July 17, 2021

Listing Department **Code: 532321**	Listing Department **Code: CADILAHC**
BSE Limited 1st Floor, P.J. Towers, Dalal Street Mumbai – 400 001	**National Stock Exchange of India Limited** Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai – 400 051

Re: **Annual General Meeting and Annual Report 2020-2021**

Dear Sir / Madam,

Pursuant to regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**"), we are submitting herewith the Annual Report of the Company along with the Notice of Twenty Sixth Annual General Meeting ("**AGM**") for the Financial Year 2020-2021 which is sent to the members through electronic means as per the circulars from Ministry of Corporate Affairs and Securities and Exchange Board of India.

Important details with regard to AGM are as under:

Sr. No.	Particulars	Details
1.	AGM details	**Day:** Wednesday **Date:** August 11, 2021 **Time:** 10.00 a.m. (IST) **Through Vide Conference / Other Audio Visual Means**
2.	Cut-off date to determine list of members entitled to receive Notice of AGM and Annual Report	Friday, July 9, 2021
3.	Cut-off date to determine list of members entitled to receive final dividend	Thursday, July 29, 2021
4.	Dividend Payment Date	On or after Monday, August 16, 2021
5.	Cut-off date for e-voting	Wednesday, August 4, 2021
6.	Remote e-voting start time, day and date	9.00 a.m. (IST), Sunday, August 8, 2021
7.	Remote e-voting end time, day and date	5.00 p.m. (IST), Tuesday, August 10, 2021
8.	E-voting website of CDSL	https://www.cdslindia.com
9.	Notice of AGM and Annual Report 2020-2021	https://www.zyduscadila.com/public/pdf/financial/annual/Annual-Report-2020-2021.pdf

Please receive the same in order.

Thanking you,

Yours faithfully,
For, **CADILA HEALTHCARE LIMITED**

DHAVAL NARENDRA SONI
Digitally signed by DHAVAL NARENDRA SONI
Date: 2021.07.17 15:58:47 +05'30'

DHAVAL N. SONI
COMPANY SECRETARY

Encl.: As above

Cadila Healthcare Ltd.

INNOVATION THAT SAVES LIVES

Annual Report 2020-21

CORPORATE INFORMATION

Founder

Late Ramanbhai B. Patel

Board of Directors

Pankaj R. Patel
Chairman

Dr. Sharvil P. Patel
Managing Director

Ganesh N. Nayak
Executive Director

Mukesh M. Patel
Non-Executive Director

Bhadresh K. Shah
Independent Director

Nitin R. Desai
Independent Director

Dharmishtaben N. Raval
Independent Woman Director

Apurva S. Diwanji
Independent Director

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

COMMITTEES OF THE BOARD AND THEIR CONSTITUTION:

Audit Committee:

Mr. Nitin R. Desai, Chairperson

Mr. Apurva S. Diwanji

Ms. Dharmishtaben N. Raval

Mr. Bhadresh K. Shah

Mr. Mukesh M. Patel

Nomination and Remuneration Committee:

Mr. Nitin R. Desai, Chairperson

Mr. Pankaj R. Patel

Mr. Apurva S. Diwanji

Ms. Dharmishtaben N. Raval

Mr. Bhadresh K. Shah

Mr. Mukesh M. Patel

Corporate Social Responsibility Committee:

Mr. Pankaj R. Patel, Chairperson

Dr. Sharvil P. Patel

Ms. Dharmishtaben N. Raval

Risk Management Committee:

Mr. Pankaj R. Patel, Chairperson

Dr. Sharvil P. Patel

Mr. Apurva S. Diwanji

Mr. Mukesh M. Patel

Mr. Nitin D. Parekh

Stakeholders' / Investors' Relationship Committee:

Mr. Mukesh M. Patel, Chairperson

Mr. Pankaj R. Patel

Dr. Sharvil P. Patel

Mr. Bhadresh K. Shah

Share Transfer Committee:

Mr. Pankaj R. Patel, Chairperson

Dr. Sharvil P. Patel

Mr. Mukesh M. Patel

Finance and Administration Committee:

Mr. Pankaj R. Patel, Chairperson

Dr. Sharvil P. Patel

Mr. Ganesh N. Nayak

Statutory Auditors
Deloitte Haskins and Sells LLP
Chartered Accountants
Ahmedabad

Zydus Research Centre
Survey No. 396/403,
Sarkhej-Bavla N.H. No. 8A,
Moraiya, Ahmedabad - 382 213

Pharmaceutical Technology Centre (PTC):
Plot No. A-106, 107, Road Number 21, Nehru Nagar,
Wagle Industrial Estate,
Thane West, Thane-400604
Maharashtra

Registrar and Share Transfer Agents
Link Intime India Private Limited,
506-508, Amarnath Business Centre-1 (ABC-1),
Besides Gala Business Centre,
Off. C G Road, Ellisbridge,
Ahmedabad - 380 006

Formulation Units
Plot No. 1, 1A, 1B and 2,
'PHARMEZ' (Special Economic Zone),
Matoda, Sarkhej-Bavla N.H. No. 8A,
Taluka: Sanand,
District: Ahmedabad - 382 213

Survey No. 417, 419 & 420,
Sarkhej-Bavla N.H. No. 8A,
Village: Moraiya,
Taluka: Sanand,
District: Ahmedabad - 382 210

Survey No. 434/6/B and 434/1/K,
Village Jarol, Taluka: Waghodia,
Vadodara - 391510

Plot No. 254-255,
S.G. Highway N.H. No. 8A,
Changodar, Taluka: Sanand,
Ahmedabad - 382210

Plot No. 203-213,
Kundaim Industrial Estate,
Ponda, Goa - 403 115

Village: Swaraj Majra, Baddi
District: Solan
Himachal Pradesh - 173 205

API Units
Block No. 265/266,
Village: Changodar,
Sarkhej-Bavla, N.H. No. 8A,
Ahmedabad - 382 210

GIDC Estate,
Ankleshwar 393 002, Gujarat

Dabhasa, Taluka: Padra 391 440
District: Vadodara

Block No. 162,
Ekalbara Umraya Road,
Village: Dabhasa,
Taluka: Padra 391 440
District: Vadodara

Biologics Unit
Survey No. 40P, 23, 25P, 42, 37,
Opp. Ramdev Masala,
Sarkhej-Bavla N.H. No. 8A,
Changodar,
District: Ahmedabad - 382 213

Registered and Corporate Office
Zydus Corporate Park,
Scheme No. 63, Survey No. 536,
Near Vaishnodevi Circle,
Khoraj (Gandhinagar), S.G. Highway,
Ahmedabad - 382481

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 on future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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

"The world continues to battle one of the worst healthcare challenges seen in the recent decades. COVID-19 is still posing a threat to people's lives in India and across the world. As the healthcare fraternity continues to battle this scourge, we at Zydus have brought hope with our therapies and innovations. In March 2020, we resolved to fight this pandemic in every way that we can, with therapeutics, vaccines and diagnostics. We stood united in this mission with the medical professionals, nurses and other frontline warriors bringing greater purpose to our efforts and ensuring that we live upto our credo of creating healthier communities. A year on, we continue to tread on this path, bridging the unmet medical needs and doing all that we can to alleviate suffering and nurturing good health."

Our Founder Chairman, a seeker, an explorer and innovator, continues to inspire us and forms the founding pillar of the innovation journey at Zydus as we live our mission of creating healthier, happier communities by bridging unmet healthcare needs.

CONTENTS

LEADING THE FIGHT AGAINST COVID-19

World's first Plasmid DNA vaccine, indigenously developed by Zydus for COVID-19 is awaiting approvals for Emergency Use Authorisation by the DCGI

ZyCoV-D, World's first Plasmid DNA vaccine, to combat the COVID-19 pandemic is awaiting approvals for Emergency Use Authorisation by the DCGI. Fully committed to the 'Atma Nirbhar Bharat' mission, and the largest COVID vaccine trial in India, this vaccine is a tribute to Indian innovation.

The dosing for the Phase III clinical trials was done in over 28,000 healthy volunteers as part of the multicentric, randomised, double-blind, placebo controlled, study. ZyCoV-D has also been tested for the 12-18 years. The vaccine was found to be safe, well tolerated and immunogenic in the Adaptive Phase I/II clinical trials. ZyCoV-D is stable at room temperature & has a long shelf life from 2 to 8 degrees which is ideal for Indian weather condition. This vaccine is a DNA platform which allows generating new construct quickly to deal with mutations in the virus. It also provides ease of manufacturing with minimal biosafety requirements. The vaccine is intradermal and painless as it is used with a needle-free applicator, Tropis® from the PharmaJet®.

The trial was reviewed by an independent Data Safety Monitoring Board (DSMB) and reports were submitted to Central Drugs Standard Control Organisation (CDSCO) regularly for the update on safety outcome.

Zydus explores monoclonal antibodies cocktail to neutralise COVID infection

Zydus seeks DCGI approval to undertake clinical trials for ZRC-3308 (Covimabs), a cocktail of two anti-SARS-CoV-2 monoclonal antibodies to combat COVID-19. ZRC-3308 can emerge as one of the main treatments for mild COVID-19. SARS-CoV-2 spike protein targeted, neutralizing monoclonal antibody based treatments have received emergency use authorization in mild COVID-19 in the US, Europe and in India because they significantly reduced viral load in mild patients and their rate of hospitalization.

Two of these products are cocktail based products comprising of two mAbs binding to two different epitopes on the spike protein of SARS-CoV-2 virus. Cocktail of 2 mAbs based products are better equipped to deal with variants than single mAb based products which have a tendency of losing their efficacy with rapidly generating variants. Zydus is the only Indian company to have developed a neutralizing monoclonal antibody based cocktail for the treatment of COVID-19.

Zydus launches 'Virafin' for Treating Moderate Covid Patients

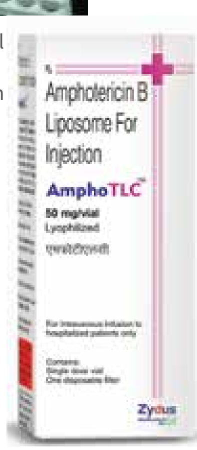
Zydus launched Virafin (Pegylated Interferon alpha-2b) for treating moderate COVID infection in adults. A single dose of the antiviral Virafin administered subcutaneously early on shows significant clinical and virological improvement in moderate COVID-19 adult patients. 91.5% of patients treated with Peg IFN were RT PCR negative by day 7. The treatment significantly reduces the hours of supplemental oxygen in the patients.

In the multicentric trial conducted in 20-25 centers across India, Virafin had shown lesser need for supplemental oxygen, clearly indicating that it was able to control respiratory distress and failure which has been one of the major challenges in treating COVID-19. The drug has also shown efficacy against other viral infections.

Zydus markets Liposomal Amphotericin B, A Critical Drug to Treat Black Fungus Or Mucormycosis In India

Zydus and TLC of Taiwan, signed a license, supply and commercialization agreement to commercialize AmphoTLC™ (Amphotericin B Liposome for Injection 50mg) in India. AmphoTLC™ is a critical drug to treat Mucormycosis or Black Fungus in India.

The Central Drugs Standard Control Organization (CDSCO) of India has approved the New Drug Application (NDA) of TLC for Amphotericin B Liposome for Injection 50mg or AmphoTLC™ for immediate importation as per approved usage and indication. AmphoTLC™ is the first and only complex generic drug to have achieved bioequivalence to Gilead's AmBisome, proving its sameness to the safest form of amphotericin B in the world.



Zydus Launched Viroshield Mouth Spray

Zydus launched Viroshield mouth spray. Viroshield is a unique scientifically tested enzyme based formulation. It provides protection and safety against the coronavirus. The spray is an easy to use mouth spray wherein one needs to puff it twice in the throat area, which forms a protective layer on the mucous membrane in the throat to prevent the viruses from infecting the cells in the throat which reduces the viral load. This mouth spray can be used by children who are above four years of age.

Remdac is the most affordable Remdesivir at Rs. 899

Zydus makes Remdac, its brand of Remdesivir more affordable at Rs. 899 for a 100 mg lyophilized injection. The critical drug even at the time of its launch was the most economical brand of Remdesivir. The price cut made it further affordable for the patients.

The Hon’ble Prime Minister of India Shri Narendra Modi visits Zydus Biotech Park

The Hon’ble Prime Minister of India, Shri Narendra Modiji visited the Zydus Biotech Park and took a tour of the facilities. This was a historic moment when the Zydans committed themselves to the mission of Atma Nirbhar Bharat.

Zydus Biotech Park houses the Zydus VTEC (Vaccine Technology Excellence Centre) which is the new manufacturing hub for the world’s first DNA plasmid vaccine.

Zydus commenced Phase I trials of ZYIL1, a novel oral small molecule NLRP3 inflammasome inhibitor

Zydus announced Phase I trials of ZYIL1, a novel oral small molecule NLRP3 inflammasome inhibitor can selectively modulate the inflammatory responses caused by the 'Cytokine Storm' in Acute Respiratory Distress Syndrome (ARDS), COVID-19 and other inflammatory conditions. Following up on our initiatives to fight COVID-19 with diagnostics, vaccines and therapeutics, the focus is now on the cutting edge research to bring targeted therapies that can selectively modulate the inflammatory responses caused by the Cytokine Storm.

NLRP3 inflammasomes are involved in the inflammation process by production and release of pro-inflammatory cytokines IL-1ß and IL-18. This harmful inflammation within the body leads to the onset and development of various kinds of diseases, including auto-immune diseases, inflammatory diseases, cardiovascular diseases, metabolic disorders, Gastro-intestinal diseases (inflammatory bowel disease), renal diseases, CNS diseases as well as Acute Respiratory Distress Syndrome (ARDS).

A range of products launched to fight the pandemic

Zydus launched a range of new products to further strengthen the COVID-19 portfolio. Starting from Fabidac- Favipiravir, Iveloc- Ivermectin, Derinide, Depotex, Zincee; a Vitamin C tablet, Cimune; a combination of Vitamin C (Ascorbic Acid) and Elemental Zinc in India. Cimmune - SF; a sugarfree variant for diabetic patients, Supermune; an immuno-booster, comprising a unique combination of herbs multiminerals and multivitamins, a one-of-its-kind product in India.

Zydus is also one of India's leading manufacturers of Dexamethasone. The drug is used extensively for COVID-19 patients. We have supplied 6.36 crore injections and 3.01 crore ampules across India during the pandemic.

Also being one of the largest manufacturers of Hydroxychloroquine, Zydus ramped up the production of Hydroxychloroquine from 9 tons per month to 30 tons per month to meet the demand in India and across the world.

The first batch of 30,000 COVID KAVACH ELISA tests were manufactured and supplied by Zydus Diagnostics, to Indian Council of Medical Research (ICMR), free of cost. These test kits have been manufactured in technology transfer with ICMR-NIV of Pune for surveillance purposes.

In the coming decades, there will be a special focus on healthcare to tackle unforeseen challenges or bridge unmet healthcare needs. Zydus is gearing up to meet this demand, leading the way with innovation.

CHAIRMAN'S MESSAGE

Dear Shareowners,

MARCHING AHEAD WITH A MISSION

The pandemic of COVID-19 which began in 2020 continues to place countries and healthcare infrastructure across the world under tremendous stress. Faced with this formidable challenge, the factors that impact the economy have also changed quickly and dramatically. Amidst these uncertainties we continued with our fight against COVID-19 with new launches, new therapies and renewed efforts in research.

From diagnostics to therapeutics and preventives, Zydus has been leading the way with a mission to do all that it can to fight this challenge. We leveraged our manufacturing capabilities to provide required quantities of Hydroxychloroquine and other therapies like Dexamethasone and other medicines, to help patients fight the infection, like Fabidac- Favipiravir, Iveloc- Ivermectin, Derinide, Depotex, Cimmune and Supermune, immuno-boosters to provide succour to people afflicted with COVID-19. Remdac launched in July 2020 continues to be the most affordable and largest selling brand of Remdesivir in India, as per volume. Completing the trials on Pegylated Interferon alpha-2b (PegIFN), we received an emergency use authorisation for Virafin, to treat moderate COVID-19 infection in adults. A single dose subcutaneous regimen of Virafin makes the treatment more convenient for the patients. When administered early on during COVID infection, Virafin helps patients recover faster and avoid much of the complications.

ZyCoV-D, our plasmid DNA vaccine, which is the world's first DNA vaccine for human use has shown promising results. No severe cases of COVID-19 or deaths have been observed after the third dose of ZyCoV-D till date. Also, no moderate case of COVID-19 disease was observed in the vaccine arm post administration of the third dose suggesting 100% efficacy for moderate disease. ZyCoV-D which is awaiting approvals for emergency use from the DCGI could be the first vaccine to be made available for adolescents in the age group of 12-18 years, besides the adult population. The DNA platform used in ZyCoV-D is a plug and play technology which can be easily and quickly adapted to the mutations in the virus, such as those already occurring. The vaccine is applied using the PharmaJet® needle free system, Tropis®, which leads to a significant reduction in any kind of side effects. ZyCoV-D is stored at 2-8°C but has shown good stability at temperatures of 25°C for at least three months. The thermostability of the vaccine will help in easy transportation and storage of the vaccine and reduce any cold chain breakdown challenges leading to vaccine wastage. Also being a plasmid DNA vaccine, ZyCoV-D doesn't have any problem associated with vector based immunity.

A detailed report on the various steps taken by your company in battling COVID-19 has been shared in this annual report.

EMBARKING ON A NEW DECADE

The start of every decade has been a defining moment for us. The speed of change and transformation and the impact that it has on the lives of people, and the way we live is often what growth and progress has been all about. We are not new to managing and winning in times of uncertainty. In our growth journey over the last two and half decades, we have been able to emerge despite challenges. In the year 2000 we welcomed our shareholders to participate in our growth. We also grew in size and scale to end the decade as a billion dollar company. In 2011 we welcomed the decade of innovation from Zydus. With each innovation we also relived our mission and purpose to find solutions to meet unmet healthcare needs and our resolve to provide these solutions in an affordable way. A key part in facilitating this, was our ability to conduct lab to market innovations, leverage technical operations and create value by optimizing cost and improving productivity. As an organization we have been honing our skills in execution, adding a great deal of agility to it. The rigour of execution goes swiftly beyond strategy to a concerted effort in making it happen. While we continue on this path, what we need to understand are the new drivers of change that can help us in our winning ways in the coming decade and beyond.

WHAT WILL DIFFERENTIATE US IN THE DECADE AHEAD?

This new decade will be propelled by technology and global connectivity. We need to see how we can embrace both. We are already transforming ourselves as an innovative global healthcare company. We will continue to build a truly global Zydus powered by Science and Innovation. We will move ahead by leveraging our deep presence and offering a broad and balanced mix of leading technologies, products and services and most importantly, by pursuing next-level performance across our business in everything we do.

There are going to be abundant opportunities in the coming decade but we will need to seize them in a complex, evolving and ever changing world. We will have to explore new ways to innovate and grow with our customers and partners. We must deliver real impact to our patients, customers and stakeholders to make ourselves distinctive. We will need to constantly refresh ourselves with a growth mind-set, be in the future radar and lead with an inspiring purpose. Most importantly we will need to move ahead with confidence and optimism that this decade belongs to us.

