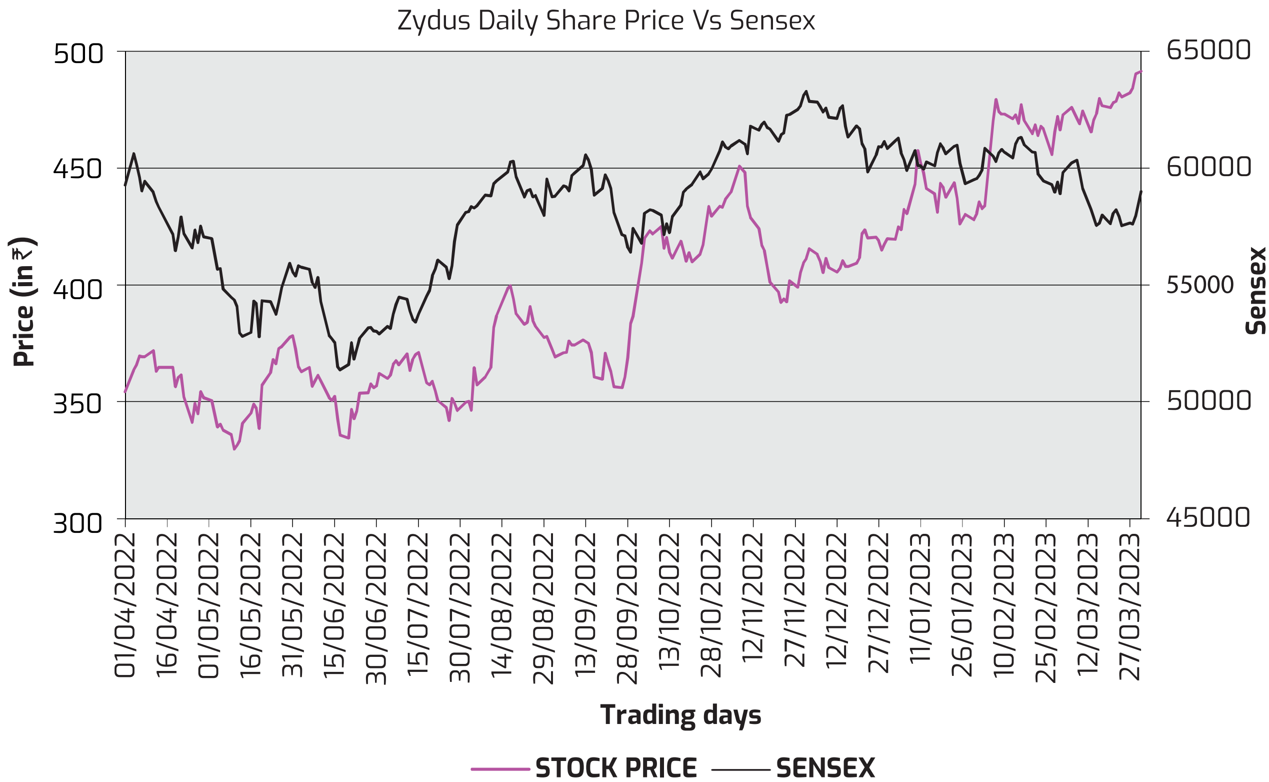
v. Stock Code and closing price:

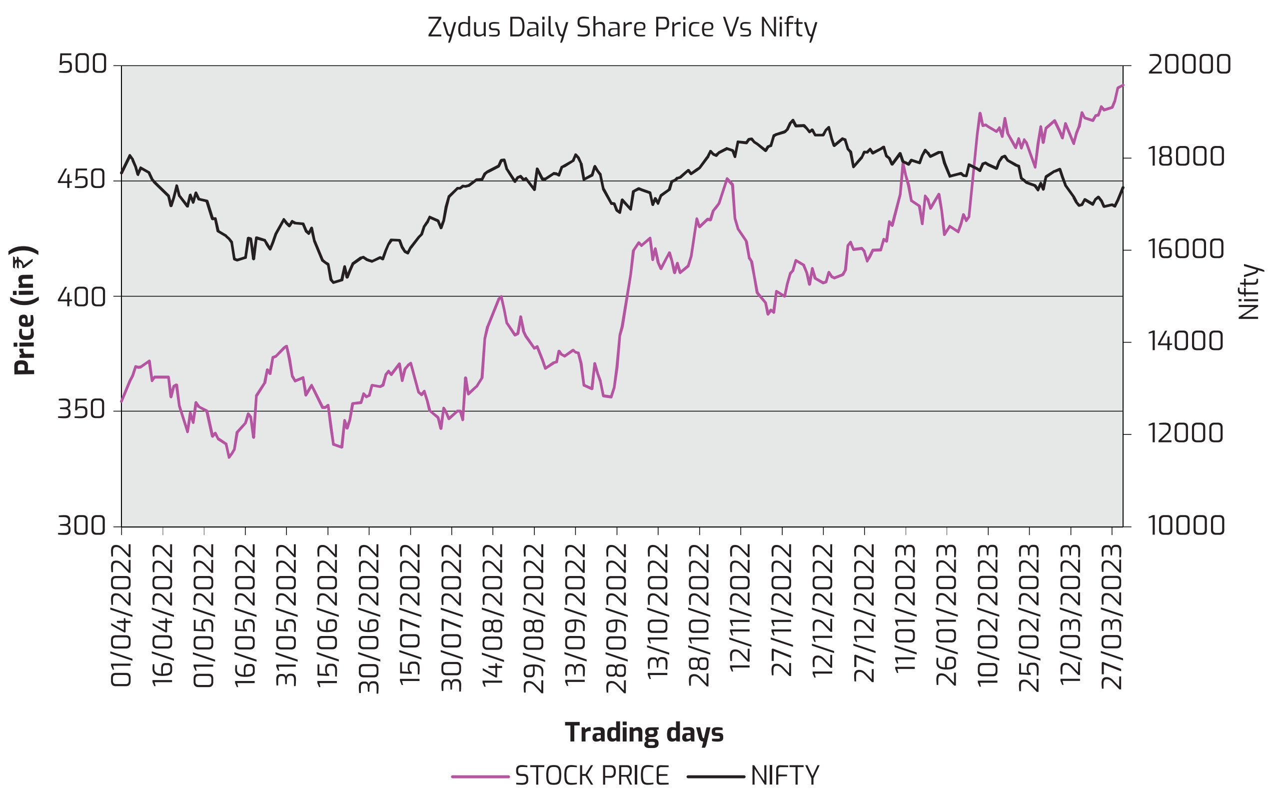
Name and Address of the Stock Exchange	Stock Code	Closing Price as on March 31, 2023 (₹)
The National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai-400051	Zyduslife	491.55
BSE Limited P J Towers, Dalal Street, Mumbai-400001	532321	491.50

vi. Stock price and BSE Sensex / Nifty 50 data:

Month	BSE Sensex	BSE High (₹)	BSE Low (₹)	BSE Av. Volume (In Nos.)	Nifty 50	NSE High (₹)	NSE Low (₹)	NSE Av. Volume (In Nos.)
Apr., 22	58014.17	376.60	337.70	52195	17102.55	376.60	337.55	984471
May, 22	56247.28	381.90	319.40	90012	16584.55	381.80	319.00	2026184
Jun., 22	58568.51	378.80	329.60	31315	15780.25	378.95	329.80	828911
Jul., 22	57060.87	380.35	338.00	49892	17158.25	380.30	340.00	1195655
Aug., 22	55566.41	401.50	342.80	82316	17759.30	401.75	342.75	1716025
Sept., 22	53018.94	388.00	350.30	44021	17094.35	388.20	350.25	1203166
Oct., 22	57570.25	443.00	386.05	76655	18012.20	443.00	388.00	1763068
Nov., 22	59537.07	454.15	390.10	40664	18758.35	454.05	390.00	1263047
Dec., 22	57426.92	429.90	401.05	47155	18105.30	430.00	403.20	885384
Jan., 23	60746.59	458.60	414.60	39037	17662.15	459.00	414.15	1158899
Feb., 23	63099.65	482.20	425.05	52989	17303.95	482.25	426.60	1296719
Mar., 23	60840.74	494.95	461.50	32234	17359.75	494.90	461.45	951351

vii. Stock Performance:





viii. Registrar and Share Transfer Agent:

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 Lifesciences Limited)

506-508, Amarnath Business Centre-1, Beside Gala Business Centre, Near St. Xavier's College Corner, Off. CG Road, Navrangpura, Ahmedabad-380006.

Telephone and Fax: 079-2646 5179 / 5186 / 5187; E-mail id: ahmedabad@linkintime.co.in

ix. Share transfer system:

STC 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.

Pursuant to and in compliance with the provisions of regulation 40(9) of the Listing Regulations, a Company Secretary in practice has certified due compliance of share transfer formalities on yearly basis.

x. Reconciliation of Share Capital Audit:

A Chartered Accountant in practice carried out audit in respect of each of the quarters in the Financial Year ended on March 31, 2023, 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 shares in demat mode held with the Depositories.

xi. Distribution of shareholding of equity shares as at March 31, 2023:

No. of Equity Shares	No. of Folios	% to total folios	No. of Shares	% of Shareholding
1 to 500	322994	93.55	19936309	1.97
501 to 1000	11857	3.43	8987679	0.89
1001 to 2000	5346	1.55	7805390	0.77
2001 to 3000	1958	0.57	4906151	0.48
3001 to 4000	838	0.24	2966815	0.29
4001 to 5000	643	0.19	2957829	0.29
5001 to 10000	852	0.25	5879137	0.59
10001 and above	763	0.22	958764829	94.72
Grand Total	**345251**	**100.00**	**1012204139**	**100.00**
Members in Physical Mode	1453	0.42	1926215	0.19
Members in Electronic Mode	343798	99.58	1010277924	99.81
Grand Total	**345251**	**100.00**	**1012204139**	**100.00**

xii. Categories of members as at March 31, 2023:

Category	No. of Shares Held		Total Shares	% of Shareholding
	Physical	Electronic		
Promoters' holding	0	758940186	758940186	74.98
Mutual Funds	0	56623145	56623145	5.60
Banks, FIs and Insurance Companies	4110	77696585	77700695	7.68
Foreign Institutional Investors / Foreign Portfolio Investor / Foreign Nationals	0	34646336	34646336	3.42
NRIs	6825	3390368	3397193	0.34
Other Bodies Corporate	0	7590206	7590206	0.75
Central and State Government	0	600	600	0.00
Indian public	1914530	63522416	65436946	6.46
Others	750	7868082	7868832	0.77
Total	**1926215**	**1010277924**	**1012204139**	**100.00**

xiii. Top ten equity members of the Company as at March 31, 2023:

Sr. No.	Name of the member	No. of equity shares held	% of Shareholding
1	Zydus Family Trust	758788706	74.96
2	Life Insurance Corporation of India	48325612	4.77
3	Life Insurance Corporation of India - P & Gs Fund	14156289	1.40
4	Kotak Flexicap Fund	11900000	1.18
5	Parag Parikh Flexi Cap Fund	7204805	0.71
6	Kotak Emerging Equity Scheme	4470897	0.44
7	HDFC Life Insurance Company Limited	4260817	0.42
8	Bajaj Allianz Life Insurance Company Limited	4163255	0.41
9	Government Pension Fund Global	4030057	0.40
10	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	3597420	0.36
	Total	**860897858**	**85.05**

xiv. Dematerialization of shares and liquidity:

The Company's equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialized mode. Approximately 99.81% of the equity shares have been dematerialized. ISIN for dematerialization of the equity shares of the Company is INE010B01027.

xv. Location of the company's manufacturing plants:

The details of the locations of the manufacturing plants of the Company are mentioned on the inside cover page of the Annual Report.

xvi. Address for correspondence:

Members' correspondence should be addressed to the RTA at the address mentioned above.

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

Mr. Dhaval N. Soni, Company Secretary and Compliance Officer

Telephone: 079-48040000; Ext: 338

E-mail: investor.grievance@zyduslife.com; dhavalsoni@zyduslife.com

Members holding shares in the demat mode should address all their correspondence to their respective DP.

xvii. Outstanding GDRs / ADRs / Warrants, its conversion date and likely impact on equity:

During the Financial Year ended on March 31, 2023, 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 Financial Year ended on March 31, 2023 and no penalties were imposed or strictures passed on the Company by any Stock Exchange, SEBI or any other Statutory Authority. A Company Secretary in practice has certified the compliance of the conditions of Corporate Governance and the certificate is annexed with this report. The certificate shall also be sent to the Stock Exchanges along with the annual report.

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

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

xx. Weblink:

List of various policies approved by the Board and other details and their respective weblinks are provided in the below table:

Sr. No.	Policy / Other details / Weblink
1.	Dividend Distribution Policy https://www.zyduslife.com/public/pdf/companypolicy/Dividend-Distribution-Policy.pdf
2.	Archival Policy https://www.zyduslife.com/public/pdf/companypolicy/Archival-Policy.pdf
3.	Policy for Determination and Disclosure of Materiality of an Event or Information https://www.zyduslife.com/public/pdf/companypolicy/Policy-for-Determination-and-Disclosure-of-Materiality-of-an-event-or-information.pdf
4.	Familiarization Program for Independent Directors https://www.zyduslife.com/public/pdf/companypolicy/Familiarization-Program-for-Independent-Directors.pdf
5.	Human Rights Policy https://www.zyduslife.com/public/pdf/companypolicy/Human-Rights-Policy.pdf
6.	Code of Business Conduct and Ethics https://www.zyduslife.com/public/pdf/companypolicy/Code-of-Business-Conduct-and-Ethics.pdf
7.	Policy for monitoring Stationary https://www.zyduslife.com/public/pdf/companypolicy/Policy-for-monitoring-stationary.pdf
8.	Corporate Social Responsibility Policy https://www.zyduslife.com/public/pdf/companypolicy/Corporate-Social-Responsibility-Policy.pdf
9.	Policy for determination of Legitimate Purpose for sharing Unpublished Price Sensitive Information https://www.zyduslife.com/public/pdf/companypolicy/Policy-on-Determination-of-Legitimate-Purpose-for-sharing-UPSI.pdf
10.	Policy on inquiry on leakage of Unpublished Price Sensitive Information https://www.zyduslife.com/public/pdf/companypolicy/Policy-on-inquiry-on-leakage-of-UPSI.pdf
11.	Policy on Preservation of Documents https://www.zyduslife.com/public/pdf/companypolicy/Policy-on-Preservation-of-Documents.pdf
12.	Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions https://www.zyduslife.com/public/pdf/Policy_on_Related_Party_Transactions.pdf
13.	Policy to determine Material Subsidiary https://www.zyduslife.com/public/pdf/companypolicy/Policy-to-determine-Material-Subsidiary.pdf
14.	Public Policy https://www.zyduslife.com/public/pdf/companypolicy/Public-Policy.pdf
15.	Risk Management Policy https://www.zyduslife.com/public/pdf/companypolicy/Risk-Management-Policy.pdf
16.	Environment Health and Safety Policy https://www.zyduslife.com/public/pdf/companypolicy/Environment-Health-and-Safety-Policy.pdf
17.	Whistle Blower Policy https://www.zyduslife.com/public/pdf/companypolicy/Whistle-Blower-Policy.pdf
18.	Nomination and Remuneration Policy https://www.zyduslife.com/public/pdf/companypolicy/Nomination-and-Remuneration-Policy.pdf
19.	Policy on Insider Trading https://www.zyduslife.com/public/pdf/companypolicy/Policy-on-Insider-Trading.pdf
20.	Policy on Prevention of Sexual Harassment of Women at Workplace https://www.zyduslife.com/public/pdf/companypolicy/Policy-on-Prevention-of-Sexual-Harassment-of-Women-at-Workplace.pdf
21.	Board Diversity Policy https://www.zyduslife.com/public/pdf/companypolicy/Board-Diversity-Policy.pdf
22.	Code of Conduct for Suppliers https://www.zyduslife.com/public/pdf/companypolicy/Zydus-Code-of-Conduct-for-Suppliers.pdf
23.	Zydus Business Conduct Policy https://www.zyduslife.com/public/pdf/Business-Conduct-Policy-2022.pdf
24.	Details of KMP authorized to determine materiality of an event or information and details of KMP authorized to disclose material event / information to the stock exchanges https://www.zyduslife.com/public/pdf/companypolicy/Policy-for-Determination-and-Disclosure-of-Materiality-of-an-event-or-information.pdf
25.	Profile of Directors https://www.zyduslife.com/investor/#boardofdirector

xxi. Evolution of equity share capital:

Details of evolution of equity share capital since incorporation are provided in below table:

Sr. No.	Date of Allotment	No. of shares	Remarks
1	15.05.1995	200	Subscribers to the Memorandum of Association and the Articles of Association (Face Value ₹ 10/-)
2	11.06.1996	500	Further allotment (Face Value ₹ 10/-)
3	01.09.1997	1,48,84,223	Issued pursuant to Scheme of Arrangement and Amalgamation of erstwhile Cadila Group Companies to the members of Transferor Companies (Face Value ₹ 10/-)
4	29.06.1998	74,42,553	Bonus Issue (2:1) (Face Value ₹ 10/-)
5	17.08.1998	8	Issued from Bonus Fraction (Face Value ₹ 10/-)
6	05.01.2000	4,46,55,368	Sub-division of equity share from Face Value of ₹ 10/- to ₹ 5/- (Accordingly 2,23,27,684 equity shares of ₹ 10/- each got converted into 4,46,55,368 equity shares of ₹ 5/- each)
7	29.02.2000 & 16.03.2000	1,48,86,000	Initial Public Offer (Face Value ₹ 5/-)
8	16.09.2003	32,65,486	Issue of equity shares to the members of German Remedies Limited under the Scheme of Amalgamation in the ratio of 4:7 (Face Value ₹ 5/-)
9	05.09.2006	6,28,06,854	Bonus Issue (1:1) (Face Value ₹ 5/-)
10	07.02.2009	1,08,85,305	Allotment of 10,08,85,305 equity shares with simultaneous cancellation of 9,00,00,000 equity shares, pursuant to the Scheme of Arrangement with Zydus Wellness Limited and Zydus Hospitals and Medical Research Private Limited. Corresponding effect is addition of 1,08,85,305 equity shares. (Face Value ₹ 5/-)
11	09.04.2010	6,82,49,507	Bonus Issue (2:1) (Face Value ₹ 5/-)
12	08.10.2015	102,37,42,600	Sub-division of equity shares from Face Value of ₹ 5/- to ₹ 1/- (Accordingly 20,47,48,520 equity shares of ₹ 5/- each got converted into 102,37,42,600 equity shares of ₹ 1/- each.)
13	19.07.2022	101,22,04,139	1,15,38,461 equity shares bought back.

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

The compliance status of corporate governance requirements as prescribed under regulation 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) and Part E of Schedule II of the Listing Regulations:

i. The Company has a Non-Executive Chairman and is entitled to maintain its office at the Company's expense and also allowed reimbursement of expenses incurred in performance of duties..

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

iii. The Company's financial statements for the Financial Year ended on March 31, 2023 do not contain any audit qualification.

iv. The internal auditors report to the Audit Committee and they make quarterly presentations on their reports.

v. The auditors' report on financial statements of the Company is with unmodified opinion.

Managing Director (MD) and Chief Financial Officer (CFO) Certification

To

The Board of Directors,

Zydus Lifesciences Limited

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

(A) We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2023 and that to the best of our knowledge and belief;

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. these statements together present a 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 ended on March 31, 2023 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 internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.

(D) We have indicated to the auditors and the Audit committee:

1. significant changes in internal control over financial reporting during the year ended on March 31, 2023;
2. significant changes in accounting policies during the year ended on March 31, 2023 and that the same have been disclosed in the notes to the financial statements; and
3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

	Sharvil P. Patel	**Nitin D. Parekh**
Place : Ahmedabad	Managing Director	Chief Financial Officer
Date : May 18, 2023	DIN: 00131995	

Corporate Governance Compliance Certificate

To,
The Members of
Zydus Lifesciences Limited
(Earlier known as Cadila Healthcare Limited)
(**CIN:** L24230GJ1995PLC025878)
Registered Office: "Zydus Corporate Park", Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near Vaishnodevi Circle, Sarkhej-Gandhinagar Highway,
Ahmedabad-382481

We have examined all relevant records of **Zydus Lifesciences Limited** ("the **Company**") for the purpose of certifying compliance of the conditions of Corporate Governance as prescribed under The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**") for the Financial Year ended March 31, 2023. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the Corporate Governance, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and Paragraphs C, D and E of Schedule V of the Listing Regulations, during the year ended on March 31, 2023.

This certificate 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.

For, **MANOJ HURKAT & ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800

MANOJ R. HURKAT
Partner
FCS No.: 4287, C P No.: 2574
UDIN: F004287E000309658

Date : May 18, 2023
Place : Ahmedabad

Certificate of Non Disqualification of Directors

(Pursuant to Regulation 34(3) read with Clause 10(i) of Part C of Schedule V of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members
Zydus Lifesciences Limited
(Earlier known as Cadila Healthcare Limited)
(**CIN:** L24230GJ1995PLC025878)
Registered Office: 'Zydus Corporate Park', Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near Vaishnodevi Circle, Sarkhej-Gandhinagar Highway,
Ahmedabad-382481

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Zydus Lifesciences Limited ("the **Company**") produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Clause 10(i) of Part C of Schedule V of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**").

In our opinion and to the best of our information and according to the verifications (including Director 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, 2023 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India/Ministry of Corporate Affairs or such other statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1.	Pankaj Ramanbhai Patel	00131852	May 15, 1995
2.	Sharvil Pankajbhai Patel	00131995	August 1, 1997
3.	Mukesh Mangalbhai Patel	00053892	August 1, 1997
4.	Dharmishta Narendraprasad Raval	02792246	May 16, 2014
5.	Nitin Raojibhai Desai	00140239	May 6, 2011
6.	Apurva Shishir Diwanji	00032072	May 13, 2016
8.	Bhadresh Kantilal Shah	00058177	December 6, 2018
9.	Akhil Monappa	09784366	November 29, 2022
10.	Upasana Kamineni Konidela	02781278	November 29, 2022

Ensuring the eligibility 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 the same 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.

For, **MANOJ HURKAT & ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800

MANOJ R. HURKAT
Partner
FCS No.: 4287, C P No.: 2574
UDIN: F004287E000309614

Date : May 18, 2023
Place : Ahmedabad

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURE

I. Details of the Listed Entity

1	**Corporate Identity Number (CIN) of the Listed Entity**	L24230GJ1995PLC025878
2	**Name of the Listed Entity**	Zydus Lifesciences Limited
3	**Year of incorporation**	1995
4	**Registered office address**	"Zydus Corporate Park" , Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), Sarkhej-Gandhinagar Highway, Ahmedabad-382481
5	**Corporate address**	"Zydus Corporate Park" , Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), Sarkhej-Gandhinagar Highway, Ahmedabad-382481
6	**E-mail**	dhavalsoni@zyduslife.com
7	**Telephone**	+91 79 48040000, +91 79 71800000
8	**Website**	www.zyduslife.com
9	**Financial year for which reporting is being done**	2022-2023
10	**Name of the Stock Exchange(s) where shares are listed**	BSE & NSE
11	**Paid-up Capital**	₹ 1,012,204,139 divided into 1,012,204,139 equity shares of ₹ 1/- each fully paid-up.
12	**Name of the Person**	Mr. Vishal J. Gor
	Telephone	+91 79 48040235
	Email address	vishalgor@zyduslife.com
13	**Type of Reporting**	Standalone Basis

II. Product/Services

14. Details of business activities

S. No.	Description of Main Activity	Description of Business Activity	% Turnover of the Entity
1	Research & Development, Manufacturing, Marketing, and Distribution of Pharmaceutical Products	Chemical and chemical products, pharmaceuticals, medicinal, chemical and botanical products	100

15. Products/Services sold by the entity:

S. No.	Product/Service	NIC Code	% of Total Turnover contributed
1	(31) Formulation (including Biologics)	Group 210 Class 2100	93%
2	(32) API	Group 210 Class 2100	7%
3	Total Revenues %		100.00%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	No. of Offices	Total
National	16	2	18
International	0	5	5

17. Market served by the entity

a)	**No. of Locations**	**Locations**	**Numbers**
		National (No. of States)	Pan India
		International (No. of Countries)	81 countries
b)	What is the contribution of exports as a percentage of the total turnover of the entity?		85.7%
c)	A brief on types of customers	The company markets products to distributors and supplies to institutional customers such as private and government hospitals. The company exports its products to various overseas customers through its own subsidiaries and also other distributors. API is supplied to other pharmaceutical companies for their use in formulations business (B2B). The company also does contract manufacturing for other pharmaceutical companies.	

IV. Employees

18. Details as at the end of Financial Year :

(a) Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees (including differently abled)						
		Employees				
1	Permanent Employees (A)	8,523	7,812	92%	711	8%
2	Other than Permanent Employees (B)	0	-	-	-	-
3	Total Employees (A+B)	8,523	7,812	92%	711	8%
Worker (including differently abled)						
		Workers				
7	Permanent Workers (E)	4,067	3,946	97%	121	3%
8	Other than Permanent Workers (F)	2,753	2,521	92%	232	8%
9	Total Workers (E+F)	6,820	6,467	95%	353	5%

(b) Details as at the end of Financial Year - Differently abled Employees and workers

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
		Employees				
1	Permanent Employees (A)	9	8	89%	1	11%
2	Other than Permanent Employees (B)	-	-	-	-	-
3	Total Employees (A+B)	9	8	89%	1	11%
Worker						
		Workers				
7	Permanent Workers (E)	27	25	93%	2	7%
8	Other than Permanent Workers (F)	-	-	-	-	-
9	Total Workers (E+F)	27	25	93%	2	7%

19. Participation/Inclusion/Representation of women:

S. No.	Category	Total (A)	No. and % of females	
			No. (B)	% (B/A)
1	Board of Directors	10	2	20%
2	Key Management Personnel	4	0	0%

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Category	FY 2022-2023 (Turnover rate in current FY)			FY 2021-2022 (Turnover rate in previous FY)			FY 2020-2021 (Turnover rate in the year prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	17%	28%	18%	17%	19%	17%	18%	17%	18%
Permanent Workers	19%	17%	19%	18%	13%	18%	25%	17%	25%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
i.	Zydus Wellness Limited (India)	Subsidiary	57.59	No
ii.	Zydus Wellness Products Limited (India)	Subsidiary	57.59	No
iii.	Liva Investments Limited (India)	Subsidiary	57.59	No
iv.	Liva Nutritions Limited (India)	Subsidiary	57.59	No
v.	Zydus Healthcare Limited (India)	Wholly owned subsidiary	100	No
vi.	German Remedies Pharmaceuticals Private Limited (India)	Wholly owned subsidiary	100	No
vii.	Zydus Animal Health and Investments Limited (India)	Wholly owned subsidiary	100	No
viii.	Violio Healthcare Limited (India)	Wholly owned subsidiary	100	No
ix.	Biochem Pharmaceutical Private Limited (India)	Wholly owned subsidiary	100	No
x.	Dialforhealth Unity Limited (India)	Wholly owned subsidiary	55	No
xi.	Dialforhealth Greencross Limited (India)	Wholly owned subsidiary	100	No
xii.	Zydus Pharmaceuticals Limited (India)	Wholly owned subsidiary	100	No
xiii.	Zydus VTEC Limited (India)	Wholly owned subsidiary	100	No
xiv.	Zydus Strategic Investments Limited (India)	Wholly owned subsidiary	100	No
xv.	Zydus Foundation (India)	Wholly owned subsidiary	100	No
xvi.	Zydus International Private Limited (Ireland)	Wholly owned subsidiary	100	No
xvii.	Zydus Pharmaceuticals Mexico SA de CV (Mexico)	Wholly owned subsidiary	100	No
xviii.	Zydus Pharmaceuticals Mexico Services Company SA de CV (Mexico)	Wholly owned subsidiary	100	No
xix.	Zydus Worldwide DMCC (UAE)	Wholly owned subsidiary	100	No
xx.	Zydus Healthcare SA Pty Limited (South Africa)	Wholly owned subsidiary	100	No

S. No.	Name of the holding / subsidiary / associate companies / joint ventures	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
xxi.	Simayla Pharmaceuticals SA Pty Limited (South Africa)	Wholly owned subsidiary	100	No
xxii.	Script Management SA Pty Limited (South Africa)	Wholly owned subsidiary	100	No
xxiii.	Etna Biotech SRL (Italy)	Wholly owned subsidiary	100	No
xxiv.	Zydus (Lanka) Private Limited (Sri Lanka)	Wholly owned subsidiary	100	No
xxv.	Alidac Healthcare Myanmar Limited (Myanmar)	Wholly owned subsidiary	100	No
xxvi.	Zydus Healthcare Philippines Inc. (Philippines)	Wholly owned subsidiary	100	No
xxvii.	Zydus Wellness International DMCC (UAE)	Subsidiary	57.59	No
xxviii.	Zydus Wellness (BD) Private Limited (Bangladesh)	Subsidiary	57.59	No
xxix.	Zydus Pharmaceuticals USA Inc. (USA)	Wholly owned subsidiary	100	No
xxx.	Zydus Healthcare USA LLC (USA)	Wholly owned subsidiary	100	No
xxxi.	Sentynl Therapeutics Inc. (USA)	Wholly owned subsidiary	100	No
xxxii.	Zydus Noveltech Inc. (USA)	Wholly owned subsidiary	100	No
xxxiii.	Zyvet Animal Health Inc. (USA)	Wholly owned subsidiary	100	No
xxxiv.	Hercon Pharmaceuticals USA LLC (USA)	Wholly owned subsidiary	100	No
xxxv.	Nesher Pharmaceuticals USA LLC (USA)	Wholly owned subsidiary	100	No
xxxvi.	Zydus Nikkho Farmaceutica Ltda (Brazil)	Wholly owned subsidiary	100	No
xxxvii.	Zydus Netherlands BV (Netherlands)	Wholly owned subsidiary	100	No
xxxviii.	Viona Pharmaceuticals USA Inc. (USA)	Wholly owned subsidiary	100	No
xxxix.	Zydus France SAS (France)	Wholly owned subsidiary	100	No
xl.	Laboratorios Combix SL (Spain)	Wholly owned subsidiary	100	No
xli.	Zydus Therapeutics Inc. (USA)	Wholly owned subsidiary	100	No
xlii.	Zydus Pharmaceuticals UK Limited (United Kingdom)	Wholly owned subsidiary	100	No
xliii.	Zynext Ventures Pte. Limited (Singapore)	Wholly owned subsidiary	100	No
xliv.	Zynext Ventures USA LLC (USA)	Wholly owned subsidiary	100	No
xlv.	Bayer Zydus Pharma Private Limited (India)	Joint venture company	24.99	No
xlvi.	Zydus Hospira Oncology Private Limited (India)	Joint venture company	50	No
xlvii.	Zydus Takeda Healthcare Private Limited (India)	Joint venture company	50	No

VI. CSR Details

22. Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

Turnover (in Rs.)	84,212,103,610
Net worth (in Rs.)	136,394,634,040

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	If yes, then provide web-link for grievance redress policy	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	a. https://www.zyduslife.com/adverse_event_reporting/	0	0		0	0	
Investors (other than shareholders)	Yes		0	0		0	0	
Shareholders	Yes	b. https://www.zyduslife.com/public/pdf/companypolicy/Whistle-Blower-Policy.pdf	16	0		08	0	
Employees and workers	Yes		26	0		32	0	
Value Chain Partners	Yes		0	0		0	0	
Customers	Yes	c. https://www.zyduslife.com/public/pdf/companypolicy/Code-of-Business-Conduct-and-Ethics.pdf	0	0		0	0	
Other (please specify)		d. https://www.zyduslife.com/public/pdf/companypolicy/Human-Rights-Policy.pdf e. The internal policies are available at the intranet portal of the organization for its employees.	200 Packaging Defects: 124 no's Quality Defects : 76 no's	0		211 Packaging Defects: 123 no's Quality Defects : 88 no's	0	

24 Overview of the entity's material responsible business conduct issues

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Climate Change (GHG Emissions)	Risk	• Climate changes, especially the extreme weather events and rising global temperatures caused by Green House Gas (GHG) emissions and failure to adapt and mitigate such changes are among the major risks being faced world over and they also pose a major risk on the sustainability of businesses across the globe. • Climate adaptation and resilience are important in building a future-ready and sustainable organization. They can also help reduce operational costs and drive greater efficiencies for the business.	• Generation of solar power at manufacturing locations. • Improving energy efficiency / operational efficiency of energy consuming equipment to reduce energy consumption. • Increase in utilization of bio fuel / hybrid fuel to minimize the dependency on conventional fuel i.e. coal/diesel etc. • Plans to procure and use solar-wind hybrid power in FY24.	Negative
2.	Waste Management	Risk	• Inefficient management of waste is a risk to a business because of the hazard it could pose to the relevant stakeholders. • Generation of increasing waste also impacts the environment and its management becomes a challenge.	• Disposal of waste in a responsible manner. • Complying with applicable regulations for waste generation and disposal. • More emphasis on reduction of waste generation.	Negative
3.	Water Management	Risk	• Water is a shared resource, making it important for businesses to use it responsibly. Ensuring responsible consumption is key to socially sustainable business practices. • Applicable regulations for reuse and recycle of treated water are stringent	• Adopting Zero Liquid Discharge (ZLD) approach to recycle, reuse water resources and reduce fresh intake of water. • Use of water efficient technologies • Sensitizing internal and external stakeholders to reduce water consumption.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4.	Corporate Governance and Ethics	Risk	• Zydus is a global lifesciences company which engages with many stakeholders. • The company strongly believes that breach of ethics or integrity can deteriorate the company's goodwill, which will result in loss of reputation.	• Adopting a zero tolerance policy for breach of ethics and integrity. • Adopting Code of Business Ethics and Conduct which is applicable to the Directors and employees of the company. • The Code encourages honesty, trust, accountability and transparency. • All new joiners are oriented on the Code of Business Ethics and Conduct to adhere it in spirit and deed.	Negative
5.	Human Capital and Welfare	Opportunity	• Employee retention is critical to any organization because skill-based and knowledgeable human capital is an asset and is required to achieve the long-term sustainability and growth of the organization.		Positive
6.	Community Engagement	Opportunity	Community engagement helps organization in making meaningful interventions to bring significant benefits to large sections of the society, which aids sustainable growth of the business.		Positive
7.	Anti-Bribery and Corruption	Risk	Operations in multiple locations across the globe with diversified manpower may pose challenges with respect to resorting to corrupt practices leading to financial loss.	• Adopting a comprehensive Code of Business Ethics and Conduct policy which is applicable to the Directors and employees of the company. • Creating an organization-wide awareness on anti-bribery and anti-corruption policy and consequences of its violation.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
8.	R&D and Innovation	Risk	• Access control, archival and retrieval of R&D data is absolutely critical since any leakage of such data can lead to substantial loss of future opportunities. • Tenure of scientific pool / knowledge transfer is critical especially when working on complex dosage forms / technologies.	• Digital storage of project specific information with clearly defined access control. • Management of issuance of lab notebook and their physical archival is managed and supervised by a dedicated documentation cell. • Implementation of Good Laboratory Practices (GLP) documentation wherever required. • Continued association of the leadership team -. Over 70% of the senior leadership team at technology centers are associated with Zydus for more than a decade	Negative
9.	Responsible Marketing, Selling Practices and Product Labelling	Risk	• Regulatory authorities have a Zero tolerance policy against unethical marketing / promotion activities and there are stringent regulations to be abided by in this regard. • Any non-compliance of such regulations can pose penal actions by such authorities and also loss of goodwill for the organization.	Adopting a policy for ethical marketing, advertising and sales practices. The policy covers/contains the following: • Providing accurate and balanced information about the company's products and services to its customers. • Provision to ensure ethical interactions with customers and healthcare professionals.	Negative
10.	Sustainable Supply Chain	Risk	• Supply chain partners, spread across various geographies of the globe, are responsible to ensure on-time delivery of desired quality of input materials, products, services and capital goods that are critical to the operations and are important for business continuity. • Any threat to sustainability of operations of supply chain partners could potentially disrupt the company's operations.	• Thorough evaluation process before onboarding any critical vendor. • Mandatory acceptance of Supplier code of conduct by the vendor. • Annual online vendor assessment based on ESG parameters. • Creating multiple supplier base for critical products and services to maintain business continuity. • Implementing a robust system to check all statutory compliances by the vendors. • Ongoing efforts to create awareness among vendors regarding ESG parameters .	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
11	Product Quality and Safety	Risk	• Failure to maintain the quality standards and comply with regulations leads to regulatory actions which in turn, adversely impacts the business. • It results into suspension of supply of products and cessation of new product approvals from the concerned sites	• Establishing a robust quality management system which ensures the quality, safety and sustainable supply of drug products. • Implementation of Quality Risk Assessment Program to ensure regulatory and data integrity compliance. • Implementation of industry learning (regulatory learning) to avoid the recurrence of quality issues. • Review of processes / product performance, key quality indicators, risk assessment outcomes and audit findings on a regular basis in order to proactively address quality issues. • Automation in quality operations to ensure sustainable compliance and all-time audit readiness.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
12.	Employee health and safety	Risk as well as Opportunity	• Physical and mental health problems of the employees can have major socio-economic impact on the organization. • Also, employees are the core assets of the company. Their safety and well-being enhances their productivity which aids in improvement of financial health of the company.	• Zydus wellbeing covers a gamut of initiatives from annual health checkups to subsidized treatment for employees and their families at Zydus Hospitals • 24X7 medical assistance with ambulance services and emergency first aid is available at all manufacturing sites. • Offering medical insurance policy for on roll employees and workers. • Extending the medical insurance policy to parents of the employees. • Added sum assured through top-up can also be availed by employees. • Zydus Cares a special initiative for pregnant women helps them right through their pregnancy with a buddy being assigned to them for all assistance. • Under Zydus Cares, an employee can also avail 05 days of paternity leave to experience the joy of fatherhood. • Zydus Clubs provides opportunities to employees to come together and delve in their passion and hobbies like poetry, singing, photography, sports and fitness, dancing etc. This helps them strike the right work life balance. • Zydus "Khel Ka Mahasangram" held through the year and helps employees participate in various sports including cyclothons. • All protocols relating to human rights, safety, health and hygiene are strictly adhered.	Positive and Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions			P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes											
1	a.	Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b.	Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c.	Web Link of the Policies, if available	www.zyduslife.com Please refer link for policies : https://www.zyduslife.com/companypolicy								

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
2	Whether the entity has translated the policy into procedures. (Yes / No)	Yes								
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Supplier Code of Conduct extends to all value chain partners.								
4	Name of the national and international codes/certifications/ labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	a) ISO 14001 and ISO 45001 for majority of the manufacturing locations (P3, P4: Health and Safety for all stakeholders working in factory, P6, P9: Environment and Product Labelling) b) ISO 27001:2013 for one of the major API Units (P9: IT Security) c) Europe GMP Certificate (P2: Good Manufacturing Practice) d) EU GDP Certificate (P2: Good Distribution Practices) e) GMP certificate from State FDA								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	The goal is to achieve a gender diversity of 12% by FY2026.								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The gender diversity at Zydus Lifesciences Limited was 7% in FY2023 (i.e. there were 7 females out of 100 employees and workers in FY23)								
Governance, Leadership and Oversight										
7	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	Please refer Chairman message from the company's annual report of FY2023.								
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Chairman								
9	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, CSR and ESG Committee								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The policies of the company are reviewed periodically / on a need basis by department heads / directors /Board Committees / Board members, wherever applicable.																	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances																		

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No	No	No	No	No	No	No	Yes*	Yes

*** Name of agency: SoulAce Consulting Private Limited**
The agency conducted impact assessment of group's flagship CSR programme Zydus Medical College and Hospital.
The report of impact assessment can be found on the following link :
https://www.zyduslife.com/investor/admin/uploads/18/95/CSR-Impact-Assessment-Report.pdf

12. If all Principles are not covered by a policy, reasons to be stated

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA : Not Applicable

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	02	a) Board Familiarisation Programme b) Training module on all principles of BRSR and overview of Sustainable Development Goals (SDG)	100%
Key Management Personnel	02	All principles of BRSR	100%
Employees other than BODs and KMPs	85	All principles of BRSR and overview of Sustainable Development Goals (SDG), Human Rights, Safety, Health and Hygiene, Environment	100%
Workers	384	Human Rights, Safety, Health and Hygiene, Environment, Skill Development	100%

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format.**

a. Monetary

Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine					
Settlement			Nil		
Compounding fee					

b. Non-Monetary

Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR) Brief of the case	Has an appeal been preferred? (Yes/No)
		Nil		

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the company has an anti-bribery and anti-corruption policy. The policy has been developed in alignment with Zydus' Code of Business Conduct and Ethics (COBE) and other rules and regulations against elements of anti-bribery and anti-Corruption that govern the company. The policy reiterates that the company does not tolerate any bribery and corruption and upholds the highest standards of integrity and transparency in all its interactions and routine business activities. The policy forms a part of the Business Conduct Policy, applies to all members of the Board of Directors, full and part-time employees of the company and its subsidiaries and affiliates. All business partners are also expected to follow the same standard of ethics when conducting business with the company or on its behalf. For more details on Business Conduct Policy please refer to the following link https://www.zyduslife.com/public/pdf/Business-Conduct-Policy-2022.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Category		FY 2021-22 Previous Financial Year
Employees other than BoD and KMPs	Nil	
Workers		

6. Details of complaints with regard to conflict of interest:

Topic	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil			
Number of complaints received in relation to issues of Conflict of Interest of KMPs				

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Nil-

LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in value chain covered by the awareness programmes
12	The company conducts training and awareness session for supply chain partners on topics like anti-bribery, unfair trade practices, anti-discrimination, fair treatment, anti-competition, data privacy and protection, workers health and safety protection, resource conservation and climate protection, waste and emissions etc. These are an integral part of Zydus's Supplier Code of Conduct.	15*

*The value chain partners comprise of vendors/suppliers providing APIs, intermediates, excipients, packaging materials and indirect materials to the company.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, as part of the Governance ecosystem, the company has adopted the best practices with respect to the review of conflict of interest of the directors. The disclosures made by the directors are placed before the Board along with any potential conflict of interests. The Board collectively is responsible for any business decisions, wherein any of the directors are interested. The interested directors are not allowed to be part of any decision-making process for any business transaction wherein they have a conflict of interest. The directors and members of senior management submit annual affirmations in this regard to the company. The Code of Business Conduct and Ethics, applicable to the directors and members of the senior management is posted on the website of the company.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Type	FY 2022-23	FY 2021-22	Details of improvement in social and environmental aspects
Research & Development (R&D) *	44%	37%	Investments in specific technologies to improve the environmental and social impacts of products and processes
Capital Expenditure (CAPEX)*	7%	4%	

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

- Yes, the company ensures that suppliers are evaluated on sustainability indicators. Before onboarding any vendor (supplying APIs, intermediates, excipients, packaging materials and indirect materials), we evaluate them on ESG parameters, including business ethics, environment, human rights etc.

b. If yes, what percentage of inputs were sourced sustainably?

15%* of inputs were sourced sustainably from vendors and suppliers who have established ESG practices.

*The value chain partners comprise of vendors/suppliers providing APIs, intermediates, excipients, packaging materials and indirect materials to the company.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Product	Process to safely reclaim the product
Packaging	• As per the requirements of The Plastic Waste Management Rules 2016, the company is registered as a Brand Owner in the Extended Producer Responsibility (EPR) portal by the regulatory authorities. • Equivalent quantity of plastic material that has gone in to the domestic market (within India) is collected through authorized waste management agency for recycling and energy recovery under EPR.
E-waste	E – Waste is sent to authorized vendors/recyclers.
Hazardous Waste	Hazardous waste is sent to authorized pre – processor, co–processor, recycler, secured landfill and incinerator site for safe disposal.
Other Waste	• Non-hazardous waste is sent to registered vendors for disposal. • Bio-medical waste is sent to common bio-medical waste incineration facility authorized by the regulators for safe disposal.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

- Yes, Extended Producer Responsibility (EPR) is applicable to the company activities.
- The plastic waste collection plan is in-line with the Extended Producer Responsibility (EPR) plan submitted to the Central Pollution Control Board.

LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format.**

   No, the company has not not conducted the Life Cycle Assessment (LCA).

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
Not Applicable					

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

S. No.	Name of the product	Description of the risk	Action Taken
Not Applicable			

3. **Percentage of recycled or reused material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

   The company, being in the business of pharmaceuticals, safety and quality of the products are of the highest priority since its products directly impact the health of end users. Therefore, the company does not reuse any material / chemical for manufacturing. The company is complying with EPR regulations through its plastic take back and recycle programs.

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

(a) Reclaimed end of life products are collected at central authorized collection site and sent to co–processing for energy recovery.

(b) Plastic packaging material is covered under EPR of Plastic Waste Management Rules.

	FY 2022-23			FY 2021-22		
	Reused	Recycled	Safely Disposed	Reused	Recycled	Safely Disposed
Plastics (including packaging) – EPR collections (MT)	-	162	72 (Energy Recovery)	-	158	63 (Energy Recovery)
E-waste (MT)	-	-	-	-	-	-
Hazardous waste (MT)	-	-	373 (Co-processing)	-	-	201 (Co-processing)
Other waste (MT)	-	-	-	-	-	-

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

   Considering the nature of business, being pharmaceutical products the company do not reclaim products for reuse or recycle. However safe disposal at the end of their lifecycle is practiced. Plastic packaging material is covered under EPR of Plastic Waste Management Rules

PRINCIPLE 3 : Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	%(C/A)	No.(D)	%(D/A)	No. (E)	%(E/A)	No. (F)	%(F/A)
Permanent Employees											
Male	7,812	7,812	100%	7,812	100%	NA	NA	7,812	100%	NA	NA
Female	711	711	100%	711	100%	711	100%	NA	NA	711	100%
Total	8,523	8,523	100%	8,523	100%	711	8.34%	7,812	91.66%	711	8.34%
Other than Permanent Employees											
Male	Not Applicable										
Female											
Total											

2. Details of measures for the well-being of workers:

Category	Total (A)	% of Workers covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	%(C/A)	No.(D)	%(D/A)	No. (E)	%(E/A)	No. (F)	%(F/A)
Permanent Employees											
Male	3,946	3,946	100%	3,946	100%	NA	NA	3,946	100%	NA	NA
Female	121	121	100%	121	100%	121	100%	NA	NA	121	100%
Total	4,067	4,067	100%	4,067	100%	121	2.98%	3,946	97.02%	121	2.98%
Other than Permanent Employees											
Male	Not Applicable										
Female											
Total											

3. Details of retirement benefits, for Current Financial Year and Previous Financial Year:

Sl. No.	Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/NA)	No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/NA)
1	Provident Fund	100%	100%	Yes	100%	100%	Yes
2	Gratuity	100%	100%	Yes	100%	100%	Yes
3	ESI	7%	60%	Yes	8%	69%	Yes

4. Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

Yes, the premises/ offices of the company provide ramps to enable easy movement for differently-abled employees and workers. The offices are located either on the ground floor or have elevators and infrastructure for differently-abled individuals. For more comfortable working space, the company provides various facilities for the benefit of persons with disabilities.

5. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the company is an equal opportunities employer. The company treats all job applicants fairly and do not support any form of discrimination. The company respects all related laws in employment decisions and do not discriminate against individuals on the basis of race, colour, gender, age, national origin, religion, sexual orientation, gender identity or expression, marital status or disability. To strengthen the commitment for increasing employment opportunities for physically disabled persons, the company has identified and allocated certain jobs/ activities that shall be done by certain types of disabled employees only. Please refer the following link:

https://zyduslife.com/career

6. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate FY 23	Retention Rate FY 22	Return to work rate FY 23	Retention Rate FY 22
Male	100%	100%	100%	100%
Female	89%	100%	-	-
Total	94%	100%	100%	100%

7. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

Category	Yes/No	Details of the mechanism in brief
Permanent Workers	Yes	Following mechanisms are in place to receive and address grievances of employees and workers: A) The company has an internal employee support and helpdesk system called Zydus Connect 2.0 with following features: I. Through this helpdesk, employee can raise their queries which are responded to within the defined timeline. II. Employee can reach out to Group HR Head (CHRO) through this system and raise concerns and queries directly to him and concerned head of the business vertical. III. It has mechanism for collecting feedback from employees on various matters. B) The company has a whistle-blower policy approved by the board of directors to report to the management by the employees, any concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. It provides adequate safeguards against victimization of employees who avail of the mechanism and also provides direct access to the Chairman of the Audit Committee in exceptional cases. For detailed mechanism, kindly refer following link : https://www.zyduslife.com/public/pdf/companypolicy/Whistle-Blower-Policy.pdf
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

8. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category who are part of association(s) or Union (D)	%(D/C)
Permanent Employees						
Male	7,812	0	0%	7,552	0	0%
Female	711	0	0%	872	0	0%
Others	-	-	-	-	-	-
Total	8,523	0	0%	8,317	0	0%
Permanent Workers						
Male	3,946	343	9%	3689	361	10%
Female	121	88	73%	107	89	83%
Others	-	-	-	-	-	-
Total	4,067	431	11%	3796	450	12%

9. Details of training given to employees and workers:

a. Details of Skill training given to employees and workers.

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received Skill Training (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received Skill Training (D)	%(D/C)
Permanent Employees						
Male	7,812	3,824	49%	7,552	2874	38%
Female	711	711	100%	765	356	47%
Total	8,523	4,532	53%	8,317	3230	39%
Permanent Workers						
Male	3,946	3946	100%	3689	3689	100%
Female	121	121	100%	107	107	100%
Total	4,067	4067	100%	3796	3796	100%

b. Details of training on Health and Safety given to employees and workers.

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received training on Health and Safety (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received training on Health and Safety (D)	%(D/C)
Permanent Employees						
Male	7,812	7,812	100%	7,552	7,552	100%
Female	711	711	100%	765	765	100%
Total	8,523	8,523	100%	8,317	8,317	100%
Permanent Workers						
Male	3,946	3,946	100%	3,689	3,689	100%
Female	121	121	100%	107	107	100%
Total	4,067	4,067	100%	3,796	3,796	100%

10. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who had a career review (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who had a career review (D)	%(D/C)
Permanent Employees						
Male	7,812	7,812	100%	7,552	7,552	100%
Female	711	711	100%	765	765	100%
Total	8,523	8,523	100%	8,317	8,317	100%
Permanent Workers						
Male	3,946	3,946	100%	3,689	3,689	100%
Female	121	121	100%	107	107	100%
Total	4,067	4,067	100%	3,796	3,796	100%

11. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No)	Yes, occupational health and safety management system has been implemented by the company.
a.1 What is the coverage of such system?	The coverage of such systems is 100% across the company.
b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	Processes like PSSR (Pre Start-up Safety Review), HAZOP (Hazard operating procedures) HIRA (Hazard Identification Risk Assessment), Risk Assessment, Third Party Safety Audit, Safe Work Permit System are in place to identify the work related hazards and risks related to routine and non-routine activities.
c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Yes/ No)	Yes, the workers are part of safety committee meeting as per statute, where workers report the work related hazards and mitigation measures are discussed and implemented.
d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes, the company have necessary arrangements to meet non-occupational medical requirements for employees and workers (e.g. onsite doctor / Occupational Health Centre (OHC) clinic to attend to all medical queries). Also medical insurance policy is provided to all permanent employees and workers.

12. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 (Current FY)	FY 2021-22 (Previous FY)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.141	0.289
	Workers	0.098	0.949
Total recordable work-related injuries	Employees	3	6
	Workers	1	9
No. of fatalities	Employees	0	0
	Workers	0	1
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

13. Describe the measures taken by the entity to ensure a safe and healthy workplace.

- The company has EHS Policy displayed at important locations and training has been conducted to all the stakeholders on the EHS policy.
- Safety Infrastructure like fire hydrant systems, fire extinguisher, fire alarm systems and other fire suppression systems are in place.
- The company has deployed engineering controls and mitigation measures like sensor-based machine interlocks, guards for moving parts of machines based on hazard identification and risk assessment of activities at workplaces.
- Regular trainings are provided to employees and workers for performing various activities in a safe manner and applicable personal protective equipment (PPE) are made available to employees and workers.
- Work place monitoring is conducted for ensuring maintenance of safe working environment at the workplaces as per statutory requirements.
- Pre-employment and periodical medical examination of employees and workers are conducted as per the statute.

14. Number of Complaints on the following made by employees and workers:

Topic	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

15. Assessments for the year:

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

16. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The company has implemented corrective actions to address significant risks / concerns arising from assessments of health and safety practices and working conditions like :

(a) Installation of safety interlocks to the machines, motion sensors and interlocks for moving equipment like blenders, compressor machines and packing machines.

(b) Training on safe working practices provided to all shop floor employees.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

a. Employees (Yes/No): Yes

b. Workers (Yes/No): Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners

The company ensures that acknowledgements are obtained from the vendors under the supplier code of conduct for a commitment to adhere to all the applicable laws and regulations.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	Current FY 23	Previous FY 22	Current FY 23	Previous FY 22
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No).

- Yes, the company provides counselling to employees who are nearing retirement on financial planning and also has a policy of retainership for select roles and positions.

5. Details on assessment of value chain partners:

Topic	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	15%*
Working Conditions	15%*

*The value chain partners comprise of vendors/suppliers providing API excipients, packaging materials, Indirect materials and Intermediate solvent to the company.

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

No significant risks/concerns were observed from assessments of health and safety practices at the workplaces of value chain partners.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   The company follows the process of identification of stakeholders through interaction between various levels of management personnel, benchmarking with competitors and interaction with external stakeholders.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:**

Stake-holder Group	**Whether identified as Vulnerable & Marginalized Group (Yes/ No)**	**Channels of communication** (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	**Frequency of engagement (Annually/ Half yearly/ Quarterly /others – please specify)**	**Purpose and scope of engagement including key topics and concerns raised during such engagement**
Patients	No	· Website · Clinical studies · Pharmacovigilance	Need Basis	The company interacts with patients to understand their expectations and experience with the products. Also, the company engages with patients to conduct tests for clinical studies of pharmaceutical products.
Channel Partners	No	· Meetings · Field visits · Digital Communication	Need Basis	Channel partners play a vital role in business continuity by ensuring product accessibility across different geographies. The company interacts with them to formulate and strategize distribution of products and monitor the operations on a regular basis.
Suppliers	No	· Meetings · Visits · Supplier audit · Facility visits	Need Basis	The company regularly communicates with the suppliers to ensure quality, safety and timely availability of input materials and other critical services to ensure continuity of business operations. The company conducts regular audit of the suppliers of critical materials and services to ensure that suppliers abide by the supplier code of conduct.
Healthcare Professionals	No	· Meetings · Field visits	Need Basis	Healthcare professionals serve as key opinion leaders and provide important feedback to enable the company in understanding the market outlook, patients' feedback, their requirements and expectations. This also includes any adverse or negative feedback which can be detrimental to the patient health.
Government and Regulators	No	· Meetings · Conferences · Facility visits by Government / Regulatory officials · Official Communications · Statutory Publications	Need Basis	The company is a responsible law-abiding organization and ensures 100% compliance to all applicable regulations. With increased focus on issues pertaining to Environment, Social and Governance, the company regularly communicates with government representatives and regulatory bodies to have latest understanding of regulations which can impact the operations and stakeholders of the company.

Stake-holder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly /others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Industry Associations	No	· Industry Conferences · Representations on policy matters	Need Basis	The company interacts with Government / Regulatory Authorities on any public policy framework through apex industry institutions like Indian Pharmaceutical Alliance, Federation of Indian Chambers of Commerce & Industry (FICCI), The Indian Drug Manufacturers Association, Pharmexcil and Gujarat Chamber of Commerce & Industry (GCCI) etc. The company puts forth its views on new standards or regulatory developments pertaining to the pharmaceutical manufacturing industry, broadly in the areas concerning access to medicines, best practices, corporate governance, CSR etc.
Shareholders and Investors	No	· Meetings · Investor Conferences · AGM · Website	Quarterly/ need basis	The company interacts with its shareholders and investors to share regular update on its strategies, financial and operational performance, significant events and achievements, key risks and challenges and future roadmap for growth. With increased focus on ESG parameters, the company intends to include more parameters pertaining to ESG indicators during its interaction with investors.
Employees	No	· Employee · Engagement Survey, · Emails, · Calls, · Grievance mechanism · One-to-one connect	Need Basis	The company interacts with its employees to share performance and career development reviews and takes inputs and feedback from employees to create a healthy working environment. The company has an intranet portal for employees wherein all data pertaining to employment can be accessed and employees can also raise their queries and concerns for further action.
Communities	Yes	· Visits to community sites, · Digital Channels	Regularly	The company engages with the community by understanding and serving needs of the communities. Through its Section 8 wholly owned subsidiary company in the name of Zydus Foundation, the company has brought world-class medical education to the rural interiors of Gujarat by constructing and setting-up best in class medical college and hospital at Dahod. The company provides to all patients free of cost, consultation and treatment, including OPD, indoors, all investigations, surgeries, anesthesia, oral medicines, injectables and food. Along with this, the company engages with the community to sensitize them on various health issues by conducting various awareness camps.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The company has various channels for discussion and feedback with its internal stakeholders before implementing any material and critical decision which impacts them. Also, the company reaches out and interacts with concerned external stakeholders to understand economic, environmental and social impact of company's operations on such stakeholders and take their feedback as well as suggestions. Such feedback and suggestions are taken up for due consideration and action.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, the company has conducted an exercise to create materiality matrix to identify material issues with respect to environment ,social and governance aspects which involved engagement with stakeholders. As a result of this exercise, following topics were identified as having high importance, both for the company and for stakeholders:

- Climate Change (Greenhouse Gas Emissions)
- Waste Management
- Product Quality & Safety
- Human Capital Welfare and Development
- Access to healthcare
- Responsible Marketing, Selling Practices & Product Labelling
- Corporate Governance
- R&D and Innovation

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

- The company engages with vulnerable and marginalised groups as a part of its CSR programme. The company continues to create healthier, happier communities globally. Zydus Shrishti, the company's CSR programme focusses on the areas of health, education and research. Making a difference to serve the needs of the patients and bring world-class medical education to the rural interiors of Gujarat, Zydus Foundation has set up Zydus Medical College and Hospital at Dahod.
- Several awareness sessions for general public and patient groups were organised about different disease conditions including Hypertension, Liver Care, Diabetes, Gastrointestinal Diseases, Cancers, Inflammatory diseases, Nephrology Cardiology etc.
- The company also organised several camps to screen various diseases including Breast Cancer, Non-Alcoholic Fatty Liver Disease (NAFLD), Non- Alcoholic Steatohepatitis (NASH), Osteoporosis, Hepatitis and several other diseases where the company is working towards shaping better patient outcomes.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D) **	% (D / C)**
Employees						
Permanent	8,523	8523	100%	8,317	2495	30%
Other than permanent						
Total Employees	8,523	8523	100%	8,317	2495	30%
Workers						
Permanent	4,067	4,067	100%	3,796	3,796	100%
Other than permanent						
Total Workers	4067	4067	100%	3,796	3,796	100%

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total Count in Current FY	Number of Employees Paid Minimum wage	% age of Employees Paid Minimum wage	Number of Employees Paid more than Minimum wage	% age of Employees Paid more than Minimum wage	Total Count in Previous FY	Number of Employees Paid Minimum wage	% age of Employees Paid Minimum wage	Number of Employees Paid more than Minimum wage	% age of Employees Paid more than Minimum wage
Permanent Employees										
Male	7,812	-	-	7,812	100%	7,552	-	-	7,552	100%
Female	711	-	-	711	100%	765	-	-	765	100%
Others	-	-	-	-	-	-	-	-	-	-
Total	8,523	-	-	8,523	100%	8,317	-	-	8,317	100%
Other than Permanent Employees										
Male	Not applicable									
Female										
Others										
Total										

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total Count in Current FY	Number of Employees Paid Minimum wage	% age of Employees Paid Minimum wage	Number of Employees Paid more than Minimum wage	% age of Employees Paid more than Minimum wage	Total Count in Previous FY	Number of Employees Paid Minimum wage	% age of Employees Paid Minimum wage	Number of Employees Paid more than Minimum wage	% age of Employees Paid more than Minimum wage
Permanent Employees										
Male	3,946	-	-	3,946	100%	3689	-	-	3689	100%
Female	121	-	-	121	100%	107	-	-	107	100%
Others	-	-	-	-	-	-	-	-	-	-
Total	4,067	-	-	4,067	100%	3796	-	-	3796	100%
Other than Permanent Workers										
Male	2,521	2,521	100%	-	-	2,555	2,555	100%	-	-
Female	232	232	100%	-	-	322	322	100%	-	-
Others	-	-	-	-	-	-	-	100%	-	-
Total	2,753	2,753	100%	-	-	2,877	2,877	100%	-	-

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (INR)	Number	Median remuneration/ salary/ wages of respective category (INR)
Board of Directors (BoD)	8	4,600,000	2	2,850,000
Key Managerial Personnel	4	92,489,501	-	-
Employees other than BoD and KMP (Permanent Employees)	7,812	759,678	711	537,900
Other than Permanent Employees	-	-	-	-
Workers	3,946	243,707	121	244,530

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The company believes that its business can develop in a society where human rights are protected and respected. The company is, therefore, committed to uphold human rights in all business activities and offer development opportunities and give positive feedback to employees thereby encouraging employees to utilize their potential to the fullest. The company also endeavours to provide fair compensation and good conditions of employment, exercise high standards of integrity in dealing with its employees and ensure legal compliance with applicable constitutional and regulatory requirements.

The company endeavours to avoid human rights abuse and resolve grievances of the affected stakeholders effectively and for that it has several mechanisms in place. Employees have the option to access zydus connect 2.0 to submit their grievances and complaints directly to group HR head. The company also has a detailed human rights policy and whistle-blower policies which are available on the website. Contact information of POSH (Prevention of Sexual Harassment) contact point is publicly displayed on the work places across the company. The details of human rights and whistle-blower policy can be found from following link : https://www.zyduslife.com/companypolicy

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	0		2	0	
Discrimination at workplace	-	-		-	-	
Child Labour	-	-		-	-	
Forced Labour/ Involuntary Labour	-	-		-	-	
Wages	1	0		-	0	
Other human rights related issues	-	-		-	-	

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

There are mandatory POSH trainings for employees with consequences that are well-defined within a very structured governance mechanism. There is a POSH committee to look into complaints related to sexual harassment at workplace. Moreover, a copy of the POSH policy is provided to and signed off by all employees.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

9. Assessments for the year: (CE) –

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)	
Child labor	100%	I. The company has a strong and structured vigil mechanism in line with various governing policies and procedures. II. The company, being a responsible law-abiding organization, ensures 100% compliance to all applicable laws and regulations. III. The company conducts internal audit/visit to various sites to ensure 100% adherence to laws pertaining to child labor, forced / involuntary labor, sexual harassment, discrimination at workplace and minimum wages. IV. Also, the company ensures zero tolerance to violation of any of the aforesaid issues.
Forced/involuntary labor	100%	
Sexual harassment	100%	
Discrimination at workplace	100%	
Wages	100%	
Others – please specify		

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No significant concerns were identified.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

All the human rights complaints are taken seriously and handled confidentially.

2. Details of the scope and coverage of any Human rights due diligence conducted.

No such due diligence was conducted during FY2023.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Child labor	15%*
Forced/involuntary labor	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

* The value chain partners comprise of vendors/suppliers providing APIs, intermediates, excipients, packaging materials and indirect materials to the company.

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No such corrective actions have been identified pursuant to assessment of value chain partners.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A) - (GJ)	886,994.40	837,675.73
Total fuel consumption (B) - (GJ)	1,081,836.36	1,123,280.16
Energy consumption through other sources (C) - (GJ)	-	-
Total energy consumption(A+B+C) - (GJ)	**1,968,830.76**	**1,960,955.89**
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (GJ per million INR turnover)	22.55	24.57
Energy intensity (optional) – the relevant metric may be selected by the entity	NA	NA

Calculation tool used of US Energy Information Administration.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	327,059.99	338,318.35
(ii) Groundwater	608,899.00	562,754.00
(iii) Third party water	596,411.00	643,378.00
(iv) Seawater / desalinated water	-	-
(v) Others (Rainwater storage)	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**1,532,369.99**	**1,544,450.35**
Total volume of water consumption (in kilolitres)	**1,532,369.99**	**1,544,450.35**
Water intensity per rupee of turnover (Water consumed / turnover) (kl per million INR turnover)	17.55	19.35
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, the independent assurance is done by M/s Intertek Assuris.

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

- The company has implemented Zero Liquid Discharge mechanism in one of its manufacturing units.

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	MT	16.11	20.67
SOx	MT	22.85	30.52
Particulate matter (PM)	MT	23.85	31.64
Persistent organic pollutants (POP)	NA	-	-
Volatile organic compounds (VOC)	NA	-	-
Hazardous air pollutants (HAP) HCL Ammonia)	-	-	-
Others – please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO_2e	44,792.27	59,573.85
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO_2e	175,980.98	191,170.97
Total Scope 1 and Scope 2 Emissions	tCO_2e	220,773.25	250,744.82
Total Scope 1 and Scope 2 emissions (tCO2e/ Million Revenue Rupee)	tCO_2e	2.53	3.14
Total Scope 1 and Scope 2 emission intensity (optional)– the relevant metric may be selected by the entity	tCO_2e/INR	NA	NA

Calculation tool used of United State Environmental Protection Agency and Central Electrical Authority, Govt. of India.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, the independent assurance is done by M/s Intertek Assuris.

7. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide detail**

Yes, the company has invested in the equity shares and entered into power purchase agreement with AMP Energy Green Nine Pvt. Ltd. ("AMP Green Nine") for purchasing wind-solar hybrid power in its Gujarat based locations to increase its renewable energy mix.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	1,835.35	2,408.26
E-waste (B)	43.02	29.14
Bio-medical waste (C)	281.44	285.85
Construction and demolition waste (D)	-	-
Battery waste (E)	45.81	26.53
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	13,857.48	14,344.31
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	4,814.90	5,636.778
Total (A+B + C + D + E + F + G+ H)	**20,878.00**	**22,730.88**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
E-Waste		
(i) Recycled	41.42	27.07
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	**41.42**	**27.07**
Battery Waste		
(i) Recycled	41.66	26.37
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	**83.08**	**53.44**
Non – Hazardous Waste		
(i) Recycled	6,650.25	8,045.04
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	**6,650.25**	**8,045.04**
Bio-medical waste		
(i) Recycled	6,510.71	7,272.59
(ii) Re-used	-	-
(iii) Other recovery operations (Co- Processing)	3,352.59	2,812.81
Total	**9,863.29**	**10,085.41**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Other Hazardous Waste		
(i) Incineration	180.30	486.90
(ii) Landfilling	3,801.12	3,694.11
(iii) Other disposal operations	-	-
Total	**3,981.42**	**4,181.01**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, the independent assurance is done by M/s Intertek Assuris.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Various waste management practices adopted by the company, which are in-line with the rules and regulations, are as under:

a) Plastic waste is taken back from the market under EPR liability by authorized vendor for recycling and energy recovery.
b) Hazardous waste is sent for safe disposal to authorized vendor for landfill, incineration and co-processing at cement kiln.
c) E-waste and Battery waste is sent to approved recycler for safe disposal.
d) Bio- Medical waste is sent for incineration to authorized vendor for safe disposal.
e) Non–Hazardous waste is sent to approved vendor for safe disposal.

The company has adopted following steps to reduce the use of toxic and hazardous chemicals in products and manage the subsequent waste:

a) Establishing a culture of sustainability across the labs and sensitizing the mindsets to ensure designing and development of new medicines in the most environmentally sustainable way possible.
b) Operating R&D functions on following sustainability parameters for existing and new products:
    - Optimize water consumption
    - Reduce wastewater generation,
    - Reduce hazardous waste
    - Continued working for 4R (Reduce, Reuse, Recycle, and Recover)
c) Continued working on yield improvement and ultimately reducing waste from the processes.
d) Reducing reliance on solvents during product development itself so that lesser quantities of solvents are required to be used at the time of scale up
e) Adherences to standard operating procedures (SOP) for segregation and disposal of waste
f) Disposal of waste through authorized Treatment, Storage and Disposal Facilities.
g) Disposal of waste as co-processing to cement industries as alternative fuel resources (AFR) to conserve natural resources.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1.	Zero	Zero	The company operations /offices are not located around ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
During the current FY 2022-23, the company has not initiated any projects for which such environmental impact assessment is required to be undertaken as per the applicable laws.					

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non- compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1.	The company is compliant with all applicable legal regulations.	Not Applicable.	Not Applicable.	

Leadership Indicators

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) -GJ	56,700.39	22,228.42
Total fuel consumption (B) - GJ	445,340.50	306,553.61
Energy consumption through other sources (C) - GJ	-	-
Total energy consumed from renewable sources (A+B+C) -GJ	**502,040.89**	**328,782.03**
From non-renewable sources		
Total electricity consumption (D) - GJ	830,294.00	815,447.32
Total fuel consumption (E) - GJ	636,495.87	816,726.55
Energy consumption through other sources - (F) - GJ	-	-
Total energy consumed from non-renewable sources (D+E+F) - GJ	**1,466,789.87**	**1,632,173.87**

GJ: Giga Joules

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

2. **Provide the following details related to water discharged:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of Treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of Treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of Treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of Treatment	Primary Treatment: **194,706.00** Tertiary Treatment: **122,872.00**	Primary Treatment: **229,864.00** Tertiary Treatment: **123,072.00**
(v) Others	Reuse in utility and gardening	Reuse in utility and gardening
- No treatment		
- With treatment – please specify level of Treatment	Tertiary Treatment: **612,726.00**	Tertiary Treatment: **689,144.52**
Total water discharged (in kilolitres)	**930,304.00**	**1,042,080.52**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes, the independent assurance is done by M/s Intertek Assuris.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area

a. Vadodara (Padara)

b. Ahmedabad – Corporate Office

(ii) Nature of operations –API Operations at Padra and Administrative office premises at Ahmedabad

(iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	212,528.00	201,122.00
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres)	212,528.00	201,122.00
Total volume of water consumption (in kilolitres)	-	-
Water intensity per 1cr. rupee of turnover (Water consumed / million INR turnover)	2.43	2.52
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	Tertiary Treatment 78,083.00	Tertiary Treatment 85,053.00
(iv) Sent to third parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	Reuse in utility and gardening	Reuse in utility and gardening
- No treatment		
- With treatment – please specify level of treatment	Tertiary Treatment: 9,467.00	Tertiary Treatment: 9,825.00
Total water discharged (in kilolitres)	**87,550.00**	**94,878.00**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, the independent assurance is done by M/s Intertek Assuris.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent(tCO_2e)	26,262	9,072
Total Scope 3 emissions per rupee of turnover	(tCO_2e per million INR turnover)	0.30	0.11
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	NA	NA	NA

Scope :03 emissions are accounted for the following categories as GHG protocol :

(a) Emissions from employee commute

(b) Emissions from business travel by the employees

The emissions are calculated as per the spend-based method from the GHG protocol.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Sourcing Solar energy instead of non-renewable energy	The company has entered into an agreement with a vendor to source Solar energy instead of non-renewable energy.	Energy mix has become greener.
2	Reduce impact on effluent discharge and water conservation.	Air Handling Unit (AHU) condensate is collected in separate tank and is used for the gardening.	Reduction in consumption of freshwater and discharge of effluent.
3	Resource efficiency	ETP sludge is routed from landfill to cement industry for co-processing.	Eco-friendly disposal of waste.
4	Energy recovery	Off specification and expired products are sent to cement industry instead of incineration for co–processing.	
5	Extended Producer Responsibility for plastic packaging liability,	Plastic packaging is recycled and sent for energy recovery.	Sustainable disposal of the plastic packaging material.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, the company has a business continuity and disaster recovery plan for all its locations to safeguard its resources in the event of any emergency or exigency. This business continuity plan enables the company to sustain and adapt in situations which arise from any natural calamity or manmade disaster or an unprecedented event which may disrupt the business operations. The company continuously reviews and modifies this plan by incorporating learnings and observations from disruptions faced in the unprecedented situations such as cyclone, flood, landslides, pandemic etc. The company's risk management plan aims at minimizing the impact of such disasters on the business operations by periodic assessment of probability and likely impact of such disasters and formulating appropriate mitigation plans for the same. The company has also taken a business interruption insurance policy to cover loss of profit which might arise because of business disruption caused by natural calamities.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Zero adverse impact report during reporting year FY2022-23

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impact : 15%*

*The value chain partners comprise of vendors/suppliers providing API excipients , packaging materials, Indirect materials and Intermediate solvent to the company.

PRINCIPLE 7: Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a) Number of affiliations with trade and industry chambers/ associations.

The company is associated with nine trade and industry chambers/associations

b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sr. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Indian Pharmaceutical Alliance	National
2	Federation of Indian Chambers of Commerce and Industry ("FICCI"),	National
3	The Indian Drug Manufacturers Association	National
4	Indian Pharmacopeia Commission	National
5	Indian Pharmaceutical Association	National
6	Pharmexcil, Hyderabad	State
7	Gujarat Chamber of Commerce & Industry ("GCCI").	State
8	Ahmedabad Management Association	State
9	Indian Pharmaceutical Research & Innovation by UP govt.	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities

Not Applicable as there were no issues or any adverse order related to anti-competitive conduct by the company during the FY 2022-23.

LEADERSHIP INDICATORS

1. Details of public policy positions advocated by the entity

S. No.	Public policy advocated	Method resort for such advocacy	Whether the information is available in public domain? (Yes/No)	Frequency of review by board (Annually/ Half yearly/ Quarterly/ Other-please specify	Web Link, if available
The company, through these trade and industry associations, provides inputs to key decision makers in framing and implementing policies. The notion of partnerships in any form and inputs in any manner is to promote a healthy life for all. The company's expertise and knowledge must benefit the society and through associations it intends to implement the same.					

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.

ESSENTIAL INDICATORS

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

During the current FY 2022-23, the company has not initiated any projects for which such SIA is required to be undertaken as per the applicable laws.

However, on its own, the company has done SIA of its CSR project Zydus Medical College and Hospital (ZMCH) run through Zydus Foundation at Dahod, Gujarat.

As per the SIA conducted by M/s SoulAce, some highlights are :

- Free medical services including OPD, Surgeries, anaesthesia, oral medicines, injectables and food for all the beneficiaries without any discrimination.
- Advanced medical infrastructure with 1034 beds of which 118 beds are for ICU and casualty. Equipped with oxygen plants, state-of-the-art pediatric care unit and 18 modular operation theatres.
- The hospital offers round-the-clock ultrasound sonography and also offers 3D imaging for diagnostics, M.R.I, Mammography, Dialysis etc.
- 24X7 emergency services available
- ~45% increase in OPD cases in FY23 compared to FY21 indicates the access to medical services in a highly remote and economically backward region of Dahod and neighboring areas of Banswara (Rajasthan), Jabua (Madhya Pradesh) and Alirajpur (Madhya Pradesh).
- The CSR activity of ZMCH is well aligned with Sustainable Development Goal (SDG): 03 (Good Health and Well Being).

The SIA was conducted by an independent agency, M/s SoulAce Consulting Pvt Ltd and the details of the assessment can be found from the following link : https://www.zyduslife.com/investor/admin/uploads/18/95/CSR-Impact-Assessment-Report.pdf

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:

S. No.	Name of project for which R&R is ongoing	State	District	No of Project Affected Families	% of PAF covered by RAR	Amount Paid to PAFs in the FY (in INR)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community

The company visits the nearby communities periodically to engage with them and redress their concerns and grievances. The company also uses digital tools to redress any concerns and grievances posted by members of community on social media. The company has a dedicated team to monitor online reputational management (ORM) efforts and to support them, the company has also subscribed to a social listening tool called Locobuzz. The team checks the tool 4 times a day to respond to any query that comes in. If required, the query is forwarded to the relevant department. On working days, the first response turnaround time (TAT) is under 05 hours and on weekends, it is up to 12 hours.

4. Percentage of input material (inputs to total inputs by value) sourced from local or small-scale suppliers:

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/ Small producers	11%*	5%
Sourced directly from within the district and neighbouring districts	36%*	34%

*The suppliers comprise of vendors/suppliers providing API excipients, packaging materials, Indirect materials and Intermediate solvent to the company.

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. **Provide the following information on projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Sr. No	State	Aspirational District	Amount spent (INR)
1	Gujarat	Dahod	63,000,000

3. **(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) -**

   No

   (b) From which marginalized /vulnerable groups do you procure?

   NA

   (c) What percentage of total procurement (by value) does it constitute?

   NA

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge**

   No intellectual property was owned or acquired based on traditional knowledge during FY 2022-23.

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

   No adverse order in intellectual property related disputes was received wherein usage of traditional knowledge is involved. Hence, not applicable.

6. **Details of beneficiaries of CSR Projects.**

Sr. No	CSR Project	No of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized group
1	Zydus Medical College and Hospital, Dahod	414,380	100%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in responsible manner

ESSENTIAL INDICATORS

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   a) The company has defined systems for receiving, recording, investigating and responding to the product quality complaints related to drug products, drug substances and saleable intermediates manufactured, marketed and/or distributed by it.

   b) Complaints may be received verbally, in written form, through electronic means like post, fax, e-mail, telephone or in-person, along with samples, photographs or other evidence depicting the defect.

   c) On receipt, the complaint is logged and acknowledged with the required additional information, if any, for further investigation.

   d) Nature of the complaint is assessed and bifurcated into the categories of critical, major and minor. Preliminary investigation is done as per applicable regulations.

   e) The investigation gets conducted in stipulated timeframe to identify the root cause along with the impact assessment, risk to product quality and patient safety and decide appropriate corrective actions and preventive actions (CAPA).

   f) The investigation is followed by immediate actions required to be taken which may include product recall, alert notification to the regulatory agency, suspension of manufacturing of the product etc.

   g) Response to the complaint is shared with the complainant and waiting time of 60 days is considered to get the feedback from the complainant before the closure of the complaint.

   h) The company also has established a global pharmacovigilance policy which showcases the company's commitment and efforts towards patient safety.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information.

	As a percentage to total turnover
Environment and Social parameters relevant to product	-
Safe and responsible usage	100%
Recycling and/or safe disposal	-

3. Number of consumer complaints

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Received during the year	Pending resolution at the end of year	Remarks	Received during the year	Pending resolution at the end of year	Remarks
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	
Unfair Trade Practices	-	-	-	-	-	-
Other-	200	-	Packaging Defects: 124 Quality Defects: 76	211	-	Packaging Defects: 123 Quality Defects: 88

4. Details of instances of product recalls on account of safety issues

	Number	Reason for recall
Voluntary recalls	16	Market complaints – product out of specifications, regulatory recommendations
Forced recalls	0	

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the company has an internal cybersecurity policy which aims at:

- Protecting and maintaining the confidentiality, integrity and availability of information.
- Managing the risk of security exposure and compromise.
- Assuring a secure and stable it environment.
- Identifying and responding to events involving information asset misuse, loss or unauthorized disclosures.
- Monitoring systems for anomalies that might indicate compromise.
- Promoting and increasing the awareness of information security.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

- The products recalls made during FY23 were voluntary recalls and none of the product recalls resulted to any regulatory action against the company.
- The relevant recalls were investigated in detail identification of root cause and appropriate CAPAs were taken based on findings to prevent the recurrence of such event.

- To ensure cyber security, a comprehensive endpoint security solution has been implemented for better protection of data on end point devices.
- The comprehensive cyber security assessment is under process for understanding the gaps in the current information technology (IT) landscape from the cyber security perspective.

LEADERSHIP INDICATORS

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

The information on products and services of the company can be found on the following link
https://www.zyduslife.com/products

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Our products carry a detailed information leaflet / labelling on the safe use of the product.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

- In view of the presence of other brands and companies with similar products in the pharmaceutical sector, it is very unlikely that the discontinuation of any of the product will cause disruption or discontinuation of essential services to the larger community.
- Also, as per the guidelines of National Pharmaceutical Pricing Authority, the company discloses discontinuation of any scheduled formulation by issuing a public notice for relevant stakeholders in addition to informing the Government at least six months prior to the intended date of discontinuation.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)? If yes, provide details in brief.

No

Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

The marketing team of the company regularly interacts with the consumers and healthcare professionals and takes their feedback on the products for further improvement, if required.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact - Nil

b. Percentage of data breaches involving personally identifiable information of customers - Nil

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Science Based Assurance in Quality, Safety & Sustainability.

Independent Limited Assurance Statement to Zydus Lifesciences Limited on their Business Responsibility & Sustainability Report FY2023

To the Management of Zydus Lifesciences Ltd., Ahmedabad, India

Introduction

Intertek India Private Limited ("Intertek") was engaged by Zydus Lifesciences Limited ("ZLL") to provide an independent limited assurance on its BRSR (Business Responsibility & Sustainability Report) for FY2023 ("the Report"). The scope of the Report comprises the reporting period of FY2023. The Report is prepared by ZLL based on SEBI's (Securities and Exchange Board of India) BRSR guidelines. The assurance was performed in accordance with the requirements of International Federation of Accountants (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Objective

The objectives of this limited assurance exercise were, by review of objective evidence, to confirm whether any evidence existed that the sustainability related disclosures, as declared in the Report, were not accurate, complete, consistent, transparent and free of material error or omission in accordance with the criteria outlined below.

Intended Users

This Assurance Statement is intended to be a part of the Annual Report of Zydus Lifesciences Limited.

Responsibilities

The management of ZLL is solely responsible for the development of the Report and its presentation. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report so that it is free from material misstatements, whether due to fraud or error.

Intertek's responsibility, as agreed with the management of ZLL, is to provide assurance and express an opinion on the data and assertions in the Report based on our verification following the assurance scope and criteria given below. Intertek does not accept or assume any responsibility for any other purpose or to any other person or organization. This document represents Intertek's independent and balanced opinion on the content and accuracy of the information and data held within.

Assurance Scope

The assurance has been provided for selected BRSR core disclosures with reference to SEBI's "Consultation Paper On ESG Disclosures, Rating and Investing" presented by ZLL standalone in its Report. The assurance boundary included data and information for the operations in API-Ahmedabad, Ankleshwar Unit I & II, Dabhasa, Ointment, Biologics, Vaccine Technology Centre(VTC), Zydus Research Centre(ZRC) Moraiya, Onco Tablet, Onco Injectable, Transdermal, Jarod, Baddi, Goa, Ekalbara, Zydus Corporate Park (ZCP), and API Park in accordance with SEBI's BRSR guidelines. Our scope of assurance included verification of data and information on selected disclosures reported as summarized in the table below:

Selected BRSR Disclosures
• GHG emissions (scope 1 and 2) • GHG intensity (scope 1 and 2) • Total water withdrawal, consumption and discharge • Total water consumption intensity • R&D and capital expenditure for improvement of environment and social impact of product / processes • Total waste generation and disposal • Well-being of employee and workers • Safety data (fatalities and loss time injuries) • Remuneration/salary/wages paid to women • Complaints on POSH • Input material sourced from MSME/ small producers/ neighboring district /within district • Turnover rate for permanent employees and workers

Assurance Criteria

Intertek conducted the assurance work in accordance with requirements of 'Limited Assurance' procedures as per the following standard:

- International Standard on Assurance Engagements (ISAE) 3000 (revised) for 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'.
- International Standard on Assurance Engagements (ISAE) 3410 for 'Assurance Engagements on Greenhouse Gas Statement'.

A limited assurance engagement comprises of limited depth of evidence gathering including inquiry and analytical procedures and limited sampling as per professional judgement of assurance provider. A materiality threshold level of 10% was applied. Assessment of compliance and materiality was undertaken against the stated calculation methodology and criteria.

Methodology

Intertek performed assurance work using risk-based approach to obtain the information, explanations and evidence that was considered necessary to provide a limited level of assurance. The assurance was conducted by desk review & stakeholder interviews with regard to the reporting and supporting records for the fiscal year 2023.Our assurance task was planned and carried out during June 2023. The assessment included the following:

- Assessment of the Report that it was prepared in accordance with the SEBI's BRSR guidelines.
- Review of processes and systems used to gather and consolidate data.
- Examined and reviewed documents, data and other information made available digitally.
- Conducted virtual interviews with key personnel responsible for data management.
- Assessment of appropriateness of various assumptions, estimations and thresholds used by ZLL for data analysis.
- Review of BRSR disclosures on sample basis for the duration from 1st April 2022 to 31st March of 2023 for ZLL was carried out remotely.
- Appropriate documentary evidence was obtained to support our conclusions on the information and data reviewed.

Conclusions

Intertek reviewed selected BRSR disclosures provided by ZLL in its Report. Based on the data and information provided by ZLL, Intertek concludes with limited assurance that there is no evidence that the sustainability data and information presented in the Report are not materially correct. The Report provides a fair representation of BRSR disclosures and is in accordance with SEBI's BRSR guidelines to the best of our knowledge.

Intertek's Competence and Independence
Intertek is a global provider of assurance services with a presence in more than 100 countries and employing approximately 43,500 people. The Intertek assurance team included Competent Sustainability Assurance Professionals, who were not involved in the collection and collation of any data except for this Assurance Opinion. Intertek maintains complete impartiality towards any people interviewed.

For Intertek India Pvt. Ltd.

Sumit

Sumit Chowdhury
Technical Manager-Sustainability
Intertek Assuris

Elizabeth Mielbrecht

Elizabeth Mielbrecht
Project Director
Intertek Assuris

10th July 2023

No member of the verification team (stated above) has a business relationship with Zydus Lifesciences Ltd. stakeholders beyond that is required of this assignment. No form of bribe has been accepted before, throughout and after performing the verification. The verification team has not been intimidated to agree to do this work, change and/or alter the results of the verification. The verification team has not participated in any form of nepotism, self-dealing and/or tampering. If any concerns or conflicts were identified, appropriate mitigation measures were put in place, documented and presented with the final Report. The process followed during the verification is based on the principles of impartiality, evidence, fair presentation and documentation. The documentation received and reviewed supports the conclusion reached and stated in this opinion.

INDEPENDENT AUDITOR'S REPORT

To The Members of
Zydus Lifesciences Limited
(formerly known as Cadila Healthcare Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Zydus Lifesciences Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information in which are incorporated the Returns of the branch located at Philippines, audited by the branch auditor.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the branch auditor on separate financial statements of the branch referred to in Other Matters section below, 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, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 obtained by us and the audit evidence obtained by the branch auditor in terms of their report referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit 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 matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditor's Response
Assessment of impairment of non-current investments in equity shares / common stock of and unsecured loans given to certain subsidiaries namely, Zydus International Private Limited (ZIPL), Zydus Worldwide DMCC (ZWDMCC) and Sentynl Therapeutics Inc (STI) having aggregate carrying values of ₹ 6,148 million and ₹ 26,275 million respectively as at March 31, 2023, in the standalone financial statements and also unsecured loans of ₹ 17,215 million given by certain subsidiaries to ZWDMCC and its subsidiaries where the Company would have indirect exposure by way of investment in such other subsidiaries. (refer Notes 2{(19)(A)(b)(v)}, 4, 5 and 13 to the standalone financial statements) As at March 31, 2023, the net worth of these two subsidiary groups and the subsidiary, have been substantially eroded. The Company has accordingly tested the carrying value of investments in and loans to these subsidiary groups and the subsidiary for impairment. Based on the said exercise of testing for impairment, the Company has recognised impairment allowance of ₹ 2,038 million during the year ended March 31, 2023 in respect of investment made in STI, as described in note 46 of the standalone financial statements. The Company's evaluation of impairment of its investments in and expected credit loss of the loans given involves comparison of their recoverable amounts to their corresponding carrying amounts. The recoverable amounts 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. There is a risk that the aforesaid assets will be impaired if these cash flows do not meet the Company's expectations. In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the forecasted cash flows, principally relating to long-term revenue growth rates, perpetual growth rate and the discount rate used. Considering the materiality of the amounts involved together with the inherent subjectivity related to principal assumptions and probability of defaults by the said entities in fulfilling their contractual obligations, investments and loans in these two subsidiary groups and the subsidiary have been considered as a key audit matter.	The audit procedures performed by us included the following: • Evaluated the design and tested the operating effectiveness of the internal controls relating to review of impairment assessment process, including those over the forecast of future revenues growth rate, terminal values and the selection of the appropriate discount rate. • Evaluated the reasonableness of the key estimates by comparing the forecasts to historical revenues, growth rate etc. • With the assistance of our internal fair value specialists, evaluated the reasonableness of the valuation methodology, discount rate and perpetual growth rate used in the computation of value-in use assessment. • Performed sensitivity analysis around the key estimates to ascertain the extent of change in those assumptions that either individually or collectively would be required for the investments and loans tested to be impaired. • Tested the mathematical and clerical accuracy of the model to conclude that the model is accurately calculating the value in use, using the appropriate methodology.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility and Sustainability Report, Board's Report and Corporate Governance Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 standalone financial statements 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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:

- 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.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its branch to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity and its business activities included in the standalone financial statements of which we are the independent auditors. For the other entity and its business activities included in the standalone financial statements, which have been audited by the branch auditor, such branch

auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

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.

Other Matters

We did not audit the financial statements of the branch included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 10.18 million as at December 31, 2022 and total revenue of ₹ 0.17 million for the year ended on that date, as considered in the standalone financial statements. The financial statements of this branch have been audited by the branch auditor whose report has been furnished to us. The reporting date of the branch at December 31, 2022 is different from the reporting date of the Company. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements are not material to the Company, accordingly, no adjustments have been made by the Management of the Company in respect of financial information of the branch for the periods from January 1, 2022 to March 31, 2022 and January 1, 2023 to March 31, 2023. Our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the branch auditor on the separate financial statements of the branch, referred to in the Other Matters section above, 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.

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

    c) The reports on the accounts of the branch office of the Company audited under Section 143(8) of the Act by the branch auditor have been sent to us and have been properly dealt with by us in preparing this report.

    d) 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.

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

    f) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

    g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

    h) 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.

i) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 28 to the 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 their knowledge and belief, other than as disclosed in Note 49(a) to the 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 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, 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 their knowledge and belief, other than as disclosed in Note 49(b) to the financial statements, 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, 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.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us 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 by the Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in Note 29 to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 23036920BGYMEA5357)

Place : Ahmedabad
Date : May 18, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Zydus Lifesciences Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements 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. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements 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 with reference to standalone financial statements. 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 with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control with reference to standalone financial statements 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 with reference to standalone financial statements 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 23036920BGYMEA5357)

Place : Ahmedabad
Date : May 18, 2023

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use-assets.

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

(b) Some of the Property, Plant and Equipment, capital work-in-progress and right-of-use assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment, capital work-in-progress and right-of-use assets at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on our examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in Property, Plant and Equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) According to the information and explanations given to us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories except for (goods-in-transit and stocks held with third parties), were physically verified during the year by the Management at reasonable intervals. 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. For stocks held with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, the goods have been received subsequent to the year end, where not received, confirmations have been obtained from the custodian. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories/ alternate procedures performed as applicable, when compared with the books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns and statements comprising stock statements, book debt statements and other stipulated financial information filed by the Company with such banks are in agreement with the unaudited books of account of the Company, of the respective quarters.

(iii) The Company has made investments in, provided guarantee and granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties during the year, in respect of which:

(a) The Company has provided loans during the year and details of which are given below:

		Loans (₹ In million)
A.	**Aggregate amount granted / provided during the year:**	
-	Subsidiaries (wholly owned)	21,571 #
B.	**Balance outstanding as at balance sheet date in respect of above cases:**	
-	Subsidiaries (wholly owned)	39,828

The Company has not provided any advances in the nature of loans or guarantee or security to any other entity during the year.

Excluding loans renewed or extended during the year dealt with in Clause (iii)(e) below.

(b) The investments made and the terms and conditions of the grant of all the above-mentioned loans, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.

(d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) During the year, loans aggregating ₹ 11,981 million fell due from certain subsidiaries and have been renewed or extended, details of which are as follows:

Name of the party	Aggregate amount of existing loans renewed or extended (₹ In million)	Percentage of the aggregate to the total loans granted during the year
Zydus Pharmaceuticals USA Inc	7,804	36%
Zydus International Private Limited, Ireland	3,561	17%
Zydus Worldwide DMCC, Dubai	616	3%

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

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

(vii) (a) In respect of statutory dues:

Undisputed statutory dues, including 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 applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

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, 2023 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ In million)	Unpaid Amount (₹ In million)
Income Tax Act, 1961	Income Tax	Assessing Officer	AY 2011-12, 2018-19 and 2021-22	1,053.50	1,052.79
		Commissioner of Income Tax (Appeals)	AY 2009-10 to 2011-12, 2014-15 and 2016-17 to 2018-19	60.18	37.58
		Income Tax Appellate Tribunal	AY 2015-16 to 2016-17	58.61	-
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	2007-08 to 2015-16	96.30	92.13
Central Excise Act, 1944	Excise Duty	Supreme Court	2006-07 to 2007-08	4.14	4.14
		Customs, Excise and Service Tax Appellate Tribunal	1994-95 to 1995-96 and 2004-05 to 2017-18	1,576.67	1,515.97
		Appellate Authority upto Commissioner's level	2005-06 to 2010-11 & 2013-14 to 2016-17	21.14	18.90

Name of the Statute	Nature of the Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ In million)	Unpaid Amount (₹ In million)
Central Goods & Service Tax Act, 2017	Central Goods & Service Tax	Commissioner (Appeal)	2017-18 to 2020-21	36.48	16.24
Customs Act, 1962	Custom Duty	Customs, Excise and Service Tax Appellate Tribunal	2017-18 to 2019-20	137.93	133.06
Sales Tax Act and VAT Laws	Value Added Tax	Tribunal	2012-13 to 2014-15 and 2016-17 to 2017-18	19.75	16.65
		Appellate Authority upto Commissioner's level	2010-11, 2013-14 to 2015-16 and 2017-18	84.26	75.82
	Sales Tax	Appellate Authority upto Commissioner's level	1998-99 and 2005-06 to 2007-08	4.48	4.48
	Central Sales Tax`	Tribunal	2012-13 & 2013-14	0.12	0.11
		Appellate Authority upto Commissioner's level	2002-03, 2008-09 to 2009-10, 2011-12 to 2013-14 and 2015-16	7.40	5.80

(viii) 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.

(ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

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

(c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company and as stated in Note 49(b) to the standalone financial statements, the Company has taken funds from a subsidiary for further loan to its other subsidiaries as per details below:

Nature of fund taken	Name of lender	See footnote below			
		Amount involved (₹ in millions)	Name of Subsidiaries	Relation	Nature of transaction for which fund is utilised
Loans	Zydus Animal Health and Investments Limited	7,810	Zydus International Private Limited	Wholly owned subsidiaries	Working capital and general business purposes
		3,195	Zydus Worldwide DMCC		
		5,829	Zydus Pharmaceuticals (USA) Inc.		
		1,166	Sentynl Therapeutics Inc.		
Total		**18,000**			

Note: The Management of the Company has represented to us that these loans have been granted to the subsidiaries for working capital and general business purposes, and not to meet any specific obligations of its subsidiaries.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, 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 financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto December 2022 and the draft of the internal audit report was issued after the balance sheet date covering the period January 1, 2023 to March 31, 2023 for the period under audit.

(xv) In our opinion, during the year, the Company has not entered into any non-cash transactions with any of its directors or directors of its subsidiaries and joint ventures or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(b) The Group has more than one CIC as part of the group. There are two CIC forming part of the group.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) 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 upto 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.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amounts for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 23036920BGYMEA5357)

Place : Ahmedabad
Date : May 18, 2023

Balance Sheet as at March 31, 2023

₹ in Million

Particulars	Note No.	As at March 31 2023	As at March 31 2022
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	41,418	42,966
Capital work-in-progress	3 [D]	7,393	3,840
Goodwill	3 [B]	-	-
Other Intangible Assets	3 [B]	423	393
Financial Assets:			
Investments	4	46,777	48,975
Loans	5	31,658	9,178
Other Financial Assets	6	4,459	1,805
Other Non-Current Assets	7	1,339	1,436
Assets for Current Tax [Net]	8	587	433
		134,054	109,026
Current Assets:			
Inventories	9	17,824	19,263
Financial Assets:			
Investments	10	2,016	2,205
Trade Receivables	11	35,053	22,777
Cash and Cash Equivalents	12 [A]	2,404	2,945
Bank Balances other than Cash and Cash Equivalents	12 [B]	77	81
Loans	13	8,170	14,763
Other Current Financial Assets	14	1,815	1,169
Other Current Assets	15	4,223	5,171
		71,582	68,374
Total		205,636	177,400
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	16	1,012	1,024
Other Equity	17	135,382	131,381
		136,394	132,405
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	18	37,710	1,264
Lease Liabilities	47	26	8
Other Financial Liabilities	19	191	149
Provisions	20	1,471	1,764
Deferred Tax Liabilities [Net]	21	1,943	1,531
		41,341	4,716
Current Liabilities:			
Financial Liabilities:			
Borrowings	22	10,515	25,362
Lease Liabilities	47	2	13
Trade Payables:			
Dues to Micro and Small Enterprises	23	128	4
Dues to other than Micro and Small Enterprises	23	10,304	10,648
Other Financial Liabilities	24	3,603	2,330
Other Current Liabilities	25	1,358	863
Provisions	26	914	827
Current Tax Liabilities [Net]	27	1,077	232
		27,901	40,279
Total		205,636	177,400
Significant Accounting Policies	**2**		
Notes to the Financial Statements	**1 to 51**		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Ahmedabad
May 18, 2023

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 18, 2023

Statement of Profit and Loss for the year ended March 31, 2023

₹ in Million

Particulars	Note No.	Year ended March 31 2023	Year ended March 31 2022
INCOME:			
Revenue from Operations	30	87,316	78,369
Other Income	31	5,484	1,787
Total Income		**92,800**	**80,156**
EXPENSES:			
Cost of Materials Consumed	32	27,035	26,290
Purchases of Stock-in-Trade	33	3,627	2,881
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	34	1,051	(469)
Employee Benefits Expense	35	13,219	12,049
Finance Costs	36	2,782	1,349
Depreciation and Amortisation Expense	3 (C)	4,886	4,787
Other Expenses	37	20,575	19,887
Net Gain on foreign currency transactions		(2,735)	(1,450)
Total Expenses		**70,440**	**65,324**
Profit before Exceptional Items and Tax		**22,360**	**14,832**
Less: Exceptional Items	46	2,038	3,193
Profit before Tax		**20,322**	**11,639**
Less: Tax Expense:			
Current Tax	38	4,618	2,602
Deferred Tax	38	412	458
		5,030	**3,060**
Profit for the year		**15,292**	**8,579**
OTHER COMPREHENSIVE INCOME (OCI):			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/ (losses) on post employment defined benefit plans		23	9
Income tax effect on above		(5)	(2)
		18	**7**
Net Gain on Fair Value through OCI (FVTOCI) Equity Securities		(159)	35
Income tax effect on above		-	-
		(159)	**35**
Other Comprehensive Income for the year (Net of Tax)		**(141)**	**42**
Total Comprehensive Income for the year (Net of Tax)		**15,151**	**8,621**
Basic & Diluted Earnings per Equity Share (EPS) (in Rupees)	39	15.06	8.38
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 51		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board
Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995

Ahmedabad
May 18, 2023

Ahmedabad
May 18, 2023

Statement of Changes in Equity for the year ended March 31, 2023

a Equity Share Capital:

	No. of Shares	₹ in Million
Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2021	1,023,742,600	1,024
As at March 31, 2022	1,023,742,600	1,024
Less: Extinguished pursuant to buyback of shares	(11,538,461)	(12)
As at March 31, 2023	1,012,204,139	1,012

b Other Equity:

₹ in Million

	Reserves and Surplus					Items of OCI	Total
	Capital Reserve	Capital Redemption Reserve	International Business Development Reserve	General Reserve	Retained Earnings	FVTOCI Reserve	
As at March 31, 2021	**20,379**	**-**	**2,000**	**15,525**	**87,969**	**548**	**126,421**
Add: Profit for the year	-	-	-	-	8,579	-	8,579
Add: Other Comprehensive Income	-	-	-	-	7	35	42
Total Comprehensive Income	**-**	**-**	**-**	**-**	**8,586**	**35**	**8,621**
Transactions with Owners in their capacity as owners:							
Less: Dividends	-	-	-	-	(3,585)	-	(3,585)
Less: Adjustment pursuant to extension of the term of investment in preference shares of a joint venture	-	-	-	-	(76)	-	(76)
As at March 31, 2022	**20,379**	**-**	**2,000**	**15,525**	**92,894**	**583**	**131,381**
Add: Profit for the year	-	-	-	-	15,292	-	15,292
Add: Other Comprehensive Income	-	-	-	-	18	(159)	(141)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**15,310**	**(159)**	**15,151**
Transfer pursuant to buyback of shares	-	12	-	(12)	-	-	-
Transactions with Owners in their capacity as owners:							
Less: Dividends	-	-	-	-	(2,530)	-	(2,530)
Less: Utilised for buyback of shares	-	-	-	(7,488)	-	-	(7,488)
Less: Tax and other payments (transaction costs) on buyback of shares (Transactions with other than Owners)	-	-	-	(1,132)	-	-	(1,132)
As at March 31, 2023	20,379	12	2,000	6,893	105,674	424	135,382

As per our report of even date
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Ahmedabad
May 18, 2023

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May 18, 2023

Cash Flow Statement for the year ended March 31, 2023

₹ in Million

	Particulars	Year ended March 31 2023		Year ended March 31 2022	
A	**Cash flows from operating activities:**				
	Profit before tax		20,322		11,639
	Adjustments for:				
	Depreciation and Amortisation expense	4,886		4,787	
	Exceptional Items	2,038		3,193	
	Net (Gain)/ Loss on disposal of Property, Plant and Equipment	(810)		31	
	FVTPL gain/ profit on sale of investments (Net)	(142)		(55)	
	Interest income	(1,531)		(316)	
	Gain on valuation of Forward Contract value related to investment in a Joint Venture	(113)		(123)	
	Dividend income	(2,401)		(438)	
	Interest expenses	2,515		943	
	Effect of foreign exchange movement	473		(676)	
	Expected credit loss on trade receivables (net)	1		7	
	Doubtful advances written off	20		-	
	Allowance for doubtful advances (net of written back)	(2)		9	
	Provision for employee benefits	(89)		112	
	Other provisions	(94)		137	
	Total		**4,751**		**7,611**
	Operating profit before working capital changes		**25,073**		**19,250**
	Adjustments for:				
	(Increase) in trade receivables	(12,132)		(3,584)	
	Decrease/ (Increase) in inventories	1,439		(1,463)	
	(Increase)/ Decrease in other assets	(13)		1,765	
	(Decrease) in trade payables	(333)		(922)	
	Increase in other liabilities	680		376	
	Total		**(10,359)**		**(3,828)**
	Cash generated from operations		14,714		15,422
	Direct taxes paid (Net of refunds)		(3,932)		(2,700)
	Net cash from operating activities		**10,782**		**12,722**
B	**Cash flows from investing activities:**				
	Purchase of property, plant and equipment and intangible assets	(7,501)		(5,418)	
	Proceeds from sale of property, plant and equipment and intangible assets	921		250	
	Purchase of non current investments - other than subsidiaries	(100)		(2,600)	
	Proceeds from redemption of non current investments in subsidiaries/ joint ventures	-		15,102	
	Proceeds from sale/ redemption of non current investments in others	25		2	
	Investments in fixed deposits (net)	(2,500)		-	
	Investments in liquid mutual funds (net)	331		(2,150)	
	Loans to subsidiaries	(23,148)		(4,581)	
	Repayment of loans by subsidiaries	9,134		4,685	
	Interest received	840		134	
	Dividend received	2,401		438	
	Net cash (used in)/ from investing activities		**(19,597)**		**5,862**

Cash Flow Statement for the year ended March 31, 2023

₹ in Million

Particulars		Year ended March 31 2023	Year ended March 31 2022
C	**Cash flows from financing activities:**		
	Proceeds from non current borrowings	39,262	4,963
	Repayment of non current borrowings	(7,460)	(11,233)
	Buyback of equity shares (including tax and transaction costs)	(8,632)	-
	Current borrowings (Net - (repayment))	(10,934)	(6,233)
	Lease liabilities (Net)	4	(22)
	Interest paid	(1,435)	(987)
	Dividends paid	(2,535)	(3,586)
	Net cash from/ (used in) financing activities	**8,270**	**(17,098)**
	Net (decrease)/ increase in cash and cash equivalents	**(545)**	**1,486**
	Cash and cash equivalents at the beginning of the year	**3,026**	**1,540**
	Cash and cash equivalents at the end of the year	**2,481**	**3,026**

Notes to the Cash Flow Statement

1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".

2 All figures in brackets are outflows.

3 Previous year's figures have been regrouped wherever necessary.

4 Cash and cash equivalents at the end (beginning) of the year include ₹ 43 (₹ 48) Million not available for immediate use.

5 Cash and cash equivalents comprise of *:

₹ in Million

		As at March 31		
		2023	2022	2021
a	Cash and cash equivalents	2,404	2,945	1,459
b	Bank balance other than cash and cash equivalents	77	81	81
c	**Total**	**2,481**	**3,026**	**1,540**

* until the previous year, investments in liquid mutual funds were also considered as cash and cash equivalents

6 Summary of Cash and cash equivalents, Liquid Mutual funds and Fixed Deposits more than 12 months:

₹ in Million

		As at March 31		
		2023	2022	2021
a	Cash and cash equivalents (as per 5 c above)	2,481	3,026	1,540
b	Investment in Liquid Mutual Funds*	2,016	2,205	-
c	Fixed Deposits more than 12 months	2,500	-	-
d	**Total**	**6,997**	**5,231**	**1,540**

Cash Flow Statement for the year ended March 31, 2023

7 Change in liability arising from financing activities:

₹ in Million

	Borrowings		
	Non-Current [Note-18]	Current [Note-22]	Total
As at March 31, 2021	12,200	26,959	39,159
Cash flow	(6,270)	(6,233)	(12,503)
Foreign exchange movement	389	(419)	(30)
As at March 31, 2022	6,319	20,307	26,626
Cash flow	31,802	(10,934)	20,868
Foreign exchange movement	411	320	731
As at March 31, 2023	**38,532**	**9,693**	**48,225**

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board
Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner

Ahmedabad
May 18, 2023

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 18, 2023

Notes to the Financial Statements

Note: 1-Company overview:

Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited) ("the Company") (CIN:L24230GJ1995PLC025878), a Company limited by shares, incorporated and domiciled in India, operates as an integrated pharmaceutical company with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Company includes Active Pharmaceutical Ingredients (API) and human formulations. The Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited. The registered office of the Company is located at "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), Sarkhej-Gandhinagar Highway, Ahmedabad - 382481.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 18, 2023.

Note: 2-Significant Accounting Policies:

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

1 Basis of preparation:

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

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

- i Derivative financial instruments
- ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- iii Defined benefit plans
- iv Contingent consideration

2 Use of Estimates:

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

Critical accounting judgments and estimates:

A Property, Plant and Equipment:

Property, Plant and Equipment represent a large 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 lives, such as changes in technology.

B Impairment of property, plant and equipment, goodwill and investments:

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

C Employee benefits:

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

D Product 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 stockists.

Notes to the Financial Statements

E **Taxes on Income:**

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

F **Contingent liabilities:**

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

3 Foreign Currency Transactions:

The Company's financial statements are presented in Indian Rupees (₹), 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. However, foreign currency differences arising from the translation of certain equity instruments where the Company had made an irrevocable election to present in OCI subsequent changes in the fair value are recognised in OCI.

C Foreign exchange differences regarded as adjustments to borrowing costs are presented in the Statement of Profit and Loss within finance costs. All 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 are the significant accounting policies 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, sales tax/ Goods and Services Tax (GST). When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation. Historical experience, specific contractual terms and future expectations of sales returns are used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

b **Service Income:**

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

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

a **Interest Income:**

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR).

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

b **Dividend:**

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

Notes to the Financial Statements

c **Other Income:**

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

5 Government Grants:

A Government grants are recognised only when there is a reasonable assurance that the conditions attached to them will be complied with, and the grants will be received.

B When the grant relates to an expense item, it is recognised in the Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1 2015, the Company uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of the loan.

6 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

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

B Deferred Tax:

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

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

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

d The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

Notes to the Financial Statements

7 Property, Plant and Equipment:

A Freehold land is carried at historical cost, less impairment, if any. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost (Net of Input tax credit received/ receivable) includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in the financial statements for the period ended on March 31, 2016, attributable to Property, Plant and Equipment is adjusted to the cost of respective Property, Plant and Equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

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	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 the reduced values, if any, on a systematic basis over their remaining useful lives.

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 Statement of profit and loss when the asset is derecognised.

8 Intangible Assets:

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

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

C Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful lives of ten years.

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

Notes to the Financial Statements

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 infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from infinite 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.

9 Research and Development Cost:

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

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

10 Borrowing Costs:

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

Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

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

11 Impairment of Non Financial Assets:

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

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

12 Inventories:

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

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

A Raw Materials, Packing Materials, Finished Goods, Stock-in-Trade and Work-in-Progress are valued at lower of cost and net realisable value.

B Cost (Net of Input tax credit availed) of Raw Materials, Packing Materials, Finished Goods, and Stock-in-Trade is determined on Moving Average Method.

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

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

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

13 Cash and Cash Equivalents:

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

Notes to the Financial Statements

14 Leases:

The Company has adopted Ind AS 116 "Leases" which is effective for an annual period beginning on or after from April 1, 2019.

The following is the significant accounting policy related to Ind AS 116. :

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

The Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the previous year.

For contracts in place at the date of initial application, the Company has elected to apply the definition of lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.

As a lessee:

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

Measurement and recognition of leases as a lessee:

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

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

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

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

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

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

As a lessor:

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

Notes to the Financial Statements

15 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 of 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.

16 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.

17 Employee Benefits:

A Short term obligations:

Liabilities for wages and salaries, including earned leave and sick leave 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:

i Gratuity:

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

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

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

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

i Service costs comprising current service costs, past-service costs, gains and

Notes to the Financial Statements

losses on curtailments and non routine settlements; and

ii Net interest expense or income.

ii Company administered Provident Fund:

In case of a specified class of employees, monthly contributions of such employees and the company, are deposited to Cadila Healthcare Limited Employees' 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 company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Contributions to such provident fund are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

c Defined Contribution Plans - Provident Fund Contribution:

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

C Employee Separation Costs:

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

18 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.

19 Financial Instruments:

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

A Financial Assets:

a Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction cost 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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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.

Notes to the Financial Statements

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value.

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

iii Debt instruments and derivatives at fair value through profit or loss (FVTPL):

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

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

iv Equity instruments:

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

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

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

v Investments in subsidiaries and joint ventures:

Investments in subsidiaries and joint ventures 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 and joint ventures, 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 and joint ventures 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 risks 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

Notes to the Financial Statements

and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset. The Company follows 'simplified approach' for recognition of impairment loss allowance.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it requires the Company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

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

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

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

B Financial Liabilities:

a Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, 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 at amortised cost, using EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

c Derecognition:

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

d Embedded derivatives:

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

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

Notes to the Financial Statements

C Reclassification of financial assets:

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

D Offsetting of financial instruments:

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

20 Derivative Financial Instruments and Hedge Accounting:

Derivatives are recognised initially at fair value and subsequently at fair value through profit and loss.

Fair value hedges:

The Company applies fair value hedge accounting for changes in fair value of trade receivables (non-derivative financial assets) attributable to foreign currency risk. The Company designates certain derivate as well as non-derivative foreign currency financial liabilities (hedging instrument) to hedge the risks of changes in fair value of trade receivables attributable to the movement in foreign exchange rates. The Company documents, at the time of designation, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking such hedging transactions. The Company also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the risk management objectives are met with the hedging relationship. Changes in fair values of both hedging instruments and hedged items are recognised in foreign exchange gains / losses as a part of other income or other expenses as the case may be. If the hedge no longer meets the criteria for hedge accounting, this accounting treatment is discontinued.

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 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, maximizing the use of relevant observable inputs and minimizing 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

Notes to the Financial Statements

measurement as a whole) at the end of each reporting period.

22 Non-Current Assets held for Sale:

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

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

23 Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders 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 31, 2023, the MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

a Ind AS 1 - Presentation of Financial Statements:

The amendments requires the entities to disclose their material accounting policies rather than their significant accounting policies.

The Company does not expect the amendment to have any material impact on its financial statements.

b Amendment to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:

The amendments has introduced a definition of "accounting estimates" and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The Company does not expect the amendment to have any material impact in its financial statements.

c Amendment to Ind AS 12 - Income Taxes:

The amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The Company does not expect the amendment to have any impact on its financial statements.

Notes to the Financial Statements

Note: 3-Property, Plant and Equipment, Intangible Assets & Capital work-in-progress:

(A) Property, Plant and Equipment:

₹ in Million

	Freehold Land	Leasehold Land *	Buildings *	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2021	**2,004**	**465**	**13,111**	**49,623**	**1,498**	**702**	**1,064**	**68,467**
Additions	207	-	1,284	5,516	54	87	41	7,189
Disposals	-	-	(1)	(473)	(3)	(60)	(3)	(540)
As at March 31, 2022	**2,211**	**465**	**14,394**	**54,666**	**1,549**	**729**	**1,102**	**75,116**
Additions	522	43	151	2,379	16	119	62	3,292
Disposals	-	(28)	(22)	(207)	-	(81)	(1)	(339)
As at March 31, 2023	**2,733**	**480**	**14,523**	**56,838**	**1,565**	**767**	**1,163**	**78,069**
Depreciation and Impairment:								
As at March 31, 2021	**-**	**56**	**2,623**	**23,529**	**651**	**396**	**567**	**27,822**
Depreciation for the year	-	5	424	3,834	106	65	153	4,587
Disposals	-	-	-	(217)	(3)	(36)	(3)	(259)
As at March 31, 2022	**-**	**61**	**3,047**	**27,146**	**754**	**425**	**717**	**32,150**
Depreciation for the year	-	5	422	3,994	105	61	142	4,729
Disposals	-	(7)	(12)	(163)	-	(45)	(1)	(228)
As at March 31, 2023	**-**	**59**	**3,457**	**30,977**	**859**	**441**	**858**	**36,651**
Net Block:								
As at March 31, 2022	**2,211**	**404**	**11,347**	**27,520**	**795**	**304**	**385**	**42,966**
As at March 31, 2023	**2,733**	**421**	**11,066**	**25,861**	**706**	**326**	**305**	**41,418**

Notes to the Financial Statements

Note: 3-Property, Plant and Equipment, Intangible Assets & Capital work-in-progress: (Continued)

(B) Intangible Assets:

₹ in Million

	Goodwill	Other Intangible Assets: Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	Total
Gross Block:						
As at March 31, 2021	**102**	**10**	**1,275**	**13**	**224**	**1,522**
Additions	-	-	118	-	-	118
Disposals	-	-	-	-	-	-
As at March 31, 2022	**102**	**10**	**1,393**	**13**	**224**	**1,640**
Additions	-	-	187	-	-	187
Disposals	-	-	-	-	-	-
As at March 31, 2023	**102**	**10**	**1,580**	**13**	**224**	**1,827**
Amortisation and Impairment:						
As at March 31, 2021	**102**	**10**	**900**	**9**	**128**	**1,047**
Amortisation for the year	-	-	189	1	10	200
Disposals	-	-	-	-	-	-
As at March 31, 2022	**102**	**10**	**1,089**	**10**	**138**	**1,247**
Amortisation for the year	-	-	146	1	10	157
Disposals	-	-	-	-	-	-
As at March 31, 2023	**102**	**10**	**1,235**	**11**	**148**	**1,404**
Net Block:						
As at March 31, 2022	**-**	**-**	**304**	**3**	**86**	**393**
As at March 31, 2023	**-**	**-**	**345**	**2**	**76**	**423**

Notes:

1 Buildings include ₹ 0.02 (As at March 31, 2022: ₹ 0.02) Million being the value of unquoted shares held in cooperative societies.

2 Additions of ₹ 400 (Previous Year: ₹ 940) Million in research assets during the year are included in "Additions" under the respective heads of Gross Block of Tangible assets as above.

(*) Includes right of use assets, refer Note-47 for detailed breakup.

(C) Depreciation and Amortisation Expenses:

₹ in Million

	As at March 31 2023	As at March 31 2022
Depreciation (*)	4,729	4,587
Amortisation	157	200
Total	**4,886**	**4,787**

Notes to the Financial Statements

Note: 3-Property, Plant and Equipment, Intangible Assets & Capital work-in-progress: (Continued)

(D) Ageing of Capital-work-in progress:

₹ in Million

		As at March 31 2023	As at March 31 2022
A	**Projects in progress:**		
a	Less than 1 year	5,108	2,093
b	1 - 2 years	834	530
c	2 - 3 years	355	1,026
d	More than 3 years	1,096	191
Total Capital Work-in-Progress		**7,393**	**3,840**

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

Note: 4-Investments (Non-Current):

₹ in Million

	Face Value (*)	Nos.(**)	As at March 31 2023	As at March 31 2022
Investments in Subsidiaries and Joint Ventures:				
Investments in Equity Instruments			24,897	26,935
Investments in Preference Shares			55	51
Investments in Equity Instruments via Optionally Convertible Preference Shares			18,381	18,381
			43,333	**45,367**
Investments - Others:				
Investments in Equity Instruments			750	898
Investments in Preference Shares			9	9
Investments in Bonds			2,663	2,695
Investments in Debentures			22	6
			3,444	**3,608**
Total			**46,777**	**48,975**
A Details of Investments in Subsidiaries and Joint Ventures:				
Investment in Equity Instruments (Valued at cost):				
Subsidiary Companies (Quoted):				
In fully paid-up equity shares of Zydus Wellness Limited	10	36,647,509	12,320	12,320
Subsidiary Companies (Unquoted):				
In fully paid-up equity shares of:				
Zydus Healthcare Limited	100	2,161,742	4,709	4,709
Zydus Animal Health and Investments Limited	10	900,000	9	9
Zydus Foundation	10	50,000	1	1
Zydus International Private Limited ($)	€ 1.1251	62,340,456	4,643	4,643

Notes to the Financial Statements

Note: 4-Investments (Non-Current): (Continued)

₹ in Million

	Face Value (*)	Nos.(**)	As at March 31 2023	As at March 31 2022
Zydus Lanka (Private) Limited	LKR 10	3,706,304	15	15
Zydus Healthcare Philippines Inc.	PHP 10	24,965,120	351	351
Zydus Worldwide DMCC ($)	AED 1,000	84,480	1,505	1,505
Sentynl Therapeutics Inc [Note-46]	$0.0001	100	2,038	2,038
Zydus Healthcare (USA) LLC	$1	200,000	12	12
Zydus Pharmaceuticals Limited	10	10,000,000	100	100
Zydus Strategic Investments Limited	10	900,000	9	9
Zydus VTEC Limited	10	7,500,000	75	75
Zydus Pharmaceuticals UK Limited [1 share subscribed during the year]	€ 1	1[0]	-	-
Zynext Ventures PTE. LTD. [1 share subscribed during the year]	$1	1[0]	-	-
Dialforhealth Unity Limited [₹ 275,000]	10	27,500	-	-
Dialforhealth Greencross Limited	10	250,000	3	3
			13,470	13,470
Less: Provision for impairment [Note-46]			(2,041)	(3)
			11,429	13,467
In fully paid-up Common Stock of:				
Zydus Pharmaceuticals (USA) Inc.	$1	2,300,000	519	519
Zydus Noveltech Inc. [Note-46]	No par value	8,188	3,461	3,461
			3,980	3,980
Less: Provision for impairment [Note-46]			(3,193)	(3,193)
			787	787
Joint Venture Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Hospira Oncology Private Limited	10	7,500,000	75	75
Zydus Takeda Healthcare Private Limited	10	10,000,000	100	100
Bayer Zydus Pharma Private Limited	10	12,499,999	125	125
			300	300
Deemed investment:				
Equity Component of Bayer Zydus Pharma Private Limited			61	61
			24,897	26,935

Notes to the Financial Statements

Note: 4-Investments (Non-Current): (Continued)

₹ in Million

	Face Value (*)	Nos.(**)	As at March 31 2023	As at March 31 2022
Investment in Preference Shares (Valued at amortised cost):				
Joint Venture Company (Unquoted):				
In fully paid-up, 5%, Redeemable Non-Cumulative Preference Shares of Bayer Zydus Pharma Private Limited	10	6,000,000	55	51
Investment in Equity Instruments via Optionally Convertible Redeemable Preference Shares (Valued at cost) (Unquoted):				
Subsidiary Companies:				
German Remedies Pharmaceuticals Private Limited	100	6,332,797	633	633
Zydus Animal Health and Investments Limited	10	1,773,350,000	17,734	17,734
Zydus Healthcare Philippines Inc.	PHP 10	983,180	14	14
			18,381	**18,381**
B Details of Investments - Others (Valued at fair value through OCI):				
Investment in Equity Instruments (Quoted):				
In fully paid-up Common Stock of:				
Onconova Therapeutic Inc. USA (₹ 17,331/-)	$0.01	289	-	1
Pieris Pharmaceuticals Inc., USA	$0.001	1,415,539	114	324
			114	**325**
In fully paid-up Equity Shares of:				
Housing Development Finance Corporation Limited	2	219,500	577	525
HDFC Bank Limited	1	8,000	13	12
Kokuyo Camlin Limited	1	72,090	5	4
Camlin Fine Sciences Limited	1	152,000	19	21
Accelya Kale Consultants Limited				
(₹: 467,222 {as at March 31, 2022: ₹ 355,424})	10	383	-	-
			614	**562**

Notes to the Financial Statements

Note: 4-Investments (Non-Current): (Continued)

₹ in Million

	Face Value (*)	Nos.(**)	As at March 31 2023	As at March 31 2022
Investment in Equity Instruments (Unquoted):				
In fully paid-up Equity Shares of:				
BEIL Infrastructure Limited (Formerly known as Bharuch Enviro Infrastructure Limited (₹ 12,140/-)	10	1,214	-	-
Narmada Clean Tech	10	625,813	6	6
Enviro Infrastructure Company Limited	10	50,000	1	1
GVFL Limited	10	50,000	1	1
Saraswat Co-Op Bank Limited (₹ 20,350/-)	10	2,500	-	-
The Shamrao Vithal Co-Op Bank Limited (₹ 2,500/-)	25	100	-	-
The Green Environment Co-operative Society Limited (₹ 5,000/-)	100	50	-	-
.Shivalik Solid Waste Management Limited (₹ 200,000/-)	10	20,000	-	-
AMP Energy Green Nine Private Limited (1,040,421 shares subscribed during the year) (^)	10	1,358,940 (318,519)	14	3
			22	11
			750	898
Investment in Preference Shares (Carried at amortised cost) (Unquoted):				
In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited	10	900,000	9	9
C Investment in Bonds (Valued at amortised cost) (Quoted):				
In fully paid-up Bonds of:				
9.10% PNB Housing Finance Limited	1,000,000	0(25)	-	25
9.75% Piramal Enterprises Limited	1,000,000	35	35	35
9.00% Indiabulls Housing Finance Limited	1,000	40,000	40	40
7.95% Bank of Baroda Perpetual	10,000,000	100	1,001	1,001
8.75% State Bank of India Perpetual	1,000,000	100	102	104
7.73% State Bank of India Perpetual Series II	1,000,000	650	656	659
9.04% Bank of India Perpetual Series VI	1,000,000	450	455	457
8.50% Bank of Baroda Perpetual Series XIV	1,000,000	20	20	20
8.99% Bank of Baroda Perpetual Series XI	1,000,000	50	52	52
8.50% State Bank of India Perpetual	1,000,000	50	51	51
7.72% State Bank of India Perpetual	10,000,000	25	251	251
			2,663	2,695
D Investment in Compulsorily Convertible Debentures (Valued at amortised cost) (Unquoted):				
In fully paid-up Debentures of:				
0.01%, AMP Energy Green Nine Private Limited (^)	1,000	122,306 (32,680)	22	6
Total			**46,777**	**48,975**

Notes to the Financial Statements

Note: 4-Investments (Non-Current): (Continued)

₹ in Million

				As at March 31 2023	As at March 31 2022
E	a	i	Aggregate book value of quoted investments	15,711	15,902
		ii	Market value of quoted investments	60,205	58,596
	b		Aggregate book value of unquoted investments	31,066	33,073
	c		Aggregate amount of impairment in value of investments	5,234	3,196

F Explanations:

a In "Face Value (*)", figures in Indian Rupees unless stated otherwise.

b In "Nos. (**)" figures of previous year are same unless stated in ( ).

($) The net worth of these subsidiaries as on March 31, 2023 is eroded. However, in view of the strategic nature of the investment in these companies and also considering the future business and cash flow projections of these companies, the same are valued at Cost and no impairment allowance is required to be provided for.

(^) In line with the philosophy of enhancing the share of renewable power source in its operations, the Company had entered into a Power Purchase Agreement (PPA) during the previous year with AMP Energy Green Nine Private Limited (AMP) to procure agreed output of wind and solar energy. Further, to comply with regulatory requirement for being a "captive user" under the Electricity Laws, 2003, during the previous year, the Company had entered into the Share Purchase, Subscription and Shareholder's Agreement (SPSSA) to acquire upto 11.86% stake and during the year, the same has been amended to acquire up to 12.17% of the stake on a fully diluted basis in AMP in one or more tranches, throughout the term of the definitive agreements i.e. PPA and SPSSA.

Further, the Company had also subscribed to, in aggregate, 122,306 Compulsorily Convertible Debentures (CCD) of AMP of ₹ 1,000 each carrying interest of 0.01% for a total consideration of ₹ 122 Million.

Note: 5-Loans:

₹ in Million

	As at March 31 2023	As at March 31 2022
(Unsecured, Considered Good unless otherwise stated)		
Loans to Related Parties (*)	31,658	9,178
Total	**31,658**	**9,178**

Notes to the Financial Statements

Note: 5-Loans: (Contd...)

(*) Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):

Name of the party and relationship with the party to whom loan given:

₹ in Million

		As at March 31 2023			As at March 31 2022		
		Non-Current	Current (Refer note-13)	Maximum outstanding balance	Non-Current	Current (Refer note-13)	Maximum outstanding balance
A	**Subsidiary Companies:**						
a	Zydus Worldwide DMCC	12,445	-	12,445	7,122	568	7,690
b	Zydus International Private Limited	11,817	-	11,817	2,054	1,231	3,285
c	Zydus Pharmaceuticals (USA) Inc.	7,394	6,162	13,966	-	12,881	12,881
d	Dialforhealth Unity Limited	2	-	2	2	-	2
e	Sentynl Therapeutics Inc	-	1,232	1,232	-	-	-
Total		**31,658**	**7,394**		**9,178**	**14,680**	

(#) Loans which are outstanding at the end of the respective financial year.

Notes:

a All the above loans have been given for working capital and business purposes.

b All the above loans are repayable within a period of 5 years.

Note: 6-Other Financial Assets:

₹ in Million

	As at March 31 2023	As at March 31 2022
(Unsecured, Considered Good unless otherwise stated)		
Security Deposits	128	87
Forward Contract value related to investment in a Joint Venture	1,827	1,714
Fixed deposits with maturity more than 12 months	2,500	-
Others	4	4
Total	**4,459**	**1,805**

Note: 7-Other Non-Current Assets:

₹ in Million

	As at March 31 2023	As at March 31 2022
(Unsecured, Considered Good unless otherwise stated)		
Capital Advances - Considered Good	1,017	635
Capital Advances - Credit impaired	70	71
	1,087	**706**
Less: Allowances for credit impaired	70	71
	1,017	**635**
Balances with Statutory Authorities	258	761
Others	64	40
Total	**1,339**	**1,436**

Notes to the Financial Statements

Note: 8-Assets for Current Tax (Net):

₹ in Million

	As at March 31 2023	As at March 31 2022
Advance payment of Tax (Net of provision for taxation of ₹ 12,612 {as at March 31, 2022: ₹ 13,152} Million)	587	433
Total	**587**	**433**

Note: 9-Inventories:

₹ in Million

	As at March 31 2023	As at March 31 2022
(The Inventory is valued at lower of cost and net realisable value)		
Classification of Inventories (*):		
Raw Materials	8,602	8,277
Work-in-progress	3,170	2,659
Finished Goods	3,195	5,036
Stock-in-Trade	1,333	1,054
Others:		
Packing Materials	1,524	2,237
Total	**17,824**	**19,263**
The above includes Goods in transit as under:		
Raw Materials	365	264
Stock-in-Trade	18	2
Packing Materials	896	391
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories		
Net of reversal of write-down	22	20

For details of inventories pledged as security, refer Note-22.

(*) Net of one time provision for inventory of products related to covid treatment and inventory of Covid vaccine of ₹ 2,002 Million for the year ended March 31, 2023 (for the year ended March 31, 2022: 1,344 Million).

In respect of goods where provision had been made for expected returns within the expiry period, the Company recognises an asset, i.e., right to the returned saleable goods (included in inventories) for the products expected to be returned in saleable condition. The Company initially measures this asset at the original carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of returned goods. The Company updates the measurement of the asset recorded for any revision to its expected level of returns, as well as any further decrease in value of the returned products. The value of such goods is ₹ 37 (as at March 31, 2022: ₹ 72) Million.

Notes to the Financial Statements

Note: 10-Investment (Current):

₹ in Million

	Nos. (*)	As at March 31 2023	As at March 31 2022
Investment in Mutual Funds (Quoted) (Valued at fair value through profit or loss):			
SBI Overnight Fund - Direct Plan - Growth	0 (101,140.258)	-	351
ICICI Prudential Overnight Fund - Direct Plan - Growth	1,667,791.717 (16,180,820.32)	2,016	1,854
Total		**2,016**	**2,205**

(*) In "Nos." figures of previous year are stated in ( ).

Note: 11-Trade Receivables:

₹ in Million

	As at March 31 2023	As at March 31 2022
Secured - Considered good	699	841
Unsecured - Considered good	34,354	21,936
Unsecured - Credit impaired	61	60
	35,114	**22,837**
Less: Allowances for credit losses	61	60
Total	**35,053**	**22,777**

Ageing of Trade Receivables :

₹ in Million

Particulars	Not due	Outstanding 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	
As at March 31, 2023							
Undisputed – considered good	31,512	2,260	737	433	5	106	35,053
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	17	15	5	15	52
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant	-	-	-	-	-	-	-
increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	9	9
Total	**31,512**	**2,260**	**754**	**448**	**10**	**130**	**35,114**
Less: Allowances for credit losses							(61)
Trade Receivables							35,053

Notes to the Financial Statements

Note: 11-Trade Receivables: (Continued)

₹ in Million

Particulars	Not due	Outstanding 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	
		As at March 31, 2022					
Undisputed – considered good	19,870	2,646	140	20	13	88	22,777
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	18	10	9	9	46
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	14	14
Total	**19,870**	**2,646**	**158**	**30**	**22**	**111**	**22,837**
Less: Allowances for credit losses							(60)
Trade Receivables							22,777

Note: 12-Cash and Bank Balances:

₹ in Million

		As at March 31 2023	As at March 31 2022
A	**Cash and Cash Equivalents:**		
	Balances with Banks	2,404	2,944
	Cash on Hand [₹ 435,487]	-	1
	Total	**2,404**	**2,945**
	A Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
	B There are no amounts of cash and cash equivalent balances held by the entity that are not available for use.		
B	**Bank Balances other than Cash and Cash Equivalents:**		
	Unclaimed dividend accounts	43	48
	Fixed deposits	34	33
Total		**77**	**81**

Notes to the Financial Statements

Note: 13-Loans:

₹ in Million

		As at March 31 2023	As at March 31 2022
[Unsecured, Considered Good]			
Loans to related parties [*]		8,170	14,763
Total		**8,170**	**14,763**
[*] Details of Loans to Related Parties - Wholy owned Subsidiary Companies are as under:			
a	Zydus Pharmaceuticals (USA) Inc.	6,162	12,881
b	Zydus International Private Limited [including Interest Receivable on loan ₹ 279 {Previous year: ₹ 29} Million]	279	1,260
c	Zydus Worldwide DMCC [including Interest Receivable on loan ₹ 472 {Previous year: ₹ 54} Million]	472	622
d	Sentynl Therapeutics Inc. [including Interest Receivable on loan ₹ 25 {Previous year: ₹ Nil} Million]	1,257	-
		8,170	**14,763**

Notes:

a All the above loans have been given for working capital and business purposes.

b All the above loans are repayable within a period of 1 year.

Note: 14-Other Current Financial Assets:

₹ in Million

	As at March 31 2023	As at March 31 2022
[Unsecured, Considered Good]		
GST Refund receivable	636	707
Receivables for Forward Contract	-	252
Interest Receivable	110	110
Production Linked Incentive receivable	995	-
Others	74	100
Total	**1,815**	**1,169**

Note: 15-Other Current Assets:

₹ in Million

	As at March 31 2023	As at March 31 2022
[Unsecured, Considered Good, unless otherwise stated]		
Balances with Statutory Authorities	2,128	2,564
Advances to Suppliers - Considered Good	1,238	1,125
Advances to Suppliers - Credit impaired	168	169
	1,406	**1,294**
Less: Allowances for credit impaired	168	169
	1,238	**1,125**
Export Incentive Receivables	91	779
Prepaid Expenses	515	272
Advance CSR contribution	251	431
Total	**4,223**	**5,171**

Notes to the Financial Statements

Note: 16-Equity Share Capital:

₹ in Million

	As at March 31 2023	As at March 31 2022
Authorised:		
1,725,000,000 (as at March 31, 2022: 1,725,000,000) Equity Shares of ₹ 1/- each	1,725	1,725
	1,725	**1,725**
Issued, Subscribed and Paid-up:		
1,012,204,139 (as at March 31, 2022: 1,023,742,600) Equity Shares of ₹ 1/- each, fully paid-up	1,012	1,024
Total	**1,012**	**1,024**
The reconciliation in number of Equity Shares is as under:		
Number of shares at the beginning of the year	1,023,742,600	1,023,742,600
Less : Extinguished pursuant to buyback of shares ($)	(11,538,461)	-
Number of shares at the end of the year	**1,012,204,139**	**1,023,742,600**

B The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.

C Details of Shareholders holding more than 5% of aggregate Equity Shares of ₹ 1/- each

₹ in Million

		As at March 31 2023	As at March 31 2022
a	**Zydus Family Trust**		
	Number of Shares	758,788,706	766,381,434
	% to total share holding	74.96%	74.86%
b	**Life Insurance Corporation of India**		
	Number of Shares	63,070,404	62,749,284
	% to total share holding	6.23%	6.13%

D Equity Shares held by the promoters/ promoter group of the Company:

#	Promoter's/ Promoter Group's Name	No. of Shares	% of total shares	% change during the year
	As at March 31, 2023			
1	Zydus Family Trust	758,788,706	74.964	0.103
2	Pankaj R. Patel	44,553	0.004	0.000
3	Pankaj Ramanbhai Patel HUF	29,702	0.003	0.000
4	Pripan Investment Private Limited	17,821	0.002	0.000
5	Taraben Patel Family Will Trust	14,851	0.001	0.000
6	Pritiben Pankajbhai Patel	14,851	0.001	0.000
7	Dr. Sharvil P. Patel	14,851	0.001	0.000
8	Shivani Pankajbhai Patel	14,851	0.001	0.000

Notes to the Financial Statements

Note: 16-Equity Share Capital: (Continued)

D Equity Shares held by the promoters/ promoter group of the Company:

#	Promoter's/ Promoter Group's Name	No. of Shares	% of total shares	% change during the year
		As at March 31, 2022		
1	Zydus Family Trust	766,381,434	74.861	-
2	Pankaj R. Patel	45,000	0.004	-
3	Pankaj Ramanbhai Patel HUF	30,000	0.003	-
4	Pripan Investment Private Limited	18,000	0.002	-
5	Taraben Patel Family Will Trust	15,000	0.001	-
6	Pritiben Pankajbhai Patel	15,000	0.001	-
7	Dr. Sharvil P. Patel	15,000	0.001	-
8	Shivani Pankajbhai Patel	15,000	0.001	-

[$] The Board of Directors, at its meeting held on May 20, 2022 had approved a proposal to buyback 11,538,461 fully paid–up equity shares amounting to ₹ 7,500 Million [Buyback Size, excluding transaction costs and applicable taxes] at a price of ₹ 650 per share from the eligible equity shareholders. The buyback was offered to all eligible equity shareholders of the Company on proportionate basis through the "Tender offer" route in accordance with Securities and Exchange Board of India [Buyback of Securities] Regulations, 2018, as amended and other applicable laws. The Buyback period was from May 20, 2022 to July 15, 2022. The Company had bought back and extinguished 11,538,461 equity shares, comprising of 1.13% of pre-buyback paid up equity share capital of the Company on July 19, 2022. The buyback resulted in a cash outflow of ₹ 8,632 Million [including applicable taxes and transaction costs]. The Company has utilized its General Reserve for Buyback of shares. In accordance with Section 69 of the Companies Act, 2013, the Company has credited "Capital Redemption Reserve" with an amount of ₹ 12 Million, being amount equivalent to the face value of the Equity Shares bought back as an appropriation from General Reserve.

Note: 17-Other Equity:

₹ in Million

	As at March 31 2023	As at March 31 2022
Capital Reserve:		
Balance as per last Balance Sheet	20,379	20,379
Capital Redemption Reserve:		
Balance as per last Balance Sheet	-	-
Add: Transfer from General Reserve pursuant to buyback of shares [Refer Note-16 $]	12	-
	12	-
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	2,000	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	15,525	15,525
Less: Utilised for buyback of shares [Refer Note-16 $]	(7,488)	-
Less: Transferred to Capital Redemption Reserve pursuant to buyback of shares [Refer Note-16 $]	(12)	-
Less: Tax and other payments [transaction costs] on buyback of shares [Refer Note-16 $]	(1,132)	-
	6,893	15,525

Notes to the Financial Statements

Note: 17-Other Equity: (Continued)

₹ in Million

	As at March 31 2023	As at March 31 2022
Fair Value through Other Comprehensive Income (FVTOCI) Reserve: (#)		
Balance as per last Balance Sheet	583	548
(Less)/ Add: (Debited)/ Credited during the year	(159)	35
	424	**583**
Retained Earnings:		
Balance as per last Balance Sheet	92,894	87,969
Add: Profit for the year	15,292	8,579
	108,186	**96,548**
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ (losses) on defined benefit plans (net of tax)	18	7
Less: Dividend	(2,530)	(3,585)
Less: Adjustment pursuant to extension of the term of investment in preference shares of a joint venture	-	(76)
Balance as at the end of the year	105,674	92,894
Total	**135,382**	**131,381**

(*) International Business Development Reserve was created pursuant to Composite Scheme of Arrangement approved by the Hon'ble High Court of Gujarat and its utilization shall be as provided in the scheme.

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

(#) The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Note: 18-Borrowings:

₹ in Million

		Non-current portion		Current Maturities	
		As at March 31		As at March 31	
		2023	**2022**	**2023**	**2022**
A	**Term Loans from Banks:**				
	External Commercial Borrowings (ECB) in Foreign Currency (Unsecured)	-	1,264	822	5,055
B	**From Others (Unsecured)**	37,710	-	-	-
Total		**37,710**	**1,264**	**822**	**5,055**
The above amount includes:					
Unsecured borrowings		37,710	1,264	822	5,055
Amount disclosed under the head "Borrowings" (Note-22)		-	-	(822)	(5,055)
Net amount		**37,710**	**1,264**	**-**	**-**

Notes to the Financial Statements

Note: 18-Borrowings: (Continued)

A Terms of Repayment for Unsecured Borrowings:

a Foreign Currency Loans:

i ECB of USD 30 Million is repayable in three yearly instalments starting from January 23, 2022. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2023 is ₹ 822 (as at March 31, 2022: ₹ 1,517) Million.

b Other loans:

i Loan of ₹ 14,130 Million from one of the subsidiary companies will be repaid within 3 years from the date of first disbursement and can be further extended as may be mutually decided between the parties. Interest on loan is payable on half yearly basis.

