July 3, 2021

Listing Department
BSE LIMITED
P J Towers, Dalal Street, Fort,
Mumbai–400 001

Code: ***531 335***

Listing Department
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai–400 051

Code: ***ZYDUSWELL***

Re.: Annual General Meeting ("AGM") / Annual Report 2020-21.

Dear Sir / Madam,

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), we are submitting the Annual Report of the Company for the Financial Year 2020-21, along with the Notice of Twenty Seventh AGM, which is being sent to the members by the permitted mode.

The Twenty Seventh AGM of the Company will be held on Friday, July 30, 2021 at 10.00 am. (IST) through Video Conference / Other Audio Visual Means.

Further, the cut-off date to determine the list of shareholders entitled to vote through remote e-voting and e-voting during the AGM is fixed on July 23, 2021.

Please receive the same in order.

Thanking you,

Yours faithfully,
For, **ZYDUS WELLNESS LIMITED**

ZYDUS WELLNESS LIMITED AHMEDABAD

DHANRAJ P. DAGAR
COMPANY SECRETARY

Regd. Office : Zydus Wellness Ltd. 'Zydus Corporate Park', Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad – 382 481, India. Phone : +91-79-71800000, +91-79-48040000 www.zyduswellness.in CIN : L15201GJ1994PLC023490

INNOVATIVE
ENERGISING
NUTRITIONAL
GUILT-FREE
DELIGHT
VALUE-ADDED
GOODNESS
DISTINCTIVE
NURTURING

A NEW WORLD OF WELLNESS

Zydus Wellness

ANNUAL REPORT 2020-21

Vision

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

Our DNA

To build new emergent categories with differentiated product propositions. Philosophy of building products which are good for you.

Corporate **Information**

Board of Directors

Dr. Sharvil P. Patel
Chairman

Tarun G. Arora
CEO & Whole-Time Director

Directors

Kulin S. Lalbhai

Srivishnu Raju Nandyala

Dharmishtaben N. Raval

Ashish Bhargava

Ganesh N. Nayak

Savyasachi S. Sengupta

Chief Financial Officer

Umesh V. Parikh

Company Secretary

Dhanraj P. Dagar

Bankers

Bank of Baroda
Ashram Road Branch
Ahmedabad

HDFC Bank Ltd.
Navrangpura Branch
Ahmedabad

ICICI Bank
JMC House Branch
Ahmedabad

HSBC Bank
M.G.Road branch, Mumbai

CITI Bank
Fort Branch, Mumbai

State Bank of India
CAG Branch, Ahmedabad

Statutory Auditors

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

Cost Auditors

M/s. Dalwadi & Associates
Cost Accountants

Secretarial Auditors

M/s. Hitesh Buch & Associates
Practicing Company Secretaries

Registered Office

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

Registrar & Share Transfer Agent

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

Works

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

CIN

L15201GJ1994PLC023490

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Corporate Overview

Statutory Reports

Financial Statements

Forward-looking statement

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

Business

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

Product portfolio

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

Brands	Category	Mkt. Rank	Mkt. Share
Glucon-D	Glucose Powder	1	58.4%
Complan	MFD	4	5.5%
Sugar Free	Sugar substitute	1	>93%
Nycil	Prickly heat powder	1	35.8%
Everyuth	*Facial cleansing	5	6.1%
	Scrub	1	35.8%
	Peel-off	1	77.9%
Nutralite	Butter substitute	-	-
	Ghee	-	-

*Source -Nielsen MAT March 2021 Report, except for Sugarfree. Sugarfree is as per Company's sources

*Total Facial cleansing segment includes Face wash, Scrub, Peel-off, Face masks

Scale

Zydus Wellness Limited manufactures an innovative range of health and wellness products across five manufacturing facilites - one each at Ahmedabad (Gujarat), Aligarh (Uttar Pradesh), Sitarganj (Uttarakhand) and two at Mamring (Sikkim).

Presence

Headquartered in Ahmedabad, Zydus Wellness enjoys a pan-India marketing presence through a distribution network comprising 1700+ distributors and ~2000 feet-on-street representatives. The Company's distribution competence has been enhanced by an investment in 20 cold chain warehouses and 25 ambient warehouses.

Listing

The Company's shares are listed on the Bombay Stock Exchange and the National Stock Exchange.

Compliance

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

Shareholding pattern

Promoters' and family holding, March 31, 2021 (%)	Institutional holding, March 31, 2021 (%)	FII holding, March 31, 2021 (%)	Other holding, March 31, 2021 (%)	Market capitalisation, March 31, 2021 (₹ Lakhs)
64.82%	10.11%	2.75%	22.32%	₹ 12,55,334 Lakhs

KEY MILESTONES IN OUR JOURNEY

1988
Launched Sugar Free with Aspartame

1991
Launched the Everyuth skincare range

2005
Introduced Sugar Free Natura with Sucralose

2006
Acquired Carnation Nutra Analogue Ltd.

2009
Carved out consumer business of Cadila Healthcare Ltd., merged with Carnation Nutra Analogue, renamed to Zydus Wellness Ltd.

2011
Inaugurated the manufacturing plant at Sikkim

2017

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

2018

Launch of Nutralite Mayonnaise, EY tan removal range and Sugarlite

2019

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

2020

9 new product launches despite the pandemic

Capital restructure (QIP and preferential issue of ~₹ 1,000 Cr.) and repurchase NCD's of ₹ 1,500 Cr.

Zydus Wellness

OUR PERFORMANCE OVER THE YEARS

Revenues (₹ Crore)

PERFORMANCE, FY2020-21

The year gone by has been very eventful and challenging for the Company with COVID-19 induced setbacks impacting sales of key brands like Glucon-D, Nycil, Nutralite and Everyuth. Despite this, the Company has managed to achieve a satisfactory performance during the year and achieved a growth of 5.7% (over previous financial year) on Total Revenue from operations, which stood at ₹ 1866.7 Crore

EBIDTA was up by **7.3%** y-o-y to **344.4** Crore Rupees.

PBT before exceptional items, was up by **47.7%** to **244.3** Crore Rupees.

Reported Net profit, was down by **16.2%** to **118.7** Crore Rupees.

However the adjusted net profit (before exceptional items), was up by **34.9%** to **250.9** Crore Rupees.

Margins are in Top Quartile of the FMCG space

18.4%

Healthy in EBIDTA margin (BPS)

FINANCIAL STRENGTH

[20.7]

Total Income from Operations growth (%) [13-year CAGR]

[20.0]

EBIDTA growth (%) [13-year CAGR]

[21.7]*

Adjusted Net Profit growth [13 year CAGR]*

**Note - Adjusted net profit is net profit before exceptional items*

BRAND PERFORMANCE

Glucon-D has maintained its **number one** position with a market share of **58.4%** in the Glucose powder category

Complan has a market share of **5.5%** in the MFD category

Nycil has maintained its **number one** position with a market share of **35.8%** in the prickly heat powder category, which is an **increase of 225 basis points** over the same period last year

Everyuth Scrub has maintained its **number one** position with a market share of **35.8%** in the facial scrub category, which is an **increase of 174 basis points** over the same period last year

Everyuth Peel off has maintained its **number one** position with a market share of **77.9%** in the Peel-off category

Everyuth brand is now at **number 5** position with market share of **6.1%** in overall facial cleansing segment which includes face wash, scrubs, peel-off and masks

As per the MAT March'21 report of Nielsen

BUSINESS MODEL

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


Our course for the years ahead is clear: strengthening our future competitiveness with a focus on our brands, innovation, building efficiency in our entire value chain and nurturing a talent pool that will take the organisation to newer heights of excellence and growth.
Dr. Sharvil P. Patel,
Chairman

Dear Shareholders,

In the midst of a global pandemic that has cost millions of lives and unleashed a catastrophe, the past year has been among the most challenging in the recent times. The pandemic continues to thwart our efforts to get back to normalcy. Despite the uncertainties posed by the current situation, we continued to focus on our brands, enrich our consumer's experiences and enhance value for the organisation. We launched eleven new products in the market, which is a mark of our resilience and the ability to overcome challenges.

NURTURING A NEW WORLD OF WELLNESS

In 2008 when we christened the company as Zydus Wellness, we were willing to change, transform and rejuvenate ourselves to be able to set ourselves apart in the wellness domain. This became our overarching purpose: to offer differentiated and nutritive choices to serve consumers and create value for ourshareholders. The journey since then has been an extremely exciting one. Zydus Wellness is today one of the leading companies in the FMCG industry and we believe that the next wave of growth for the company has just begun. We are putting the strategies and capabilities in place to transform Zydus Wellness into a faster-growing, more profitable and an exciting company. We are committed to understanding changing trends, lifestyles, consumer needs, expectations and how to deliver healthier alternatives that is good for our customers. Our research team keeps pushing the boundaries, looking at newer possibilities. We are creating and building brands that offer 'something more' that delights the consumers. And that's why we are nurturing an exceptionally talented team of young professionals who are not afraid to question the status quo and explore new ideas and dimensions for the Company to grow. That's how Zydus Wellness is creating an organisation that is not only different in the products that it offers but also in its vision and strategies for growth.

MARKET RANK

*Ranked No.1 in scrub and peel-off subsegment

HOW ARE WE CREATING VALUE?

We, at Zydus Wellness, are committed to long-term strategies, which will continue to strengthen its position as one of the best-performing companies in the FMCG industry. Zydus Wellness' core strengths of delivering consumer expectations, leveraging innovation to introduce differentiated products and concepts and shoring up our go-to-market execution abilities will enhance our competitiveness. We will also seek category extension and geographic expansion as opportunities arise. With accelerated growth in our businesses, combined with a continuous focus on cost, will generate attractive, sustainable returns for our shareholders.

The three pillars of growth for the organisation in the coming years will focus on creating value through our brands, building an international presence and also exploring every opportunity to grow in scale. In the coming years we will strengthen our presence in the Middle East, Africa, South East Asia and the SAARC countries. Our productivity and growth will be driven by our ability to innovate, launch new brands that will create and transform categories, become value creators for the business and meet and exceed customer expectations.

MAKING INNOVATION THE CORE

Our innovation enables people experience a better quality of life. Connecting with the customers is all about discovering and exploring their wants, preferences and lifestyles. We also understand that these choices may be varied for every user. Innovation for us is about plugging these needs and taking the consumer experience to a new level each time. It could be in the guilt-free indulgence of Sugar Free D'Lite Premium chocolates, or placing trust in Complan that has stayed true for over a hundred years, or looking at newer ways to get an energy zing with Glucon-D Immunovolt in the midst of a hectic day, our brands are all about delivering newer possibilities through innovation.

EXPANDING THE MARKET REACH

Our commitment to serve customers and ensure that their needs are met despite the prevailing market conditions is unflinching. We ensured continuous supply of all our stocks, optimised stock levels at CFAs and

Three Pillars to drive growth going forward

Accelerate Growth of Core Brands

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

Differentiated propositions supported by strong GTM

Build International Presence

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

Enter new markets with relevant offering

Significantly Grow Scale

Successful integration of the Heinz acquisition

Open to bolt-on acquisitions at the right time

stepped up the initiatives on the e-commerce front. Distribution and reach is at the heart of any consumer enterprise and we are extremely grateful to our stockists and channel partners at the

Ecommerce business increased almost 3X times for FY 2021	**Export business growth more than 200% for FY 2021**

retail level who supported us through this year. We have been able to double our direct reach to 5 lakh outlets through Project Vistaar. We will continue to work on this and look to step up our rural outreach drives. We believe that these investments in a more agile, flexible and faster distribution network will stand us in good stead in the coming years.

NURTURING TALENT

Our aspirations of being a high-performing organisation is backed by a team of extremely talented, young creative minds. As we continue to attract the best and brightest in the industry, we will collaborate, pool in our energies and create a culture of openness and trust. We will embrace a new agility, moving swiftly and decisively, empowering people and enabling them to deal with a breadth of experiences and perspectives needed to address the needs of an evolving enterprise. A diverse and inclusive workplace that helps one fully explore his or her potential is central to this thought and at Zydus Wellness we believe this is essential for our growth.

Our course for the years ahead is clear: strengthening our future competitiveness with a focus on our brands, innovation, building efficiency in our entire value chain and nurturing a talent pool that will take the organisation to newer heights of excellence and growth. I believe we are on course for realising many more possibilities for Zydus Wellness and our shareholders in the future. I look forward to continuing this journey with you, our shareholders.

Dr. Sharvil P. Patel
Chairman

OUR BRANDS

NEW PRODUCT OFFERINGS IN 2020-21

Everyuth Aloe Cucumber Gel

- 11 new products launched in FY 2020-21 – despite the pandemic–induced setbacks
- More in the pipeline for Indian and International markets

SugarFree D'Lite Chocolates

Glucon-D ImmunoVolt

SUGAR FREE D'Lite Dark Chocolates

- No added sugar and is naturally sweetened
- More Cocoa, per bar; every bar contains a minimum of 50% Cocoa
- Flavours like never before; Dark Rich Cocoa, Dark Zesty Orange, Dark Hazelnut with Roasted Almonds and Dark Crispy Quinoa with Roasted Almonds

Nutralite Choco Spread

- Crunchy Choco and Choco Spread variants - available in 100g and 275g SKUs
- Launched through e-commerce. Other channels to follow

Nutralite Doodhshakti Ghee and Butter

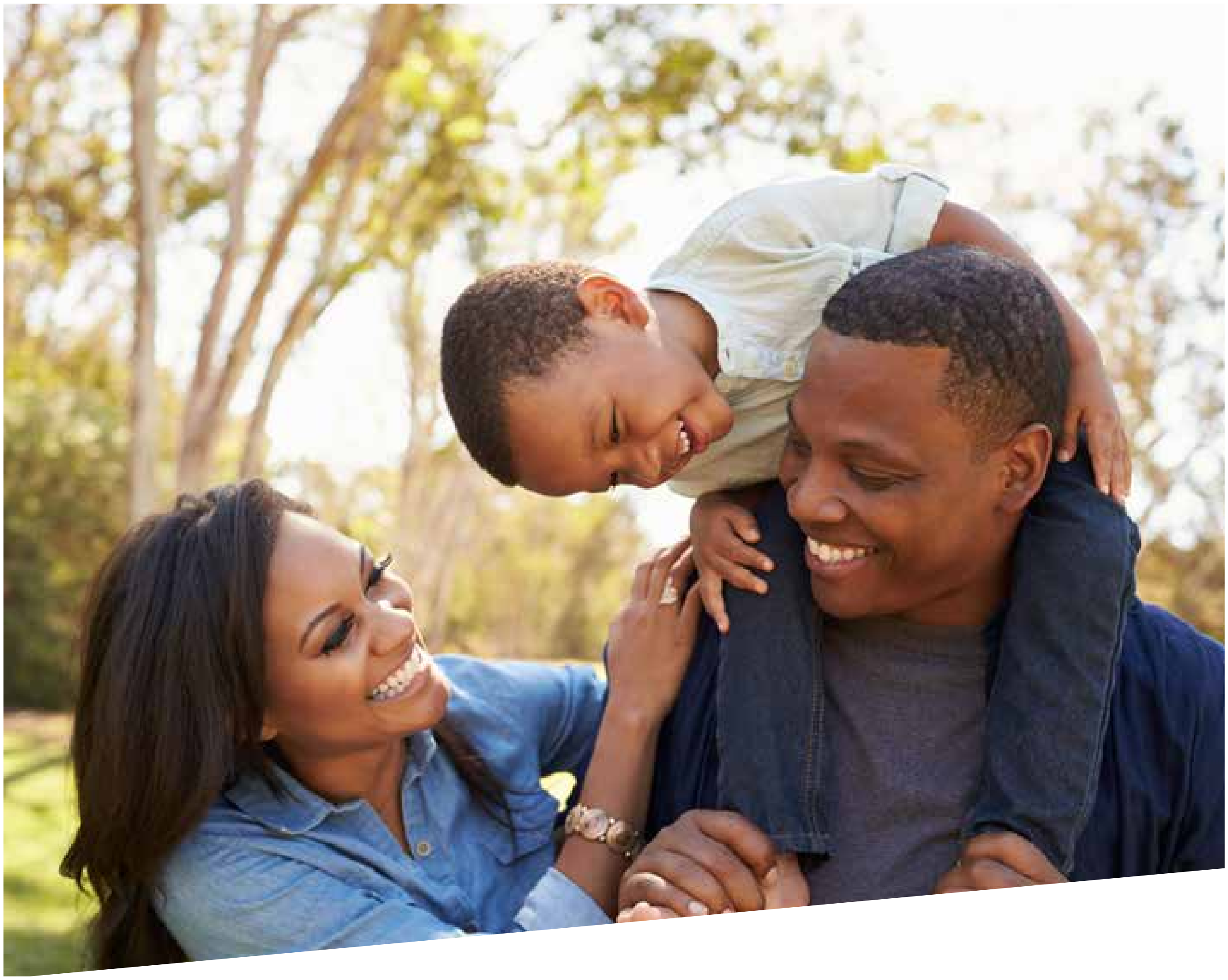
- Entry into dairy category with Nutralite Doodh Shakti. Launched probiotic butter spread and pure ghee
- Launched in January 2021

Glucon-D ImmunoVolt & ImmunoFizz

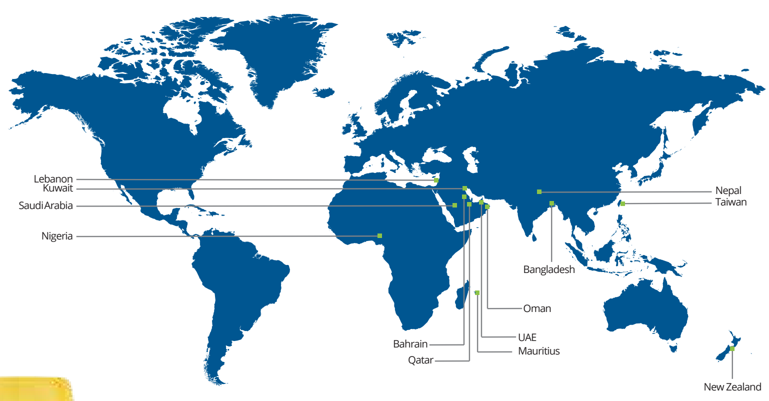
- Tasty energy bites that boost immunity
- Contains Vitamin C, Vitamin D, Zinc and Glucose
- Yummy orange and strawberry flavours

Complan – Nutrigro

- Complan enters the toddler health food drink segment
- Doctor's recommendations play a key role in the choice of brand for toddlers - marketed and distributed by leveraging doctors' promotion route
- 3 consumer validated variants
- Available in 200gm and 400gm packs



Complan - Available Worldwide



Nycil Sanitizer and Wipes

- Available in 2 variants – Herbal and Germ Expert
- Available in 50ml, 100ml and 500ml bottles
- Enriched with Neem and Aloe Vera

FLAGSHIP BRANDS

Glucon-D

Category-leading brand with 98% product recall

Glucose-based beverage available in powder form

Positioned as an effective energy booster

Variants comprise Tangy orange, Regular, and Nimbu pani

Highlights - FY 2020-21

During the year the brand got impacted adversely due to the lockdown, Cyclone Amphan and early monsoon in some parts of the country. Despite this set back the Company stepped up its investments in the brand with new communication and competitive consumer and trade offers.

The Company also launched Glucon-D ImmunoVolt to tap the heightened need of immunity products for kids, which was supported with TV & digital media activities.

Complan

Trusted heritage brand of 80+ years with 90% brand recall

Milk-based health food drink

High quality milk protein content to meet the growth requirements for the consumer

Launched Complan Nutrigro specially formulated for toddlers between the age of 2 to 6 years

Highlights - FY 2020-21

The brand witnessed high double digit growth in quarter four and high single digit growth during the financial year gone by. The Company continues to invest behind the brand through various media, digital initiatives and consumer offers.

The Company also continues to drive its penetration in sachet market with distribution drives and TV media support in targeted regions.

Zydus Wellness recently launched a fresh communication which elevates the functional benefit of '2X faster growth'. This campaign is being supported on TV, print and digital at an all India level.

Sugar Free

Household name; India's first sugar substitute

~94% market share – undisputed category leadership

Positioned as 'India's largest selling low calorie sweetener'

Sugarlite

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

Sugar Free brand extensions

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

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

Sugar Free Green: 100% Natural offering of Sugar Free made out of Stevia. New formulation developed using a new, better tasting stevia in FY 21.

Highlights - FY 2020-21

On the back of increased home consumption during the COVID-19 lockdown, Sugar Free has witnessed a strong double digit growth during the year gone by. The Company continued to invest in the brand through mainline and digital media.

Sugarlite almost doubled on a low base during the year. The growth was supported through media along with consumer offers in relevant channels and media focus in regional markets.

Nycil

Heritage product of 50+ years

One of the most trusted talcum powder brands

Leader in the prickly heat and cooling powder category

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

Highlights - FY 2020-21

In quarter four, Nycil also extended itself into a new format of 'soothing body mist' building on the expertise to treat summer related prickly heat and skin rash problems.

During the year the brand has witnessed good growth and market share gain with sustained media presence during the summer season.

Everyuth

A trusted skincare brand

Pioneer in speciality skin care products combining nature's goodness with proven scientific research

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

Highlights - FY 2020-21

During the first two quarters of the financial year, the brand got adversely impacted being in personal care space and discretionary in nature. However, the revival of the brand from quarter 3 onwards is significant. The brand has witnessed another strong double digit growth in fourth quarter.

Zydus Wellness continued to back the brand with investments in TV campaigns and digital media to engage with consumers.

SKIN CARE RANGE

Nutralite

India's leading food accompaniment brand offering taste and health

Leader in premium cholesterol fat free spread

Expanding into contemporary range of spreads like Mayonnaise and Chocolate Spread loved by consumers

Now launching Nutralite Doodhshakti

Highlights - FY 2020-21

The lockdown, due to the pandemic, impacted brand performance severely in institutional segment. The brand witnessed sequential recovery month-by-month and is now reached pre-covid levels during quarter four.

With the launch of Nutralite DoodhShakti Probiotic Butter Spread and Nutralite DoodhShakti Pure Ghee in January 2021, the Company has entered the dairy category space. The new launch was supported with print and digital campaigns.

Nutralite Choco Spread which was launched in July 2020, is growing steadily and the same was supported with digital campaign.

AWARDS AND ACCOLADES

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

Mr. Tarun Arora, CEO, Zydus Wellness receives the National Award for Manufacturing Competitiveness (NAMC).

Diamond Trophy
awarded to Sikkim plant

Gold Medal
awarded to Ahmedabad plant

Silver medal
awarded to Aligarh and Sitarganj plant

MANAGEMENT DISCUSSION AND ANALYSIS

Indian Economy and Consumer sector overview

Indian economy witnessed one of the toughest years in 2020. As per MOSPI (The Ministry of Statistics and Programme Implementation) release of First Advance Estimates, GDP for the financial year 2020-21 is likely to contract by **7.7%.** In the context of recent history, the 7.7% contraction in GDP is a sharp one considering that India has registered an average annual GDP growth rate of 6.8% since the start of economic liberalization in 1992-93.

After coping with the first wave of the pandemic, the economy showed some signs of recovery from quarter 3 of financial year 2020-21. Given the tremendous comeback during Q3 and Q4 financial year 2020-21 (with Q4 GDP growing by ~1.3%), the GDP forecast for financial year 2021-22 remains optimistic, ranging from **7.5%** (by the UN) to as high as **11%** (Goldman Sachs, Nomura, J P Morgan).

The Indian FMCG industry had registered **7.3%*** growth rate in quarter 3 of financial year 2020-21. The calendar year 2021 also started on a promising note with **9.4%*** growth rate in quarter 4 of financial year 2020-21.As the country was looking forward for a sharp V shaped recovery in economy, the sudden resurgence of COVID-19 with second wave has hit the country hard, pushing many key Indian states into lockdown and city specific curfews and curbs.This brings major headwinds to the economic recovery of the country and the FMCG industry growth outlook which the country was looking forward in 2021.

(*Source – Nielsen FMCG Quarterly Note Q1, 21)

The second wave of COVID-19 in India has already started showing its effect on the economy and many ratings agencies have reduced the country's growth rate forecast, based on various macroeconomic factors. Some of key factors that may impact are –

- Weak consumer sentiment: One key factor that could negatively impact the demand outlook is weak consumer sentiment. It may be noted that the second COVID-19 wave has not only claimed thousands of lives but has also led to massive loss of livelihood due to rising unemployment rate. This is leading to sharp drop in consumer sentiments.

- Rising inflationary pressure: There are mainly three inflationary concerns that could squeeze discretionary consumptionrising cost towards healthcare, higher fuel and inflation in essential commodity prices.

FMCG Industry outlook

In these unprecedented times it is difficult to predict the future growth trajectory of the FMCG industry, and some of the key factors impacting the same would be:

- **Rural consumption boost:** Last year saw a large part of urban demand shifting to rural India as workers who would have otherwise consumed in cities bought the same soaps and shampoos in their homes across the hinterland. With the 2021 Budget declaring ₹ 40,000 crore initiative towards development of rural infrastructure and ₹ 10,000 crore initiative towards doubling of Micro-irrigation corpus – this will provide a strong stimulus to rural demand.
- **Health and Wellness taking the lead:**

  The changed consumer behavior towards hygiene and health during the COVID-19 crisis has also increased the demands for sanitizers and disinfectants, healthy food options like probiotic and immunity building alternatives and items for at-home consumption.
- **Other external factors:**

  Global events leading to price fluctuations for crude oil

  Milk quality and collection during the year

  Agricultural output and good monsoons

One other aspect to be highlighted is the role of digitization and e-commerce that has evolved tremendously over the last year. As larger number of people are ordering online, digital has become one of the preferred channels for brand communication and social media has opened up another avenue to connect with consumers and will continue to do so going forward.

Year 2020-21 for the Company

The year 2020-21is the first year for the Company as a fully integrated new combined organization post the successful integration in 2019-20. This integration has helped the Company to leverage scale and achieve synergistic savings under various areas during the year. The year 2020-21 has been very eventful and challenging with the pandemic induced setbacks impacting sales of key brands like Glucon-D, Nycil, Nutralite and Everyuth. Despite COVID19 being in backdrop for the year 2020-21, the Company has managed to achieve a satisfactory performance during the year and achieved a growth of **6.9%** on net sales and **5.7%** on Total Operating Income respectively over previous financial year. The key vectors behind the Company's performance during the financial year are:

A. Continuous innovations across brands

B. Strong Go to Market

C. Exponential growth for emerging channels

D. Focus on cost optimization and unlocking synergy savings to improve profit margins

A. Continuous innovation across brands

- During 2020-21, amidst the ongoing pandemic crisis, the Company's Marketing and R&D teams worked relentlessly on innovation which were more relevant to the current times and which could fit into the consumer's need of healthier products. Some of the key new products which the Company launched in 2020-21 are as follows –

Nycil Sanitizer - Enriched with Neem and Aloe Vera

- With agile actions, the decision to execution was done within a fortnight

Complan Nutrigro – Re-Entry into the toddler health food drink segment

- 3 Consumer validated variants
- Marketed and distributed leveraging doctors' promotion route

Complan sachets – Launched to participate and penetrate in the sachet markets

- Launched 18g sachet at ₹ 5 per pack targeted towards South and East and 75g sachet at ₹ 30 per pack targeted towards North and West

Nutralite Choco spread – Launched to expand product basket under Nutralite brand

- Initially launched on E-commerce platform and subsequently expanded to modern trade in few cities
- Available in two variants

Glucon-D Immunovolts - Tasty energy bites that boost immunity

- Fortified with Vitamin C, Vitamin D, zinc and glucose
- Available in two flavours - Yummy orange & strawberry flavours

Sugarfree D'lite chocolates

- Launched in domestic market only through E-commerce channel, post good success in export markets
- Available in four flavours

Nutralite DoodhShakti Probiotic Butter Spread and Pure Ghee

- The Company enters into the dairy category space

Everyuth Aloe Vera & Cucumber Gel

- The new extention to everyuth brand for daily nourishment of skin

Nycil Body mist

- The brand extended itself into a new format of "soothing body mist" building on the expertise to treat summer related prickly heat and skin rash problems

B. Strong Go to market - capacity and capability building

During 2020-21, the Company embarked on Project Vistaar aimed to take direct reach of the Company to half a million outlets which the Company successfully managed to achieve by end of the financial year. For the first time over 3 years, Complan reach as per Nielsen crossed 5 lakh outlets. The Company also plans to supplement it with digitization of front end sales force with hand held devices and geotag its direct outlets under its coverage.

C. Exponential growth for emerging channels and markets

In 2020-21, E-commerce has emerged as the one bright spot for the Company as the channel grew by more than **250%** accounting for almost **3.6%** of the domestic revenue. There is no denying to that fact that as the consumers become more adaptive to shopping online across categories and brands, E-commerce will play a significant role in driving the future growth of the Company.

As the Company continues to expand its footprints in new markets, International business has seen a growth of more than **200%** during the financial year which accounts for more than **3%** of the consolidate revenue of the Company. With the focus to further expand share of revenue from international market, the Company entered new markets like Nigeria and Taiwan in 2020-21.