COVID-19 is not the first healthcare challenge that has brought about a huge change in the world around us and it certainly won't be the last. But what will make the difference is how we respond to these challenges. This is where Innovation and the ability to bring excellence in execution will matter and make all the difference. Innovation has been a game changer for us and it will continue to be an arrowhead for us in the decade ahead. Innovation also in terms of how we reach out to customers, that's going to be the most critical part of what we do. As we move ahead, we will continue to find newer ways of reaching out to patients and key opinion leaders and do this in a faster, simpler and more efficient ways.

MAKING INNOVATION OUR NORTH STAR

In the coming decades, there will be a special focus on healthcare to tackle unforeseen challenges or bridge unmet healthcare needs. Zydus is gearing up to meet this demand, leading the way with innovation.

We'll also see progress from continued, significant investment in research and development. Our R&D community, with more than 1400 research scientists and pharma technology experts, is always working to improve current offerings and design the products of the future. Zydus is a story of innovation, made possible by a remarkable team – a team that will always persevere to bring the most innovative products to the world.

THRUST ON DIGITAL TECHNOLOGIES

We're on a journey of continuous improvement in critical areas such as digital platforms technology.

We live in an age that demands smart work. An era in which data provides key analytics that save money, time and lives. That's why we will continue to expand and enhance our digital platforms. By combining technology with our services that bring information to life, our connect with customers and patients are gaining an edge.

DRIVING A CULTURE OF EXCELLENCE

We have always been championing enterprise excellence to drive value for the customer and bridging customer expectations and requirements. To this end, we have been aligning critical processes to improve end-to-end outcomes. The strategy also includes efforts to strengthen core business processes across the enterprise. The efforts underway are delivering a more connected, responsive and competitive Zydus. It's a Zydus that we are proud of.

Our global and diverse workforce is at the very heart of Zydus' success. We hold ourselves to high standards of values in the way we carry out our work, and the way in which we strive to foster an inclusive environment for ourselves. Our success is the result of a collaborative effort between the different teams spread across globally.

Leadership and accountability constitute a big part of our people strategy. We also place a lot of emphasis on learning and enriching skills through a comprehensive talent development programme which continuously strengthens our leadership bench strength. By actively promoting internal talent and providing abundant opportunities for role expansion and career growth, Zydus has been building people to build its business. All of this will help us step up the momentum for growth in the coming decade, and take our company to the next level, expand our business and serve customers like never before.

A bigger, more expansive and stronger Zydus, connected to the world is what we envision in our growth journey ahead. As we work through these unprecedented times, I have every confidence in our team and our strategy. Bringing more innovations to life, making good on our commitment to create healthier communities with patient-centric approaches, will be our overarching purpose as we move ahead, fulfilling our mission as a healthcare focussed organisation.

Pankaj R. Patel
Chairman
July 14, 2021

HIGHLIGHTS OF OPERATIONS 20-21

CONSOLIDATED FINANCIAL HIGHLIGHTS

Total income from operations was up by 6% y-o-y to ₹ 151 bn., from ₹ 142.5 bn. last year.

Net profit was up by 81% y-o-y to ₹ 21.3 bn., from ₹ 11.8 bn. last year. The net profit margin as % to total income from operations stood at 14.1% during the year which is an improvement of 580 basis points over the preceding year. Net profit excluding certain exceptional and non-recurring items, grew by 44% during the year.

Earnings before interest, depreciation and tax (EBIDTA) was up by 20% y-o-y to ₹ 33.4 bn., from ₹ 27.8 bn. last year.

The EBIDTA margin as % to total income from operations improved by 260 basis points during the year viz-a-viz the preceding year and stood at 22.1%.

Consolidated net debt as on 31st March, 2021 stood at ₹ 35 bn. against ₹ 67.4 bn. last year. Net debt-equity ratio was 0.27:1 as on March 31, 2021 as against 0.65:1 as on March 31, 2020. Net debt to EBIDTA ratio for the year was 1.05 as against 2.42 in FY20.

Innovation

COVID-19 Research Update

- Recently, in the month of July, 2021, applied for an Emergency Use Authorisation (EUA) to the Drug Controller General of India (DCGI) for ZyCov-D, a Plasmid DNA Vaccine against COVID-19.
- Successfully completed Phase III clinical trials in India and received an Emergency Use Approval (EUA) from the DCGI for Pegylated Interferon alpha-2b for the treatment of moderate COVID-19 infection in the adults.
- Completed pre-clinical toxicity studies for a novel biotherapeutic cocktail of monoclonal antibodies which is directed against spike protein of the virus that causes COVID-19. Sought permission from DCGI to initiate clinical trials in patients with mild to moderate symptoms.

New Chemical Entity (NCE) Research

- Received an approval from the DCGI for a New Drug Application (NDA) of Saroglitazar Magnesium for the treatment of Non-Alcoholic Fatty Liver Disease (NAFLD) in India.

  The molecule becomes the first medicine for the treatment of NAFLD in India.
- Successfully completed Phase II clinical trials of Saroglitazar Magnesium for Primary Biliary Cholangitis (PBC) indication in the US.

  USFDA granted Orphan Drug Designation (ODD) and Fast Track Designation to Saroglitazar Magnesium in the treatment of patients with PBC.
- Received an approval from the USFDA to initiate Phase II(b) clinical trials of Saroglitazar Magnesium for NASH and F2/F3 Fibrosis in the US.
- Completed the recruitment of patients for Phase III clinical trials in India for another Investigational New Drug (IND), Desidustat, targeted at treating anemia both in dialysis and non-dialysis dependent CKD patients.
- Completed Phase I clinical trials for an anti-malarial drug candidate which is being developed to provide a single-dose cure for malaria.
- Received an approval from the DCGI to initiate Phase I clinical trials of ZYIL1, a novel oral small molecule targeted at selectively supressing inflammation caused by NLRP3 inflammasome.

Biologics

- Successfully completed Phase III clinical trials in India for Rituximab.
- Launched first biosimilar viz. Pegfilgrastim in Russia which is a significant market for biosimilars among emerging market countries. This was also the first biosimilar launch of Pegfilgrastim by any company in Russia.
- As a part of global biosimilar program, selected two candidates in the oncology space for global market development.

Vaccines

- Received marketing authorization in India for Hepatitis B Vaccine (rDNA) I.P. and Pentavalent Vaccine.
- Successfully completed Phase II/ III clinical trials in adults and adolescents in India for Tetanus Diphtheria (Td) vaccine and submitted the marketing authorization application to DCGI.

Specialty and Complex Generics

- On the specialty front, filed 1 New Drug Application (NDA), 1 pre New Drug Application (pNDA) and 5 pre Investigational New Drug (pIND) requests with the USFDA.
- Received an acceptance from the USFDA for an NDA filed in the area of metabolic disorder with Prescription Drug User Fee Act (PDUFA) date in September, 2021.
- As a part of the strategy to build the portfolio in the orphan and rare diseases space, acquired rights to Copper Histidinate product candidate CUTX-101 from Cyprium Therapeutics Inc.
- CUTX-101 has been granted orphan drug and fast track designation by USFDA for Menkes disease which is a rare and fatal paediatric disease caused by mutations in copper transporter gene due to which a new born is unable to absorb copper.
- In the complex generics space, successfully in-licensed 20 products till date. This includes 2 products where the Company is likely to hold an exclusive first to file status and likely to have 180 days exclusivity upon launch.

India Business

Human Health Formulations

- After commencing the year on a quiet note on account of the pandemic, the business showed the signs of gradual improvement from the second quarter with doctors re-starting their practice amidst various unlocking measures taken by the Government.
- Improvement in demand continued till March, 2021 before it was impacted again by the big resurgence of the COVID-19 cases along-with the lockdowns in various parts of the country.
- Introduced a number of brands during the year targeted at COVID-19 which got a good response from the market.
- Observed a significant shift in the interaction among doctors, patients and pharmaceutical companies with the use of digital mode.
- With a view to going digital, collaborated with several agencies and digital platform providers to create a digital platform for doctors and sales representatives.
- Posted sales of Rs. 40,429 Mio., up 9%. Branded formulations (i.e. total business excluding generics) business posted a growth of 10% during the year.

Consumer Wellness

- The business showed an improvement in growth rates every quarter despite COVID-19 induced setbacks.
- Complan brand grew in high single digit during the year on the back of continued investment behind the brand through various media, digital initiatives and consumer offers.
- On the back of increased home consumption during COVID-19 lockdown, SugarFree brand witnessed a strong double digit growth during the year.
- Nycil brand witnessed a strong double digit growth during the year. During the last quarter, the brand extended into a new format of "soothing body mist" building on the expertise to treat summer related prickly heat and skin rash problems.
- On the Go-to-market front, direct distribution reach increased to half a million outlets at the end of the year.
- In order to strengthen the balance sheet, redeemed non-convertible debentures of Rs. 15,000 Mio. The repayment was partly supported by equity capital raise by way of preferential issue to promoter family, QIP issue and low-cost borrowings.
- Posted sales of Rs. 18,536 Mio., up 7% and net profit of Rs. 1,187 Mio., down 16.2%. Excluding certain exceptional and non-recurring items, net profit grew by 34.9% during the year.

Animal Health

- Recently in the month of May, 2021, Zydus Animal Health and Investments Limited (ZAHL), the wholly owned subsidiary of the Company, entered into an agreement to sell and transfer its Animal Healthcare Established Markets Undertaking to Multiples Alternate Asset Management led consortium for a lump sum consideration of Rs. 2,921 Crores on a cash free and debt free basis.
- On the business front, in India, Livestock business bounced back from the second quarter of the year and drove the performance of the business while the poultry business, despite the challenges, showed signs of gradual improvement during every quarter.
- Launched 6 new products in India and received 3 new marketing authorizations for the exports business during the year.
- Posted sales of Rs. 5,998 Mio., up 16%.

US Formulations Business

- Ranked 5th among US generic companies based on prescriptions (Source: IQVIA, NPA Audit, MAT March 2021 TRx). Despite the increased competition and pricing pressure, the business continued to grow the overall volume and maintained a top 3 ranking in about 60% of product families.
- Received 35 ANDA approvals (including 11 tentative approvals) from the USFDA during the year. New product approvals include 7 first cycle approvals, 2 first generic approvals and 2 first wave generic approvals.
- Launch 30 new products during the year.
- Filed 22 additional ANDAs with the USFDA during the year, taking the cumulative number of filings to 412.
- Posted sales of Rs.64,445 Mio., up 3%.

Emerging Markets of Asia, Africa and Latin America

- All major markets of Asia Pacific region and Africa witnessed healthy secondary growth during the year despite the challenges posed by the pandemic.
- In order to leverage market opportunities, strengthened the business development efforts with a strong focus on in-licensing and out-licensing initiatives.
- Despite various economic challenges posed by the pandemic, in Brazil, the business grew in double digit on the back of revival in demand for the branded generics portfolio while in Mexico, the growth remained robust with a more focused approach in CNS segment.
- Posted sales of Rs. 10,167 Mio., up 16%.

APIs

- Added 60 new customers across different countries during the year.
- Filed 9 DMFs with the USFDA, during the year.
- Posted sales of Rs. 5,621 Mio., up 24%.

Manufacturing and Quality

- Completed all the remediation measures to address the observations raised by the USFDA in the warning letter issued to Moraiya formulations facility. Submitted the final update to the USFDA in the month of November, 2020.
- Successfully site transferred two injectable products viz. Succinylcholine Chloride injection and Doxycycline injection from Moraiya to Liva site and re-introduced them in the market.
- In order to build the additional capacities, commenced commercial manufacturing from two more areas of Oral Solid Dosage formulations manufacturing facility located in Ahmedabad SEZ.
- Set-up a new manufacturing facility to produce DNA based vaccine ZyCov-D in a fight against the novel coronavirus. The facility, once operational, will have the capacity to produce up to 1 Crore doses per month.

MANAGEMENT DISCUSSION AND ANALYSIS

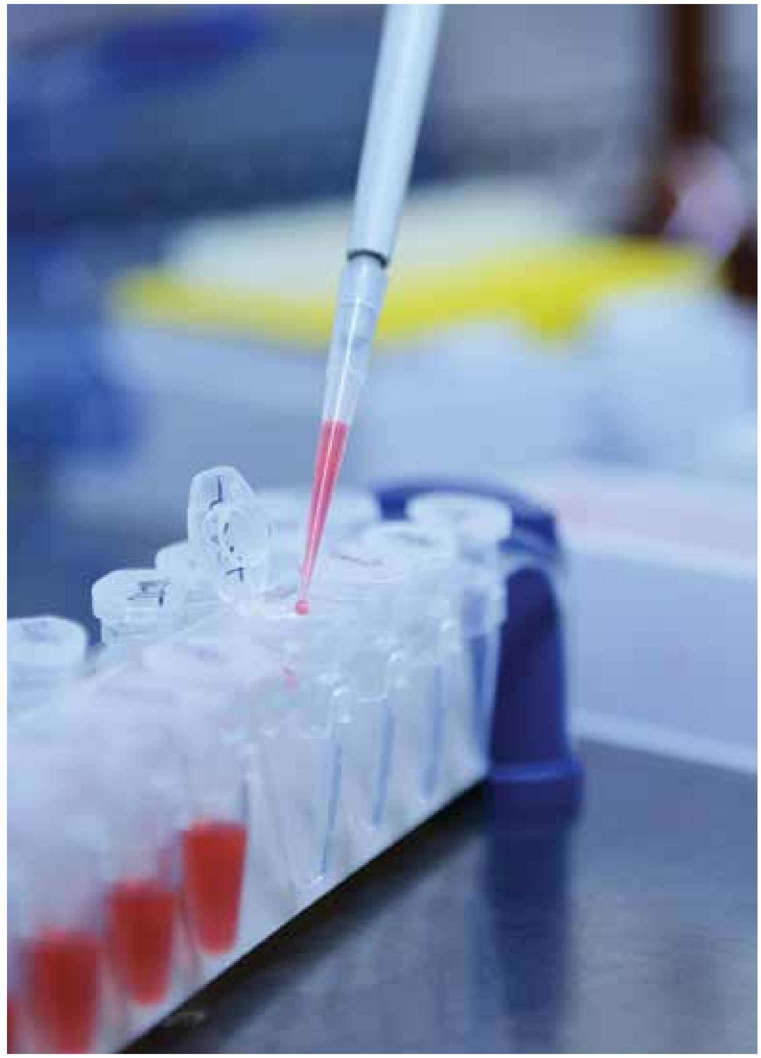
GLOBAL ECONOMY

Novel coronavirus disease (COVID-19), first case of which was reported in the later part of 2019 and which spread across the globe at a lightening pace in 2020 triggered a global crisis like no other. A global health crisis, in addition to an enormous human toll led to the deepest global recession since the second world war. The pandemic is unlikely to impact the fundamental determinants of long-term growth prospects and the global economy showed early signs of growth following a 3.5% contraction caused by the pandemic during the year 2020. However, the short term growth outlook remains well below pre-pandemic projections. Moreover, the recovery is uneven, passing over many poorer countries, and there is some uncertainty about its durability. The pandemic continues to shape the path for global economic activity, with severe outbreaks continuing to weigh on growth in many countries. The most recent wave of COVID-19 is now centred in some emerging markets and developing economies (EMDEs), where more transmissible and virulent strains are spreading and where vaccine access remains limited. Vaccination remains especially feeble in low-income countries (LICs). In contrast, advanced economies have generally seen substantial vaccination progress, which has helped limit the spread of COVID-19. Amid the continued vaccination, economic activity is firming across major advanced economies most notably in the United States, where the recovery is being driven by substantial fiscal support. Growth in China remains solid but has moderated as the focus has been shifted to reduce financial stability risks. Many other countries, primarily EMDEs, are experiencing subdued pickups alongside surges of COVID-19 cases while the recoveries in fragile and conflict-affected LICs are particularly weak, as the pandemic has exacerbated underlying challenges (Source: Global Economic Prospects Reports).

GLOBAL PHARMACEUTICALS MARKET

The global pharmaceutical market is expected to have slowed down marginally during the year 2020 and valued at around US$ 1.21 trillion. The year was impacted due to the lockdown and social distancing norms imposed by various countries and economic slowdown across countries owing to the COVID-19 outbreak and the measures to contain it. The market is expected to grow at a CAGR of 8.5% from 2021 through 2023 and reach a size of US$ 1.74 trillion. Technological advances, changes in lifestyles, new methods for drug discovery, large pool of undiagnosed population, and an increase in pharmaceutical drug usage due to the COVID-19 pandemic is expected to drive the growth of the market (Source: Industry Estimates).

US remained the largest pharmaceutical market during the year accounting for over 40% share of the global pharmaceutical sales. The US is expected to retain its leading position in the global pharmaceuticals market with a market share in excess of 40% in 2023. Growth of the US pharmaceutical market will be fuelled by the growing and ageing population in U.S. Apart from ageing and rising population, the improvements in purchasing power will drive the growth of the US pharma market. Another aspect which is leading this growth is rising focus of pharmaceuticals companies to tap the rare and speciality diseases (Source: Industry Estimates).



INDIAN ECONOMY

Like the global economy, the year gone by turned out to be an exceptional one for the Indian economy as the spread of COVID-19 pandemic and the measures taken by the Government to contain the spread of the virus adversely impacted the economic activities in the country. Indian economy began to regain the momentum with clear signs of uptick in consumption and investment towards the end of 2019. However, the progress was halted on account of the pandemic which made the Government enforce the country-wide lockdown in the later part of March, 2020.

The country began the year on a quiet note as the month of April, 2020 witnessed stringent lockdown leading to a standstill in manufacturing and service activity though agriculture and allied activities showed continued resilience. In line with the global trend, the country witnessed a significant contraction of output during the first quarter of fiscal 21.

On the back of gradual scaling back of the lockdowns, the economy demonstrated a strong V-shaped recovery during the second quarter on a sequential basis which reflected a resilience and robustness of the Indian economy. The economic activities gained further momentum during the second half of the fiscal on the back of a steady uptick in consumer sentiment. In fact, the economy showed positive growth for the first time during the third quarter post the onset of the pandemic.

While the economy strongly bounced back during the second half of the fiscal, the momentum was moderated by the ravaging second wave of COVID-19 which emerged from the mid of March, 2021.

Unlike the first wave, the effect of the second wave was asynchronous in its onset across states and wider in its spread as the second wave also entered the rural interland. From the second half of May, 2021 there has been a substantial reduction in no. of new cases being registered daily. After declining during the second wave, high frequency indicators such as power consumption, E-way bills and foreign portfolio investment (FPI) flows witnessed uptick in the second half of May 2021 while agriculture sector continues to offer comfortable prospects (Source: Monthly Economic Reports, Department of Economic Affairs, Government of India).

INDIAN PHARMACEUTICALS MARKET

Like other sectors, Indian Pharmaceuticals Market (IPM) was also impacted during the year on account of the pandemic and the measures taken by the Government to contain the spread as the market slowed down during the year, registering a growth of 2.1% viz-a-viz 9.7% registered during the previous financial year.

Overall, the market added Rs. 2,966 crores during the year against the addition of Rs. 12,719 crores last year.

The market declined by 5.9% during the first quarter of the fiscal. However, the market started to recover from the second quarter of the fiscal with various unlocking measures implemented by the government which in turn led to the increase in patient foot-fall and the doctors re-starting their practice resulting in increase in number of prescriptions.

The market in-fact grew by 5.9% during the second half of the FY21 after de-growing by 2.3% during the first half.