The outstanding amount as at March 31, 2023 is ₹ 14,130 Million (as at March 31, 2022: Nil).

ii Loan of ₹ 800 Million from one of the subsidiary companies will be repaid within 3 years from the date of first disbursement and can be further extended as may be mutually decided between the parties. Interest on loan is payable on half yearly basis.

The outstanding amount as at March 31, 2023 is ₹ 800 Million (as at March 31, 2022: Nil).

iii Loan of ₹ 22,780 Million from one of the subsidiary companies will be repaid within 3 years from the date of first disbursement and can be further extended as may be mutually decided between the parties. Interest on loan is payable on half yearly basis.

The outstanding amount as at March 31, 2023 is ₹ 22,780 Million (as at March 31, 2022: Nil).

Note: 19-Other Financial Liabilities:

₹ in Million

	As at March 31 2023	As at March 31 2022
Trade Deposits	191	149
Total	**191**	**149**

Note: 20-Provisions:

₹ in Million

	As at March 31 2023	As at March 31 2022
Provision for Employee Benefits	1,471	1,764
Total	**1,471**	**1,764**

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.

Notes to the Financial Statements

Note: 20-Provisions: (Continued)

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

Investment risk:

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

Interest risk:

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

Longevity risk:

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

Salary risk:

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

₹ in Million

		As at March 31					
		2023			2022		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening obligation	140	1,498	1,804	132	1,347	1,654
	Transfer in/ (out)	-	3	8	(5)	(9)	(33)
	Interest cost	9	93	116	8	80	100
	Current service cost	16	250	218	17	224	206
	Benefits paid	(4)	(240)	(131)	(2)	(189)	(114)
	Actuarial (gains)/ losses on obligation due to:						
	Experience adjustments	(6)	31	47	(22)	(11)	27
	Change in demographic assumptions	29	147	-	15	87	-
	Change in financial assumptions	(6)	(45)	(61)	(3)	(31)	(36)
	Closing obligation	**178**	**1,737**	**2,001**	**140**	**1,498**	**1,804**
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	-	133	1,180	-	127	978
	Transfer in/ (out)	-	-	2	-	-	6
	Expected return on plan assets	-	4	80	-	5	64
	Return on plan assets excluding amounts included in interest income	-	3	9	-	2	-
	Contributions by employer	-	2	622	-	2	246
	Benefits paid	-	(1)	(131)	-	(3)	(114)
	Actuarial (losses)/ gains	-	-	-	-	-	-
	Closing fair value of plan assets	**-**	**141**	**1,762**	**-**	**133**	**1,180**
	Total actuarial (losses)/ gains to be recognised	**(17)**	**(133)**	**14**	**10**	**(45)**	**9**

Notes to the Financial Statements

Note: 20-Provisions: (Continued)

₹ in Million

		As at March 31					
		2023			2022		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
D	**Actual return on plan assets:**						
	Expected return on plan assets	-	4	80	-	5	64
	Actuarial (losses)/ gains on plan assets	-	-	-	-	-	-
	Actual return on plan assets	**-**	**4**	**80**	**-**	**5**	**64**
E	**Amount recognised in the balance sheet:**						
	Liabilities/ (Assets) at the end of the year	178	1,737	2,001	140	1,498	1,804
	Fair value of plan assets at the end of the year	-	(141)	(1,762)	-	(133)	(1,180)
	Difference	178	1,596	239	140	1,365	624
	Unrecognised past service cost	-	-	-	-	-	-
	Liabilities/ (Assets) recognised in the Balance Sheet	**178**	**1,596**	239	**140**	**1,365**	**624**
F	**Expenses/ (Incomes) recognised in the Statement of Profit and Loss:**						
	Current service cost	16	250	218	17	224	206
	Interest cost on benefit obligation	9	93	116	8	80	100
	Expected return on plan assets	-	(4)	(80)	-	(5)	(64)
	Return on plan assets excluding amounts included in interest income	-	(3)	-	-	(2)	-
	Net actuarial (gains)/ losses in the year	17	133	-	(10)	45	-
	Amount included in "Employee Benefits Expense"	**42**	**469**	**254**	**15**	**342**	**242**
	Return on plan assets excluding amounts included in interest income	-	-	(9)	-	-	-
	Net actuarial (gains)/ losses in the year	-	-	(14)	-	-	(9)
	Amounts recognized in OCI	**-**	**-**	**(23)**	**-**	**-**	**(9)**
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	140	1,365	624	132	1,220	676
	Transfer in/ (out) obligations	-	3	6	(5)	(9)	(39)
	Expenses as above (P & L Charge)	42	469	254	15	342	242
	Employer's contribution	-	(2)	(622)	-	(2)	(246)
	Amount recognised in OCI	-	-	(23)	-	-	(9)
	Benefits Paid	(4)	(239)	-	(2)	(186)	-
	Liabilities/ (Assets) recognised in the Balance Sheet	**178**	**1,596**	**239**	**140**	**1,365**	**624**
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate	7.40%	7.40%	7.40%	6.85%	6.85%	6.85%
	(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)						

Notes to the Financial Statements

Note: 20-Provisions: (Continued)

₹ in Million

	As at March 31					
	2023			2022		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
Annual increase in salary cost	12% for next 2 year, 9% thereafter			12% for next 2 year, 9% thereafter		
[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]						
Withdrawal rates [p.a.]	40% at younger ages reducing to 1% at older ages			40% at younger ages reducing to 1% at older ages		
[The estimates of level of attrition is based on broad economic outlook, type of sector the Company operates in and measures taken by the management to retain/ relieve the employees]						
I **The categories of plan assets as a % of total plan assets are:**						
Insurance plan	0.00%	100.00%	99.00%	0.00%	100.00%	100.00%
Bank Balance	0.00%	0.00%	1.00%	0.00%	0.00%	0.00%

The expected contributions for Defined Benefit Plan for the next financial year will be ₹ 229 Million [Previous year: ₹ 214 Million].

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6.66 years [as at March 31, 2022: 6.65 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumptions is shown below:

₹ in Million

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2023	2022	2023	2022	2023	2022
Impact on obligation:						
Discount rate increase by 0.5%	(5)	(5)	(39)	(42)	(64)	(59)
Discount rate decrease by 0.5%	5	5	41	44	69	65
Annual salary cost increase by 0.5%	5	5	40	43	67	63
Annual salary cost decrease by 0.5%	(5)	(5)	(38)	(41)	(63)	(58)
Withdrawal rate increase by 10%	(6)	(5)	(27)	(24)	(16)	(19)
Withdrawal rate decrease by 10%	7	6	31	27	19	23

The following payments are expected contributions to the defined benefit plan and long term employment benefit in future years:

₹ in Million

	As at March 31 2023	As at March 31 2022
Within the next 12 months [next annual reporting period]	849	669
Between 2 and 5 years	1,627	1,451
Between 6 and 10 years	1,490	1,306
Total expected payments	**3,966**	**3,426**

Notes to the Financial Statements

Note: 21-Deferred Tax:

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

₹ in Million

	As at March 31 2021	Impact for the previous year	As at March 31 2022	Impact for the current year	As at March 31 2023
Deferred Tax Liabilities:					
Depreciation	2,206	527	2,733	166	2,899
Fair Value Adjustment - Financial Instruments	164	-	164	-	164
	2,370	**527**	**2,897**	**166**	**3,063**
Deferred Tax Assets:					
Employee benefits/ Payable to Statutory Authorities	946	74	1,020	(129)	891
Inventory and related items	104	(22)	82	(11)	71
Receivables	74	31	105	-	105
Unabsorbed short term capital loss	173	(14)	159	(106)	53
	1,297	**69**	**1,366**	**(246)**	**1,120**
Net Deferred Tax Liabilities	**1,073**	**458**	**1,531**	**412**	**1,943**

B The Net Deferred Tax of ₹ 412 Million (Previous Year ₹ 458 Million) has been charged in the Statement of Profit and Loss.

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

D The Company did not have any MAT Credit outstanding as at March 31, 2023 (as at March 31, 2022: ₹ 1,013) Million. The Company did not recognise such MAT credit in the past as a component of deferred tax asset in the balance sheet, on the basis of the then assessment made by the Company's management of the profitability and operational plans in the foreseeable future, and the Company's management was of the view, at various points of time, that there was no convincing evidence supporting the probability that the Company would be liable to pay income tax under the normal provisions of the Income-tax Act, 1961 (the Act) for the periods up to which the Company is eligible to utilise the unused MAT credit, specifically considering the available deductions/ benefits etc. under the normal provisions under the Act.

However, during the year, the Company was once again in a situation where it ended up utilising unrecognised MAT credit of ₹ 1,013 (Previous year: ₹ 2,065) Million as it had to pay income tax under the normal provisions under the Act.

Note: 22-Borrowings:

₹ in Million

	As at March 31 2023	As at March 31 2022
Loans repayable on Demand:		
Working Capital Loans from Banks (Secured) (*)	-	5,000
Working Capital Loans from Banks (Unsecured) (**)	9,693	13,607
Working Capital Loans from Others (Unsecured)	-	1,700
Current Maturities of Long Term Debt (Refer Note-18)	822	5,055
Total	**10,515**	**25,362**

(*) Working Capital Loans which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares relating to plant and machineries (consumable stores and spares), including goods in transit, bills receivables and book debts. The value of such current assets is ₹ 52,877 (as at March 31, 2022 ₹ 42,040) Million. Quarterly statements of current assets filed by the Company with bank are in agreement with the books of accounts.

(**) PCFC and Packing Credit loans in ₹ (PCRE) loans are payable during April, 2023 to September, 2023. The outstanding amount of loans as at March 31, 2023 is ₹ 9,693 (as at March 31, 2022: ₹ 13,607) Million.

Notes to the Financial Statements

Note: 23-Trade Payables:

₹ in Million

		As at March 31 2023	As at March 31 2022
Dues to Micro and Small Enterprises (*)		128	4
Dues to other than Micro and Small Enterprises		10,304	10,648
Total		**10,432**	**10,652**
(*)	Disclosure in respect of Micro and Small Enterprises:		
A	Principal amount remaining unpaid to any supplier as at year end	128	4
B	Interest due thereon	-	-
C	Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	6	3
D	Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
E	Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
F	Amount of further interest remaining due and payable in succeeding years	-	-

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises on the basis of information available with the Company.

Ageing of Trade Payables :

₹ in Million

Particulars	Not Due	Outstanding from due date of payment: Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
As at March 31, 2023						
Undisputed Micro and Small Enterprises (MSME)	128	-	-	-	-	128
Undisputed Others	6,168	3,639	204	237	56	10,304
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	**6,296**	**3,639**	**204**	**237**	**56**	**10,432**
As at March 31, 2022						
Undisputed MSME	4	-	-	-	-	4
Undisputed Others	5,226	5,110	231	12	69	10,648
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	**5,230**	**5,110**	**231**	**12**	**69**	**10,652**

Notes to the Financial Statements

Note: 24-Other Financial Liabilities:

₹ in Million

	As at March 31 2023	As at March 31 2022
Interest accrued but not due on borrowings	1,131	54
Accrued Expenses	1,843	1,555
Payable for Capital Goods	586	673
Unpaid Dividends (*)	43	48
Total	**3,603**	**2,330**

(*) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Note: 25-Other Current Liabilities:

₹ in Million

	As at March 31 2023	As at March 31 2022
Advances from Customers	572	427
Payable to Statutory Authorities	548	381
Others	238	55
Total	**1,358**	**863**

Note: 26-Provisions:

₹ in Million

	As at March 31 2023	As at March 31 2022
Provision for Employee Benefits	571	390
Provision for claims for product expiry and return of goods (*)	343	437
Total	**914**	**827**
(*) Provision for claims for product expiry and return of goods:		
a Provision for product expiry claims and return of goods in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers.		
The Company does not expect such claims to be reimbursed by any other party in future.		
b The movement in such provision is stated as under:		
i Carrying amount at the beginning of the year	437	300
ii Additional (reversal)/ provision made during the year	(94)	137
iii Carrying amount at the end of the year	343	437

Note: 27-Current Tax Liabilities (Net):

₹ in Million

	As at March 31 2023	As at March 31 2022
Provision for Taxation (Net of advance payment of tax of ₹ 12,611 {as at March 31, 2022: ₹ 8,702} Million)	1,077	232
Total	**1,077**	**232**

Notes to the Financial Statements

Note: 28-Contingent Liabilities and Commitments (to the extent not provided for):

₹ in Million

				As at March 31 2023	As at March 31 2022
A	**Contingent Liabilities:**				
	a	Claims against the Company not acknowledged as debts		128	124
		-	Net of advance of	-	-
		-	Includes in respect of Amalgamated {*} Companies	2	2
	b	In respect of corporate guarantees given by the Company to Banks for the outstanding dues of loans availed by some of the subsidiary companies		-	15,769
	c	Other money for which the company is contingently liable:			
		i	In respect of the demands raised by the Goods and Service Tax, Central Excise, State Excise, Customs & Service Tax Authority	1,781	1,772
			- Net of advance of	92	73
	ii	In respect of the demands raised by the Ministry of Chemicals & Fertilizers, Govt. of India under Drug Price Control Order, 1979/ 1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations and disputed by the Company, which the Company expects to succeed based on the legal advice		86	111
			- Net of advance of	67	69
			- Includes in respect of Amalgamated {*} Companies	7	25
	iii	In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts		1,090	71
		-	Net of advance of	82	103
	iv	In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts		103	104
		-	Net of advance of	13	18
	v	Letters of Credit for Imports		11	20
	vi	The Company has imported certain capital equipment at concessional rate of custom duty under "Export Promotion of Capital Goods Scheme" of the Central Government. The Company has undertaken an incremental export obligation to the			
		-	extent of US $ Million 15 (Previous Year: 1)		
		-	equivalent to ₹ Million approx. 1,201 (Previous Year: 94) to be fulfilled during a specified period as applicable from the date of imports. The unprovided liability towards custom duty payable thereon in respect of unfulfilled export obligations where the specified period to fulfil the obligation has not expired	194	15

(*) represents contingent liabilities taken over by the Company under the Scheme of Arrangement and Amalgamation of Cadila Laboratories Limited and erstwhile Cadila Chemicals Limited, Cadila Antibiotics Limited, Cadila Exports Limited and Cadila Veterinary Private Limited with the Company w.e.f. June 1, 1995.

B Legal proceedings:

The Company and/or its subsidiaries are involved in various legal proceedings including product liabilities, employment claims, contracts and other legal and regulatory matters relating to the conduct of its business. The Company believes it has meritorious defenses to these lawsuits.

Notes to the Financial Statements

Note: 28-Contingent Liabilities and Commitments (to the extent not provided for): (Continued)

C Commitments:

₹ in Million

		As at March 31 2023	As at March 31 2022
a	Estimated amount of contracts remaining to be executed on capital account and not provided for	3,868	4,345
	- Net of advance of	1,087	521

Note: 29-Dividend proposed to be distributed:

The Board of Directors, at its meeting held on May 18, 2023, recommended the final dividend of ₹ 6.00 per equity share of ₹ 1/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Notes to the Financial Statements

Note: 30-Revenue from Operations:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Sale of Products	84,212	75,900
Other Operating Revenues:		
Production Linked Incentive income (*)	1,155	-
Export Incentives	517	468
Contract Manufacturing and Processing income	772	780
Miscellaneous Income	660	1,221
	3,104	**2,469**
Total	**87,316**	**78,369**
(*) The Company is eligible for claiming benefits under the Production Linked Incentive (PLI) Scheme of the Government of India. Based on the claims submitted so far and the estimated claims to be submitted by the Company, the Company has recognised the PLI income.		
Pursuant to Ind AS 115 "Revenue from Contracts with Customers" reconciliation of revenue recognised in the statement of profit and loss with the contracted price is under:		
Revenue as per contracted price	84,118	76,017
Less:		
Provision for Expiry and Sales Return	104	(136)
Discounts/ Price Reduction/ Rebates	(10)	19
	94	**(117)**
Revenue from contract with customers	**84,212**	**75,900**

Note: 31-Other Income:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	1,531	316
Net Gain on Forward Contract	258	646
Gain / (Loss) on valuation of Forward Contract value related to investment in a Joint Venture mandatorily measured at FVTPL	113	123
	1,902	**1,085**
Dividend Income:		
From Investments designated as at FVOCI	7	5
From Investments designated as at Amortized Cost (*)	2,394	433
	2,401	**438**
Net Gain on Investments mandatorily measured at FVTPL	142	55
Net Gain on sale of Property, Plant and Equipment and Intangible Assets (Net of loss of ₹ 28 Million)	810	-
Other Non-operating Income	229	209
Total	**5,484**	**1,787**
(*) Includes dividend from subsidiary companies	1,869	183

Notes to the Financial Statements

Note: 32-Cost of Materials Consumed:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Raw Materials:		
Stock at commencement	8,277	8,216
Add: Purchases	21,621	22,321
	29,898	**30,537**
Less: Stock at close	8,602	8,277
	21,296	**22,260**
Packing Materials consumed	5,739	4,030
Total	**27,035**	**26,290**

Note: 33-Purchases of Stock-in-Trade:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Purchases of Stock-in-Trade	3,627	2,881
Total	**3,627**	**2,881**

Note: 34-Changes in Inventories:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Stock at commencement:		
Work-in-progress	2,659	3,375
Finished Goods	5,036	4,474
Stock-in-Trade	1,054	431
	8,749	**8,280**
Less: Stock at close:		
Work-in-progress	3,170	2,659
Finished Goods	3,195	5,036
Stock-in-Trade	1,333	1,054
	7,698	**8,749**
Total	**1,051**	**(469)**

Notes to the Financial Statements

Note: 35-Employee Benefits Expense:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Salaries and wages	11,998	10,949
Contribution to provident and other funds (*)	835	775
Staff welfare expenses	386	325
Total	**13,219**	**12,049**
Above expenses include:		
Research related expenses:		
Salaries and wages	2,197	1,914
Contribution to provident and other funds	152	137
Staff welfare expenses	54	37
Total	**2,403**	**2,088**
Managing Directors' Remuneration	263	197
(*) The Company's contribution towards defined contribution plan	564	519

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

Note: 36-Finance Cost:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Interest expense (*)	2,515	943
Net Loss on foreign currency transactions and translation	243	375
Bank commission & charges	24	31
Total	**2,782**	**1,349**
(*) The break up of interest expense into major heads is given below:		
On term loans	152	113
On working capital loans	636	671
On lease	3	3
Others - Related parties (Refer Note-41)	1,723	156
Others	1	-
Total	**2,515**	**943**

Notes to the Financial Statements

Note: 37-Other Expenses:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Research Materials	1,334	1,092
Analytical Expenses	1,248	943
Consumption of Stores and spare parts	1,915	2,249
Power & fuel	2,786	2,452
Rent	12	9
Repairs to Buildings	185	193
Repairs to Plant and Machinery	799	686
Repairs to Others	214	217
Insurance	421	444
Rates and Taxes (excluding taxes on income)	18	17
Processing Charges	212	466
Commission to Directors	17	14
Traveling Expenses	562	305
Legal and Professional Fees (*)	2,212	1,980
Commission on sales	530	581
Freight and forwarding on sales	2,423	2,722
Representative Allowances	100	81
Other marketing expenses	1,511	1,374
Allowances of credit losses:		
Expected credit loss	24	19
Less: Transferred from expected credit loss	(23)	(12)
	1	**7**
Allowances for Doubtful Advances:		
Doubtful advances written off	20	-
Allowances for credit impaired	-	14
	20	**14**
Less: Transferred from allowances for credit impaired	(2)	(5)
	18	**9**
Directors' fees	10	10
Net Loss on disposal of Property, Plant and Equipment (Previous Year: Net of gain of ₹ 5 Million)	-	31
Donations	58	3
Miscellaneous Expenses (#)	3,989	4,002
Total	**20,575**	**19,887**

Notes to the Financial Statements

Note: 37-Other Expenses: (Continued)

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Above expenses include Research related expenses as follows:		
Research Materials	1,286	1,092
Analytical expenses	1,065	794
Consumption of Stores and spare parts	473	536
Power & Fuel	173	149
Repairs to Buildings	31	12
Repairs to Plant and Machinery	171	111
Repairs to Others	17	48
Insurance	7	29
Traveling Expenses	33	12
Legal and Professional fees	659	1,265
Net Loss on disposal of Property, Plant and Equipment	32	17
Miscellaneous Expenses (excluding Depreciation of ₹ 378 {Previous Year: ₹ 393} Million)	1,417	1,292
Total	**5,364**	**5,357**
Research related Net Loss on foreign currency transactions and translation	26	43
[*] Legal and Professional Fees include:		
Payment to the Statutory Auditors (excluding GST):		
i - As Auditor	12	11
- For Other Services	4	1
- Reimbursement of expenses	1	-
- **Total**	**17**	**12**
ii Cost Auditor's Remuneration including fees for other services (excluding GST)	2	1
[#] Miscellaneous Expenses include:		
a Expenditure on Corporate Social Responsibility (CSR) Activities as required u/s 135 of the Companies Act, 2013:	243	270
# Particulars with regard to CSR activities :		
1 Amount required to be spent during the year as per section 135(5)	243	270
2 Amount spent on CSR for construction/ acquisition of asset	63	170
3 Amount of excess CSR spent of earlier years utilized for the financial year	180	100
4 Excess / (Shortfall) at the end of the financial year	-	-
5 Amount available for set off in succeeding financial year	251	431
6 Total of previous years shortfall	N.A	N.A
7 Reasons for shortfall	N.A	N.A
8 Nature of CSR Activities:		
A Healthcare	243	270
9 Details of Related Parties:		
A Contribution to Zydus Foundation, a wholly owned subsidiary of the Company, is a company incorporated under Section 8 of the Companies Act, 2013	63	170

Notes to the Financial Statements

Note: 38-Tax Expenses:

₹ in Million

		Year ended March 31 2023	Year ended March 31 2022
The major components of income tax expense are:			
A	**Statement of profit and loss:**		
	Profit or loss section:		
	Current income tax:		
	Current income tax charge	4,641	2,602
	Adjustments in respect of current income tax of previous years	(23)	-
		4,618	**2,602**
	Deferred tax:		
	Relating to origination and reversal of temporary differences [Refer Note-21]	412	458
	Tax expense reported in profit or loss	**5,030**	**3,060**
	OCI Section:		
	Tax related to items recognised in OCI during in the year:		
	Net loss/ (gain) on remeasurements of defined benefit plans	(5)	(2)
	Tax charged to OCI	**(5)**	**(2)**
B	**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:**		
	Profit before tax	20,322	11,639
	Enacted Tax Rate in India (%)	34.94%	34.94%
	Expected Tax Expenses	7,101	4,067
	Adjustments for:		
	Tax effect due to non-taxable income for tax purposes	(1,214)	(276)
	Effect of deferred tax assets/ liabilities recognised in earlier years	30	304
	Effect of non-deductible expenses	870	1,187
	Effect of additional deductions in taxable income	(845)	(158)
	Effect of MAT Credit utilised on which deferred tax asset is not created	(1,013)	(2,065)
	Others	101	1
	Total	**(2,071)**	**(1,007)**
	Tax Expenses as per Profit or Loss	**5,030**	**3,060**

Note: 39-Calculation of Earnings per Equity Share (EPS):

₹ in Million

			Year ended March 31 2023	Year ended March 31 2022
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A	Profit attributable to Shareholders	₹ in Million	15,292	8,579
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	1,015,649,871	1,023,742,600
C	Nominal value of equity share	₹	1	1
D	Basic & Diluted EPS	₹	15.06	8.38

Notes to the Financial Statements

Note: 40-Segment Information:

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

Note: 41-Related Party Transactions:

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

a Entity having control over the Company : Zydus Family Trust [Holding 74.96 % in the Company]

b Subsidiary Companies/ entities:

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

c Joint Venture Companies:

Zydus Hospira Oncology Private Limited
Zydus Takeda Healthcare Private Limited
Bayer Zydus Pharma Private Limited

Notes to the Financial Statements

Note: 41-Related Party Transactions: (Continued)

d Key Managerial Personnel:

Mr. Pankaj R. Patel	Non-Executive Chairman
Dr. Sharvil P. Patel	Managing Director & son of Chairman
Mr. Ganesh N. Nayak	Executive Director
Mr. Mukesh M. Patel	Non-Executive Director
Mr. Apurva S. Diwanji	Independent Director
Mr. Nitin R. Desai	Independent Director
Ms. Dharmishtaben N. Raval	Independent Director
Mr. Bhadresh K. Shah	Independent Director
Mr. Akhil Monappa	Independent Director
Ms. Upasana Konidela	Independent Director
Mr. Nitin D. Parekh	Executive Officer (Chief Financial Officer)
Mr. Dhaval N. Soni	Executive Officer (Company Secretary)

e Enterprises significantly influenced by Directors and/or their relatives with whom transactions have taken place:

Cadmach Machinery Company Private Limited
Zydus Hospitals and Healthcare Research Private Limited
Aleta Hospitals LLP (Formerly known as Zydus Hospitals (Vadodra) Private Limited)
Zydus Infrastructure Private Limited
Sahyadri Hospitals Private Limited
Cadila Laboratories Private Limited
Oneiro Chemicals Private Limited
Mukesh M. Patel & Co.
M/s. International Tax and Investments Consultants
Vitely Bio LLP

f Post Employment Benefits Plans with whom transactions have taken place:

Cadila Healthcare Limited Employees Group Gratuity Scheme
Cadila Healthcare Ltd. Managerial Cadre EPF

B Transactions with Related Parties:

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

a Details relating to parties referred to in Note-41-A (b, c & e)

Nature of Transactions	Value of the Transactions (₹ in Million)					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2023	2022	2023	2022	2023	2022
Purchases:						
Goods:						
Zydus VTEC Limited	2,027	838	-	-	-	-
Oneiro Chemicals Private Limited	-	-	-	-	549	378
Others	262	658	145	1	4	3
Total	**2,289**	**1,496**	**145**	**1**	**553**	**381**

Notes to the Financial Statements

Note: 41-Related Party Transactions: (Continued)

Nature of Transactions	Value of the Transactions (₹ in Million)					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2023	2022	2023	2022	2023	2022
Property, Plant and Equipment:						
Cadmach Machinery Company Private Limited	-	-	-	-	1	29
Hercon Pharmaceuticals LLC (USA)	175	4	-	-	-	-
Zydus Infrastructure Private Limited	-	-	-	-	43	-
Others	16	5	-	-	-	-
Total	**191**	**9**	**-**	**-**	**44**	**29**
Reimbursement of Expenses paid:						
Zydus Pharmaceuticals (USA) Inc.	1,695	1,572	-	-	-	-
Others	553	400	12	16	-	-
Total	**2,248**	**1,972**	**12**	**16**	**-**	**-**
Services:						
Zydus Pharmaceuticals Limited	166	-	-	-	-	-
Zydus Infrastructure Private Limited	-	-	-	-	90	106
Others	22	114	1	-	21	33
Total	**188**	**114**	**1**	**-**	**111**	**139**
Sales:						
Goods:						
Zydus Pharmaceuticals (USA) Inc.	52,093	43,703	-	-	-	-
Others	8,117	6,887	466	254	4	21
Total	**60,210**	**50,590**	**466**	**254**	**4**	**21**
Property, Plant and Equipment and intangible assets:						
Zydus Worldwide DMCC	651	-	-	-	-	
Others	30	263	-	-	-	-
Total	**681**	**263**	**-**	**-**	**-**	**-**
Reimbursement of Expenses Recovered:						
Zydus Worldwide DMCC	139	105	-	-	-	-
Zydus Animal Health and Investments Limited	108	195	-	-	-	-
Zydus Pharmaceuticals (USA) Inc.	137	-	-	-	-	-
Others	10	19	-	1	-	-
Total	**394**	**319**	**-**	**1**	**-**	**-**

Notes to the Financial Statements

Note: 41-Related Party Transactions: (Continued)

Nature of Transactions	Value of the Transactions (₹ in Million)					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2023	2022	2023	2022	2023	2022
Services:						
Zydus Worldwide DMCC	115	184	-	-	-	-
Zydus Healthcare Limited	534	552	-	-	-	-
Zydus Pharmaceuticals (USA) Inc.	194	239	-	-	-	-
Others	174	222	1	-	-	1
Total	**1,017**	**1,197**	**1**	**-**	**-**	**1**
CSR Expenses:						
Zydus Foundation	63	170	-	-	-	-
Investments:						
Impairment [Note-46]:						
Sentynl Therapeutics Inc	2,038	-	-	-	-	-
Zydus Noveltech Inc.	-	3,193	-	-	-	-
Total	**2,038**	**3,193**	**-**	**-**	**-**	**-**
Redemption of Investments:						
Zydus Healthcare Limited	-	10,065	-	-	-	-
Zydus Animal Health and Investments Limited	-	5,000	-	-	-	-
Others	-	-	-	40	-	-
Total	**-**	**15,065**	**-**	**40**	**-**	**-**
Dividend Received:						
Zydus Healthcare Limited	1,686	-	-	-	-	-
Zydus Takeda Healthcare Private Limited	-	-	325	-	-	-
Others	183	183	200	250	-	-
Total	**1,869**	**183**	**525**	**250**	**-**	**-**
Finance:						
Inter Corporate Loans given:						
Zydus Pharmaceuticals (USA) Inc.	8,709	-	-	-	-	-
Zydus Worldwide DMCC	3,886	1,506	-	-	-	-
Zydus International Private Limited	7,810	-	-	-	-	-
Others	1,166	2,785	-	-	-	-
Total	**21,571**	**4,291**	**-**	**-**	**-**	**-**
Inter Corporate Loans repaid by:						
Zydus Pharmaceuticals (USA) Inc.	9,134	-	-	-	-	-
Others	-	4,685	-	-	-	-
Total	**9,134**	**4,685**	**-**	**-**	**-**	**-**

Notes to the Financial Statements

Note: 41-Related Party Transactions: (Continued)

Nature of Transactions	Value of the Transactions (₹ in Million)					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2023	2022	2023	2022	2023	2022
Inter Corporate Loans accepted:						
Zydus Healthcare Limited	14,130	-	-	-	-	-
Zydus Animal Health and Investments Limited	22,780	-	-	-	-	-
Others	800	-	-	-	-	-
Total	**37,710**	**-**	**-**	**-**	**-**	**-**
Inter Corporate Loans repaid to:						
Zydus Healthcare Limited	1,700	5,300	-	-	-	-
Interest Income:						
Zydus International Private Limited	389	23	-	-	-	-
Zydus Pharmaceuticals (USA) Inc.	435	87	-	-	-	-
Zydus Worldwide DMCC	418	42	-	-	-	-
Others	41	83	4	5	-	-
Total	**1,283**	**235**	**4**	**5**	**-**	**-**
Interest Expense:						
Zydus Healthcare Limited	581	156	-	-	-	-
Zydus Animal Health and Investments Limited	1,117	-	-	-	-	-
Others	25	-	-	-	-	-
Total	**1,723**	**156**	**-**	**-**	**-**	**-**
Nature of Transactions	As at March 31					
	2023	2022	2023	2022	2023	2022
Outstanding:						
Payable:						
Zydus Healthcare Limited	14,549	2,133	-	-	-	-
Zydus Animal Health and Investments Limited	23,467	-	-	-	-	-
Others	2,024	1,506	48	1	124	98
Total	**40,040**	**3,639**	**48**	**1**	**124**	**98**
Receivable:						
Zydus Worldwide DMCC	14,076	8,889	-	-	-	-
Zydus Pharmaceuticals (USA) Inc.	37,432	27,095	-	-	-	-
Zydus International Private Limited	12,096	3,314	-	-	-	-
Others	5,885	2,846	97	14	6	50
Total	**69,489**	**42,144**	**97**	**14**	**6**	**50**
Guarantees:						
Zydus Pharmaceuticals (USA) Inc.	-	5,687	-	-	-	-
Zydus International Private Limited	-	7,582	-	-	-	-
Zydus VTEC Limited	-	2,500	-	-	-	-
Total	**-**	**15,769**	**-**	**-**	**-**	**-**

Notes to the Financial Statements

Note: 41-Related Party Transactions: (Continued)

₹ in Million

			Year ended March 31 2023	Year ended March 31 2022
b	**Details relating to persons referred to in Note-41-A (a) above:**			
	(i)	Dividend paid	1,897	2,682
c	**Details relating to persons referred to in Note-41-A (d) above:**			
	(i)	Salaries and other employee benefits to Chairman, Managing Director, Executive Director and other executive officers	466	431
	(ii)	Commission and Sitting Fees to Non Executive/ Independent Directors	27	24
	(iii)	Outstanding payable to above (i) and (ii)	144	73
d	**Details relating to persons referred to in Note-41-A (f) above:**			
	(i)	Contributions (including Employees' share and contribution)	1,064	754
e	**Details relating to buyback of shares from Promoter/ Promoter Group (Refer Note-16-D for name of promoters):**			
	(i)	Zydus Family Trust	4,935	-
	(ii)	Others	1	-
		Total	**4,936**	**-**

Note: 42-Details of Loans given, Investments made and guarantees given covered u/s 186(4) of the Companies Act, 2013:

A **Details of loans and investments are given under the respective heads.**

B **Corporate guarantees given by the Company (#):**

₹ in Million

		As at March 31 2023	As at March 31 2022
Subsidiary Companies:			
a	Zydus Pharmaceuticals (USA) Inc.	-	5,687
b	Zydus International Private Limited	-	7,582
c	Zydus VTEC Limited	-	2,500
Total		**-**	**15,769**

(#) Corporate guarantees which are outstanding at the end of the respective financial year, are given for business purpose.

Note: 43-Financial Instruments:

A **Fair values hierarchy:**

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

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

Level 2: Inputs other than quoted prices included within Level 1 which are observable for the assets or liabilities, either directly or indirectly.

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

Notes to the Financial Statements

Note: 43-Financial Instruments: (Continued)

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

₹ in Million

	As at March 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	2,016	-	-	2,016
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,827	1,827
Derivative designated as hedge:				
Receivables for Forward Contract	-	-	-	-
Financial Investments at FVOCI:				
Quoted equity instruments	728	-	-	728
Unquoted equity instruments	-	22	-	22
Total financial assets	**2,744**	**22**	**1,827**	**4,593**
Financial liabilities	-	-	-	-
	As at March 31, 2022			
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	2,205			2,205
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,714	1,714
Derivative designated as hedge:				
Receivables for Forward Contract	-	252	-	252
Financial Investments at FVOCI:				
Quoted equity instruments	887	-	-	887
Unquoted equity instruments	-	11	-	11
Total financial assets	**3,092**	**263**	**1,714**	**5,069**
Financial liabilities	-	-	-	-

C Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed:

₹ in Million

	Carrying Value	As at March 31, 2023			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:					
Investment in preference shares	64	-	64	-	64
Investment in compulsorily convertible debentures	22	-	22		22
Investment in Bonds	2,663	2,663	-	-	2,663
		As at March 31, 2022			
Financial assets:					
Investment in preference shares	60	-	60	-	60
Investment in compulsorily convertible debentures	6	-	6		6
Investment in Bonds	2,695	2,695	-	-	2,695

Notes to the Financial Statements

Note: 43-Financial Instruments: (Continued)

Financial Assets:

The carrying amounts of trade receivables, loans and advances to related parties and other financial assets (other than referred above), 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.

Fair values of investment in compulsorily convertible debentures were calculated based on cash flows discounted using the applicable adjusted market interest rates.

D Valuation process and technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

a The use of quoted market prices for similar instruments.

b Fair value of Forward Contract value related to investment in a Joint Venture has been determined considering the estimated exercise price and value of the underlying entity. The valuation has been derived using the Present Value technique under Income Approach.

The valuation includes significant unobservable inputs like Weighted Average Cost of Capital (WACC), revenue forecast, etc.

Significant unobservable inputs:

Budgeted Sales growth rate : 11.5% per annum

Weighted Average Cost of Capital : 7.2% per annum

For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurement on profit or loss or other comprehensive income for the period is provided below:

Movement in Forward Contract value related to investment in a Joint Venture:

₹ in Million

	As at March 31 2023	As at March 31 2022
Value as at beginning of the year	1,714	1,590
Add: Gain on valuation of Forward Contract value related to investment in a Joint Venture	113	123
Value as at end of the year	1,827	1,714
Out of above, amount disclosed under-		
Other Non-Current Financial Assets (Note-6)	1,827	1,714

Sensitivity analysis for valuation of Forward Contract value related to investment in a Joint Venture:

a Sensitivity in value for 50 basis points change in Weighted Average Cost of Capital (WACC)-

₹ in Million

	As at March 31, 2023		As at March 31, 2022	
	-0.50%	+0.50%	-0.50%	+0.50%
Impact on value of the contract	13	(13)	24	(24)

Notes to the Financial Statements

Note: 44-Financial Risk Management:

A Financial instruments by category:

₹ in Million

	As at March 31, 2023			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments (other than investment in Equity of Subsidiaries and Joint Ventures)	-	750	-	750
Preference shares	-	-	64	64
Mutual funds	2,016	-	-	2,016
Bonds	-	-	2,663	2,663
Debentures	-	-	22	22
Non Current Loans	-	-	31,658	31,658
Non Current Other Financial Assets (other than Forward Contract value related to investment in a JV)	-	-	2,632	2,632
Trade receivables	-	-	35,053	35,053
Forward Contract value related to investment in a JV	1,827	-	-	1,827
Cash and Cash Equivalents	-	-	2,481	2,481
Current Loans	-	-	8,170	8,170
Other Current Financial Assets (other than Receivables for Forward Contract)	-	-	1,815	1,815
Total	**3,843**	**750**	**84,558**	**89,151**
Financial liabilities:				
Borrowings (including current maturities and interest accrued but not due)	-	-	49,356	49,356
Trade payables	-	-	10,432	10,432
Non Current Other Financial Liabilities	-	-	217	217
Payable for Capital Goods	-	-	586	586
Other Current Financial Liabilities	-	-	1,888	1,888
Total	**-**	**-**	**62,479**	**62,479**

Notes to the Financial Statements

Note: 44-Financial Risk Management: (Continued)

A Financial instruments by category:

₹ in Million

	As at March 31, 2022			
	FVTPL	**FVOCI**	**Amortised Cost**	**Total**
Financial assets:				
Investments:				
Equity instruments (other than investment in Equity of Subsidiaries and Joint Ventures)	-	898	-	898
Preference shares	-	-	60	60
Mutual funds	2,205	-	-	2,205
Bonds	-	-	2,695	2,695
Debentures		-	6	6
Non Current Loans	-	-	9,178	9,178
Non Current Other Financial Assets (other than Forward Contract value related to investment in a JV)	-	-	91	91
Trade receivables	-	-	22,777	22,777
Forward Contract value related to investment in a JV	1,714	-	-	1,714
Cash and Cash Equivalents	-	-	3,026	3,026
Current Loans	-	-	14,763	14,763
Receivables for Forward Contract	252	-	-	252
Other Current Financial Assets (other than Receivables for Forward Contract)	-	-	917	917
Total	**4,171**	**898**	**53,513**	**58,582**
Financial liabilities:				
Borrowings (including current maturities and interest accrued but not due)	-	-	26,680	26,680
Trade payables	-	-	10,652	10,652
Non Current Other Financial Liabilities	-	-	157	157
Payable for Capital Goods	-	-	673	673
Other Current Financial Liabilities	-	-	1,616	1,616
Total	**-**	**-**	**39,778**	**39,778**

B Risk Management:

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

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

a Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle its obligations as agreed. The Company is exposed to credit risk from investment in preference shares measured at amortised cost, loans and advances to related parties, trade receivables, bank deposits and other financial assets. The Company periodically assesses the financial

Notes to the Financial Statements

Note: 44-Financial Risk Management: (Continued)

reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

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

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

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

iv The counter party to the forward contract value related to the Investment in a Joint Venture is the associate entity of co-venturer of one of Joint Ventures. The contract is governed by a shareholders' agreement which has the needful representations by the counter party. The Company is exposed to insignificant credit risk in relation to the same.

v Trade Receivables: 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 credit losses is not significant.

vi 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, 2023 and March 31, 2022.

The Company has used lifetime 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 Million

	As at March 31 2023	As at March 31 2022
Trade Receivables:		
Less than 180 days (including not due)	33,772	22,516
180 - 365 days	737	140
Above 365 days	544	121
Total	**35,053**	**22,777**
Movement in the expected credit loss allowance on trade receivables:		
Balance at the beginning of the year	60	53
Addition	24	19
Recoveries	(23)	(12)
Balance at the end of the year	**61**	**60**

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

b Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Notes to the Financial Statements

Note: 44-Financial Risk Management: (Continued)

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

Maturities of financial liabilities:

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ in Million

	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As at March 31, 2023				
Non-derivative Financial Liabilities:					
Borrowings (including current maturities and interest)	13,713	2,954	38,662	-	**55,329**
Other non current financial liabilities	-	5	5	207	**217**
Trade payable	10,432	-	-	-	**10,432**
Accrued Expenses	1,843	-	-	-	**1,843**
Payable for Capital Goods	586	-	-	-	**586**
Other Current Financial Liabilities	45	-	-	-	**45**
	26,619	**2,959**	**38,667**	**207**	**68,452**
Corporate Guarantees	-	-	-	-	**-**
Total	**26,619**	**2,959**	**38,667**	**207**	**68,452**
	As at March 31, 2022				
Non-derivative Financial Liabilities:					
Borrowings (including current maturities and interest)	25,548	1,276	-	-	**26,824**
Other non current financial liabilities	-	2	1	158	**161**
Trade payable	10,652	-	-	-	**10,652**
Accrued Expenses	1,555	-	-	-	**1,555**
Payable for Capital Goods	673	-	-	-	**673**
Other Current Financial Liabilities	61	-	-	-	**61**
	38,489	**1,278**	**1**	**158**	**39,926**
Corporate Guarantees	-	-	13,269	2,500	**15,769**
Total	**38,489**	**1,278**	**13,270**	**2,658**	**55,695**

c **Foreign currency risk:**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar.

Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The 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.

Notes to the Financial Statements

Note: 44-Financial Risk Management: (Continued)

Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹-Million, are as follows:

₹ in Million

	Exposure of USD	
	2023	**2022**
Financial assets:		
Trade receivable	33,681	19,548
Cash and Cash equivalents	97	1,867
Investment in quoted equity instruments	114	325
Loans to Related Parties alongwith interest	39,826	23,939
Total exposure to foreign currency risk (assets)	**73,718**	**45,679**
Financial liabilities:		
Foreign currency loan alongwith interest	8,016	6,319
Trade and other payable	4,036	1,251
Total exposure to foreign currency risk (liabilities)	**12,052**	**7,570**
Net exposure to foreign currency risk	**61,666**	**38,109**
	Exposure of Other Foreign Currencies	
Financial assets:		
Trade receivable	1,117	1,303
Cash and Cash equivalents	31	40
Total exposure to foreign currency risk (assets)	**1,148**	**1,343**
Financial liabilities:		
Trade and other payable	710	344
Total exposure to foreign currency risk (liabilities)	**710**	**344**
Net exposure to foreign currency risk	**438**	**999**

Sensitivity *:

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

₹ in Million

	As at March 31, 2023			As at March 31, 2022		
	Movement in Rate	**Impact on PAT (*)**	**Impact on Other Equity (*)**	**Movement in Rate**	**Impact on PAT (*)**	**Impact on Other Equity (*)**
USD	8.00%	3,204	9	4.00%	984	13
USD	-8.00%	(3,204)	(9)	-4.00%	(984)	(13)
Others	6.00%	17	-	2.00%	13	-
Others	-6.00%	(17)	-	-2.00%	(13)	-

* Holding all other variables constant

Notes to the Financial Statements

Note: 44-Financial Risk Management: (Continued)

d Interest rate risk:

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. As at March 31, 2023, 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 Million

	Movement in Rate	As at March 31 2023	As at March 31 2022
Interest rates	+0.50%	(157)	(87)
Interest rates	-0.50%	157	87

* Holding all other variables constant

e Price risk:

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.

Sensitivity *:

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

₹ in Million

	Movement in Rate	As at March 31 2023		As at March 31 2022	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments (Quoted)					
Increase	+10.00%	-	73	-	89
Decrease	-10.00%	-	(73)	-	(89)
Mutual Funds (Quoted)					
Increase	+2.00%	40	-	44	-
Decrease	-2.00%	(40)	-	(44)	-

* Holding all other variables constant

C Hedge:

Disclosure of effects of hedge accounting on financial position:

Hedged item - Changes in fair value of trade receivables and loan receivables from overseas entity attributable to changes in foreign exchange rates

Hedging instrument - Changes in fair value of forward contracts attributable to foreign exchange rates (including foreign currency borrowings in previous year)

Notes to the Financial Statements

Note: 44-Financial Risk Management: (Continued)

As at March 31, 2023						
Type of hedged risk	**Carrying amount (USD-Million)**	**Carrying amount (₹ in Million)**	**Maturity Date**	**Hedge Ratio**	**Balance sheet classification**	**Changes in fair value relating to hedged risk (₹ in Million)**
Fair Value Hedge:						
Hedging instrument: Certain Foreign currency borrowings	88	7,193	Range - Within 6 months	1:1	Borrowings	38
Hedged item: Certain foreign currency trade receivables and loan receivables	88	7,193	Range - Within 6 months		Trade Receivables and Loans	38

As at March 31, 2022						
Type of hedged risk	**Carrying amount (USD-Million)**	**Carrying amount (₹ in Million)**	**Maturity Date**	**Hedge Ratio**	**Balance sheet classification**	**Changes in fair value relating to hedged risk (₹ in Million)**
Fair Value Hedge:						
Hedging instrument: Certain Foreign currency borrowings and forward contracts	355	26,916	Range - Within 7 months	1:1	Borrowings and Other Current Financial Assets	252
Hedged item: Certain foreign currency trade receivables and loan receivables	355	26,916	Range - Within 7 months		Trade Receivables and Loans	252

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the dollar offset method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.

Note: 45-Capital Management:

The Company' s capital management objectives are:

a To ensure the Company's ability to continue as a going concern

b To provide an adequate return to shareholders

c To maintain an optimal capital structure to reduce the cost of capital.