Consolidated financial highlights

₹ in Million

	FY 2020-21	FY 2019-20	Growth %
Net Sales	18,537	17,342	6.9%
Total Income from Operations	18,667	17,668	5.7%
EBIDTA	3,444	3,211	7.3%
EBIDTA Margin %	18.4%	18.2%	
Profit Before Tax (before exceptional items)	2,443	1,655	47.7%
PBT Margin %	13.1%	9.4%	
Net Profit	1,187	1,417	-16.2%
Net Profit Margin %	6.4%	8.0%	

Profits and margins

The EBIDTA (Earnings before Interest, Depreciation, Taxation and Amortization) grew by **7.3%** to ₹ 3,444 million from ₹ 3,211 million, last year. The EBIDTA margin as % to total income from operations stood at 18.4% during year. The Company witnessed improvement in EBIDTA margin by **0.28%** during financial year 2020-21, largely led by synergistic savings and savings in operational cost. The Company could achieve this EBIDTA margin improvement in spite of the pressure on gross margin due to increasing commodity prices and inflationary trend in the packaging material prices.

The Reported Net profit stood at ₹ 1,187 million. However the adjusted net profit (before exceptional items) stood at ₹ 2,509 million with a growth of **34.9%** over previous financial year. The adjusted net profit margin as % to total income from operations stood at **13.4%** during the year.

Net worth and Capital Employed

The total net worth as on March 31 2021 was ₹ 45,678 Million, higher by **32.0%** from the previous year. The return on equity (ROE = Adjusted Net profit / Average equity) stood at **6.2%** during the year.

The total Capital Employed (CE), at the end of the year was ₹ 48,803 Million. Return on Capital Employed (ROCE = Adjusted earnings before interest net of tax / Average CE) was **6.8%** during the year.

Debt

During 2020-21, the Company took a strategic initiative to pare down the debt of the Company, as a result of which the Company has fully repurchased Non-convertible debentures of ₹ 15,000 million. In the process of buying back its own Non-convertible debentures the Company has paid one-time debenture repurchased premium ₹ 1,321 million during financial year 2020-21 which is shown as exceptional item in the Company's financial statement.

To support the repurchase of non-convertible debentures, the Company had taken low cost debt of ₹ 5,650 million bearing interest of **5.01%** per annum during the financial year.

The consolidated debt of the Company as on March 31, 2021 stood at ₹ 5,498 Million, against ₹ 15,191 Million last year. The Company's net debt position as on March 31, 2021, was ₹ 2,970 million. Net debt-equity ratio was 0.12 as on March 31, 2021 as against 0.44 as on March 31, 2020.

Fixed Assets and Capital Expenditure

The consolidated gross block (including capital work in progress and intangible assets) at the end of 2020-21 was ₹ 46,711 Million. Capital expenditure in 2020-21 was ₹ 209.4 Million (excluding goodwill).

Other key ratios

The Company's Current Ratio (considering current / short-term debt, and excl. non-current assets) as on 31st March, 2021 stood at 1.1 against 1.3 last year. Debtors Turnover ratio (in days) as on 31st March, 2021 stood at 20.8 days as against 22.1 days last year. Inventory Turnover ratio (in days) as on 31st March, 2021 stood at 64 days as against 54 days last year.

Risk identification, Risk mitigation and Internal controls

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

Risk of fluctuations in prices of key inputs

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

Risk of competition and price pressure

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

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

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

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

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

Under Penetration of Category

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

COVID-19 Second wave – Industry growth risk

Riding on the back of the learnings of previous year the Company is in a better position to tackle the supply chain disruptions and other operational challenges. However the second wave of COVID-19 has hit India with a very sharp rise in cases and state specific lockdowns and curfews imposed. Hence the FMCG industry is posing at de-growth due to steep decline in consumer sentiments and demands across both rural and urban India.

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

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

Cyber Security

Hackers & Attacker are coming up with all new techniques to exploit the email security for threats such as advance Phishing, Ransomware, other Malware & Impersonation etc. This vulnerability is great risk to entire organization. Currently major cyber-attackshave been launched by an email.The Company has already implemented a robust email security tool to safeguard against such cyber attacks.

Risk management and Internal Control Systems

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

Human resources

In this testing times of the current ongoing pandemic, apart from the traditional responsibilities of the HR department, such as ensuring equitable benefits and compensation, overseeing employee engagement and retention, enhancing diversity, handling workplace issues, the Company has remained very committed to safety of all its employees and partners. During the lockdown period, the Company swiftly helped to enable 'Work from home' for all the employees, keeping people motivated and focused on running the business through the crisis by creating "Central Assistance Cell". All necessary precautions and safety measures were implemented across all its locations.

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

STATUTORY REPORTS

Directors' Report

Dear Members,

Your Directors are pleased to present **Twenty Seventh** Annual Report on the business and operations of the Company, along with the Standalone & Consolidated Audited Financial Statements of the Company for the Financial Year ended on March 31, 2021.

Financial Results:

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

The standalone and consolidated financial performance of the Company, for the Financial Year ended on March 31, 2021 are summarized below:

₹ in Lakhs

Particulars	**Standalone**		**Consolidated**	
	For the year ended on March 31, 2021	**For the year ended on March 31, 2020**	**For the year ended on March 31, 2021**	**For the year ended on March 31, 2020**
Revenue from Operations and other Income	18,063	26,291	1,87,561	1,77,753
Profit before Interest, Depreciation, Amortization and Impairment expenses, exceptional item and tax	1,708	8,862	35,330	33,177
Less: Finance Cost	7,466	14,029	8,380	13,991
Less: Depreciation, Amortization and Impairment Expenses	349	295	2,516	2,639
Profit/(Loss) before exceptional item and tax [PBT]	**(6,107)**	**(5,462)**	**24,434**	**16,547**
Exceptional Items	(12,706)	(32)	(13,213)	(4,420)
Profit/(Loss) before tax	(18,813)	(5,494)	11,221	12,127
Less: Tax Expenses	(599)	(1,421)	(652)	(2,045)
Profit / (Loss) After Tax [PAT]	**(18,214)**	**(4,073)**	**11,873**	**14,172**
Attributable to:				
Owners of the Parent	(18,214)	(4,073)	11,873	14,172
Other Comprehensive Income/(Loss) (net of tax)	16	(29)	183	218
Total Comprehensive Income	**(18,198)**	**(4,102)**	**12,056**	**14,390**
Attributable to:				
Owners of the Parent	(18,198)	(4,102)	12,056	14,390
Opening balance in Retained Earnings	18,063	29,117	42,642	35,221
Amount available for appropriation				
Less: Dividend				
Interim Dividend 2019-20	-	(5,767)	-	(5,767)
Dividend Distribution Tax	-	(1,185)	-	(1,185)
Transfer from Debentures Redemption Reserve	37,500	-	37,500	-
Closing Balance in Retained Earnings	**37,365**	**18,063**	**92,209**	**42,642**
Earnings Per Share [EPS] after exceptional items [Face Value of shares of ₹ 10/- each]	(29.99)	(7.06)	19.55	24.58
Earnings Per Share [EPS] before exceptional items [Face Value of shares of ₹ 10/- each]	(9.07)	(7.01)	41.30	32.24

COVID-19:

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

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

We are happy to mention that we have been doing whatever possible for the country in terms of fight against Covid-19. During this pandemic the Company has launched Nycil hand sanitizer so that consumers can take protective measures from spreading Covid-19, Company has also launched Glucon D Immuno Volts and Immuno Fizz fortified with Vitamin C to boost the immunity.

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

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

Results of operations:

During the year under review, the consolidated revenue from operations grew by 5.7% to ₹ 1,86,667 Lakhs from ₹ 1,76,682 Lakhs in 2019-20. The profit before tax (before exceptional items) increased by 47.7% y-o-y to ₹ 24,434 Lakhs. Net profit after tax decreased by 16.2% y-o-y to ₹ 11,873 Lakhs. However the Adjusted Net Profit after tax (before exceptional items) increased by 34.9% y-o-y to ₹ 25,086 Lakhs. The Adjusted Net Profit after tax margin, as a % (percentage) to total operating income during the year gone by is 13.4%. A detailed analysis of performance for the year has been included in the Management Discussion and Analysis Report, which forms a part of the Annual Report.

During the year under review, the standalone revenue from operations and other income was ₹ 18,063 Lakhs. The Company has incurred standalone Loss Before Exceptional items and Tax of ₹ (6,107) Lakhs and Loss Before Tax of ₹ (18,813) Lakhs and Loss After Tax of ₹ (18,214) Lakhs. The EPS before exceptional items on standalone financials for the year ended on March 31, 2021 was ₹ (9.07) and EPS after exceptional items on standalone financials for the year ended on March 31, 2021 was ₹ (29.99).

Dividend:

During the year under review, your Directors have recommended a final dividend of ₹ 5/- [50%] per equity share on 6,36,32,144 Equity shares of ₹ 10/- each fully paid-up for the Financial Year ended on March 31, 2021, amounting to ₹ 3,181.60 Lakhs. The dividend, if declared by the members at the ensuing Annual General Meeting ("**AGM**"), will be paid to those shareholders, whose names stand registered in the Register of Members on July 15, 2021 i.e. the date prior to the commencement of the book closure. In respect of shares held in dematerialized form, it will be paid to the members whose names are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited, as beneficial owners. The proposed Dividend Payout Ratio for the current year is 26.80% of profit after tax.

During the year under review, the unclaimed dividend, amounting to ₹ 10.99 Lakhs (Rupees Ten Lakhs Ninety Nine Thousand Only) held by 3,525 (Three Thosuand Five Hundred and Twenty Five) equity shareholders, pertaining to the dividend for the year ended March 31, 2013 was transferred to Investors Education and Protection Fund [**IEPF**] after giving notice to the members to claim their unpaid / unclaimed dividend.

Dividend Distribution Policy:

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

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

Issue of Equity Shares and changes in Share Capital:

During the year under review, the Company has issued and allotted 21,22,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 1,649/- (including a premium of ₹ 1,639/-) per equity share to Zydus Family Trust, Promoter, on preferential basis under Chapter VII of Securities and Exchange Board of India (Issue of Securities and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR**") on September 19, 2020.

Further, during the year under review, the Company has also issued and allotted 38,46,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 1,690/- (including a premium of ₹ 1,680/-) per equity share to Qualified Institutional Buyers on Qualified Institutional Placement basis on September 28, 2020.

The said equity shares, aggregating to 59,68,000 equity shares were listed on the Stock Exchanges, where the existing equity shares are listed and obtained the trading approvals as well.

Upon allotment of the above equity shares, the Issued, Subscribed and Paid-up equity share capital of the Company stands increased to ₹ 63,63,21,440/- (Rupees Sixty Three Crores Sixty Three Lakhs Twenty One Thousand Four Hundred Forty Only) divided into 6,36,32,144 (Six Crores Thirty Six Lakhs Thirty Two Thousand One Hundred Forty Four) equity shares of face value of ₹ 10/- (Rupees Ten Only) each.

Buy-back of Secured Non-Convertible Debentures ("NCDs"):

During the year under review the funds raised by the Company by way of Preferential Issue and Qualified Institutional Placement, were utilized for buy-back of 15,000 9.14% Secured, Listed, Rated, Redeemable Non-Convertible Debentures of the Company. For the said buy back, the company also used internal accruals and funds raised from low cost borrowing.

The said NCDs were later on delisted from the Wholesale Debt Segment of NSE and the corresponding three ISINs were extinguished.

Subsidiary Companies:

The Company has four wholly owned subsidiary Companies namely Zydus Wellness Products Limited (formerly known as Zydus Nutritions Limited), Liva Nutritions Limited, Liva Investment Limited and Zydus Wellness International DMCC, Dubai.

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

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

Transfer of Shares to Investor Education and Protection Fund [IEPF]:

In compliance with the provisions of section 124 of the Act and Rules made thereunder, the Company has transferred 3,814 (Three Thousand Eight Hundred and Fourteen) shares of 70 (Seventy) shareholders whose dividend has remained unclaimed / unpaid for a consecutive period of seven years to IEPF.

Fixed Deposit:

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

Insurance:

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

Management Discussion and Analysis [MDA]:

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

Consolidated Financial Statements:

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

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

Related Party Transactions:

All transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. All related party transactions were placed before the Audite Committee for review and approval.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at https://www.zyduswellness.com/investor/Policy-on-Related-Party-Transactions2.pdf.

Disclosures on related party transactions are set out in Note No. 39 to the Financial Statements.

Particulars of Loans, Guarantees and Investments:

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

Directors and Key Managerial Personnel:

i. Retirement by rotation:

In accordance with the provisions of section 152[6] of the Act and in terms of the Articles of Association of the Company, Mr. Tarun G. Arora, CEO & Whole Time Director [DIN:07185311] will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

ii. Re-appointment of Mr. Kulin S. Lalbhai (DIN: 05206878), as an Independent Director of the Company:

The first term of five years of Mr. Kulin S. Lalbhai as an Independent Director with the Company will come to an end and his tenure as an Independent Director, expires on November 17, 2021.

The Board of Directors of the Company based on the recommendation of Nomination and Remuneration Committee and subject to approval of members at the ensuing Annual General Meeting, by way of special resolution, has proposed to reappoint Mr. Kulin S. Lalbhai as an Independent Director of the Company, to hold office for a second term of 5 (five) consecutive years on the Board of the Company with effect from November 18, 2021 to November 17, 2026.

iii. Declaration of Independence:

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

All the Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs ("**IICA**"). Further, as per the declarations received, only Mr. Savyasachi S. Sengupta was required to and has cleared online proficiency test as per the first proviso to Rule 6(4) of the MCA Notification dated October 22, 2019 and December 18, 2020.

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

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

v. Key Managerial Personnel:

The following persons are the Key Managerial Personnel ["**KMP**"]:

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

vi. Board Evaluation:

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

vii. Nomination and Remuneration Policy:

The Board has on the recommendations of the Nomination and Remuneration Committee ["**NRC**"], framed a Policy on selection and appointment of Director(s), Senior Management and their remuneration. The Nomination and Remuneration Policy is stated in the Corporate Governance Report, forming part of the Annual Report. The link to view the Nomination and Remuneration Policy is https://www.zyduswellness.com/investor/NRC-Policy-2021.pdf.

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.

Directors' Responsibility Statement:

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

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

ii. that such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2021 and of the loss of the Company for the year ended on that date,

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

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

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

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

Board Meetings:

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

Audit Committee:

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

Composition of other Committees:

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

Corporate Governance:

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

Auditors:

i. Statutory Auditors and their Report:

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

The Board has duly reviewed the Statutory Auditor's Report on the Financial Statements for the Financial Year ended on March 31, 2021 and the observations and comments, appearing in the Report on the Audited Financial Statements are self-explanatory and do not call for any further explanation / clarification by the Board in their Report as provided under section 134 of the Act.

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

ii. Cost Auditors:

Pursuant to the provisions of section 148[3] of the Act read with Companies [Cost Records and Audit] Amendment Rules, 2014 as amended from time to time, the cost audit records maintained by the Company in respect of its product 'Nutralite' are required to be audited. The Board has, on the recommendation of Audit Committee, appointed Dalwadi & Associates, Cost Accountants [Firm Registration No. 000338] to audit the cost records of the Company for the financial year ending on March 31, 2022 at a remuneration of ₹ 2.80 Lakhs plus applicable Goods and Service Tax and out of pocket expenses at actuals.

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

iii. Secretarial Auditors and Secretarial Audit Report:

Pursuant to provisions of section 204 of the Act and the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, the Board had appointed Hitesh Buch & Associates, Practicing Company Secretaries, to undertake Secretarial Audit of the Company for the financial year ended on March 31, 2021. The Secretarial Audit Report is attached herewith as **Annexure–"A".**

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

Further, as per regulation 24A(1) of the Listing Regulations, the secretarial audit report of Zydus Wellness Products Limited, the material unlisted subsidiary company is annexed herewith as **Annexure-"A1"**.

Cost Audit Records:

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

Compliance with Secretarial Standards:

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

Business Responsibility Report:

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

Corporate Social Responsibility [CSR]:

Pursuant to the provisions of section 135 of the Act and Rules made thereunder, the Board has constituted a CSR Committee under the Chairmanship of Dr. Sharvil P. Patel. The other members of the Committee are Mr. Ganesh N. Nayak and Mr. Savyasachi S. Sengupta. A CSR Policy has been framed and adopted by the Board of Directors of the Company in their meeting held on February 5, 2021 and the same is placed on the Company's website: https://www.zyduswellness.com/investor/CSR-Policy-ZWL-01.02.2021.pdf. Other details of the CSR activities, as required under section 135 of the Act, are given in the CSR Report as **Annexure–"B".**

Business Risk Management:

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

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

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

Internal Control System and their adequacy:

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

Internal Financial Control and their adequacy:

The Company has designed and implemented a process driven framework for Internal Financial Controls ["**IFC**"] within the meaning of the explanation to section 134[5][e] of the Act. For the year ended on March 31, 2021, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implemented new and / or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

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

i. Vigil Mechanism / Whistle Blower Policy:

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

ii. Zydus Business Conduct Policy:

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

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

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

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

During the Financial Year ended on March 31, 2021, the Company has not received any complaint of sexual harassment.

Annual Return:

As per the provisions of section 92[3] read with section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 in the prescribed form no. MGT-7 is available on the website of the Company and weblink of the same is https://www.zyduswellness.com/investor/Annual-Return-2020-21.pdf.

Particulars of Employees:

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

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

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

General Disclosure:

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

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

Acknowledgement:

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

Your Directors mourn the loss of lives due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

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

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN:00131995]

Place : Ahmedabad
Date : May 10, 2021

Annexure–"A" to the Directors' Report

SECRETARIAL AUDIT REPORT

For the Financial Year ended on March 31, 2021
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:
   (i) The Companies Act, 2013 ("the **Act**") and the rules made thereunder;
   (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
   (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; and
   (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**'):
   (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with regard to disclosures thereunder;
   (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
   (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   (iv) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (Not Applicable during the period);
   (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   (vi) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not Applicable during the period);
   (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the period); and
   (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not Applicable during the period)

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

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

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

We further report that;

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

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

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

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

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

1. During the year under review, the Company has issued and allotted 21,22,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 1,649/- (including a premium of ₹ 1,639/-) per equity share to Zydus Family Trust on preferential basis under Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR**") on September 19, 2020.

2. Further, during the year under review, the Company has also issued and allotted 38,46,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 1,690/- (including a premium of ₹ 1,680/-) per equity share to Qualified Institutional Buyers on Qualified Institutional Placement basis on September 28, 2020.

   The above equity shares were listed on the Stock Exchanges, where the existing equity shares are listed.

3. Upon allotment of the above equity shares, the Issued, Subscribed and Paid-up equity share capital of the Company stands increased to ₹ 63,63,21,440/- (Rupees Sixty Three Crores Sixty Three Lakhs Twenty One Thousand Four Hundred Forty Only) divided into 6,36,32,144 (Six Crores Thirty Six Lakhs Thirty Two Thousand One Hundred Forty Four) equity shares of face value of ₹ 10/- (Rupees Ten Only) each.

4. During the year under review, the funds raised by the Company by way of preferential issue and Qualified Institutional Placement were utilized for buy-back of 15,000 9.14% Secured, Listed, Rated Redeemable Non-Convertible Debentures of the Company.

   The said NCDs were later on delisted from the Wholesale Debt Segment of NSE.

Hitesh Buch
Proprietor
For, Hitesh Buch & Associates
Company Secretaries
FCS No.: 3145; C P No.: 8195
Peer Review Cert. No. 2015/115
UDIN: F003145C000266188

Place: Ahmedabad
Date: May 10, 2021

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

Annexure

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

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

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

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

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

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

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

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

Hitesh Buch
Proprietor
For, Hitesh Buch & Associates
Company Secretaries
FCS No.: 3145; C P No.: 8195
Peer Review Cert. No. 2015/115
UDIN: F003145C000266188

Place: Ahmedabad
Date: May 10, 2021

Secretarial Audit Report of Zydus Wellness Products Limited

For the Financial Year ended on March 31, 2021

[Pursuant 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 Wellness Products Limited
(Formerly Zydus Nutritions Limited)
CIN: U15400GJ2019PLC106866
Zydus Corporate Park, Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle, Sarkhej-Gandhinagar Highway
Ahmedabad – 382481

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Zydus Wellness Products Limited ("the **Company**") for the financial year ended on March 31, 2021 according to the provisions of:

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

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

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

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

2. The Company being an unlisted company, the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act are not applicable.

3. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations as applicable to the Company.

4. The Company has identified and confirmed that following specific laws are applicable to the Company:

   (i) Food Safety and Standards Act, 2006

   (ii) Legal Metrology Act, 2009

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

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

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

We further report that

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

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

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

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

We further report that during the audit period following events / actions took place which have major bearing on the affairs of the Company :

(a) Equity Share Capital:

During the year under review the Company issued and allotted 44,01,408 equity shares of face value of ₹ 10/- each (Rupees Ten Only) at a price of ₹ 454.40/- [inclusive of premium of ₹ 444.40/- per share (Rupees Four Hundred Forty Four and Paise Forty Only)] to Zydus Wellness Limited, the parent company, in lieu of and against the conversion of 20,00,00,000 9.14% Compulsory Convertible Debentures ("**CCDs**") amounting to ₹ 199,99,99,795.20/- (Rupees One Hundred Ninety Nine Crores Ninety Nine Lacs Ninety Nine Thousand Seven Hundred Ninety Five and Paise Twenty Only) as on January 27, 2021 in accordance with the terms of the issue of CCDs and the applicable provisions of the Act, as amended from time to time.

(b) Issue and Redemption of 7% Optionally Convertible Non-cumulative Redeemable Preference shares ("OCRPS"):

During the year under review, your Company had issued and allotted 16,76,000 (Sixteen Lakh Seventy Six Thousand) 7% Optionally Convertible Non-Cumulative Redeemable Preference shares ("**OCRPS**") of ₹ 10/- (Rupees Ten Only) each to Zydus Wellness Limited, parent Company aggregating to ₹ 1,67,60,000/- (Rupees One Crore Sixty Seven Lakh Sixty Thousand Only).

Further, during the year under review, your Company redeemed 16,75,824 (Sixteen Lakhs Seventy Five Thousand Eight Hundred Twenty Four) OCRPS of ₹ 10/- (Rupees Ten Only) each at a premium of ₹ 354/- (Rupees Three Hundred Fifty Four Only) aggregating to ₹ 60,99,99,936/- (Rupees Sixty Crores Ninety Nine Lakhs Ninety Nine Thousand Nine Hundred Thirty Six Only) issued to Zydus Wellness Limited, parent Company.

Hitesh Buch
Proprietor
For, Hitesh Buch & Associates
FCS No.: 3145; C P No.: 8195
UDIN: F003145C000256728

Place: Ahmedabad
Date: May 7, 2021

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

Annexure

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

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

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

Hitesh Buch
Proprietor
For, Hitesh Buch & Associates
FCS No.: 3145; C P No.: 8195
UDIN: F003145C000256728

Place: Ahmedabad
Date: May 7, 2021

Annexure–"B" to the Directors' Report

Annual Report on Corporate Social Responsibility [CSR] activities

1. Brief outline on CSR Policy of the Company:

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

i) Healthcare / Medical Facility

ii) Skill Development / Empowerment

iii) Community Development

iv) Education / Knowledge Enhancement

v) Infrastructure Development

vi) Environment Protection

vii) Others as may be decided.

The Board of Directors, on the recommendation of CSR Committee, approved the CSR spending, apart from others, for financing re-financing of construction of Hospital Building of Zydus Foundation ("**ZF**"), a section 8 and a wholly owned subsidiary Company of Cadila Healthcare Limited, which runs hospital and medical college at Dahod, Gujarat. ZF provides hospital services to the patients and education related facilities to the medical students. The objective of ZF includes, amongst others, to help the marginalized and economically weaker section people of the society.

2. Composition of CSR Committee:

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

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

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

CSR Policy : https://www.zyduswellness.com/investor/CSR-Policy-ZWL-01.02.2021.pdf

CSR Projects approved by the Board : https://www.zyduswellness.com/investor/CSR-Project-Report.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). **Not Applicable**.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any. **Not Applicable**.

6. Average net profit of the company as per section 135(5) is ₹ **4,619.89 Lakhs**

7. **(a)** Two percent of average net profit of the company as per section 135(5) is ₹ **92.40 Lakhs**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - **Nil**

(c) Amount required to be set off for the financial year, if any - **Nil**

(d) Total CSR obligation for the financial year (7a+7b-7c). - ₹ **92.40 Lakhs**

8. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (₹ In Lakhs)	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
92.40	N.A.				

(b) **Details of CSR amount spent against ongoing projects for the financial year:**

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project	Amount spent in the current financial Year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration number
N.A.												

(c) **Details of CSR amount spent against other than ongoing projects for the financial year:**

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ in Lakhs)	Mode of implementation Direct (Yes/No)	Mode of implementation- Through implementing agency	
				State	District			Name	CSR registration number
1	Financing and re-financing of construction of hospital building	Healthcare	Yes	Gujarat	Dahod	92.40	No	Zydus Foundation	CSR00000974

(d) Amount spent in Administrative Overheads: **Nil**

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) ₹ **92.40 Lakhs**

(g) Excess amount for set off, if any

Sr. No.	Particulars	Amount (in ₹ Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	92.40
(ii)	Total amount spent for the Financial Year	92.40
(iii)	Excess amount spent for the financial year [(ii)-(i)]	00
(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)]**	**00**

9. (a) **Details of Unspent CSR amount for the preceding three financial years:**

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

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

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

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

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

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

Not Applicable

Dr. SHARVIL P. PATEL
Chairman of CSR Committee
[DIN:00131995]

TARUN G. ARORA
CEO & Whole Time Director
[DIN:07185311]

Place: Ahmedabad
Date: May 10, 2021

Annexure-"C" to the Directors' Report

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

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

Name of the Director	Ratio of each Director to the median remuneration of the employee.
Dr. Sharvil P. Patel	1.33
Mr. Kulin S. Lalbhai	3.13
Mr. Savyasachi S. Sengupta	3.60
Mr. Tarun G. Arora	19.98
Mr. Srivishnu Raju Nandyala	2.97
Ms. Dharmishtaben N. Raval	2.58
Mr. Ganesh N. Nayak	2.50
Mr. Ashish Bhargava	Not applicable, as no Remuneration was paid.

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

Name of the Director, Chief Financial Officer and the Company Secretary	% increase / [decrease] in the remuneration in the financial year
Dr. Sharvil P. Patel	88.90%
Mr. Kulin S. Lalbhai	344.40%
Mr. Savyasachi S. Sengupta	155.60%
Mr. Tarun G. Arora	16.30%
Mr. Srivishnu Raju Nandyala	280.00%
Ms. Dharmishtaben N. Raval	266.70%
Mr. Ganesh N. Nayak	100.00%
Mr. Ashish Bhargava	N.A., as no Remuneration was paid.
Mr. Umesh V. Parikh, Chief Financial Officer	31.77%
Mr. Dhanraj P. Dagar, Company Secretary	22.12%

c. The percentage increase in the median remuneration of employees in the financial year was 16.00%.

d. There were 188 permanent employees on the roll of the Company as on March 31, 2021.

e. The consolidated profits before tax, for the financial year ended on March 31, 2021 decreased by 7.5% and the average increase in remuneration of employees was 7.80%.

f. The consolidated profits before tax for the financial year ended on March 31, 2021 decreased by 7.5% and the remuneration of Key Managerial Personnel, viz. [1] CEO & Whole Time Director (Mr. Tarun G. Arora), [2] Chief Financial Officer (Mr. Umesh V. Parikh) and [3] Company Secretary (Mr. Dhanraj P. Dagar) increased by 16.30%, 31.77% and 22.12% respectively.

g. The average annual increase in the salaries of the employees, other than managerial personnel was 15.40%, whereas the average increase in the managerial remuneration was 15.10% for the financial year.

h. The members have, at the Annual General Meeting of the Company held on July 31, 2019 approved the payment of commission to the Non-Executive Directors within the ceiling of 1% of the Net Profits of the Company, subject to maximum of ₹ 150 Lakhs in aggregate, as computed under the applicable provisions of the Act. The said commission is decided each year by the Board of Directors and distributed amongst the Independent Directors. However, due to net loss incurred during the financial year ended on March 31, 2021, your Directors have not recommended to pay any commission.

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

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

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

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

A.	**Conservation of Energy:**		
1.	Steps taken or impact on conservation of energy		In cold rooms temperature controller replaced with new defrozing controller.
2.	Steps taken for utilization of alternate sources of energy		NA
3.	Capital Investment on energy conservation equipments		Nil
B.	**Technology absorption:**		
1.	Efforts made towards technology absorption		New technology pertaining to Defrozing Controller adopted.
2.	Benefits derived		Energy saving in cold room unit and constant adquate temperature for finished goods.
3.	Details of technology imported in last three years		
	a.	Details of technology imported	Defrozing Controller
	b.	Year of import	2020
	c.	Whether the technology been fully absorbed	Yes
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA
4.	Expenditure incurred on Research and Development		₹ 365.00 Lakhs

C. Foreign exchange earnings and outgo:

During the year, the foreign exchange earned in terms of actual inflows was ₹ 190.00 Lakhs, whereas the foreign exchange in terms of actual outflows was ₹ 253.00 Lakhs.

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN:00131995]

Place : Ahmedabad
Date : May 10, 2021

Corporate Governance Report

Company's Philosophy on Corporate Governance Code:

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

1. Governance Structure:

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

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

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

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

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

2. Board of Directors:

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

a. Composition of the Board:

The Composition of the Board, with reference to the number of Executive and Non-Executive Directors, meets with the requirements of the Code of Corporate Governance. The Board is headed by the Non-Executive Chairman, Dr. Sharvil P. Patel, who is also a promoter Director. As on March 31, 2021, your Company's Board comprised of 8 (eight) Directors; which include 1 (one) Executive Director and 7 (seven) (i.e. 87.50%) Non-Executive Directors, comprising of 4 (four) Independent Directors ("**IDs**") (which also includes one Woman Director) and one Nominee Director. All the Non-Executive Directors and Nominee Director have considerable experience in their respective fields.