In terms of therapeutic performance, Cardiac was the largest therapeutic area during the year followed by Anti-infective and Gastro Intestinal therapeutic areas. Cardiac was also the fastest growing therapeutic area during the year with a growth of 11.2% (Source: AWACS MAT Mar'21).

Going forward, digital technology is going to play an increasingly important role in reaching out to the doctors, patients and connecting all the stakeholders.

CADILA HEALTHCARE LTD.

Cadila Healthcare Ltd. is one of the leading innovation driven pharmaceutical companies in India with presence across the pharmaceutical value chain of innovating (research & development), manufacturing, marketing and selling of finished dosage human formulations (generics, branded generics and specialty formulations, including biosimilars and vaccines), active pharmaceutical ingredients ("APIs"), animal healthcare products and consumer wellness products. Innovation is the backbone of the Company as it ensures business sustainability through continuous availability of new products for various businesses. The Company's initiatives in the areas of research and development span across the pharmaceuticals value chain, including New Chemical Entities ("NCE"), biologics, vaccines, specialty and complex generic formulations, API process development and consumer wellness products. The Company has a global presence and sells its products in the United States, India, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa. The Company has a pool of modern, cost efficient and regulatory compliant manufacturing facilities which ensures continuous supply of high quality products at the most competitive prices to its customers across the globe.

YEAR 2020-21 FOR THE COMPANY'S BUSINESS OPERATIONS

The year gone by was an unprecedented one for the entire humanity across the globe as the world continued to battle against an unprecedented healthcare crisis in the form of novel coronavirus disease which emerged from the beginning of the calendar year 2020, spread rapidly across the globe and wreaked havoc forcing many countries to go into the lockdown. The Company began the year on a quiet note as the country was under lockdown at the start of the year which in turn impacted the business in India and the emerging markets during the initial days of the lockdown.

To counter the challenges posed by the pandemic, the Company implemented a business continuity plan in the light of events unfolding in the external environment to ensure that the operations continue right through the pandemic situation with minimal interruption. The manufacturing facilities of the Company were running at reasonable capacities even during the lock-down since pharmaceutical products are classified as essential commodities. The Company implemented several preventive and corrective measures across all workplaces in the form of enhanced safety requirements, physical distancing at work places, mandated use of protective gears and remote working across the locations to ensure the safety of the employees. The Company could fulfill the demand of customers across the globe with the collaborative efforts of various functions despite the logistical challenges.

In a bid to ensure access to the affordable treatment options to the people across the globe in a fight against the pandemic, the Company took several initiatives across the spectrum from prevention to treatment of COVID-19 using a diverse set of capabilities in small molecule therapeutics, biologicals and vaccines, even using the range of wellness products for sanitization and overall immunity enhancement.

As a part of this endeavor, the Company launched several products like Remdesivir injection, Hydroxychloroquine, Dexamethasone injections etc. at the most affordable prices. The Company is also exploring the innovative ways to fight COVID-19 which are discussed at length in the COVID-19 research update section.

Despite all the challenges, the Company ended the year with a topline growth of 6% and crossed ₹ 15000 Cr. mark in revenues.

Consolidated EBIDTA for the year was ₹ 33.4 bn. which is the highest ever EBIDTA achieved by the Company, achieved with the help of revenue growth and costs optimisation.

EBIDTA margins expanded by 260 basis points and stood at 22.1% for the year.

Further, the Company's efforts to strengthen the balance sheet have resulted into a net debt reduction of Rs. 32 bn. during the year and the net debt stands at Rs. 35 bn. as of 31st March, 2021 against Rs. 67 bn. as of 31st March, 2020. Net debt of Rs. 35 bn. and net debt to EBIDTA of 1.05x as on 31st March, 2021 are the lowest in last 5 years.

COVID-19 – RESEARCH UPDATE

The Company is exploring various innovative ways apart from the initiatives in the therapeutics and wellness space. This includes development of two vaccines to combat the spread of the virus, exploring the biological route including re-purposing the existing drugs to offer alternate treatment options to the patients and evaluating a few small molecules to treat the COVID-19 related complications.

On the vaccine research front, the Company initiated an accelerated research programme in February 2020, even before the novel coronavirus, 2019-nCoV (COVID-19) had entered India, to develop a Plasmid DNA vaccine targeted at the major viral membrane protein responsible for the cell entry of the novel coronavirus.

During the year, the vaccine candidate ZyCov-D successfully completed Adaptive Phase I/II clinical trials and is currently in the advanced stage of Phase III clinical trials. Adaptive Phase I/II study was conducted in over 1000 healthy adult volunteers as part of the dose escalation, multi-centric, randomized, double-blind placebo controlled study.

The vaccine was found to be safe and elicited a strong immunogenic response. Phase III trials are being conducted in over 28000 subjects across 60 sites to evaluate the efficacy of the vaccine. Population selected for the trials include people in the age group of over 60 years, those between the age group of 18 to 60 years with and without co-morbidities and those in the age group of 12 to 18 years. Necessary data has been submitted to publish the results of Phase I clinical trials. The results will be published in a peer reviewed journal soon.

The Company has put up a plant for the production of Zycov-D vaccine. The plant is expected to be ready for commercial production by June, 2021.

The Company has also developed another vaccine candidate to fight COVID-19 which is a recombinant measles vectored vaccine viz. ZyCoV-MV. During the year, the Company received an approval from the Review Committee on Genetic Manipulation (RCGM) to carry out preclinical and/or safety toxicity studies.

During the year, NCE molecule Desidustat successfully completed Phase II(b) studies in COVID-19 patients in Mexico as the molecule showed the efficacy and safety in treating Hypoxia in hospitalized COVID-19 patients. Patients infected with COVID-19 have been reported to display signs of 'Hypoxia' leading to organ failure and death despite the use of antivirals, anti-inflammatory drugs or ventilators. The lung cells have been reported to develop extremely intense poisoning and inflammation, which causes shortness of breath and this can lead to Acute Respiratory Distress Syndrome (ARDS). Patients with ARDS may require mechanical ventilator support to help circulate oxygen in the body. Phase II(b) trial data shows the potential of Desidustat in helping prevent ARDS. None of the hospitalised patients required mechanical ventilator in the Desidustat arm, while 25% patients on the standard of care arm required mechanical ventilator.

In order to provide the treatment option for the treatment of novel coronavirus, the Company started exploring the biological route with long-acting Interferon alpha-2b since the beginning of the financial year after the research conducted in the US and China showed that Interferon alpha significantly reduced novel Coronavirus titers in vitro and shortened duration of viral shedding in patients. During the year, the Company successfully completed Phase III clinical trials in India of Pegylated Interferon alpha-2b (the product commercially launched under brand name 'Virafin') and recently, in the month of April, 2021, DCGI granted the Restricted Emergency Use Approval for the use of Pegylated Interferon alpha-2b ('Virafin') in treating moderate COVID-19 infection in adults. A single dose of the molecule administered subcutaneously early on shows significant clinical and virological improvement in moderate COVID-19 adult patients. 91.15% of the patients treated with Pegylated Interferon alpha-2b were RT PCR negative by day 7. The treatment significantly reduces the hours of supplemental oxygen in the patients. The molecule is a very potent anti-viral and post its launch, the initial results are encouraging as there is an increased demand from many hospitals. The product is a part of Karnataka State Treatment Protocol and four other states are considering it to include the same in their treatment protocol. In order to facilitate the treatment of COVID-19 globally, the Company will seek the permission from the regulatory authorities of other countries to file for registration of Pegylated interferon alfa 2b.

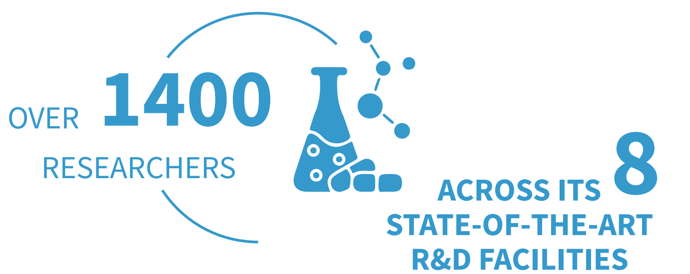
Adding to the treatment profile for COVID-19, the company has developed a novel biotherapeutic cocktail of monoclonal antibodies which is directed against spike protein of the virus that causes COVID-19. The Company has completed pre-clinical toxicity studies and sought the permission from DCGI to initiate clinical trials in patients with mild to moderate symptoms. The molecule can emerge as one of the main treatments for mild COVID-19 cases as it has been designed to have a long half-life providing protection for a long period of time, has reduced immune-effector functions to minimize potential tissue damaging side effects of virus neutralizing monoclonal antibodies and are better equipped to deal with variants than single monoclonal antibody based products.

INNOVATION – THE GROWTH ENGINE FOR FUTURE

Researchers at work

Continuous innovation is one of the most defining characteristics of the pharmaceutical industry as it needs to continuously introduce the new medicines to fulfil the unmet needs of the patients quickly and in a cost efficient manner. While the innovation has a dramatic impact on the health and wellness of millions of people, the health of pharmaceutical players depends upon the flow of new drugs as the new products and new therapies help them to bridge the revenue gap which will arise on account of the loss of patent protection of their existing products. Over the past two decades, spending on R&D and the introduction of new drugs have gone up significantly across the globe. In fact, there is a clear correlation between the innovation and growth as the most innovative players have demonstrated the higher growth viz-a-viz the least innovative ones. The amount of money which is devoted to R&D by the companies is determined by the amount of revenue they expect to earn from a new drug, the expected cost of developing that drug, and policies that influence the supply of and demand for drugs. Different companies invest their resources for different kind of products, for different therapeutic areas and for different geographies so as to build sustainable future cash flows and diversify the risks.

The Company's innovation programme is spearheaded by



From NCEs to vaccines, biosimilars, niche technologies and to generic product development, the group is exploring different ideas, concepts and continuously innovating with an aim to fulfil the unmet patient needs and to fulfil the demand of its customers across the globe.

The Company invests approximately **7 to 8%** of its annual revenues on innovation.

Here is an overview of the efforts being put in by the Company in different areas of innovation:

NEW CHEMICAL ENTITY (NCE) RESEARCH

New chemical entities (NCEs) also known as New molecular entities (NMEs) are compounds that emerge from the process of drug discovery. While drug discovery can be described as the process of identifying chemical entities that have the potential to become therapeutic agents, drug development is the process of bringing a new drug molecule into clinical practice. Drug development is a riskier and long gestation exercise and it requires substantial investments in terms of capital, human resources, research skill and technological expertise.

The Zydus Research Centre (ZRC) which is a state-of-the-art facility, is the dedicated arm of the Company to carry out NCE research. With a team of over 400 research professionals, ZRC spearheads the group's quest of creating healthier and happier communities globally.

The Center is working on cutting edge technologies in different scientific disciplines to discover novel therapeutic agents. It has the capabilities to conduct drug discovery and development from concept to Investigational New Drug (IND) enabling pre-clinical and clinical studies.

Focused areas of NCE research include cardio-metabolic disorders, inflammation, pain, oncology and infectious diseases.

During the year, the Company received an approval from the Drug Controller General of India (DCGI) for its New Drug Application (NDA) for Saroglitazar Magnesium for the treatment of Non-Alcoholic Fatty Liver Disease (NAFLD) in India. The molecule becomes the first medicine for the treatment of NAFLD in India. Non-Alcoholic Fatty Liver Disease (NAFLD) is a spectrum ranging from Non-Alcoholic Fatty Liver (NAFL) to Non-alcoholic Steatohepatitis (NASH), which has the propensity to progress to liver cirrhosis and Hepatocellular Carcinoma (HCC), a leading cause of liver transplant.

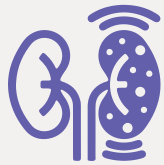
Nearly 25-30% of the population in India is estimated to be suffering from NAFLD. The molecule is now approved by DCGI for five indications in India viz. Diabetic Dyslipidaemia, Hypertriglyceridemia, NASH, NAFLD and Type II Diabetes.

During the year, Zydus Discovery DMCC (ZDD), a subsidiary of the Company successfully completed Phase II clinical trials of Saroglitazar Magnesium for Primary Biliary Cholangitis (PBC) indication. USFDA granted the Orphan Drug Designation (ODD) and Fast Track Designation to Saroglitazar Magnesium in the treatment of patients with Primary Biliary Cholangitis (PBC). Recently, in the month of April, 2021, the protocol was submitted to the USFDA to get an approval for initiating Phase II(b)/ III clinical trials of Saroglitazar Magnesium for PBC indication. The trials are expected to commence from the month of August, 2021 after securing the necessary approvals. The trials will be conducted on 192 patients across 100 sites globally.

Recently, in the month of May, 2021, the Company received an approval from the USFDA to initiate Phase II(b) clinical trials of Saroglitazar Magnesium for NASH and F2/F3 Fibrosis in the US. The trials are expected to commence from the month of June, 2021. Clinical trials data and pre-clinical PSC data of Saroglitazar Magnesium in the treatment of PBC and NASH indication were presented at American Association for the Study of Liver Diseases' (AASLD) The Liver Meeting Digital Experience™ 2020.

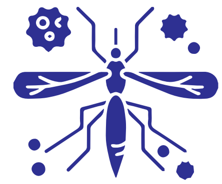
Enrolment of patients is currently going on across several clinical sites in the US for EVIDENCES (Evaluation In NAFLD / NASH of Saroglitazar Magnesium) VII Phase II clinical trials for assessing the effect of Saroglitazar Magnesium in the treatment of NAFLD in women with Polycystic Ovary Syndrome (PCOS). The enrolment is expected to be over by the 3rd quarter of FY22.

During the year, the Company completed the recruitment of patients for Phase III clinical trials in India for another Investigational New Drug (IND), Desidustat (ZYAN1), an oral hypoxia-inducible Factor-prolyl hydroxylase inhibitor (HIF-PHI) targeted at treating anaemia both in dialysis and non-dialysis dependent CKD patients.



Despite the challenges posed by COVID-19 pandemic, 392 patients were recruited who were suffering from anaemia and were on dialysis for Phase III trials also known as DREAM-D (Desidustat Oral Evaluation in Anemia Management - Dialysis) trials and 588 patients were recruited who were suffering from anaemia and were not on dialysis for Phase III trials also known as DREAM-ND (Desidustat Oral Evaluation in Anemia Management – Non Dialysis) trials. Follow-up is currently going on which is likely to be completed and the results are likely to be submitted by the third quarter of FY22.

Desidustat is being pursued in the US for Chemotherapy Induced Anaemia (CIA). At present, the clinical trials are going on in the US for this indication.



During the year, the Company achieved an important milestone in pursuit of developing a single-dose radical cure for malaria as it completed Phase I clinical trials of its anti-malarial drug candidate. Phase I study in healthy volunteers demonstrated long-half life and potential for a single-dose cure for malaria. Potent antimalarial activity was demonstrated in malaria challenge trial following single-dose oral administration of the molecule. The molecule is a fast-acting and effective drug against both P. falciparum and P. vivax strains of malarial parasites.

The Company also received an approval from the DCGI to initiate Phase I clinical trials of ZYIL1, a novel oral small molecule targeted at selectively supressing inflammation caused by NLRP3 inflammasome. Phase I clinical trials are currently going on in India which will study the safety, tolerability, pharmacokinetics and pharmacodynamics of ZYIL1 in healthy human volunteers. The molecule has demonstrated promising efficacy in a number of validated pre-clinical models of Inflammatory Bowel Disease (IBD), Multiple Sclerosis (MS), Sepsis and acute lung injury models of Acute Respiratory Distress Syndrome (ARDS). The studies have demonstrated that ZYIL1 can selectively supress inflammation caused by the NLRP3 inflammasome.

Phase I clinical trials are currently going on for ZYBK2, another Investigational New Drug intended to treat Rheumatoid Arthritis.

BIOLOGICS

The Company has one of the most comprehensive and diverse biologics portfolios as its pipeline comprises of

6 NOVEL BIOLOGICS

and **21 BIOSIMILARS**

(both in the development stage as well as launched) and covers therapeutic areas such as oncology, autoimmune disease, nephrology, ophthalmology, inflammation, rheumatology, hepatology, infectious disease etc.

The pipeline has been created to serve multiple markets, including low and middle-income countries. The products are lined up at various stage-gates of product development in compliance with regulatory norms and aim to serve the humanity with best quality affordable products.

On the biosimilars front, the Company successfully completed Phase III clinical trials for Rituximab during the year and will submit an application to DCGI for Marketing Authorization approval. In a bid to further strengthen its biosimilars portfolio, the Company completed pre-clinical toxicity studies for 2 more products during the year.

On the emerging markets front, the Company launched its first biosimilar viz. Pegfilgrastim in Russia which is a significant market for biosimilars among emerging market countries. This was also the first biosimilar launch of Pegfilgrastim by any company in Russia. The product was launched with filling activity being carried out by the local player which will enable the Company to participate in the procurement activity by the Government. Further, approval in Russia opens the door for the Company in CIS region and will enable the Company to get the approvals on a fast track basis in other CIS countries. The Company also filed the dossier of one more product with the Russian regulatory authority during the year. The Company holds the registration of its key biosimilar products in some of the key emerging market countries such as Indonesia, Sri Lanka, Thailand etc. The Company has set its footprint in the LATAM region and currently the dossiers of 4 key biosimilar products are under different stages of review cycles with the regulatory authorities of Columbia and Mexico. Overall, the Company has commercialised products in 9 countries of emerging markets during the year.

As a part of global biosimilar program, the Company has selected two candidates for global market development. These products are selected with an aim to have a robust presence in the oncology biosimilar space of the regulated markets of US and EU as the approval in these markets will make the Company eligible for approval in many other countries as well. The Company is evaluating various possible partnership options with a focus on co-development partnership model.

VACCINES

The Company has achieved a remarkable ground in the vaccines space with development of multiple vaccines for infectious diseases like Rabies, Hepatitis B, Measles, Mumps, Rubella, Varicella, Influenza and Typhoid fever.

The Vaccines Technology Centre (VTC) based in Ahmedabad houses the vaccines research initiatives of the Company. VTC has been developing vaccines for the basic vaccination programs as well as developing new vaccines with an aim to cater to the requirements of both India and global public market requirements.

During the year, the Company received marketing authorization in India for Hepatitis B Vaccine (rDNA) I.P. and Pentavalent Vaccine. For Tetanus Diphtheria (Td) vaccine, the Company successfully completed Phase II/III clinical trials in adults and adolescents and submitted the marketing authorization application to DCGI. With respect to the candidates in the early stages of development, the Company received regulatory permission to conduct pre-clinical toxicity studies for one more candidate.

From a business perspective, vaccines business is going to be an important growth driver with a diverse portfolio of vaccines in the development pipeline. For a couple of vaccine candidates in the portfolio, the Company is also in process of applying for pre-qualification to WHO so as to expand and establish its presence for supply of these vaccines to procurement agencies like The Global Alliance for Vaccines and Immunization (GAVI) and PAN American Health Organisation (PAHO).

SPECIALTY AND COMPLEX GENERICS

The Company is building a portfolio of specialty and complex generics products through in-house R&D and business development efforts and is making significant investments to tap the opportunities in specialty and complex generics businesses, as both are expected to be the key strategic growth drivers for the US market.