Notes to the Financial Statements

Note: 45-Capital Management: (Continued)

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's 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.

₹ in Million

	As at March 31 2023	As at March 31 2022
Gross debts	48,225	26,626
Total equity	136,394	132,405
Gross debt to equity ratio (No. of times)	**0.35**	**0.20**

Loan covenants:

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants, based on consolidated financial information:

- Gross Debt to Equity must be less than 2:1

This is in line with the Company's covenants as agreed with external Lenders.

Note: 46-Exceptional Items:

A The Company has made provision for impairment of ₹ 2,038 Million in the value of investment in the equity shares of Sentynl Therapeutics Inc. (STI), a wholly owned subsidiary of the Company in USA, due to change in the business plans of STI during the year, which resulted into fair value of net assets of STI being lower than their carrying value. Consequently, there has been a diminution in the value of Company's investment in the equity shares of STI.The provision for impairment has been disclosed as exceptional item for current year.

B Pursuant to closure of business operations by Zydus Noveltech Inc., a wholly owned subsidiary of the Company in the USA, the Company had made provision for impairment of ₹ 3,193 Million in the value of investment in the common stock of Zydus Noveltech Inc. The same has been disclosed as exceptional item for previous year.

Note: 47-Leases:

Lessee:

A Relating to statement of financial position:

1 Under Ind AS 116, the Company recognises right to use assets and lease liabilities for most leases.

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

₹ in Million

Right of use assets	Land	Buildings	Total
As at April 1, 2021	409	36	445
Additions during the year	-	-	-
Depreciation charge for the year	5	18	23
Balance as at March 31, 2022 (Net)	**404**	**18**	**422**
Additions during the year	22	21	43
Depreciation charge for the year	5	13	18
Balance as at March 31, 2023 (Net)	**421**	**26**	**447**

The Company leases assets which include office buildings and warehouse spaces.

Notes to the Financial Statements

Note: 47-Leases: (Continued)

2 Movement in lease liabilities:

₹ in Million

	As at March 31 2023	As at March 31 2022
Lease liability at the beginning of the year	21	40
Additions	24	3
Redemption	(17)	(22)
Lease liability at end of the year	28	21
of which:		
Current portion	2	13
Non current portion	26	8

2.1 Maturity analysis of lease liabilities:

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

₹ in Million

Minimum lease payments due	As at March 31 2023	As at March 31 2022
Within 1 year	2	13
1-5 years	20	6
Above 5 years	16	6

Lessor:

The Company leases out certain properties and classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

₹ in Million

Lease payments due to be received:	As at March 31 2023	As at March 31 2022
Within 1 year	34	59
1-5 years	119	195
Above 5 years	256	1,022
Total undiscounted lease payments	**409**	**1,276**

Description of lease activities:

Real estate lease:

The Company leases buildings for it's offices and warehouse space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 3- 10 years and may include extension options which provide operational flexibility. Majority of the leases are cancellable by either parties by serving notice period.

Notes to the Financial Statements

Note: 48-Analytical Ratios:

Sr. No	Ratio	Numerator	Denominator	FY 22-23	FY 21-22	% Change
1	Current Ratio (*)	Current Assets	Current Liabilities	2.57	1.70	51.1%
2	Debt-Equity Ratio (**)	Total Debt	Shareholder's Equity	0.35	0.20	75.8%
3	Debt Service Coverage Ratio ($)	Earnings available for debt service @	Finance cost + Repayment of debt	2.24	1.35	65.5%
4	Return on Equity Ratio (#)	Net Profits after taxes @@	Average Shareholder's Equity	12.9%	9.1%	42.3%
5	Inventory turnover ratio	Net Sales	Average Inventory	4.54	4.10	10.9%
6	Trade Receivables turnover ratio	Net Sales	Average Trade Receivables	2.91	3.63	-19.8%
7	Trade payables turnover ratio	Net Purchases and Other Expenses	Average Trade Payables	4.89	4.48	9.1%
8	Net capital turnover ratio (*)	Net Sales	Average Working Capital	2.35	3.78	-37.9%
9	Net profit ratio (#)	Net Profits after taxes @@	Net Sales	20.6%	15.5%	32.7%
10	Return on Capital employed (#)	Earnings before interest and taxes	Average Capital Employed	14.5%	9.9%	46.9%
11	Return on investments:					
a	Fixed Deposits	Income from investments during the year	Time weighted average of investments	4.4%	5.8%	-24.1%
b	Mutual Funds (^)	Income from investments during the year	Time weighted average of investments	5.1%	3.4%	50.0%
c	Bonds	Income from investments during the year	Time weighted average of investments	7.9%	8.0%	-1.3%
d	Quoted Investments (^)	Income from investments during the year	Time weighted average of investments	-52.1%	11.5%	-554.3%

(*) Mainly due to increase in trade receivables and reduction in working capital loans.

(**) Mainly driven by increase in debt.

($) Increase is due to increase in profit and lower repayment of debt during the year.

(#) Increase is due to increase in profit.

(^) Mainly due to market indices.

(@) Net profit after taxes + non cash operating expenses + finance cost - other income.

(@@) Net profit after taxes + exceptional items.

Notes to the Financial Statements

Note: 49:

The Company advances loans to fund the operations of its subsidiaries within consolidated group of the Company which have further utilised these funds for their business purpose in the ordinary course of business, as a part of its treasury operations. These transactions are done on an arms' length basis after complying with the due approval process.

a Following are the details of the funds loaned by the Company to intermediaries for further loan or investment to the ultimate beneficiaries:

₹ in Million

Name of the intermediary to which the funds are advanced	Date of loan to intermediary	Amount of loan to intermediary	Date on which funds are further loaned by intermediary to ultimate beneficiary	Amount of fund further loan by intermediary to ultimate beneficiary	Ultimate beneficiary
Zydus Worldwide DMCC	08-Jun-22	2,331	09-Jun-22	2,331	Sentynl Therapeutics Inc.

Complete details of the intermediary and ultimate beneficiary:

Name of entity	Registered address	Relationship with the Company
Zydus Worldwide DMCC	Unit No. 908, Armada Tower 2, Plot No. JLT-PH2-P2A, Jumeirah Lakes Towers, Dubai, United Arab Emirates.	Wholly owned subsidiary
Sentynl Therapeutics Inc.	420, Stevens Avenue, Suite 200, Salona Beach, CA 92075, USA.	Wholly owned subsidiary

b Following are the details of the funds received by the Company from the funding party for further loan or investment to the ultimate beneficiaries:

₹ in Million

Name of Funding Party	Date on which funds are received	Amount of funds received	Date on which funds are further loaned to ultimate beneficiaries	Amount of funds further loaned to ultimate beneficiaries	Ultimate beneficiary
Zydus Animal Health and Investments Limited	08-Jun-22	18,000	08-Jun-22	7,810	Zydus International Private Limited
				3,195	Zydus Worldwide DMCC
				5,829	Zydus Pharmaceuticals (USA) Inc.
				1,166	Sentynl Therapeutics Inc.
Total		**18,000**		**18,000**	

Complete details of the intermediary and ultimate beneficiary:

Name of entity	Registered address	Relationship with the Company
Zydus Animal Health and Investments Limited	Zydus Corporate Park, Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), S.G. Highway, Ahmedabad, Gujarat, India.	Wholly owned subsidiary
Zydus International Private Limited	FDW House, Blackthorn Business Park, Coes Road, Dundalk Co. Louth, Republic of Ireland.	Wholly owned subsidiary
Zydus Worldwide DMCC	Unit No. 908, Armada Tower 2, Plot No. JLT-PH2-P2A, Jumeirah Lakes Towers, Dubai, UAE.	Wholly owned subsidiary
Zydus Pharmaceuticals (USA) Inc.	73 Route 31 N, Pennington, NJ 08534, USA.	Wholly owned subsidiary
Sentynl Therapeutics Inc.	420, Stevens Avenue, Suite 200, Salona Beach, CA 92075, USA.	Wholly owned subsidiary

The Company has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering act, 2002 (15 of 2003).

Notes to the Financial Statements

Note: 50-Disclosure of transactions with Struck off Companies:

The Company did not have any material transaction with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the current and previous financial year.

Note: 51:

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

Signatures to Significant Accounting Policies and Notes 1 to 51 to the Financial Statements

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995

Ahmedabad
May 18, 2023

INDEPENDENT AUDITOR'S REPORT

To The Members of
Zydus Lifesciences Limited
(formerly known as Cadila Healthcare Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Zydus Lifesciences Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, in which are incorporated the Returns of the branch of the Parent located in Philippines, audited by the branch auditor.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the audit reports of the other auditors and the branch auditor on separate financial statements of the subsidiaries and joint ventures, and the branch, referred to in the Other Matters section below, 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, 2023, 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 Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint ventures 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 consolidated 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 obtained by us and the audit evidence obtained by the other auditors and the branch auditor in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit 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, 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	**Assessment of impairment of goodwill and other intangible assets in respect of certain subsidiaries, namely, Zydus Wellness Products Limited, Zydus Nikkho Farmaceutica Ltda, Sentynl Therapeutics Inc. and Zydus Worldwide DMCC, as applicable, not audited by us, having aggregate carrying values of ₹ 40,322 million and ₹ 7,170 million respectively, as at March 31, 2023, in the consolidated financial statements (as described in Notes 2.3, 2.6b and 3B to the consolidated financial statements)** As at March 31, 2023, the Parent has tested the carrying value of goodwill and other intangible assets for impairment. Based on the said exercise, Sentynl Therapeutics Inc. has recognised impairment allowance of ₹ 5,941 million during the year ended March 31, 2023 in respect of goodwill (Refer Note 48). The Group's evaluation of impairment of goodwill and other intangible assets involves comparison of its recoverable amount to its carrying amount. 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. There is a risk that the goodwill / other intangible assets will be impaired if these cash flows do not meet the Group's expectations. In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the forecasted cash flows, principally relating to long-term revenue growth rates, perpetual growth rate, and the discount rate used. Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, this has been considered as a key audit matter by the respective component auditors.	We had discussions with the component auditors of the respective entities with regard to the assessment of impairment of such goodwill and other intangible assets and performed oversight procedures. Also, we sent out referral instructions to the component auditors and evaluated the responses received from them. The procedures reported to have been applied in this area by the respective component auditors included the following: • Evaluated the design and tested the operating effectiveness of the internal controls relating to review of impairment assessment process, including those over the forecast of future revenues, growth rate, terminal values and the selection of the appropriate discount rate. • Evaluated the reasonableness of the key estimates by comparing the forecasts to historical revenues, margins, growth rate, etc. • Evaluated the reasonableness of the valuation methodology, discount rate and perpetual growth rates used in the computation of value-in-use assessment. • Performed sensitivity analysis around the key estimates to ascertain the extent of change in those assumptions that either individually or collectively would be required for the Goodwill and Other Intangible assets tested to be impaired. • Tested the mathematical and clerical accuracy of the model to conclude that the model is accurately calculating the value in use, using the appropriate methodology.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>2</td><td>Chargebacks, price adjustment, product returns, rebates, medicaids, discounts and other related accruals by Zydus Pharmaceuticals (USA) Inc., a subsidiary, not audited by us (as described in Notes 2.8 and 33 to the Consolidated Financial Statements)

The subsidiary makes sales to customers in the United States of America ("USA") that fall under certain reimbursement schemes and mandated contracts of which the most significant are chargebacks, price adjustment, rebates, medicaids, and discounts. The subsidiary also provides a right of return to its customers for its products. These arrangements result in deductions to gross sales and give rise to obligations for the subsidiary, which for unsettled amounts are recognised as an accrual.

Considering the complexities of the arrangements and involvement of significant estimations in determining appropriate accruals, this has been considered as a key audit matter by the component auditor.</td><td>We had discussions with the component auditor with regard to the said accruals and performed oversight procedures. Also, we sent out referral instructions to the component auditor and evaluated the responses received from them.

The procedures reported to have been applied in this area by the component auditor included the following:
• Obtained an understanding of the management process for estimation and accounting treatment of transactions arising from various schemes and mandated contracts.
• Obtained the calculations for accruals under respective contractual arrangements / reimbursement schemes and test checked the calculations by reference to the commercial policies, the terms of applicable contracts, stock levels at wholesalers, historical levels of product returns, actual sales, claim settlements etc.
• Performed retrospective reviews of the accruals recorded during the previous year.
• Test checked subsequent settlements / payments made to customers under various schemes and arrangements to determine adequacy of the accruals made at year end.
• Tested the mathematical accuracy of the calculations.</td></tr>
<tr><td>3</td><td>Legal Proceedings involving Zydus Pharmaceuticals (USA) Inc., a subsidiary, not audited by us (as described in Notes 2.6F, 2.19 and 30B to the consolidated financial statements)

The subsidiary is involved in various legal proceedings which include claims pursuant to contracts with third parties, claims related to product liabilities, employment claims, anti-trust and other regulatory matters. Most of the claims involve complex issues. The component, assisted by its' external legal counsel assesses the need to make provision or disclose a contingency (unless the possibility of an outflow of resources embodying economic benefits is considered remote) on a case-to-case basis considering the underlying facts of each litigation.

The assessment, accounting and disclosure is complex and involves exercise of judgement by the management (due to the difficulty in predicting the outcome of the matter and also estimating the potential impact if the outcome is unfavourable), and the amounts involved could be material to the consolidated financial statements.

Considering the complexity and the significance of the matters involved requiring management judgement and estimates, this has been considered as a key audit matter by the component auditor.</td><td>We had discussions with the component auditor with regard to their assessment of the accounting / disclosure by the component of the said matters and performed oversight procedures. Also, we sent out referral instructions to the component auditor and evaluated the responses received from them.

The procedures reported to have been applied in this area by the component auditor included the following:
• Obtained a list of litigations from the in-house legal counsel of the entity; identified material litigations from the aforementioned list and performed inquiries with the said counsel; obtained and read the underlying documents to assess the assumptions used by management in arriving at the conclusions.
• Solicited legal letters from the external legal counsels appointed by management. For responses received, read their assessment to corroborate the assessment made by the management.
• Evaluated adequacy of disclosures to be made in the financial statements.</td></tr>
</table>

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

- The Parent'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 and Sustainability Report, Board's Report and Corporate Governance Report but does not include the consolidated financial statements, 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, joint ventures and branch audited by the other auditors and branch auditor, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and branch auditor 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, joint ventures and branch, is traced from their financial statements audited by the other auditors and the branch auditor.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent'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, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the respective entities 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 their respective entities 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 and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures 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 and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, its joint ventures and the branch to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities and its business activities included in the consolidated financial statements of which we are the independent auditors. For the entities and the branch and their business activities included in the consolidated financial statements, which have been audited by the other auditors or the branch auditor, such other auditors and the branch auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors 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

(a) We did not audit the financial statements of 24 subsidiaries, whose financial statements reflect total assets of ₹ 224,095 million as at March 31, 2023, total revenues of ₹ 114,420 million and net cash outflow amounting to ₹ 1283 million for the year ended on that date, as considered in the consolidated financial statements (the figures reported above are before eliminations on consolidation). The consolidated financial statements also include the Group's share of net profit of ₹ 714 million for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of a joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of the branch included in the standalone financial statements of the Parent whose financial statements reflect total assets of ₹ 10.18 million as at December 31, 2022 and total revenues of ₹ 0.17 million for the year ended on that date, as considered in the standalone financial statements of the Parent. The financial statements of this branch have been audited by the branch auditor whose report has been furnished to us. The reporting date of the branch at December 31, 2022 is different from the reporting date of the Parent. In our opinion and according to the information and explanations given to us by the Board of Directors of the Parent, these financial statements are not material to the Parent, accordingly, no adjustments have been made by the Management of the Parent in respect of financial information of the branch for the periods from January 1, 2022 to March 31, 2022 and January 1, 2023 to March 31, 2023. Our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

(c) We did not audit the financial statements of 19 subsidiaries, whose financial statements reflect total assets of

₹ 38,508 million as at March 31, 2023, total revenues of ₹ 9,341 million and net cash inflows amounting to ₹247 million for the year ended on that date, as considered in the consolidated financial statements (the figures reported above are before eliminations on consolidation). These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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 and the branch auditor and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors and the branch auditor on the separate financial statements of the subsidiaries and branch referred to in the Other Matters section above, we report, to the extent applicable that:

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

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept, so far as it appears from our examination of those books and the reports of the other auditors and branch auditor, except for keeping backup on daily basis of such books of account maintained in electronic mode on servers physically located in India in case of 2 joint venture companies, namely Zydus Takeda Healthcare Private Limited and Bayer Zydus Pharma Private Limited.

   c) The report on the accounts of the branch office of Parent, audited by the branch auditor, has been sent to us and has been properly dealt with by us in preparing this report.

   d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the 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.

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

   f) On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies and joint venture companies incorporated in India, none of the directors of the Group companies and joint venture companies incorporated in India, is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   g) The observation relating to the maintenance of accounts and other matters connected therewith, are as stated in the paragraph (b) above.

   h) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

   i) 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 and based on the auditor's reports of subsidiary companies and joint venture companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies and joint venture companies, to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

   j) 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, as amended, 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 and its joint ventures - Refer Note 30 to the consolidated financial statements;

      ii) The Group and its joint ventures 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 Parent and its subsidiary companies and joint venture companies incorporated in India.

iv) (a) The respective Managements of the Parent and its subsidiaries and joint ventures which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us (also as auditor of a joint venture) and to the other auditors of such subsidiaries and a joint venture that, to the best of their knowledge and belief, other than as disclosed in note 55(a) 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 Parent or any of such subsidiaries and joint ventures to or in any other person or entity, including foreign entities ("Intermediaries"), 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 Parent or any of such subsidiaries and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries, and joint ventures which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us (also as auditor of a joint venture) and to the other auditors of such subsidiaries and a joint venture that that, to the best of their knowledge and belief, other than as disclosed in note 55(b) to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries and joint ventures from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries and joint ventures 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.

(c) Based on the audit procedures performed by us that have been considered reasonable and appropriate in the circumstances and that performed by the auditors of the subsidiaries and a joint venture which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' 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 by the Parent and its subsidiary, which are companies incorporated in India and 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 note 32 to the consolidated financial statements, the Board of Directors of the Parent and a subsidiary, which are companies incorporated in India, 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 Parent and such subsidiary at the ensuing respective Annual General Meetings. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Parent and its subsidiaries and joint ventures which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that in respect of those

Companies where audits have been completed under Section 143 of the Act, there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements. Further in respect of the following company included in the consolidated financial statements, whose audit under section 143 of the Act has not yet been completed, the CARO report in respect of this company is not available and consequently have not been provided to us as on the date of this audit report:

Name of the company	CIN	Nature of relationship
Zydus Hospira Oncology Private Limited	U24230GJ2005PTC046246	Joint Venture

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 23036920BGYMEC7037)

Place : Ahmedabad
Date : May 18, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under 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, 2023, we have audited the internal financial controls with reference to consolidated financial statements of Zydus Lifesciences Limited (hereinafter referred to as "Parent") and its subsidiary companies and joint ventures which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and its joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent, its subsidiary companies, and a joint venture, which are companies incorporated in India, 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 risks of 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, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent, its subsidiary companies and a joint venture, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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 Matters paragraph below, the Parent, its subsidiary companies and a joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to consolidated financial statements 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 Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 24 subsidiary companies, and a joint venture, 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 matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 23036920BGYMEC7037)

Place : Ahmedabad
Date : May 18, 2023

Consolidated Balance Sheet as at March 31, 2023

₹ in Million

Particulars	Note No.	As at March 31 2023	As at March 31 2022
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 (A)	56,965	57,616
Capital work-in-progress	3 (C)	11,302	6,610
Goodwill	3 (B)	48,044	53,646
Other Intangible Assets	3 (B)	10,200	10,623
Intangible Assets under Development	3 (D)	705	649
Investments in Joint Ventures	4	4,166	3,743
Financial Assets:			
Investments	5	5,107	5,605
Loans	6	20	-
Other Financial Assets	7	4,980	2,446
Deferred Tax Assets (Net)	8	12,624	10,958
Other Non-Current Assets	9	2,162	2,506
Assets for Current Tax (Net)	10	1,125	938
		157,400	**155,340**
Current Assets:			
Inventories	11	34,133	37,194
Financial Assets:			
Investments	12	6,193	23,532
Trade Receivables	13	44,168	33,403
Cash and Cash Equivalents	14 (A)	4,878	6,578
Bank Balances other than Cash and Cash Equivalents	14 (B)	853	4,491
Loans	15	4	-
Other Current Financial Assets	16	2,280	6,847
Other Current Assets	17	7,573	8,907
		100,082	**120,952**
Assets classified as held for sale	53	82	1,662
Total		**257,564**	**277,954**
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	18	1,012	1,024
Other Equity	19	174,146	168,972
Equity attributable to equity holders of the Parent		175,158	169,996
Non-Controlling Interests	49	21,725	20,542
		196,883	**190,538**
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	20	-	3,621
Lease Liabilities	31	198	161
Other Financial Liabilities	21	514	449
Provisions	22	2,718	3,250
Deferred Tax Liabilities (Net)	8	1,944	1,538
Other Non-Current Liabilities	23	-	3
		5,374	**9,022**
Current Liabilities:			
Financial Liabilities:			
Borrowings	24	11,632	38,339
Lease Liabilities	31	119	88
Trade Payables:			
Dues to Micro and Small Enterprises	25	377	280
Dues to other than Micro and Small Enterprises	25	20,873	21,098
Other Financial Liabilities	26	14,339	12,525
Other Current Liabilities	27	2,705	1,864
Provisions	28	3,654	3,656
Current Tax Liabilities (Net)	29	1,568	418
		55,267	**78,268**
Liabilities directly associated with assets classified as held for sale	53	40	126
Total		**257,564**	**277,954**
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 57		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board
Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995

Ahmedabad
May 18, 2023

Ahmedabad
May 18, 2023

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

₹ in Million

Particulars	Note No.	Year ended March 31 2023	Year ended March 31 2022
INCOME:			
Revenue from Operations	33	172,374	151,099
Other Income	34	1,866	2,247
Total Income		**174,240**	**153,346**
EXPENSES:			
Cost of Materials Consumed	35	41,226	40,429
Purchases of Stock-in-Trade	36	19,494	18,646
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	37	2,381	(3,623)
Employee Benefits Expense	38	27,656	24,341
Finance Costs	39	1,299	1,270
Depreciation and Amortisation Expense	40	7,227	7,130
Other Expenses	41	45,862	39,452
Net Gain on foreign currency transactions		(2,844)	(1,553)
Total Expenses		**142,301**	**126,092**
Profit before Exceptional Items and Tax		**31,939**	**27,254**
Less/ (Add): Exceptional Items	48	6,042	(1,127)
Profit before Tax		**25,897**	**28,381**
Less: Tax Expense:			
Current Tax	42	6,904	4,415
Deferred Tax	42	(1,026)	702
		5,878	**5,117**
Profit for the year before Share of Profit of Joint Ventures		**20,019**	**23,264**
Add: Share of profit of Joint Ventures (Net of Tax)	4	946	462
Profit for the year from Continuing Operations		**20,965**	**23,726**
Loss before tax from discontinued operations	53, 54	(70)	(2,864)
Gain on disposal of discontinued operations (Net of transaction cost)	54	-	26,806
Tax expense of discontinued operations	53, 54	24	(1,485)
(Loss)/ Profit after tax from Discontinued Operations		**(46)**	**22,457**
Profit for the year		**20,919**	**46,183**
OTHER COMPREHENSIVE INCOME (OCI):			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/ (losses) on post employment defined benefit plans		7	(2)
Income tax effect on above		(3)	1
		4	(1)
Net (Loss)/ Gain Fair Value through OCI (FVTOCI) Equity Instruments		(165)	49
Income tax effect on above		-	-
		(165)	49
Share of OCI of Joint Ventures	4	(2)	(1)
Income tax effect on above		-	-
		(2)	(1)
Total		(163)	47
Items that will be reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		(2,981)	(1,092)
Income tax effect on above		-	-
Total		(2,981)	(1,092)
Other Comprehensive Income for the year (Net of Tax)		(3,144)	(1,045)
Total Comprehensive Income for the year (Net of Tax)		17,775	45,138
Profit for the year		20,919	46,183
Attributable to:			
Owners of the Parent		19,603	44,873
Non-Controlling Interests		1,316	1,310
OCI for the year		(3,144)	(1,045)
Attributable to:			
Owners of the Parent		(3,144)	(1,041)
Non-Controlling Interests		-	(4)
Total Comprehensive Income for the year		17,775	45,138
Attributable to:			
Owners of the Parent		16,459	43,832
Non-Controlling Interests		1,316	1,306
Basic & Diluted Earnings per Equity Share (EPS) (in Rupees)	43		
Continuing Operations		19.35	21.90
Discontinued Operations		(0.05)	21.94
Continuing and Discontinued Operations		19.30	43.83
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 57		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995

Ahmedabad
May 18, 2023

Ahmedabad
May 18, 2023

Statement of Changes in Equity for the year ended March 31, 2023

a Equity Share Capital:

	No. of Shares	₹ in Million
Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2021	1,023,742,600	1,024
As at March 31, 2022	1,023,742,600	1,024
Less: Extinguished pursuant to buyback of shares	(11,538,461)	(12)
As at March 31, 2023	1,012,204,139	1,012

b Other Equity:

₹ in Million

	Attributable to the equity holders of the parent								Non-Controlling Interests	Total Equity
	Reserves and Surplus					Items of OCI		Total		
	Capital Reserve	Capital Redemption Reserve	International Business Development Reserve	General Reserve	Retained Earnings	FVTOCI Reserve	Foreign Currency Translation Reserve			
As at March 31, 2021	**278**	**-**	**2,000**	**15,897**	**113,842**	**554**	**(3,672)**	**128,899**	**19,373**	**148,272**
Add: Profit for the year	-	-	-	-	44,873	-	-	44,873	1,310	46,183
Add (Less): Other Comprehensive Income	-	-	-	-	(2)	49	(1,092)	(1,045)	(4)	(1,049)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**44,871**	**49**	**(1,092)**	**43,828**	**1,306**	**45,134**
Transactions with Owners in their capacity as owners:										
Less: Dividend	-	-	-	-	(3,720)	-	-	(3,720)	(137)	(3,857)
Less: Adjustment pursuant to extension of the term of investment in preference shares of a joint venture	-		-	-	(35)	-	-	(35)	-	(35)
As at March 31, 2022	**278**	**-**	**2,000**	**15,897**	**154,958**	**603**	**(4,764)**	**168,972**	**20,542**	**189,514**
Add: Profit for the year	-	-	-	-	19,603	-	-	19,603	1,316	20,919
Add/(Less): Other Comprehensive Income	-	-	-	-	2	(165)	(2,981)	(3,144)	-	(3,144)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**19,605**	**(165)**	**(2,981)**	**16,459**	**1,316**	**17,775**
Transfer pursuant to buyback of shares	-	12	-	(12)	-	-	-	-	-	-
Transactions with Owners in their capacity as owners:										
Less: Dividend	-	-	-	-	(2,665)	-	-	(2,665)	(133)	(2,798)
Less: Utilised for buyback of shares	-	-	-	(7,488)	-	-	-	(7,488)	-	(7,488)
Less: Tax and other payments (transaction costs) on buyback of shares (Transactions with other than Owners)	-	-	-	(1,132)	-	-	-	(1,132)	-	(1,132)
As at March 31, 2023	**278**	**12**	**2,000**	**7,265**	**171,898**	**438**	**(7,745)**	**174,146**	**21,725**	**195,871**

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board
Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995

Ahmedabad
May 18, 2023

Ahmedabad
May 18, 2023

Consolidated Cash Flow Statement for the year ended March 31, 2023

₹ in Million

Particulars	Year ended March 31 2023	Year ended March 31 2022
A Cash flows from operating activities:		
Profit before tax and share of profit of joint ventures		
Continuing operations	25,897	28,381
Discontinued operations	(70)	23,942
Profit before tax and share of profit of joint ventures	**25,827**	**52,323**
Adjustments for:		
Depreciation and Amortisation expense	7,227	7,361
Exceptional items - Impairment and others	6,042	-
Exceptional items - Profit on sale of brands (Net)	-	(1,127)
Provision for impairment of discontinued operations	-	2,084
Gain on disposal of discontinued operations (Net of transaction cost)	-	(26,806)
Net (Gain)/ Loss on disposal of Property, Plant and Equipment	(208)	17
FVTPL gain/ profit on sale of investments (Net)	(483)	(751)
Interest income	(757)	(688)
Dividend income	(11)	(8)
Gain on valuation of Forward Contract value related to investment in a Joint Venture	(113)	(123)
Interest expenses	1,255	1,144
Exchange rate fluctuation and other related adjustments arising on Consolidation	(3,121)	(2,964)
Trade receivables written off	1	26
Expected credit loss on trade receivables (net)	16	15
Doubtful advances written off	20	-
Allowance for doubtful advances (net of written back)	(2)	(76)
Provision for employee benefits	(298)	327
Provision for probable product expiry claims and return of goods (net of written back)	(229)	397
Total	**9,339**	**(21,172)**
Operating profit before working capital changes	**35,166**	**31,151**
Adjustments for:		
(Increase) in trade receivables	(8,485)	(1,817)
Decrease/ (Increase) in inventories	4,407	(5,255)
Decrease in other assets	1,459	2,968
(Decrease) in trade payables	(1,708)	(1,203)
Increase in other liabilities	1,969	1,947
Total	**(2,358)**	**(3,360)**
Cash generated from operations	32,808	27,791
Direct taxes paid (Net of refunds)	(5,920)	(6,746)
Net cash from operating activities	**26,888**	**21,045**

Consolidated Cash Flow Statement for the year ended March 31, 2023

₹ in Million

	Particulars	Year ended March 31 2023	Year ended March 31 2022
B	**Cash flows from investing activities:**		
	Purchase of property, plant and equipment and intangible assets	(10,309)	(12,026)
	Proceeds from sale of property, plant and equipment and intangible assets	394	354
	Proceeds from sale of brands (Net)	-	1,127
	Proceeds from redemption of non current investments - subsidiaries	400	-
	Purchase of non current investments - other than subsidiaries	(104)	(2,703)
	Proceeds from sale of non current investments - other than subsidiaries	125	-
	Proceeds from disposal of disposal group constituting the discontinued operations (Net)	-	28,585
	Investments in deposits other than banks (net)	5,134	(5,134)
	Investments in fixed deposits (net)	(2,502)	(4)
	Investments in liquid mutual funds (net)	17,822	(20,792)
	Loans to others	(24)	-
	Interest received	765	582
	Dividend received	11	8
	Net cash from/ (used in) investing activities	**11,712**	**(10,003)**
C	**Cash flows from financing activities:**		
	Proceeds from non current borrowings	1,552	7,464
	Repayment of non current borrowings	(9,960)	(14,208)
	Current borrowings (Net - (repayment)/ taken)	(23,064)	2,907
	Buyback of equity shares (including tax and transaction costs)	(8,632)	-
	Lease liabilities (Net)	33	(13)
	Interest paid	(1,262)	(1,111)
	Dividends paid	(2,671)	(3,722)
	Net cash used in financing activities	**(44,004)**	**(8,683)**
	Net (decrease)/ increase in cash and cash equivalents	**(5,404)**	**2,359**
	Cash and cash equivalents at the beginning of the year	**11,069**	**8,883**
	Reduction in Cash and cash equivalents of the disposed / held for sale subsidiaries	**-**	**(259)**
	Effect of exchange rates on Cash and cash equivalents	**66**	**86**
	Cash and cash equivalents at the end of the year	**5,731**	**11,069**

Notes to the Cash Flow Statement

1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".

2 All figures in brackets are outflows.

3 Previous year's figures have been regrouped wherever necessary.

4 Cash and cash equivalents at the end (beginning) of the year include ₹ 67 (₹ 72) Million not available for immediate use.

Consolidated Cash Flow Statement for the year ended March 31, 2023

5 Cash and cash equivalents comprise of *:

₹ in Million

		As at March 31		
		2023	**2022**	**2021**
a	Cash and cash equivalents	4,878	6,578	6,652
b	Bank balance other than cash and cash equivalents	853	4,491	2,231
c	**Total**	**5,731**	**11,069**	**8,883**

* until the previous year, investments in liquid mutual funds were also considered as cash and cash equivalents

6 Summary of Cash and cash equivalents, Liquid Mutual funds and Fixed Deposits more than 12 months:

₹ in Million

		As at March 31		
		2023	**2022**	**2021**
a	Cash and cash equivalents (as per 5 c above)	5,731	11,069	8,883
b	Investment in Liquid Mutual Funds *	6,193	23,532	1,989
c	Fixed Deposits more than 12 months	2,506	4	-
d	**Total**	**14,430**	**34,605**	**10,872**

7 Change in liability arising from financing activities:

₹ in Million

	Borrowings		
	Non-Current (Note-19)	**Current (Note-23)**	**Total**
As at March 31, 2021	15,126	30,709	45,835
Cash flow	(6,744)	2,907	(3,837)
Foreign exchange movement	437	(475)	(38)
As at March 31, 2022	8,819	33,141	41,960
Cash flow	(8,408)	(23,064)	(31,472)
Foreign exchange movement	411	733	1,144
As at March 31, 2023	**822**	**10,810**	**11,632**

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board
Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995

Ahmedabad
May 18, 2023

Ahmedabad
May 18, 2023

Notes to the Financial Statements

Note: 1-Group overview:

The consolidated financial statements comprise financial statements of Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited) ("the Parent") (CIN : L24230GJ1995PLC025878) and its subsidiaries (collectively, "the Group") and the jointly controlled entities for the year ended March 31, 2023. The Group is in the business of integrated pharmaceutical operations with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Group includes Active Pharmaceutical Ingredients (API), human formulations, animal health & veterinary, health and wellness products. The Parent's shares are listed on the National Stock Exchange of India Limited and BSE Limited. The registered office of the Parent is located at "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), Sarkhej-Gandhinagar Highway, Ahmedabad - 382481. These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 18, 2023.

Note: 2-Significant Accounting Policies:

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

1 Basis of preparation:

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

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

i Derivative financial instruments

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

iii Defined benefit plans

2 Basis of Consolidation:

A The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at March 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has theability 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 results 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 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.

Notes to the Consolidated Financial Statements

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 In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward. The same first time adoption exemption is also used for joint ventures.

B 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.

C 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.

D 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.

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

F 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.

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

H 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.

I 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

Notes to the Consolidated Financial Statements

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.

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

4 Common Control Transactions:

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

A The assets and liabilities of the combining entities are reflected at their carrying amounts.

B No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

C The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against General Reserve.

D The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

E The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of Share Capital of the transferor is transferred to Capital Reserve and is presented separately from other Capital Reserves.

F Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ NCLT, the business combination is accounted for as per the accounting treatment sanctioned in the Scheme.

5 Investment in joint ventures:

A The Group's investments in its joint ventures are accounted for using the equity method. Under the equity method, the investment in joint ventures is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint ventures since the acquisition date.

B The Statement of profit and loss reflects the Group's share of the results of operations of the joint ventures. Any change in OCI of those investees is presented as a part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of any changes, when applicable, in the Statement of changes in equity.

C If an entity's share of losses of joint ventures equals or exceeds its interest in the joint ventures (which includes any long term interest that, in substance, forms part of the Group's net investment in the joint ventures), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

D The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

E After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value, and then recognises the loss as "Share of profit/ (loss) of joint ventures" in the Statement of profit and loss.

6 Use of Estimates:

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make

Notes to the Consolidated Financial Statements

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 Property, Plant and Equipment:

Property, Plant and Equipment represent a large 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 lives, such as changes in technology.

B Impairment of property, plant and equipment, goodwill and investments:

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

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 expiry claims and chargebacks:

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 stockists. Significant judgments are involved in determining the value of chargebacks on the basis of terms of agreement with the customers and Government schemes in USA.

E Taxes on Income:

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

F Contingent liabilities and litigations:

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

7 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 Groups' entities at their respective functional currency 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 adjustments to borrowing costs are presented in the Statement of Profit and Loss within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis.

D Investments in foreign companies are recorded in functional currency of the entity at the rates of exchange prevailing at the timewhen the investments were made.

Notes to the Consolidated Financial Statements

F Group Companies:

a 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 profit or loss.

b Any Goodwill arising in the acquisition/ business combination of a foreign operation on or after April 1, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the reporting date.

c Any Goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (April 1, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the Parent and no further translation differences occur.

d Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition to IND AS, viz., April 1, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

8 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/ 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, sales tax/ Goods and Services Tax (GST), 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 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.

Notes to the Consolidated Financial Statements

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.

9 Government Grants:

A Government grants are recognised only when there is a reasonable assurance that the conditions attached to them will be complied with, and the grants will be received.

B When the grant relates to an expense item, it is recognised in the Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1, 2015, the Group uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of loan.

10 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 generates 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 co-relation to the underlying transaction either in profit or loss, OCI or directly in Equity.

B **Deferred Tax:**

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

h Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangement where the group is able to control the timing of reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangement where it is not probable that the group is able to control the timing of reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

i Minimum Alternate Tax (MAT)/ Alternate Minimum Tax (AMT) paid in a year is charged to the Statement of Profit and Loss as current tax.

j 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 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 Group will be liable to pay normal tax during the specified period.

11 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. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in the financial statements for the period ended on March 31, 2016, attributable to Property, Plant and Equipment is adjusted to the cost of respective Property, Plant and Equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the Statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

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

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

C Depreciation on tangible assets is provided on "straight line method" based on the useful lives as prescribed under Schedule II of the Companies Act, 2013 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	Over the period of lease
Buildings	10 to 60 Years
Plant and Equipment	2 to 15 Years
Furniture, Fixtures and Office Equipments	3 to 10 Years
Vehicles	4 to 8 Years

Notes to the Consolidated Financial Statements

D Depreciation on impaired assets is calculated on the reduced values, if any, on a systematic basis over its remaining useful lives.

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 Statement of profit and loss when the asset is derecognised.

12 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 Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful lives.

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 Acquisition cost of seperately acquired research and development intangible assets, which are under development, are recognised as In-Process Research and Development assets (IPR&D). Additional cost incurred on further in house development of such assets are charged to the Statement of Profit and Loss of the year in which it is incurred. Such assets are not amortised, but tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from infinite 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.

The estimated useful lives are as follows:

Asset Class	No. of years
Brands/ Trademarks	3 to 15 Years
Technical Know-how, Commercial Rights	3 to 10 Years
Computer Software	3 to 5 Years

13 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.

14 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.

Notes to the Consolidated Financial Statements

15 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.

16 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 Work-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 and Stock-in-Trade is determined on Moving Average Method.

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

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

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

17 Cash and Cash Equivalents:

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

18 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 being recognised in equity as an adjustment to the opening balance of retained earnings for the previous year.

For contracts in place at the date of initial application, the 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

Notes to the Consolidated Financial Statements

lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee:

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, 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 Group'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 profit or loss on a straight-line basis over the lease term.

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

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.

19 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 of 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.

20 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.

21 Employee Benefits:

A Short term obligations:

Liabilities for wages and salaries, including earned leave and sick leave 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

Notes to the Consolidated Financial Statements

12 months period after the end of the period in which the employees render the related service. They are therefore, measured at the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the projected unit credit method, as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in Statement of profit and loss.

b Defined Benefit Plans:

i Gratuity:

The Group provides for gratuity, a defined benefit plan covering eligible employees of the Parent, its subsidiaries in India and few overseas subsidiaries. The gratuity contributions of the Parent and its Indian subsidiaries are to be made to 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 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-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the Statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

The 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.

ii Group administered Provident Fund:

In case of a specified class of employees of the Parent, who are eligible to receive benefits of Group administered provident fund, monthly contributions of such employees and the Group are deposited to Employees' 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 of 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 companies have no further obligation to the plan beyond their monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

For details of significant post employment benefit plans refer Note-22.

C Employee Separation Costs:

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

Notes to the Consolidated Financial Statements

22 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 Parent's Board of Directors.

23 Financial Instruments:

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

A Financial Assets:

a Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the settlement date, i.e., the date that the Group settles to purchase or sell the asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four 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 Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii Debt instruments and derivatives at fair value through profit or loss (FVTPL):

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

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

iv Equity instruments:

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

For all other equity instruments, the 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.

Notes to the Consolidated Financial Statements

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 risks 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 trade receivables or any contractual right to receive cash or another financial asset. The Group follows 'simplified approach' for recognition of impairment loss allowance.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it requires the Group to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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

ECL impairment loss allowance (or reversal) is recognized as expense/ income 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 at amortised cost, using EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

Notes to the Consolidated Financial Statements

c Derecognition:

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

d Embedded derivatives:

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

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

C Reclassification of financial assets:

The 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.

24 Derivative Financial Instruments and Hedge Accounting:

Derivatives are recognised initially at fair value and subsequently at fair value through profit and loss.

Fair value hedges:

The Group applies fair value hedge accounting for changes in fair value of trade receivables (non-derivative financial assets) attributable to foreign currency risk. The Group designates certain non-derivative foreign currency financial liabilities (hedging instrument) to hedge the risks of changes in fair value of trade receivables attributable to the movement in foreign exchange rates. The Group documents, at the time of designation, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking such hedging transactions. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the risk management objectives are met with the hedging relationship.

Changes in fair values of both hedging instruments and hedged items are recognised in foreign exchange gains / losses as a part of other income or other expenses as the case may be. If the hedge no longer meets the criteria for hedge accounting, this accounting treatment is discontinued.

Net Investment hedges:

The Group applies net investment hedge for hedges of adjustments arising from translating the functional currency financial statements of foreign operations (hedges of net investments) into functional currency of the Parent. The effective portion of change in the fair value of non-derivative financial liabilities is recorded as a foreign currency translation adjustment in other comprehensive income in Group's Consolidated Statement of Comprehensive Income. The change in fair value of the hedging instrument relating to the effective portion of the hedge are subsequently recognised in Group's Consolidated Income Statement on disposal of the foreign operation(s). The ineffective portion of the change in fair value of the non-derivative financial liabilities is recognised in Group's Consolidated Income Statement.

25 Fair Value Measurement:

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

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

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

Notes to the Consolidated Financial Statements

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.

26 Non-Current assets and disposal group held for sale:

Assets and liabilities of disposal groups held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less cost to sell includes use of management estimates and assumptions. The fair value of the disposal groups is estimated using valuation techniques (including income and market approach) which includes unobservable inputs.

27 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.

28 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 shareholders 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 31, 2023, the MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

a Ind AS 1 - Presentation of Financial Statements:

The amendments requires the entities to disclose their material accounting policies rather than their significant accounting policies. The Group does not expect the amendment to have any material impact on its financial statements.

b Amendment to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:

The amendments has introduced a definition of "accounting estimates" and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The Group does not expect the amendment to have any material impact in its financial statements.

c Amendment to Ind AS 12 - Income Taxes:

The amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The Group does not expect the amendment to have any impact on its financial statements.

Notes to the Consolidated Financial Statements

Note: 3-Property, Plant and Equipment, Intangible Assets & Capital work-in-progress:

(A) Property, Plant and Equipment:

₹ in Million

	Freehold Land	Leasehold Land #	Buildings #	Plant and Equipment	Furniture and Fixtures	Vehicle#	Office Equipment	Total
Gross Block:								
As at March 31, 2021	**3,725**	**1,976**	**20,454**	**60,961**	**2,030**	**1,110**	**1,497**	**91,753**
Additions	398	-	1,516	9,348	85	222	69	11,638
Disposals	-	-	(60)	(605)	(10)	(125)	(3)	(803)
Discontinued operations *	-	(74)	(88)	(64)	(1)	(25)	(15)	(267)
Asset held for sale **	(251)	(19)	(2,181)	(3,178)	(116)	-	-	(5,745)
Other adjustments	11	(39)	47	62	11	2	5	99
As at March 31, 2022	**3,883**	**1,844**	**19,688**	**66,524**	**1,999**	**1,184**	**1,553**	**96,675**
Additions	522	43	1,016	3,647	48	261	94	5,631
Disposals	-	(29)	(23)	(289)	(2)	(121)	(1)	(465)
Asset held for sale **	-	(11)	-	(4)	(1)	-	-	(16)
Other adjustments	6	-	67	56	8	26	3	166
As at March 31, 2023	**4,411**	**1,847**	**20,748**	**69,934**	**2,052**	**1,350**	**1,649**	**101,991**
Depreciation and Impairment:								
As at March 31, 2021	**-**	**140**	**4,141**	**29,557**	**977**	**592**	**846**	**36,253**
Depreciation for the year	-	24	706	4,731	144	126	220	5,951
Impairment for the year **	-	-	1,082	585	23	-	-	1,690
Disposals	-	-	(43)	(280)	(9)	(97)	(3)	(432)
Discontinued operations *	-	(2)	(15)	(23)	(1)	(6)	(3)	(50)
Asset held for sale **	-	(13)	(1,618)	(2,763)	(106)	-	-	(4,500)
Other adjustments	-	(6)	53	110	4	(5)	(9)	147
As at March 31, 2022	**-**	**143**	**4,306**	**31,917**	**1,032**	**610**	**1,051**	**39,059**
Depreciation for the year	-	21	642	4,995	138	162	198	6,156
Disposals	-	(7)	(12)	(192)	(1)	(76)	(1)	(289)
Asset held for sale **	-	(6)	-	(2)	(1)	-	-	(9)
Other adjustments	-	1	31	57	7	11	2	109
As at March 31, 2023	**-**	**152**	**4,967**	**36,775**	**1,175**	**707**	**1,250**	**45,026**
Net Block:								
As at March 31, 2022	**3,883**	**1,701**	**15,382**	**34,607**	**967**	**574**	**502**	**57,616**
As at March 31, 2023	**4,411**	**1,695**	**15,781**	**33,159**	**877**	**643**	**399**	**56,965**

Notes to the Consolidated Financial Statements

Note: 3-Property, Plant and Equipment, Intangible Assets & Capital work-in-progress: (Continued)

(B) Intangible Assets:

	Goodwill	Other Intangible Assets				
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	Total
Gross Block:						
As at March 31, 2021	**53,568**	**15,778**	**2,010**	**7,318**	**2,397**	**27,503**
Additions	-	-	145	776	-	921
Disposals	-	-	-	-	-	-
Discontinued operations *	(17)	(1,664)	-	(349)	(436)	(2,449)
Asset held for sale **	-	(75)	(110)	(3)	-	(188)
Other adjustments	198	(14)	5	265	42	298
As at March 31, 2022	**53,749**	**14,025**	**2,050**	**8,007**	**2,003**	**26,085**
Additions	-	36	470	-	-	506
Disposals	-	(82)	-	-	-	(82)
Other adjustments	339	62	35	660	93	850
As at March 31, 2023	**54,088**	**14,041**	**2,555**	**8,667**	**2,096**	**27,359**
Amortisation and Impairment:						
As at March 31, 2021	**103**	**6,646**	**1,355**	**6,611**	**1,154**	**15,766**
Amortisation for the year	-	591	275	540	46	1,452
Impairment for the year	-	-	13	-	3	16
Discontinued operations *	-	(1,151)	-	(277)	(369)	(1,797)
Asset held for sale **	-	(75)	(110)	(3)	-	(188)
Other adjustments	-	(17)	(1)	238	(7)	213
As at March 31, 2022	**103**	**5,994**	**1,532**	**7,109**	**827**	**15,462**
Amortisation for the year	-	576	262	188	45	1,071
Impairment for the year	5,941 ^	-	-	-	-	-
Disposals	-	(92)	-	-	-	(92)
Other adjustments	-	62	20	630	6	718
As at March 31, 2023	**6,044**	**6,540**	**1,814**	**7,927**	**878**	**17,159**
Net Block:						
As at March 31, 2022	**53,646**	**8,031**	**518**	**898**	**1,176**	**10,623**
As at March 31, 2023	**48,044**	**7,501**	**741**	**740**	**1,218**	**10,200**

Includes right of use assets, refer Note-31 for detailed breakup.