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

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

The CEO & Whole Time Director is not serving as an ID in any listed company.

b. Board Skills / Expertise / Competencies:

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

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

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

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

Sr. No.	Name of the Director	Skills actually available with the Directors
1.	Dr. Sharvil P. Patel	Knowledge and expertise in pharmaceuticals and FMCG (including medical, pharmacology and research), manufacturing and marketing, business and management.
2.	Ms. Dharmishtaben N. Raval	Knowledge and expertise in law and finance.
3.	Mr. Ganesh N. Nayak	Knowledge and expertise in pharmaceuticals and FMCG (including medical, pharmacology and research), manufacturing, marketing, business and management.
4.	Mr. Savyaschi S. Sengupta	Knowledge and expertise in manufacturing, marketing, business and management.
5.	Mr. Kulin S. Lalbhai	Knowledge and expertise in finance, business and management in FMCG.
6.	Mr. Sri Vishnu Raju Nandyala	Knowledge and expertise in manufacturing, marketing, business and management.
7.	Mr. Ashish Bhargava	Knowledge and expertise in finance, marketing, business and management.
8.	Mr. Tarun Arora	Knowledge and expertise in finance, manufacturing, marketing, business and management in FMCG.

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

c. Board Meetings / Directors' particulars:

In compliance with regulation 17 of the Listing Regulations and as required under the Act, the Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days. During the year under review, 6 (Six) Board meetings were held on May 7, 2020, June 2, 2020, July 31, 2020, August 27, 2020, November 2, 2020 and February 1, 2021.

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

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

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

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

The draft minutes of the meetings approved by the Chairman are circulated to all the Directors within fifteen days after the conclusion of the meetings. Comments, if any, received from the Directors are incorporated in the minutes, in consultation with the Chief Financial Officer and the Chairman. Decisions taken at Board meetings are communicated to the concerned departments promptly for actions and an Action Taken Report of the status on the decisions taken at the Board meetings is placed for the information to the Board members. The minutes of all committee meetings are placed in the next board meeting.

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

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

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

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

The following table provide details of the attendance of the Directors at the Board meetings of the Company and also the number of other Directorships held in Indian Public Limited Companies (other than the Company) and Chairmanship / Membership in Board Committees of Public Limited Companies as at March 31, 2021.

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

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

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

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

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

d. Familiarization Programme:

At the time of appointment of an 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 the Act and Rules made thereunder and regulation 25 of the Listing Regulations.

A presentation on familiarization programme was made to the IDs of the Company during February, 2021 and the said presentation is posted on the website of the Company and any member can visit the Company's website by clicking the link- https://www.zyduswellness.com/investor/Presentation-on-Familiarizat-on-Programme.pdf

e. Evaluation:

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

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

3. Committees of the Board:

The Board currently has the following Committees:

A) Audit Committee,

B) Share Transfer Committee,

C) Investors' / Stakeholders' Relationship Committee,

D) Nomination and Remuneration Committee,

E) Corporate Social Responsibility ("**CSR**") Committee,

F) Risk Management Committee,

G) Fund Raising Committee,

H) Committee of Directors, and

I) 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.

A. Audit Committee:

I. Terms of Reference:

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and disclosure of financial information to

ensure that the financial statements are correct, sufficient and credible,

2. Review with the management the quarterly / half-yearly / annual, unaudited / audited financial results / statements and Limited Review 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 director's responsibility statement to be included in board's report in terms of section 134(3)(c) of the Act,
3. Review changes in the accounting policies, major accounting estimates based on exercise of judgment by the management, significant adjustments made in the financial statements, compliance with listing and other legal requirements relating to financial statements, disclosure of related party transactions, modified opinion, if any, in the draft audit report,
4. Review of Management Discussion and Analysis of financial and operational performances,
5. Review of inter-corporate loans and investments,
6. Review with the management the performance of statutory and internal auditors,
7. Review of the adequacy and effectiveness of internal financial controls and systems,
8. Review and discuss with the management major financial risk exposures and steps taken to monitor and control them,
9. Overseeing and review the functioning of vigil mechanism (implemented by the Company as Whistle Blower Policy),
10. Review the scope of the Internal Auditors and Audit Plan to ensure reasonable coverage of different areas of operations,
11. Review, discuss and monitor the observations reported by Statutory / Internal Auditors and their compliance,
12. Review and recommend to the Board the appointment / reappointment of the Statutory and Cost Auditors after due consideration of their independence and effectiveness,
13. Approving the payment towards additional services rendered by the Statutory Auditors except those enumerated in section 144 of the Act,
14. Recommending to the Board the remuneration of the Statutory and Cost Auditors,
15. Review of Cost Audit Report submitted by the Cost Auditors,
16. Approval of the appointment, removal and terms of remuneration of Internal Auditors,
17. Approve, and / or subsequent modification, if any, the Related Party Transactions and grant omnibus approvals for certain related party transactions, which are in the ordinary course of business and on an arm's length basis,
18. Review of utilization of loans and / or advances from / investment by holding company in subsidiary company in excess of ₹ 100 Crores or 10% of asset size of the subsidiary company, whichever is lower,
19. To supervise implementation of Insider Trading Code and policies relating thereto, and
20. Valuation of undertakings or assets of the Company, wherever necessary.

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.

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

The Audit Committee held five meetings during the year under review, on June 2, 2020, July 31, 2020, August 27, 2020, November 2, 2020 and February 1, 2021. The time gap between any two meetings was less than 120 days. The composition of the Audit Committee as at March 31, 2021 and details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Ms. Dharmishtaben N. Raval, Chairperson	Non–Executive and Independent	5	5
Mr. Kulin S. Lalbhai	Non–Executive and Independent		5
Mr. Srivishnu Raju Nandyala	Non–Executive and Independent		5
Mr. Savyasachi S. Sengupta	Non–Executive and Independent		5
Mr. Ganesh N. Nayak	Non–Executive Director		5
Mr. Ashish Bhargava	Nominee Director		5

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

The Chairperson of the Audit Committee attended the Annual General Meeting of the Company held on August 27, 2020 to respond to the shareholder's queries.

III. Invitees at the Audit Committee Meetings:

The representatives of the Statutory Auditors and the Internal Auditors are regularly invited and they have attended the Audit Committee meetings held during the year, where the results were palced for consideration. The representative of the Cost Auditors attends the Audit Committee meeting, where the Cost Audit Report is tabled for discussion. The CEO & Whole Time Director, the Chief Financial Officer and the Management Auditor are invited to attend and participate in these meetings. The Company Secretary acts as a Secretary to the Committee.

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

B. Share Transfer Committee:

I. Terms of reference:

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

II. Composition:

As on March 31, 2021, the Share Transfer Committee comprises the following members:

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

The Company Secretary acts as a Secretary to the Committee.

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

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

C. Investors' / Stakeholders' Relationship Committee:

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

I. Terms of reference:

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

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

The Chairman of the Committee attended the AGM of the Company held on August 27, 2020.

II. Composition:

The composition of the Committee as on March 31, 2021 and details of attendance of the Committee members at the meeting are given in the following table. The Committee met once during the year on February 1, 2021.

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

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

The Committee ensures that the shareholders' / investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 2 investor grievances were received and both of them have been resolved. There was no investor grievance remaining unattended and pending as on March 31, 2021.

20,254 equity shares remained in the in-transit account with National Securities Depository Limited and the Central Depository Services (India) Limited as at March 31, 2021.

III. Number of requests / complaints:

During the year, the Company has resolved investor grievances expeditiously. The Company and / or its RTA have received the following requests / complaints from SEBI / Stock Exchanges and also directly from the shareholders, which were resolved within the time frame laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending
Complaints:				
SEBI / Stock Exchanges	-	-	-	-
Shareholders	-	2	2	-
Shareholder queries / requests:				
Dividend Related	-	22	22	-
Transfer / Transmission	-	59	59	-
Demat / Remat	-	38	38	-
Changes (address / bank mandates)	-	96	96	-
Procedure for duplicate share	-	117	117	-
Exchange of share certificates	-	08	08	-

D. Nomination and Remuneration Committee:

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

I. Terms of reference:

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

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

II. Composition and Meetings:

The composition of NRC as on March 31, 2021 and details of attendance of the Committee members at the meeting are given in the following table. The Committee met three time during the year on May 7, 2020, June 2, 2020 and November 2, 2020. All members of the Committee are Non-Executive Directors and amongst them three are IDs.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Kulin S. Lalbhai, Chairman		3
Mr. Srivishnu Raju Nandyala		3
Mr. Ashish Bhargava	3	3
Mr. Savyasachi S. Sengupta		3
Mr. Ganesh N. Nayak		3

The Company Secretary acts as a Secretary to the Committee. The Chairman of the NRC attended the AGM of the Company held on August 27, 2020.

III. Nomination and Remuneration Policy and details of remuneration paid / payable to the Directors for the year ended March 31, 2021:

The Board approved the Nomination and Remuneration Policy on the recommendation of NRC. The Nomination and Remuneration Policy was lastly revised by the Board, based on the recommendation of NRC, at its meeting held on May 10, 2021. The salient aspects of the Policy are outlined below:

a. Objectives:

1. To guide the Board in relation to the appointment and removal of Directors and Senior Management,

2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board, and

3. To recommend to the Board on remuneration payable to the Directors and Senior Management.

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

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

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

ii) An Independent / Nominee Director is also paid commission on an annual basis, of such sum as may be approved by the Board. The total commission payable to the Independent / Nominee Directors shall not exceed 1% of the net profit of the Company and subject to the limits approved by the members. However, due to net loss incurred during the financial year ended on March 31, 2021, your Directors have not recommended to pay any commission.

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

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

v) In terms of notification of Ministry of Corporate Affairs dated March 18, 2021 enabling the companies to pay remuneration to Non-Executive Directors (which includes IDs) in case of loss or inadequate profits within the limits of Schedule V of the Act, the Company proposes to pay remuneration to IDs of the Company within the limits prescribed under the Act, and subject to approval of the members of the Company in the ensuing AGM of the Company.

vi) Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on March 31, 2021.

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

The Board of the Company based on the recommendation of NRC and approval of members at last AGM, had reappointed Mr. Tarun G. Arora as a CEO & Whole Time Director, designated as Chief Executive Officer, for a further period of 5 (five) years at their meeting held on May 7, 2020, with effect from May 7, 2020.

Mr. Tarun G. Arora is the Chief Executive Officer and Whole Time Director on the Board. On the recommendation of the NRC the Board approved the remuneration payable to Mr. Tarun G. Arora within the ceiling fixed by members as per the resolution passed at the AGM held on August 27, 2020.

As per the recommendation of the NRC, Mr. Tarun G. Arora, CEO & Whole Time Director was paid remuneration of ₹ 127.90 Lakhs by way of salary and allowances for the financial year ended on March 31, 2021, which is within the limits prescribed under Schedule V of the Act

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

d. Remuneration to Senior Management:

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

e. Details of the remuneration / sitting fees paid / payable to the Independent / Non-Executive / Nominee Directors for the year 2020-21 are given below:

₹ in Lakhs

Name of the Independent / Non-Executive Directors	Remuneration @	Sitting fees						Total
		Board Meetings	Audit Committee Meetings	CSR Committee Meetings	NRC Committee Meetings	Investors'/ Stakeholders' Relationship Committee Meetings	Other Meetings *	
Dr. Sharvil P. Patel	-	5.50	-	2.00	-	-	1.00	8.50
Mr. Kulin S. Lalbhai	5.00	5.50	5.00	-	2.50	-	2.00	20.00
Mr. Ashish Bhargava	-	-	-	-	-	-	-	-
Ms. Dharmishtaben N. Raval	5.00	5.50	5.00	-	-	-	1.00	16.50
Mr. Srivishnu Raju Nandyala	5.00	5.50	5.00	-	2.50	-	1.00	19.00
Mr. Savyasachi S. Sengupta	5.00	5.50	5.00	2.00	2.50	1.00	2.00	23.00
Mr. Ganesh N. Nayak	-	5.50	5.00	2.00	2.50	1.00	-	16.00

@ in view of the net loss in the current year the Board have proposed to pay Remuneration to the IDs, subject to the approval of the members of the Company at the ensuing AGM.

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

f. Stock Option:

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

E. Corporate Social Responsibility (CSR) Committee:

The terms of reference of CSR Committee includes framing the CSR Policy and reviewing 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.

During the year under review, CSR Committee recommended and the Board approved the amendments in the CSR Policy to incorporate the necessary clauses as mandated by CSR Amendment Rules. The details with regard to CSR, its composition, Policy, Projects, etc. are provided in the Directors Report.

The composition of the CSR Committee as at March 31, 2021 and the details of members' participation at the meetings of the Committee are as under.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Dr. Sharvil P. Patel, Chairman	2	2
Mr. Savyasachi S. Sengupta		2
Mr. Ganesh N. Nayak		2

F. Risk Management Committee:

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

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

The Committee met once during the year on February 1, 2021 and all the member were present in the meeting.

The composition of Risk Management Committee as on March 31, 2021 is as under:

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

The Company Secretary acts as a Secretary to the Committee.

G. Fund Raising Committee:

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

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

The Committee meets on need basis.

The Company Secretary acts as a secretary to the Committee.

H. Committee of Directors:

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

The Company Secretary acts as a Secretary to the Committee.

I. Finance and Administration Committee:

The Board at their meeting held on August 27, 2020 constituted Finance and Administration Committee with Dr. Sharvil P. Patel, Chairman, Mr. Tarun G. Arora, Mr. Ganesh N. Nayak, and Mr. Ashish Bhargava as the members. This committee looks after the businesses, which are broadly relating to financing i.e. borrowing of funds, making investments / providing loan / corporate guarantee to subsidiary companies and other business which are routine / administrative in nature and within the overall board approved directions and framework. The Company Secretary acts as a Secretary to the Committee. The Finance and Administration Committee met six times during the year on September 8, 2020, September 19, 2020, September 23, 2020, September 28, 2020 (twice) and October 13, 2020.

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

4. Independent Directors' Meeting:

During the year under review, a separate meeting of the IDs (without the attendance of the non-Independent Directors and members of the management of the Company) was held on February 1, 2021, *inter alia*, to discuss:

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

All the IDs had attended 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. Material Subsidiary Company:

Zydus Wellness Products Limited [Formerly known as Zydus Nutritions Limited] is the only material unlisted Indian subsidiary Company.

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

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

6. Disclosures:

A. Related Party Transactions:

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

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

B. Code of Conduct:

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

To the shareholders of
Zydus Wellness Limited

Sub.: Compliance with Code of Conduct

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

Date: May 10, 2021 — **Tarun G. Arora**
Place: Ahmedabad — **CEO & Whole Time Director**

C. Prohibition of Insider Trading:

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

The Company 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.

Shares held by the Directors as at March 31, 2021:

Name of the Director	No. of shares held	Details of shares bought (+) / sold (-) during 2020–21
Dr. Sharvil P. Patel	533	-
Mr. Kulin S. Lalbhai	-	-
Mr. Ashish Bhargava	-	-
Ms. Dharmishtaben N. Raval	-	-
Mr. Srivishnu Raju Nandyala	-	-
Mr. Savyasachi S. Sengupta	173	-
Mr. Ganesh N. Nayak	6,550	-
Mr. Tarun G. Arora	1,000	-

D. Whistle Blower Policy:

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

Whistle Blower Policy is available on the website of the Company at https://www.zyduswellness.com/investor/Whistle-Blower-Policy.pdf.

E. Management:

i. Management Discussion and Analysis Report:

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

ii. Disclosure of material financial and commercial transactions:

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

F. Reason for Resignation of Independent Directors:

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

G. Credit Ratings:

During the year your Company has not obtained any credit rating.

H. Non-Disqualification of Directors:

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

I. Fees paid to the Statutory Auditors:

During the financial year 2020–2021, the Statutory Auditors of the Company and also of its wholly owned subsidiary companies, were paid fees for audit and providing other services as per below details:

₹ in Lakhs

Sr. No.	Name of the Company	Name of the Statutory Auditors	Fees paid (excl. taxes)		Total
			For Statutory Audit	For providing other services	
1.	Zydus Wellness Limited	Mukesh M. Shah & Co.	8.00	3.50	11.50
2.	Zydus Wellness Limited	Dhirubhai Shah & Co. LLP	1.30	0	1.30
	Zydus Wellness Products Limited		19.00	3.90	22.90
3.	Liva Investment Limited		0.30	0	0.30
4.	Liva Nutritions Limited		0.30	0	0.30
5.	Zydus Wellness International DMCC, Dubai	Hussain Al Hashmi	0.60*	0	0.60*

** Converted using average exchange rates prevailing during the year.*

J. Disclosure regarding re-appointment of Director:

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

K. Compliance by the Company:

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

L. CEO / CFO Certification:

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

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

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

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

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

In view of the above provisions, 3,814 Equity Shares held by 70 shareholders were transferred to IEPF Suspense Account for which the Company has complied with the necessary requirements. The unclaimed dividend, amounting to ₹ 10.99 Lakhs held by 3,525 equity shareholders, pertaining to the dividend for the Financial Year ended March 31, 2013 was transferred to IEPF after giving notice to the members to claim their unpaid / unclaimed dividend.

N. Disclosure regarding end use of funds:

During the year under review, the Company raised funds by way of issue and allotment of 21,22,000 Equity Shares of face value ₹ 10 each at a price of ₹ 1,649/- (including a premium of ₹ 1,639/-) per equity share to Zydus Family Trust, Promoter, on preferential basis, amounting to ₹ 349.92 Crores (Rupees Three Hundred Forty Nine Crores and Ninety Two Lakhs Only), by way of preferential issue under Chapter VII of Securities and Exchange Board of India (Issue of Securities and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR**") on September 19, 2020.

Further, during the year under review, the Company also raised funds by way of issue and allotment of 38,46,000 Equity Shares of face value of ₹ 10 each at a price of ₹ 1,690/- (including a premium of ₹ 1,680/-) per equity share to Qualified Institutional Buyers on Qualified Institutional Placement basis, amounting to ₹ 649.97 Crores (Rupees Six Hundred Forty Nine Crores and Ninety Seven Lakhs Only) on September 28, 2020.

The entire proceeds of the aforesaid issues aggregating to ₹ 999.89 Crores (Rupees Nine Hundred Ninety Nine Crores and Eighty Nine Lakhs Only) were utilised for buy-back of 15,000 9.14% Secured, Listed, Rated, Redeemable Non-Convertible Debentures of the Company.

O. Recommendation of the Committees:

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

P. Disclosure regarding Sexual Harassment of Women at Workplace:

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

During the year 2020-2021, the Company has not received any complaint on sexual harassment.

7. Means of Communication:

i) The Company has 49,165 shareholders as on March 31, 2021. The main channel of communication to the shareholders is through Annual Report, which includes *inter alia*, the Directors' Report, Management Discussion and Analysis, Report on Corporate Governance, Business Responsibility Report and Audited Financial Statements.

ii) The AGM is a platform for face-to-face communication with the shareholders, on the performance, operations and financial results of the Company. The Chairman, the CEO & Whole Time Director and other Key Managerial Personnel respond to the specific queries of the shareholders.

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

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

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

8. General Body Meetings:

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

Year	Date and Time	Venue
2019-2020	26th AGM on August 27, 2020 at 10:00 a.m.	Through Video Conference ("**VC**")/Other Audio Visual Means ("**OAVM**")
2018-2019	25th AGM on July 31, 2019 at 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.
2017-2018	24th AGM on August 3, 2018 at 10:00 a.m.	

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

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

Sr. No.	Nature of Special Resolution Passed	Relevant provisions	AGM details
1.	To change the Registered Office of the Company	Section 12 of the Act	25th AGM held on July 31, 2019

III. Extra Ordinary General Meeting – September 19, 2020:

Sr. No.	Nature of Special Resolution Passed	Relevant provisions	EOGM details
1	To approve issue and allotment of 21,22,000 Equity Shares to Zydus Family Trust on a preferential allotment basis.	Section 23, 42, 62, 71 and 179 of the Act	EOGM held on September 19, 2020
2	To approve fund raising activities and issuance of securities by the Company.	Section 23, 42, 62, 71 and 179 of the Act	

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

9. General Shareholder Information:

i. Annual General Meeting (AGM):

Date and Time of 27th AGM	Friday, July 30, 2021 at 10:00 a.m.
Venue of 27th AGM	The venue shall be deemed to be the Registered Office of the Company as the AGM will be held through Video Conference / Other Audio Visual Means ("**VC/OAVM**")
Financial Year	April 1, 2020 to March 31, 2021
Date of Book Closure	Friday, July 16, 2021 to Friday, July 23, 2021
Registered Office Address	"Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej–Gandhinagar Highway, Ahmedabad – 382481
Compliance Officer	Mr. Dhanraj P. Dagar, Company Secretary
Website	www.zyduswellness.com

ii. Tentative financial calendar:

First Quarter Results	On or before August 14, 2021
Half Yearly Results	On or before November 14, 2021
Third Quarter Results	On or before February 14, 2022
Audited Results for the year 2020-2021	On or before May 30, 2022

iii. Listing of shares:

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

iv. Listing Fees:

The Company has paid annual listing fees for the financial year 2021–2022 to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

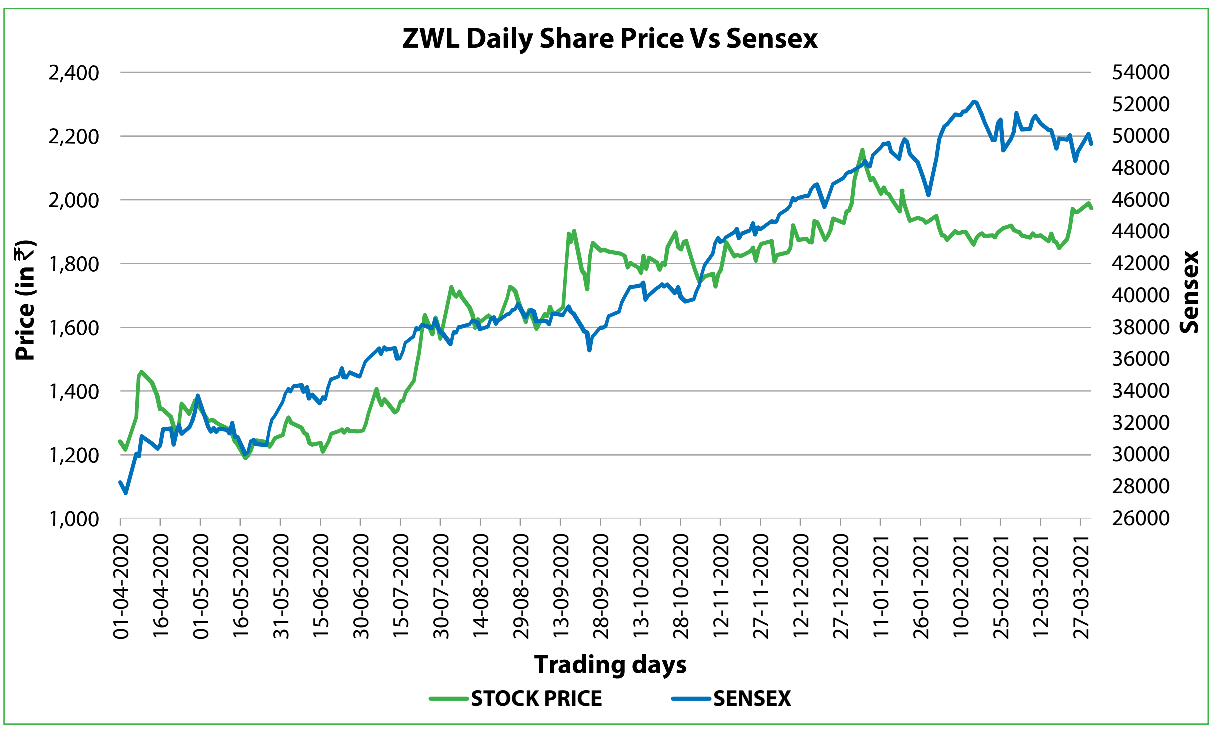
v. Stock Code:

Name of the Stock Exchange	Stock Code	Closing Price as on March 31, 2021 (₹)
BSE Limited	531335	1,972.80
National Stock Exchange of India Limited	ZYDUSWELL	1,971.55

vi. Stock Price and BSE Sensex data:

Month	BSE Sensex	BSE Limited			National Stock Exchange of India Limited		
		High (₹)	Low (₹)	Av. Volume (In Nos.)	High (₹)	Low (₹)	Av. Volume (In Nos.)
Apr., 20	33717.62	1563.35	1214.00	2522	1580.70	1213.00	52250
May, 20	32424.10	1364.95	1185.00	7552	1325.00	1182.00	30816
Jun., 20	34915.80	1357.15	1196.85	1902	1354.85	1195.00	49559
Jul., 20	37606.89	1688.00	1265.00	5125	1690.00	1262.30	76256
Aug., 20	38628.29	1805.00	1586.70	4934	1823.30	1585.55	57572
Sept., 20	38067.93	1950.00	1581.00	5956	1950.00	1585.65	68241
Oct., 20	39614.07	1927.00	1746.95	1686	1919.00	1750.05	36015
Nov., 20	44149.72	1904.00	1701.60	2897	2039.00	1680.95	54551
Dec., 20	47751.33	2025.30	1771.10	2881	2049.45	1810.00	33131
Jan., 21	46285.77	2217.55	1906.55	3650	2218.60	1900.00	62409
Feb., 21	49099.99	1976.30	1830.00	1804	1980.00	1830.60	48656
Mar., 21	49509.15	2006.10	1810.00	1539	2004.00	1808.00	85755

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



viii. Registrar and Share Transfer Agent:

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

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

ix. Share Transfer System:

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

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

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

x. Reconciliation of Share Capital Audit:

A practicing Company Secretary carried out secretarial audit in each of the quarters in the financial year 2020-21, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with depositories.

xi. Distribution of shareholding of Equity Shares as at March 31, 2021:

No. of Equity Shares	No. of Folios	% of total folios	No. of Shares	% of shareholding
1 to 500	48465	98.58	1972955	3.10
501 to 1000	353	0.72	261780	0.41
1001 to 2000	157	0.32	225407	0.36
2001 to 3000	42	0.08	102757	0.15
3001 to 4000	30	0.06	104726	0.17
4001 to 5000	20	0.04	88447	0.14
5001 to 10000	24	0.05	173379	0.27
10001 & above	74	0.15	60702693	95.40
Grand total	**49165**	**100.00**	**63632144**	**100.00**
Shareholders in Physical Mode	2288	4.65	201804	0.32
Shareholders in Demat Mode	46877	95.35	63430340	99.68
Grand Total	**49165**	**100.00**	**63632144**	**100.00**

xii. Shareholding Pattern as at March 31, 2021:

Category	No. of Shares held		Total shares	% of shareholding
	Physical	Electronic		
Promoter's holding	0	41246139	41246139	64.82
Mutual Funds	92	4917325	4917417	7.73
Banks, FIs and Insurance Companies	0	1517449	1517449	2.38
Alternate Investment Funds	0	8781608	8781608	13.80
Foreign Institutional Investors / Foreign Portfolio Investor	0	1754627	1754627	2.76
NRIs / Foreign National	69812	207432	277244	0.44
Central and State Government	0	74893	74893	0.12
Other Corporate Bodies	822	1229065	1229887	1.93
Indian Public / HUF / Trusts	131078	3012700	3143778	4.94
Other	0	689102	689102	1.08
Total	**201804**	**63430340**	**63632144**	**100.00**

xiii. Top ten equity shareholders of the Company as at March 31, 2021:

Sr. No.	Name of the shareholder	No. of equity shares held	Percentage of holding
1	Cadila Healthcare Limited	36647509	57.59
2	Threpsi Care LLP	7220216	11.35
3	Zydus Family Trust	4593193	7.22
4	Life Insurance Corporation of India	1516580	2.38
5	Pioneer Investment Fund	1491019	2.34
6	Nippon Life India Trustee Ltd-A/C Nippon India Small Cap Fund	1097121	1.72
7	SBI Small Cap Fund	1196100	1.88
8	Prazim Trading And Investment Co. Pvt. Ltd.	1003839	1.58
9	Matthews India Fund	651949	1.02
10	Life Insurance Corporation Of India P & Gs Fund	397271	0.63
Total		**55814797**	**87.71**

xiv. Dematerialization of Shares and Liquidity:

The Company's equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialized form. Approximately 99.68% of the equity shares have been dematerialized. ISIN number for dematerialization of the equity shares of the Company is INE768C01010.

xv. Location of the Company's manufacturing plant:

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

xvi. Address for correspondence:

Shareholders' correspondence should be addressed to the Company's Registrar and Share Transfer Agent at the address mentioned above at point no. viii.

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

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

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

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

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

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

xviii. Details of non–compliance:

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

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

Company purchases milk, RPO, Sugar and DMH on regular basis for their manufacturing requirement, in the opportune times, company enters into long term contracts for RPO, Sugar and DMH suppliers.

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

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

i. The Company has a Non–Executive Chairman.

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

iii. The Company's financial statements for the financial year 2020–2021 do not contain any audit qualification.

iv. The internal auditor reports to the Audit Committee.

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

To
The Board of Directors
Zydus Wellness Limited

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

Dear Sirs / Madam,

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

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

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

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

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

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

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

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

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

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

TARUN G. ARORA
CEO & WHOLE TIME DIRECTOR
[DIN:07185311]

UMESH V. PARIKH
CHIEF FINANCIAL OFFICER

Place : Ahmedabad
Date : May 10, 2021

Certificate of Compliance with Corporate Governance Requirements

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

We have examined the compliance of the conditions of corporate governance by Zydus Wellness Limited ["the **Company**"] for the financial year ended on March 31, 2021 as stipulated in Regulation 17 to 27, clause (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 ["the **Listing Regulations**"].