The Company's specialty portfolio is focused on providing value-added treatments addressing unmet needs and enhancing the ease of patients and physicians with a viable commercial opportunity. The Company is actively looking into repositioning and repurposing existing drugs to support its specialty portfolio. So far, the Company has developed a portfolio of 9 products including 2 in orphan diseases space with a focus on Pain Management, Neurology, Liver Diseases and other opportunistic areas. Besides this, the Company is developing a portfolio of life-cycle management opportunities for existing products. The Company is also actively evaluating potential licensing and acquisition opportunities complementing focused therapy areas of interest in specialty space.

During the year, the Company filed 1 New Drug Application (NDA), 1 pre New Drug Application (pNDA) and 5 pre Investigational New Drug (pIND) requests with the USFDA and received an acceptance from the USFDA for the NDA filed in the area of metabolic disorder with Prescription Drug User Fee Act (PDUFA) date in September, 2021.

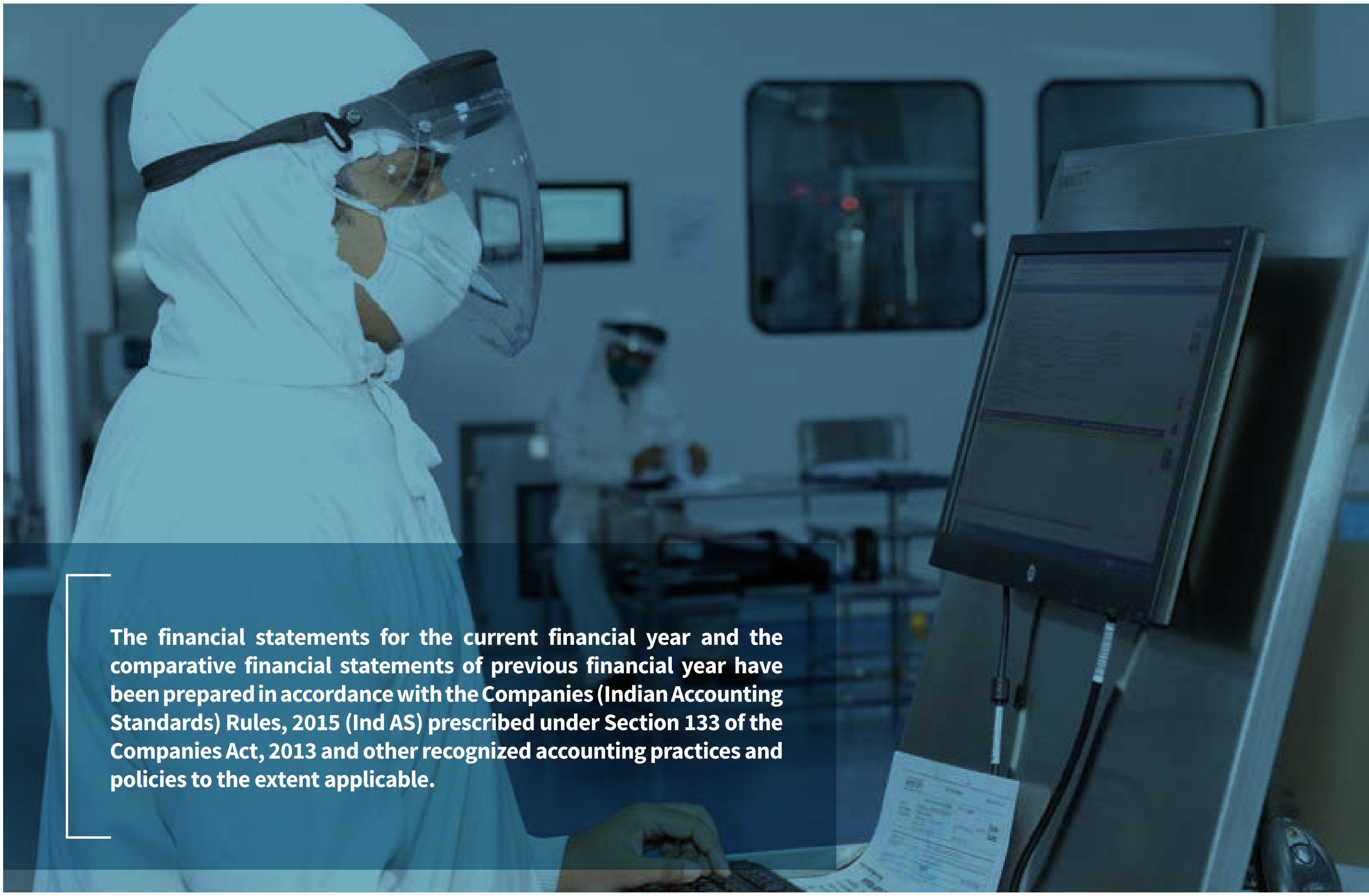
The Company plans to file 1 more NDA in the pain management area in FY22.

As mentioned earlier, orphan and rare diseases space is a focussed area in the specialty portfolio build-up and as a part of that strategy, Sentynl Therapeutics Inc., a wholly owned subsidiary of the Company acquired rights to Copper Histidinate product candidate CUTX-101 from Cyprium Therapeutics Inc. CUTX-101 has been granted orphan drug and fast track designation by USFDA for Menkes disease which is a rare and fatal paediatric disease caused by mutations in copper transporter gene due to which a new born is unable to absorb copper. If untreated, it may cause premature death within fist three years. The product is under rolling submission and all modules are expected to be filed with the USFDA by December, 2021. Being a fast track designated product, approval may be granted in the first quarter of 2022 in the best case scenario.

The Company is working diligently to extend its expertise from traditional generics to complex generics portfolios to drive future growth in the US as the challenges and difficulties involved in the development of these products starting from active ingredient to drug-device and multiple other barriers make complex generics an attractive, low competition opportunity. The Company has made the investments in this space through partnership efforts (complemented by internal R&D expertise). The Company has entered into partnerships for some of these products so as to expedite the development timelines and favourably balance associated risks and investments.

Currently, several complex generics, such as modified release oral solids, complex injectables, transdermals and drug-device combinations are either under registration and/or under development, for the US market. Till date, the Company has successfully in-licensed 20 products to build a portfolio of complex generics. This includes 2 products where the Company is likely to hold an exclusive first to file status and likely to have 180 days exclusivity upon launch.

CONSOLIDATED FINANCIAL HIGHLIGHTS



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

TOTAL OPERATING REVENUES

The total income from operations grew by

6% to **₹151 bn.** from **₹142.5bn.** last year.

India geography which comprises human health formulations, consumer wellness and animal health business and which is the largest contributor to the consolidated revenues grew by **9%** to ₹ **64,836 Mio.** while the US formulations business which is the second largest contributor to the consolidated revenues grew by **3%** and registered sales of ₹ **64,445 Mio.** during the year.

PROFITS AND MARGINS

- The EBIDTA (Earnings before Interest, Depreciation, Taxation and Amortization) grew by 20% to ₹ 33,410 Mio. from ₹ 27,834 Mio., last year.
- The EBIDTA margin as % to total income from operations improved by 260 basis points during the year viz-a-viz the preceding year and stood at 22.1% during year.
- Net profit grew by 81% to ₹ 21,336 Mio. from ₹ 11,766 Mio., last year.
- The net profit margin as % to total income from operations stood at 14.1% during the year which is an improvement of 580 basis points over the preceding year. Net profit excluding certain exceptional and non-recurring items, grew by 44% during the year.

RETURN ON NET WORTH

Return on net worth has increased to 18.3% during FY21 viz-a-viz 11.3% during FY20 mainly on account of increase in profits.

INTEREST COVERAGE RATIO

Interest coverage ratio has gone up to 20.4 in FY21 from 8.1 in FY20. The increase is mainly on account of reduction in finance cost due to repayment of debt.

DEBT

The consolidated net debt (adjusted for cash & bank balances and liquid investments) of the Company as on 31st March, 2021 stood at ₹. 34,963 Mio., against ₹. 67,400 Mio. last year. Net debt-equity ratio was 0.27:1 as on March 31, 2021 as against 0.65:1 as on March 31, 2020. Net debt to EBIDTA ratio for the year was 1.05 as against 2.42 in FY20.

FIXED ASSETS AND CAPITAL EXPENDITURE

The consolidated gross block (including capital work in progress) at the end of the year was ₹. 181.28 bn., up by about ₹. 6.05 bn., from ₹. 175.23 bn. last year. Net capital expenditure including capital work in progress during the year was ₹.7,634 Mio. The capex during the year was incurred mainly for creation of new facilities and up-gradation and capacity expansion of existing facilities.

CAPITAL EMPLOYED AND OPERATING EFFICIENCY

The total Capital Employed (CE), adjusted for deferred expenses, at the end of the year was ₹. 166.2 bn., down from ₹. 177.2 bn. at the end of the previous year. Reduction in capital employed is mainly on account of reduction in debt. Return on Capital Employed (ROCE = Adjusted earnings before interest net of tax / Average CE) improved by 430 basis points viz-a-viz the previous financial year and stood at 14.1% during the year.

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

INDIA GEOGRAPHY

HUMAN HEALTH FORMULATIONS

A shot inside the India formulations

The Company's human health formulations business in India began the year on a quiet note as the pharmaceutical market in India declined during the first quarter on account of the lock-down imposed by the Government to curb the spread of COVID-19 virus, resulting in lower prescriptions and reduced patient footfalls.

From the second quarter, demand scenario showed signs of gradual improvement with doctors re-starting their practice amidst various unlocking measures undertaken by the Government.

During the year, the Company introduced a number of brands targeted at COVID-19 which got a good response from the market. Key ones among them are Remdac, Cimune, Supermune, Iveloc, Ivertreat, Zincee, Angionox, Fabidac, Viroshield wipes and 3 brands of sanitizers viz. Zanitizer, Viroshield and Happihands.

Remdac brand was launched in India in the month of August, 2020 at a price of Rs. 2,800 for a 100 mg lyophilized injection, making it the most economical brand of the Remdesivir in the country. Continuing with its efforts to make the therapies more accessible and affordable to people through the course of the pandemic, the Company reduced the price of Remdac to Rs. 899 per 100 mg lyophilized injection in March 2021 which was the lowest priced amongst all manufactures.

Post the outbreak of COVID-19 pandemic, there has been a significant shift in the way various stakeholders interact with each other through the adoption of digital means. The Company acknowledged the vital role of digital technologies in reaching out to the doctors, patients and connecting with all other stakeholders. Thus, with a view to going digital and beyond, the Company has collaborated with several agencies and digital platform providers for creating:

- a digital platform for the doctors which shall house 3600+ e-books, 1500+ scientific journals, 80+ content pieces across webinars, videos, infographics, case studies, podcasts across the key therapy areas and best in class practice management tools along with a dedicated telemedicine platform and
- a digital platform for field sales representatives with the launch of Frontline 3.0 (Digital MR Platform) across India which includes first time in industry features like virtual detailing.

As mentioned earlier, there was a gradual improvement in demand from the second quarter of the year with the doctors restarting their practice. This trend of improvement continued till March, 2021 when there was a big resurgence of the COVID-19 cases along with the lockdowns announced in various parts of the country. This has adversely impacted the patient flow to the doctors and hospitals and also the feasibility of private doctors to carry out their practice in clinics. However, a significant shift was observed in the way the interaction among doctors, patients and pharmaceutical companies happens with the use of digital mode during the second wave of COVID-19 and the demand to consult patients through digital mode will continue to be on the rise going forward.

Overall, the Company's formulations business in India showed a sign of revival and posted sales of Rs. 40,429 Mio. during the year, up 9%.

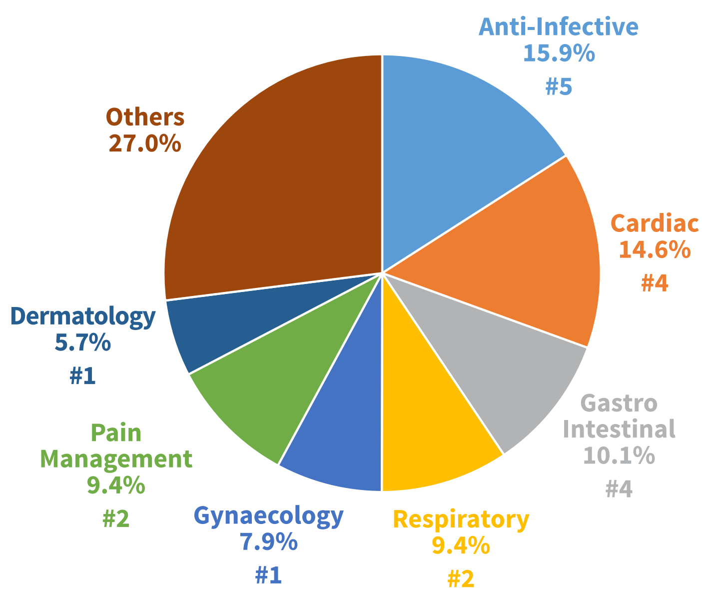
Branded formulations (i.e. total formulation business excluding generic products) business posted a growth of 10% during the year.

The Company is the fourth largest pharmaceutical company in India with 4.25% market share.

In terms of performance of different therapies, Gynaecological, Anti-diabetic, Anti-infective and Pain Management portfolio grew better than the market. In terms of rankings, the Company maintained its ranking in Gynaecology therapy area while its rankings improved in Respiratory, Anti-diabetic and Anti-infective portfolio viz-a-viz the preceding year.

14 of the Company's brands feature amongst the top 300 pharmaceutical brands in India with 9 brands having sales of more than Rs.100 crores (Source: AWACS MAT March 2021).

Therapeutic area-wise break up of formulations sales in India as per AWACS MAT March 21 is as under:



 # Represents Zydus' ranking in the promoted covered market

CONSUMER WELLNESS

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

The year gone by turned out to be a very challenging one on account of COVID-19 induced setbacks impacting sales of key brands like Glucon-D, Nycil, Nutralite and Everyuth. Despite this, the business achieved a satisfactory performance during the year with improvement in growth rates every quarter.

During the year, the Company continued its thrust on marketing initiatives to grow the categories and increase market share of the brands.

On Glucon-D front, the brand got adversely impacted on account of COVID-19 related challenges, cyclone Amphan and early monsoon in some parts of the country. Despite this set-back, the Company stepped up investments on the brand with new communication and competitive consumer and trade offers. To tap the heightened need of Immunity products for kids, the Company launched Glucon-D ImmunoVolt which was supported with TV and Digital media activities.

Complan brand registered high single digit growth during the year. The Company continued to drive the penetration in sachet market with distribution drives and TV media support in targeted regions. Recently, a fresh communication which elevates the functional benefit of '2X faster growth' was launched which is being supported across mediums at an all India level.

On the back of increased home consumption during COVID-19 lockdown, Sugarfree has witnessed a strong double digit growth during the year. Sales of Sugarlite almost doubled, on a low base, during the year.

Nycil brand witnessed a strong double digit growth during the year. During the last quarter, 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.

On Nutralite front, lock-down impacted the performance of the brand severely in institutional segment. However, the brand witnessed sequential recovery month by month and has now reached pre-Covid levels during the last quarter. 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.

On the Go-to-market front, direct distribution reach has increased to half a million outlets at the end of the year. E Commerce business grew by more than 250% during the year accounting for almost 3.6% of the domestic revenue.

During the year, the Company took initiatives to strengthen the balance sheet, as a result Zydus Wellness Ltd. has fully redeemed Non convertible debentures of Rs. 15000 Mio. The Non convertible debentures repayment was partly supported by equity capital raise by way of preferential issue to promoter family, QIP issue and low-cost borrowings. Improved capital structure enabled improvement in the bottom line.

During the year, Zydus Wellness Ltd. registered consolidated sales of Rs. 18,536 Mio., up 7% and consolidated net profit of Rs. 1,187 Mio., down 16.2%. Net profit excluding certain exceptional and non-recurring items, grew by 34.9% during the year.

ANIMAL HEALTH

As a part of the global strategy of the Company and to achieve next phase of growth for its Animal Health business, which was part of the parent company, was transferred into a subsidiary, Zydus Animal Health and Investments Ltd. (ZAHL) in FY 2019-20. The business was divided into 2 undertakings - one was to focus on India and certain other countries known as Animal Healthcare Established Markets Undertaking (AHESTM). The other undertaking, namely Animal Healthcare Emerging Markets Undertaking (AHEMGM) was to work on the new growth avenues in the regulated markets of US and Europe. AHESTM is one of India's leading animal healthcare players and a market leader in various therapeutic segments which include anti-bacterial, NSAIDs, anti-mastitis, tonics and poultry vaccines amongst others in India. With a strong presence in the livestock and poultry segments, it has also launched a basket of products specifically for the companion animals to cater to the increasing demands of the pet community. For pursuing opportunities in regulated global markets especially the generics animal healthcare market of the USA, AHEMGM is developing several products and has set up a new manufacturing facility in an SEZ near Ahmedabad from which such products would be manufactured and sold in the USA.

The said transfer of two animal health business undertakings was done to accord specific thrust and greater focus on animal health business, aided by improving customer focus, which would help provide greater visibility of the performance of the business and also attract right talent for the global business. The aim was also to expand the animal health business by exploring strategic choices such as leveraging its strong product pipeline as well as its new manufacturing facility and forging technical and/or marketing alliances including joint ventures for global regulated markets. The Company was looking to drive the growth both by exploring organic and inorganic opportunities and also inviting the participation in the equity from the investors to accelerate the growth journey.

With these objectives, the Company initiated to look for strategic and/or financial partners, who share the same values and growth ambition for the business with an intention to invite them to take equity stake in ZAHL. A leading investment advisory firm was appointed to support this process. With their help, the Company invited bids from various investors for their participation in ZAHL.

Considering the fact that ZAHL has two business undertakings (one with existing business in India and other countries and another with the current development activity and aiming to launch the products in USA and Europe) and also a subsidiary company doing marketing of the human formulation products in the USA, the investors were not ready to be part of ZAHL but were more interested in AHESTM. Thus, in the process, it was realised that valuing these two undertakings separately and independently was a better operational and economic option than valuing the entity as a whole. As a part of this process, various investors expressed their interest, for only AHESTM, since it was already established and was generating positive cash flows while another business, namely AHEMGM, was still in investment phase where ZAHL is in the process of developing products for the regulated market of US and Europe.

It was also realised that the preference of the investors was to get majority or total and absolute control of the business of AHESTM (rather than becoming a significant minority partner in ZAHL). Pursuant to evaluating various bids received and subsequent negotiations with the potential investors, and after due consideration and deliberations, it was found to be commercially prudent to transfer AHESTM to a third party purchaser.

Recently, in the month of May, 2021, ZAHL entered into a Business Transfer Agreement (BTA) and other Ancillary Agreements ("Definitive Agreements") to sell and transfer its AHESTM undertaking to Zenex Animal Health India Private Limited, an SPV owned by Multiples Alternate Asset Management led consortium, on a slump sale basis as a going concern, for a lump sum consideration of Rs. 2921 Crores on a cash free and debt free basis, subject to certain closing date adjustments and other conditions.

ZAHL will continue with its effort to invest and build its animal health business in the regulated markets of US and Europe spearheaded by its AHEMGM undertaking.

The Company plans to utilize the cash which will be generated from this transaction for pursuing the strategic objectives in India and US geographies and advance its innovation led programs in NCEs, Biosimilars, Vaccines and Specialty areas. In the short term, the cash will help the Company deleverage its balance sheet by reducing net debt.