^ Refer Note-48 (^)

** Refer Note-53

* Refer Note-54

Other adjustments include adjustments on account of exchange rate difference.

Notes to the Consolidated Financial Statements

Note: 3-Property, Plant and Equipment, Intangible Assets & Capital work-in-progress: (Continued)

Goodwill:

1 Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) those are expected to get benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

₹ in Million

	As at March 31 2023	As at March 31 2022
Consumer Wellness	39,441	39,441
US Specialty Business (Refer Note-48 (^))	-	5,602
India Human Formulations	5,296	5,296
US Generics	1,472	1,472
Brazil Formulations	1,350	1,350
South Africa Formulations	324	324
Europe Generics	144	144
Others	17	17
Total	**48,044**	**53,646**

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, 2023 and March 31, 2022 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 :

	As at March 31 2023	As at March 31 2022
Long Term Growth Rate	0% - 11.09%	0.2% - 10.3%
Discount Rate	11.00%-25.46%	8.9%-19.1%

These estimates are likely to differ from future actual results of operations and cash flows.

(C) Capital work-in-progress:

₹ in Million

		As at March 31 2023	As at March 31 2022
a	**Summarised Statement for movement in Capital-work-in-progress:**		
	Balance as at the beginning of the year	6,610	7,832
	Add: Expenditure incurred during the year	11,253	9,397
	Add: Other directly attributable costs	245	514
	Less: Impairment during the year (Refer Note-53)	-	(243)
	Less: Asset classified as Held for Sale (Refer Note-53)	-	(192)
	Less: Capitalized during the year	(6,806)	(10,698)
	Balance as at the end of the year	**11,302**	**6,610**

Notes to the Consolidated Financial Statements

Note: 3-Property, Plant and Equipment, Intangible Assets & Capital work-in-progress: (Continued)

₹ in Million

		As at March 31 2023	As at March 31 2022
b	**Ageing of Capital-work-in-progress:**		
	Projects in progress:		
i	Less than 1 year	7,637	4,446
ii	1 - 2 years	2,087	909
iii	2 - 3 years	455	1,042
iv	More than 3 years	1,123	213
	Total Capital Work-in-Progress	**11,302**	**6,610**

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

(D) Intangible Assets under Development:

₹ in Million

		As at March 31 2023	As at March 31 2022
a	**Ageing of Intangible Assets under Development:**		
	Projects in progress:		
i	Less than 1 year	-	-
ii	1 - 2 years	-	649
iii	2 - 3 years	705	-
iv	More than 3 years	-	-
	Total Intangible Assets under Development	**705**	**649**

There are no intangible asset under development where completion is overdue or cost has exceeded as compared to its original plans.

Note: 4-Interest in Joint Ventures:

The Group has 50% interest in Zydus Takeda Healthcare Private Limited and Zydus Hospira Oncology Private Limited, 24.99% interest in Bayer Zydus Pharma Private Limited. The Group's interest in all the entities is accounted using the "equity method" in the Consolidated Financial Statements (CFS). None of them individually contribute materially to the Group's revenues and assets. Summarised financial information of the Joint Ventures, based on its Ind AS financial statements, is as under:

₹ in Million

		As at March 31 2023	As at March 31 2022
A	**Summarised Balance Sheet:**		
	Non-Current Assets	3,439	3,429
	Current Assets	8,891	6,592
	Non-Current Liabilities	(299)	(259)
	Current Liabilities	(2,918)	(1,590)
	Equity	9,113	8,172
	Carrying amount of investment in Joint Ventures	4,166	3,743

Notes to the Consolidated Financial Statements

Note: 4-Interest in Joint Ventures: (Continued)

₹ in Million

			As at March 31 2023	As at March 31 2022
B	**Summarised Statement of Profit and Loss:**			
	Revenue		13,619	10,572
	Profit after Tax		1,984	856
	Other Comprehensive Income for the year, net of tax		(8)	1
	Total Comprehensive Income for the year, net of Tax		1,976	857
	Group's share in Profit after Tax for the year		946	462
	Group's share in OCI for the year		(2)	(1)
C	**Summarised Group's share in Contingent Liabilities and Commitments (to the extent not provided for):**			
	a	**Contingent liabilities:**		
	i	Claims against the Company not acknowledged as debts	1	-
	ii	In respect of the demands raised by the Central Excise, State Excise and Customs Authorities	4	4
	ii	In respect of Sales Tax matters pending before appellate authorities	2	2
	iv	In respect of Income Tax matters pending before appellate authorities	992	992
	b	**Commitments:**		
		Estimated amount of contracts remaining to be executed on capital account and not provided for	71	43
D	**Group's share in dividend declared by the Joint Ventures during the year**		525	250

Note: 5-Investments (Non-Current):

₹ in Million

	Face Value (*)	Nos. (**)	As at March 31 2023	As at March 31 2022
Investment in Equity Instruments (Valued at cost):				
Subsidiary Company (Unquoted):				
In fully paid-up equity shares of:				
Zydus Foundation (^)	10	50,000	1	1
Investment in Non-convertible Debentures (Valued at amortised cost):				
Subsidiary Company (Quoted):				
Zydus Foundation (^)	1,000,000	1,450 (1,850)	1,233	1,466
Investments (Valued at fair value through OCI):				
In fully paid-up Common Stock of:				
Quoted:				
Onconova Therapeutic Inc. USA (₹ 17,331/-)	$0.01	289	-	1
Pieris Pharmaceuticals Inc., USA	$0.001	1,415,539	114	324
			114	**325**

Notes to the Consolidated Financial Statements

Note: 5-Investments (Non-Current): (Continued)

₹ in Million

	Face Value (*)	Nos. (**)	As at March 31 2023	As at March 31 2022
Investments in fully paid-up Equity Instruments:				
Quoted:				
Housing Development Finance Corporation Limited	2	219,500	577	525
HDFC Bank Limited	1	8,000	13	12
Kokuyo Camlin Limited	1	72,090	5	4
Camlin Fine Sciences Limited	1	152,000	19	21
Accelya Kale Consultants Limited (₹: 467,222 {as at March 31, 2022: ₹ 355,424})	10	383	-	-
Reliance Industries Limited	10	348	1	1
Vedanta Limited	10	57,750	16	23
Tanla Solution Limited	1	2,026	1	3
			632	**589**
Unquoted:				
BEIL Infrastructure Limited (Formerly known as Bharuch Enviro Infrastructure Limited (₹ 12,140/-)	10	1,214	-	-
Narmada Clean Tech	10	625,813	6	6
Enviro Infrastructure Company Limited	10	50,000	1	1
GVFL Limited	10	50,000	1	1
Saraswat Co-Op Bank Limited (₹ 20,350/-)	10	2,500	-	-
The Shamrao Vithal Co-Op Bank Limited (₹ 2,500/-)	25	100	-	-
The Green Environment Co-operative Society Limited (₹ 5,000/-)	100	50	-	-
Shivalik Solid Waste Management Limited (₹ 200,000/-)	10	20,000	-	-
AMP Energy Green Nine Private Limited ($)	10	1,406,790 (330,061)	14	3
			22	**11**
Investments in Partnership Firm (Unquoted):				
ABCD Technologies LLP (#)			406	403
Brightseed B LLP			4	-
			410	**403**
Investment in Preference Shares (Carried at amortised cost)(Unquoted):				
In fully paid-up, 1%, Redeemable Cumulative preference Shares of Enviro Infrastructure Company Limited	10	900,000	9	9

Notes to the Consolidated Financial Statements

Note: 5-Investments (Non-Current): (Continued)

₹ in Million

	Face Value (*)	Nos. (**)	As at March 31 2023	As at March 31 2022
Investment in Bonds (Valued at amortised cost) (Quoted):				
In fully paid-up Bonds of:				
9.10% PNB Housing Finance Limited	1,000,000	0 (25)	-	25
9.75% Piramal Enterprises Limited	1,000,000	35	35	35
9.00% Indiabulls Housing Finance Limited	1,000	40,000	40	40
7.95% Bank of Baroda Perpetual	10,000,000	100	1,001	1,001
8.75% State Bank of India Perpetual	1,000,000	100	102	104
7.73% State Bank of India Perpetual Series II	1,000,000	650	656	659
9.04% Bank of India Perpetual Series VI	1,000,000	450	455	457
8.50% Bank of Baroda Perpetual Series XIV	1,000,000	20	20	20
8.99% Bank of Baroda Perpetual Series XI	1,000,000	50	52	52
8.50% State Bank of India Perpetual	1,000,000	50	51	51
7.72% State Bank of India Perpetual	10,000,000	25	251	251
8.85% HDFC Bank Perpetual	1,000,000	0 (100)	-	100
			2,663	**2,795**
Investment in Compulsorily Convertible Debentures (Valued at amortised cost) (Unquoted):				
In fully paid-up Debentures of:				
0.01%, AMP Energy Green Nine Private Limited ($)	1,000	126,613 (33,865)	23	6
Total			**5,107**	**5,605**
a i Aggregate book value of quoted investments			4,642	5,175
ii Market value of quoted investments			4,642	5,175
b Aggregate book value of unquoted investments			465	430

Explanations:

a In "Face Value (*)", figures in Indian Rupees unless stated otherwise.

b In "Nos. (**)" figures of previous year are same unless stated in ( ).

(^) 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. In view of restrictions on Section 8 companies, the parent Company's share in Zydus Foundation has not been considered in consolidated financial statements.

(#) Pursuant to Limited Liability Partnership Agreement, the contribution made by the Group has lock-in period of 3 years from the date of investment till March 24, 2024.

($) In line with the philosophy of enhancing the share of renewable power source in its operations, the Group had entered into a Power Purchase Agreement (PPA) during the previous year with AMP Energy Green Nine Private Limited (AMP) to procure agreed output of wind and solar energy. Further, to comply with regulatory requirement for being a "captive user" under the Electricity Laws, 2003, during the previous year, the Group has entered into the Share Purchase, Subscription and Shareholder's Agreement (SPSSA) to acquire up to 12.29% stake and during the year, the same has been amended to acquire up to 12.60% of the stake on a fully diluted basis in AMP in one or more tranches, throughout the term of the definitive agreements i.e. PPA and SPSSA.

Further, the Group has also subscribed to, in aggregate, 126,613 Compulsorily Convertible Debentures (CCD) of AMP of ₹ 1,000 each carrying interest of 0.01% for a total consideration of ₹ 122 Million.

Notes to the Consolidated Financial Statements

Note: 6-Loans:

₹ in Million

	As at March 31 2023	As at March 31 2022
(Unsecured)		
Loan to others - Considered good	20	-
Total	**20**	**-**

Note: 7-Other Financial Assets:

₹ in Million

	As at March 31 2023	As at March 31 2022
(Unsecured, Considered Good unless otherwise stated)		
Security Deposits	461	393
Forward Contract value related to investment in a Joint Venture	1,827	1,714
Fixed deposits with maturity more than 12 months	2,506	4
Others	186	335
Total	**4,980**	**2,446**

Note: 8-Deferred Tax:

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

₹ in Million

		Consolidated Balance Sheet		Statement of Profit and Loss	
		As at March 31		Year ended March 31	
		2023	2022	2023	2022
Deferred Tax Liabilities:					
	Depreciation	3,790	3,714	76	32
	Fair Value Adjustment - Financial Instruments	165	164	1	-
	Amortisation of stepped-up basis for intangible assets	-	11	(11)	(98)
		3,955	**3,889**	**66**	**(66)**
Deferred Tax Assets:					
	Employee benefits/ Payable to Statutory Authorities	1,727	1,748	(21)	(46)
	Inventory and related items	3,857	3,124	733	302
	Receivables	1,396	1,335	61	121
	Unabsorbed depreciation and losses	1,092	551	541	187
	MAT Credit Entitlement	5,578	5,957	(379)	(1,025)
	Others	985	594	391	268
Total		**14,635**	**13,309**	**1,326**	**(193)**
Net Deferred Tax (Assets)/ Liabilities		**(10,680)**	**(9,420)**	**(1,260)**	**127**
Out of above:					
a	Disclosed as Deferred Tax Assets	12,624	10,958	-	-
b	Disclosed as Deferred Tax Liabilities	1,944	1,538	-	-
c	Included in Profit or Loss of continuing operations	-	-	(1,026)	702
d	Included in Profit or Loss of discontinued operations	-	-	-	(467)
e	Included in exceptional items of discontinued operations (Refer Note-53)	-	-	-	(121)
f	Included in items of OCI as appropriate	-	-	(234)	13

Notes to the Consolidated Financial Statements

Note: 8-Deferred Tax: (Continued)

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 related to income taxes levied by the same tax authority.

The Group has tax losses which arose in India of ₹ 7,472 (as at March 31, 2022: ₹ 9,943) Million. Out of these, losses of ₹ 2,066 (as at March 31, 2022: ₹ 2,713) Million represents businss losses which are available for offset for eight years against future taxable profits of the companies in which the losses arose. Majority of these business losses will expire in March 2029. Remaining losses of ₹ 5,406 (as at March 31, 2022: ₹ 7,230) represent the unabsorbed depreciations which will be available for set-off against the future taxable profits for indefinite period. MAT Credit not recognised as at March 31, 2023 is ₹ 852 Million (March 31, 2022: ₹ 1,798 Million). 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 Company is eligible to utilise the unused MAT credit.

The deferred tax assets have not been recognised in respect of unabsorbed losses of subsidiaries ₹ 7,614 (as at March 31, 2022: ₹ 6,130) Million as they may not be used to offset taxable profits and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Note: 9-Other Non-Current Assets:

₹ in Million

	As at March 31 2023	As at March 31 2022
(Unsecured, Considered Good unless otherwise stated)		
Capital Advances - Considered Good	1,464	1,399
Capital Advances - Credit impaired	74	75
	1,538	**1,474**
Less: Allowances for credit impaired	74	75
	1,464	**1,399**
Balances with Statutory Authorities	517	963
Others	181	144
Total	**2,162**	**2,506**

Note: 10-Assets for Current Tax (Net):

₹ in Million

	As at March 31 2023	As at March 31 2022
(Unsecured, Considered Good unless otherwise stated)		
Advance payment of Tax (Net of provision for taxation)	1,125	938
Total	**1,125**	**938**

Notes to the Consolidated Financial Statements

Note: 11-Inventories:

	As at March 31 2023	As at March 31 2022
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories [*]:		
Raw Materials	11,794	11,496
Work-in-progress	4,597	3,839
Finished Goods	6,783	8,627
Stock-in-Trade	8,676	9,971
Stores and Spares	-	313
Others:		
Packing Materials	2,283	2,948
Total	**34,133**	**37,194**
The above includes Goods in transit as under:		
Raw Materials	539	285
Stock-in-Trade	246	51
Packing Materials	926	391
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories :		
Net of reversal of write-down	170	247

For details of inventories pledged as security, refer Note-24.

[*] Net of one time provision for Covid inventory and Covid vaccine inventory of ₹ 2,108 Million for the year ended March 31, 2023 [for the year ended March 31, 2022: ₹ 1,344 Million].

In respect of goods where provision has been made for expected returns within the expiry period, the Group recognises an asset, i.e., right to the returned saleable goods [included in inventories] for the products expected to be returned in saleable condition. The Group initially measures this asset at the original carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of returned goods. The Group updates the measurement of the asset recorded for any revision to its expected level of returns, as well as any further decrease in value of the returned products. The value of such goods is ₹ 106 [as at March 31, 2022: ₹ 138] Million.

Note: 12-Investment [Current]:

₹ in Million

	Nos. [*]	As at March 31 2023	As at March 31 2022
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss]:			
ICICI Prudential Overnight Fund - Direct Plan - Growth	4,498,014.52 [36,851,988.78]	5,437	4,224
SBI Overnight Fund - Direct Plan - Growth	0 [403,536]	-	1,396
TATA Arbitrage Fund - Direct Plan - Growth	0 [573,405,085.31]	-	6,873
HDFC Arbitrage Fund - Wholesale Plan - Direct - Growth	0 [48,709,218.62]	-	783
HDFC Overnight Fund - Direct Plan - Growth	227,343.796 [0]	756	-
ICICI Prudential Equity Arbitrage Fund - Direct Plan - Growth	0 [350,134,809.52]	-	10,256
Total		**6,193**	**23,532**

[*] In "Nos." figures of previous year are stated in [ ].

Notes to the Consolidated Financial Statements

Note: 13-Trade Receivables:

₹ in Million

	As at March 31 2023	As at March 31 2022
Secured - Considered good	698	841
Unsecured - Considered good	43,470	32,562
Unsecured - Credit impaired	250	236
	44,418	**33,639**
Less: Allowances for credit losses	250	236
Total	**44,168**	**33,403**

Ageing of Trade Receivables :

₹ in Million

Particulars	Not due	Outstanding 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	
As at March 31, 2023							
Undisputed – considered good	41,605	2,153	144	204	42	20	44,168
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	2	24	36	40	112	214
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	1	2	2	6	25	36
Total	**41,605**	**2,156**	**170**	**242**	**88**	**157**	**44,418**
Less: Allowances for credit losses							(250)
Trade Receivables							44,168

₹ in Million

Particulars	Not due	Outstanding 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	
As at March 31, 2022							
Undisputed – considered good	31,482	1,598	183	38	66	36	33,403
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	32	59	27	98	216
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	2	2	2	14	20
Total	**31,482**	**1,598**	**217**	**99**	**95**	**148**	**33,639**
Less: Allowances for credit losses							(236)
Trade Receivables							33,403

Notes to the Consolidated Financial Statements

Note: 14-Cash and Bank Balances:

₹ in Million

		As at March 31 2023	As at March 31 2022
A	**Cash and Cash Equivalents:**		
	Balances with Banks	4,870	6,569
	Cash on Hand	8	9
	Total	**4,878**	**6,578**
B	**Bank Balances other than Cash and Cash Equivalents:**		
	Unclaimed dividend accounts	48	54
	Fixed deposits	805	4,437
Total		**853**	**4,491**

Note: 15-Loans:

₹ in Million

	As at March 31 2023	As at March 31 2022
(Unsecured)		
Loan to others - Considered good	4	-
Total	**4**	**-**

Note: 16-Other Current Financial Assets:

₹ in Million

	As at March 31 2023	As at March 31 2022
(Unsecured, Considered Good)		
Deposits other than Banks	-	5,134
GST Refund receivable	643	713
Budgetory Support Income receivable	324	367
Production Linked Incentive receivable	1,013	-
Interest Receivable	110	118
Receivables for Forward Contract	-	252
Others	190	263
Total	**2,280**	**6,847**

Notes to the Consolidated Financial Statements

Note: 17-Other Current Assets:

₹ in Million

	As at March 31 2023	As at March 31 2022
(Unsecured, Considered Good)		
Balances with Statutory Authorities	4,277	4,968
Advances to Suppliers - Considered Good	1,658	1,788
Advances to Suppliers - Credit impaired	168	169
	1,826	**1,957**
Less: Allowances for credit impaired	168	169
	1,658	**1,788**
Export Incentive Receivables	91	793
Prepaid Expenses	1,016	721
Advance CSR contribution	345	589
Others	186	48
Total	**7,573**	**8,907**

Note: 18-Equity Share Capital:

₹ in Million

	As at March 31 2023	As at March 31 2022
Authorised:		
1,725,000,000 (as at March 31, 2022: 1,725,000,000) Equity Shares of ₹ 1/- each	1,725	1,725
	1,725	**1,725**
Issued, Subscribed and Paid-up:		
1,012,204,139 (as at March 31, 2022: 1,023,742,600) Equity Shares of ₹ 1/- each, fully paid-up	1,012	1,024
Total	**1,012**	**1,024**
A The reconciliation in number of Equity Shares is as under:		
Number of shares at the beginning of the year	1,023,742,600	1,023,742,600
Less : Extinguished pursuant to buyback of shares (5)	(11,538,461)	-
Number of shares at the end of the year	**1,012,204,139**	**1,023,742,600**

B The Parent has only one class of equity shares having a par value of ₹ 1/- 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.

C Details of Shareholders holding more than 5% of aggregate Equity Shares of ₹ 1/- each, fully paid:

₹ in Million

		As at March 31 2023	As at March 31 2022
a	Zydus Family Trust		
	Number of Shares	758,788,706	766,381,434
	% to total share holding	74.96%	74.86%
b	Life Insurance Corporation of India		
	Number of Shares	63,070,404	62,749,284
	% to total share holding	6.23%	6.13%

Notes to the Consolidated Financial Statements

Note: 18-Equity Share Capital: (Continued)

D Equity Shares held by the promoters/ promoter group of the Company:

#	Promoter's/ Promoter Group's Name	No. of Shares	% of total shares	% change during the year
	As at March 31, 2023			
1	Zydus Family Trust	758,788,706	74.964	0.103
2	Pankaj R. Patel	44,553	0.004	0.000
3	Pankaj Ramanbhai Patel HUF	29,702	0.003	0.000
4	Pripan Investment Private Limited	17,821	0.002	0.000
5	Taraben Patel Family Will Trust	14,851	0.001	0.000
6	Pritiben Pankajbhai Patel	14,851	0.001	0.000
7	Dr. Sharvil P. Patel	14,851	0.001	0.000
8	Shivani Pankajbhai Patel	14,851	0.001	0.000

#	Promoter's/ Promoter Group's Name	No. of Shares	% of total shares	% change during the year
	As at March 31, 2022			
1	Zydus Family Trust	766,381,434	74.861	-
2	Pankaj R. Patel	45,000	0.004	-
3	Pankaj Ramanbhai Patel HUF	30,000	0.003	-
4	Pripan Investment Private Limited	18,000	0.002	-
5	Taraben Patel Family Will Trust	15,000	0.001	-
6	Pritiben Pankajbhai Patel	15,000	0.001	-
7	Dr. Sharvil P. Patel	15,000	0.001	-
8	Shivani Pankajbhai Patel	15,000	0.001	-

($) The Board of Directors of the Parent, at its meeting held on May 20, 2022 had approved a proposal to buyback 11,538,461 fully paid–up equity shares amounting to ₹ 7,500 Million (Buyback Size, excluding transaction costs and applicable taxes) at a price of ₹ 650 per share from the eligible equity shareholders. The buyback was offered to all eligible equity shareholders of the Parent on proportionate basis through the "Tender offer" route in accordance with Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended and other applicable laws. The Buyback period was from May 20, 2022 to July 15, 2022 . The Parent had bought back and extinguished 11,538,461 equity shares, comprising of 1.13% of pre-buyback paid up equity share capital of the Parent on July 19, 2022. The buyback resulted in a cash outflow of ₹ 8,632 Million (including applicable taxes and transaction costs). The Parent has utilized its General Reserve for Buyback of shares. In accordance with Section 69 of the Companies Act, 2013, the Parent has credited "Capital Redemption Reserve" with an amount of ₹ 12 Million, being amount equivalent to the face value of the Equity Shares bought back as an appropriation from General Reserve.

Note: 19-Other Equity:

₹ in Million

	As at March 31 2023	As at March 31 2022
Capital Reserve:		
Balance as per last Balance Sheet	278	278
Capital Redemption Reserve:		
Balance as per last Balance Sheet	-	-
Add: Transfer from General Reserve pursuant to buyback of shares (Refer Note-18 $)	12	-
	12	**-**

Notes to the Consolidated Financial Statements

Note: 19-Other Equity: (Continued)

₹ in Million

	As at March 31 2023	As at March 31 2022
Other Reserves:		
International Business Development Reserve: (*)		
Balance as per last Balance Sheet	2,000	2,000
General Reserve: (**)		
Balance as per last Balance Sheet	15,897	15,897
Less: Utilised for buyback of shares (Refer Note-18 $)	(7,488)	-
Less: Transferred to Capital Redemption Reserve pursuant to buyback of shares (Refer Note-18 $)	(12)	-
Less: Tax and other payments (transaction costs) on buyback of shares (Refer Note-18 $)	(1,132)	-
	7,265	**15,897**
Fair Value through Other Comprehensive Income (FVTOCI) Reserve: (#)		
Balance as per last Balance Sheet	603	554
(Less)/ Add: (Debited)/ Credited during the year	(165)	49
	438	**603**
Foreign Currency Translation Reserve:		
Balance as per last Balance Sheet	(4,764)	(3,672)
(Less)/ Add: Exchange differences on consolidation	(2,981)	(1,092)
	(7,745)	**(4,764)**
Retained Earnings:		
Balance as per last Balance Sheet (^)	154,958	113,842
Add: Profit for the year	19,603	44,873
	174,561	**158,715**
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ (losses) on defined benefit plans (net of tax)	4	(1)
Share of Other Comprehensive Income of Joint Ventures (net of tax)	(2)	(1)
Less: Dividend	(2,665)	(3,720)
Less: Adjustment pursuant to extension of the term of investment in preference shares of a joint venture	-	(35)
Balance as at the end of the year (^)	171,898	154,958
Total	**174,146**	**168,972**

(^) Includes ₹ 8,704 (as at March 31, 2022: ₹ 8,704) Million of Security Premium received by the group on issuance of equity shares by one of the subsidiaries to non-controlling interest holders.

(*) International Business Development Reserve was created pursuant to Composite Scheme of Arrangement approved by the Hon'ble High Court of Gujarat and its utilization shall be as provided in the scheme.

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

(#) The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes to the Consolidated Financial Statements

Note: 20-Borrowings:

₹ in Million

	Non-current portion		Current Maturities	
	As at March 31		As at March 31	
	2023	2022	2023	2022
Term Loans from Banks:				
a Term Loans:				
i Unsecured	-	2,357	-	143
b External Commercial Borrowings (ECB) in Foreign Currency:				
i Unsecured	-	1,264	822	5,055
Total	**-**	**3,621**	**822**	**5,198**
The above amount includes:				
Unsecured borrowings	-	3,621	822	5,198
Amount disclosed under the head "Borrowings" (Note-24)	-	-	(822)	(5,198)
Net amount	**-**	**3,621**	**-**	**-**

Terms of Repayment for Unsecured Borrowings:

a ECB in Foreign Currency Loans:

i ECB of USD 30 Million is repayable in three yearly instalments starting from January 23, 2022. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2023 is ₹ 822 (as at March 31, 2022: ₹ 1,517) Million.

Note: 21-Other Financial Liabilities:

₹ in Million

	As at March 31 2023	As at March 31 2022
Trade Deposits	295	287
Others	219	162
Total	**514**	**449**

Note: 22-Provisions:

₹ in Million

	As at March 31 2023	As at March 31 2022
Provision for Employee Benefits	2,718	3,250
Total	**2,718**	**3,250**

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 by Parent Company and major Indian subsidiaries. The eligible employees of the Group 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

Notes to the Consolidated Financial Statements

Note: 22-Provisions: (Continued)

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 Parent and major Indian subsidiaries have 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 Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary increment risk.

Investment risk:

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

Interest risk:

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

Longevity risk:

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

Salary risk:

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

₹ in Million

		As at March 31					
		2023			2022		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening obligation	340	2,437	3,247	335	2,313	3,034
	Discontinued operations (Refer note-54)	-	-	1	(19)	(71)	(119)
	Transfer in/ (out)	(1)	7	7	-	-	(1)
	Interest cost	23	151	207	19	135	180
	Current service cost	34	357	361	39	337	352
	Benefits paid	(21)	(351)	(281)	(15)	(309)	(223)
	Actuarial (gains)/ losses on obligation due to:						
	Experience adjustments	(99)	64	92	(34)	(43)	97
	Change in demographic assumptions	88	216	-	24	126	-
	Change in financial assumptions	(11)	(75)	(92)	(9)	(51)	(73)
	Closing obligation	**353**	**2,806**	**3,542**	**340**	**2,437**	**3,247**

Notes to the Consolidated Financial Statements

Note: 22-Provisions: (Continued)

₹ in Million

		As at March 31					
		2023			2022		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	-	239	2,013	-	228	1,887
	Transfer in/ (out)	-	-	-	-	-	(62)
	Expected return on plan assets	-	9	134	-	10	120
	Return on plan assets excluding amounts included in interest income	-	3	7	-	4	22
	Contributions by employer	-	3	1,142	-	3	268
	Benefits paid	-	(1)	(280)	-	(6)	(222)
	Actuarial (losses)/ gains	-	-	-	-	-	-
	Closing fair value of plan assets	**-**	**253**	**3,016**	**-**	**239**	**2,013**
	Total actuarial (losses)/ gains to be recognised	**22**	**(205)**	**-**	**19**	**(32)**	**(24)**
D	**Actual return on plan assets:**						
	Expected return on plan assets	-	9	134	-	10	120
	Actuarial (losses)/ gains on plan assets	-	-	-	-	-	-
	Actual return on plan assets	**-**	**9**	**134**	**-**	**10**	**120**
E	**Amount recognised in the balance sheet:**						
	Liabilities/ (Assets) at the end of the year	353	2,806	3,542	340	2,437	3,247
	Fair value of plan assets at the end of the year	-	(253)	(3,016)	-	(239)	(2,013)
	Difference	353	2,553	526	340	2,198	1,234
	Unrecognised past service cost	-	-	-	-	-	-
	Liabilities/ (Assets) recognised in the Balance Sheet	**353**	**2,553**	526	**340**	**2,198**	**1,234**
F	**Expenses/ (Incomes) recognised in the Statement of Profit and Loss:**						
	Current service cost	34	357	361	39	337	352
	Interest cost on benefit obligation	23	151	207	19	135	180
	Expected return on plan assets	-	(9)	(134)	-	(10)	(120)
	Return on plan assets excluding amounts included in interest income	-	(3)	-	-	(4)	-
	Net actuarial (gains)/ losses in the year	(22)	205	-	(19)	32	-
	Amount included in "Employee Benefits Expense"	35	701	434	39	490	412
	Return on plan assets excluding amounts included in interest income	-	-	(7)	-	-	(22)
	Net actuarial (gains)/ losses in the year	-	-	-	-	-	24
	Amounts recognized in OCI	**-**	**-**	**(7)**	**-**	**-**	**2**

Notes to the Consolidated Financial Statements

Note: 22-Provisions: (Continued)

₹ in Million

		As at March 31					
		2023			2022		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	340	2,198	1,234	335	2,085	1,147
	Discontinued operations (Refer note-54)	-	-	1	(19)	(71)	(119)
	Transfer in/ (out)	(1)	7	7	-	-	61
	Expenses as above (P & L Charge)	35	701	434	39	490	412
	Amount recognised in OCI	-	-	(7)	-	-	2
	Employer's contribution	-	(3)	(1,142)	-	(3)	(326)
	Benefits Paid	(21)	(350)	(1)	(15)	(303)	(1)
	Liabilities/ (Assets) recognised in the Balance Sheet	**353**	**2,553**	**526**	**340**	**2,198**	**1,234**
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate	7.35% - 7.45%	7.35% - 7.45%	7.35% - 7.45%	6.85% - 6.90%	6.85% - 6.90%	6.85% - 6.90%
	(The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations)						
	Annual increase in salary cost	12% for next 2 year, 9% thereafter			12% for next 2 year, 9% thereafter		
	(The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market)						
	Withdrawal rates (p.a.)	40% at younger ages reducing to 1% at older ages			40% at younger ages reducing to 1% at older ages		
	(The estimates of level of attrition is based on broad economic outlook, type of sector the Company operates in and measures taken by the management to retain/ relieve the employees)						
I	**The categories of plan assets (India) as a % of total plan assets are:**						
	Insurance plan	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%

The weighted average duration of defined benefit plan obligation at the end of the year is 5.28 to 8.35 years (as at March 31, 2022 : 5.35 to 7.60 years).

Notes to the Consolidated Financial Statements

Note: 22-Provisions: (Continued)

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumptions is shown below:

₹ in Million

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2023	2022	2023	2022	2023	2022
Impact on obligation:						
Discount rate increase by 0.5%	(9)	(13)	(63)	(68)	(110)	(105)
Discount rate decrease by 0.5%	10	13	69	67	119	111
Annual salary cost increase by 0.5%	10	12	67	66	114	106
Annual salary cost decrease by 0.5%	(9)	(13)	(62)	(68)	(107)	(101)
Withdrawal rate increase by 10%	(15)	(15)	(44)	(39)	(27)	(32)
Withdrawal rate decrease by 10%	16	18	51	42	31	38

The following payments are expected contributions to the defined benefit plan and long term employment benefit in future years:

₹ in Million

	As at March 31 2023	As at March 31 2022
Within the next 12 months (next annual reporting period)	1,305	1,066
Between 2 and 5 years	2,896	2,576
Between 6 and 10 years	2,558	2,262
Total expected payments	**6,759**	**5,904**

Note: 23-Other Non-Current Liabilities:

₹ in Million

	As at March 31 2023	As at March 31 2022
Others	-	3
Total	**-**	**3**

Note: 24-Borrowings:

₹ in Million

	As at March 31 2023	As at March 31 2022
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured]	-	5,000
Working Capital Loans from Banks [Unsecured]	10,810	28,141
Current Maturities of Long Term Debt [Refer Note-20]	822	5,198
Total	**11,632**	**38,339**

A Securities and Terms of Repayment for Secured Borrowings:

i Working Capital Loans of the Parent, which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares relating to plant and machineries [consumable stores and spares], including goods in transit, bills receivables and book debts of the Parent. The value of such current assets is ₹ 52,877 [as at March 31, 2022 ₹ 42,040] Million.

Notes to the Consolidated Financial Statements

Note: 24-Borrowings: (Continued)

B Terms of Repayment for Unsecured Borrowings:

i PCFC and Packing Credit loans in ₹ (PCRE) loans of the Parent are payable during April, 2023 to September, 2023. The outstanding amount of loans as at March 31, 2023 is ₹ 9,693 (as at March 31, 2022: ₹ 13,607) Million.

ii Working capital loans of some of the subsidiary companies are repayable on demand. The outstanding amount of loan as at March 31, 2023 is ₹ 1,117 (as at March 31, 2022: ₹ 14,534) Million.

Note: 25-Trade Payables:

₹ in Million

	As at March 31 2023	As at March 31 2022
Dues to Micro and Small Enterprises	377	280
Dues to other than Micro and Small Enterprises	20,873	21,098
Total	**21,250**	**21,378**

Ageing of Trade Payables :

₹ in Million

Particulars	Not Due	Outstanding from due date of payment				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
As at March 31, 2023						
Undisputed Micro and Small Enterprises (MSME)	376	1	-	-	-	377
Undisputed Others	15,830	4,830	87	38	85	20,870
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	3	3
Total	**16,206**	**4,831**	**87**	**38**	**88**	**21,250**
As at March 31, 2022						
Undisputed Micro and Small Enterprises (MSME)	270	4	-	-	-	274
Undisputed Others	14,550	6,354	75	40	74	21,093
Disputed MSME	-	-	-	6	-	6
Disputed Others	-	-	-	-	5	5
Total	**14,820**	**6,358**	**75**	**46**	**79**	**21,378**

Note: 26-Other Financial Liabilities:

₹ in Million

	As at March 31 2023	As at March 31 2022
Interest accrued but not due on borrowings	2	44
Book overdraft	2	1
Accrued Expenses	13,075	11,370
Payable for Capital Goods	1,210	1,052
Unpaid Dividends	48	54
Others	2	4
Total	**14,339**	**12,525**

Notes to the Consolidated Financial Statements

Note: 27-Other Current Liabilities:

₹ in Million

	As at March 31 2023	As at March 31 2022
Advances from Customers	719	489
Payable to Statutory Authorities	1,476	1,030
Others	510	345
Total	**2,705**	**1,864**

Note: 28-Provisions:

₹ in Million

	As at March 31 2023	As at March 31 2022
Provision for Employee Benefits	901	674
Provision for claims for product expiry and return of goods [*]	2,753	2,982
Total	**3,654**	**3,656**
[*] Provision for claims for product expiry and return of goods:		
a Provision for product expiry claims and return of goods in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. 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:		
i Carrying amount at the beginning of the year	2,982	2,667
ii Additional (reversal)/ provision made during the year	(229)	315
iii Carrying amount at the end of the year	2,753	2,982

Note: 29-Current Tax Liabilities [Net]:

₹ in Million

	As at March 31 2023	As at March 31 2022
Provision for Taxation [Net of advance payment of tax]	1,568	418
Total	**1,568**	**418**

Notes to the Consolidated Financial Statements

Note: 30-Contingent Liabilities and Commitments (to the extent not provided for):

₹ in Million

				As at March 31 2023	As at March 31 2022
A	**Contingent Liabilities:**				
	a	Claims against the Group not acknowledged as debts		395	631
	b	In respect of guarantees given by Banks and/ or counter guarantees given		8	1
	c	Other money for which the company is contingently liable:			
		i	In respect of the demands raised by the Goods and Service Tax, Central Excise, State Excise, Customs & Service Tax Authority	2,536	2,439
		ii	In respect of the demands raised by the Ministry of Chemicals & Fertilizers, Govt. of India under Drug Price Control Order, 1979/ 1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations and disputed by the Group, which the Group expects to succeed based on the legal advice	86	111
		iii	In respect of Income Tax matters pending before appellate authorities	3,164	1,957
		iv	In respect of Sales Tax matters pending before appellate authorities	1,144	1,224
		v	In respect of custom duty liability under EPCG scheme	194	15
		vi	In respect of letters of credit for Imports	76	35
		vii	In respect of other matters (Employees Indemnity on retirement/ guaranteed severance package)	408	254

B Legal proceedings:

1 In late 2016, a union health and welfare fund filed two actions against one of the subsidiary companies in US (i.e. the Company) and other generic drug companies in the U.S. District Court for the Eastern District of Pennsylvania. These actions alleged conspiracies to fix prices or allocate markets for two drugs (divalproex and pravastatin) in violation of federal and state antitrust laws.

Subsequently, these and the other actions detailed below have been coordinated in a multi-district litigation in the Eastern District of Pennsylvania. Ultimately, putative classes of direct purchasers, end payors, and indirect resellers each filed multiple actions in which the Company is named as one of several defendants: (i) an action alleging a conspiracy to fix prices or allocate markets for pravastatin, (ii) an action to fix prices or allocate markets for divalproex, and (iii) an action alleging both a conspiracy to fix prices or allocate markets for a third drug (acetazolamide) as well as an "overarching," industry-wide conspiracy. In June 2018, Connecticut and other states filed a complaint against the Company and other defendants alleging a number of individual-drug conspiracies (including acetazolamide for the Company) as well as an "overarching" conspiracy. Several opt-out plaintiffs have filed complaint as well, and the claims in these complaints track the claims outlined above. In May 2019, Connecticut and other states filed a second complaint against the Company and other defendants. That complaint alleges a number of individual-drug conspiracies (including eight drugs for the Company) as well as an "overarching" conspiracy. Beginning in October 2019, putative classes of direct purchases, indirect resellers, and end payors as well as several opt-out plaintiffs and a group of New York counties filed additional complaints against the Company and other defendants with substantially similar claims. In October 2019, the Court entered a case management order setting a preliminary schedule and the cases are currently proceeding through fact discovery. No trial dates have been set for the Company. The Company believes it has meritorious defenses to these lawsuits.

C Commitments:

₹ in Million

		As at March 31 2023	As at March 31 2022
a	Estimated amount of contracts remaining to be executed on capital account and not provided for	4,738	5,440

Notes to the Consolidated Financial Statements

Note: 31-Leases:

Lessee:

A Relating to statement of financial position:

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

₹ in Million

Right of use assets	Land	Buildings	Vehicles	Total
Balance as at March 31, 2021	1,836	192	26	2,054
Additions (Net)	-	41	89	130
Depreciation charge for the year	24	81	27	132
Other adjustments	(78)	(13)	-	(91)
Exchange rate impact on translation of foreign operations	(33)	3	2	(28)
Balance as at March 31, 2022 (Net)	1,701	142	90	1,933
Additions (Net)	14	86	87	187
Depreciation charge for the year	14	73	62	149
Other adjustments	(5)	-	-	(5)
Exchange rate impact on translation of foreign operations	(1)	3	13	15
Balance as at March 31, 2023 (Net)	1,695	158	128	1,981

The Group leases assets which include office buildings, warehouse spaces and vehicles.

2 Movement in lease liabilities:

₹ in Million

	As at March 31 2023	As at March 31 2022
Lease liability at the beginning of the year	249	241
Additions	208	151
Redemptions	(130)	(130)
Other adjustments	(10)	(13)
Lease liability at end of the year	317	249
of which:		
Current portion	119	88
Non current portion	198	161

2.1 Maturity analysis of lease liabilities:

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

₹ in Million

Minimum lease payments due	As at March 31 2023	As at March 31 2022
Within 1 year	119	88
1-5 years	194	103
Above 5 years	16	6

Notes to the Consolidated Financial Statements

Note: 31-Leases: (Continued)

Lessor:

The Group leases out certain properties and classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

₹ in Million

Lease payments due to be received:	As at March 31 2023	As at March 31 2022
Within 1 year	27	4
1-5 years	78	-
Above 5 years	-	-
Total undiscounted lease payments	**105**	**4**

Description of lease activities:

Real estate lease:

The Group leases buildings for it's offices and warehouse space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 3- 10 years and may include extension options which provide operational flexibility. Majority of the leases are cancellable by either parties by serving notice period.