Management's Responsibility

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

Auditors' Responsibility

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

Opinion

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

Disclaimer

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

Hitesh Buch
Proprietor
For, **Hitesh Buch & Associates**
Company Secretaries
FCS No.: 3145; C P No.: 8195
Peer Review Cert. No. 2015/115
UDIN:F003145C000266166

Place: Ahmedabad
Date: May 10, 2021

Certificate of Non-Disqualification of Directors

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & 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, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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

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

Hitesh D. Buch
For **Hitesh Buch & Associates**
Company Secretaries
CP No. 8195: FCS 3145
UDIN: F003145C000266111

Place: Ahmedabad
Date: May 10, 2021

Business Responsibility Report:

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2021.

Section A : General Information about the Company

1.	Corporate Identity Number (CIN) of the Company			L15201GJ1994PLC023490
2.	Name of the Company			Zydus Wellness Limited
3.	Address of the Registered Office of the Company			"Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej–Gandhinagar Highway, Ahmedabad – 382481
4.	Website			www.zyduswellness.com
5.	Email id			dhanraj.dagar@zyduswellness.com
6.	Financial year reported			2020-2021
7.	Sector(s) that the Company is engaged in (industrial activity code-wise):			
	Group	Class	Sub Class	Description
		1517		Manufacturing and marketing of table spread.
8.	Key products / Services			The Company manufactures and markets health and wellness products.
9.	Locations where business activity is undertaken by the Company			The Company's business and operations are based at Ahmedabad, where the manufacturing is carried out, details whereof are provided in this Annual Report. Details of business performance in Indian markets as well as International markets are reported as a part of the Management Discussion and Analysis Report, which forms a part of this Report.
10.	Markets served by the Company – Local / State / National			As a strong player in health and wellness space in India.

Section B : Financial Details of the Company

Paid-up Capital (₹)	6,363 Lakhs
Revenue from Operations (₹)	11,383 Lakhs*
Total Loss after taxes (₹) (After OCI)	(18,198) Lakhs
* Net of sales promotions.	

Section C : Other Details

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

The Company has spent ₹ 92.40 Lakh towards Corporate Social Responsibility [CSR], being 2% of average net profit for previous three years, computed as prescribed under the Companies Act, 2013 on education and healthcare, including preventive healthcare. A Report on CSR activities is attached to the Directors' Report.

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

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

Section D : BR Information

1. Details of Director / Directors responsible for BR:

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

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

b) Details of the BR head:

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

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

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

NVG Principle	Chapter in BR Report	Page No.	Details in Annual Report
Business should conduct and govern themselves with Ethics, Transparency and Accountability.	Corporate Governance Structure	77	Yes
Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Quality Principles and Credo for Value Creation	77	Yes
Businesses should promote the well-being of all employees.	Building people to build our business	77	Yes
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Zydus Shrishti	77	Yes
Businesses should respect and promote human rights.	Human Rights	78	Yes
Businesses should respect, protect, and make efforts to restore the environment.	Green Impact	78	Yes
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Policy advocacy	78	Yes
Business should support inclusive growth and equitable development.	Zydus Shrishti	78	Yes
Business should engage with and provide value to their customers and consumers in a responsible manner.	The Zydus Way of manufacturing and marketing of health and wellness products	78	Yes

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

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

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

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

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

4. **Governance related to BR:**

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

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

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

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

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

Section E : (Principle-wise Performance):

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

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

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

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

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

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

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

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

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

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

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

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

   The Company does not discriminate among existing employees or during the process of recruitment on the grounds of religion, race, color, gender and disability. The Company provides equal opportunities to all employees. Key employee data as on March 31, 2021 are provided in the below table:

Sr. No.	Category of Employees	No. of Employees
1.	Management staff	63
2.	Marketing field staff	81
3.	Others	44
4.	**Total**	**188**
5.	Contractual employees	360
6.	Permanent Women employees	2
7.	Permanent employees with disabilities	0

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company is a member of the following Chambers:

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

B. Gujarat Chamber of Commerce & Industry.

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

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

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

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

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

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

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

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

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

Standalone
Financial Statements

Independent Auditors' Report

To the Members of
Zydus Wellness Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of Zydus Wellness Limited ('the Company'), which comprise the balance sheet as at March 31, 2021, the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, total comprehensive income, cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year/period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, 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 amounting to ₹ 2,282 Lakhs (Refer Note No. 4 of the standalone financial statements)** The Company's evaluation of goodwill for impairment testing, involves the comparison of its recoverable amount to its carrying amount as at March 31, 2021. The Company has carrying value of goodwill amounting to ₹ 2,282 Lakhs in its standalone financial statements relating to Consumer Health & Wellness Cash Generating Units ("CGU's"). This is subject to test of impairment by the management in accordance with the applicable accounting standards. The recoverable amount is determined based on value in use, which represents the present value of the estimated future cash flows expected to arise from the use of the asset company comprising each cash generating unit or group of cash generating units. There is a risk that the goodwill will be impaired if these cash flows do not meet the company's expectations. In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the forecasted cash flows, principally relating to long-term revenue growth rates, terminal values, margins, external market conditions and the discount rate used. Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying value of goodwill is considered to be complex and determined to be a key audit matter in our current period audit.	**Principal Audit Procedures** Procedures performed by us have been enumerated herein below: • Assessed the appropriateness of the accounting policies in respect of impairment by comparing with the applicable accounting standards. • Evaluated the design, tested the implementation and operating effectiveness of the internal controls over impairment assessment process, including those over the forecast of future revenues, operating margins, growth rate and terminal values, external market conditions and the selection of the appropriate discount rate. Gained an understanding and assessed the reasonableness of business plans by comparing them to prior year's assumptions; • Tested the reasonableness of the key business projections and valuation assumptions carried out by the management / independent valuer in determining the fair value of the CGU, discount rate, revenue growth rate, EBITDA growth rate, terminal growth rate used in computing the fair value of the components. • Performed retrospective review of projections by comparison with historical performance, inquiries with management and forecast trends in the industry. Considered sensitivity to reasonable possibility of changes in the key assumptions and inputs to ascertain whether these possible changes have a material effect on the fair value.

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

- The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and Directors' Report, but does not include the standalone financial statements and our audit reports thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind-AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("**the Order**"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164(2) of the Act.

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

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

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

i. The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its Standalone financial statements.;

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

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

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

Mukesh M. Shah
Partner
Membership No.: 030190
UDIN:21030190AAAAAL8640

Place: Ahmedabad
Date: May 10, 2021

"Annexure A" to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2021.

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

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

   (b) Some of the fixed 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 fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

   (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed under property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement.

2. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In our opinion, the procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the company and the nature of its business.

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

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

5. According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.

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

7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services tax, Custom duty, Cess and other material statutory dues during the year with the appropriate authorities.

   (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

Sr. No.	Name of Statute	Nature of Dues	Amount [₹ in Lakhs]	Period to which the amount relates	Forum where dispute is pending
1	Sales Tax Act and VAT Laws	Sales Tax	4	2003-04 2004-05	High Court of Andhra Pradesh
		Value Added Tax	663	2009-10 2010-11 2011-12	The Appellate Authority upto Commissioner Level

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

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable to the Company.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

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

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

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

14. The Company has made preferential allotment of equity shares during the year under review. The Company has complied with the provisions contained under section 42 of The Companies Act, 2013 and the amount raised from preferential allotment has been utilized for the purpose for which it was raised.

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

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

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

Mukesh M. Shah
Partner
Membership No.: 030190
UDIN:21030190AAAAAL8640

Place: Ahmedabad
Date: May 10, 2021

"Annexure B" to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Zydus Wellness Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Mukesh M. Shah
Partner
Membership No.: 030190
UDIN:21030190AAAAAL8640

Place: Ahmedabad
Date: May 10, 2021

Balance Sheet

As at March 31, 2021

₹ in Lakhs

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS:			
Non-current assets:			
Property, plant and equipment	3	2,104	1,990
Capital work-in-progress		87	147
Goodwill	4	2,282	2,282
Other intangible assets	4	19	-
Financial assets:			
Investments	5	3,67,125	3,52,758
Loans	6	24,400	1,12,136
Other financial assets	7	51	51
Deferred tax asset [net]	8	1,998	1,399
Other non-current assets	9	114	264
Assets for tax [net]	10	241	485
		3,98,421	**4,71,512**
Current assets:			
Inventories	11	1,518	1,234
Financial assets:			
Trade receivables	12	171	55
Cash and cash equivalents	13	502	193
Bank balance other than cash and cash equivalents	14	7,898	2,787
Other current financial assets	15	672	2,542
Other current assets	16	2,463	1,953
		13,224	**8,764**
Total		**4,11,645**	**4,80,276**
EQUITY AND LIABILITIES:			
Equity:			
Equity share capital	17	6,363	5,766
Other equity	18	3,95,566	3,15,704
		4,01,929	**3,21,470**
Liabilities:			
Non-current liabilities:			
Financial liabilities:			
Borrowings	19	-	1,50,000
Other financial liabilities	20	131	109
Provisions	21	230	194
		361	**1,50,303**
Current liabilities:			
Financial liabilities:			
Borrowings	22	4,975	1,630
Trade payables:			
Dues to Micro and Small Enterprises	23	98	10
Dues to other than Micro and Small Enterprises	23	3,460	3,287
Other financial liabilities	24	395	3,212
Other current liabilities	25	348	281
Provisions	26	79	83
		9,355	**8,503**
Total		**4,11,645**	**4,80,276**
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 45		

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

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Mukesh M. Shah
Partner
Membership Number: 030190
Place: Ahmedabad
Date: May 10, 2021

Umesh V. Parikh
Chief Financial Officer

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

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

Statement of Profit and Loss

For the year ended March 31, 2021

₹ in Lakhs

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
REVENUE:			
Revenue from operations	29	11,383	15,343
Other income	30	6,680	10,948
Total Income		**18,063**	**26,291**
EXPENSES:			
Cost of materials consumed		8,342	9,888
Purchases of stock-in-trade		-	112
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	(127)	(605)
Employee benefits expense	32	3,064	3,168
Finance costs	33	7,466	14,029
Depreciation and amortisation expense	3, 4	349	295
Other expenses	34	5,076	4,866
Total Expenses		**24,170**	**31,753**
Loss before exceptional items and tax		**(6,107)**	**(5,462)**
Less: Exceptional items	35	12,706	32
Loss before Tax		(18,813)	(5,494)
Less: Tax expense:			
Current tax	36	-	-
Deferred tax	36	(599)	(1,421)
		(599)	**(1,421)**
Loss for the year		**(18,214)**	**(4,073)**
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/ (losses) on post employment defined benefit plans, net of tax		16	(29)
Other Comprehensive Income for the year [net of tax]		**16**	**(29)**
Total Comprehensive Income for the year [net of tax]		**(18,198)**	**(4,102)**
Basic & diluted Earnings per equity share after exceptional items [EPS] [in ₹]	37	**(29.99)**	**(7.06)**
Basic & diluted Earnings per equity share before exceptional items [EPS] [in ₹]	37	**(9.07)**	**(7.01)**
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 45		

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

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Mukesh M. Shah
Partner
Membership Number: 030190
Place: Ahmedabad
Date: May 10, 2021

Umesh V. Parikh
Chief Financial Officer

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

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

Cash flow Statement

For the year ended March 31, 2021

₹ in Lakhs

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A	**Cash flows from operating activities**		
	Loss before tax	**(18,813)**	**(5,494)**
	Adjustments for:		
	Depreciation and amortisation expense	349	295
	Loss on sale of property, plant and equipment [net]	5	1
	Net gain on sale of investments	(78)	(4)
	Expected credit loss on trade receivables [net]	3	-
	Interest income	(6,602)	(10,944)
	Interest expense, Bank commission and charges	7,466	14,029
	Provision for employee benefits	48	193
	Premium paid to the holders of Non-Convertible Debentures [NCDs] upon purchase of the NCDs	12,706	-
	Operating profit before working capital changes	(4,916)	(1,924)
	Adjustment for:		
	Increase in inventories	(284)	(666)
	[Increase] / Decrease in trade receivables	(45)	607
	Increase in Other assets	(485)	(627)
	Increase in trade payables and other liabilities	291	610
	Cash used in operations	(5,439)	(2,000)
	Direct taxes paid [net of refunds]	244	33
	Net cash used in operating activities	**(5,195)**	**(1,967)**
B	**Cash flows from investing activities:**		
	Purchase of property, plant and equipment and other intangible assets	(324)	(851)
	Proceeds from sale of property, plant and equipment	19	6
	Repayment of loan by subsidiaries	67,736	550
	Loan given to subsidiaries	-	(136)
	Purchase of non current investments in subsidiaries	-	16,194
	Proceeds from sale/ redemption of non current investments in subsidiaries [net]	5,633	-
	FVTPL gain/ profit [net] on sale of investments	78	4
	Interest received	8,472	10,891
	Net cash from investing activities	**81,614**	**26,658**

Cash flow Statement

For the year ended March 31, 2021

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
C Cash flows from financing activities:		
Proceeds from issue of equity share capital [net of expense incurred to issue shares]	98,657	-
Repayment of non-current borrowings secured Non-convertible debentures	(1,50,000)	-
Premium paid to the holders of Non-Convertible Debentures [NCDs] upon purchase of the NCDs	(12,706)	-
Current borrowings [net]	3,345	(5,020)
Interest paid	(10,276)	(14,046)
Dividends paid	(19)	(5,758)
Tax on dividends paid	-	(1,185)
Net cash used in financing activities	**(70,999)**	**(26,009)**
Net increase/ [decrease] in cash and cash equivalents	**5,420**	**(1,318)**
Cash and cash equivalents at the beginning of the year	**2,980**	**4,298**
Cash and cash equivalents at the end of the year	**8,400**	**2,980**

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 ₹ 61 [₹ 80] Lakhs not available for immediate use.

5 Cash and cash equivalents comprise of: ₹ in Lakhs

Particulars	As at March 31		
	2021	2020	2019
a Cash in Hand	-	2	2
b Balances with Banks	8,400	2,978	4,296
Total	**8,400**	**2,980**	**4,298**

6 Change in liability arising from financing activities:

Particulars	Borrowings		
	Non- Current [Note 19]	**Current [Note 22]**	**Total**
As at March 31, 2019	1,50,000	6,650	1,56,650
Cash Flow	-	(5,020)	(5,020)
Foreign exchange movement	-	-	-
As at March 31, 2020	1,50,000	1,630	1,51,630
Cash Flow	(1,50,000)	3,345	(1,46,655)
Foreign exchange movement	-	-	-
As at March 31, 2021	**-**	**4,975**	**4,975**

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

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Mukesh M. Shah
Partner
Membership Number: 030190
Place: Ahmedabad
Date: May 10, 2021

Umesh V. Parikh
Chief Financial Officer

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

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

Statement of Changes in Equity

For the year ended March 31, 2021

A Equity Share Capital:

Particulars	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2019	5,76,64,144	5,766
As at March 31, 2020	5,76,64,144	5,766
Add: Shares issued during the year *	59,68,000	597
As at March 31, 2021	**6,36,32,144**	**6,363**

B Other Equity:

₹ in Lakhs

Particulars	Reserves and Surplus				Total
	Securities Premium	Debentures Redemption Reserve	General Reserve	Retained Earnings	
As at March 31, 2019	**2,55,641**	**37,500**	**4,500**	**29,117**	**3,26,758**
Less: Loss for the year	-	-	-	(4,073)	(4,073)
Less: Other Comprehensive Income	-	-	-	(29)	(29)
Total Comprehensive Income	-	-	-	(4,102)	(4,102)
Transactions with Owners in their capacity as owners:					
Dividends	-	-	-	(5,767)	(5,767)
Corporate Dividend Tax on Dividends	-	-	-	(1,185)	(1,185)
As at March 31, 2020	**2,55,641**	**37,500**	**4,500**	**18,063**	**3,15,704**
Less: Loss for the year			-	(18,214)	(18,214)
Add: Other Comprehensive Income	-	-	-	16	16
Total Comprehensive Income	-	-	-	(18,198)	(18,198)
Add: Addition pursuant to issue of shares *	99,393	-	-	-	99,393
Less: Utilized for issue of shares **	(1,333)	-	-	-	(1,333)
Transfer to Retained Earnings from Debenture Redemption Reserve	-	(37,500)	-	37,500	-
As at March 31, 2021	**3,53,701**	**-**	**4,500**	**37,365**	**3,95,566**

* The Company issued and allotted 21,22,000 and 38,46,000 Equity Shares of ₹ 10 each to Promotor and Qualified Institutional Buyers on September 19, 2020 and September 28, 2020 at an issue price of ₹ 1,649 and ₹ 1,690 per Equity Shares respectively (including premium of ₹ 1,639 and ₹ 1,680 per Equity Shares). Pursuant to allotment of Equity Shares to Promotor and Qualified Institutional Buyers, the paid up share capital of the Company stands increased to ₹ 6,363 Lakhs.

** Includes payment to Auditors ₹ 3 Lakhs.

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

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Mukesh M. Shah
Partner
Membership Number: 030190
Place: Ahmedabad
Date: May 10, 2021

Umesh V. Parikh
Chief Financial Officer

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

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

Notes to the Financial Statements

Note: 1 - Company overview:

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

These financial statements were authorised for issue in accordance with a resolution passed by Board of Directors at its meeting held on May 10, 2021.

Note: 2 - Significant Accounting Policies:

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

1 Basis of preparation:

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

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

- i Derivative financial instruments
- ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]
- iii Defined benefit plans

2 Use of Estimates:

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

Critical estimates and judgments:

A Taxes on Income:

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

B Property, Plant and Equipment:

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

C Employee Benefits:

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

D Product warranty and expiry claims:

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

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

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

Notes to the Financial Statements (Contd...)

F Contingent liabilities:

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

3 Foreign Currency Transactions:

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

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

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

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

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

4 Revenue Recognition:

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

a Sale of Goods:

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

b Service Income:

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

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

C The specific recognition criteria described below must also be met before revenue is recognised:

a Interest Income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate [EIR]. EIR is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

b Dividend:

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

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c **Other Income:**

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

5 **Taxes on Income:**

Tax expenses comprise of current and deferred tax.

A **Current Tax:**

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

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

B **Deferred Tax:**

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

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

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

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

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

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

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

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

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

6 **Property, Plant and Equipment:**

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

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carrying value as the deemed cost of the property, plant and equipment.

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

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

D Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life.

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

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

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

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

7 Intangible Assets:

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

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

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

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

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

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

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

8 Research and Development Cost:

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

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

9 Borrowing Costs:

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

B Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are

Notes to the Financial Statements (Contd...)

capitalised as part of the cost of such assets, up to the date the assets are ready for their intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

10 Impairment of Non Financials Assets:

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

11 Inventories:

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

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

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

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

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

12 Cash and Cash Equivalents:

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

13 Provisions, Contingent Liabilities and Contingent Assets:

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

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

14 Provision for Product Expiry Claims:

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

15 Employee Benefits:

A Short term obligations:

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured by the amounts

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

Gratuity:

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

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

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

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

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

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

ii Net interest expense or income.

c Defined Contribution Plans - Provident Fund Contribution:

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

C Employee Separation Costs:

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

16 Dividends :

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

17 Financial Instruments:

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

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A Financial assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

i Debt instruments at amortised cost:

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

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

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

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

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

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

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

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

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

iv Equity instruments:

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

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

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

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

v Investments in subsidiaries :

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where

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an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the differences between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss. Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amounts as their deemed costs on the date of transition to Ind AS i.e., April 1, 2015.

c Derecognition:

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

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

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

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

d Impairment of financial assets:

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

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

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

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

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

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

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

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

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

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

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

B Financial liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

c Derecognition:

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

d Embedded derivatives:

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

C Reclassification of financial assets:

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

D Offsetting of financial instruments:

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

18 Fair Value Measurement:

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

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

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

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

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

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

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

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

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

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

19 Leases:

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

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

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

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

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

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the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

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

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

As a lessor:

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

20 Earnings per Share:

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

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

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable effective from April 1, 2021.

Notes to the Financial Statements (Contd...)

Note: 3 - Property, plant and equipment:

₹ in Lakhs

Particulars	Freehold Land	Leasehold Land	Buildings *	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2019	**49**	**3**	**563**	**3,426**	**252**	**171**	**161**	**4,625**
Additions	-	-	118	665	35	18	14	850
Disposals	-	-	-	(24)	(4)	(9)	-	(37)
As at March 31, 2020	**49**	**3**	**681**	**4,067**	**283**	**180**	**175**	**5,438**
Additions	-	-	21	345	7	106	5	484
Disposals	-	-	-	(4)	-	(66)	-	(70)
As at March 31, 2021	**49**	**3**	**702**	**4,408**	**290**	**220**	**180**	**5,852**
Depreciation and Impairment:								
As at March 31, 2019	**-**	**3**	**222**	**2,597**	**140**	**91**	**133**	**3,186**
Depreciation for the year	-	-	26	214	27	16	9	292
Disposals	-	-	-	(22)	(3)	(5)	-	(30)
As at March 31, 2020	**-**	**3**	**248**	**2,789**	**164**	**102**	**142**	**3,448**
Depreciation for the year	-	-	35	260	25	16	10	346
Disposals	-	-	-	(4)	-	(42)	-	(46)
As at March 31, 2021	**-**	**3**	**283**	**3,045**	**189**	**76**	**152**	**3,748**
Net Block:								
As at March 31, 2020	**49**	**-**	**433**	**1,278**	**119**	**78**	**33**	**1,990**
As at March 31, 2021	**49**	**-**	**419**	**1,363**	**101**	**144**	**28**	**2,104**

* Refer note 43.

Note: 4 - Goodwill and Other intangible assets:

₹ in Lakhs

Particulars	Goodwill	Other intangible assets				
		Brand/ Trade Mark	Softwares	Commercial Rights	Technical Know-how	Total
Gross Block:						
As at March 31, 2019	**2,282**	**5**	**19**	**10**	**2**	**36**
Additions	-	-	-	-	-	-
As at March 31, 2020	**2,282**	**5**	**19**	**10**	**2**	**36**
Additions	-	-	22	-	-	22
As at March 31, 2021	**2,282**	**5**	**41**	**10**	**2**	**58**
Amortisation and Impairment:						
As at March 31, 2019	**-**	**5**	**17**	**10**	**1**	**33**
Amortisation for the year	-	-	2	-	1	3
As at March 31, 2020	**-**	**5**	**19**	**10**	**2**	**36**
Amortisation for the year	-	-	3	-	-	3
As at March 31, 2021	**-**	**5**	**22**	**10**	**2**	**39**
Net Block:						
As at March 31, 2020	**2,282**	**-**	**-**	**-**	**-**	**-**
As at March 31, 2021	**2,282**	**-**	**19**	**-**	**-**	**19**

Notes to the Financial Statements (Contd...)

Note: 5 - Investments:

₹ in Lakhs

Particulars	Face Value [*]	Nos.[**]	As at March 31, 2021	As at March 31, 2020
Investments in Subsidiaries				
Investments in Equity Instruments			2,30,283	2,10,284
Investments in Preference Shares			1,36,842	1,42,474
Total			**3,67,125**	**3,52,758**
A Details of Investments in Subsidiaries				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Wellness Products Limited [44,01,408 shares allotted pursuant to conversion of Compulsorily Convertible Debentures into equity during the year]	10	17,28,90,343 [16,84,88,935]	2,30,206	2,10,207
Liva Nutritions Limited	10	50,000	5	5
Liva Investment Limited	10	2,50,000	25	25
Zydus Wellness International DMCC	AED 1000	250	47	47
			2,30,283	**2,10,284**
In fully paid-up 7% Optionally Convertible Non-Cumulative Redeemable Preference Shares of:				
Zydus Wellness Products Limited [16,76,000 shares subscribed during the year and 16,75,824 shares redeemed during the year]	10	4,36,06,742 [4,36,06,566]	1,36,542	1,42,474
Liva Nutritions Limited	10	30,00,000	300	-
			1,36,842	**1,42,474**
Total			**3,67,125**	**3,52,758**
B Aggregate book value of unquoted investment			3,67,125	3,52,758
C Explanations:				
a In "Face Value [*]", figures in Indian ₹, unless stated otherwise.				
b In "Nos. [**]" figures of previous year are same unless stated in [ ].				

Notes to the Financial Statements (Contd...)

Note: 6 - Loans:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Loans to related party [*]	24,400	92,136
Compulsorily Convertible Debentures to related party[**]	-	20,000
Total	**24,400**	**112,136**
[*] Name of the party and relationship with the party to whom given:		
A Subsidiary Companies		
a Zydus Wellness Products Limited [***]	24,400	92,000
b Zydus Wellness International DMCC	-	136
	24,400	**92,136**
[***] The loan to subsidiary company are receivable within 5 years along with applicable interest.		
[**] Name of the party and relationship with the party:		
A Subsidiary Company		
a Zydus Wellness Products Limited	-	20,000
	-	**20,000**

Note: 7 - Other financial assets:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	44	44
Other	7	7
Total	**51**	**51**

Note: 8 - Deferred tax asset [net]:

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

₹ in Lakhs

Particulars	As at March 31 2019	Impact for the previous year	As at March 31 2020	Impact for the current year	As at March 31 2021
Deferred tax liabilities					
Depreciation	49	(1)	48	3	51
Total	**49**	**(1)**	**48**	**3**	**51**
Deferred tax assets					
Employee benefits	22	105	127	4	131
Unabsorbed depreciation and business loss	-	1,315	1,315	597	1,912
Provision for Expiry and Breakages	5	-	5	-	5
Others	-	-	-	1	1
Total	**27**	**1,420**	**1,447**	**602**	**2,049**
Net Deferred Tax Assets/(Liabilities)	**(22)**	**1,421**	**1,399**	**599**	**1,998**

B. The Net deferred tax assets of ₹ 599 Lakhs [March 31, 2020: ₹ 1,421 Lakhs] for the year has been credited in the Statement of Profit and Loss.

Notes to the Financial Statements (Contd...)

C. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

D. The Company has tax losses of ₹ 23,913 Lakhs [March 31, 2020: ₹ 5,279 Lakhs] that are available for offsetting for indefinite period, except losses of ₹ 23,134 Lakhs which are available for offset for eight years against future taxable profits of the company in which the losses arose. Out of ₹ 23,134 Lakhs, majority of these losses will expire in March 2029. Unabsorbed Depreciation is allowed to be set-off for indefinite period.

Note: 9 - Other non-current assets:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	97	226
Balances with Statutory Authorities	17	38
Total	**114**	**264**

Note: 10 - Assets for tax [net]:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Advance payment of tax (Net of provision for taxation of ₹ 349 Lakhs (as at March 31, 2020: ₹ 349 Lakhs))	241	485
Total	**241**	**485**

Note: 11 - Inventories:

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

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Classification of Inventories:		
Raw Materials	286	170
Work-in-progress	1	2
Finished Goods	1,083	935
Stock-in-Trade	17	37
Stores and Spares	16	15
Others:		
Packing Materials	115	75
Total	**1,518**	**1,234**
The above includes Goods in transit as under:		
Finished Goods	-	2
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories:		
- Net of reversal of written down.	95	63

Notes to the Financial Statements (Contd...)

Note: 12 - Trade receivables:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured - Considered good	171	55
Unsecured - Credit impaired	3	-
	174	55
Less: Allowances for credit losses	(3)	-
Total	**171**	**55**

Note: 13 - Cash and cash equivalents:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Banks	502	191
Cash on Hand	-	2
Total	**502**	**193**

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

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

Note: 14 - Bank balance other than cash and cash equivalents:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Earmarked balances with bank for unclaimed dividend accounts	61	80
Balances with Banks	7,837	2,707
Total	**7,898**	**2,787**

Note: 15 - Other current financial assets:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Interest Receivable but not due [*]	672	2,542
Total	**672**	**2,542**
[*] Details of interest receivable from Related Parties are as under:		
A Subsidiaries Companies		
a Zydus Wellness Products Limited	672	2,540
b Zydus Wellness International DMCC	-	2
Total	**672**	**2,542**

Notes to the Financial Statements (Contd...)

Note: 16 - Other current assets:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Advances to Suppliers	135	131
Prepaid Expenses	19	12
Balances with Statutory Authorities	2,309	1,810
Total	**2,463**	**1,953**

Note: 17 - Equity share capital:

Particulars		As at March 31, 2021	As at March 31, 2020
Authorised:			
10,00,00,000 [as at March 31, 2020: 10,00,00,000] Equity shares of ₹ 10 each	₹ in Lakhs	10,000	10,000
Total		**10,000**	**10,000**
Issued, Subscribed and fully paid-up:			
6,36,32,144 [as at March 31, 2020: 5,76,64,144] Equity shares of ₹ 10 each	₹ in Lakhs	6,363	5,766
Total		**6,363**	**5,766**

	Particulars	As at March 31, 2021	As at March 31, 2020
A.	The reconciliation in number of Equity shares is as under:		
	Number of shares at the beginning of the year	5,76,64,144	5,76,64,144
	Add: Shares issued during the year	59,68,000	-
	Number of shares at the end of the year	6,36,32,144	5,76,64,144
B.	The Company has only one class of equity shares having a par value of ₹ 10 each per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts and all liabilities.		
C.	Details of Shareholders holding more than 5% of total equity shares of the Company		
	Cadila Healthcare Limited		
	Number of Shares	3,66,47,509	3,66,47,509
	% to total share holding	57.59%	63.55%
	Zydus Family Trust		
	Number of Shares	45,93,193	24,54,147
	% to total share holding	7.22%	4.26%
	Threpsi Care LLP (True North)		
	Number of Shares	72,20,216	72,20,216
	% to total share holding	11.35%	12.52%
D.	Number of Shares held by Holding Company		
	Cadila Healthcare Limited	3,66,47,509	3,66,47,509

Notes to the Financial Statements (Contd...)