On the business front, in India, livestock business bounced back from the second quarter of the year and drove the performance of the business during the year. Poultry business though remained under stress for most part of the year on account of the pandemic, showed signs of gradual improvement during every quarter. Digital initiatives implemented during COVID-19 times helped in bridging the void of physical meetings and resulted in better customer connect and improvement in sales. During the year, the Company launched 6 new products in India and received 3 new marketing authorizations for the exports business.

Overall, the business posted sales of ₹. 5,998 Mio., up 16%.

US FORMULATIONS BUSINESS

The US continues to remain the largest pharmaceutical market across the globe accounting for over 40% of the global pharmaceutical revenues.

Despite the influence of several emerging countries, the US has captured a dominant share of the pharmaceutical market worldwide.

The US pharmaceuticals industry, which was approx. US$ 510 bn. in 2020 is expected to cross US$ 600 bn. over next 3 years and is expected to retain its leading position in the global pharmaceuticals market (Source: Industry Estimates).

The US was the second largest contributor to the consolidated revenues of the Company with 43% share. During the year, the US generics business grew by 6% on a higher base of previous year despite the increased competition and pricing pressure on the back of increase in volume share of existing products and launch of new products.

The Company is now ranked fifth amongst US generic companies based on prescriptions (Source: IQVIA, NPA Audit, MAT March 2021 TRx).

Even with the increased competition and pricing pressure in the US market, the Company continued to grow the overall volume and maintain a top 3 ranking in about 60% of product families.

During the year gone by, the Company launched 30 new products in the US generics market.

In terms of ANDA filings, 22 additional ANDAs were filed with the USFDA during the year, taking the cumulative number of ANDA filings to 412.

The Company is building a portfolio of complex injectables in the US. It has launched a few complex injectables such as Fondaparinux and Doxorubicin Liposomal injection in last couple of years. The Company expects to launch one more complex injectable product soon in the US.

The Company received approval for 35 ANDAs during the year (incl. 11 tentative approvals). Cumulative number of ANDA approvals at the end of the year stood at 317. New product approvals for the year include 7 first cycle approvals, 2 first generic approvals and 2 first wave generic approvals.

Overall, the Company's formulations business in the US posted a sales of Rs. 64,445 Mio. during the year, up 3%.

EMERGING MARKETS OF ASIA, AFRICA AND LATIN AMERICA

The Company operates in different countries of Asia Pacific, Africa, Middle East and Latin America. While the spread of COVID-19 virus across the globe and the resultant lock-down imposed by the governments of different countries during the last quarter of the previous financial year impacted the performance of the business in different countries in the early part of the year, all major markets of Asia Pacific region and Africa witnessed healthy secondary growth during the year despite the challenges posed by the pandemic.

The Company achieved the highest ever market share of 7.31% in Sri Lanka (Source: IQVIA Report) with 24 brands ranked number one in their respective molecule categories. In a bid to combat COVID-19 pandemic, the Company supplied HCQS and Remdesivir to over 15 countries of emerging markets during the year. In order to leverage the market opportunities, the Company strengthened its business development efforts with a strong focus on in-licensing and out-licensing initiatives in the key markets.

On the Latin America front, in Brazil, the business grew in double digit on the back of revival in demand for the branded generics portfolio. This is despite the Brazilian economy getting severely hit during the year on account of the pandemic in the form of contraction of GDP, an all-time high unemployment rate and significant devaluation of the Brazilian currency. The Company launched 5 new products in Brazil market during the year. The Company filed 6 new product dossiers with the regulatory authority ANVISA and received approval for 8 new products during the year.

Growth in Mexico remained robust with a focus on the CNS segment and good secondary growth of core products. This is despite the recession in the country on account of the pandemic. The Company filed 7 new product dossiers with the regulatory authority COFEPRIS and received approval for 2 new products during the year.

Overall, the Company's business in the emerging markets of Asia Pacific, Africa, Middle East and Latin America posted sales of Rs.10,167 Mio. during the year, up 16%.

A shot of the newly commissioned Zydus API Park at Vadadora.

APIs

Despite the challenges posed by the pandemic, the Company's APIs and intermediates business continued to support the formulations business as it ensured the supply of materials to the formulations plants in a timely and cost efficient manner.

On the merchant side, the Company continued to service the demand of external customers by making them available the products on time and at the competitive prices.

In fact, the Company added 60 new customers across different countries during the year.

The Company continued its thrust on operational efficiency enhancement through various measures such as process improvement, procurement efficiency, savings in production expenses etc. and in turn, improved the bottom-line.

The Company filed 9 more DMFs with the USFDA during the year.

The Company's API business posted a sales of Rs. 5,621 Mio. during the year, up 24%.

MANUFACTURING AND QUALITY

The Company has the manufacturing capabilities across the value chain including small molecule formulations, APIs, vaccines, biosimilars, complex products, animal health products as well as wellness products with 36 manufacturing plants worldwide including in India, US, and other countries. These plants are in compliance with the regulatory standards to satisfy the requirements of different customers across the globe. Out of the total 36 manufacturing facilities, 30 facilities are for manufacturing of finished dosage formulations and active pharmaceutical ingredients. 14 of these 30 facilities have been inspected by the USFDA.

During the year, the Company completed all the remediation measures to address the observations raised by the USFDA in the warning letter which was issued to Moraiya formulations facility in November, 2019. Final update was submitted to the USFDA in the month of November, 2020.

The Company has already initiated site transfer of injectable products from Moraiya formulations facility to the injectable formulations facility of Liva near Baroda. During the year, the Company successfully site transferred 2 injectable products viz. Succinylcholine Chloride injection and Doxycycline injection from Moraiya to Liva site and re-introduced them in the market.

Alidac injectable formulations facility located in Ahmedabad SEZ successfully completed WHO GMP audit while the injectable formulations facility at Liva, Baroda successfully completed the joint inspection by FDCA and CDSCO for WHO-GMP certification for Remdesivir injection. Unit I of Sikkim formulations manufacturing facility successfully completed 'ISO 14001:2015' surveillance audit and upgrade 'OHSAS 18001' to 'ISO 45001:2018' while Unit II of Daman formulations manufacturing facility successfully completed WHO GMP certification audit.

Vatva injectable facility successfully ramped up the production of Remdesivir injection by fast track execution in a record time of 1 month to meet the increased demand amidst sudden surge in COVID-19 cases during the second wave. On the API front, production of HCQ was maximized at Dabhasa during the first quarter with additional facility creation, debottlenecking and cycle time reduction along with process improvement to supply the HCQS tablets to the Government during the initial days of the pandemic.

The Company constantly evaluates the potential demand of its products in different markets and based on the demand scenario, it takes a call to build the additional capacities for the future. During the year, the Company commenced commercial manufacturing from 2 more areas of Oral Solid Dosage formulations manufacturing facility located in Ahmedabad SEZ. The Company improved the capacity of Goa formulations facility by 25% by de-bottlenecking granulation area through improvement in cycle time of key products. The Company has set up a new manufacturing facility to produce its DNA based vaccine ZyCov-D to fight against COVID-19 virus. The facility, once operational, will have the capacity to produce up to 1 Crore doses per month.

SPEND RATIONALIZATION

The Company has been running an organization wide program PRISM since last several years with an aim to optimize the spends across several categories through multiple levers and in turn, build the operational efficiencies. During the year, multiple ideas were generated and implemented across different spend categories which led to a sizeable rationalization of costs. New categories with significant savings potential were also identified during the year which will lead to optimization of spend in those categories going forward.

The Company also runs an organization wide program SLIM (Strategic Lean Integrated Manufacturing) which aims at improving the product yields and increasing efficiency in the manufacturing processes. During the year, various initiatives such as yield improvement through increase in batch size were undertaken to optimize the costs. The company has also started a project in the name of ZEST to rationalise the costs on the principles of zero based approach.

ENVIRONMENT, HEALTH AND SAFETY

Effluent Treatment Plant infrastructure at SEZ

The Company conducts its operations with due regard for the environment and providing a safe and healthy workplace for each of the employees as the responsibility for environmental protection, health and safety is an integral part of the Company's business philosophy. The Company is fully committed to achieving excellence in the areas of Environment, Health and Safety (EHS) and conducts its operations in the most responsible manner. The Company has a dedicated Environment, Health and Safety (EHS) cell which engages with all the stakeholders across the Company in creating a unique culture of EHS with an aim to achieve environment, health and safety excellence across all the units.

The year started with the onset of novel coronavirus (COVID-19) disease which spread rampantly across the globe and converted into pandemic. The Company undertook a number of measures to minimize the spread of COVID-19 across work locations which include formation of COVID-19 teams across all the units to periodically review the situation, preparation and implementation of COVID-19 work instructions and carrying out of mass awareness activities across sites to contain the spread of the virus. Further, a detailed analysis of COVID-19 positive cases was done with help of an in house application "COVID tracker".

During the year, the journey of EHS value cultivation continued and it was endorsed through the surveillance and recertification audits. ISO 14001: 2015 & ISO 45001: 2018 certifications were successfully completed during the year. API Ankleshwar Unit 1 received M/s Greentech foundation Safety award 2020 - "Safety patron" under pharmaceutical Category during the year.

A thriving Koi pond inside the Effluent Treatment Plant premises at SEZ

Keeping with the mission of creating healthier communities globally, the Company remained committed towards resource conservation in the area of energy, fuel, water including co-processing activity for energy recovery i.e. calorie containing waste utilisation. In order to ensure continued protection of the environment, the manufacturing units at Daman, Ankleshwar and oral solid dosage manufacturing facility at Ahmedabad SEZ upgraded their infrastructure.

RISK IDENTIFICATION, RISK MITIGATION AND INTERNAL CONTROLS

The Company is a leading India pharmaceutical company which is a fully integrated, global healthcare provider. With an in-depth domain expertise in the field of healthcare, the Company has strong capabilities across the spectrum of the pharmaceutical value chain. From formulations to active pharmaceutical ingredients and animal healthcare products to wellness products, the Company has earned a reputation amongst Indian pharmaceutical companies for providing comprehensive and complete healthcare solutions. The Company's operations are spread across the globe and sells its products in the United States, India, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa. The variety of business activities being performed and the geographies being served by the Company pose various risks and challenges, which are explained below.

RISK RELATED TO THE OUTBREAK OF PANDEMIC LIKE COVID-19

Pandemics are large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographic area and cause significant economic, social, and political disruption. The case in point is the recent outbreak of coronavirus disease, which is an infectious disease caused by a newly discovered coronavirus. Since the reporting of the first case in the month of December, 2019, the disease has spread across the world infecting millions of people and claiming thousands of lives. Pandemic of such a scale also affects the organizations across the globe irrespective of the sector to which they belong. The Company's operations were also impacted on account of the spread of coronavirus and the resultant lock-down imposed by various governments across the globe to curb the spread of the virus. The business in India and emerging markets were hit in the initial few days of the lock-down on account of supply related disruption and the non-availability of channel partners. To overcome the impact of pandemic, the Company has implemented a business continuity plan across the functions to ensure that the operations continue right through the pandemic situation and demand of the customers across the globe is satisfied with minimal interruption. The Company is finding newer ways of managing the business and has been working on changes in the business model including the increased use of digital technology so as to adapt itself to the new normal imposed by the pandemic.

RISK RELATED TO ECONOMIC AND POLITICAL ENVIRONMENT ACROSS THE WORLD

The Company's business operations span across different countries across the globe. Different countries of the world face different political conditions and have different economic environment. Some of the counties are grappled with the risk of political instability e.g. the Governments of some of these countries change frequently which lead to policy uncertainty, some countries have indulged into the tariff wars which may eventually lead to the weakening of the global economy, some of the countries face civil unrest and a few of the countries are at an increased risk of war with the other countries. In some of the countries, there is an increased economic risk as the Governments of these countries are likely to default on servicing their debt or there is a significant movement in the exchange rate of the currencies of these countries. Such political and economic risks put the Company's business in these countries at risk and can affect the operations of the Company adversely. The Company continuously evaluates the political and economic scenarios across the globe and take various actions such as capping the overall exposure to the identified countries in terms of various financial parameters, at any given point in time, to a defined threshold, evaluating the possibility of hedging the position to mitigate the currency risk and securing the receivables through letter of credit or through advance payments.

RISK OF COMPETITION, PRICE PRESSURE AND GOVERNMENT CONTROLS ON PRICES

The Company is a global pharmaceutical player which sells generic medications to its customers across the globe. Generic industry is characterized by a presence of large number of players who compete with each-other to grab the market share, which in turn, leads to the reduction in prices of the products. Government of different countries encourage generic competition as it enables them to provide the patients high quality medicines at the affordable prices and in turn, bring the overall healthcare costs down. In addition to this, Governments of some countries, by law, regulate the prices of medicines and periodically revise them downwards to make them affordable to the patients. Such practices put the pressure on the prices which the generic players charge to the customers. The Company tries to mitigate the impact of such price reduction by expanding the volumes of existing products and launching high value added new products. The Company also continuously strives to improve operational efficiencies to rationalize costs and thereby minimize the impact of price erosions in the finished products.

RISK OF REGULATORY ACTIONS DUE TO NON-COMPLIANCE OF QUALITY STANDARDS

Pharmaceutical industry is one of the most dynamic industries across the globe. Changes in regulations by leading regulatory bodies to ensure the quality of the products have compelled the pharmaceutical companies across the globe to modify their quality assurance systems and compliance practices. The Company must comply with all applicable quality standards prescribed by regulatory authorities of countries where it either supplies products or intends to do the same. Applicable regulations are increasingly becoming stringent and the cost for non-compliance can be severe as it can lead to the revocation or suspension of licenses, imposition of fines and criminal sanctions. Any violation of regulatory methods or non-compliance of standards can also tarnish a Company's reputation and thereby, risk its future.

The Company continuously evaluates the quality of its products, their manufacturing and supply chain processes to ensure that all the applicable regulations are complied with at all times by focusing on building a robust quality culture among its employees, simplifying and improving the existing processes and investing the resources towards newer technologies and automation initiatives. The Company also keeps a constant vigil on the regulatory actions initiated by regulatory agencies on other pharmaceutical companies across the world and takes pro-active measures to improve its systems and processes.

RISK OF LITIGATION RELATED TO QUALITY OF PRODUCTS, INTELLECTUAL PROPERTIES AND OTHER LITIGATIONS

Pharmaceutical products manufactured by the Company must comply with the regulatory and quality standards prescribed by the regulatory authorities of the countries where the products will be supplied. If the quality of the products doesn't match the standards laid down by the regulatory authorities, it can lead to penal actions from the regulatory authorities. Such a non-compliance can also lead to the litigations from the customers as well. To mitigate the risk of litigation which may arise due to product quality, the Company takes 'Global Product Liability Insurance' as a safeguard against the potential claims regarding quality of the products.

Innovator companies can also take a legal action against the generic companies if the products manufactured by generic companies infringe the patents granted to the innovator companies. To mitigate this risk, the Company has put in place a review mechanism to check for possible infringement of intellectual property rights of patent holders before developing and filing product dossiers for global markets.

RISK OF DELAYS IN APPROVAL OF NEW PRODUCT REGISTRATIONS IN VARIOUS MARKETS

In the generic pharmaceutical space, a large number of players manufacture and supply identical products at a price which is substantially lower than that of an innovator. Presence of a large number of players put severe pressure on the price as they compete with each other to gain the volume by reducing the prices of the products. Generic companies try to compensate the loss on account of reduction in prices of existing products by launching the new products in the market which are characterized by relatively less competition. Non-receipt/ significant delay in receipt of approvals for new products from the regulatory authorities can severely affect the growth of the business of the companies.

The Company has established a stringent mechanism to review the new product dossiers submitted with the regulatory authorities to ensure quality of such dossiers. The Company has also established a system of providing speedy response to the queries raised by the regulatory authorities on the product dossiers so as to expedite the approvals.

RISK OF INTERNATIONAL OPERATIONS INCLUDING FOREIGN EXCHANGE RISK

Indian Rupee is the reporting currency of the Company. However, the Company's net revenue from operations for the international business and a portion of the expenditure are denominated in foreign currencies. While, as a result of portions of both expenditures and net revenues from operations being denominated in foreign currencies, the Company has a natural hedge against exchange rate risks, the balance of revenues of the Company are affected by fluctuations in exchange rates. Exchange rate fluctuations could affect the amount of income and expenditure that can be recognized, the Company's ability to service the debt obligations denominated in foreign currencies, and the value of investments in subsidiaries, associates and joint ventures.

RISK OF VULNERABILITIES IN DIGITAL INFRASTRUCTURE DUE TO CYBER ATTACK

Digital security breach or disruption to digital infrastructure, due to intentional or unintentional actions, such as cyberattacks, data breaches or human error could lead to business disruption and / or damage to reputation of any organisations. The Company has strengthened its cybersecurity controls, embarked on multiple projects aimed at lowering its operational and strategic risk profiles, and focused on enabling swift action on risks emerging across businesses.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Though it is not possible to completely eliminate various risks associated with the business of the Company, efforts are made to minimize the impact of such risks on the operations of the Company. For this, the Company has established a well-defined process of risk management which includes identification, analysis and assessment of various risks, measurement of probable impact of such risks, formulation of risk mitigation strategies and implementation of the same so as to minimize the impact of such risks on the operations of the Company. An enterprise wide risk evaluation and validation process is carried out regularly and the review of the risk management policy is also carried out at regular intervals by the Risk Management Committee and the Board of Directors so as to ensure that new risks which might arise or the impact of existing risks which might have increased are identified and a proper strategy is put in place for mitigating such risks. The Company has put in place various internal controls for different activities so as to minimize the impact of various risks. Also, as mandated by the Companies Act, 2013, the Company has implemented an Internal Financial Control (IFC) framework to ensure proper internal controls over financial reporting. Apart from this, a well-defined system of internal audit is in place so as to independently review and strengthen these internal controls. The Audit Committee of the Company regularly reviews the reports of the internal auditors and recommends steps for further improvement of the internal controls.

CORPORATE SOCIAL RESPONSIBILITY

Lining up with its mission and corporate social responsibility, the Group pursues to generate healthier and happier communities across the world. The Company's CSR programme, Zydus Shrishti emphasises on the areas of health, education and research.

Impacting the community at Dahod

With the mission to serve and cater to the needs of the patients and to provide best in the world medical education to the rural interiors of Gujarat, Zydus Foundation has set up the Zydus Medical College and Hospital at Dahod.

The Hospital at Dahod was first established in 1947 as a sanatorium and was further adopted by the Group under the Brownfield Health Policy. Following which as per the MCI norms, it has been converted into a full- fledged hospital. Commencing with 150 beds, the Hospital now has 363 beds with over 400 professionals which includes doctors, nurses and paramedics offering medical care. The services that the Hospital provides includes OPD, Indoor, all investigations, surgeries, anaesthesia, injectables, oral medicines and food for patients. The 750 bed new hospital premises is almost complete.

There has been a significant improvement in the health services put out to the people in the Dahod district over the past four years.

The medical services have been availed by more than **5 lakh patients** at the hospital, free of cost.

A total of **902375** patients have been treated and **109816** patients have been admitted and **19924** surgeries have been performed till now.

Over **33000** patients have been admitted in the casualty block while **350-400** patients occupy the hospital beds every day.