Note: 32-Dividend proposed to be distributed:

The Board of Directors of the Parent, at its meeting held on May 18, 2023, recommended the final dividend of ₹ 6.00 per equity share of ₹ 1/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Notes to the Consolidated Financial Statements

Note: 33-Revenue from Operations:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Sale of Products	168,778	148,276
Other Operating Revenues:		
Production Linked Incentive income (*)	1,351	-
Export Incentives	517	470
Miscellaneous Income	1,728	2,353
	3,596	**2,823**
Total	**172,374**	**151,099**
(*) The Group is eligible for claiming benefits under the Production Linked Incentive (PLI) Scheme of the Government of India. Based on the claims submitted so far and the estimated claims to be submitted by the Group, the Group has recognised the PLI income.		
Pursuant to Ind AS 115 "Revenue from Contracts with Customers" reconciliation of revenue recognised in the statement of profit and loss with the contracted price is under:		
Revenue as per contracted price	336,082	293,280
Less:		
Provision for Expiry and Sales Return	(2,239)	(4,631)
Discounts/ Chargeback/ Price Reduction/ Rebates	(164,502)	(139,825)
Others	(563)	(548)
	(167,304)	**(145,004)**
Revenue from contract with customers	**168,778**	**148,276**

Note: 34-Other Income:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	757	688
Net Gain on Forward Contract	258	646
Gain / (Loss) on valuation of Forward Contract value related to investment in a Joint Venture mandatorily measured at FVTPL	113	123
	1,128	**1,457**
Dividend Income:		
From Investments designated as at FVOCI	11	8
Gain on Investments mandatorily measured at FVTPL	483	751
Net Gain on sale of Property, Plant and Equipment (Net of loss)	208	-
Other Non-operating Income	36	31
Total	**1,866**	**2,247**

Notes to the Consolidated Financial Statements

Note: 35-Cost of Materials Consumed:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Raw Materials:		
Stock at commencement	11,496	11,438
Add: Purchases	31,780	32,605
	43,276	**44,043**
Less: Stock at close	11,794	11,496
	31,482	**32,547**
Packing Materials consumed	9,744	7,882
Total	**41,226**	**40,429**

Note: 36-Purchases of Stock-in-Trade:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Purchases of Stock-in-Trade	19,494	18,646
Total	**19,494**	**18,646**

Note: 37-Changes in Inventories:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Stock at commencement:		
Work-in-progress	3,839	4,593
Finished Goods	8,627	8,472
Stock-in-Trade	9,971	5,749
	22,437	**18,814**
Less: Stock at close:		
Work-in-progress	4,597	3,839
Finished Goods	6,783	8,627
Stock-in-Trade	8,676	9,971
	20,056	**22,437**
Total	**2,381**	**(3,623)**

Notes to the Consolidated Financial Statements

Note: 38-Employee Benefits Expense:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Salaries and wages	25,088	22,077
Contribution to provident and other funds	1,848	1,694
Staff welfare expenses	720	570
Total	**27,656**	**24,341**
Above expenses include:		
Research related expenses:		
Salaries and wages	2,601	2,182
Contribution to provident and other funds	169	146
Staff welfare expenses	59	39
Total	**2,829**	**2,367**
Managing Directors' Remuneration	263	197

Note: 39-Finance Cost:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Interest expense [*]	1,255	1,144
Net Loss on foreign currency transactions and translation	1	71
Bank commission & charges	43	55
Total	**1,299**	**1,270**
[*] The break up of interest expense into major heads is given below:		
On term loans	294	265
On working capital loans	762	708
On lease liabilities	35	21
Others	164	150
Total	**1,255**	**1,144**

Note: 40-Depreciation and Amortisation expense:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Depreciation expenses	6,156	5,951
Amortisation expense	1,071	1,452
Depreciation & Amortization pertaining to discontinued operations	-	(273)
Total	**7,227**	**7,130**

Notes to the Consolidated Financial Statements

Note: 41-Other Expenses:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Research Materials	1,358	1,146
Analytical Expenses	2,270	1,686
Consumption of Stores and spare parts	2,488	2,737
Power & fuel	3,616	3,150
Rent	229	206
Repairs to Buildings	260	242
Repairs to Plant and Machinery	946	811
Repairs to Others	400	352
Insurance	997	918
Rates and Taxes (excluding taxes on income)	339	250
Processing Charges	628	829
Commission to Directors	19	16
Traveling Expenses	1,344	769
Legal and Professional Fees	4,832	3,363
Advertisement Expenses	2,573	2,514
Commission on sales	1,535	1,460
Freight and forwarding on sales	4,274	4,348
Representative Allowances	1,174	942
Other marketing expenses	7,190	5,411
Allowances of credit losses:		
Trade receivables written off	1	26
Expected credit loss	50	32
	51	**58**
Less: Transferred from expected credit loss	(34)	(17)
	17	**41**
Allowances for Doubtful Advances:		
Doubtful advances written off	20	-
Allowances for credit impaired	-	14
	20	**14**
Less: Transferred from allowances for credit impaired	(2)	(90)
	18	**(76)**
Directors' fees	19	19
Net Loss on disposal of Property, Plant and Equipment (Net of gain)	-	17
Donations	289	4
Miscellaneous Expenses	9,047	8,297
Total	**45,862**	**39,452**

Notes to the Consolidated Financial Statements

Note: 41-Other Expenses: (Continued)

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
Above expenses include Research related expenses as follows:		
Research Materials	1,310	1,146
Analytical expenses	2,021	1,469
Consumption of Stores and spare parts	503	577
Power & Fuel	181	157
Repairs to Buildings	33	14
Repairs to Plant and Machinery	175	113
Repairs to Others	17	49
Insurance	19	34
Traveling Expenses	63	42
Legal and Professional fees	1,757	1,537
Net Loss on disposal of Property, Plant and Equipment	32	17
Miscellaneous Expenses [excluding Depreciation]	3,423	2,884
Total	**9,534**	**8,039**
Research related Net Loss on foreign currency transactions and translation	27	43

Note: 42-Tax Expenses:

₹ in Million

	Year ended March 31 2023	Year ended March 31 2022
The major components of income tax expense are:		
A Statement of profit and loss:		
Profit or loss section- Continuing operations:		
Current income tax:		
Current income tax charge	6,936	4,422
Adjustments in respect of current income tax of previous years	(32)	(7)
	6,904	**4,415**
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,026)	702
Discontinued operations:		
Current income tax	(24)	1,952
Deferred tax	-	(467)
	(24)	**1,485**
Tax expense reported in profit or loss	**5,854**	**6,602**
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss/ [gain] on remeasurements of defined benefit plans	(3)	2
Tax charged to OCI	**(3)**	**2**

Notes to the Consolidated Financial Statements

Note: 42-Tax Expenses: (Continued)

₹ in Million

		Year ended March 31 2023	Year ended March 31 2022
B	**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:**		
	Profit before tax from continuing operations	25,897	28,381
	Profit before tax from discontinued operations	(70)	23,942
	Profit before tax	**25,827**	**52,323**
	Enacted Tax Rate in India (%)	34.94%	34.94%
	Expected Tax Expenses	9,024	18,282
	Adjustments for:		
	Tax effect due to non-taxable income for Indian tax purposes	(1,242)	(7,371)
	Effect of unrecognized/ excess deferred tax assets / liabilities	338	696
	Effect of non-deductible expenses/ losses	3,009	(307)
	Effect of additional deductions in taxable income	(3,276)	(2,097)
	Effect of difference between Indian and Foreign tax rates (including impact of different tax rate in India)	(662)	(553)
	Effect of MAT Credit utilised on which deferred tax asset is not created	(1,013)	(2,065)
	Effect of MAT Credit recognized	(379)	-
	Others	55	17
	Total	**(3,170)**	**(11,680)**
	Tax Expenses as per Profit or Loss	**5,854**	**6,602**

Note: 43-Calculation of Earnings per Equity Share (EPS):

			Year ended March 31 2023	Year ended March 31 2022
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
Continuing Operations:				
A	Profit attributable to Shareholders	₹-Million	19,649	22,416
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	1,015,649,871	1,023,742,600
C	Nominal value of equity share	₹	1	1
D	Basic & Diluted EPS	₹	19.35	21.90
Discontinued Operations:				
A	Profit/ (Loss) attributable to Shareholders	₹-Million	(46)	22,457
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	1,015,649,871	1,023,742,600
C	Nominal value of equity share	₹	1	1
D	Basic & Diluted EPS	₹	(0.05)	21.94
Continuing & Discontinued Operations:				
A	Profit attributable to Shareholders	₹-Million	19,603	44,873
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	1,015,649,871	1,023,742,600
C	Nominal value of equity share	₹	1	1
D	Basic & Diluted EPS	₹	19.30	43.83

Notes to the Consolidated Financial Statements

Note: 44-Segment Information:

₹ in Million

			Year ended March 31 2023	Year ended March 31 2022
A	The Chief Operating Decision Maker (CODM) reviews the Group as "Pharmaceuticals" and "Consumer Products" segment.			
	The CODM reviews revenue, results, total assets and total liabilities as the performance indicator of an operating segment.			
1	**Pharmaceuticals:**			
	This segment represents the business of integrated pharmaceutical operations with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Group includes Active Pharmaceutical Ingredients (API), human formulations and animal health & veterinary.			
2	**Consumer products:**			
	This segment represents the business of development, production, marketing and distribution of differentiated health and wellness products.			
a	**Segment revenue:**			
	i	Pharmaceuticals	149,926	131,311
	ii	Consumer Products	22,448	19,788
	iii	Total revenue from operations	**172,374**	**151,099**
b	**Segment results:**			
	i	Pharmaceuticals	28,930	24,194
	ii	Consumer Products	3,009	3,060
	iii	Total profit before exceptional items and tax	**31,939**	**27,254**
c	**Segment assets:**			
	i	Pharmaceuticals	199,233	221,032
	ii	Consumer Products	58,331	56,922
	iii	**Total assets**	**257,564**	**277,954**
d	**Segment liabilities:**			
	i	Pharmaceuticals	56,532	82,322
	ii	Consumer Products	4,149	5,094
	iii	Total liabilities	**60,681**	**87,416**
B	**Geographical market:**			
a	**Revenue (*):**			
	i	India	76,399	70,979
	ii	US	74,868	59,487
	iii	Others	21,107	20,633
	iv	Total	**172,374**	**151,099**
b	**Non-current operating assets (**):**			
	i	India	118,492	115,232
	ii	US	3,560	8,971
	iii	Others	5,164	4,941
	iv	Total	**127,216**	**129,144**
C	Revenues derived from single external customer which amount to 10% or more of the Group's revenue		22,994	-

(*) The revenue information above is based on the locations of the customers.

(**) Non-current assets for this purpose consist of property, plant and equipment, capital work-in-progress, intangible assets and intangible assets under development.

Notes to the Consolidated Financial Statements

Note: 45-Group information:

Consolidated Financial Statements as at March 31, 2023 comprise the Financial Statements (FS) of Zydus Lifesciences Limited (ZLL) and its subsidiaries as well as its interest in Joint Ventures, which are as under:

No.	Name	Principal activities	Country of incorporation	Status of FS at March 31, 2023	% equity Interest as at March 31	
					2023	2022
A	**Indian subsidiaries:**					
1	Zydus Healthcare Limited	Human Pharmaceutical Formulations	India	Audited	100.00	100.00
2	German Remedies Pharmaceuticals Private Limited	Human Pharmaceutical Formulations	India	Audited	100.00	100.00
3	Zydus Wellness Limited	Consumer Health & Wellness	India	Audited	57.59	57.59
4	Zydus Wellness Products Limited	Consumer Health & Wellness	India	Audited	57.59	57.59
5	Liva Investment Limited	Investment	India	Audited	57.59	57.59
6	Liva Nutritions Limited	Consumer Health & Wellness	India	Audited	57.59	57.59
7	Zydus Animal Health and Investments Limited	Animal Health and Veterinary	India	Audited	100.00	100.00
8	Dialforhealth Greencross Limited	Retail Pharmacy	India	Audited	100.00	100.00
9	Dialforhealth Unity Limited	Retail Pharmacy	India	Audited	55.00	55.00
10	Violio Healthcare Limited	Human Pharmaceutical Formulations	India	Audited	100.00	100.00
11	Zydus Pharmaceuticals Limited	Human Pharmaceutical Formulations	India	Audited	100.00	100.00
12	Biochem Pharmaceutical Private Limited	Human Pharmaceutical Formulations	India	Audited	100.00	100.00
13	Zydus Strategic Investments Limited	Investment	India	Audited	100.00	100.00
14	Zydus VTEC Limited	Human Pharmaceutical Formulations	India	Audited	100.00	100.00
B	**Foreign subsidiaries:**					
1	Zydus Lanka (Private) Limited	Human Pharmaceutical Formulations	Sri Lanka	Unaudited	100.00	100.00
2	Zydus International Private Limited	Investment and Holding	Ireland	Unaudited	100.00	100.00
3	Zydus Netherlands B.V.	Investment and Holding	Netherlands	Unaudited	100.00	100.00
4	Zydus France, SAS	Human Pharmaceutical Formulations	France	Unaudited	100.00	100.00
5	Laboratorios Combix S.L.	Human Pharmaceutical Formulations	Spain	Unaudited	100.00	100.00
6	Etna Biotech S.R.L.	Research and Development	Italy	Unaudited	100.00	100.00
7	Zydus Healthcare (USA) LLC	Human Pharmaceutical Formulations	U. S. A.	Unaudited	100.00	100.00
8	Zydus Pharmaceuticals (USA) Inc.	Human Pharmaceutical Formulations	U. S. A.	Audited	100.00	100.00

Notes to the Consolidated Financial Statements

Note: 45-Group information: (Continued)

No.	Name	Principal activities	Country of incorporation	Status of FS at March 31, 2023	% equity Interest as at March 31	
					2023	2022
9	Nesher Pharmaceuticals (USA) LLC	Human Pharmaceutical Formulations	U. S. A.	Audited	100.00	100.00
10	ZyVet Animal Health Inc.	Animal Health and Veterinary	U. S. A.	Audited	100.00	100.00
11	Sentynl Therapeutics, Inc.	Human Pharmaceutical Formulations	U. S. A.	Audited	100.00	100.00
12	Zydus Noveltech Inc.	Human Pharmaceutical Formulations	U. S. A.	Unaudited	100.00	100.00
13	Hercon Pharmaceuticals, LLC	Human Pharmaceutical Formulations	U. S. A.	Unaudited	100.00	100.00
14	Viona Pharmaceuticals Inc.	Human Pharmaceutical Formulations	U. S. A.	Unaudited	100.00	100.00
15	Zydus Therapeutics Inc.	Human Pharmaceutical Formulations	U. S. A.	Audited	100.00	100.00
16	Zydus Pharmaceuticals UK Limited	Investment and Holding	U.K	Unaudited	100.00	Note-1
17	Zynext Ventures PTE. LTD.	Investment and Holding	Singapore	Unaudited	100.00	Note-2
18	Zynext Ventures USA LLC	Investment and Holding	U. S. A.	Unaudited	100.00	Note-3
19	Zydus Worldwide DMCC	Human Pharmaceutical Formulations	U. A. E.	Audited	100.00	100.00
20	Zydus Discovery DMCC	Human Pharmaceutical Formulations	U. A. E.	Note-4	0.00	100.00
21	Zydus Wellness (BD) Private Limited	Consumer Health & Wellness	Bangladesh	Audited	57.59	57.59
22	Zydus Wellness International DMCC	Consumer Health & Wellness	U. A. E.	Audited	57.59	57.59
23	Zydus Nikkho Farmaceutica Ltda.	Human Pharmaceutical Formulations	Brazil	Audited	100.00	100.00
24	Zydus Healthcare SA (Pty) Ltd.	Human Pharmaceutical Formulations	South Africa	Audited	100.00	100.00
25	Simayla Pharmaceuticals (Pty) Ltd	Human Pharmaceutical Formulations	South Africa	Unaudited	100.00	100.00
26	Script Management Services (Pty) Ltd.	Human Pharmaceutical Formulations	South Africa	Unaudited	100.00	100.00
27	Zydus Healthcare Philippines Inc.	Human Pharmaceutical Formulations	Philippines	Unaudited	100.00	100.00
28	Alidac Healthcare (Myanmar) Limited	Human Pharmaceutical Formulations	Myanmar	Unaudited	100.00	100.00
29	Zydus Pharmaceuticals Mexico SA De C.V.	Human Pharmaceutical Formulations	Mexico	Unaudited	100.00	100.00
30	Zydus Pharmaceuticals Mexico Service Company SA De C.V.	Manpower Supply & Administration	Mexico	Unaudited	100.00	100.00

Notes to the Consolidated Financial Statements

Note: 45-Group information: (Continued)

No.	Name	Principal activities	Country of incorporation	Status of FS at March 31, 2023	% equity Interest as at March 31 2023	2022
C	Partnership firm:					
1	M/s. Recon Pharmaceuticals and Investments	Human Pharmaceutical Formulations and Investments	India	Audited	100.00	100.00
D	Joint Ventures:					
1	Zydus Takeda Healthcare Private Limited	API	India	Audited	50.00	50.00
2	Zydus Hospira Oncology Private Limited	Human Pharmaceutical Formulations	India	Unaudited	50.00	50.00
3	Bayer Zydus Pharma Private Limited	Human Pharmaceutical Formulations	India	Audited	24.999998	24.999998

Notes:

1 The Group has incorporated Zydus Pharmaceuticals UK Limited in UK on February 8, 2023.

2 The Group has incorporated Zynext Ventures PTE. LTD. in Singapore on February 21, 2023.

3 The Group has incorporated Zynext Ventures USA LLC in USA on March 3, 2023 as wholly owned subsidiary of Zynext Ventures PTE. LTD.

4 Zydus Discovery DMCC is merged with Zydus Therapeutics Inc., USA w.e.f. July 01, 2021.

Note: 46-Statutory Group Information:

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

	Net Assets i.e. total assets minus total liabilities		Share in Profit / (Loss)		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of Consolidated Net Assets	₹- Million	As % of Consolidated Profit / (Loss)	₹- Million	As % of Consolidated other Comprehensive income	₹- Million	As % of total Comprehensive income	₹- Million
Parent:								
Zydus Lifesciences Limited	77.87	136,394	78.01	15,292	4.48	(141)	92.05	15,151
Subsidiaries:								
Indian:								
Zydus Healthcare Limited	29.04	50,858	37.20	7,292	0.59	(18)	44.19	7,274
German Remedies Pharmaceuticals Private Limited	1.27	2,233	1.98	387	0.02	(0)	2.35	387
Zydus Wellness Limited	23.03	40,343	3.39	664	0.16	(5)	4.01	659
Zydus Wellness Products Limited	14.98	26,235	(4.19)	(822)	(0.14)	4	(4.97)	(818)

Notes to the Consolidated Financial Statements

Note: 46-Statutory Group Information: (Continued)

	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	₹- Million	As % of Consolidated Profit / (Loss)	₹- Million	As % of Consolidated other Comprehensive income	₹- Million	As % of total Comprehensive income	₹- Million
Liva Investment Limited	0.00	2	0.00	0	-	-	0.00	0
Liva Nutritions Limited	0.01	24	(0.00)	(0)	-	-	(0.00)	(0)
Zydus Animal Health and Investments Limited	14.10	24,698	3.34	654	(0.00)	0	3.97	654
Dialforhealth Unity Limited	0.00	0	(0.00)	(0)	-	-	(0.00)	(0)
Dialforhealth Greencross Limited	(0.00)	(3)	(0.00)	(0)	-	-	(0.00)	(0)
Violio Healthcare Limited	0.00	0	(0.00)	(0)	-	-	(0.00)	(0)
Zydus Pharmaceuticals Limited	(0.01)	(9)	(0.60)	(117)	0.11	(4)	(0.73)	(121)
Biochem Pharmaceutical Private Limited	0.00	0	(0.00)	(0)	-	-	(0.00)	(0)
Zydus Strategic Investments Limited	0.01	10	0.00	0	-	-	0.00	0
Zydus VTEC Limited	0.01	18	(0.13)	(26)	-	-	(0.16)	(26)
Recon Pharmaceuticals and Investments	0.83	1,454	0.01	1	-	-	0.01	1
Foreign:								
Zydus Lanka (Private) Limited	0.01	10	(0.00)	(1)	-	-	(0.00)	(1)
Zydus International Private Limited	3.45	6,040	1.18	232	-	-	1.41	232
Zydus Netherlands B.V.	4.46	7,815	(0.05)	(10)	-	-	(0.06)	(10)
Zydus France, SAS	0.04	70	(0.67)	(131)	-	-	(0.79)	(131)
Laboratorios Combix S.L.	0.14	246	0.10	20	-	-	0.12	20
Etna Biotech S.R.L.	(0.06)	(99)	(0.14)	(27)	-	-	(0.17)	(27)
Zydus Healthcare (USA) LLC	0.03	44	0.01	3	-	-	0.02	3
Zydus Pharmaceuticals (USA) Inc.	10.49	18,376	13.19	2,586	-	-	15.71	2,586

Notes to the Consolidated Financial Statements

Note: 46-Statutory Group Information: (Continued)

	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	₹- Million	As % of Consolidated Profit / (Loss)	₹- Million	As % of Consolidated other Comprehensive income	₹- Million	As % of total Comprehensive income	₹- Million
Nesher Pharmaceuticals (USA) LLC	(5.30)	(9,292)	(0.58)	(113)	-	-	(0.69)	(113)
ZyVet Animal Health Inc.	(0.13)	(222)	(0.45)	(89)	-	-	(0.54)	(89)
Sentynl Therapeutics, Inc	(1.91)	(3,344)	(36.04)	(7,065)	-	-	(42.93)	(7,065)
Zydus Noveltech Inc.	2.05	3,587	0.01	2	-	-	0.01	2
Hercon Pharmaceuticals, LLC	0.19	338	0.27	53	-	-	0.32	53
Viona Pharmaceuticals INC	(0.00)	(9)	0.26	52	-	-	0.31	52
Zydus Therapeutics Inc.	(0.58)	(1,022)	(8.20)	(1,607)	-	-	(9.76)	(1,607)
Zydus Wellness BD Private Limited	0.01	26	(0.04)	(7)	-	-	(0.04)	(7)
Zydus Worldwide DMCC	(4.42)	(7,744)	(2.17)	(426)	(0.01)	0	(2.59)	(426)
Zydus Wellness International DMCC	(0.01)	(19)	(0.51)	(100)	(0.01)	0	(0.61)	(100)
Zydus Nikkho Farmaceutica Ltda.	0.84	1,466	(1.69)	(332)	-	-	(2.02)	(332)
Zydus Healthcare SA (Pty) Ltd.	0.38	666	(0.02)	(4)	-	-	(0.02)	(4)
Simayla Pharmaceuticals (Pty) Ltd	(0.27)	(469)	(0.00)	(0)	-	-	(0.00)	(0)
Script Management Services (Pty) Ltd.	0.00	3	0.00	0	-	-	0.00	0
Zydus Healthcare Philippines Inc.	0.30	517	0.11	21	(0.06)	2	0.14	23
Alidac Healthcare (Myanmar) Limited	0.76	1,328	1.11	217	-	-	1.32	217
Zydus Pharmaceuticals Mexico SA De C.V.	(0.13)	(227)	0.54	106	(0.01)	0	0.65	107
Zydus Pharmaceuticals Mexico Service Company SA De C.V.	(0.00)	(4)	0.00	1	-	-	0.00	1

Notes to the Consolidated Financial Statements

Note: 46-Statutory Group Information: (Continued)

	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	₹- Million	As % of Consolidated Profit / (Loss)	₹- Million	As % of Consolidated other Comprehensive income	₹- Million	As % of total Comprehensive income	₹- Million
Minority Interests in all subsidiaries	(12.40)	(21,725)	(6.71)	(1,316)	-	-	(8.00)	(1,316)
Share of Joint Ventures (as per equity method)	-	-	4.83	946	0.06	(2)	5.74	944
Total Eliminations/ Consolidation Adjustments	(59.07)	(103,458)	16.67	3,267	94.81	(2,981)	1.74	286
Grand Total	**100.00**	**175,158**	**100.00**	**19,603**	**100.00**	**(3,144)**	**100.00**	**16,459**

Note: 47-Related Party Transactions:

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

a Entity having control over the Parent:

Zydus Family Trust (Holding 74.96 % in the Parent)

b Subsidiary Company:

Zydus Foundation - Refer Note-5 (^)

c Joint Venture Companies:

Zydus Hospira Oncology Private Limited

Bayer Zydus Pharma Private Limited

Zydus Takeda Healthcare Private Limited

d Key Managerial Personnel:

Mr. Pankaj R. Patel	Non-Executive Chairman
Dr. Sharvil P. Patel	Managing Director & son of Chairman
Mr. Ganesh N. Nayak	Executive Director
Mr. Mukesh M. Patel	Non-Executive Director
Mr. Apurva S. Diwanji	Independent Director
Mr. Nitin R. Desai	Independent Director
Ms. Dharmishtaben N. Raval	Independent Director
Mr. Bhadresh K. Shah	Independent Director
Mr. Akhil Monappa	Independent Director
Ms. Upasana Konidela	Independent Director
Mr. Nitin D. Parekh	Executive Officer (Chief Financial Officer)
Mr. Dhaval N. Soni	Executive Officer (Company Secretary)

Notes to the Consolidated Financial Statements

Note: 47-Related Party Transactions: (Continued)

e Enterprises significantly influenced by Directors and/or their relatives with whom transactions have taken place:

Cadmach Machinery Company Private Limited

Zydus Hospitals and Healthcare Research Private Limited

Aleta Hospitals LLP [Formerly known as Zydus Hospitals (Vadodra) Private Limited]

Zydus Infrastructure Private Limited

Sahyadri Hospitals Private Limited

Cadila Laboratories Private Limited

Mukesh M. Patel & Co.

M/s. International Tax and Investments Consultants

Oneiro Chemicals Private Limited

Vitely Bio LLP

f Post Employment Benefits Plans with whom transactions have taken place:

Cadila Healthcare Limited Employees Group Gratuity Scheme

Cadila Healthcare Ltd. Managerial Cadre EPF

Zydus Healthcare Limited Employees Group Gratuity Scheme

Zydus Healthcare Ltd, German Remedies Division Employees Group Gratuity Assurance Scheme

Zydus Wellness Limited Employees Group Gratuity Scheme

Zydus Wellness Sikkim Employees Group Gratuity Scheme

Heinz India Private Limited Provident Fund

Heinz India Private Limited Employee Provident Fund

Heinz India Private Limited Pension Fund

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

a Details relating to parties referred to in Note-47-A [a & b]

Nature of Transactions	Value of the Transactions [₹ in Million]			
	Entity having control over the Parent		Subsidiary Company	
	Year ended March 31			
	2023	2022	2023	2022
Dividend Paid				
Zydus Family Trust	1,921	2,705	-	-
CSR Expenses:				
Zydus Foundation	-	-	102	369
Advance CSR contribution:				
Zydus Foundation	-	-	15	-
Interest Income:				
Zydus Foundation	-	-	2	5
Redemption/ Sale of Investment:				
Zydus Foundation	-	-	400	-

Notes to the Consolidated Financial Statements

Note: 47-Related Party Transactions: (Continued)

b Details relating to parties referred to in Note-47-A [c & e]

Nature of Transactions	Value of the Transactions (₹ in Million)			
	Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31			
	2023	2022	2023	2022
Purchases:				
Goods:				
Zydus Hospira Oncology Private Limited	145	14	-	-
Oneiro Chemicals Private Limited	-	-	549	378
Cadmach Machinery Company Private Limited	-	-	6	3
Total	**145**	**14**	**555**	**381**
Property, Plant and Equipment:				
Cadmach Machinery Company Private Limited	-	-	2	31
Zydus Infrastructure Private Limited	-	-	42	-
Total	**-**	**-**	**44**	**31**
Reimbursement of Expenses Paid:				
Zydus Hospira Oncology Private Limited	12	16	-	-
Services:				
Zydus Infrastructure Private Limited	-	-	142	211
Others	1	-	26	37
Total	**1**	**-**	**168**	**248**
Sales:				
Goods:				
Bayer Zydus Pharma Private Limited	139	221	-	-
Zydus Takeda Healthcare Private Limited	396	62	-	-
Zydus Hospitals and Healthcare Research Private Limited	-	-	25	64
Others	-	1	1	19
Total	**535**	**284**	**26**	**83**
Reimbursement of Expenses Recovered:				
Zydus Hospira Oncology Private Limited	-	1	-	-
Services:				
Zydus Hospira Oncology Private Limited	1	-	-	-
Finance:				
Interest Income:				
Bayer Zydus Pharma Private Limited	4	5	-	-

Notes to the Consolidated Financial Statements

Note: 47-Related Party Transactions: (Continued)

Nature of Transactions	Value of the Transactions (₹ in Million)			
	Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	As at March 31			
	2023	2022	2023	2022
Outstanding:				
Payable:				
Zydus Hospira Oncology Private Limited	48	9	-	-
Cadila Laboratories Private Limited	-	-	22	22
Oneiro Chemicals Private Limited	-	-	88	64
Others	-	-	15	35
Total	**48**	**9**	**125**	**121**
Receivable:				
Bayer Zydus Pharma Private Limited	12	20	-	-
Zydus Takeda Healthcare Private Limited	97	-	-	-
Zydus Infrastructure Private Limited	-	-	-	29
Oneiro Chemicals Private Limited	-	-	-	19
Others	-	-	10	6
Total	**109**	**20**	**10**	**54**

₹ in Million

			Year ended March 31 2023	Year ended March 31 2022
c		**Details relating to persons referred to in Note-47-A (d) above:**		
	(i)	Salaries and other employee benefits to Chairman, Managing Director, Executive Director and other executive officers	466	431
	(ii)	Commission and Sitting Fees	32	27
	(iii)	Outstanding payable to above (i) and (ii)	145	73
d		**Details relating to persons referred to in Note-47-A (f) above:**		
	(i)	Contributions (including Employees' share and contribution)	1,646	843
e		**Details relating to buyback of shares from Promoter/ Promoter Group (Refer Note-18-D for name of promoters):**		
	(i)	Zydus Family Trust	4,935	-
	(ii)	Others	1	-
	(ii)	**Total**	**4,936**	**-**

Notes to the Consolidated Financial Statements

Note: 48-Exceptional Items:

₹ in Million

		Year ended March 31 2023	Year ended March 31 2022
1	(Profit) on sale of brands by Zydus Healthcare Limited, a wholly owned subsidiary	-	(1,127)
2	Impairment charge on Goodwill by Sentynl Therapeutics Inc. (STI), a wholly owned subsidiary of the Group (^)	5,941	-
3	Expenses incurred in connection with cessation of the operations of one of the manufacturing facilities of Zydus Wellness Products Limited, a subsidiary of the Group	101	-
Total		**6,042**	**(1,127)**

(^) Due to change in the business plans during the year, STI has made provision for impairment of ₹ 5,941 Million in the value of Goodwill. The same has been disclosed as exceptional item for current year.

Note: 49-Material partly-owned subsidiaries:

₹ in Million

	Profit/ (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	Year ended March 31		As at March 31	
	2023	2022	2023	2022
Zydus Wellness Limited *	1,316	1,310	21,725	20,543
Individually immaterial subsidiaries with non-controlling interests	-	-	-	(1)
Total	**1,316**	**1,310**	**21,725**	**20,542**

Financial information of a subsidiary that have material non-controlling interests (NCI) is provided below:

₹ in Million

Name of Subsidiary	**Zydus Wellness Limited ***	
Place of Incorporation and operations	**India**	
	As at March 31	
	2023	**2022**
% of Ownership	57.59%	57.59%
Summarised balance sheet:		
Current assets	9,078	8,137
Current liabilities	6,924	7,668
Net current assets	**2,154**	**469**
Non-current assets	49,252	48,784
Non-current liabilities	180	813
Net non-current assets	**49,072**	**47,971**
Net assets	51,226	48,440
Accumulated NCI	21,725	20,543

Notes to the Consolidated Financial Statements

Note: 49-Material partly-owned subsidiaries: (Continued)

₹ in Million

Name of Subsidiary	Zydus Wellness Limited *	
Place of Incorporation and operations	India	
	Year ended March 31	
	2023	2022
Summarised statement of profit and loss:		
Revenue	22,597	20,195
Expenses	19,587	17,135
Profit after Tax	3,104	3,089
Other Comprehensive Income	1	(8)
Total comprehensive income	3,105	3,081
Profit allocated to NCI	1,316	1,310
Dividends paid to NCI	135	135
Summarised Cash Flow Statement:		
Net cash inflow from operating activities	917	2,369
Net cash (outflow) from investing activities	(848)	(860)
Net cash (outflow) from financing activities	(1,385)	(2,338)

* Consolidated financial information of Zydus Wellness Limited

Note: 50-Financial Instruments:

A Fair values hierarchy:

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

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

Level 2: Inputs other than quoted prices included within Level 1 which are observable for the assets or liabilities, either directly or indirectly.

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

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

₹ in Million

	As at March 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	6,193	-	-	6,193
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,827	1,827
Derivative designated as hedge:				
Receivables for Forward Contract	-	-	-	-
Financial Investments at FVOCI:				
Quoted equity instruments	746	-	-	746
Unquoted equity instruments	-	22	-	22
Total financial assets	**6,939**	**22**	**1,827**	**8,788**
Financial liabilities	-	-	-	-

Notes to the Consolidated Financial Statements

Note: 50-Financial Instruments: (Continued)

₹ in Million

	As at March 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	23,532	-	-	23,532
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,714	1,714
Derivative designated as hedge:				
Receivables for Forward Contract	-	252	-	252
Financial Investments at FVOCI:				
Quoted equity instruments	914	-	-	914
Unquoted equity instruments	-	11	-	11
Total financial assets	**24,446**	**263**	**1,714**	**26,423**
Financial liabilities	-	-	-	-

C Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed:

₹ in Million

	Carrying Value	As at March 31, 2023			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Investment in preference shares	9	-	9	-	9
Investment in compulsorily convertible debentures	23	-	23	-	23
Bonds	2,663	2,663	-	-	2,663
		As at March 31, 2022			
Financial assets:					
Investment in preference shares	9	-	9	-	9
Investment in compulsorily convertible debentures	6	-	6	-	6
Bonds	2,795	2,795	-	-	2,795

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.

Fair values of investment in preference shares were calculated based on cash flows discounted using the applicable adjusted market interest rates.

Fair values of investment in compulsorily convertible debenture were calculated based on cash flows discounted using the applicable adjusted marketinterest rates.

D Valuation process and technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

a The use of quoted market prices for similar instruments.

Notes to the Consolidated Financial Statements

Note: 50-Financial Instruments: (Continued)

b Fair value of Forward Contract value related to investment in a Joint Venture has been determined considering the estimated exercise price and value of the underlying entity. The valuation has been derived using the Present Value technique under Income Approach.

The valuation includes significant unobservable inputs like Weighted Average Cost of Capital (WACC), revenue forecast, etc.

Significant unobservable inputs:

Budgeted Sales growth rate : 11.5% per annum

Weighted Average Cost of Capital : 7.2% per annum

For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurement on profit or loss or other comprehensive income for the period is provided below:

Movement in Forward Contract value related to investment in a Joint Venture:

₹ in Million

	As at March 31 2023	As at March 31 2022
Value as at beginning of the year	1,714	1,590
Add: Gain on valuation of Forward Contract value related to investment in a Joint Venture	113	123
Value as at end of the year	1,827	1,714
Out of above, amount disclosed under-		
Other Non-Current Financial Assets (Note-7)	1,827	1,714

Sensitivity analysis for valuation of Forward Contract value related to investment in a Joint Venture:

a **Sensitivity in value for 50 basis points change in Weighted Average Cost of Capital (WACC)-**

₹ in Million

	As at March 31, 2023		As at March 31, 2022	
	-0.50%	+0.50%	-0.50%	+0.50%
Impact on value of the contract	13	(13)	24	(24)

Note: 51-Financial Risk Management:

A Financial instruments by category:

₹ in Million

	As at March 31, 2023			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments (other than investment in Equity of a subsidiary)	-	768	-	768
Preference shares	-	-	9	9
Debentures	-	-	1,256	1,256
Bonds	-	-	2,663	2,663
Partnership Firm	-	410	-	410
Mutual funds	6,193	-	-	6,193

Notes to the Consolidated Financial Statements

Note: 51-Financial Risk Management: (Continued)

₹ in Million

	As at March 31, 2023			
	FVTPL	FVOCI	Amortised Cost	Total
Non Current Other Financial Assets (other than Forward Contract value related to investment in a JV)	-	-	3,153	3,153
Forward Contract value related to investment in a Joint Venture	1,827	-	-	1,827
Trade receivables	-	-	44,168	44,168
Cash and Cash Equivalents	-	-	5,731	5,731
Loans	-	-	24	24
Other Current Financial Assets	-	-	2,280	2,280
Total	**8,020**	**1,178**	**59,284**	**68,482**
Financial liabilities:				
Borrowings (including current maturities and interest accrued but not due)	-	-	11,634	11,634
Non Current Other Financial Liabilities	-	-	712	712
Trade payables	-	-	21,250	21,250
Payable for Capital Goods	-	-	1,210	1,210
Book Overdraft	-	-	2	2
Other Current Financial Liabilities	-	-	13,244	13,244
Total	**-**	**-**	**48,052**	**48,052**

₹ in Million

	As at March 31, 2022			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments (other than investment in Equity of a subsidiary)	-	925	-	925
Preference shares	-	-	9	9
Debentures	-	-	1,472	1,472
Bonds	-	-	2,795	2,795
Partnership Firm	-	403	-	403
Mutual funds	23,532	-	-	23,532
Non Current Other Financial Assets (other than Forward Contract value related to investment in a JV)	-	-	732	732
Forward Contract value related to investment in a Joint Venture	1,714	-	-	1,714
Trade receivables	-	-	33,403	33,403
Cash and Cash Equivalents	-	-	11,069	11,069
Receivables for Forward Contract	252	-	-	252
Other Current Financial Assets	-	-	6,595	6,595
Total	**25,498**	**1,328**	**56,075**	**82,901**

Notes to the Consolidated Financial Statements

Note: 51-Financial Risk Management: (Continued)

₹ in Million

	As at March 31, 2022			
	FVTPL	FVOCI	Amortised Cost	Total
Financial liabilities:				
Borrowings (including current maturities and interest accrued but not due)	-	-	42,004	42,004
Non Current Other Financial Liabilities	-	-	610	610
Trade payables	-	-	21,378	21,378
Payable for Capital Goods	-	-	1,052	1,052
Book Overdraft	-	-	1	1
Other Current Financial Liabilities	-	-	11,516	11,516
Total	**-**	**-**	**76,561**	**76,561**

B 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 Group is exposed to and how the entity manages the risk and the related impact in the financial statements.

The Group's risk management is done 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 its obligations as agreed. The Group is exposed to credit risk from investment in preference shares measured at amortised cost, loans and advances to related parties, 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 strategic investments in the normal course of business of the Group. The Group closely monitors the performance of these Companies.

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 The counter party to the forward contract value related to the Investment in a Joint Venture is the associate entity of co-venturer of one of Joint Ventures. The contract is governed by a shareholders' agreement which has the needful representations by the counter party. The Group is exposed to insignificant credit risk in relation to the same.

iv Trade Receivables: 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-goingbasis with the result that the Group's exposure to credit losses is not significant.

v 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.

As at March 31, 2023, there are three customers (as at March 31, 2022, there are three customers) (all are wholesalers based in USA) whose outstanding balance exceed 10% of the total receivables. The Group has used lifetime expected credit loss (ECL) model for assessing the impairment loss. For the purpose, the Group 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.

Notes to the Consolidated Financial Statements

Note: 51-Financial Risk Management: (Continued)

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

₹ in Million

	As at March 31 2023	As at March 31 2022
Trade Receivables:		
Less than 180 days (including not due)	43,758	33,080
180 - 365 days	144	183
Above 365 days	266	140
Total	**44,168**	**33,403**
Movement in the expected credit loss allowance on trade receivables:		
Balance at the beginning of the year	236	248
Addition	50	32
Recoveries	(34)	(17)
Exchange rate differences	(2)	(27)
Balance at the end of the year	**250**	**236**

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

b Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the 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 the group 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.

₹ in Million

	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As at March 31 2023				
Non-derivative Financial Liabilities:					
Borrowings (including current maturities and interest)	11,876	-	-	-	11,876
Other non current financial liabilities	-	116	55	553	724
Trade payable	21,250	-	-	-	21,250
Accrued Expenses	13,075	-	-	-	13,075
Payable for Capital Goods	1,210	-	-	-	1,210
Unpaid dividend	48	-	-	-	48
Other Current Financial Liabilities	121	-	-	-	121
Total	**47,580**	**116**	**55**	**553**	**48,304**

Notes to the Consolidated Financial Statements

Note: 51-Financial Risk Management: (Continued)

₹ in Million

	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As at March 31 2022				
Non-derivative Financial Liabilities:					
Borrowings (including current maturities and interest)	38,852	1,953	790	1,029	42,624
Other non current financial liabilities	-	60	32	518	610
Trade payable	21,378	-	-	-	21,378
Accrued Expenses	11,370	-	-	-	11,370
Payable for Capital Goods	1,052	-	-	-	1,052
Unpaid dividend	54	-	-	-	54
Other Current Financial Liabilities	89	-	-	-	89
Total	**72,795**	**2,013**	**822**	**1,547**	**77,177**

c **Foreign currency risk:**

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

Foreign currency risk exposure:

The groups exposure to foreign currency risk at the end of the reporting period expressed in ₹-Million, are as follows:

₹ in Million

	Exposure of USD	
	2023	**2022**
Financial assets:		
Trade receivable	33,963	19,798
Cash and Cash equivalents	132	1,900
Investment in quoted equity instruments	114	325
Total exposure to foreign currency risk (assets)	**34,209**	**22,023**
Financial liabilities:		
Foreign currency loan alongwith interest	8,233	14,084
Trade and other payable	6,905	3,643
Total exposure to foreign currency risk (liabilities)	**15,138**	**17,727**
Net exposure to foreign currency risk	**19,071**	**4,296**
	Exposure of Other Foreign Currencies	
Financial assets:		
Trade receivable	1,162	1,331
Cash and Cash equivalents	31	40
Total exposure to foreign currency risk (assets)	**1,193**	**1,371**
Financial liabilities:		
Trade and other payable	611	442
Total exposure to foreign currency risk (liabilities)	**611**	**442**
Net exposure to foreign currency risk	**582**	**929**

Notes to the Consolidated Financial Statements

Note: 51-Financial Risk Management: (Continued)

Sensitivity *:

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

₹ in Million

	As at March 31 2023			As at March 31 2022		
	Movement in Rate	Impact on PAT (*)	Impact on Other Equity (*)	Movement in Rate	Impact on PAT (*)	Impact on Other Equity (*)
USD	8.00%	987	9	4.00%	103	13
USD	-8.00%	(987)	(9)	-4.00%	(103)	(13)
Others	6.00%	23	-	2.00%	12	-
Others	-6.00%	(23)	-	-2.00%	(12)	-

* Holding all other variables constant

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, 2023, 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 to changes in interest rates:

₹ in Million

	Movement in Rate	As at March 31 2023	As at March 31 2022
Interest rates	+0.50%	(38)	(137)
Interest rates	-0.50%	38	137

* Holding all other variables constant

e Price risk:

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.

Sensitivity *:

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

₹ in Million

	Movement in Rate	As at March 31 2023		As at March 31 2022	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments (Quoted)					
Increase	+10.00%	-	75	-	91
Decrease	-10.00%	-	(75)	-	(91)
Mutual Funds (Quoted)					
Increase	+2.00%	124	-	471	-
Decrease	-2.00%	(124)	-	(471)	-

* Holding all other variables constant

Notes to the Consolidated Financial Statements

Note: 51-Financial Risk Management: (Continued)

C Hedge:

Disclosure of effects of hedge accounting on financial position:

Fair Value Hedge:

Hedged item - Changes in fair value of trade receivables attributable to changes in foreign exchange rates

Hedging instrument - Changes in fair value of forward contracts attributable to foreign exchange rates (including foreign currency borrowings in previous year)

Net Investment Hedge:

Hedged item - Changes towards translation adjustments resulting from translating the functional currency of financial statements of foreign operations

Hedging instrument - Changes in fair value of certain foreign currency borrowings attributable to foreign exchange rates

Type of hedged risk	Carrying amount (USD-Million)	Carrying amount (₹ in Million)	Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk (₹ in Million)
As at March 31 2023						
Fair Value Hedge:						
Hedging instrument: Certain Foreign currency borrowings	88	7,193	Range - Within 6 months	1:1	Borrowings	38
Hedged item: Certain foreign currency trade receivables	88	7,193	Range - Within 6 months		Trade Receivables	38
Net Investment Hedge:						
Hedging instrument: Certain Foreign currency borrowings	10	822	Range - upto 3 years		Borrowings	46
Hedged item: Net investment in certain foreign subsidiaries	10	822	N.A.		Net Investment in certain foreign subsidiaries	46

Notes to the Consolidated Financial Statements

Note: 51-Financial Risk Management: (Continued)

Type of hedged risk	Carrying amount (USD-Million)	Carrying amount (₹ in Million)	Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk (₹ in Million)
		As at March 31 2022				
Fair Value Hedge:						
Hedging instrument: Certain forward contracts	355	26,916	Range - Within 7 months	1:1	Other Current Financial Assets	252
Hedged item: Certain foreign currency trade receivables	355	26,916	Range - Within 7 months		Trade receivables	252
Net Investment Hedge:						
Hedging instrument: Certain Foreign currency borrowings	83	6,318	Range - upto 3 years		Borrowings	122
Hedged item: Net investment in certain foreign subsidiaries	83	6,318	N.A.		Net Investment in certain foreign subsidiaries	122

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the dollar offset method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.

Note: 52-Capital Management:

The Group' s capital management objectives are:

a To ensure the Company's ability to continue as a going concern

b To provide an adequate return to shareholders

c 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.

₹ in Million

	As at March 31 2023	As at March 31 2022
Gross debts	11,632	41,960
Total equity	175,158	169,996
Gross debt to equity ratio (No. of times)	**0.07**	**0.25**

Notes to the Consolidated Financial Statements

Note: 52-Capital Management: (Continued)

Loan covenants:

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenant:

- Gross Debt to Equity must be less than 2:1

This is in line with the Group's covenants as agreed with external Lenders.

Note: 53: Assets and liabilities classified as held for sale and Discontinued operations:

A During the previous year, the Group had decided to close the manufacturing facilities of Nesher Pharmaceuticals (USA) LLC (Nesher) and Hercon Pharmaceuticals (USA) LLC (Hercon), both wholly owned subsidiaries of the Group. Consequently, operations of both Nesher and Hercon have been considered and disclosed as "Discontinued Operations" as per Ind AS 105. Accordingly, all the assets and liabilities of Nesher and Hercon have been considered as "Held for sale" as per Ind AS 105 and disclosed separately under in Balance Sheet.

a Financial performance and cash flow information of Discontinued Operations:

₹ in Million

		Year ended March 31	
		2023	**2022**
a	**Financial performance**		
1	Total Revenue	11	671
2	Total expenses	205	1,792
3	**Loss before Exceptional items and Tax**	**(194)**	**(1,121)**
4	Exceptional Items (Including impairment (Reversal)/ charge on Property, Plant and Equipments and Capital-Works in progress, deferred tax assets and other assets)	(124)	2,084
5	**Loss before tax**	**(70)**	**(3,205)**
6	Tax Expense - Credit	24	477
7	**Loss after tax**	**(46)**	**(2,728)**
b	**Cash flow information**		
1	Net cash inflow (outflow) from operating activities	(41)	(38)
2	Net cash inflow (outflow) from investing activities	-	57
3	Net cash inflow (outflow) from financing activities	-	-
4	**Net increase (decrease) in cash generated from discontinued operations**	(41)	19

b Assets and liabilities classified as held for sale:

The following assets and liabilities are reclassified as held for sale at fair value:

₹ in Million

		As at March 31	
		2023	**2022**
1	Property, plant and equipment	40	1,245
2	Capital works-in-progress	-	192
3	Trade receivables	-	27
4	Other current assets	35	198
a	**Total Assets classified as held for sale**	**75**	**1,662**
1	Trade payables	29	60
2	Other current liabilities	11	66
b	**Total Liabilities classified as held for sale**	**40**	**126**

Notes to the Consolidated Financial Statements

Note: 53: Assets and liabilities classified as held for sale and Discontinued operations: (Continued)

B During the year ended March 31, 2023, Zydus Wellness Products Limited, a subsidiary of the Group, has decided to sell certain assets located at Mumbai. The sale transaction is estimated to be completed within a period of one year. In accordance with Ind AS 105 "Non-Current Assets held for Sale and Discontinued Operations", such assets are reclassified as "Assets held for sale" from Property, plant and equipment and disclosed separately at the lower of their carrying amount and fair value less cost to sell. The value of such assets is ₹ 7 Million.

Note: 54-Discontinued operations:

A On May 12, 2021, Zydus Animal Health and Investment Limited ("ZAHIL"), a wholly owned subsidiary of the Group, entered into a Business Transfer Agreement ("BTA") and other Ancillary Agreements (together "Definitive Agreements") for sale of its Animal Healthcare Established Markets Undertaking ("AHESTM"), comprising animal healthcare business in India and certain other countries to Zenex Animal Health India Private Limited (formerly known as Nutrizvit Animal Health India Private Limited) ("Purchaser"), by way of a slump sale, without values being assigned to the individual assets and liabilities, on a debt free and cash free basis, subject to certain closing date adjustments and other conditions specified in the BTA. The said transaction was approved by the shareholders of the Parent by way of a special resolution on June 11, 2021. Consequently, AHESTM has been considered and disclosed as "Discontinued Operations" as per Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". The transaction of sale and disposal of AHESTM was completed on July 14, 2021.

B **Financial performance and cash flow information (at a consolidated level):**

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

₹ in Million

		Year ended March 31, 2022
A	**Financial performance**	
1	Total Revenue	1,740
2	Total expenses	1,399
3	**Profit before tax**	**341**
4	Tax Expense	84
5	**Profit after tax**	**257**
6	Profit recognized on sale and disposal of AHESTM *	24,928
7	**Net Profit after tax**	**25,185**
B	**Cash flow information**	
1	Net cash inflow (outflow) from operating activities	300
2	Net cash inflow (outflow) from investing activities	28,572
3	Net cash inflow (outflow) from financing activities	(1)
4	**Net increase (decrease) in cash generated from discontinued operations**	**28,871**

* Profit recognized on sale and disposal of AHESTM (at a consolidated level) as under:

₹ in Million

		Year ended March 31, 2022
A	Consideration received in cash (Net off transaction cost)	28,585
B	Carrying amount of net assets to be sold	1,779
C	**Profit before tax on fair valuation of net assets**	**26,806**
D	Tax Expense	1,878
E	**Profit after tax on fair valuation of net assets**	**24,928**

Notes to the Consolidated Financial Statements

Note: 55:

(a) Following are the details of the funds loaned by the Parent to intermediaries for further loan or investment to the ultimate beneficiaries:

For the details of the funds loaned by the subsidiary to the Parent, refer note (b) below.