Note: 18 - Other equity:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Debentures Redemption Reserves:		
Balance as per last Balance Sheet	37,500	37,500
Less: Transfer to Retained Earnings	(37,500)	-
Balance as at the end of the year	**-**	**37,500**
Securities Premium:		
Balance as per last Balance Sheet	2,55,641	2,55,641
Add: Addition pursuant to issue of shares	99,393	-
Less: Utilized for issue of shares [includes payment to Auditors ₹ 3 Lakhs]	(1,333)	-
Balance as at the end of the year	**3,53,701**	**2,55,641**
General reserve: [*]		
Balance as per last Balance Sheet	4,500	4,500
Retained Earnings:		
Balance as per last Balance Sheet	18,063	29,117
Less: Loss for the year	(18,214)	(4,073)
Add: Other Comprehensive Income for the year	16	(29)
	(135)	**25,015**
Add: Transfer from Debentures Redemption Reserves	37,500	-
Less: Dividends:		
Dividends	-	(5,767)
Corporate Dividend Tax on Dividend	-	(1,185)
	37,500	(6,952)
Balance as at the end of the year	**37,365**	**18,063**
Total	**3,95,566**	**3,15,704**

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

Note: 19 - Borrowings:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Convertible Debentures [NCDs]: Secured [*]	-	1,50,000
Total	**-**	**1,50,000**

[*] During the year ended March 31, 2021, the Company has early redeemed all the NCDs.

Notes to the Financial Statements (Contd...)

Note: 20 - Other financial liabilities:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Lease Obligations	49	64
Others Deposits	82	45
Total	**131**	**109**

Note: 21 - Provisions:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	230	194
Total	**230**	**194**

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

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

Investment risk:

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

Interest risk:

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

Longevity risk:

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

Salary risk:

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

Notes to the Financial Statements (Contd...)

Note: 21 - Provisions: (Contd...)

₹ in Lakhs

	Particulars	March 31, 2021			March 31, 2020		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening obligation	42	351	258	29	173	197
	Transfer in/ (out) Obligation	-	-	22	-	-	-
	Interest cost	3	23	18	2	12	13
	Current service cost	4	43	52	3	32	46
	Benefits paid	-	(60)	(28)	-	(41)	(24)
	Actuarial [gains] / losses on obligation due to:						
	Experience adjustments	3	7	7	6	162	16
	Change in financial assumptions	1	19	(29)	2	13	10
	Closing obligation	**53**	**383**	**300**	**42**	**351**	**258**
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	-	153	237	-	143	217
	Transfer in/ (out) Obligation	-	-	22	-	-	-
	Expected return on plan assets	-	-	(6)	-	10	(3)
	Interest Income	-	10	18	-	-	17
	Contributions by employer	-	-	37	-	-	30
	Benefits paid	-	-	(28)	-	-	(24)
	Closing fair value of plan assets	-	163	280	-	153	237
	Total actuarial [losses]/gains to be recognised	**4**	**26**	**(16)**	**8**	**165**	**29**
D	**Actual return on plan assets:**						
	Actual return on plan assets	-	10	12	-	10	14
E	**Amount recognised in the balance sheet:**						
	Liabilities/[Assets] at the end of the year	53	383	300	42	351	258
	Fair value of plan assets at the end of the year	-	(163)	(280)	-	(153)	(237)
	Liabilities / [Assets] recognised in the Balance Sheet	**53**	**220**	**20**	**42**	**198**	**21**
F	**Expenses / [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	4	43	52	3	32	46
	Interest cost on benefit obligation	3	23	18	2	12	13
	Expected return on plan assets	-	(10)	(18)	-	-	(17)
	Net actuarial [gains] / losses in the year	4	26	-	8	165	-
	Net expenses / [benefits]	**11**	**82**	**52**	**13**	**209**	**42**
	Net actuarial (gains)/ losses in the year	-	-	(16)	-	-	29
	Amounts recognized in Other Comprehensive income	**-**	**-**	**(16)**	**-**	**-**	**29**

Notes to the Financial Statements (Contd...)

Note: 21 - Provisions: (Contd...)

₹ in Lakhs

	Particulars	March 31, 2021			March 31, 2020		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
G	**Movement in net liabilities recognised in Balance sheet:**						
	Opening net liabilities	42	198	21	29	30	(20)
	Transfer in/ (out) Obligation	-	-	-	-	-	-
	Expenses as above [P & L Charge]	11	82	52	13	209	42
	Amount recognised in OCI	-	-	(16)	-	-	29
	Contribution to plan assets	-	-	(37)	-	-	(30)
	Benefits Paid	-	(60)	-	-	(41)	-
	Liabilities / [Assets] recognised in the Balance Sheet	**53**	**220**	**20**	**42**	**198**	**21**
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate	6.25%	6.25%	6.25%	6.70%	6.70%	6.70%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations.]						
	Annual increase in salary cost	9% thereafter			12% for next 1 years, 9% thereafter		
	[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.]						
I	**The categories of plan assets as a % of total plan assets are:**						
	Insurance plan	0%	100%	100%	0%	100%	100%

J Amount recognised in current and previous four years:

₹ in Lakhs

Particulars	As at March 31				
Gratuity:	**2021**	**2020**	**2019**	**2018**	**2017**
Defined benefit obligation	300	258	197	188	182
Fair value of Plan Assets	280	237	217	166	142
Deficit / [Surplus] in the plan	20	21	(20)	22	40
Actuarial Loss / [Gain] on Plan Obligation	(22)	26	(45)	(27)	13
Actuarial Loss/ [Gain] on Plan Assets	-	-	-	-	-

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

The average duration of future service of defined benefit plan obligation as at March 31, 2021: 22.79 years [as at March 31, 2020 : 23.34 years].

Notes to the Financial Statements (Contd...)

Note: 21 - Provisions: (Contd...)

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is shown below:

₹ in Lakhs

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2021	2020	2021	2020	2021	2020
Impact on obligation:						
Discount rate increase by 0.5%	(2)	(2)	(13)	(12)	(12)	(10)
Discount rate decrease by 0.5%	2	2	14	10	13	12
Annual salary cost increase by 0.5%	2	2	14	10	12	12
Annual salary cost decrease by 0.5%	(2)	(2)	(13)	12	(12)	(10)

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

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Within the next 12 months [next annual reporting period]	70	68
Between 2 and 5 years	232	220
Between 5 and 10 years	276	249
Total expected payments	**578**	**537**

Note: 22 - Borrowings:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured]	-	1,630
Working Capital Loans from Banks [Unsecured]	4,975	-
Total	**4,975**	**1,630**

Notes to the Financial Statements (Contd...)

Note: 23 -Trade Payables:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Dues to Micro and Small Enterprises [*]	98	10
Dues to other than Micro and Small Enterprises	3,460	3,287
Total	**3,558**	**3,297**
[*] Disclosure in respect of Micro and Small Enterprises:		
A. Principal amount remaining unpaid to any supplier as at year end	98	10
B. Interest due thereon	2	-
C. Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
D. Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
E. Amount of interest accrued and remaining unpaid at the end of the accounting year.	2	-
F. Amount of further interest remaining due and payable in succeeding years.	2	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises on the basis of information available with the Company.		

Note: 24 - Other financial liabilities:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on borrowings	-	2,817
Current Maturities of Lease liabilities	16	14
Payable to Employees	318	301
Unpaid Dividends [*]	61	80
Total	**395**	**3,212**

[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Note: 25 - Other current liabilities:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Advances from customers	175	101
Payable to Statutory Authorities	173	180
Total	**348**	**281**

Notes to the Financial Statements (Contd...)

Note: 26 - Provisions:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits [*]	63	67
Provision for claims for product expiry and return of goods [**]	16	16
Total	**79**	**83**
[*] Refer note 21		
[**] Provision for claims for product expiry and return of goods:		
a. Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.		
b. The movement in such provision is stated as under:		
Opening balance at the beginning of the financial year	16	16
Add: Provision created during the year	107	43
Less: Provision used during the year	(107)	(43)
Closing balance at the end of the financial year	16	16

Note: 27 - Contingent liabilities and commitments [to the extent not provided for]:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
A Contingent liabilities:		
a Other money for which the Company is contingently liable:		
i In respect of Sales Tax and VAT matters pending before appellate authorities/ court which the Company expects to succeed, based on decisions of Tribunals/ Courts	674	671
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	93	79

Note: 28 - Dividend proposed to be distributed:

The Board of Directors, at its meeting held on May 10, 2021, recommended the final dividend of ₹ 5 per equity share of ₹ 10/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Notes to the Financial Statements (Contd...)

Note: 29 - Revenue from operations:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of Products [*]	11,283	15,351
Other Operating Revenues:		
Net Gain/ (loss) on foreign currency transactions and translation	47	(33)
Miscellaneous Income	53	25
Total	**11,383**	**15,343**
[*] Reconciliation of revenue recognised in the statement of profit and loss with the contracted price:		
Revenue as per contracted price, net of returns	12,329	16,531
Less:		
Discounts/ Price Reduction/ Rebates	1,046	1,180
	1,046	1,180
Revenue from contract with customers	**11,283**	**15,351**

Note: 30 - Other income:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Finance Income:		
Interest income on financial assets measured at amortised cost	6,602	10,944
Net gain on sale of investments	78	4
Total	**6,680**	**10,948**

Note: 31 - Changes in inventories:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Stock at commencement:		
Work-in-progress	2	-
Finished Goods	935	367
Stock-in-trade	37	2
	974	**369**
Less: Stock at close:		
Work-in-progress	1	2
Finished Goods	1,083	935
Stock-in-trade	17	37
	1,101	**974**
Total	**(127)**	**(605)**

Notes to the Financial Statements (Contd...)

Note: 32 - Employee benefits expense:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	2,842	2,920
Contribution to provident and other funds [*]	193	202
Staff welfare expenses	29	46
Total	**3,064**	**3,168**
The above includes Whole-time Director's Remuneration	128	110
[*] The Company's contribution towards the defined contribution plan	139	143

Note: 33 - Finance cost:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense [*]	7,463	14,024
Bank commission and charges	3	5
Total	**7,466**	**14,029**
[*] Interest expenses includes:		
On Non-Convertible Debentures	7,297	13,748
On working capital loans	157	273
On lease liabilities	7	3
On others	2	-
Total	**7,463**	**14,024**

Note: 34 - Other expenses:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spare parts	59	61
Power and fuel	236	276
Labour charges	292	308
Rent	124	263
Repairs to buildings	19	33
Repairs to plant and machinery	100	94
Repairs to others	68	35
Insurance	37	34
Rates and taxes	146	11
Traveling expenses	146	268
Legal and professional fees [*]	238	170
Commission on sales	191	451

Notes to the Financial Statements (Contd...)

Note: 34 - Other expenses: (Contd...)

₹ in Lakhs

Particulars			Year ended March 31, 2021	Year ended March 31, 2020
Freight and forwarding on sales			1,065	995
Advertisement and Sales promotions			1,118	594
Representative Allowances			198	185
Outside services			285	229
Other marketing expenses			192	142
Directors' fees			83	36
Remuneration to independent directors			20	-
Allowances of credit losses				
	Trade receivables written off		-	2
	Expected credit loss		3	-
Net Loss on disposal of Property, plant and equipment			5	1
Miscellaneous Expenses [**]			451	678
Total			**5,076**	**4,866**
[*]	Legal and professional fees include:			
	a	Payment to the Statutory Auditors [excluding Taxes]:		
		As Auditor	9	6
		For Other Services	1	2
		Total	**10**	**8**
	b	Cost Auditor's Remuneration including fees for other services	3	3
[**]	Miscellaneous expenses include:			
	a	Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013.	92	221

Note: 35 - Exceptional items:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Exceptional items [*]	12,706	32
Total	**12,706**	**32**

[*] During the year ended March 31, 2021, the secured Non-Convertible Debentures (NCDs) previously issued by the Company had been repurchase amounting to ₹ 150,000 Lakhs. The premium amount paid towards the purchase of the above NCDs are expensed off as an exceptional items.

During the previous year ended March 31, 2020, in the process of integration and concluding the merger of the acquired entity, Company incurred various expenses towards transition service agreement (TSA), consultancy fees, stamp duties, legal and professional charges and other incidental charges. The Company would not have incurred these expenses in the normal course of business and hence these expenses are classified as Exceptional items.

Notes to the Financial Statements (Contd...)

Note: 36 - Tax expense:

The major components of income tax expense are:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Statement of profit and loss:		
Profit or loss section:		
Current income tax charge	-	-
Deferred tax relating to origination and reversal of temporary differences	(599)	(1,421)
Total reported in the Statement of Profit and Loss.	**(599)**	**(1,421)**

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
B. Reconciliation of tax expense and accounting profit/ loss multiplied by India's domestic tax rate:		
Loss before tax:	(18,813)	(5,494)
Enacted Tax Rate in India (%)	26.00%	26.00%
Expected Tax Expenses	**(4,891)**	**(1,428)**
Adjustments for:		
Effect of unrecognised deferred tax assets/ liabilities	4,267	(47)
Effect of other non-deductible expenses	21	62
Effect of additional deductions in taxable income	4	(8)
Total	**(599)**	**(1,421)**

Note: 37 - Calculation of Earnings per equity share [EPS]:

₹ in Lakhs

	Particulars		Year ended March 31, 2021	Year ended March 31, 2020
A.	The numerators and denominators used to calculate the basic and diluted EPS after exceptional items are as follows:			
i	Loss after exceptional items attributable to Shareholders	₹- in Lakhs	(18,214)	(4,073)
ii	Basic and weighted average number of Equity Shares outstanding during the period	Numbers	6,07,41,344	5,76,64,144
iii	Nominal value of equity share	₹	10	10
iv	Basic & diluted Earnings per equity share after exceptional items [EPS]	₹	(29.99)	(7.06)
B.	The numerators and denominators used to calculate the basic and diluted EPS before exceptional items are as follows:			
i	Loss before exceptional items attributable to Shareholders	₹- in Lakhs	(5,508)	(4,041)
ii	Basic and weighted average number of Equity Shares outstanding during the period	Numbers	6,07,41,344	5,76,64,144
iii	Nominal value of equity share	₹	10	10
iv	Basic & diluted Earnings per equity share before exceptional items [EPS]	₹	(9.07)	(7.01)

Notes to the Financial Statements (Contd...)

Note: 38 - 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: 39 - Related Party Transactions:

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

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

Notes to the Financial Statements (Contd...)

Note: 39 - Related Party Transactions: (Contd...)

e	**Directors**	
	Dr. Sharvil P. Patel	Non -Executive Chairman
	Mr. Ganesh Nayak	Non-Executive Director
	Mr. Kulin S. Lalbhai	Independent Director
	Mr. Savyasachi S. Sengupta	Independent Director
	Mr. Ashish Bhargava	Nominee Director
	Mr. Srivishnu Raju Nandyala	Independent Director
	Ms. Dharmishtaben N. Raval	Independent Director
f	**Key Managerial Personnel:**	
	Mr. Tarun G. Arora	Chief Executive Officer & Whole Time Director
	Mr. Umesh V. Parikh	Executive Officer [Chief Financial Officer]
	Mr. Dhanraj P. Dagar	Executive Officer [Company Secretary]
g	**Enterprises significantly influenced by Directors and/ or their relatives of Holding Company:**	
	Mukesh M. Patel & Co.	
h	**Post Employment Benefits Plan-**	
	Zydus Wellness Limited Employee Group Gratuity Scheme	
	Zydus Wellness Sikkim Employee Group Gratuity Scheme	

* Zydus Family Trust is a related party as per Ind AS.

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

Notes to the Financial Statements (Contd...)

Note: 39 - Related Party Transactions: (Contd...)

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business:

a Details relating to parties referred to in Note 39 - A [a, b, c, d and h]

₹ in Lakhs

Nature of Transactions	Value of the Transactions					
	Holding Company/ Entity having control over Holding Company		Subsidiaries/ Fellow Subsidiaries and concerns		Post Employment Benefits Plan	
	Year ended March 31					
	2021	2020	2021	2020	2021	2020
Sales:						
Goods:						
Zydus Wellness Products Limited	-	-	247	-	-	-
Zydus Wellness International DMCC	-	-	131	83	-	-
Purchase:						
Goods:						
Zydus Wellness Products Limited	-	-	518	325	-	-
Services:						
Cadila Healthcare Limited	22	9	-	-	-	-
Reimbursement of Expenses:						
Cadila Healthcare Limited	10	-	-	-	-	-
Zydus Wellness International DMCC	-	-	32	-	-	-
CSR contributions:						
Zydus Foundation	-	-	92	221	-	-
Investments/Redemption:						
Subscription to Share capital:						
Liva Nutritions Limited	-	-	300	-	-	-
Zydus Wellness Products Limited	-	-	20,168	460	-	-
Zydus Wellness International DMCC	-	-	-	47	-	-
Redemption of Investments:						
Zydus Wellness Products Limited	-	-	6,100	16,701	-	-
Issue of Equity Shares						
Zydus Family Trust	34,992	-	-	-	-	-
Finance:						
Intercompany Loan given:						
Zydus Wellness International DMCC	-	-	-	136	-	-
Intercompany Loan repaid by:						
Zydus Wellness International DMCC	-	-	136	-	-	-
Zydus Wellness Products Limited	-	-	67,600	-	-	-

Notes to the Financial Statements (Contd...)

Note: 39 - Related Party Transactions: (Contd...)

₹ in Lakhs

Nature of Transactions	Value of the Transactions					
	Holding Company/ Entity having control over Holding Company		Subsidiaries/ Fellow Subsidiaries and concerns		Post Employment Benefits Plan	
	Year ended March 31					
	2021	2020	2021	2020	2021	2020
Interest Income:						
Zydus Wellness International DMCC	-	-	2	2	-	-
Zydus Wellness Products Limited	-	-	6,676	10,265	-	-
Interest expense:						
Zydus Wellness Products Limited	-	-	1,278	144	-	-
Zydus Healthcare Limited	-	-	433	-	-	-
Contributions during the year (includes Employee's share and contribution)						
Zydus Wellness Limited Employee Group Gratuity Scheme	-	-	-	-	37	30
Dividend Paid						
Cadila Healthcare Limited	-	3,665	-	-	-	-
Outstanding Receivable						
Zydus Wellness Products Limited	-	-	25,091	1,14,091	-	-
Zydus Wellness International DMCC	-	-	-	138	-	-
Outstanding Payable						
Cadila Healthcare Limited	10	8	-	-	-	-
Zydus Wellness Products Limited	-	-	-	51	-	-
Zydus Wellness International DMCC	-	-	49	10	-	-

b Details relating to persons referred to in Note 39-A [e] and [f] above:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(i) Salaries and other employee benefits to Whole time directors and other executive officers	299	243
(ii) Commission and Sitting Fees to Non Executive/ Independent Directors	83	36
(iii) Remuneration to Independent Directors	20	-
(iv) Outstanding payable to above (i), (ii) and (iii)	21	8

c Details relating to persons referred to in Note 39-A [g] above:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(i) Purchase of services	12	10

Notes to the Financial Statements (Contd...)

Note: 40 - Financial instruments:

(i) Fair values hierarchy:

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

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

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

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

(ii) Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed.

Financial Assets: The carrying amounts of trade receivables, loans and advances to related parties and other financial assets [other than investment in preference shares], cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities: Fair values of loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values. Fair values of investment in preference shares were calculated based on cash flows discounted using the applicable adjusted market interest rates.

Note: 41 - Financial risk management:

(i) Financial instruments by category:

₹ in Lakhs

Particulars	As at March 31, 2021				As at March 31, 2020			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Trade receivables	-	-	171	171	-	-	55	55
Cash and Cash equivalents	-	-	502	502	-	-	193	193
Bank balance other than cash and cash equivalents	-	-	7,898	7,898	-	-	2,787	2,787
Loans	-	-	24,400	24,400	-	-	1,12,136	1,12,136
Other financial assets	-	-	723	723	-	-	2,593	2,593
Total	**-**	**-**	**33,694**	**33,694**	**-**	**-**	**1,17,764**	**1,17,764**
Financial liabilities								
Borrowings	-	-	4,975	4,975	-	-	1,51,630	1,51,630
Trade payables	-	-	3,558	3,558	-	-	3,297	3,297
Other financial liabilities	-	-	526	526	-	-	3,321	3,321
Total	**-**	**-**	**9,059**	**9,059**	**-**	**-**	**1,58,248**	**1,58,248**

(ii) Risk Management:

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

The Company's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Company's short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

Notes to the Financial Statements (Contd...)

Note: 41 - Financial risk management: (Contd...)

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

A. Credit risk:

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

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

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

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

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

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

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

Movement in the expected credit loss allowance on trade receivables:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	-	-
Addition	3	-
Balance at the end of the year	3	-

B Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

b Management monitors rolling forecasts of the Company liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company 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.

Notes to the Financial Statements (Contd...)

Note: 41 - Financial risk management: (Contd...)

Maturities of financial liabilities :

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

₹ in Lakhs

Particulars	As at March 31, 2021				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	4,975	-	-	-	4,975
Trade payables	3,558	-	-	-	3,558
Other financial liabilities (excluding interest accrued but not due)	395	22	22	95	534
Total	**8,928**	**22**	**22**	**95**	**9,067**

₹ in Lakhs

Particulars	As at March 31, 2020				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	15,415	63,635	59,115	54,570	1,92,735
Trade payables	3,297	-	-	-	3,297
Other financial liabilities (excluding interest accrued but not due)	403	22	22	78	525
Total	**19,115**	**63,657**	**59,137**	**54,648**	**1,96,557**

C Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EUR and Other currency. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's operations in foreign currency creates natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Company.

Notes to the Financial Statements (Contd...)

Note: 41 - Financial risk management: (Contd...)

a **Foreign currency risk exposure:**

The Company exposure to foreign currency risk at the end of the reporting period expressed as follows:

Sensitivity

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

₹ in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Movement in Rate	Impact on PAT *	Movement in Rate	Impact on PAT *
USD	7%	2	9%	1
USD	(7%)	(2)	(9%)	1
EUR	5%	2	5%	-
EUR	(5%)	(2)	(5%)	-
Others	5%	-	5%	-
Others	(5%)	-	(5%)	-

* Holding all other variables constant

D Interest rate risk:

Liabilities:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2021, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in Fixed Deposits are at fixed interest rates.

Sensitivity:

Below is the sensitivity of profit or loss and equity changes in interest rates:

₹ in Lakhs

Particulars	Movement in Rate*	As at March 31, 2021	As at March 31, 2020
Interest rates	0.50%	(18)	(6)
Interest rates	(0.50%)	18	6

* Holding all other variables constant

E Price Risk

(a) Exposure

The Company's exposure to price risk arises from investments in equity and mutual funds held by the Company and classified in the balance sheet as fair value through OCI and at fair value through profit or loss respectively. To manage its price risk arising from investments in equity securities and mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Note 42: Capital management:

The Company capital management objectives are

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

Notes to the Financial Statements (Contd...)

Note 42: Capital management: (Contd...)

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

Particulars		As at March 31, 2021	As at March 31, 2020
Gross debts	₹ in Lakhs	4,975	1,51,630
Total equity	₹ in Lakhs	4,01,929	3,21,470
Gross debt to equity ratio [No. of times]		0.01	0.47

Loan covenants as at March 31, 2021

As at March 31, 2021, there is no outstanding of Non-Convertible Debentures (NCDs) and hence loan covenants are not applicable.

Loan covenants as at March 31, 2020

The Company had taken loan for working capital requirement and long term borrowings and as at March 31, 2020, the ratio of financial indebtness net of cash and cash equivalents to shareholder's fund is 0.39, Interest Service Coverage Ratio is 2.37 and financial indebtness net of cash and cash equivalents to Earnings before interest, tax, depreciation and amortisation (EBITDA) is 4.10, based on consolidated financial information as per Company's debenture trust deed.

Note: 43 - Leases:

Lessee:

A Relating to statement of financial position:

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

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

₹ in Lakhs

Right of use assets	Total
Balance as at April 1, 2019	**-**
Additions during the year	84
Depreciation charge for the year	(7)
Balance as at March 31, 2020 [net]	**77**
Additions during the year	-
Depreciation charge for the year	(17)
Balance as at March 31, 2021 [net]	**60**

The Company leases assets include office buildings.

Movement in lease liabilities:	₹ in Lakhs
Lease liabilities recognised as on April 1 ,2019	**-**
Additions	84
Redemptions	(6)
Lease liabilities as at March 31, 2020	**78**
Additions	-
Redemptions	(13)
Lease liabilities as at March 31, 2021	**65**
of which:	
Current portions	16
Non Current portions	49

Notes to the Financial Statements (Contd...)

Note: 43 - Leases: (Contd...)

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

Minimum lease payments due: ₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Within 1 years	22	22
1-5 years	55	77
Total	**77**	**99**

Note: 44 : COVID-19 Impact:

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

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

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

Note: 45:

Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

Signatures to Significant Accounting Policies and Notes 1 to 45 to the Financial Statements

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

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Mukesh M. Shah
Partner
Membership Number: 030190
Place: Ahmedabad
Date: May 10, 2021

Umesh V. Parikh
Chief Financial Officer

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

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

Consolidated Financial Statements

Independent Auditors' Report

To the Members of
Zydus Wellness Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Zydus Wellness Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprises of the consolidated balance sheet as at March 31, 2021, and the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Other Matters

We did not audit the financial statements of 4 subsidiaries, whose financial statements reflect [the figures reported below are before giving effect to consolidation adjustments] total assets of ₹ 4,55,009 Lakhs as at March 31, 2021, total revenues of ₹ 1,77,925 Lakhs, total net loss after tax of ₹ 80,343 Lakhs, total other comprehensive income of ₹ 178 Lakhs and net cash inflows amounting to ₹ 569 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
1	**Assessment of impairment of Goodwill amounting to ₹ 3,92,002 Lakhs and Intangible assets having indefinite useful life amounting to ₹ 53,868 Lakhs respectively (Refer Note 4 of the consolidated financial statements).** The Group's evaluation of goodwill and intangible assets for impairment testing, involves the comparison of its recoverable amount to its carrying amount as at March 31, 2021. The Group has carrying value of goodwill and intangible assets amounting to ₹ 3,92,002 and ₹ 53,868 Lakhs in its Consolidated financial statements relating to Consumer Health & Wellness Cash Generating Units ("CGU's"). These intangibles are subject to test of impairment by the management in accordance with the applicable accounting standards. The recoverable amount is determined based on value in use, which represents the present value of the estimated future cash flows expected to arise from the use of the asset group comprising each cash generating unit or group of cash generating units. There is a risk that the goodwill / intangible assets will be impaired if these cash flows do not meet the Group's expectations. In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the forecasted cash flows, principally relating to long-term revenue growth rates, terminal values, margins, external market conditions and the discount rate used. Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying value of goodwill and intangible assets is considered to be complex and determined to be a key audit matter in our current period audit.	**Principal Audit Procedures** Procedures performed by us have been enumerated herein below: • Assessed the appropriateness of the accounting policies in respect of impairment by comparing with the applicable accounting standards. • Evaluated the design, tested the implementation and operating effectiveness of the internal controls over impairment assessment process, including those over the forecast of future revenues, operating margins, growth rate and terminal values, external market conditions and the selection of the appropriate discount rate. Gained an understanding and assessed the reasonableness of business plans by comparing them to prior year's assumptions; • Tested the reasonableness of the key business projections and valuation assumptions carried out by the management / independent valuer in determining the fair value of the CGU, discount rate, revenue growth rate, EBITDA growth rate, terminal growth rate used in computing the fair value of the components. • Performed retrospective review of projections by comparison with historical performance, inquiries with management and forecast trends in the industry. Considered sensitivity to reasonable possibility of changes in the key assumptions and inputs to ascertain whether these possible changes have a material effect on the fair value.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

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

Management's Responsibility for the Consolidated Financial Statements

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

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, the respective Company's management and Board of Directors of the entities included in the Group is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries, we report, to the extent applicable that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting with reference to the financial statements of the Holding Company and its subsidiaries incorporated in India and the operating effectiveness of such controls, refer to our separate report in the Annexure -A, which is based on the auditors' reports of the Company and its subsidiary companies incorporated in India.

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

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

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group during the year ended March 31, 2021.