190829 X-Rays	**69975** USG tests	**4434776** lab tests have been conducted

Since June 2018, the hospital has conducted **9024** blood transfusions.

Zydus Hospital, Dahod

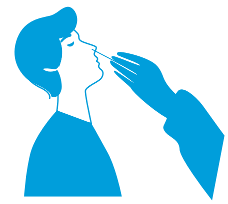
In the new building, 5 modular OTs are ready and equipment and instruments of OTs and ICUs are being procured. It also offers separate hospital residential quarters. The dialysis centre will be started soon and all the equipment and instruments have been procured and installation work is underway. In association with the Wishing Factory NGO IRCTC, a Thalassemia Centre at ZMCH have been set up and the number of beds for Sickle Cell and Haemophilia have been increased.

Combating COVID-19 at Dahod

A nurse at Zydus Hospital treating a COVID patient in the COVID quarantine facility.

In the relentless battle against the Coronavirus, the Zydus Hospital, Dahod increased the number of beds at the quarantine facility to **306** of which **100** are ICU beds and **206** are oxygen beds. It was started as a **100** bed quarantine facility in 2020.

96535 RT PCR tests have been performed and **7481** Rapid Antigen Test (RAT) tests have been conducted at the hospital.



A team of over **300** doctors, nurses and other frontline workers have been working round the clock to serve the patients.

Statistics on COVID cases:

The recovery rate of the patients has been at

92.93%

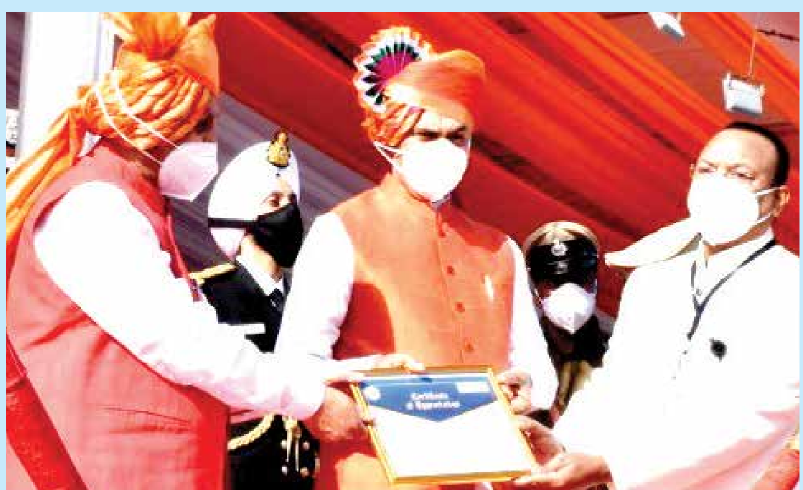
The doubling time of the case has been

48 days

So far 7077 COVID patients have been diagnosed

6577 COVID patients have been treated

The Hospital was felicitated by the Governor of Gujarat, Shri Acharya Devvrat and honourable Chief Minister of Gujarat, Shri Vijay Rupani for offering humanitarian services to the patients suffering from COVID-19 and also for exhibiting immense commitment and dedication during the healthcare challenge under the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY).



Dr. Sanjay Kumar, COO, Zydus Hospital, Dahod is seen receiving a citation from the Hon'ble Governor of Gujarat, Shri Acharya Devvrat alongwith the Hon'ble Chief Minister of Gujarat, Shri Vijay Rupani.


Zydus Medical College, Dahod

ZYDUS MEDICAL COLLEGE

Set up in a Public Private Partnership (PPP) model of Government of Gujarat, Zydus Medical College is located in a sprawling 20 acre campus. The College is a self- financed brownfield medical college project. It was the first Medical College to be set up in the district and the first batch of the MBBS programme commenced in August 2018. Since the inception of the College 550 students have been enrolled for the MBBS programme and the College has come up with 50 research projects till now. The first batch of 2018 undertook university exams in February, 2021 and the batch of 2020-2021 has been onboarded. The College would soon commence the post graduate courses in due course of time.

ASSISTING THE GCS MEDICAL COLLEGE, HOSPITAL & RESEARCH CENTRE

With an aim to provide economical healthcare coverage and offer quality healthcare services and the institution being set up in a public- private partnership in 2011, the company continues to support the GCS Medical College, Hospital and Research Centre (GCSMCH) at Naroda, Ahmedabad.

During the pandemic, the Hospital has been treating patients with COVID and over 320 beds have been provided for them. Nearly 7000 patients have received the treatment for COVID over the year and has been one of the critical centres in Ahmedabad for patients to receive timely treatment and care.

CONTRIBUTING TO THE FOUNDATIONS OF LEARNING AND BUILDING BETTER COMMUNITIES THROUGH EDUCATION

With the vision to promote excellence in pharmacy education and to prepare youngsters to meet the challenges of industrial pharmacy and pharmacy practice, the Ramanbhai Patel College of Pharmacy, RPCP was established in the year 2004 at Changa in memory of the Late Founder Chairman Mr. Ramanbhai B. Patel. The college offers Bachelors of Pharmacy and Masters of Pharmacy in Pharmaceutical Technology and with an outstanding faculty, the colleges is one of the reputed institutes in pharmacy education.

Supported by the Group, the Zydus School for Excellence was established as a community initiative of The Ramanbhai Foundation. It was the idea of the late founder Chairman Mr. Ramanbhai B. Patel who believed that a school is not only a place for learning but also where character is built and young minds can constantly look for creative expressions for their aspiration. The school consists of two campuses with 2400 students and nearly 150 educators.

GCS Medical College, Hospital and Research Centre (GCSMCH), Naroda, Ahmedabad


Atal Incubation Centre LMCP


Zydus School for Excellence, Godhavi


Zydus School for Excellence, Vejalpur

AWARDS AND ACCOLADES

Cadila Healthcare Limited received the 'Golden Peacock Quality Award' for the year 2020 by the awards jury under the chairmanship of the former Chief Justice of India and Chairman of National Human Rights Commission of India and National Commission for Constitution of India Reforms, Mr. M. N. Venkatachaliah. Cadila Healthcare Limited (API Division) Dabhasa unit also won the "Golden Peacock Environment Management Award" for the year 2020. The Company has undertaken significate initiatives to enhance its reputation, governance and sustainability practices and created new benchmarks. It has gone beyond the statutory, ethical and sustainable compliance requirement, to achieve high standard of corporate excellence.

AWARDS AND ACCOLADES WON BY DR. SHARVIL PATEL, MANAGING DIRECTOR, ZYDUS GROUP

In recognition of his outstanding leadership, Managing Director, Dr. Sharvil Patel, was awarded as the GenNext Entrepreneur of the year at the Forbes India Leadership Awards, 2020-2021. The Forbes India Leadership Awards 2021 recognises leadership and excellence and celebrates the resilience of India Inc., in a challenging year.

He also won 'The Economic Times Most Promising Business Leaders of Asia 2020-21' award. The Economic Times acknowledges business leaders who play an important role in shaping the business demographics across the world.

STATUTORY REPORTS

STATUTORY REPORTS

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 Identification Number ("**CIN**") of the Company			L24230GJ1995PLC025878
2.	Name of the Company			Cadila Healthcare Limited
3.	Address of the Registered Office of the Company			Zydus Corporate Park, Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), S G Highway, Ahmedabad-382481.
4.	Website			www.zyduscadila.com
5.	Email id			dhavalsoni@zyduscadila.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**
	210	2100	21001	Drugs and Pharmaceuticals
8.	Key Products / Services			The Company manufactures and markets a wide range of healthcare products.
9.	Locations where business activity is undertaken by the Company			The Company's businesses and operations are spread across different geographies. There are 25 (twenty five) locations in India, where the manufacturing and research and development activities are 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 Annual Report.
10.	Markets served by the Company-Local / State / National / International			As a global healthcare provider, the Company has a significant presence nationally and globally.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Paid-up Capital (₹)	1,024 mio.
Total turnover (sale of products) (₹)	74,367 mio.
Total profit after taxes (₹)	14,762 mio.

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 ₹ 785.40 mio. (Rupees Seven Hundred Eighty Five Million and Four Lacs only) against ₹ 254.40 mio. (Rupees Two Hundred Fifty Four Million and Four Lacs only) towards Corporate Social Responsibility ("**CSR**"), being 2% of the average net profits for previous three financial years, computed as prescribed under the Companies Act, 2013 ("the **Act**") on education and healthcare, including preventive healthcare and infrastructure development. Annual Report on CSR activities is attached to the Directors' Report. The excess CSR contribution of ₹ 531 mio. (Rupees Five Hundred and Thirty One Million only) will be set off in the succeeding three financial years, as per the CSR Rules, as amended on January 22, 2021.

The Company is a global pharmaceutical Company with subsidiaries in India and across the globe. As on date, the Company has 40 (forty) subsidiary companies, including 25 (twenty five) subsidiaries outside India. Names of the subsidiary companies are provided in the statement of salient features of the subsidiary companies under section 129(3) of the Act and Rules made thereunder, which forms 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 responsible for BR:

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

Sr. No.	Particulars	Details
1	DIN (if applicable)	00131852
2	Name	Mr. Pankaj R. Patel
3	Designation	Chairman

b) Details of the BR head:

Sr. No.	Particulars	Details
1	DIN (if applicable)	Not Applicable
2	Name	Mr. Dhaval N. Soni
3	Designation	Company Secretary and Compliance Officer
4	Telephone Number	079-48040338
5	E-mail ID	dhavalsoni@zyduscadila.com

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

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

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	50	Yes
Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Manufacturing and Quality	50	Yes
Businesses should promote the well-being of all employees.	Building people to build our business	50	Yes
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Zydus' Corporate Social Responsibility	51	Yes
Businesses should respect and promote human rights.	Human Rights	51	Yes
Businesses should respect, protect, and make efforts to restore the environment.	Environment, Health and Safety	51	Yes
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Policy advocacy	51	Yes
Business should support inclusive growth and equitable development.	Zydus Shrishti	52	Yes
Business should engage with and provide value to their customers and consumers in a responsible manner.	The Zydus Way of manufacturing and marketing healthcare products	52	Yes

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

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

Sr. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for?	Y	Y	Y	Y	Y[1]	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy confirm 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 and international standards.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD / 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, whereas other policies are signed by the Managing Director or the respective business / unit 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 / unit head.										
6	Indicate the link for the policy to be viewed online?	www.zyduscadila.com http://zydusehs								
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.zyduscadila.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 business / unit heads attend to any grievances pertaining to their department and address the grievances. The Company has formed a Stakeholders' / Investors' Relationship Committee to redress any grievances of members. Product related grievances are also resolved by the respective business heads to which the product pertains to.								
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 Managing Director.*
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 assesses 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 ("the **Board**") reviews BR performance on an annual basis.

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

The Company publishes BR Report as a part of Annual Report. The Company publishes BR report annually. Report is posted on the Company's website-www.zyduscadila.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 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 approved by the Board and is applicable to all employees of the Company. Further, our major suppliers are also required to agree and to confirm to the code of responsible business conduct. The Company has also prescribed a very detailed Code of Ethics for its employees and every employee has to sign and affirm its compliance. Though the Code of Business Conduct and Ethics for Directors and Senior Management is posted on the Company's website, the internal code of conduct is available on a portal, which is accessible to all employees.

Details relating to members' complaints are provided in in the Corporate Governance Report, which is a part of this Annual Report. However, there was no stakeholder complaint during 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

All our manufacturing facilities are inspected by the leading regulatory agencies of US, Brazil, India, etc. The approvals are given after a thorough audit of Standard Operating Procedures and protocols. Hence, utmost care is taken to ensure that products conform to stringent quality standards and bio-stability of products is submitted during the periodic audits.

The Company produces large number of diverse Formulations and Active Pharmaceutical Ingredients ("**APIs**") at various manufacturing sites and whereby ascertaining minimum consumption of energy, water and raw material, etc. on per unit of product made.

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

The Company procures goods and services from the registered/approved local and small producers for its manufacturing premises and offices. It improves operational efficiency and helps to save on transportation costs, inventory management and helps in risk mitigation. Adequate guidance and counselling are provided to them about system and procedures for regulated markets.

The waste generated in the Company's operations is either recycled or disposed of safely and scientifically as per applicable Rules / Laws. Every manufacturing facility has its own Effluent Treatment Plant, which ensures discharge of waste meets the norms prescribed by respective pollution control boards/government agencies.

Important raw materials and solvents are recovered and recycled. It is a part of operational management. Full-fledged Solvent Recovery Plant at our API manufacturing sites recovers solvents generated during the process of manufacturing and reuses solvents in the manufacturing process.

Principle 3:

Businesses should promote the well-being of all employees

1. **Please indicate 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	4867
2	Marketing field staff	9071
3	Others	10474
4	**Total**	**24412**
5	Contractual employees	8556
6	Permanent women employees	1335
7	Permanent employees with disabilities	25

2. The Company has a recognised employees association and 2.40% of our permanent employees are members of this association. The Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year.

3. The permanent and contractual employees at the Company's manufacturing site, Research and Development Centre and other corporate offices are provided training on relevant Environment,

Health and Safety ("**EHS**") aspects. Further, all other employees are given soft skill up-gradation training to improve their skills as may be relevant to the respective functions. 82.90% 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. We recognize employees, business associates, joint venture partners, suppliers, vendors, NGOs, communities, members, regulatory authorities and other governmental bodies and intermediaries as our key stakeholders.

The Company has also identified disadvantaged, vulnerable and marginalized stakeholders. The Senior Management of the Company also devotes their time and resources to various agencies involved in education and health arena as a part of its Corporate Social Responsibility. 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 shop floor workers in our manufacturing premises are from the economically disadvantaged groups and local communities. The Company invests in their skill development and upgradation, health check-ups and ensures other quality of life parameters. We have processes in place to ensure upholding of the rights of our employees and protect them against any form of discrimination.

Principle 5:

Businesses should respect and promote human rights

The Company is committed to promote human rights and adheres to the same 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 contract staff. The Factories Act, 1948 provides the overarching framework for the Company's policy on human rights for the employees working at different factories. 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:

Business should respect, protect, and make efforts to restore environment

The Company is committed towards conservation of the environment and compliance with all requirements related to EHS. We have been looking at these initiatives beyond statutory compliance with a focus on the 4 Rs– Reduce, Reuse, Recycle and Recover for valuable resources. The Company has been engaging and involving every stakeholder across the Company in creating a unique culture in EHS.

The Company continues to invest substantial resources towards sustaining and continuously improving standards of environment, occupational health and safety. Competent EHS cell has been instituted at each facility to cater to the day-to-day EHS related activities.

To gratify the EHS value as a whole with systematic approach, 18 company units are accredited for ISO 14001:2015 and ISO 45001:2018.

Towards green initiatives, the Company is reusing the hazardous waste by the activity of co-processing, water conservation, solvent recovery, using energy efficient techniques, developing green belt, etc. The Company conducts various programmes on environment, health and safety to raise awareness among all employees.

To develop safety culture at work place, the Company has implemented EHS Programs like Internal Audit Campaign and Visible Felt Leadership, Emergency Response Preparedness ("**EPR**"), Process Safety Management ("**PSM**") and Behavior Based Safety Management tools across the units. As a part of Environment Management System and stringent monitoring, the Company has installed online monitoring system at its API units.

To bring the information asymmetry amongst the EHS group members and all employees, the Company has created a dedicated Zysafe Software, EHS portal system updated from time to time documents are posted for internal review and compliance, which include EHS management–SOPs, guidelines, checklists, etc. The Company organizes EHS group discussions at various levels as a part of awareness and updation on regular basis.

The Company is committed to achieve all the norms within the limits for emission and discharge of air and water, as may be laid down by the regulators. The Company complies with pollution and environmental laws.

Principle 7:

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company is a member of following Chambers and Associations:

A. Indian Pharmaceutical Alliance,

B. Federation of Indian Chambers of Commerce and Industry ("**FICCI**"),

C. The Indian Drug Manufacturers Association,

D. Pharmexcil, Hyderabad; and

E. Gujarat Chamber of Commerce & Industry ("**GCCI**").

The Company interacts with Government / Regulatory Authorities on any public policy framework through apex industry institutions, like Indian Pharmaceutical Alliance, FICCI, The Indian Drug Manufacturers Association, Pharmexcil and GCCI. The Company puts forth its views on new standards or regulatory developments pertaining to the pharmaceutical manufacturing industry, broadly in the areas concerning access to medicines, best practices, corporate governance, corporate social responsibility, etc.

Principle 8:

Businesses should support inclusive growth and equitable development

The Company's CSR initiatives are spearheaded by Ramanbhai Foundation and Zydus Foundation. Under its flagship programme, Zydus Shrishti, the Company carries out extensive work in the field of education, health and research. The focus through these programs is to develop communities, it forms 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 programmes 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 manages the Zydus Medical College and Hospital at Dahod. The Hospital till now has provided critical medical services to 6,442 COVID-19 patients who were admitted at the hospital and 18,717 OPD patients who have been treated for COVID so far since March, 2020. The services of the Hospital in the ongoing pandemic were lauded by the Chief Minister of Gujarat, Shri Vijaybhai Rupani. The Zydus Medical College is the first Medical College to be set up in Dahod and 550 students are currently enrolled in the MBBS programme.

Reaching out to make a difference in the community, the Company also extends support to the School for Deaf-Mutes Society. Established in the year 1908, the school for the Deaf and Mutes Society is one of the oldest organizations working in the field of education and rehabilitation of persons with hearing, speech, and visual impairment.

Principle 9:

Businesses should engage with and provide value to their customers and consumers in a responsible manner

There were no customer complaints received in the reporting period. There are no complaints or consumer cases pending as on the end of the financial year. There are no cases filed by any customer or consumer against the Company as at the end of Financial Year 2020-21.

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

The Company shall never engage 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. This is the Zydus Way of manufacturing and marketing healthcare products.

The Company carries out the consumer satisfaction survey to measure the satisfaction among its consumers. A full-fledged Pharmacovigilance cell has been set up to track, review and act on any adverse event complaints. Post marketing surveillance is also carried out by the marketing team to track and monitor the efficacy and safety of the products.

BOARD'S REPORT:

Your Directors are pleased to present the Twenty Sixth Annual Report and the Audited Financial Statements of Cadila Healthcare Limited ("the **Company**") for the Financial Year ended on March 31, 2021.

FINANCIAL HIGHLIGHTS:

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

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

₹ in mio.