₹ in Million

Name of the intermediary to which the funds are advanced	Date of loan to intermediary	Amount of loan to intermediary	Date on which funds are further loaned by intermediary to ultimate beneficiary	Amount of fund further loan by intermediary to ultimate beneficiary	Ultimate beneficiary
Zydus Worldwide DMCC	08-Jun-22	2,331	09-Jun-22	2,331	Sentynl Therapeutics Inc.

Complete details of the intermediary and ultimate beneficiary:

Name of entity	Registered address	Relationship with the Company
Zydus Worldwide DMCC	Unit No. 908, Armada Tower 2, Plot No. JLT-PH2-P2A, Jumeirah Lakes Towers, Dubai, United Arab Emirates.	Wholly owned subsidiary
Sentynl Therapeutics Inc.	420, Stevens Avenue, Suite 200, Salona Beach, CA 92075, USA.	Wholly owned subsidiary

b Following are the details of the funds received by the Parent from the funding party for further loan or investment to the ultimate beneficiaries:

₹ in Million

Name of Funding Party	Date on which funds are received	Amount of funds received	Date on which funds are further loaned to ultimate beneficiaries	Amount of funds further loaned to ultimate beneficiaries	Ultimate beneficiary
Zydus Animal Health and Investments Limited	08-Jun-22	18,000	08-Jun-22	7,810	Zydus International Private Limited
				3,195	Zydus Worldwide DMCC
				5,829	Zydus Pharmaceuticals (USA) Inc.
				1,166	Sentynl Therapeutics Inc.
Total		**18,000**		**18,000**	

Complete details of the intermediary and ultimate beneficiary:

Name of entity	Registered address	Relationship with the Company
Zydus Animal Health and Investments Limited	Zydus Corporate Park, Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), S.G. Highway, Ahmedabad, Gujarat, India.	Wholly owned subsidiary
Zydus International Private Limited	FDW House, Blackthorn Business Park, Coes Road, Dundalk Co. Louth, Republic of Ireland.	Wholly owned subsidiary
Zydus Worldwide DMCC	Unit No. 908, Armada Tower 2, Plot No. JLT-PH2-P2A, Jumeirah Lakes Towers, Dubai, UAE.	Wholly owned subsidiary
Zydus Pharmaceuticals (USA) Inc.	73 Route 31 N, Pennington, NJ 08534, USA.	Wholly owned subsidiary
Sentynl Therapeutics Inc.	420, Stevens Avenue, Suite 200, Salona Beach, CA 92075, USA.	Wholly owned subsidiary

The Parent has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering act, 2002 (15 of 2003).

Notes to the Consolidated Financial Statements

Note: 55: (Continued)

(c) The Group has defined process to take daily back-up on server physically located in India of books of account maintained electronically and complied with the provisions of the Companies (Accounts) Rules, 2014 (as amended). However, in case of 2 joint venture companies, Zydus Takeda Healthcare Private Limited and Bayer Zydus Pharma Private Limited, the servers are not physically located in India.

Note: 56-Disclosure of transactions 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: 57:

Figures of previous year have been regrouped/ reclassified to conform to current year's classification.

Signatures to Significant Accounting Policies and Notes 1 to 57 to the Financial Statements

For and on behalf of the Board
Pankaj R. Patel
Chairman
DIN: 00131852

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 18, 2023

Statement containing the salient features of the financial statements of Subsidiaries/ Associates/ Joint Ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

Part: "A" - Subsidiaries:

₹ - Million

Sr. No.	Name of the Subsidiary	Date of incorporation/ acquisition	Reporting year ended	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiaries	Turnover & Other income from Operations *	Profit/ (Loss) before Taxation *	Provision for Taxation *	Profit/ (Loss) after taxation *	Proposed Dividend	% of share holding
1	Zydus Wellness Limited	08-Jun-06	March 31, 2023	₹	1.00	636.3	39,706.50	40,668.30	325.50	268.60	2,514.80	471.70	(192.50)	664.20	318.20	57.59%
2	Zydus Wellness Products Limited	28-Feb-19	March 31, 2023	₹	1.00	2,188.4	24,047.20	39,326.70	13,091.10	431.10	22,230.90	(1,352.50)	(530.40)	(822.10)	-	57.59%
3	Zydus Healthcare Limited	11-Aug-03	March 31, 2023	₹	1.00	217.00	50,642.00	60,259.00	9,400.00	4,662.00	36,803.00	7,137.00	(155.00)	7,292.00	-	100.00%
4	Zydus Pharmaceuticals Limited	26-Dec-19	March 31, 2023	₹	1.00	100.00	(109.20)	5,906.30	5,915.50	-	173.70	(156.70)	(38.70)	(118.00)	-	100.00%
5	Biochem Pharmaceutical Private Limited (#)	27-Nov-19	March 31, 2023	₹	1.00	0.10	(0.07)	0.05	0.02	-	-	(0.01)	-	(0.01)	-	100.00%
6	Dialforhealth Unity Limited	23-Jun-05	March 31, 2023	₹	1.00	0.50	(3.12)	0.04	2.66	-	-	(0.14)	-	(0.14)	-	55.00%
7	Dialforhealth Greencross Limited	08-Jul-05	March 31, 2023	₹	1.00	2.50	(2.11)	0.40	0.01	-	-	(0.01)	-	(0.01)		100.00%
8	German Remedies Pharmaceuticals Private Limited	29-Mar-18	March 31, 2023	₹	1.00	668.30	1,564.50	3,116.00	883.20	398.00	4,828.40	520.50	133.30	387.20	-	100.00%
9	Liva Investment Limited	24-Dec-18	March 31, 2023	₹	1.00	2.50	(0.50)	2.03	0.03	-	-	0.06	-	0.06	-	57.59%
10	Liva Nutritions Limited	21-Dec-18	March 31, 2023	₹	1.00	30.50	(6.49)	24.05	0.04	-	-	(0.01)	0.02	(0.03)	-	57.59%
11	Violio Healthcare Limited (#)	20-Mar-18	March 31, 2023	₹	1.00	0.50	(0.07)	0.44	0.01	-	-	(0.01)	-	(0.01)	-	100.00%
12	Zydus Animal Health and Investments Limited	10-May-18	March 31, 2023	₹	1.00	17,744.0	7,166.00	25,189.00	279.00	292.00	74.00	971.00	313.00	658.00	-	100.00%
13	Zydus Strategic Investments Limited	10-Jul-20	March 31, 2023	₹	1.00	10.00	0.45	10.53	0.08	-	-	0.50	0.12	0.38	-	100.00%
14	Zydus VTEC Limited	08-Sep-20	March 31, 2023	₹	1.00	75.00	(57.10)	2,993.10	2,975.20	4.00	1,995.40	(35.40)	(9.10)	(26.30)	-	100.00%

Sr. No.	Name of the Subsidiary	Date of incorporation/ acquisition	Reporting year ended	Reporting Currency	Exchange Rate	₹ - Million Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiaries	Turnover & Other income from Operations *	Profit/ (Loss) before Taxation *	Provision for Taxation *	Profit/ (Loss) after taxation *	Proposed Dividend	% of share holding
15	Zydus Lanka (Private) Limited	11-Apr-11	March 31, 2023	LKR	0.27	10.01	(0.32)	10.33	0.64	-	15.84	(0.95)	(0.28)	(0.68)	-	100.00%
16	Zydus Healthcare Philippines Inc.	12-Jul-13	December 31, 2022	PHP	1.51	392.91	97.67	890.43	399.86	-	982.82	18.48	4.91	13.57	-	100.00%
17	Zydus International Private Limited	30-Apr-98	December 31, 2022	Euro	88.59	6,213.64	(221.94)	18,038.10	12,046.41	-	396.60	308.90	-	308.90	-	100.00%
18	Zydus Netherlands B.V.	18-Jan-07	December 31, 2022	Euro	88.59	8,597.66	(826.54)	8,017.40	246.28	-	-	(11.57)	-	(11.57)	-	100.00%
19	Zydus France, SAS	01-Oct-03	December 31, 2022	Euro	88.59	688.92	(577.57)	1,318.96	1,207.61	-	1,416.20	(152.91)	-	(152.91)	-	100.00%
20	Laboratorios Combix S.L.	23-Jul-08	December 31, 2022	Euro	88.59	662.85	(366.37)	973.27	676.79	-	1,189.06	1.81	0.28	1.53	-	100.00%
21	Etna Biotech S.R.L.	26-Nov-08	December 31, 2022	Euro	88.59	7.97	(98.33)	154.15	244.51	-	-	(27.36)	-	(27.36)	-	100.00%
22	Viona Pharmaceuticals (USA) Inc.	11-May-18	March 31, 2023	USD	82.20	41.10	(47.68)	1,680.17	1,686.74	-	1,813.82	24.84	4.82	20.02	-	100.00%
23	Zydus Pharmaceuticals (USA) Inc. (S)	18-Nov-03	March 31, 2023	USD	82.20	246.60	5,687.91	57,270.63	51,336.12	-	68,595.83	1,477.11	337.84	1,139.27	-	100.00%
24	Zydus Healthcare (USA) LLC	18-Nov-03	March 31, 2023	USD	82.20	16.44	27.95	250.71	206.32	-	24.68	3.86	1.37	2.49	-	100.00%
25	Sentynl Therapeutics, Inc.	19-Jan-17	March 31, 2023	USD	82.20	2,466.82	(6,514.35)	2,125.69	6,173.22	-	565.53	(7,580.03)	(379.01)	(7,201.03)	-	100.00%
26	Zydus Noveltech Inc.	18-Jun-07	December 31, 2022	USD	82.75	4,054.75	(3,954.62)	416.23	316.11	-	-	0.72	-	0.72	-	100.00%
27	Hercon Pharmaceuticals LLC	01-Jun-12	December 31, 2022	USD	82.75	3,774.23	(3,436.61)	337.62	-	-	-	36.97	-	36.97	-	100.00%
28	Zydus Worldwide DMCC	21-Apr-14	March 31, 2023	USD	82.20	1,891.71	13,042.67	47,519.29	32,584.92	-	6,030.97	(426.07)	-	(426.07)	-	100.00%
29	Zydus Wellness International DMCC	28-May-19	March 31, 2023	USD	82.20	5.60	(25.04)	237.80	257.25	-	559.50	(100.66)	-	(100.66)	-	57.59%
30	Zydus Healthcare S.A. (Pty) Ltd	27-Jul-98	December 31, 2022	ZAR	4.89	687.05	26.60	1,764.90	1,051.25	-	1,978.16	69.07	19.62	49.45	-	100.00%
31	Simayla Pharmaceuticals (Pty) Ltd	02-Jul-08	December 31, 2022	ZAR	4.89	0.00	(494.32)	-	494.32	-	-	(0.02)	-	(0.02)	-	100.00%
32	Script Management Services (Pty) Ltd	14-Oct-09	December 31, 2022	ZAR	4.89	0.00	3.22	57.65	54.43	-	499.71	0.02	0.01	0.01	-	100.00%
33	Zydus Nikkho Farmaceutica Ltda.	19-Jul-07	December 31, 2022	BRL	15.67	3,513.55	(2,264.98)	2,971.93	1,723.36	-	2,539.81	(212.60)	64.66	(277.26)	-	100.00%

₹ - Million

Sr. No.	Name of the Subsidiary	Date of incorporation/ acquisition	Reporting year ended	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiaries	Turnover & Other income from Operations *	Profit/ (Loss) before Taxation *	Provision for Taxation *	Profit/ (Loss) after taxation *	Proposed Dividend	% of share holding
34	Alidac Healthcare (Myanmar) Limited	17-Jun-16	March 31, 2023	MMK	0.04	1,751.23	(422.83)	1,862.80	534.41	-	914.45	217.04	-	217.04	-	100.00%
35	Zydus Pharmaceuticals Mexico SA De CV	25-Aug-10	December 31, 2022	MXN	4.27	723.00	(976.59)	582.94	836.54	-	1,130.73	54.74	-	54.74	-	100.00%
36	Zydus Pharmaceuticals Mexico Services Company SA De C.V.	09-Sep-10	December 31, 2022	MXN	4.27	23.91	(27.16)	5.89	9.14	-	0.53	0.03	0.08	(0.05)	-	100.00%
37	Zydus Therapeutics Inc. (USA)	18-Feb-21	March 31, 2023	USD	82.20	27,906.47	(30,674.57)	1,443.43	4,211.93	-	-	(1,606.39)	0.08	(1,606.47)	-	100.00%
38	Zydus Wellness BD Pvt Ltd (Bangladesh) (#)	18-Nov-21	March 31, 2023	BDT	0.79	28.64	(3.13)	28.69	3.18	-	10.04	(2.16)	-	(2.16)	-	57.59%

Notes:

1 The Group has incorporated following companies during the year:

A Zydus Pharmaceuticals UK Limited in UK on February 8, 2023.

B Zynext Ventures PTE. LTD in Singapore on February 21, 2023.

C Zynext Ventures USA LLC in USA on March 3, 2023.

The companies mentioned above have no operation and no asset, liability or equity as on the close of the financial year, these statement does not include details of these companies.

* Converted using average exchange rates prevailing during the year.

(#) Subsidiaries are yet to commence commercial operations.

($) Consolidated accounts of Zydus Pharmaceuticals (USA) Inc. including Nesher Pharmaceuticals (USA) LLC and ZyVet Animal Health Inc.

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995

Ahmedabad
May 18, 2023

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Part: "B" - Joint Ventures:

Sr. No.	Name of the Joint Venture	Date of incorporation/ acquisition	Latest Audited Balance Sheet Date	Shares held by the Company			Description of how there is significant influence	Reason why the Joint Venture is not consolidated	Net worth attributable to Shareholding as per latest audited balance sheet (₹-Million)	Profit for the year	
				No. of Shares	Amount invested (₹-Million)	Extent of holding (%)				Considered in consolidation (₹-Million)	Not considered in consolidation (₹-Million)
1	Zydus Hospira Oncology Private Limited	13-Jun-05	March 31, 2022	7,500,000	75	50.00%	N.A.	N.A.	1,801 *	186 *	-
2	Zydus Takeda Healthcare Private Limited	30-Mar-99	March 31, 2023	10,000,000	100	50.00%	N.A.	N.A.	1,974	714	-
3	Bayer Zydus Pharma Private Limited	07-Feb-11	March 31, 2023	12,499,999	125	24.999998%	N.A.	N.A.	391	46	-

* Based on unaudited financial statements for the year ended March 31, 2023.

For and on behalf of the Board
Pankaj R. Patel
Chairman
DIN: 00131852

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995

Ahmedabad
May 18, 2023

Notice

ZYDUS LIFESCIENCES LIMITED

(Formerly known as Cadila Healthcare Limited)

CIN: L24230GJ1995PLC025878

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

E-mail: dhavalsoni@zyduslife.com • **Website:** www.zyduslife.com

Phone Number: +91 79 48040000, +91 79 71800000

Notice is hereby given that the Twenty Eighth Annual General Meeting ("**AGM**") of the members of Zydus Lifesciences Limited ("the **Company**") will be held on Friday, August 11, 2023 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:

1. To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the Financial Year ended on March 31, 2023 and the reports of the Board of Directors and the Auditors thereon.
2. To receive, consider and adopt the Consolidated Audited Financial Statements of the Company for the Financial Year ended on March 31, 2023 and the report of the Auditors thereon.
3. To declare dividend of ₹ 6.00/- (600%) per equity share of Re. 1/- (Rupee One only) each for the Financial Year ended on March 31, 2023.
4. To re-appoint Dr. Sharvil P. Patel (DIN-00131995), who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint Mr. Ganesh N. Nayak (DIN-00017481), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

6. **To re-appoint Mr. Bhadresh K. Shah (DIN-00058177) as an Independent Director for the second term of 5 (five) consecutive years:**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of sections 149, 150, 152 and other applicable provisions, if any, of The Companies Act, 2013 ("the **Act**") read with The Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with Schedule IV of the Act, regulations 16(1)(b), 17(1A) and 25(2A) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**"), on the recommendations of the Nomination and Remuneration Committee and the Board of Directors ("the **Board**"), Mr. Bhadresh K. Shah (DIN-00058177), who was appointed as an Independent Director ("**ID**") of the Company and who holds office of ID till December 5, 2023 and being eligible and who has submitted a declaration that he meets with the criteria of independence as provided in the Act and the Listing Regulations and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby re-appointed as an ID of the Company for the second term of 5 (five) consecutive years from December 6, 2023 to December 5, 2028, not liable to retire by rotation, notwithstanding that Mr. Bhadresh K. Shah shall attain the age of 75 (seventy five) years during the said second term.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

7. **To ratify remuneration of the 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 the provisions of section 148(3) and other applicable provisions, if any, of The Companies Act, 2013 read with rule 14(a)(ii) of The Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, on the recommendations of Audit Committee and the Board of Directors ("the **Board**"), the Company hereby ratifies the remuneration of ₹ 1.41 mio. (Rupees One Million Four Hundred Ten Thousand only) plus applicable Goods and Services Tax and out of pocket expenses at actuals for the Financial Year ending on March 31, 2024 to Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), who are appointed as Cost Auditors to conduct the audit of cost records maintained by the Company pertaining to Drugs and Pharmaceuticals being manufactured by the Company for the Financial Year ending on March 31, 2024.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

By order of the Board of Directors

Dhaval N. Soni
Company Secretary
Membership No. F7063

Place : Ahmedabad
Date : May 18, 2023

NOTES:

1. The Explanatory Statement pursuant to the provisions of section 102 of The Companies Act, 2013 ("the **Act**"), in respect of the businesses under Item Nos. 6 and 7 of the Notice is annexed hereto. The Board of Directors ("the **Board**") have considered and decided to include Item Nos. 6 and 7 given above in the Twenty Eighth Annual General Meeting ("**AGM**"), as they are unavoidable in nature.
2. The final dividend on equity shares, if declared at the AGM, will be paid electronically / dispatched through post on or after Wednesday, August 16, 2023 to those members whose names appear on the Company's Register of Members or List of Beneficial Owners as received from National Securities Depository Limited ("**NSDL**") or Central Depository Services (India) Limited ("**CDSL**") (NSDL and CSDL are collectively referred to as "the **Depositories**") on Friday, July 28, 2023 i.e. the Record Date fixed for this purpose.
3. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("**MCA**") vide its circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021, May 5, 2022 and December 28, 2022 ("**MCA Circulars for General Meetings**") and The Securities and Exchange Board of India ("**SEBI**") vide its circulars dated May 12, 2020, January 15, 2021, May 13, 2022 and January 5, 2023 ("**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 till September 30, 2023. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**"), MCA Circulars for General Meetings 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 MCA Circulars for General Meetings and SEBI Circulars for General Meetings through VC / OAVM, the facility to appoint proxy will not be available for the AGM and hence the Proxy Form and the Attendance Slip are not annexed to this Notice. However, a Body Corporate is entitled to appoint authorised representative to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.

   Further, pursuant to sections 112 and 113 of the Act, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC / OAVM and cast their vote through e-voting.

   As the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
4. Institutional / Corporate members (i.e. other than individual / HUF, NRI etc.) are required to send a scanned copy (PDF / JPG format) of its Board or governing body Resolution / Authorization etc. authorizing the representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorization shall be sent to Mr. Manoj Hurkat, the Scrutinizer appointed by the Company, by e-mail on his registered e-mail address at manojhurkat@hotmail.com with a copy marked to helpdesk.evoting@cdslindia.com.
5. Members may note that the Board at its meeting held on May 18, 2023 has recommended a dividend of ₹ 6.00/- (600%) per equity share of ₹ 1/- (Rupee One only) each. The members holding shares as on Friday, July 28, 2023, will be entitled to receive the dividend declared, if any, for the Financial Year ended on March 31, 2023, by the members at the AGM, (i) as per the list of Beneficial Owners provided by the Depositories in respect of shares held in demat mode and (ii) as per the Register of Members of the Company after giving effect to valid transmission / transposition in physical mode lodged with Link Intime India Private Limited, the Registrar and Transfer Agent of the Company ("the **RTA**") on or before the aforesaid date i.e. Friday, July 28, 2023. The transmission / transposition request, complete in all respects, should reach the RTA well before the above date. The 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 16, 2023, 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, demand drafts / cheques will be sent at 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 Depository Participant ("**DP**") (where shares are held in demat mode) and with the RTA (where shares are held in physical mode) to receive the dividend directly into their bank account on the pay-out date.
6. 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, pursuant to provisions of section 125 of the Act and the Rules made thereunder. Members are requested to note that after such

date, they may apply for refund of any unclaimed dividend which has been transferred to IEPF, under sub-section (4) of section 125 or under proviso to sub-section (3) of section 125, as the case may be, to the IEPF authority by making an online application in the prescribed web Form No. IEPF-5 available on website www.iepf.gov.in along with the prescribed documents and fees as may be decided by the IEPF authority.

Financial Year ended	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF Account
March 31, 2017	March 7, 2017	320% @	April 13, 2024
March 31, 2018	August 13, 2018	350%	September 19, 2025
March 31, 2019	August 9, 2019	350%	September 15, 2026
March 31, 2020	March 16, 2020	350% @	April 22, 2027
March 31, 2021	August 11, 2021	350%	September 17, 2028
March 31, 2022	August 10, 2022	250%	September 26, 2029

@ Interim dividend

In compliance with the provisions of section 124(6) of the Act read with The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 dated September 5, 2016 as amended from time to time, ("the **IEPF Rules"**) during the Financial Year ended on March 31, 2023, the Company has transferred 86,342 (eighty six thousand three hundred forty two) equity shares held by 69 (sixty nine) members whose dividend remained unclaimed / unpaid for a consecutive period of 7 (seven) years to IEPF.

Further, during April / May, 2023, the Company has transferred 42,464 (forty two thousand four hundred sixty four) equity shares held by 66 (sixty six) members whose dividend has remained unclaimed / unpaid for a consecutive period of 7 (seven) years to IEPF.

Any member who wishes to claim his/her shares or unclaimed dividend may apply 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 the prescribed documents and fees.

Pursuant to and in compliance with provisions of rule 5(8) of the IEPF Rules, the Company has uploaded the information in respect of the unclaimed dividends as on March 31, 2022 on its website, the link of which is

https://www.zyduslife.com/public/pdf/financial/Statement-of-Unclaimed-Dividend-account-March-31-2022.pdf and on the website of IEPF- www.iepf.gov.in.

7. The members holding shares in physical mode are requested to intimate the RTA at 5th Floor, 506 to 508, Amarnath Business Centre-1 (ABC-1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off. C. G. Road, Navrangpura, Ahmedabad-380006, changes, if any, in their names, registered address along with pin code number, email address, telephone / mobile number, Permanent Account Number ("**PAN**"), mandates, nominations, power of attorneys, bank details such as name of the bank and branch details, bank account number, 9 digit MICR code, 11 digit IFSC, etc. and relevant evidences. Members holding shares in electronic mode shall update such details with their respective 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 the DP in case the shares are held by them in demat 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 1 (one) folios are requested to send to the Company / RTA, the details of such folios together with the share certificates for consolidating their holdings in 1 (one) folio. A letter of confirmation 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 Directors seeking re-appointment at the AGM is provided at **Annexure-A** to the Notice as prescribed under regulation 36(3) of the Listing Regulations and standard 1.2.5 of Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India.

9. In compliance with MCA Circulars for General Meetings 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 2022-2023 is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company / RTA / DP.

10. In order to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical mode are requested to demat their holdings at the earliest.

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. Said SEBI circular prescribes following norms:

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 requests.

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, e-mail address.

iv. Bank account details including bank name and branch, bank account number and IFSC.

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 the RTA are also available on the website of the Company.

SEBI has issued a circular No. SEBI/HO/MIRSD/PoD-1/CIR/2023/37 dated March 16, 2023 on 'Common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination" which is applicable from April 1, 2023. The norms / procedural requirements for processing service requests of investors are provided in the said SEBI Circular.

The link to view the said SEBI circular dated November 3, 2021 along with the various forms and March 16, 2023 is available at https://www.zyduslife.com/shareholderservices#1 and https://www.zyduslife.com/public/pdf/SEBI%20Circular_Simplified-norms-for-processing-investors-service-requests_16-03-2023.pdf respectively. Pursuant to the said SEBI circular dated March 16, 2023, the Company has sent letters to all physical shareholders, whose KYC is pending, to complete their KYC. The folios where the KYC is not available on or after October 1, 2023, shall be frozen by the RTA.

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 demat of securities received for processing investor's service request.

Dematerialization would facilitate paperless trading through state-of-the-art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate. It also substantially reduces the risk of fraud. **Therefore, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.**

For more details, please visit our website at

https://www.zyduslife.com/shareholderservices#1.

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 / RTA 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 accounts.

14. **The members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.**

The e-mail address can be registered with the DP in case the shares are held in demat mode and with the RTA in case the shares are held in physical mode.

The members may also note that the Notice of the AGM and the Annual Report 2022-2023 are uploaded and available on the website of the Company, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and CDSL at www.zyduslife.com, www.bseindia.com, www.nseindia.com and www.evotingindia.com respectively. The copies of the documents will also be available for inspection during normal business hours on working days from the date of circulation of the Notice upto the date of AGM. For any communication, members may also send requests to the Company's investor e-mail id investor.grievance@zyduslife.com or dhavalsoni@zyduslife.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 are 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 dividends 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 dividend.

The Company will send an e-mail which 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 and 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 a financial year does not exceed ₹ 5,000/-, or if an eligible resident member has provided a valid declaration in Form No. 15G / Form No. 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.

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 28, 2023 and the dividend receivable by you is taxable under the IT Act, the Company shall be obligated to deduct tax at source on the dividend payable as per the applicable provisions under the IT Act.

16. **E-voting (voting through electronic means):**

i. The businesses as set out in the Notice may be transacted through electronic voting system. In compliance with the provisions of section 108 of the Act read with rule 20 of The Companies (Management and Administration) Rules, 2014, standards 7.2 and 8 of the Secretarial Standard on General Meetings, regulation 44 of the Listing Regulations and pursuant to MCA Circulars for General Meetings 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 during the AGM through electronic voting and the members participating in the AGM who have not cast their votes 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 system on the date of the AGM will be provided by CDSL.

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 in terms of provisions of section 107 of the Act.

ii. Pursuant to MCA Circulars for General Meetings 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.

iii. The members can join the AGM through VC / OAVM mode 15 (fifteen) minutes before the scheduled time of the AGM and within 15 (fifteen) 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 to atleast 1,000 (one thousand) members on first come first served basis. This will be in addition to large members (members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

iv. The attendance of the members attending the AGM through VC / 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 / List of Beneficial Owners maintained by the Depositories as on Friday, August 4, 2023, being the cut-off date, shall be entitled to avail the facility of remote e-voting or e-voting during the AGM. Persons who are not members as on the cut-off date, but have received this Notice, should treat receipt of this Notice for information purpose only.

The members who have cast their votes by remote e-voting prior to AGM may also attend the AGM, but shall not be entitled to cast their votes again.

The members whose names appear in the Register of Members / List of Beneficial Owners as on Friday, August 4, 2023 are entitled to vote on the resolutions set forth in the Notice. 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 numbers are not registered with the Company / RTA / Depositories:**

I. Members holding shares in physical mode - please provide to the Company/RTA, duly filled and signed Form No. ISR-1 and ISR-2, format of which is available on the website of the Company / RTA.

II. The 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 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, August 8, 2023 and ends at 5:00 p.m. (IST) on Thursday, August 10, 2023**. During this period members of the Company, holding shares either in physical mode or in demat mode, as on the cut-off date i.e. Friday, August 4, 2023, may cast their votes electronically. 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/CFD/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, SEBI has decided to enable e-voting for 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 votes 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, 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**	1. 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 URL for users to login to Easi / Easiest is www.cdslindia.com and click on Login icon and select New System Myeasi. 2. After successful login, the Easi / Easiest user will be able to see the e-voting option. On clicking the e-voting option, 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 for casting the vote during the remote e-voting period or joining virtual meeting and voting during the meeting. Additionally, we are providing links to ESPs, so that the user can visit the ESPs' site directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login and New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN from a link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile number & 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 members holding securities in demat mode with **NSDL.**	1. Existing IDeAS user can visit the e-services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added 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 i.e. NSDL and you will be re-directed to e-voting website page for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.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 hold 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 i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. 4. Members can also download NSDL Mobile App "NSDL SPEED-e" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual member (holding shares in demat mode) login through their **DPs**	You can also login using the login credentials of your demat account through your DP 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 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.

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 Depositories:

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 contact 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 holding shares in physical mode and members other than individual members holding shares in demat mode** is as under:

1. The members should login 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, (e.g. if your beneficiary ID is 12**************, then your user ID is 12**************
   b. For NSDL: 8 Character DP ID followed by 8 digits Client ID, (e.g. if your DP ID is IN300*** and Client ID is 12******, then your user ID is IN300***12******
   c. Members holding shares in physical mode should enter Folio Number registered with the Company (e.g. if your folio number is 1*****, then your user UD is 1*****)
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 physical mode and members other than individual members holding shares in demat mode
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both, members holding shares in physical mode and members other than individual members holding shares in demat mode).
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank details or Date of Birth (DOB) (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

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 the Notice.
10. Click on the EVSN for **ZYDUS LIFESCIENCES 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 (agree) to the Resolution and option NO implies that you dissent (disagree) 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 then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

17. For members other than individual members, there is also an optional provision to upload Board Resolution ("**BR**") / Power of Attorney ("**POA**") which if uploaded, will be made available to scrutinizer for verification.

18. Note for Non-Individual members and Custodians (For Remote Voting only):

    - 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 in the "Corporates" module.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
    - After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance Users would be able to link the account(s) for which they wish to vote on.
    - The list of accounts linked in the login will be mapped automatically and can be delink in case of any wrong mapping.
    - A scanned copy of the BR and 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 etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the scrutinizer at his email id i.e. manojhurkat@hotmail.com and to the Company at the email id i.e. dhavalsoni@zyduslife.com, if they have voted from individual tab and not uploaded the same in the CDSL e-voting system for the scrutinizer to verify the same.

A member can opt for only one mode of voting i.e. either through remote e-voting or during the AGM. If a member casts votes by both modes, then voting done through remote e-voting shall prevail.

The Company has appointed Mr. Manoj Hurkat, Practicing Company Secretary (Membership No. 4287), to act as the Scrutinizer for conducting the remote e-voting and e-voting during the AGM in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the resolutions at the 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.zyduslife.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 results 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:**

I. 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.

II. 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.

III. The 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.

IV. The members are encouraged to join the AGM through Laptops / I-Pads for better experience.

V. Further, members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.

VI. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio / video loss due to fluctuation in their network. It is therefore recommended to use stable wi-fi or LAN connection to mitigate any kind of aforesaid glitches.

VII. The 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, mobile number at the Company's e-mail id. 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, mobile number at the Company's e-mail id. These queries will be replied to by the Company suitably.

VIII. Those members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM.

IX. Only those members, who are present in the AGM through VC / OAVM facility and have not cast their votes 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.

X. 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.

If you have any queries or issues regarding attending AGM and e-voting from the e-voting system, you can write an e-mail to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. 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 toll free no. 1800 22 55 33.

Request to the members:

The 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 on dhavalsoni@zyduslife.com. The same will be replied by the Company suitably.

Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013:

The following statement sets out all material facts relating to the businesses under Item Nos. 6 and 7 of the accompanying Notice dated May 18, 2023.

Item No. 6:

Mr. Bhadresh K. Shah (DIN-00058177) was appointed as an Independent Director ("**ID**") of the Company at the AGM held on August 19, 2019, to hold office for the first term of 5 (five) consecutive years with effect from December 6, 2018 till to December 5, 2023.

The Nomination and Remuneration Committee ("**NRC**"), has considered his diverse skills, leadership capabilities, knowledge and expertise in manufacturing, marketing, business and management. In view of the above and based on his performance evaluation by the NRC, the NRC and the Board have recommended the re-appointment of Mr. Bhadresh K. Shah as an ID of the Company for the second term of 5 (five) consecutive years with effect from December 6, 2023 to December 5, 2028 in accordance with the provisions of the Act and the Listing Regulations.

The Company has received all statutory disclosures / declarations from Mr. Bhadresh K. Shah including consent to act as an ID, confirmation that he is not disqualified under sections 164(1) and 164(2) of the Act and a declaration to the effect that he meets the criteria of independence as provided under section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations.

In terms of regulation 17(1A) of the Listing Regulations, no listed company shall appoint or continue the appointment of a non-executive director, who has attained the age of 75 (seventy five) years, unless a special resolution is passed to that effect and justification thereof is indicated in the explanatory statement annexed to the Notice for such appointment.

In the opinion of the Board, Mr. Bhadresh K. Shah fulfils the conditions specified under the Act and the Listing Regulations for appointment as an ID of the Company and is independent of the management. Further, considering his background, experience and contributions made during his tenure, the Board is of the opinion that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an ID of the Company, notwithstanding the fact that he shall attain the age of 75 (seventy five) years during this second term of 5 (five) consecutive years.

The details of the skills and capabilities required for the role of an ID and the manner in which he meets such requirements is provided under section "Board Skills / Expertise / Competencies" in the Corporate Governance Report forming part of this Annual Report.

A draft copy of the letter of appointment as an ID, setting out the terms and conditions is available for inspection by the members during the normal business hours, upto the date of AGM, basis the request being sent by the members on e-mail to dhavalsoni@zyduslife.com and is also available on the website of the Company at www.zyduslife.com.

Except Mr. Bhadresh K. Shah and their relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the passing of the resolution as a Special Resolution as set out at Item No. 6 of the Notice.

Item No. 7:

In accordance with the provisions of section 148(3) of the Act and rule 14 of The Companies (Audit and Auditors) Rules, 2014 ("the **Rules**"), the Company is required to appoint a Cost Auditor to audit the cost records of the Company pertaining to Drugs and Pharmaceuticals manufactured by the Company.

On the recommendation of the Audit Committee, the Board had approved the appointment of Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338) as the Cost Auditors of the Company to conduct audit of cost records of the Company for the Financial Year ending on March 31, 2024, with a remuneration of ₹ 1.41 mio. (Rupees One Million Four Hundred Ten Thousand only) plus applicable Goods and Services 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 section 148(3) of the Act, read with rule 14(a)(ii) of the Rules, the remuneration payable to the Cost Auditors shall be ratified by the members of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board recommends the passing of the resolution as an Ordinary Resolution as set out at Item No. 7 of the Notice.

By order of the Board of Directors

Dhaval N. Soni
Company Secretary
Membership No. F7063

Place : Ahmedabad
Date : May 18, 2023

Annexure-A

Details of Directors seeking re-appointment at the Annual General Meeting

(Pursuant to the Secretarial Standard on General Meetings and the Listing Regulations)

Name of the Director	**Dr. Sharvil P. Patel** **Managing Director**
DIN	00131995
Date of Birth	October 13, 1978
Age	44 years
Date of first appointment on the Board	August 1, 1997
Date of re-appointment by the members	February 18, 2022
Qualifications	Bachelor's Degree in chemical and pharmaceutical sciences and Doctorate in philosophy (on Breast Cancer) from University of Sunderland, United Kingdom.
Brief resume and nature of expertise in functional areas	Dr. Sharvil Patel is the Managing Director of Zydus Lifesciences Limited, one of the leading global healthcare providers and the 4th largest lifesciences company in India. He also officiates as the Chairman on the Board of Zydus Wellness Limited, which is creating several novel experiences for the health-conscious consumers and has a basket of niche products and iconic brands such as Sugar Free, Everyuth and Nutralite, Complan, Glucon D, and Nycil. With a specialisation in Chemical and Pharmaceutical Sciences from the University of Sunderland, U.K., and a doctorate also from the same university for his research work in Breast Cancer at Johns Hopkins, Bayview Medical Centre, USA, Dr. Sharvil Patel combines both pharma and research expertise. Dr. Sharvil Patel's leadership inspires people to look at an expansive canvas of thoughts and ideas while focusing on a well-defined implementation roadmap. He has been conferred the ET Pharma leader of the year at the ET Healthworld India Pharma Awards 2022. He has also been conferred the 'The Economic Times Most Promising Business Leaders of Asia 2020-21' Award,' GenNext Entrepreneur of the Forbes India Leadership Awards (FILA) 2020-21' by the Forbes India and 'Young Turks Award' by India Pharma Awards 2021. He received the '40 Under 40 Most Influential Asians' Award by the Asian Business & Social Forum 2018 (ABSF) and the Young Business Leader '40 under Forty' Award by ET Now in 2017. The Company is the only Indian lifesciences company to launch its own patented NCE-Lipaglyn, the novel drug to be approved for the treatment of diabetic dyslipidemia. The group is also the first in the world to announce a treatment for non-cirrhotic NASH, an unmet healthcare condition globally. Supporting the nation first-in-India, first-in-the world therapies, Zydus is at the forefront manufacturing lifesaving drugs, exploring new therapy options through research, discovering vaccines, biologicals, therapeutics and complex pharmaceutical technologies. He has knowledge and expertise in pharmaceuticals (including medical, pharmacology and research), manufacturing, marketing, business and management.
Relationship with other Directors and Key Managerial Personnel	Mr. Pankaj R. Patel, Non-Executive Chairman is father of Dr. Sharvil P. Patel.

Name of the Director	Dr. Sharvil P. Patel Managing Director
Name of companies (except Foreign companies) in which Dr. Sharvil P. Patel holds Directorships and Memberships of Committees of the Board	**A. Directorships in listed companies:** 1. Zydus Lifesciences Limited 2. Zydus Wellness Limited Dr. Sharvil P. Patel has not resigned as a director of any listed company in past 3 (three) years. **B. Directorships in other companies:** 1. Zydus Healthcare Limited 2. Zydus Wellness Products Limited 3. Zydus Foundation 4. Liva Investment Limited 5. Liva Nutritions Limited 6. Zydus Hospitals and Healthcare Research Private Limited 7. Cadmach Machinery Company Private Limited 8. Pripan Investment Private Limited 9. Cadila Laboratories Private Limited 10. Western Ahmedabad Effluent Conveyance Company Private Limited 11. Cadila Lifesciences Private Limited **C. Committee positions in companies:**

Sr. No.	Name of the Company	Name of the Committee	Position
1.	Zydus Lifesciences Limited	Stakeholders' / Investors' Relationship Committee	Member
		Risk Management Committee	Member
		Corporate Social Responsibility and Environment Social and Governance Committee	Member
		Share Transfer Committee	Member
		Finance and Administration Committee	Member
2.	Zydus Wellness Limited	Corporate Social Responsibility and Environment Social and Governance Committee	Chairman
		Risk Management Committee	Chairman
		Share Transfer Committee	Chairman
		Finance and Administration Committee	Chairman
3.	Zydus Wellness Products Limited	Corporate Social Responsibility Committee	Chairman
4.	Zydus Healthcare Limited	Corporate Social Responsibility Committee	Chairman
		Nomination and Remuneration Committee	Member
		Finance and Administration Committee	Chairman
5.	Pripan Investment Private Limited	Corporate Social Responsibility Committee	Member
6.	Zydus Hospitals and Healthcare Research Private Limited	Corporate Social Responsibility Committee	Member

Number of shares held in the Company	14,851 (Fourteen Thousand Eight Hundred Fifty One) Dr. Sharvil P. Patel is not holding any shares as a beneficial owner.

Name of the Director	Dr. Sharvil P. Patel Managing Director
Terms and conditions of re-appointment	• Liable to retire by rotation
Total remuneration drawn in Financial Year ended on March 31, 2023	<table><tr><th>Sr. No.</th><th>Remuneration</th><th>Amount (₹ In mio.)</th></tr><tr><td>1.</td><td>Fixed</td><td>180.00</td></tr><tr><td>2.</td><td>Variable</td><td>82.50</td></tr><tr><td></td><td>**Total remuneration**</td><td>**262.50**</td></tr></table>**Notes:** 1. Fixed pay is paid during the Financial Year ended on March 31, 2023 and the variable pay was recommended by the NRC and the Board for payment. 2. Fixed portion includes salary and other allowances and variable portion includes commission. 3. In addition to fixed pay and variable pay, Dr. Sharvil P Patel is entitled to Company's PF contribution, perquisites and retirement benefits.
Attendance in Board, Committee and General meetings in Financial Year ended on March 31, 2023	Dr. Sharvil P. Patel has attended all the Board, Committee and General meetings held during the Financial Year ended on March 31, 2023.
Declaration	Dr. Sharvil P. Patel is not debarred or disqualified from being appointed or continuing as a director of any company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

Name of the Director	**Mr. Ganesh N. Nayak** **Executive Director**
DIN	00017481
Date of Birth	May 18, 1955
Age	68 years
Date of first appointment on the Board	July 12, 2017
Date of re-appointment by the members	August 11, 2021
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 N. Nayak, Executive Director, Zydus Lifesciences Limited spearheads business of the Zydus Group, including its Joint Ventures and Alliances. He joined the Zydus Cadila Group in 1977. With experience of more than 46 years, he has contributed significantly to the growth of the Company over the years. The Company has successfully undertaken several expansion plans during his association. With strategic insight and business acumen, Mr. Ganesh N. 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. Ganesh N. Nayak to the global league of marketing professionals. He has knowledge and expertise in pharmaceuticals, marketing, business and management.
Relationship with other Directors and Key Managerial Personnel	None
Name of companies (except Foreign companies) in which Mr. Ganesh N. Nayak holds Directorships and Memberships of Committees of the Board	**A. Directorships in listed companies:** 1. Zydus Lifesciences Limited 2. Zydus Wellness Limited Mr. Ganesh N. Nayak has not resigned in any listed company in the past 3 (three) years. **B. Directorships in other companies:** 1. Zydus VTEC Limited 2. Zydus Takeda Healthcare Private Limited 3. Zydus Hospira Oncology Private Limited 4. Bayer Zydus Pharma Private Limited 5. German Remedies Healthcare Private Limited **C. Committee positions in companies:**

Sr. No.	**Name of the Company**	**Name of the Committee**	**Position**
1.	Zydus Lifesciences Limited	Finance and Administration Committee	Member
2.	Zydus Wellness Limited	Audit Committee	Member
		Stakeholders' / Investors' Relationship Committee	Chairman
		Corporate Social Responsibility and Environment Social and Governance Committee	Member
		Share Transfer Committee	Member
		Finance and Administration Committee	Member
3.	Zydus Hospira Oncology Private Limited	Corporate Social Responsibility Committee	Chairman

Name of the Director	Mr. Ganesh N. Nayak Executive Director
Number of shares held in the Company	2,50,211 (Two Lakh Fifty Thousand Two Hundred Eleven) Mr. Ganesh N. Nayak is not holding any shares as a beneficial owner.
Terms and conditions of re-appointment	• Liable to retire by rotation
Total remuneration drawn in Financial Year ended on March 31, 2023	See table and notes below

Sr. No.	Remuneration	Amount (₹ In mio.)
1.	Fixed	72.00
2.	Variable	48.00
	Total remuneration	**120.00**

Notes:

1. Fixed pay is paid during the Financial Year ended on March 31, 2023 and the variable pay was recommended by the NRC and the Board for payment.
2. Fixed portion includes salary and other allowances and variable portion includes commission.
3. In addition to fixed pay and variable pay, Mr. Ganesh N. Nayak is entitled to Company's PF contribution, perquisites and leave benefits.

Attendance in Board, Committee and General meetings in Financial Year ended on March 31, 2023	Mr. Ganesh N. Nayak has attended all the Board, Committee and General meetings held during the Financial Year ended on March 31, 2023.
Declaration	Mr. Ganesh N. Nayak is not debarred or disqualified from being appointed or continuing as a director of any company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

Name of the Director	**Mr. Bhadresh K. Shah** **Non-Executive Independent Director**
DIN	00058177
Date of Birth	October 7, 1951
Age	71 years
Date of first appointment on the Board	December 6, 2018
Date of re-appointment by the members	N.A.
Qualifications	Mr. Bhadresh K. Shah is a Bachelor in Technology (Metallurgy) from the Indian Institute of Technology, Kanpur.
Brief resume and nature of expertise in functional areas	Mr. Bhadresh Shah, an alumnus of IIT Kanpur, is the founder of AIA Engineering Limited. With strong technical knowledge and immense experience in the fields of production, finance, and technical administration, Mr. Bhadresh Shah focuses on process improvements, new product development, quality and adherence to international manufacturing standards. His commitment to innovation and quality has made AIA Engineering Limited and Vega Industries a world renowned brand today. He has knowledge and expertise in manufacturing, marketing, business and management.
Relationship with other Directors and Key Managerial Personnel	None
Name of companies (except Foreign companies) in which Mr. Bhadresh K. Shah holds Directorships and Memberships of Committees of the Board	**A. Directorships in listed companies:** 1. Zydus Lifesciences Limited 2. AIA Engineering Limited 3. Welcast Steels Limited Mr. Bhadresh K. Shah has not resigned as a director of any listed company in past 3 (three) years. **B. Directorships in other companies:** 1. AIA CSR Foundation 2. Avirat Finance Private Limited **C. Committee positions in companies:**

Sr. No.	**Name of the Company**	**Name of the Committee**	**Position**
1.	Zydus Lifesciences Limited	Stakeholders' / Investors' Relationship Committee	Member
		Audit Committee	Member
		Nomination and Remuneration Committee	Member
2.	AIA Engineering Limited	Stakeholders' / Investors' Relationship Committee	Member
		Audit Committee	Member
		CSR Committee	Chairman
		Risk Management Committee	Chairman
3.	Welcast Steels Limited	Stakeholders' / Investors' Relationship Committee	Member
		Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Risk Management Committee	Chairman

Name of the Director	Mr. Bhadresh K. Shah Non-Executive Independent Director
Number of shares held in the Company	Nil Mr. Bhadresh K. Shah is not holding any shares as a beneficial owner.
Terms and conditions of re-appointment	• Not liable to retire by rotation • Entitled to receive sitting fees for attending the Board and Committee meetings • Entitled to receive commission as may be decided by the Board
Total remuneration drawn in Financial Year ended on March 31, 2023	₹ 1.60 mio. (Rupees One Million Six Hundred Thousand only) as sitting fees and ₹ 3.00 mio. (Rupees Three Million only) as a commission, aggregating to ₹ 4.60 mio. (Rupees Four Million Six Hundred Thousand only)
Attendance in Board, Committee and General meetings in Financial Year ended on March 31, 2023	Mr. Bhadresh K. Shah has attended all the Board, Committee and General meetings held during the Financial Year ended on March 31, 2023.
Declaration	Mr. Bhadresh K. Shah is not debarred or disqualified from being appointed or continuing as a director of any company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

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