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

Mukesh M. Shah
Partner
Membership No.: 030190
UDIN: 21030190AAAAAM3112

Place: Ahmedabad
Date: May 10, 2021

"Annexure A" to the Auditors' Report

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

We have audited the internal financial controls over Consolidated financial reporting of Zydus Wellness Limited ("the Holding company") and its subsidiaries as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, the Holding company and its subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other matter

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 3 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

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

Mukesh M. Shah
Partner
Membership No.: 030190
UDIN: 21030190AAAAAM3112

Place: Ahmedabad
Date: May 10, 2021

Consolidated Balance Sheet

As at March 31, 2021

₹ in Lakhs

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS:			
Non-current assets:			
Property, plant and equipment	3	19,957	20,467
Capital work-in-progress		374	353
Goodwill	4	3,92,002	3,92,002
Other intangible assets	4	54,781	54,883
Financial assets:			
Other financial assets	5	874	977
Deferred tax asset [net]	6	12,650	12,079
Other non-current assets	7	1,173	465
Assets for tax [net]	8	143	163
		4,81,954	**4,81,389**
Current assets:			
Inventories	9	36,472	29,234
Financial assets:			
Investments	10	-	11,041
Trade receivables	11	9,428	11,820
Cash and cash equivalents	12	17,374	5,448
Bank balance other than cash and cash equivalents	13	7,898	2,794
Other current financial assets	14	1,860	3,281
Other current assets	15	11,657	13,961
		84,689	**77,579**
Total		**5,66,643**	**5,58,968**
EQUITY AND LIABILITIES:			
Equity:			
Equity share capital	16	6,363	5,766
Other equity	17	4,50,416	3,40,300
		4,56,779	**3,46,066**
Liabilities:			
Non-current liabilities:			
Financial liabilities:			
Borrowings	18	31,250	1,50,000
Other financial liabilities	19	140	115
Provisions	20	1,282	1,103
Other non-current liabilities	21	100	168
		32,772	**1,51,386**
Current liabilities:			
Financial liabilities:			
Borrowings	22	23,725	1,905
Trade payables:			
Dues to Micro and Small Enterprises	23	1,245	654
Dues to other than Micro and Small Enterprises	23	42,616	49,792
Other financial liabilities	24	2,970	4,291
Other current liabilities	25	4,695	3,390
Provisions	26	1,841	1,484
		77,092	**61,516**
Total		**5,66,643**	**5,58,968**
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 46		

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

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Mukesh M. Shah
Partner
Membership Number: 030190
Place: Ahmedabad
Date: May 10, 2021

Umesh V. Parikh
Chief Financial Officer

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

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

Consolidated Statement of Profit and Loss

For the year ended March 31, 2021

₹ in Lakhs

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
REVENUE:			
Revenue from operations	29	1,86,667	1,76,682
Other income	30	894	1,071
Total Income		**1,87,561**	**1,77,753**
EXPENSES:			
Cost of materials consumed		74,375	75,382
Purchases of stock-in-trade		14,224	8,249
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	(4,113)	(5,754)
Employee benefits expense	32	16,383	15,601
Finance costs	33	8,380	13,991
Depreciation and amortisation expense	3, 4	2,516	2,639
Other expenses	34	51,362	51,098
Total Expenses		**1,63,127**	**1,61,206**
Profit before exceptional items and tax		**24,434**	**16,547**
Less: Exceptional items	35	13,213	4,420
Profit before Tax		**11,221**	**12,127**
Less: Tax expense:			
Current tax	36	-	(265)
Deferred tax	36	(652)	(1,780)
		(652)	**(2,045)**
Profit for the year		**11,873**	**14,172**
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement gains on post employment defined benefit plans		275	201
Income tax effect	36	(81)	-
Items that will be reclassified to profit or loss:			
Exchange differences on transaction of financial statement of a foreign operations		(11)	17
Other Comprehensive Income for the year [net of tax]		**183**	**218**
Total Comprehensive Income for the year [net of tax]		**12,056**	**14,390**
Profit attributable to:			
Owners of the parent		11,873	14,172
Other Comprehensive Income Attributable to:			
Owners of the parent		183	218
Total Comprehensive Income Attributable to:			
Owners of the parent		12,056	14,390
Basic & diluted Earnings per equity share after exceptional items [EPS] [in ₹]	37	**19.55**	**24.58**
Basic & diluted Earnings per equity share before exceptional items [EPS] [in ₹]	37	**41.30**	**32.24**
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 46		

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

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Mukesh M. Shah
Partner
Membership Number: 030190
Place: Ahmedabad
Date: May 10, 2021

Umesh V. Parikh
Chief Financial Officer

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

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

Consolidated Cash flow Statement

For the year ended March 31, 2021

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A Cash flows from operating activities		
Profit before tax	11,221	12,127
Adjustments for:		
Depreciation and amortisation expense	2,516	2,639
[Profit]/ Loss on sale of property, plant and equipment [net]	(30)	2
Gain on investments mandatorily measured at FVTPL	-	(14)
Net gain on sale of investments	(218)	(522)
Expected credit loss on trade receivables [net]	63	-
Interest income	(676)	(535)
Interest expense, Bank commission and charges	8,380	13,991
Amortisation of deferred revenue on Government grants	(68)	(70)
Provisions for probable product expiry claims and return of goods	500	337
Provision for employee benefits	311	428
Premium paid to the holders of Non-Convertible Debentures [NCDs] upon purchase of the NCDs	13,213	-
Operating profit before working capital changes	35,212	28,383
Adjustments for:		
Increase in inventories	(7,238)	(5,927)
Decrease/ [Increase] in trade receivables	2,217	(1,898)
Decrease/ [Increase] in other assets	2,722	(3,493)
[Decrease]/ Increase in trade payables and other liabilities	(4,282)	9,020
Cash generated from operations	28,631	26,085
Direct taxes paid [net of refunds]	20	(160)
Net cash from operating activities	**28,651**	**25,925**
B Cash flows from investing activities:		
Purchase of property, plant and equipment and other intangible assets	(1,966)	(2,463)
Proceeds from sale of property, plant and equipment	220	13
FVTPL gain/ profit [net] on sale of investments	218	536
Investment in non current fixed deposit [net]	(189)	(333)
Interest received	676	535
Net cash used in investing activities	**(1,041)**	**(1,712)**

Consolidated Cash flow Statement

For the year ended March 31, 2021

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
C Cash flows from financing activities:		
Proceeds from issue of equity share capital [net of expense incurred to issue shares]	98,657	-
Repayment of non-current borrowings secured Non-convertible debentures	(1,50,000)	-
Premium paid to the holders of Non-Convertible Debentures [NCDs] upon purchase of the NCDs	(13,213)	-
Proceeds of non-current borrowings	31,250	-
Current borrowings [net]	21,820	(5,020)
Interest paid	(10,116)	(14,006)
Dividends paid	(19)	(5,758)
Tax on dividends paid	-	(1,185)
Net cash used in financing activities	**(21,621)**	**(25,969)**
Net increase/ [decrease] in cash and cash equivalents	**5,989**	**(1,756)**
Cash and cash equivalents at the beginning of the year	**19,283**	**21,039**
Cash and cash equivalents at the end of the year	**25,272**	**19,283**

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 ₹ 61 [₹ 80] Lakhs not available for immediate use.

5 Cash and cash equivalents comprise of: ₹ in Lakhs

	Particulars	As at March 31		
		2021	2020	2019
a	Cash on Hand	4	6	4
b	Balances with Banks	25,268	8,236	16,425
c	Investments in liquid mutual funds	-	11,041	4,610
	Total	**25,272**	**19,283**	**21,039**

6 Change in liability arising from financing activities:

Particulars	Borrowings		
	Non- Current [Note 18]	Current [Note 21]	Total
As at March 31, 2019	1,50,000	6,925	1,56,925
Cash Flow	-	(5,020)	(5,020)
Foreign exchange movement	-	-	-
As at March 31, 2020	1,50,000	1,905	1,51,905
Cash Flow	(1,18,750)	21,820	(96,930)
Foreign exchange movement	-	-	-
As at March 31, 2021	**31,250**	**23,725**	**54,975**

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

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Mukesh M. Shah
Partner
Membership Number: 030190
Place: Ahmedabad
Date: May 10, 2021

Umesh V. Parikh
Chief Financial Officer

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

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

Consolidated Statement of Changes in Equity

For the year ended March 31, 2021

A Equity Share Capital:

Particulars	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2019	5,76,64,144	5,766
As at March 31, 2020	5,76,64,144	5,766
Add: Shares issued during the year *	59,68,000	597
As at March 31, 2021	**6,36,32,144**	**6,363**

B Other Equity:

₹ in Lakhs

Particulars	Reserves and Surplus				Items of OCI	Total
	Securities Premium	Debentures Redemption Reserve	General Reserve	Retained Earnings	Foreign currency translation reserves	
As at March 31, 2019	**2,55,641**	**37,500**	**4,500**	**35,221**	**-**	**3,32,862**
Add: Profit for the year	-	-	-	14,172	-	14,172
Add: Other Comprehensive income	-	-	-	201	17	218
Total Comprehensive Income	-	-	-	14,373	17	14,390
Transactions with Owners in their capacity as owners:						
Dividends	-	-	-	(5,767)	-	(5,767)
Corporate Dividend Tax on Dividends	-	-	-	(1,185)	-	(1,185)
As at March 31, 2020	**2,55,641**	**37,500**	**4,500**	**42,642**	**17**	**3,40,300**
Add: Profit for the year	-	-	-	11,873	-	11,873
Add: Other Comprehensive income	-	-	-	194	(11)	183
Total Comprehensive Income	-	-	-	12,067	(11)	12,056
Add: Addition pursuant to issue of shares *	99,393	-	-	-	-	99,393
Less: Utilized for issue of shares **	(1,333)	-	-	-	-	(1,333)
Transfer to Retained Earnings from Debenture Redemption Reserve	-	(37,500)	-	37,500	-	-
As at March 31, 2021	**3,53,701**	**-**	**4,500**	**92,209**	**6**	**4,50,416**

* The Company issued and allotted 21,22,000 and 38,46,000 Equity Shares of ₹ 10 each to Promotor and Qualified Institutional Buyers on September 19, 2020 and September 28, 2020 at an issue price of ₹ 1,649 and ₹ 1,690 per Equity Shares respectively (including premium of ₹ 1,639 and ₹ 1,680 per Equity Shares). Pursuant to allotment of Equity Shares to Promotor and Qualified Institutional Buyers, the paid up share capital of the Company stands increased to ₹ 6,363 Lakhs.

** Includes payment to Auditors ₹ 3 Lakhs.

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

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Mukesh M. Shah
Partner
Membership Number: 030190
Place: Ahmedabad
Date: May 10, 2021

Umesh V. Parikh
Chief Financial Officer

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

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

Notes to the Consolidated Financial Statements

Note: 1 - Group Overview:

The consolidated financial statements comprise financial statements of Zydus Wellness Limited ["the Parent"] and its Subsidiaries [collectively, "the Group"] for the year ended as at March 31, 2021. The Group operates as an integrated consumer Group with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Group includes brands like Sugar free, Sugar Lite, Everyuth, Nutralite, Complan, Glucon D, Nycil and Sampriti Ghee. The Parent's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited [BSE]. The registered office of the Parent is located at Zydus Corporate Park, Scheme No. 63, Survey No. 536 Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad 382 481.

These financial statements were authorised for issue in accordance with a resolution passed by Board of Directors at its meeting held on May 10, 2021.

Note: 2 - Significant Accounting Policies:

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

1 Basis of preparation:

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

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

i Derivative financial instruments

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

iii Defined benefit plans

2 Basis of consolidation:

A The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at March 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

a Power over the investee [i.e. existing rights that give it the current ability to direct the relevant activities of the investee]

b Exposure, or rights, to variable returns from its involvement with the investee and

c The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a The contractual arrangement with the other vote holders of the investee.

b Rights arising from other contractual arrangements.

c The Group's voting rights and potential voting rights.

d The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

B The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

C Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like 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 (Contd...)

D The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Group, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary.

3 Business combinations and Goodwill:

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

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

C When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

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

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

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

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

Notes to the Consolidated Financial Statements (Contd...)

4 Use of Estimates:

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

Critical estimates and judgments:

A Taxes on Income:

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

B Property, Plant and Equipment:

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

C Employee Benefits:

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

D Product warranty and expiry claims:

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

E Impairment of Property, Plant and Equipments, Goodwill, Other Intangible Assets and Investments:

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

F Contingent liabilities and litigations:

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

5 Foreign Currency Transactions:

The Group's consolidated financial statements are presented in Indian Rupees [₹], which is the functional currency of the Parent Company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

A The transactions in foreign currencies are translated into functional currency by the Group's entities at their respective functional currency rate of exchage prevailing on the dates of transactions.

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

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

D Investments in foreign companies are recorded in functional currency at the rates of exchange prevailing at the time when the investments were made.

Notes to the Consolidated Financial Statements (Contd...)

E Group Companies:

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their Statements of profit and loss are translated at average exchange rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

6 Revenue Recognition:

A The Group has applied Ind AS 115 - "Revenue from Contracts with Customers" which is effective for an annual period beginning on or after April 1, 2018. The following is the significant accounting policy related to revenue recognition under Ind AS 115.

a Sale of Goods:

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

b Service Income:

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

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

C The specific recognition criteria described below must also be met before revenue is recognised:

a Interest Income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate [EIR]. EIR is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

b Dividend:

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

c Other Income:

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

7 Government Grants:

A Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

Notes to the Consolidated Financial Statements (Contd...)

B Government grants related to revenue are recognised on a systematic and gross basis in the Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1, 2015 the Group uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of loan.

8 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

a Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961 for Indian entities or provisions of respective countries where the Group operates and generate taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

B Deferred Tax:

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

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

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

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

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

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

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

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

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

9 Property, Plant and Equipment:

A Freehold land is carried at historical cost less impairment, if any. All other items of Property, Plant and

Notes to the Consolidated Financial Statements (Contd...)

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

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

C Depreciation on tangible assets is provided on "straight line method" based on the useful lives as prescribed under Schedule II of the Companies Act, 2013 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.

D Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life.

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

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

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

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

10 Intangible Assets:

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

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

C Technical Know-how Fees, Trademark, Brands and other similar rights are amortised over their estimated useful life.

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

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

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

11 Research and Development Cost:

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

Notes to the Consolidated Financial Statements (Contd...)

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

12 Borrowing Costs:

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

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

13 Impairment of Non Financial Assets:

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

14 Inventories:

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

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

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

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

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

15 Cash and Cash Equivalents:

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

16 Provisions, Contingent Liabilities and Contingent Assets:

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

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

17 Provision for Product Expiry Claims:

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

Notes to the Consolidated Financial Statements (Contd...)

18 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

Gratuity:

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

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

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

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

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

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

ii Net interest expense or income.

Group administered Provident Fund:

In case of a specified class of employees, who are eligible to receive benefits of Group administered provident funds, such contributions are deposited to Employee's Provident Fund Trust. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Contributions to such provident fund are recognised as employee benefits expenses when they are due in the statement of profit and loss.

c Defined Contribution Plans - Provident Fund Contribution:

Specified class of employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the entities

Notes to the Consolidated Financial Statements (Contd...)

make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The Group have no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employees benefit expenses when they are due in the Statement of Profit and Loss.

C Employee Separation Costs:

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

19 Dividends :

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

20 Financial Instruments:

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

A Financial assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified into four categories as follows:

i Debt instruments at amortised cost:

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (Contd...)

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

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

iv **Equity instruments:**

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

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

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

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

c **Derecognition:**

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

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

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

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

d **Impairment of financial assets:**

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

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

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

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

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

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide

Notes to the Consolidated Financial Statements (Contd...)

for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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

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

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

B Financial liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

c Derecognition:

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

d Embedded derivatives:

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

C Reclassification of financial assets:

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial

Notes to the Consolidated Financial Statements (Contd...)

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.

21 Fair Value Measurement:

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

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

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

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

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

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

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

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

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

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

22 Leases:

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

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

The Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 did not have any impact to be recognised in equity as an adjustment to the opening balance of retained earnings for the current period. For contracts in place at the date of initial application, the Group has elected to apply the definition of lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17. The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months

Notes to the Consolidated Financial Statements (Contd...)

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

As a lessee:

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

Measurement and recognition of leases as a lessee:

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

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

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

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

23 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group.

24 Earnings per Share:

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

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

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable effective from April 1, 2021.

Notes to the Consolidated Financial Statements (Contd...)

Note: 3 - Property, plant and equipment:

₹ in Lakhs

Particulars	Freehold Land	Leasehold Land *	Buildings *	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2019	**4,337**	**1,607**	**9,461**	**18,296**	**617**	**338**	**253**	**34,909**
Additions	-	16	119	1,983	40	18	21	2,197
Disposals	-	-	-	(40)	(5)	(9)	-	(54)
As at March 31, 2020	**4,337**	**1,623**	**9,580**	**20,239**	**652**	**347**	**274**	**37,052**
Additions	-	-	113	1,522	22	132	58	1,847
Disposals	-	-	-	(603)	(9)	(79)	(1)	(692)
As at March 31, 2021	**4,337**	**1,623**	**9,693**	**21,158**	**665**	**400**	**331**	**38,207**
Depreciation and Impairment:								
As at March 31, 2019	**-**	**92**	**1,734**	**11,638**	**347**	**162**	**194**	**14,167**
Depreciation for the year	-	18	448	1,854	76	43	18	2,457
Disposals	-	-	-	(32)	(3)	(4)	-	(39)
As at March 31, 2020	**-**	**110**	**2,182**	**13,460**	**420**	**201**	**212**	**16,585**
Depreciation for the year	-	18	403	1,632	56	34	24	2,167
Disposals	-	-	-	(446)	(8)	(47)	(1)	(502)
As at March 31, 2021	**-**	**128**	**2,585**	**14,646**	**468**	**188**	**235**	**18,250**
Net Block:								
As at March 31, 2020	**4,337**	**1,513**	**7,398**	**6,779**	**232**	**146**	**62**	**20,467**
As at March 31, 2021	**4,337**	**1,495**	**7,108**	**6,512**	**197**	**212**	**96**	**19,957**

* Refer note 44.

Note: 4 - Goodwill and Other intangible assets:

₹ in Lakhs

Particulars	Goodwill	Other intangible assets				
		Brand/ Trade Mark	Softwares	Commercial Rights	Technical Know-how	Total
Gross Block:						
As at March 31, 2019	**3,81,974**	**53,873**	**406**	**10**	**2**	**54,291**
Additions	-	-	1,040	-	-	1,040
Additions pursuant to Ind AS 103 - measurement period	10,028	-	-	-	-	-
As at March 31, 2020	**3,92,002**	**53,873**	**1,446**	**10**	**2**	**55,331**
Additions	-	-	247	-	-	247
As at March 31, 2021	**3,92,002**	**53,873**	**1,693**	**10**	**2**	**55,578**
Amortisation and Impairment:						
As at March 31, 2019	**-**	**5**	**250**	**10**	**1**	**266**
Amortisation for the year	-	-	181	-	1	182
As at March 31, 2020	**-**	**5**	**431**	**10**	**2**	**448**
Amortisation for the year	-	-	349	-	-	349
As at March 31, 2021	**-**	**5**	**780**	**10**	**2**	**797**
Net Block:						
As at March 31, 2020	**3,92,002**	**53,868**	**1,015**	**-**	**-**	**54,883**
As at March 31, 2021	**3,92,002**	**53,868**	**913**	**-**	**-**	**54,781**

Notes to the Consolidated Financial Statements (Contd...)

Goodwill:

1 Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units [CGUs] those are expected to get benefit from that business combination. The carrying amount of goodwill has been allocated to Consumer Health & Wellness.

2 The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU/ groups of CGU over a period of five years. An average of the range of key assumptions used is mentioned below. As of March 31, 2021 and March 31, 2020, the estimated recoverable amount of the CGU exceeded its carrying amount. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows :

Particulars	As at March 31, 2021	As at March 31, 2020
Long Term Growth Rate	6.50%	6.50%
Discount Rate	9.60%	10.00%

The above discounted rate is based on the Weighted Average Cost of Capital [WACC]. These estimates are likely to differ from future actual results of operations and cash flows.

Note: 5 - Other financial assets:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	288	580
Fixed Deposits	586	397
Total	**874**	**977**

Note: 6 - Deferred tax asset [net]:

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

₹ in Lakhs

Particulars	As at March 31 2019	Impact for the previous year	As at March 31 2020	Impact for the current year	As at March 31 2021
Deferred tax liabilities					
Depreciation	1,248	(404)	844	256	1,100
Total	**1,248**	**(404)**	**844**	**256**	**1,100**
Deferred tax assets					
Employee benefits/ Payable to statutory authorities	416	215	631	(200)	431
Unabsorbed business loss and depreciation	-	1,315	1,315	597	1,912
Provision for Expiry and Breakages	22	303	325	220	545
Disallowance under section 35DD of Income tax Act	-	40	40	(8)	32
Disallowance under section 40(a)(ia) of Income tax Act	393	(393)	-	227	227
Others	205	(104)	101	(9)	92
Total	**1,036**	**1,376**	**2,412**	**827**	**3,239**
Minimum alternative tax credit entitlement	**10,511**	**-**	**10,511**	**-**	**10,511**
Net Deferred Tax Assets	**10,299**	**1,780**	**12,079**	**571**	**12,650**

Notes to the Consolidated Financial Statements (Contd...)

B. The net deferred tax assets of ₹ 571 Lakhs [March 31, 2020: ₹ 1,780 Lakhs] for the year has been credited in the consolidated Statement of Profit and Loss.

C. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

D. The Group has tax losses which arose in India of ₹ 1,17,437 Lakhs [March 31, 2020: ₹ 1,21,337 Lakhs] that are available for offsetting for indefinite period, except losses of ₹ 23,134 Lakhs which are available for offset for eight years against future taxable profits of the companies in which the losses arose. Out of ₹ 23,134 Lakhs, majority of these losses will expire in March 2029.

In India, unabsorbed depreciation is allowed to be set-off for indefinite period. MAT Credit not recognised as at March 31, 2021 is ₹ 5,414 Lakhs [March 31,2020: ₹ 5,414 Lakhs]. Such MAT Credit has not been recognised and included as a component of deferred tax asset in the balance sheet, as, on the basis of the assessment made by the management of the respective Company's profitability and operational plans in the foreseeable future, the management is of the view that presently, there is no convincing evidence that the respective Company would be liable to pay income tax under the normal provisions of the Income-tax Act for the periods up to which the Company is eligible to utilise the unused MAT Credit.

Further, notwithstanding the foregoing, the respective Company can elect to exercise the option permitted u/s 115BAA of the Income- tax Act, 1961 consequent to which the entire MAT Credit would no longer be allowed for utilisation.

Note: 7 - Other non-current assets:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	148	304
Balances with Statutory Authorities	1,025	161
Total	**1,173**	**465**

Note: 8 - Assets for tax [net]:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Advance payment of tax (Net of provision for taxation)	143	163
Total	**143**	**163**

Notes to the Consolidated Financial Statements (Contd...)

Note: 9 - Inventories:

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

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Classification of Inventories:		
Raw Materials	5,858	3,138
Work-in-progress	8,944	9,199
Finished Goods	16,629	13,763
Stock-in-Trade	2,195	693
Store and Spares	828	751
Others:		
Packing Materials	2,018	1,690
Total	**36,472**	**29,234**
The above includes Goods in transit as under:		
Raw Materials	326	27
Finished Goods	-	1,091
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories:		
- Net of reversal of written down.	981	476

Note: 10 - Investments:

₹ in Lakhs

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

Note: 11 - Trade receivables:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured - Considered good	9,428	11,820
Unsecured - Credit impaired	301	238
	9,729	12,058
Less: Allowances for credit losses	(301)	(238)
Total	**9,428**	**11,820**

Notes to the Consolidated Financial Statements (Contd...)

Note: 12 - Cash and cash equivalents:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Banks	17,370	5,442
Cash on hand	4	6
Total	**17,374**	**5,448**

Note: 13 - Bank balance other than cash and cash equivalents:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Earmarked balances with bank for unclaimed dividend accounts	61	80
Balances with Banks	7,837	2,714
Total	**7,898**	**2,794**

Note: 14 - Other current financial assets:

₹ in Lakhs

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

Note: 15 - Other current assets:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Advances to suppliers	964	1,384
Prepaid expenses	200	133
Balances with statutory authorities	10,493	12,444
Total	**11,657**	**13,961**

Notes to the Consolidated Financial Statements (Contd...)

Note: 16 - Equity share capital:

Particulars		As at March 31, 2021	As at March 31, 2020
Authorised:			
10,00,00,000 [as at March 31, 2020: 10,00,00,000] Equity shares of ₹ 10 each	₹ in Lakhs	10,000	10,000
Total		**10,000**	**10,000**
Issued, Subscribed and fully paid-up:			
6,36,32,144 [as at March 31, 2020: 5,76,64,144] Equity shares of ₹ 10 each	₹ in Lakhs	6,363	5,766
Total		**6,363**	**5,766**

	Particulars	As at March 31, 2021	As at March 31, 2020
A.	The reconciliation in number of Equity shares is as under:		
	Number of shares at the beginning of the year	5,76,64,144	5,76,64,144
	Add: Shares issued during the year	59,68,000	-
	Number of shares at the end of the year	6,36,32,144	5,76,64,144
B.	The Parent has only one class of equity shares having a par value of ₹ 10 each per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Parent Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts and all liabilities.		
C.	Details of Shareholder holding more than 5% of total equity shares of the Company		
	Cadila Healthcare Limited		
	Number of Shares	3,66,47,509	3,66,47,509
	% to total share holding	57.59%	63.55%
	Zydus Family Trust		
	Number of Shares	45,93,193	24,54,147
	% to total share holding	7.22%	4.26%
	Threpsi Care LLP (True North)		
	Number of Shares	72,20,216	72,20,216
	% to total share holding	11.35%	12.52%
D.	Number of Shares held by Holding Company		
	Cadila Healthcare Limited	3,66,47,509	3,66,47,509

Notes to the Consolidated Financial Statements (Contd...)

Note: 17 - Other equity:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Debentures Redemption Reserves:		
Balance as per last Balance Sheet	37,500	37,500
Less: Transfer to Retained Earnings	(37,500)	
Balance as at the end of the year	**-**	**37,500**
Securities Premium:		
Balance as per last Balance Sheet	2,55,641	2,55,641
Add: Addition pursuant to issue of shares	99,393	-
Less: Utilized for issue of shares [includes payment to Auditors ₹ 3 Lakhs]	(1,333)	-
Balance as at the end of the year	**3,53,701**	**2,55,641**
General reserve: [*]		
Balance as per last Balance Sheet	4,500	4,500
	4,500	**4,500**
Foreign Currency transaction Reserve:		
Balance as per last Balance Sheet	17	-
Add: Credited during the year	(11)	17
Balance as at the end of the year	**6**	**17**
Retained Earnings:		
Balance as per last Balance Sheet	42,642	35,221
Add: Profit for the year	11,873	14,172
Add: Other Comprehensive Income for the year	194	201
	54,709	**49,594**
Add: Transfer from Debentures Redemption Reserves	37,500	-
Less: Dividends:		
Dividends	-	(5,767)
Corporate Dividend Tax on Dividend	-	(1,185)
	37,500	(6,952)
Balance as at the end of the year	**92,209**	**42,642**
Total	**4,50,416**	**3,40,300**

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

Notes to the Consolidated Financial Statements (Contd...)

Note: 18 - Borrowings:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Convertible Debentures (NCDs), Secured [*]	-	1,50,000
Loans from related party [Unsecured] [**]	31,250	-
Total	**31,250**	**1,50,000**
[*] During the year ended March 31, 2021, the Company has early redeemed all the NCDs.		
[**] Terms of repayment of Unsecured Borrowing:		
The loan from one of the fellow subsidiary company are payable in eight quarter installments starting from July 13, 2021 along with applicable interest for the period.		
Name of the party and relationship with the party from whom received:		
Fellow Subsidiary Company:		
a Zydus Healthcare Limited	31,250	-
	31,250	**-**

Note: 19 - Other financial liabilities:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Lease Obligations	49	64
Others Deposits	91	51
Total	**140**	**115**

Note: 20 - Provisions:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits	1,282	1,103
Total	**1,282**	**1,103**

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Notes to the Consolidated Financial Statements (Contd...)

Note: 20 - Provisions: (Contd...)

Gratuity [Defined benefit plan]:

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

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

Investment risk:

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

Interest risk:

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

Longevity risk:

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

Salary risk:

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

₹ in Lakhs

	Particulars	March 31, 2021			March 31, 2020		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening obligation	313	1,238	2,182	50	1,048	2,141
	Transfer in/ (out) Obligation	-	-	22	182	(182)	(10)
	Interest cost	19	76	135	17	75	151
	Current service cost	55	199	248	44	176	235
	Benefits paid	(131)	(229)	(254)	(103)	(122)	(148)
	Actuarial [gains] / losses on obligation due to:						
	Experience adjustments	72	58	(180)	118	238	(208)
	Change in financial assumptions	4	31	(8)	5	5	21
	Closing obligation	**332**	**1,373**	**2,145**	**313**	**1,238**	**2,182**

Notes to the Consolidated Financial Statements (Contd...)

Note: 20 - Provisions: (Contd...)

₹ in Lakhs

	Particulars	March 31, 2021			March 31, 2020		
		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	-	192	2,199	-	179	1,945
	Transfer in/ (out) Obligation	-	-	22	-	-	(11)
	Expected return on plan assets	-	1	87	-	10	14
	Interest Income	-	11	143	-	3	142
	Contributions by employer	-	-	71	-	-	257
	Benefits paid	-	-	(254)	-	-	(148)
	Closing fair value of plan assets	-	204	2,268	-	192	2,199
	Total actuarial [losses]/gains to be recognised	**76**	**88**	**(275)**	**123**	**233**	**(201)**
D	**Actual return on plan assets:**						
	Actual return on plan assets	-	12	230	-	13	156
E	**Amount recognised in the balance sheet:**						
	Liabilities / [Assets] at the end of the year	332	1,373	2,145	313	1,238	2,182
	Fair value of plan assets at the end of the year	-	(204)	(2,268)	-	(192)	(2,199)
	Liabilities / [Assets] recognised in the Balance Sheet	**332**	**1,169**	**(123)**	**313**	**1,046**	**(17)**
F	**Expenses / [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	55	199	248	44	176	235
	Interest cost on benefit obligation	19	76	135	17	75	151
	Expected return on plan assets	-	(11)	(143)	-	(3)	(142)
	Net actuarial [gains]/ losses in the year	76	88	-	123	233	-
	Net expenses / [benefits]	**150**	**352**	**240**	**184**	**481**	**244**
	Net actuarial [gains]/ losses in the year	-	-	(275)	-	-	(201)
	Amounts recognized in Other Comprehensive income	**-**	**-**	**(275)**	**-**	**-**	**(201)**
G	**Movement in net liabilities recognised in Balance sheet:**						
	Opening net liabilities	313	1,046	(17)	50	869	196
	Transfer in/(out) obligation	-	-	-	182	(182)	1
	Expenses as above [P & L Charge]	150	352	240	184	481	244
	Amount recognised in OCI	-	-	(275)	-	-	(201)
	Contribution to plan assets	-	-	(71)	-	-	(257)
	Benefits Paid	(131)	(229)	-	(103)	(122)	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**332**	**1,169**	**(123)**	**313**	**1,046**	**(17)**

Notes to the Consolidated Financial Statements (Contd...)