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	78,693	71,968	151,394	143,670
Profit before Interest, Depreciation, Amortisation and Impairment Expenses & Tax (**PBIDT**)	22,105	22,205	31,731	25,337
Less: Finance Cost	709	2,339	1,635	3,418
Less: Depreciation, Amortisation and Impairment Expenses	4,511	4,289	7,248	6,965
Profit Before Tax (PBT)	**16,885**	**15,577**	**22,848**	**14,954**
Less: Tax Expenses	2,123	2,041	1,472	3,198
Profit After Tax (PAT)	**14,762**	**13,536**	**21,376**	**11,756**
Add: Share of Profit of Joint Ventures (Net of Tax)	-	-	474	288
Profit for the year from continuing operations	**14,762**	**13,536**	**21,850**	**12,044**
Add: Profit after tax from discontinued operations	-	593	-	-
Profit for the year	**14,762**	**14,129**	**21,850**	**12,044**
Attributable to:				
Owners of the Parent	14,762	14,129	21,336	11,766
Non-Controlling Interests	-	-	514	278
Other Comprehensive Income / (Loss) (Net of Tax)	81	(220)	731	(3,005)
Total Comprehensive Income	**14,843**	**13,909**	**22,581**	**9,039**
Attributable to:				
Owners of the Parent	14,843	13,909	22,059	8,754
Non-Controlling Interests	-	-	522	285
Opening balance in Retained Earnings	73,360	66,457	86,124	83,334
Amount available for appropriation	**87,969**	**80,533**	**111,682**	**94,693**
Transferred from Debenture Redemption Reserve	-	-	2,160	-
Dividend:				
Dividend	-	7,166	-	7,166
Corporate Dividend Tax on Dividend (Net of CDT Credit)	-	7	-	1,403
Closing Balance in Retained Earnings	**87,969**	**73,360**	**113,842**	**86,124**
Earnings Per Share (EPS) from continuing operations (Face Value of shares of ₹ 1/- each)	14.42	13.22	20.84	11.49
Earnings Per Share (EPS) from continuing and discontinued operations (Face Value of shares of ₹ 1/- each)	14.42	13.80	20.84	11.49

The Company proposes to retain an amount of ₹ 87,969 mio. (Rupees Eighty Seven Thousands Nine Hundred and Sixty Nine Million only) in the Statement of Profit and Loss. The Company proposes not to transfer any amount to general reserve on declaration of dividend.

RESULTS OF OPERATIONS:

During the year under review, the consolidated revenue from operations and other income was ₹ 1,51,394 mio. The Company has achieved consolidated Profit Before Tax of ₹ 22,848 mio. and Profit After Tax of ₹ 21,850 mio. The Company achieved a consolidated total Comprehensive Income of ₹ 22,581 mio. The EPS on consolidated financials for the year ended on March 31, 2021 was ₹ 20.84.

During the year under review, the standalone revenue from operations and other income was ₹ 78,693 mio. The Company has achieved standalone Profit Before Tax of ₹ 16,885 mio. and Profit After Tax of ₹ 14,762 mio. The Company achieved a standalone total Comprehensive Income of ₹ 14,843 mio. The EPS on standalone financials for the year ended on March 31, 2021 was ₹ 14.42.

COVID-19

A. Battling COVID-19 on a war footing:

In order to support people battle the challenges posed by the pandemic, the Company launched several initiatives on multiple fronts for prevention and treatment of COVID-19 by leveraging its capabilities across therapeutics, wellness products and in the research space. These initiatives are discussed at length in the section on "Management Discussion and Analysis".

B. Healthcare hubs for COVID-19 Care:

Zydus Medical College and Hospital, Dahod (which is operated and financially helped by Zydus Foundation-a section 8 company and a wholly owned subsidiary of the Company), has been at the forefront in providing treatment to COVID-19 patients since the onset of the pandemic and has catered to around 8,000 COVID patients till April 2021. With over 350 beds for COVID-19 patients the hospital bridges the need for an advanced healthcare hub for patients from Dahod, and adjoining districts within the state like Mahisagar, Panchmahal, Chota Udepur, and also serves people from adjoining states of Madhya Pradesh and Rajasthan. A team of highly specialized doctors provide treatment round-the-clock and the hospital has all critical infrastructure such as oxygen, ventilators and also ICU beds for COVID patients. When the country was reeling under a severe shortage of oxygen and ventilators, Zydus Hospitals Dahod was self-sufficient with its oxygen supplies, ventilators, labs to process RT-PCR in quick time and also provide medicines without any shortages. The Hospital is also handling the recent spurt of cases of Mucormycosis and saving lives with treatment meted out on time. The treatment at the hospital is free of cost including OPD, Indoor, all investigations, surgeries, anesthesia, oral medicines, injectables and food for the patients. With one of the best recovery rate of 92% amongst all COVID care hospitals in Gujarat, Zydus Medical College and Hospital, Dahod was felicitated by Honorable Chief Minister of Gujarat, Shri Vijay Rupani and Governor of Gujarat, Shri Acharya Devvrat for offering humanitarian services to the patients suffering from COVID-19.

C. Ensuring employee care during COVID:

C.1 COVID Compensation Benefit:

The pandemic has been one of the most challenging times for all. Unfortunately, the Company lost some of the Zydan members due to COVID. To support the Zydans during these times, the Company put in place these initiatives for India based employees on its rolls with immediate effect.

In the unfortunate circumstances of an untimely demise of a Zydan on the rolls of the company, due to COVID-19, the family will receive an amount equivalent to 2 (two) years annual CTC for DGM and below level employees-with a minimum amount of ₹ 2 mio. (Rupees Two Million only) for GM and above level, the family will receive 1.5 years of the annual CTC upto ₹ 15 mio. (Rupees Fifteen Million only) Compensation will also be paid for employees working on a fixed term basis; HR team will announce the policy for the same soon.

Besides this, Zydus will also support the children of deceased Zydans for their education upto graduation within India. The dependent family members will continue to get hospitalization benefits for 3 (three) years under current Mediclaim policy. The family will also be eligible for gratuity till the age of retirement and will also get Employee Deposited Linked Insurance ("**EDLI**") benefit for disbursement upto ₹ 0.70 mio. (Rupees Seven Lacs only).

C.2 COVID Care Clinic:

The Company set up a COVID Care Clinic for Zydans and their families at the Zydus Hospitals at Ahmedabad. A one stop healthcare point, Employees can get all services from RT-PCR tests, and other diagnostic reports, consultation and medicines which enables them to start treatment early on without any lag of time. This was a boon to several employees who did not have to wait for 48 hours for an RT-PCR report or move around the city for HR CT Scans. At a time when healthcare services were stretched and difficult to access, this COVID care clinic provided quick, timely and most importantly all end-to-end services.

For employees based out of Ahmedabad, COVID Teleservices (Teleconsultation with a team of doctors) has been set up where employees can register themselves for an appointment and get timely medical advice. This has been very useful for employees in the remote areas and those who are working in the field.

C.3 Employee Support in these testing times:

In these testing times, the Company took several steps to extend its support to the employees which include isolating the employees who were infected with COVID-19 and providing ample time for recuperation without any deductions in pay, providing the support to carry out diagnostic tests of employees and family members as per requirements during quarantine period, providing logistics and other necessary support to employees and their family during the quarantine period and also post recovery and helping employees and their families to avail treatment at home / hospitals without any financial burden on them. The Company conducted several vaccination camps for the employees within the campus. It also provided logistics support to employees to get them vaccinated at the nearest vaccine centres approved by the Government and also provided logistics and other necessary support to employees and their family members during COVID quarantine period and also post recovery.

C.4 Extensive workplace safety measures:

Stringent measures have been put in to safeguard employees. Arrangements for social distancing in the buses, ensure sanitisation of the buses after every trip have been made, sanitisation of the cafeteria, change rooms, happens at regular intervals. Thermal scanning is done to check body temperature at all entry points. Hand sanitizers are placed at vantage points all across the campus. Disposable masks and aprons have been made available. As a part of the SOPs and protocols in most of the areas inside the plant and research area and all across the offices, employees need to wear masks, gloves and fully covered aprons wherever required. Apart from this, face shields also included as a part of the work gear.

At the cafeteria partitions have been put up on every table to ensure that there is sufficient adequate distancing.

Occupational health centres have been set up where a doctor is on call to address any emergencies or health concerns and also counsel employees. The specially set up Helpline at the Occupational Health Centre provides medical consultation and medication is dispensed by the Doctor and trained medical staff. Healthy, immunity boosting food with a nutritional drink and Vitamin C is served at the cafeteria.

D. Business Sustainability:

Buffer / floater recruitment to meet the medicinal need of people and also business requirements in lieu of absenteeism arising due to COVID-19. This was a massive large scale of recruitment of 700 people in Ahmedabad within a span of one month. A fast track training programme is already designed to train these floaters.

The same floater recruitment is also initiated at other locations-Baddi, Goa, Daman and Sikkim assuming that we might encounter spikes going ahead. These floaters will be trained on fast track basis and replace people who are absenting or could not come due to COVID-19.

Revised COVID-19 guidelines as and when Government directives had come and executed it in the best interest of the Organisation.

Counseling support to employees who are in problem and have developed fear for reporting on job due to COVID-19 situation.

E. Measures implemented on a war footing:

A COVID Task-force has been set up to help employees and family members for Hospitalization, Medication and other Treatment needs.

An Internal COVID response team has also been formed which helped employees to get safe and timely treatment including hospitalization on short notices.

DIVIDEND:

Your Directors have recommended final dividend of ₹ 3.50/- (350%) per equity share on 102,37,42,600 Equity Shares of ₹ 1/- each fully paid-up for the Financial Year ended on March 31, 2021, amounting to ₹ 3,583.10 mio. (Rupees Three Thousands Five Hundred and Eighty Three Million and Ten Lacs only). The final dividend, if declared by the members at the ensuing Annual General Meeting ("**AGM**"), will be paid to those members, whose names stand registered in the Register of Members on Thursday, July 29, 2021 i.e. the date prior to the commencement of the book closure. In respect of shares held in dematerialized mode, it will be paid to the members whose names are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited, as beneficial owners. The Dividend Payout Ratio for the year ended on March 31, 2021 is 16.79% of profits.

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

COMMERCIAL PAPERS:

During the year under review, the Company has issued Commercial Papers aggregating to ₹ 6,250 mio. (Rupees Six Thousands Two Hundred and Fifty Million only) on private placement basis.

SECRETARIAL STANDARDS:

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

MANAGEMENT DISCUSSION AND ANALYSIS ("MDA"):

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:

In accordance with the Ind AS-110 on Consolidation of Financial Statements read with Ind AS-28 on Accounting for Investments in Associates and Joint Ventures and as provided under the provisions of the Act read with Schedule III of the Act and Rules made thereunder and the Listing Regulations, the Audited Consolidated Financial Statements are provided in the Annual Report, which show the financial resources, assets, liabilities, income, profits and other details of the Company, its associate companies and its subsidiary companies after elimination of minority interest, as a single entity.

SUBSIDIARY COMPANIES:

i. The Company has 15 (fifteen) Indian subsidiary companies, 26 (twenty six) foreign subsidiary companies and 3 (three) joint venture companies as at March 31, 2021. There has been no material change in the nature of business of the Company as well as of subsidiary companies. There is 1 (one) partnership firm in the group, in which 2 (two) subsidiary companies of the Company are the partners. More details are provided in the Audited Financial Statements. During the year under review, the Board has reviewed the performance / affairs of the subsidiary companies.

ii. The Company has incorporated a new company in the name of Zydus Strategic Investments Limited, as a wholly owned subsidiary company, as an investment company for the group.

iii. The Company has incorporated a new company in the name of Zydus VTEC Limited, as a wholly owned subsidiary company, to carry on the business of vaccines.

iv. Zydus Worldwide DMCC, Dubai, a wholly owned subsidiary of the Company has incorporated a new company in the name of Zydus Therapeutics Inc., USA, as its wholly owned subsidiary company.

v. Zydus International Private Limited, Ireland, a wholly owned subsidiary of the Company has reduced the face value of its equity share capital from Euro 1.462843 per equity share to Euro 1.1251 per share i.e. reduction of Euro 0.337743 per equity share. By doing so, the amount of investment made by the Company stands reduced from ₹ 6,518 mio. (Rupees Six Thousands Five Hundred and Eighteen Million only) to ₹ 4,643 mio. (Rupees Four Thousands Six Hundred and Forty Three Million only) i.e. reduction of ₹ 1,875 mio. (Rupees One Thousand Eight Hundred and Seventy Five Million only).

vi. As provided in section 136 of the Act, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available free of cost the Audited Financial Statements of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Financial Statements of the subsidiary companies will also be kept open for electronic inspection. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

vii. 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, pursuant to the provisions of the Listing Regulations may be accessed on the Company's website at the link: https://www.zyduscadila.com/public/pdf/CHL-Policy-on-Material-Subsidiary-Revised-February-7-2019.pdf

DIVESTMENT:

During the year under review, pursuant to two Definitive Agreements, one executed on April 16, 2020 and another executed on April 30, 2020, the Company sold 9,44,233 and 2,31,33,717 equity shares of ₹ 10/- (Rupees Ten only) each fully paid-up, respectively, representing in aggregate to 51% (Fifty One per cent) of the total paid-up equity share capital of Windlas Healthcare Private Limited ("**WHPL**") to Windlas Biotech Private Limited ("**WBPL**") for aggregate consideration of ₹ 1,035 mio. (Rupees One Thousand and Thirty Five Million only).

Pursuant to the said divestment, the Company ceases to hold any equity shares in WHPL and consequently, ceases to hold interest in the subsidiary company of WHPL in USA-Windlas Inc. and in the joint venture company of WHPL in USA-US Pharma Windlas LLC.

DISPOSAL OF AN UNDERTAKING OF A WHOLLY OWNED SUBSIDIARY:

Zydus Animal Health and Investments Limited ("**ZAHL**"), a wholly owned subsidiary of the Company has entered into a Business Transfer Agreement ("**BTA**") and other ancillary agreements (BTA and other ancillary agreements are collectively referred to as "**Definitive Agreements**") for disposal of its Animal Healthcare Established Markets Undertaking ("**Undertaking**") (having animal healthcare business in India and certain other countries) to Zenex Animal Health India Private Limited (formerly known as Nutrizvit Animal Health India Private Limited) ("**Purchaser**"), by way of a slump sale, without values being assigned to the individual assets and liabilities at a lump sum consideration of ₹ 29,210 mio. (Rupees Twenty Nine Thousands Two Hundred and Ten Million only) on debt free and cash free basis, subject to certain closing date adjustments specified in the BTA, with effect from such date, in such manner and on such terms and conditions, as specified in the Definitive Agreements.

The said transaction of sale and disposal of the Undertaking is subject to approval of members of the Company by way of a special resolution as per regulation 24(6) of the Listing Regulations. For the said approval, the Company has convened an extra ordinary general meeting of the members of the Company on Friday, June 11, 2021 and sent the notice convening the extra ordinary general meeting to the members of the Company.

INSURANCE:

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

PUBLIC DEPOSITS:

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

COST ACCOUNTS AND RECORDS:

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

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.

FRAUDS:

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the audit committee, under section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Directors' Report.

RELATED PARTY TRANSACTIONS:

All contracts / arrangements / transactions entered into 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 are placed before the Audit Committee for review and approval. As provided under section 134(3)(h) of the Act and Rules made thereunder disclosure of particulars of material transactions [i.e. transactions exceeding 10% (ten percent) of the annual consolidated turnover as per the last Audited Financial Statements] with related parties entered into by the Company in the prescribed format (Form No. AOC-2) is annexed to this report as **Annexure-A**. Disclosures on related party transactions are set out in Note No. 40 of the financial statements.

The Policy on materiality of related party transactions and dealing with related party transactions may be accessed on the Company's website at the link https://www.zyduscadila.com/public/pdf/Policy-on-Related-Party-Transactions-and-dealing-with-Material-Related-Party-Transactions-February-7-2019.pdf

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

i. Re-appointment of Directors:

Based on the recommendation of Nomination and Remuneration Committee ("**NRC**"), the Board at their meeting on February 5, 2021 re-appointed Mr. Apurva S. Diwanji (DIN-00032072) as an Independent Director ("**ID**") for the second consecutive term of 5 (five) years. The re-appointment is subject to approval of the members by way of special resolution at the ensuing AGM of the Company scheduled to be held on August 11, 2021.

While re-appointing Mr. Apurva S. Diwanji as an ID, the Board took into account his integrity, expertise and experience. He is not required to give online proficiency test as per the MCA Circulars dated October 22, 2019 and December 18, 2020.

ii. 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. Mukesh M. Patel (DIN-00053892), Non-Executive Director will retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

iii. Declaration of independence:

The Company has received declarations of independence as stipulated under section 149(6) and 149(7) of the Act and regulation 16(1)(b) and 25 of the Listing Regulations from IDs confirming that they are not disqualified for continuing as an ID. There has been no change in the circumstances affecting their status as an ID of the Company.

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

iv. Profile of Directors seeking re-appointment:

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

v. Key Managerial Personnel:

The following persons are the Key Managerial Personnel ("**KMP**") as on March 31, 2021:

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

Mr. Ganesh N. Nayak, Executive Director was re-appointed for a further period of 1 (one) year w.e.f. July 12, 2020, by the members of the Company at the last AGM held on August 27, 2020.

vi. Board Evaluation:

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

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

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

vii. Nomination and Remuneration Policy:

The Board has, on the recommendation of the NRC, framed a policy on selection and appointment of Directors, Senior Management and their remuneration. The said Nomination and Remuneration Policy was revised by the NRC and the Board at their respective meetings held on May 27, 2021 and the revised Nomination and Remuneration Policy is stated in the Corporate Governance Report, which is a part of this Annual Report. The link to view the Nomination and Remuneration Policy is https://zyduscadila.com/public/pdf/NRC_Policy_revised_27_05_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 sections 134(3)(c) and 134(5) of the Act and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

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

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

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

iv. that the annual financial statements have been prepared on a going concern basis,

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

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

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

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

i. 60,579 (Sixty Thousands Five Hundred and Seventy Nine) equity shares of 45 (forty five) members whose dividend has remained unclaimed / unpaid for a consecutive period of 7 (seven) years to IEPF.

ii. ₹ 4.09 mio. (Rupees Four Million and Ninety Thousands only) held by 2,662 (Two Thousands Six Hundred and Sixty Two) members, being the unclaimed dividend, pertaining to the dividend for the Financial Year ended on March 31, 2013 was transferred to IEPF after giving notice to the members to claim their unpaid / unclaimed dividend.

BOARD MEETINGS:

6 (six) Board meetings were held during the Financial Year ended on March 31, 2021. Other information with regard to the Board meetings is given in the Corporate Governance Report, forming a part of this 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 the Corporate Governance Report, forming a part of this Annual Report. The Board has accepted the recommendations of the Audit Committee.

CORPORATE GOVERNANCE:

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

AUDITORS:

i. Statutory Auditors and Audit Report:

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

Deloitte have furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the Company.

The Board has duly reviewed the Statutory Auditor's Report and the observations and comments, appearing in the report, are self-explanatory and do not call for any further explanation / clarification by the Board as provided under section 134(3)(f) of the Act.

ii. Cost Auditors:

Pursuant to the provisions of section 148(3) of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014 and rule 8 of the Accounts Rules, the cost audit records maintained by the Company in respect of the Drugs and Pharmaceuticals are required to be audited. The Board had, on the recommendation of the Audit Committee, appointed Dalwadi & Associates, Cost Accountants to audit the cost records of the Company for the Financial Year 2021-2022 on a remuneration of ₹ 1.23 mio. (Rupees One Million Two Hundred and Thirty Thousands only) plus applicable Goods and Services Tax and out of pocket expenses on 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 in a general meeting for ratification. Accordingly, a resolution seeking ratification by members for the remuneration payable to Dalwadi & Associates is included at Item No. 4 of the Notice convening Twenty Sixth AGM.

iii. Secretarial Auditors and Secretarial Audit Report:

Pursuant to the provisions of section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Manoj Hurkat & Associates, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the Financial Year 2020-2021. The Secretarial Audit Report is annexed herewith as **Annexure-B**. The Board has duly reviewed the Secretarial Auditors' Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board as provided under section 134(3)(f) of the Act.