Note: 20 - Provisions: (Contd...)

₹ in Lakhs

	Particulars	March 31, 2021			March 31, 2020		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate	6.25%	6.25%	6.25%	6.70%	6.70%	6.70%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations.]						
	Annual increase in salary cost	9% thereafter			12% for next 1 years, 9% thereafter		
	[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.]						
I	**The categories of plan assets as a % of total plan assets are:**						
	Insurance plan	0%	100%	100%	0%	100%	100%

J Amount recognised in current and previous four years:

₹ in Lakhs

Particulars	As at March 31				
Gratuity:	**2021**	**2020**	**2019**	**2018**	**2017**
Defined benefit obligation	2,145	2,182	2,141	290	257
Fair value of Plan Assets	2,268	2,199	1,945	279	242
Deficit / [Surplus] in the plan	(123)	(17)	196	12	15
Actuarial Loss / [Gain] on Plan Obligation	(188)	(187)	(2)	(15)	(24)
Actuarial Loss / [Gain] on Plan Assets	-	-	(4)	(1)	(1)

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

The average duration of future service of defined benefit plan obligation as at March 31, 2021: 22.79 years [as at March 31, 2020 : 23.34 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is shown below:

₹ in Lakhs

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2021	2020	2021	2020	2021	2020
Impact on obligation:						
Discount rate increase by 0.5%	(10)	(9)	(41)	(35)	(59)	(55)
Discount rate decrease by 0.5%	10	9	44	34	62	60
Annual salary cost increase by 0.5%	10	9	43	34	45	60
Annual salary cost decrease by 0.5%	(9)	(9)	(41)	(35)	(46)	(55)

Notes to the Consolidated Financial Statements (Contd...)

Note: 20 - Provisions: (Contd...)

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

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Within the next 12 months [next annual reporting period]	613	677
Between 2 and 5 years	1,724	1,865
Between 5 and 10 years	1,457	1,373
Total expected payments	**3,794**	**3,915**

Note: 21 - Other non current liabilities:

₹ in Lakhs

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

Note: 22 - Borrowings:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured]	-	1,630
Working Capital Loans from Banks [Unsecured]	4,975	-
Loans from Related Parties [Unsecured] [*]	18,750	275
Total	**23,725**	**1,905**
[*] Terms of repayment of Unsecured Borrowing:		
The loan from one of the fellow subsidiary company are payable within the period of one year along with applicable of interest.		
Name of the party and relationship with the party from whom received:		
Fellow Subsidiary Company:		
a Zydus Healthcare Limited	18,750	275
	18,750	**275**

Notes to the Consolidated Financial Statements (Contd...)

Note: 23 -Trade payables:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Dues to Micro and Small Enterprises [*]	1,245	654
Dues to other than Micro and Small Enterprises	42,616	49,792
Total	**43,861**	**50,446**
[*] Disclosure in respect of Micro and Small Enterprises:		
A. Principal amount remaining unpaid to any supplier as at year end	1,245	654
B. Interest due thereon	128	-
C. Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
D. Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
E. Amount of interest accrued and remaining unpaid at the end of the accounting year.	128	-
F. Amount of further interest remaining due and payable in succeeding years.	128	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises on the basis of information available with the Company.		

Note: 24 - Other financial liabilities:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Current Maturities of Lease liabilities	16	14
Interest accrued but not due on borrowings [*]	1,079	2,822
Payable to employees	1,814	1,375
Unpaid dividends [**]	61	80
Total	**2,970**	**4,291**
[*] Details of interest accured but not due on borrowings to Related Parties are as under:		
Fellow Subsidiary Company		
a Zydus Healthcare Limited	1,079	-
	1,079	**-**

[**] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Note: 25 - Other current liabilities:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Payable to statutory authorities	3,638	2,221
Deferred revenue on Government grants	68	68
Advances from customers	989	1,101
Total	**4,695**	**3,390**

Notes to the Consolidated Financial Statements (Contd...)

Note: 26 - Provisions:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits [*]	96	239
Provision for claims for product expiry and return of goods [**]	1,745	1,245
Total	**1,841**	**1,484**
[*] Refer note 20		
[**] Provision for claims for product expiry and return of goods:		
a. Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Group does not expect such claims to be reimbursed by any other party in future.		
b. The movement in such provision is stated as under:		
Opening balance at the beginning of the financial year	1,245	908
Add: Provision created during the year	2,759	2,206
Less: Provision used during the year	(2,259)	(1,869)
Closing balance at the end of the financial year	**1,745**	**1,245**

Note: 27 - Contingent liabilities and commitments [to the extent not provided for]:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
A Contingent liabilities:		
a Other money for which the Group is contingently liable:		
i In respect of Sales Tax and VAT matters pending before appellate authorities/ court which the Group expects to succeed, based on decisions of Tribunals/ Courts	9,639	6,913
ii In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	1,449	1,337
iii In respect of Income Tax matters pending before appellate authorities which the Group expects to succeed, based on decisions of Tribunals/ Courts	16,588	16,571
iv In respect of Stamp Duty	4,363	4,363
The Group has signed tax indemnity with erstwhile seller shareholder of acquired Heinz India Private Limited that purchasing buyer shall have the rights to make an tax indemnity claim to extent of the loss suffered by the Group for the period prior to acquisition. Of the above ₹ 25,713 Lakhs and ₹ 24,467 Lakhs as at March 31, 2021 and March 31, 2020, respectively, is covered under agreed tax indemnity clause and reimbursable from erstwhile shareholder of the Heinz India Private Limited on the amount being crystalized.		
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	701	354

Note: 28 - Dividend proposed to be distributed:

The Board of Directors, at its meeting held on May 10, 2021, recommended the final dividend of ₹ 5 per equity share of ₹ 10/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Notes to the Consolidated Financial Statements (Contd...)

Note: 29 - Revenue from operations:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of Products [*]	1,85,366	1,73,419
Other Operating Revenues:		
Net gain on foreign currency transactions and translation	77	53
Miscellaneous Income	1,224	3,210
Total	**1,86,667**	**1,76,682**
[*] Reconciliation of revenue recognised in the Statement of Profit and Loss with the contracted price:		
Revenue as per contracted price, net of returns	2,00,002	1,89,845
Less:		
Provision for claims for product expiry and return of goods	500	337
Discounts/ Price Reduction/ Rebates	14,136	16,089
	14,636	16,426
Revenue from contract with customers	**1,85,366**	**1,73,419**

Note: 30 - Other income:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Finance Income:		
Interest income on financial assets measured at amortised cost	676	535
Gain on investment mandatorily measured at FVTPL	-	14
Net gain on sale of investments	218	522
Total	**894**	**1,071**

Note: 31 - Changes in inventories:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Stock at commencement:		
Work-in-progress	9,199	6,796
Finished Goods	13,763	10,003
Stock-in-trade	693	1,102
	23,655	**17,901**
Less: Stock at close:		
Work-in-progress	8,944	9,199
Finished Goods	16,629	13,763
Stock-in-trade	2,195	693
	27,768	**23,655**
Total	**(4,113)**	**(5,754)**

Notes to the Consolidated Financial Statements (Contd...)

Note: 32 - Employee benefits expense:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	15,209	14,065
Contribution to provident and other funds [*]	738	896
Staff welfare expenses	436	640
Total	**16,383**	**15,601**
The above includes Whole-time Director's Remuneration	452	372
[*] The Company's contribution towards the defined contribution plan	488	436

Note: 33 - Finance cost:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense [*]	8,340	13,935
Bank commission and charges	40	56
Total	**8,380**	**13,991**
[*] Interest expenses includes:		
On Non-Convertible Debentures	6,018	13,748
On working capital loans	2,183	172
On lease liabilities	7	3
On others	132	12
Total	**8,340**	**13,935**

Note: 34 - Other expenses:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spare parts	1,042	935
Power and fuel	2,091	2,162
Labour charges	2,386	1,899
Rent	907	1,200
Repairs to buildings	172	202
Repairs to plant and machinery	461	1,091
Repairs to others	757	793
Insurance	570	393
Rates and taxes	651	654
Traveling expenses	805	2,001

Notes to the Consolidated Financial Statements (Contd...)

Note: 34 - Other expenses: (Contd...)

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Legal and professional fees [*]	1,161	910
Commission on sales	1,643	1,845
Freight and forwarding on sales	6,330	6,131
Advertisement and sales promotions	22,959	22,426
Representative allowances	1,295	777
Outside services	3,333	3,244
Other marketing expenses	2,449	2,300
Directors' fees	83	36
Remuneration to independent directors	20	-
Allowances of credit losses		
Trade receivables written off	-	2
Expected credit loss	63	-
Miscellaneous Expenses [**]	2,184	2,097
Total	**51,362**	**51,098**
[*] Legal and professional fees include:		
a Payment to the Statutory Auditors [excluding Taxes]:		
As Auditor	30	26
For Other Services	5	5
Total	**35**	**31**
b Cost Auditor's Remuneration including fees for other services	3	3
[**] Miscellaneous expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013.	92	221

Note: 35 - Exceptional items:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Exceptional items [*]	13,213	4,420
Total	**13,213**	**4,420**

[*] During the year ended March 31, 2021, the secured Non-Convertible Debentures (NCDs) previously issued by the Company had been repurchase amounting to ₹ 150,000 Lakhs and the premium amount paid towards the purchase of the above NCDs are expensed off as an exceptional items.

During the previous year ended March 31, 2020, in the process of integration and concluding the merger of the acquired entity, Company incurred various expenses towards transition service agreement (TSA), consultancy fees, stamp duties, legal and professional charges and other incidental charges. The Company would not have incurred these expenses in the normal course of business and hence these expenses are classified as Exceptional items.

Notes to the Consolidated Financial Statements (Contd...)

Note: 36 - Tax expense:

The major components of income tax expense are:

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Statement of Profit and Loss:		
Profit or Loss section:		
Current income tax:		
Current income tax charge	-	-
Adjustments in respect of current income tax of previous year	-	(265)
	-	**(265)**
Deferred Tax:		
Deferred tax asset relating to origination and reversal of temporary differences	(652)	(1,780)
Total credited reported in the statement of profit or loss	**(652)**	**(2,045)**
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss on remeasurements of defined benefit plans	81	-
Tax charged to OCI	**81**	**-**
Total reported in the Statement of Profit and Loss.	**(571)**	**(2,045)**

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
B. Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Profit before tax:	11,221	12,127
Enacted Tax Rate in India (%)	34.94%	26.00%
Expected Tax Expenses	**3,921**	**3,153**
Adjustments for:		
Adjustments in respect of current income tax of previous years	-	(265)
Effect of Non-taxable Income	(62)	(65)
Utilisation of previously unrecognised tax losses	(7,874)	-
Effect of differences in tax rate in standalone and consolidated	(223)	-
Effect of unrecognised deferred tax assets/ liabilities	3,516	(5,412)
Effect of other non-deductible expenses	24	492
Others	127	52
Total	**(571)**	**(2,045)**

Notes to the Consolidated Financial Statements (Contd...)

Note: 37 - Calculation of Earnings per equity share [EPS]:

Particulars			Year ended March 31, 2021	Year ended March 31, 2020
A.	The numerators and denominators used to calculate the basic and diluted EPS after exceptional items are as follows:			
i	Profit after exceptional items attributable to Shareholders	₹- in Lakhs	11,873	14,172
ii	Basic and weighted average number of Equity Shares outstanding during the period	Numbers	6,07,41,344	5,76,64,144
iii	Nominal value of equity share	₹	10	10
iv	Basic & diluted Earnings per equity share after exceptional items [EPS]	₹	19.55	24.58
B.	The numerators and denominators used to calculate the basic and diluted EPS before exceptional items are as follows:			
i	Profit before exceptional items attributable to Shareholders	₹- in Lakhs	25,086	18,592
ii	Basic and weighted average number of Equity Shares outstanding during the period	Numbers	6,07,41,344	5,76,64,144
iii	Nominal value of equity share	₹	10	10
iv	Basic & diluted Earnings per equity share before exceptional items [EPS]	₹	41.30	32.24

Note: 38 - Segment Information:

The Chief Operating Decision Maker [CODM] reviews the Group as a single "Consumer" segment. The Group operates in one segment only, namely "Consumer Products." The Group also exports its products to other countries. However the value being below threshold limit as prescribed under Ind AS provisions of "Segment Reporting", the reporting is not required.

Note: 39 - Related Party Transactions:

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

a	**Entity having control over Holding Company :** Zydus Family Trust *	
b	**Holding Company:** Cadila Healthcare Limited	
c	**Fellow Subsidiaries/ Concerns:**	
	Zydus Healthcare Limited	Zydus Healthcare (USA) LLC [USA]
	German Remedies Pharmaceuticals Private Limited	Sentynl Therapeutics Inc. [USA]
	Zydus Animal Health and Investments Limited	Zydus Noveltech Inc. [USA]
	Dialforhealth Unity Limited	Hercon Pharmaceuticals LLC [USA]
	Dialforhealth Greencross Limited	Viona Pharmaceuticals Inc. [USA]
	Violio Healthcare Limited	Zydus Therapeutics Inc. [USA]
	Zydus Pharmaceuticals Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
	Biochem Pharmaceutical Private Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
	Zydus Strategic Investments Limited	Script Management Services (Pty) Ltd [South Africa]
	Zydus VTEC Limited	Zydus France, SAS [France]

Notes to the Consolidated Financial Statements (Contd...)

Note: 39 - Related Party Transactions: (Contd...)

c	**Fellow Subsidiaries/ Concerns:**	
	Zydus Foundation **	US Pharma Windlas LLC [USA]
	M/s. Recon Pharmaceuticals and Investments, a Partnership Firm	Windlas, Inc. [USA]
	Alidac Healthcare (Myanmar) Limited [Myanmar]	Laboratorios Combix S.L. [Spain]
	Zydus Healthcare Philippines Inc. [Philippines]	Etna Biotech S.R.L. [Italy]
	Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Nikkho Farmaceutica Ltda. [Brazil]
	Zydus International Private Limited [Ireland]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
	Zydus Netherlands B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
	Zydus Pharmaceuticals (USA) Inc. [USA]	Zydus Worldwide DMCC [Dubai]
	ZyVet Animal Health Inc. [USA]	Zydus Discovery DMCC [Dubai]
	Windlas Healthcare Private Limited	Nesher Pharmaceuticals (USA) LLC [USA]
d	**Directors**	
	Dr. Sharvil P. Patel	Non -Executive Chairman
	Mr. Ganesh Nayak	Non-Executive Director
	Mr. Kulin S. Lalbhai	Independent Director
	Mr. Savyasachi S. Sengupta	Independent Director
	Mr. Ashish Bhargava	Nominee Director
	Mr. Srivishnu Raju Nandyala	Independent Director
	Ms. Dharmishtaben N. Raval	Independent Director
e	**Key Managerial Personnel:**	
	Mr. Tarun G. Arora	Chief Executive Officer & Whole Time Director
	Mr. Umesh V. Parikh	Executive Officer [Chief Financial Officer]
	Mr. Dhanraj P. Dagar	Executive Officer [Company Secretary]
f	**Enterprises significantly influenced by Directors and/ or their relatives of Holding Company:**	
	Mukesh M. Patel & Co.	
g	**Post Employment Benefits Plan-**	
	Zydus Wellness Limited Employee Group Gratuity Scheme	Heinz India Private Limited Employee Provident Fund
	Zydus Wellness Sikkim Employee Group Gratuity Scheme	Heinz India Private Limited Gratuity fund
	Heinz India Private Limited Provident Fund	Heinz India Private Limited Pension fund

* Zydus Family Trust is a related party as per Ind AS.

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

Notes to the Consolidated Financial Statements (Contd...)

Note: 39 - Related Party Transactions: (Contd...)

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business:

a Details relating to parties referred to in Note 39 - A [a, b, c and g]

₹ in Lakhs

Nature of Transactions	Value of the Transactions					
	Holding Company/ Entity having control over Holding Company		Fellow Subsidiaries and concerns		Post Employment Benefits Plan	
	Year ended March 31					
	2021	2020	2021	2020	2021	2020
Sales:						
Goods:						
Cadila Healthcare Limited	9	45	-	-	-	-
Zydus Healthcare Limited	-	-	1,285	70	-	-
Zydus Healthcare SA (PTY) Limited	-	-	62	224	-	-
Service:						
Cadila Healthcare Limited	-	2	-	-	-	-
Zydus Healthcare Limited	-	-	72	14	-	-
Purchase:						
Goods:						
Cadila Healthcare Limited	10	-	-	-	-	-
Services:						
Cadila Healthcare Limited	22	9	-	-	-	-
Reimbursement of Expenses:						
Cadila Healthcare Limited	113	94	-	-	-	-
CSR contributions:						
Zydus Foundation	-	-	92	221	-	-
Investments:						
Issue of Equity Shares:						
Zydus Family Trust	34,992	-	-	-	-	-
Finance:						
Interest Expenses:						
Zydus Healthcare Limited	-	-	2,460	26	-	-
Inter Corporate Loan accepted:						
Zydus Healthcare Limited	-	-	1,66,500	-	-	-
Inter Corporate Loan repaid to:						
Zydus Healthcare Limited	-	-	1,16,775	-	-	-

Notes to the Consolidated Financial Statements (Contd...)

Note: 39 - Related Party Transactions: (Contd...)

₹ in Lakhs

Nature of Transactions	Value of the Transactions					
	Holding Company/ Entity having control over Holding Company		Fellow Subsidiaries and concerns		Post Employment Benefits Plan	
	Year ended March 31					
	2021	2020	2021	2020	2021	2020
Contributions during the year (includes Employee's share and contribution)						
Zydus Wellness Limited Employee Group Gratuity Scheme	-	-	-	-	37	30
Zydus Wellness Sikkim Employee Group Gratuity Scheme	-	-	-	-	34	28
Heinz India Private Limited Provident Fund	-	-	-	-	421	461
Heinz India Private Limited Employee Provident Fund	-	-	-	-	348	341
Heinz India Private Limited Gratuity fund	-	-	-	-	-	200
Heinz India Private Limited Pension fund	-	-	-	-	64	66
Dividend Paid						
Cadila Healthcare Limited	-	3,665	-	-	-	-
Outstanding Receivable:						
Cadila Healthcare Limited	1	14	-	-	-	-
Zydus Healthcare S.A. (Pty) Ltd	-	-	-	173	-	-
Zydus Healthcare Limited	-	-	-	37	-	-
Outstanding Payable:						
Zydus Healthcare Limited	-	-	50,780	280	-	-

b Details relating to persons referred to in Note 39-A [d] and [e] above:

₹ in Lakhs

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
(i)	Salaries and other employee benefits to Whole time directors and other executive officers	623	504
(ii)	Commission and Sitting Fees:	83	36
(iii)	Remuneration to Independent Directors	20	-
(iv)	Outstanding payable to above (i), (ii) and (iii)	22	8

c Details relating to persons referred to in Note 39-A [f] above:

₹ in Lakhs

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
(i)	Purchase of services	24	21

Notes to the Consolidated Financial Statements (Contd...)

Note: 40 - Financial instruments:

(i) Fair values hierarchy:

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

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

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

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

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

₹ in Lakhs

Particulars	As at March 31, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments at FVTPL								
Mutual funds	-	-	-	-	11,041	-	-	11,041
Total	**-**	**-**	**-**	**-**	**11,041**	**-**	**-**	**11,041**
Financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(iii) Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed.

Financial Assets: The carrying amounts of trade receivables 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.

Note: 41 - Financial risk management:

(i) Financial instruments by category:

₹ in Lakhs

Particulars	As at March 31, 2021				As at March 31, 2020			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Investments	-	-	-	-	11,041	-	-	11,041
Trade receivables	-	-	9,428	9,428	-	-	11,820	11,820
Cash and Cash equivalents	-	-	17,374	17,374	-	-	5,448	5,448
Bank balance other than cash and cash equivalents	-	-	7,898	7,898	-	-	2,794	2,794
Other financial assets	-	-	2,734	2,734	-	-	977	977
Total	**-**	**-**	**37,434**	**37,434**	**11,041**	**-**	**21,039**	**32,080**
Financial liabilities								
Borrowings	-	-	54,975	54,975	-	-	1,51,905	1,51,905
Trade payables	-	-	43,861	43,861	-	-	50,446	50,446
Other financial liabilities	-	-	3,110	3,110	-	-	4,406	4,406
Total	**-**	**-**	**1,01,946**	**1,01,946**	**-**	**-**	**2,06,757**	**2,06,757**

Notes to the Consolidated Financial Statements (Contd...)

Note: 41 - Financial risk management: (Contd...)

(ii) Risk Management:

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

The Group's risk management is managed in close co-ordination with the board of directors and focuses on actively securing the Group's short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below:

A. Credit risk:

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

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

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

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

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

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

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

Movement in the expected credit loss allowance on trade receivables: ₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	238	238
Addition	63	-
Balance at the end of the year	301	238

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

B Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities.

Notes to the Consolidated Financial Statements (Contd...)

Note: 41 - Financial risk management: (Contd...)

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 its 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 Lakhs

Particulars	As at March 31, 2021				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	28,385	27,213	6,955	-	62,553
Trade payables	43,861	-	-	-	43,861
Other financial liabilities (excluding interest accrued but not due)	1,891	22	22	104	2,039
Total	**74,137**	**27,235**	**6,977**	**104**	**1,08,453**

₹ in Lakhs

Particulars	As at March 31, 2020				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	15,690	63,635	59,115	54,570	193,010
Trade payables	50,446	-	-	-	50,446
Other financial liabilities (excluding interest accrued but not due)	1,477	22	22	84	1,605
Total	**67,613**	**63,657**	**59,137**	**54,654**	**2,45,061**

C Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Euro and Other currency. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group's operations in foreign currency is insignificant and hence there is no material risk.

Notes to the Consolidated Financial Statements (Contd...)

Note: 41 - Financial risk management: (Contd...)

a **Foreign currency risk exposure:**

The Group exposure to foreign currency risk at the end of the reporting period expressed as follows:

Sensitivity

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

₹ in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Movement in Rate *	Impact on PAT	Movement in Rate	Impact on PAT
USD	7%	15	9%	12
USD	(7%)	(15)	(9%)	(12)
EUR	5%	(5)	7%	9
EUR	(5%)	5	(7%)	(9)
Others	5%	(2)	5%	2
Others	(5%)	2	(5%)	(2)

* 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, 2021, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in Fixed Deposits are at fixed interest rates.

Sensitivity:

Below is the sensitivity of profit or loss and equity changes in interest rates:

₹ in Lakhs

Particulars	Movement in Rate*	As at March 31, 2021	As at March 31, 2020
Interest rates	0.50%	(18)	(7)
Interest rates	(0.50%)	18	7

* Holding all other variables constant

E Price Risk

(a) Exposure

The Group's exposure to price risk arises from investments in equity and mutual funds held by the group and classified in the balance sheet as fair value through OCI and at fair value through profit or loss respectively, to manage its price risk arising from investments in equity securities and mutual funds, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

Notes to the Consolidated Financial Statements (Contd...)

(b) Sensitivity- Mutual Fund:

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit and loss for the period. The analysis is based on the assumption that the price of the instrument has increased by 2% or decreased by 2% with all other variables held constant.

₹ in Lakhs

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

* Holding all other variables constant

Note 42: Capital management:

The Group's capital management objectives are

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

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Particulars		As at March 31, 2021	As at March 31, 2020
Gross debts	₹ in Lakhs	54,975	1,51,905
Total equity	₹ in Lakhs	4,56,779	3,46,066
Gross debt to equity ratio [No. of times]		0.12	0.44

Loan covenants as at March 31, 2021

As at March 31, 2021, there is no outstanding of Non-Convertible Debentures (NCDs) and hence loan covenants are not applicable.

Loan covenants as at March 31, 2020

The Company had taken loan for working capital requirement and long term borrowings and as at March 31, 2020, the ratio of financial indebtness net of cash and cash equivalents to shareholder's fund is 0.39, Interest Service Coverage Ratio is 2.37 and financial indebtness net of cash and cash equivalents to Earnings before interest, tax, depreciation and amortisation (EBITDA) is 4.10, based on consolidated financial information as per Company's debenture trust deed.

Notes to the Consolidated Financial Statements (Contd...)

Note: 43 - Group Information:

Consolidated Financial Statements as at March 31, 2021 comprise the Financial Statements [FS] of Zydus Wellness Limited and its subsidiaries, which are as under:

Name	Principal activities	Country of incorporation	Status of FS at March 31, 2021	% Share of Interest As at March 31	
				2021	2020
Liva Investment Limited	Investment	India	Audited	100%	100%
Liva Nutritions Limited	Consumer Health & Wellness	India	Audited	100%	100%
Zydus Wellness Products Limited	Consumer Health & Wellness	India	Audited	100%	100%
Zydus Wellness International DMCC	Consumer Health & Wellness	Dubai	Audited	100%	100%

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

	Net Assets i.e. total assets minus total liabilities		Share in Profit / [Loss]		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of Consolidated Net Assets	₹ in Lakhs	As % of Consolidated Profit / [Loss]	₹ in Lakhs	As % of Consolidated other Comprehensive income	₹ in Lakhs	As % of total Comprehensive income	₹ in Lakhs
Parent:								
Zydus Wellness Limited	88%	4,01,929	(153%)	(18,214)	9%	16	(151%)	(18,198)
Subsidiaries:								
Indian:								
Zydus Wellness Products Limited	60%	2,75,332	(678%)	(80,529)	97%	178	(666%)	(80,351)
Liva Investment Limited	0%	241	0%	(14)	0%	-	0%	(14)
Liva Nutritions Limited	0%	19	0%	-	0%	-	0%	-
Foreign:								
Zydus Wellness International DMCC	0%	444	2%	200	0%	-	2%	200
Total Eliminations/ Consolidation Adjustments	(48%)	(2,21,186)	930%	1,10,430	(6%)	(11)	916%	1,10,419
Total	**100%**	**4,56,779**	**100%**	**11,873**	**100%**	**183**	**100%**	**12,056**

Note: 44 - Leases:

Lessee:

A Relating to statement of financial position:

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

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

Notes to the Consolidated Financial Statements (Contd...)

Note: 44 - Leases: (Contd...)

₹ in Lakhs

Right of use assets	Leasehold Land	Building	Total
Balance as at April 1, 2019 [net]	**1,515**	**-**	**1,515**
Additions during the year	16	84	100
Depreciation charge for the year	(18)	(7)	(25)
Balance as at March 31, 2020 [net]	**1,513**	**77**	**1,590**
Additions during the year	-	-	-
Depreciation charge for the year	(18)	(17)	(35)
Balance as at March 31, 2021 [net]	**1,495**	**60**	**1,555**

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

The Company leases assets include office buildings.

Movement in lease liabilities:	₹ in Lakhs
Lease liabilities recognised as on April 1, 2019	**-**
Additions	84
Redemptions	(6)
Lease liabilities as at March 31, 2020	**78**
Additions	-
Redemptions	(13)
Lease liabilities as at March 31, 2021	**65**
of which:	
Current portions	16
Non Current portions	49

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:

Minimum lease payments due: ₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Within 1 years	22	22
1-5 years	55	77
Total	**77**	**99**

Notes to the Consolidated Financial Statements (Contd...)

Note: 45 : COVID-19 Impact:

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

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

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

Note: 46:

Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

Signatures to Significant Accounting Policies and Notes 1 to 46 to the Consolidated Financial Statements

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

Mukesh M. Shah
Partner
Membership Number: 030190
Place: Ahmedabad
Date: May 10, 2021

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

Umesh V. Parikh
Chief Financial Officer

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

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

Statement containing the salient features of the financial statements of Subsidiaries/ Associates/ Joint Ventures

[Pursuant to first proviso to sub-section (3) of Section 129 of read with rule 5 of the Companies (Accounts) Rules, 2015]

Part: "A" - Subsidiaries

₹ in Lakhs

Sr No.	Name of the Subsidiary	Reporting Year Ended	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than Investments in Subsidiaries	Turnover & Other income from operations*	Profit/ (Loss) before Taxation*	Provision for Taxation *	Profit/ (Loss) after Taxation*	Proposed Dividend	% of Shareholding
1	Zydus Wellness Products Limited	March 31, 2021	₹	1	21,884	2,53,448	4,53,829	1,78,497	-	1,72,715	(9,001)	71,528	(80,529)	-	100.00%
2	Liva Nutritions Limited	March 31, 2021	₹	1	305	(64)	241	0	-	-	(14)	-	(14)	-	100.00%
3	Liva Investment Limited	March 31, 2021	₹	1	25	(6)	19	0	-	-	(0)	-	(0)	-	100.00%
4	Zydus Wellness International DMCC	March 31, 2021	USD	73.14	50	393	920	476	-	3,992	200	-	200	-	100.00%

Converted using average exchange rates prevailing during the year.

For and on behalf of the Board

Umesh V. Parikh
Chief Financial Officer
Place: Ahmedabad
Date: May 10, 2021

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

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

Dr. Sharvil P. Patel
Chairman
[DIN: 00131995]

NOTICE

ZYDUS WELLNESS LIMITED

(**CIN**–L15201GJ1994PLC023490)
Registered Office: "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej–Gandhinagar Highway, Ahmedabad – 382481
Website: www.zyduswellness.com; **Email ID:** investor.grievance@zyduswellness.com
Phone No.: +91 79 71800000; +91 79 48040000

Notice is hereby given that the **Twenty Seventh Annual General Meeting** ("**AGM**") of the members of the Company will be held on Friday, July 30, 2021 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 Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the year ended on March 31, 2021 and the Reports of the Board of Directors and the Auditors thereon.

2. To declare dividend of ₹ 5/- (50%) per equity share for the Financial Year ended on March 31, 2021.

3. To consider the re-appointment of Mr. Tarun G. Arora (DIN: 07185311), as a CEO and Whole Time Director, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To re-appoint Mr. Kulin S. Lalbhai (DIN: 05206878) as an Independent Director of the Company for the second term of 5 (five) consecutive years:

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**") and 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 to the Act, Articles of Associations of the Company, regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the **Listing Regulations**"), approvals and recommendations of Nomination and Remuneration Committee and that of Board of Directors ("the **Board**") Mr. Kulin S. Lalbhai (DIN: 05206878), an Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Act and regulation 16 of the Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of 5 (five) consecutive years with effect from November 18, 2021 to November 17, 2026, not liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and take all such steps as may be necessary, proper and expedient or to delegate all such powers to any committee of directors, to give effect to this resolution."

5. To ratify remuneration of Cost Auditors:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to provisions of section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, and rule 14 of the Companies (Cost Records and Audit) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies the remuneration of ₹ 2.80 Lakhs plus applicable Goods and Service Tax and out of pocket expenses at actuals for the financial year ending on March 31, 2022 to Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338) who were appointed by the Board of Directors as Cost Auditors to conduct the audit of cost records maintained by the Company pertaining to product 'Nutralite' manufactured by the Company for the financial year 2021–2022.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps as may be necessary to give effect to this resolution."

6. To approve remuneration to Non-Executive Directors:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of sections 197, 198, Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder and the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded for the payment of remuneration, in case of inadequate profits or no profits, for a period of five years commencing from Financial Year 2020-21 to the Non-Executive Directors of the Company as may be decided by the Board of Directors from time to time, provided that the total remuneration payable to the Non-Executive Directors per annum shall not exceed the maximum permissible limit under Schedule V of the Act, with an authority to the Board of Directors to determine the manner and proportion in which the amount be distributed among Non-Executive Directors.

RESOLVED FURTHER THAT the above remuneration shall be in addition to the fees payable to the Non-Executve Directors for attending the meetings of the Board of Directors or any Committee thereof or for any other purpose whatsoever as may be decided by the Board and reimbursement of expenses for participation in the Board and other meetings."

By Order of the Board of Directors

Dhanraj P. Dagar
Company Secretary
Membership No. A33308

Place: Ahmedabad
Date: May 10, 2021

NOTES:

1. The Explanatory Statement pursuant to provisions of section 102 of the Companies Act, 2013 ("the **Act**") in respect of business under Item Nos. 4 to 6 of the Notice is annexed hereto. The Board of Directors have considered and decided to include Item Nos. 4 to 6 given above as the special business in the Twenty Seventh Annual General Meeting ("**AGM**") as they are unavoidable in nature.

2. The Register of Members and Share Transfer Books shall remain closed from Friday, July 16, 2021 to Friday, July 23, 2021 (both days inclusive) for the purpose of AGM and to determine the list of members entitled to receive dividend, if declared by the shareholders at the AGM. In view of the above book closure dates, the members holding shares as on July 15, 2021 will be entitled to receive the dividend, if declared by the shareholders at the AGM.

3. In view of the COVID-19 Pandemic, the Ministry of Corporate Affairs vide its circulars dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 ("**MCA Circulars for General Meetings**"), and SEBI vide its circulars dated May 12, 2020 and January 15, 2021 ("**SEBI Circulars for General Meetings**") permitted the holding of the General Meetings through VC/OAVM, without the physical presence of members at a common venue. In compliance with the provisions of the Act, the 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 this AGM is being held pursuant to the MCA Circulars for General Meetings and SEBI Circulars for General Meetings through VC / OAVM, the facility to appoint proxy will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, a Body Corporate is entitled to appoint authorised representative to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.

   As this AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

4. Institutional / Corporate Shareholders (i.e. other than individual / HUF, NRI etc.) are required to send a scanned copy of (PDF / JPG format) of its Board or governing body Resolution / Authorization etc. authorizing the representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorization shall be sent to Mr. Hitesh Buch, the Scrutinizer, appointed by the Board, by email on his registered email address to pcs.buchassociates@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.

5. Members may note that the Board, at their meeting held on May 10, 2021 has recommended a final dividend of ₹ 5/- per equity share (i.e. 50%) of ₹ 10/- each for the Financial Year ended on March 31, 2021. The members holding shares as on July 15, 2021 i.e. the date prior to the commencement of the book closure, will be entitled to receive the final dividend declared, if any, for the Financial Year 2020-2021, by the members at the ensuing AGM, (i) as per the list of beneficial owners provided by the Depositories in respect of shares held in demat form and (ii) as per the Register of Members of the Company after giving effect to valid transmission / transposition in physical form lodged with the Link Intime India Private Limited, Registrar and Share Transfer Agent ("**RTA**") on or before the aforesaid date i.e. July 15, 2021. The transmission / transposition request complete in all respects should reach the RTA well before the above date. The final dividend, once approved by the members in the AGM, will be paid on or after 5th day from the date of AGM i.e. August 4, 2021, 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 to their

registered addresses as per the permitted mode. To avoid delay in receiving the dividend, members are requested to update their Know Your Client ("**KYC**") with their depositories (where shares are held in dematerialized mode) and with the 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 the IEPF, under sub-section (4) of section 125 or under proviso to sub-section (3) of section 125 of the Act, as the case may be, to the IEPF authority by making an online application in the prescribed Form No. IEPF-5, available on website www.iepf.gov.in along with fee as may be decided by the IEPF authority.

Financial year ended on	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF Account
March 31, 2014	July 14, 2014	60	August 20, 2021
March 31, 2015	July 29, 2015	60	September 04, 2022
March 31, 2016	March 4, 2016	@65	April 10, 2023
March 31, 2017	March 1, 2017	@65	April 07, 2024
March 31, 2018	August 3, 2018	80	September 09, 2025
March 31, 2019	July 31, 2019	50	September 06, 2026
March 31, 2020	March 13, 2020	@50	April 19, 2027

@ Interim Dividend

In compliance with the provisions of section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016 dated September 5, 2016 and as amended from time to time (hereinafter referred to as "**the said Rules**"), during the year, the Company has transferred 3,814 (Three Thousand Eight Hundred and Fourteen) Equity Shares of ₹10/- (Rupees Ten Only) each of 70 (Seventy) shareholders whose dividend remained unclaimed or unpaid for a consecutive period of 7 (Seven) years or more to IEPF authority constituted by the Ministry of Corporate Affairs.

Any shareholder who wishes to claim their shares or unclaimed dividend may apply to the IEPF authority by making an online application in the prescribed Form No. IEPF-5 available on website www.iepf.gov.in along with the prescribed documents and fees.

Pursuant to the IEPF (uploading of information regarding unpaid and unclaimed amount lying with the Companies) Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the March 31, 2020 on its website–www.zyduswellness.com and on the website of Ministry of Corporate Affairs www.mca.gov.in.

7. Members holding shares in physical form are requested to intimate the RTA of the Company viz., M/s. Link Intime India Private Limited (Unit: Zydus Wellness Limited), 506 – 508, Amarnath Business Centre – I, Beside Gala Business Centre, Navrangpura, Off C.G. Road, Ahmedabad–380006, changes, if any, in their names, registered address along with pin code number, email address, telephone / mobile number, Permanent Account Number ("**PAN**"), mandates, nominations, power of attorneys, bank details such as name of the bank, branch details, bank account number, MICR code, IFSC code, etc. and relevant evidences. Members holding shares in electronic form shall update such details with their respective Depository Participant ("**DP**").

   As per the provisions of section 72 of the Act, the facility of making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their respective DP in case the shares are held by them in electronic form and to the Company / RTA, in case the shares are held in physical form.

   Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company / RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such members after making requisite changes.

   In case of joint holders, the Members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

8. The information of the Directors seeking appointment / re-appointment at the ensuing AGM is provided at **Annexure–A** to this Notice as prescribed under regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India.

9. In compliance with the MCA 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 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / RTA / DP.

10. As per regulation 40 of the Listing Regulation, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form, except

for transmission or transposition and relodged transfer of securities. Further, SEBI vide its Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider to dematerialise their holdings at the earliest, as it will not be possible to transfer shares held in a physical mode. Members can contact the Company or RTA for assistance in this regard.

11. **SEBI vide its circular dated April 20, 2018, directed all the listed companies to record the Income Tax PAN and Bank Account Details of all their shareholders holding shares in physical form. All those shareholders who are yet to update their details with the Company are requested to do so at the earliest. This will help the shareholders to receive the dividend declared by the Company, directly in their respective bank accounts.**

12. **Members who have not registered their e–mail address so far are requested to register their e–mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.**

    The email address can be registered with the DP in case the shares are held in electronic form and with the RTA in case the shares are held in physical form.

    Members may also note that the Notice of the AGM and the Annual Report 2020-2021 is uploded and available on the Company's website at www.zyduswellness.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of CDSL at www.evotingindia.com. The copies of the documents will also be available for electronic inspection during normal business hours on working days, from the date of circulation of this Notice upto the date of AGM. For any communication, the members may also send requests to the Company's investor email id investor.grievance@zyduswellness.com or dhanraj.dagar@zyduswellness.com.

    The Register of Director's 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.

13. 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 final dividend. The Company had sent an email communication to all the members of the Company on April 28, 2021 with regard to deduction of tax on dividend as per the amendment introduced by the Finance Act, 2020 in the IT Act.

    Said email communication contained the details of tax rates for various categories of shareholders (Resident Indian, Non-Resident Indian, FIIs, FPIs, etc.), the link to download various blank forms and separate link and email ID to upload the signed forms and various documents by the shareholders to enable the Company to determine the appropriate TDS / withholding tax rate applicable. The said facility to upload the documents/sending documents through e-mail is open till June 30, 2021. Any communication received after June 30, 2021 will not be considered.

    For the information of the members, it is hereby clarified that **no tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend to be paid during the financial year does not exceed ₹ 5,000/- or if an eligible resident member has provided a valid declaration in Form 15G/Form 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 shareholder and documents registered with the Company.

    The Company will issue soft copy of the TDS certificate to its shareholders through e-mail registered with the Company / RTA post payment of the dividend. The Shareholders will also be able to download the TDS details from the Income Tax Department's website https://www.incometax.gov.in (refer Form 26AS).

    In case TDS is deducted at a higher rate in the absence of receipt of the aforementioned details/documents, an option is still available with the shareholder 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 July 15, 2021 and the dividend receivable by you is taxable under the IT Act, the Company shall be obligated to deduct taxes at source on the dividend payable to you as per the applicable provisions under the IT Act.

Members holding shares in dematerialized mode, are requested to update their records such as tax residential status, PAN and register their email addresses, mobile numbers and other details with their relevant depositories through their DPs. The members holding shares in physical mode are requested to furnish details to the Company's RTA.

The Company has sent necessary intimation with regard to TDS on dividend with all details to all the shareholders through email, whose email IDs are registered with the Company / RTA.

14. **E–Voting (voting through electronic means):**

I. The businesses as set out in the Notice shall be transacted through electronic voting system. In compliance with the provisions of section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, Standard 2 of the Secretarial Standards on General Meetings and regulation 44 of the Listing Regulations and pursuant to the 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 Central Depository Services (India) Limited ("**CDSL**") to facilitate the members to cast their votes from a place other than venue of the AGM ("**remote e-voting**"). The facility for voting shall be made available at the AGM through electronic voting and the members attending the meeting who have not cast their vote by remote e–voting shall be able to exercise their right during the AGM. The facility of casting votes by a member using remote e-voting as well as venue e-voting system on the date of the AGM will be provided by CDSL.

In terms of provisions of section 107 of the Act, as the Company is providing the facility of remote e-voting to the members, there shall be no voting by show of hands at the AGM.

II. In view of the continued COVID-19 pandemic, social distancing is still a norm to be followed and pursuant to the MCA 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. Accordingly, members can attend and participate in the ensuing AGM through VC / OAVM.

III. The Members can join the AGM through the VC / OAVM 30 minutes before the scheduled time for AGM and within 15 minutes after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on first come first served basis. This will not include large shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, the Nomination and Remuneration Committee and the Investors' / Stakeholders' Relationship Committee, and the Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

IV. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Act.

V. A person whose name is recorded in the Register of Members or in the List of Beneficial Owners maintained by the depositories as on Friday, July 23, 2021 ("**cut-off date**") shall be entitled to avail the facility of remote e-voting or voting at the time of AGM. Persons who are not members as on the cut-off date should treat this notice for information purpose only.

The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again.

The members whose names appear in the Register of Members / List of Beneficial Owners as on cut-off date are entitled to vote on Resolutions set forth in the Notice of AGM. Eligible members who have acquired shares after the email of the Annual Report and holding shares as on the cut-off date may approach the Company / DP for issuance of the User id and Password for exercising their right to vote by electronic means.

VI. **Process for those members whose email ids/mobile numbers are not registered with the Company/ Depositories:**

i. Members holding shares in physical form are requested to provide the necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) by email to **Company/RTA**.

ii. Members holding shares in demat form please update your email ID and mobile number with your resepective DP.

iii. Individual members holding shares in demat form- please update your email-ID and mobile number with your respective DP which is mandatory while e-voting and joining the AGM through VC / OAVM through Depository.

VII. **Instructions for members for remote e-voting, e-voting during AGM and joining the AGM through VC/OAVM are as under**:

i. The remote e-voting period commences at 9:00 a.m. (IST) on Tuesday, July 27, 2021 and ends at 5:00 p.m. (IST) on Thursday, July 29, 2021. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, July 23, 2021, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter.

ii. The members who have already voted prior to the AGM date would not be entitled to vote during the AGM.

iii. Pursuant to SEBI Circular No. SEBI/HO/FD/CMD/CIR/P/2020/242 dated December 9, 2020, under regulation 44 of the Listing Regulations, listed companies are required to provide remote e-voting facility to its members in respect of all members' resolutions.

Currently there are multiple e-voting service providers ("**ESPs**") providing e-voting facility to listed companies in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the members.

In order to increase the efficiency of the voting process, pursuant to a public consultation, 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 vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication, but also enhancing ease and convenience of participating in e-voting process.

iv. In view of the aforesaid SEBI Circular dated December 9, 2020, individual members holding shares in demat mode are allowed to vote through their demat account maintained with Depositories and DPs. **Members are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.** Pursuant to the aforesaid SEBI Circular dated December 9, 2020, login method for e-voting and joining virtual meetings for individual members holding shares in demat mode is given below:

Type of members	Login methods
Individual member holding shares in demat mode with **CDSL**	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 URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2. After successful login, the Easi / Easiest user will be able to see the e-voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-voting service provider i.e. CDSL / NSDL / Karvy / Link Intime as per information provided by Issuer / Company. Additionally, we are providing links to e-voting Service Providers, so that the user can visit the e-voting service providers' site directly. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration. 4. Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN from a link on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email ID as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-voting is in progress during or before the AGM.
Individual member holding shares in demat mode with **NSDL**	1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & 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

Type of members	Login methods
Individual member holding shares in demat mode with **NSDL**	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 held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
Individual member (holding shares in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL 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 Depository i.e. CDSL and NSDL

Login type	Helpdesk numbers
Individual members holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542-43.
Individual members holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

v. Login method for e-voting and joining AGM through VC/OAVM for **members other than individual members holding share in demat form and physical members** is as under:

1. The members should log on to the remote e–voting website www.evotingindia.com.
2. Click on Shareholders.
3. Now Enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

   OR

   Alternatively, if the members are registered on CDSL's **EASI/EASIEST** e – service, a member can login at http://www.cdslindia.com from login myeasi using its login credentials. Once a member successfully log in to CDSL's **EASI/EASIEST** e-services, click on e-voting option and proceed directly to cast its vote electronically,
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
6. If you are a first time user follow the steps given below:

	For Members holding shares in Demat and Physical Form other than individual members
PAN	Enter your 10 digit alpha–numeric PAN issued by Income Tax Department (applicable for both, members holding shares in demat mode and members holding shares in physical mode).
Dividend Bank Details **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's records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (3).

7. After entering these details appropriately, click on "SUBMIT" tab.

8. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

9. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

10. Click on the EVSN for ZYDUS WELLNESS LIMITED on which you choose to vote.

11. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.

12. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.

13. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

14. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

15. You can also take a print of the vote cast by clicking on "Click here to print" option on the voting page.

16. If demat account holder has forgotten the login password, he should enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

17. Shareholders can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while remote e-voting on your mobile.

18. Note for Non–Individual Shareholders and Custodians

    - Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
    - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance Users would be able to link the account(s) for which they wish to vote on.
    - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
    - A scanned copy of the Board Resolution or Power of Attorney ("**POA**"), which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
    - Alternatively non-individual members are required to send the relevant board resolution/authority letter together with attested specimen signature of the duly authorised signatory, who are authorised to vote, to the Scrutinizer and to the Company, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the Scrutinizer to verify the same.

19. If you have any queries or issues regarding attending AGM & e-voting from the e-voting system, you may refer the Frequently Asked Questions ("**FAQs**") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

    All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai-400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

    A member can opt for only one mode of voting i.e. either through remote e-voting or voting at the meeting. If a member casts votes by both modes, then voting done through remote e-voting shall prevail.

    The Company has appointed Mr. Hitesh Buch, Practicing Company Secretary (Membership No. 3145), to act as the Scrutinizer for conducting the e-voting and remote e-voting process in a fair and transparent manner.

    The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the e-voting on the Resolutions at the AGM shall be announced by the Chairman or any other person authorised by him immediately after the results are declared.

The results declared along with the Scrutinizer's report, will be posted on the website of the Company www.zyduswellness.com and on the website of CDSL www.cdslindia.com and will be displayed on the Notice Board of the Company at its Registered Office immediately after the declaration of the result by the Chairman or any other person authorised by him and communicated to the Stock Exchanges.

VIII. Instructions for members attending the AGM through VC/OAVM and e-voting during AGM are as under:

1. The procedure for attending the AGM and e-voting on the day of AGM is same as the instructions mentioned above for remote e-voting.
2. The link for VC / OAVM to attend AGM will be available where the EVSN of the Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote during the AGM.
4. Members are encouraged to join the AGM through Laptops / IPads for better experience.
5. Further, members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
6. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable WI-FI or LAN connection to mitigate any kind of aforesaid glitches.
7. Members who would like to express their views/ask questions during the AGM may register themselves as a speaker by sending their request in advance at least **7 days prior to the AGM** mentioning their name, demat account number / folio number, email id, mobile number at the Company's email ID. The members who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to the AGM** mentioning their name, demat account number / folio number, email id, mobile number at the Company's email ID. These queries will be replied to by the Company suitably by email.
8. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.
9. Only those members, who are present in the AGM through VC/OAVM facility and have not cast their vote on the resolutions 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.

   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, the votes cast by such members shall be considered invalid as the facility of e-voting during the AGM is available only to the members attending the AGM.

REQUEST TO THE MEMBERS:

Members desiring any relevant information on the Audited Financial Statements or any matter to be placed at the AGM are requested to write to the Company at least 7 days in advance of the date of AGM through email on dhanraj.dagar@zyduswellness.com. The same will be replied by the Company suitably.

ZYDUS WELLNESS LIMITED
(**CIN**–L15201GJ1994PLC023490)
Registered Office: "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle, Sarkhej–Gandhinagar Highway, Ahmedabad – 382481
Website: www.zyduswellness.com; **Email ID:** investor.grievance@zyduswellness.com
Phone No.: +91 79 71800000; +91 79 48040000

Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013:

The following statement sets out all material facts relating to Special Businesses mentioned in the Notice of AGM dated May 10, 2021.

Item No. 4: Re-appointment of Mr. Kulin S. Lalbhai (DIN: 05206878) as an Independent Director of the Company for the second term of 5 (five) consecutive years:

At the Twenty Third Annual General Meeting of the Members of the Company held on August 11, 2017, Mr. Kulin S. Lalbhai (DIN: 05206878) was appointed as an Independent Director ("**ID**") on the Board of the Company pursuant to the provisions of section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 for a period of 5 (five) consecutive years with effect from November 18, 2016 to November 17, 2021, not liable to retire by rotation.

The Board, based on the performance evaluation of IDs and as per the recommendation of the NRC, considered that, given his background and experience and contributions made by him during his tenure, his continued association would be beneficial to the Company and it is desirable to continue to avail his services as an ID. Your Board considers that the Company will benefit from his valuable experience, knowledge and counsel.

Accordingly, it is proposed to re-appoint Mr. Kulin S. Lalbhai as an ID of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company with effect from November 18, 2021 to November 17, 2026.

Pursuant to the provisions of sections 149(10) and 149(11) of the Act, an ID shall hold office for a term up to 5 (five) consecutive years on the Board of a company and shall be eligible for re-appointment on passing of a Special Resolution by the members. Further, no ID shall hold office for more than two consecutive terms.

The Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of ID. Mr. Kulin S. Lalbhai meets the criteria of independence as provided in section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations. He is not disqualified from being appointed as a Director in terms of section 164 of the Act and has given his consent to act as a Director.

In the opinion of the Board, he fulfills the conditions for appointment as an ID as specified in the Act and rules made thereunder and the Listing Regulations and is independent of the management.

The details required as per the provisions of the Listing Regulations and Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India have been provided in **Annexure–A** to the Notice.

A copy of the letter of appointment of Mr. Kulin S. Lalbhai as an ID setting out the terms and conditions would be available for electronic inspection without any fee by the members.

Save and except Mr. Kulin S. Lalbhai, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution as set out at item No. 4 of the Notice.

The Board recommends the passing of resolution as a Special Resolution as set out at item No. 4 of the Notice.

Item No. 5: Ratification of remuneration to Cost Auditors:

In accordance with the provisions of section 148 of the Act and rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the Company pertaining to product 'Nutralite' manufactured by the Company.

On the recommendation of the Audit Committee, the Board of Directors have approved the appointment of Dalwadi & Associates, Cost Accountants (Firm Registration No.: 000338) as the Cost Auditors to conduct audit of cost records of the Company for the financial year 2021-2022, at a remuneration of ₹ 2.80 Lakhs plus applicable Goods and Service Tax and out of pocket expenses at actuals.

Dalwadi & Associates, Cost Accountants have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. As per the provisions of the Act, read with the Rules, the remuneration payable to the Cost Auditors shall be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 5 of the Notice.

None of the Directors or Key Managerial Personnel of the Company and their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 5 of the Notice. Your Directors recommend the passing of this resolution by the members.

Item No. 6: Approval for payment of remuneration to Non-Executive Directors:

Looking to the competitive business environment, stringent accounting standards, corporate governance norms and consequent increase in the responsibilities of the Non-Executive Directors ("**NEDs**"), it is considered prudent and appropriate to remunerate the NEDs of the Company. However, the Act, restricted payment of any remuneration to NEDs in case of loss or inadequate profits in any financial year.

In order to address this situation, Ministry of Corporate Affairs vide notification dated March 18, 2021 made necessary amendments in the Act and Schedule V of the Act, which now enables the companies to pay remuneration to NEDs in case of loss or inadequate profits, within the limits of Schedule V of the Act. However, the same is subject to approval of shareholders by way of an Ordinary Resolution.

The Company believes in the philosophy to remunerate adequately the NEDs for giving their time to the Company and their inputs in the strategic decisions of the Company. As the Company is in the growth trajectory, the Company may or may not have adequate profits or may incur loss. As an enabling action, it is proposed to take approval of shareholders by way of an Ordinary Resolution in terms of section 197 and Schedule V of the Act read with Rules made thereunder, for payment of remuneration to the NEDs, for each of the five financial years commencing from Financial Year 2020-21, not exceeding limit prescribed under Schedule V of the Act. The Board of Directors will determine each year, the specific amount to be paid as remuneration to the NEDs, in case of loss or inadequate profits or loss. The members of the Company has already passed necessary resolution for payment of commission to NEDs in case of profits for a period of five years w.e.f. April 1, 2020.

Consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for payment of remuneration to the NEDs of the Company.

All the NEDs are interested in the proposed resolution. None of the Key Managerial Personnel and their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed resolution. Your Directors recommend the passing of resolution as set out at Item No. 6 of the Notice for approval by the Members.

By Order of the Board of Directors

Dhanraj P. Dagar
Company Secretary
Membership No. A33308

Place: Ahmedabad
Date: May 10, 2021

Annexure–A

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015]

Name of the Director	Mr. Tarun G. Arora, CEO and Whole Time Director
DIN	07185311
Date of Birth	January 11, 1972
Age	49 years
Date of first Appointment on the Board	May 14, 2015
Date of re-appointment by the members	August 27, 2020
Qualifications	Bachelor of Science and Post Graduate Diploma in Business Management
Brief resume and nature of expertise in functional areas	Mr. Tarun G. Arora, has been leading the Zydus Wellness business for more than five years in the capacity of Chief Executive Officer. He is instrumental in accelerating the growth of the company on back of innovations, expanding the geographies for the business and building high performing leadership team. He has rich experience of 26 years in which he has handled General Management and Leadership Roles with outstanding business growth for large FMCG companies as well as startups. He has played a pivotal role in business transformation and post-merger integration projects in his career. He was Chief Executive, India business at Danone Waters prior to joining Zydus. He has also worked with various FMCG companies like Wipro, Bharti Walmart, Godrej and Sara Lee. Mr. Arora brings with him expertise and thought leadership in the areas of Brand Development, strategy and Innovation. He believes in laying strong emphasis on people development and building consumer centric organization for a sustained performance. Mr. Arora is a Bachelor of Science and Post Graduate Diploma in Business Management.
Relationship with other Directors and Key Managerial Personnel	None
Directorships held in other Listed Companies	None
Memberships / Chairmanships of Committees in Listed Companies	**Zydus Wellness Limited** 1. Investors' / Stakeholders' Relationship Committee - Member 2. Share Transfer Committee - Member
Number of shares held in the Company	1000
Terms and Conditions of Appointment	• Term of 5 (Five) consecutive years w.e.f. May 07, 2020. • Liable to retire by rotation.

Name of the Director	Mr. Kulin S. Lalbhai, Independent Director
DIN	05206878
Date of Birth	August 13, 1985
Age	36 years
Date of first appointment on Board	November 18, 2016
Qualifications	B. Sc. in Electrical Engineering and MBA
Brief resume and nature of expertise in functional areas	Mr. Kulin S. Lalbhai, holds an MBA degree from the Harvard Business School and a B. Sc. in Electrical Engineering from the Standford University. Mr. Kulin S. Lalbhai is currently the Executive Director of Arvind Limited, which is in textile industry. He is driving new initiatives in the consumer business of Arvind Group. Mr. Lalbhai also spearheads Arvind's foray in to e-commerce space. He plays an active role in the overall corporate strategy for the group with particular focus on B2C businesses. Prior to the current position in Arvind Limited, Mr. Lalbhai worked with management consulting firm McKinsey & Co., Mumbai.
Relationship with other Directors and Key Managerial Personnel	None
Directorships held in other Listed Companies	Arvind Limited Arvind Smartspaces Limited Arvind Fashions Limited
Memberships / Chairmanships of Committees in Listed Companies	**Zydus Wellness Limited:** 1. Nomination and Remuneration Committee – Chairman 2. Audit Committee – Member 3. Risk Management Committee - Member **Arvind Fashions Limited:** 1. Stakeholders' Relationship Committee – Chairman 2. Corporate Social Responsibility Committee - Chairman
Number of shares held in the Company	Nil
Terms and Conditions of Appointment	• Second Term of 5 (Five) consecutive years w.e.f. November 18, 2021, subject to the approval of shareholders at the ensuing AGM. • Not liable to retire by rotation. • Entitled to receive sitting fee for attanding Board and Committee Meetings. • Entitled to receive remuneration/commission as may be decided by the Board.


Sugar Free
D'lite
CHOCOLATES
Sugar Free
D'lite
DARK
RICH COCOA
50% COCOA
NATURALLY SWEETENED
Sugar Free
D'lite
DARK
CRISPY QUINOA &
ROASTED ALMONDS
50% COCOA
NATURALLY SWEETENED
Sugar Free
D'lite
DARK ZESTY
ORANGE FLAVOUR
50% COCOA
NATURALLY SWEETENED
Sugar Free
D'lite
DARK
HAZELNUT FLAVOUR &
ROASTED ALMONDS
50% COCOA
NATURALLY SWEETENED

Zydus Wellness Ltd.
Zydus Corporate Park, Scheme No. 63,
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Nr. Vaishnodevi Circle, Ahmedabad - 382 481, India.
Phone No.: +91-79-48040000, 71800000
Website: www.zyduswellness.in
CIN: L15201GJ1994PLC023490