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

BUSINESS RESPONSIBILITY REPORT:

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

CORPORATE SOCIAL RESPONSIBILITY ("CSR"):

Pursuant to section 135 of the Act and Rules made thereunder, the Board has constituted a CSR Committee under the Chairmanship of Mr. Pankaj R. Patel. Other members of the Committee are Ms. Dharmishtaben N. Raval and Dr. Sharvil P. Patel. CSR Policy has been revised as per the amended CSR Rules which are applicable from January 22, 2021 and is placed on the Company's website. Other details of the CSR activities, as required under section 135 of the Act read with amended CSR Rules, are given in the CSR Report at **Annexure-C**.

BUSINESS RISK MANAGEMENT:

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

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

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

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

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:

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 implement new and / or improved internal 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:

In compliance with provisions of section 177(9) of the Act and Rules made thereunder and regulation 22 of the Listing Regulations, the Company has established vigil mechanism and framed Whistle Blower Policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy and SEBI (Prohibition of Insider Trading) Regulations, 2015. Whistle Blower Policy is disclosed on the website of the Company, the link of which is https://www.zyduscadila.com/public/pdf/Whistle-Blower-Policy-May-29-2019.pdf

ii. Zydus Business Conduct Policy:

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

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

No complaint is received during the Financial Year 2020-2021.

ANNUAL RETURN:

As per the provisions of section 92(3) read with section 134(3)(a) of the Act, Annual Return for the Financial Year ended on March 31, 2021, in prescribed Form No. MGT-7 is available on the website of the Company on https://www.zyduscadila.com/public/pdf/financial/annualreturn/Form%20No.%20MGT-7%2031.03.2021.pdf.

PARTICULARS OF EMPLOYEES:

The information required under section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure-D**.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134(3)(m) of the Act read with rule 8(3) of the Accounts Rules, is provided in **Annexure-E** and forms a part of this Annual Report.

GENERAL DISCLOSURES:

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

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 to which the financial statements relate and the date of this report.

ACKNOWLEDGMENT:

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

On behalf of the Board of Directors

Pankaj R. Patel
Chairman
DIN: 00131852

Place : Ahmedabad
Date : May 27, 2021

ANNEXURE–A

FORM NO. AOC–2

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

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

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

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

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

Sr. No.	Name of the Related Party and Nature of Relationship	Nature of contract / arrangement or transaction	Duration of contract / arrangement or transaction	Salient terms of the contract / arrangement or transaction, including value, if any.	Dates of approval by the Board of Directors	Amount paid as advance, if any.
1.	Zydus Pharmaceuticals USA Inc., USA (wholly owned subsidiary company)	Supply and Distribution Agreement	On-going	Pricing of supply of products based on relevant guidelines of transfer pricing	May 12, 2015	Nil

On behalf of the Board of Directors

Pankaj R. Patel
Chairman
DIN: 00131852

Place : Ahmedabad
Date : May 27, 2021

ANNEXURE–B

SECRETARIAL AUDIT REPORT

(FORM MR-3)

(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
CADILA HEALTHCARE LIMITED
(CIN: L24230GJ1995PLC025878)
'Zydus Corporate Park', Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near Vaishnodevi Circle,
Sarkhej-Gandhinagar Highway,
Ahmedabad-382481

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CADILA HEALTHCARE LIMITED** (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 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.

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 ("**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;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to the extent applicable to the Company:-

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

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

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

   d) The Securities and Exchange Board of India (Share Based Employee Benefits), Regulations, 2014;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

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

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

   I. Secretarial Standards issued by The Institute of Company Secretaries of India,

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

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

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

We further report that:

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

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

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

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

We further report the following during the audit period,

Pursuant to two Definitive Agreements, executed on April 16, 2020 and April 30, 2020, respectively the Company sold 9,44,233 and 2,31,33,717 equity shares of ₹ 10/- each fully paid-up, respectively, representing in aggregate to 51% of the total paid-up equity share capital of Windlas Healthcare Private Limited ("**WHPL**") to Windlas Biotech Private Limited ("**WBPL**") for aggregate consideration of ₹ 103.50 crores. Pursuant to the said divestment, the Company ceases to hold any equity shares in WHPL and consequently, ceases to hold interest in the subsidiary company of WHPL in USA viz. Windlas Inc. and in the JV company of WHPL in USA viz. US Pharma Windlas LLC.

Barring the above, during the audit period, no other event /action has taken place which have major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For, **MANOJ HURKAT & ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800

MANOJ R HURKAT
Partner
FCS No. 4287; C P No.: 2574
UDIN: F004287C000358322

Place: Ahmedabad
Date: May 27, 2021

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

ANNEXURE-A

To,
The Members of
CADILA HEALTHCARE LIMITED
(CIN: L24230GJ1995PLC025878)
'Zydus Corporate Park', Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near Vaishnodevi Circle,
Sarkhej-Gandhinagar Highway,
Ahmedabad-382481

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

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.

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

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts and cost records of the Company.

4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, secretarial records and other factual position which cannot be otherwise verified etc. wherever required or necessary.

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

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

For, **MANOJ HURKAT & ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800

MANOJ R HURKAT
Partner
FCS No. 4287; C P No.: 2574
UDIN: F004287C000358322

Place: Ahmedabad
Date: May 27, 2021

ANNEXURE-B1

Secretarial Audit Report of Zydus Healthcare Limited
Form MR-3
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,
ZYDUS HEALTHCARE LIMITED
"Zydus Corporate Park", Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle, Sarkhej-Gandhinagar Highway,
Ahmedabad-382481

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives in electronic form in online system on account of prevailing situation in the Country due to COVID-19 during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as per Annexure I for the financial year ended on **March 31, 2021** according to the provisions of:

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

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

iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;

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

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

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

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

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

   d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

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

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

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

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

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

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

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

vi) We further report that having regard to the compliance management system prevailing in the Company in relation to other applicable sector specific laws, in view of inability of physical verification on account of prevailing situation in the Country due to COVID-19, we have relied on the confirmations of compliances placed before the board which were made available to us for our verification and were considered as assurance for existence of proper compliance management system.

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

We report that the Board of Directors of the Company is duly constituted with proper balance of the Executive Directors and the Non-executive Directors (Independent and Non-independent).

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

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

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

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

i) Investment of ₹ 40,00,00,000/- (Rupees Forty Crores) in ABCD Technologies LLP towards the Capital Contribution.

Signature:
Name of practicing CS:
Ashish C. Doshi, Partner
SPANJ & ASSOCIATES
Company Secretaries; ACS/FCS No.: F3544
C P No: 2356; PR No.: 702/2020
UDIN: F003544C000302634

Place: Ahmedabad
Date: May 13, 2021

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

ANNEXURE-I

List of documents verified in Electronic Form

1. Memorandum & Articles of Association of the Company.
2. Minutes of the meetings of the Board of Directors and various committees comprising of Audit Committee, Nomination & Remuneration Committee etc. held during the period under report.
3. Minutes of General Body Meetings held during the period under report.
4. Statutory Registers/Records under the Companies Act and rules made there under viz.
   - Register of Directors & KMP
   - Register of Directors' Shareholding
   - Register of loans, guarantees and security and acquisition made by the Company
   - Register of Renewed and Duplicate Share Certificate
   - Register of Members
5. Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.
6. Declarations received from the Directors of the Company pursuant to the provisions of section 184 of the Companies Act, 2013.
7. e-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the period under report.
8. Various policies framed by the company from time to time as required under the statutes applicable to the company.
9. Processes and procedure followed for Compliance Management System for applicable laws to the Company in a specified software system.

ANNEXURE-II

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

Dear Sir,

Sub.: Secretarial Audit Report for the Financial Year ended on March 31, 2021

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

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

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

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

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

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

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

Signature:
Name of practicing CS:
Ashish C. Doshi, Partner
SPANJ & ASSOCIATES
Company Secretaries; ACS/FCS No.: F3544
C P No: 2356; PR No.: 702/2020
UDIN: F003544C000302634

Place: Ahmedabad
Date: May 13, 2021

ANNEXURE-B2

Secretarial Audit Report of Zydus Animal Health and Investments Limited
For the Financial Year ended on March 31, 2021
Form MR-3

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and based on the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit through electronically by way of scan copy or soft copy through mail or otherwise and considering the relaxations granted by the Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, generally complied with the material statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined through electronically by way of scan copy or soft copy through mail or otherwise, the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

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

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

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

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

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

During the period under review the Company has generally complied with all the material aspects of the applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Woman Director on the Board was appointed as on June 18, 2020.

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

1. Pharmacy Act, 1948
2. Drug Policy 2002
3. Gujarat Drugs (Control) Act, 1959

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

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

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

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

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

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 & 2018;

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

  (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 & 2018;

iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as the Company is Unlisted Company. However, the Company is defined as material subsidiary company under Regulation 16 (1)(c) of SEBI (LODR) Regulations, 2015.

I further report that –

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

I further report that –

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

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors, as on close of the financial year. The changes in the composition of the Board of Directors and KMP that took place during the period under review were carried out in compliance with the provisions of the Act. The company has appointed Woman director on the board as on June 18, 2020.

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

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

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

I. The Company has changed nomenclature and terms of 8% Non-Cumulative Non-Convertible Redeemable Preference Shares ("Preference Shares") of ₹ 10/- each to 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares ("OCRPS") of ₹ 10/- each and simultaneously amended capital clause of Memorandum of Association of the company, as approved by members (Equity and Preference) in their meeting held on June 29, 2020.

II. The Company has approved payment of Commission to be paid to all Non-Executive/ Independent/ Woman Director, up to aggregate ₹ 10 Lacs (Rupees Ten Lacs) in any Financial Year, as approved by members in their meeting held on March 1, 2021.

III. The Company has designated Mr. Arun Atrey (DIN: 00032249) as a Managing Director of the Company and there has been revision in his terms of appointment.

IV. The Company has altered its Articles of Association (Clause 64A) of the Company, as approved by the members in AGM held on August 25, 2020.

Signature :
Name of Company Secretary in practice: Tapan Shah
FCS No. : 4476
C P No. : 2839
UDIN : F004476C000362625

Place : Ahmedabad
Date : May 26, 2021

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

Due to restricted movement amid COVID-19 pandemic, I have conducted the Secretarial audit by examining the secretarial records including Minutes, Documents, Registers and other records, etc., some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to me are true and correct.

ANNEXURE-I

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

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

1. Maintenance of Secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done based on the records and documents provided, on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.

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

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

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

Signature :
Name of Company Secretary in practice: Tapan Shah
FCS No. : 4476
C P No. : 2839
UDIN : F004476C000362625

Place : Ahmedabad
Date : May 26, 2021

ANNEXURE-C

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(4)(a) of the Act and Rules made thereunder, as amended from time to time and for the time being in force. The Company has outlined the following thrust areas in the CSR Policy:

i) Healthcare / Medical Facility

ii) Skill Development / Empowerment

iii) Community Development

iv) Education / Knowledge Enhancement

v) Infrastructure Development

vi) Environment Protection

vii) Others as may be decided

The Board, on the recommendation of CSR Committee, approved the CSR spending, apart from others, for financing / re-financing of construction of hospital building by Zydus Foundation (“**ZF**”), a section 8 and a wholly owned subsidiary company, 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:

<table>
<tr><th rowspan="2">Sr. No.</th><th rowspan="2">Name of the Director</th><th rowspan="2">Designation / Nature of Directorship</th><th colspan="2">Number of CSR Committee meetings</th></tr>
<tr><th>Held</th><th>Attended</th></tr>
<tr><td>1.</td><td>Mr. Pankaj R. Patel</td><td>Non-Executive Chairman
Chairman of the CSR Committee</td><td rowspan="3">2</td><td>2</td></tr>
<tr><td>2.</td><td>Dr. Sharvil P. Patel</td><td>Managing Director
Member of the CSR Committee</td><td>2</td></tr>
<tr><td>3.</td><td>Ms. Dharmishtaben N. Raval</td><td>Independent Director
Member of the CSR Committee</td><td>2</td></tr>
</table>

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://zyduscadila.com/compcommittee#corporate

CSR Policy: https://zyduscadila.com/public/pdf/Revised_CSR_Policy_05_02_2021.pdf

CSR Projects approved by the Board: https://www.zyduscadila.com/public/pdf/financial/CSR_Projects.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).

The Company takes cognizance of sub-rule (3) of rule 8 of the amended CSR Rules. There are no projects undertaken or completed after January 22, 2021, for which the impact assessment report is applicable for the Financial Year ended on March 31, 2021.

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):

₹ 12,720 mio.

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

₹ 254.40 mio.

(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).

₹ 254.40 mio.

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

Total Amount Spent for the Financial Year (₹ in mio.)	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
785.40	N.A.				

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

Sr. No.	Name of the Project	Items from the list of activities in Schedule VII of the Act	Local Area (Yes / No)	Location of the Project		Project Duration	Amount allocated for the project
				State	District		
N.A.							

Sr. No.	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	
				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 of the Act	Local Area (Yes / No)	Location of the Project		Amount spent for the Project (₹ in mio.)	Mode of implementation Direct (Yes / No)	Mode of implementation-Through implementing agency (Yes / No)	
				State	District			Name	CSR Registration Number
1.	Financing and re-financing of construction of hospital building	Healthcare	Yes	Gujarat	Dahod	785.40	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): ₹ 785.40 mio.

(g) Excess amount for set off, if any

Sr. No.	Particulars	Amount (₹ in mio.)
i.	Two percent of average net profit of the Company as per section 135(5)	254.40
ii.	Total amount spent for the Financial Year	785.40
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	531.00
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)] *	531.00

**Board at their meeting held on May 27, 2021 passed a resolution to set-off the excess amount of ₹ 531 mio. in succeeding three financial years.*

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 unspent in succeeding financial years
				Name of the Fund	Amount	Date of Transfer	
N.A.							

(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

Pankaj R. Patel
Chairman of the Board and CSR Committee
DIN: 00131852

Sharvil P. Patel
Managing Director
DIN: 00131995

Place : Ahmedabad
Date: May 27, 2021

ANNEXURE-D

Particulars of remuneration as per section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Name of the Director	Ratio of each Director to the median remuneration of the employee
Mr. Pankaj R. Patel	-
Mr. Nitin R. Desai	5.98
Mr. Mukesh M. Patel	5.98
Ms. Dharmishthaben N. Raval	5.98
Mr. Apurva S. Diwanji	5.98
Mr. Bhadresh K. Shah	5.98
Dr. Sharvil P. Patel	570.65
Mr. Ganesh N. Nayak	629.57

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

Name of the Director, the Chief Financial Officer and the Company Secretary	% increase in the remuneration in the financial year
Mr. Pankaj R. Patel	-
Mr. Nitin R. Desai	(9.84)
Mr. Mukesh M. Patel	0
Ms. Dharmishtaben N. Raval	0
Mr. Apurva S. Diwanji	0
Mr. Bhadresh K. Shah	0
Dr. Sharvil P. Patel	5
Mr. Ganesh N. Nayak	4
Mr. Nitin D. Parekh Chief Financial Officer	13
Mr. Dhaval N. Soni Company Secretary	16

c. The percentage increase in the median remuneration of employees in the financial year was 6.00%.

d. There were 24,412 permanent employees on the rolls of the Company as on March 31, 2021.

e. The profit after tax (after discontinued operations) for the financial year ended on March 31, 2021 increased by 4.48% and the average increase in remuneration of employees was 10.49%.

f. The remuneration of Key Managerial Personnel, viz. (1) the Managing Director, (2) the Executive Director, (3) the Chief Financial Officer and (4) the Company Secretary increased by 5%, 4%, 13% and 16% respectively.

g. The average annual increase in the salaries of the employees, other than managerial personnel was 10.48%, whereas the weightage average increase in the managerial remuneration was 12.26% for the Financial Year ended on March 31, 2021. The increase in remuneration was on the recommendation of NRC considering the performance of the managerial personnel and the Company.

h. The members have, at the AGM of the Company held on August 3, 2016, approved the payment of commission to the non-executive Directors within the ceiling of 1% (one percent) of the Net Profits of the Company, subject to maximum of ₹ 30 mio. (Rupees Thirty Million only) in aggregate, as computed under the applicable provisions of the Act. The performance of the Company in terms of sales and profitability are the key parameters, apart from size of the Company and contributions of the Directors at the Board and Committee meetings.

The Company is seeking approval of the members at the ensuing AGM to pass enabling resolution for payment of commission to non-executive directors for a period of 5 (five) years i.e. financial year starting from April 1, 2021 and ending on March 31, 2026, within the ceiling of 1% (one percent) of the Net Profits of the Company, subject to maximum of ₹ 40 mio. (Rupees Forty Million only) in aggregate, as computed under the applicable provisions of the Act.

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

j. The statement containing particulars of employees as required under section 197(12) of the Act read with rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this Annual Report. In terms of section 136 of the Act, the said annexure is open for electronic inspection. The Annual Report is being sent to the members excluding the aforesaid separate annexure. Any member interested in obtaining a copy of the same may write to the Company Secretary.

On behalf of the Board of Directors

Pankaj R. Patel
Chairman
DIN: 00131852

Place : Ahmedabad
Date : May 27, 2021

ANNEXURE-E

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

A. Conservation of Energy:

1. Steps taken and capital investment and impact on conservation of energy:

a. Particulars of major steps taken and capital investments made:

₹ in mio.

Sr. No.	Steps taken by installing following equipment / fittings	Capital Investments
i.	Automated hot water pump, MEE CT pump, chilled water pump and boiler SFD fan with pressure control through VFD & transmitter (Ankleshwar Unit-2)	0.76
ii.	Installed reflux conditioner in coal fire boiler (Ankleshwar Unit-2)	0.26
iii.	Installed automatic lighting with moving sensor in technical areas (Ankleshwar Unit-2)	0.20
iv.	Installed electricity commutated EC motor for AHU (Baddi)	5.84
v.	Replaced existing compressed air dryer CD with BD air dryer (Goa)	2.30
vi.	Replaced 10 plug type blower with energy efficient blower (Goa)	3.00
vii.	Installed VFD based screw chiller (Zydus Technologies unit)	7.10
viii.	Installed FLP air curtain in warehouse area (API-Ahmedabad)	0.09
ix.	Installed Jockey Pump in fire hydrant system (API-Ahmedabad)	0.09
x.	Replaced conventional lighting fixtures PL type with LED lighting fixtures (Dabhasa)	1.50
xi.	Replaced conventional once through vacuum pump with screw type vacuum pump U-5 (Dabhasa)	2.78
xii.	Installed VFD based 700TR new centrifugal chiller (Moraiya)	10.70
xiii.	Installed new brine plant (Moraiya)	3.00
xiv.	Installed energy efficient compressed air package unit (Liva)	5.00
xv.	Replaced plug type fan by high efficiency axial fan in air handling unit (Liva)	4.15
xvi.	Installed online chiller condenser tube cleaning system (Liva)	1.80
xvii.	Installed new energy efficient 360TR chiller (Alidac)	7.00
xviii.	Use of briquette boiler instead of furnace oil based boiler (Alidac)	2.20
	Total	**57.77**

b. Impact on conservation of energy:

- Saving in power consumption
- Automation of fire hydrant system
- Reduction in steam generation cost
- Improvement in environment
- Minimization of steam losses
- Power trading

2. Steps taken by the Company for utilizing alternate sources of energy:

- Implemented solar power trading
- Installed steam turbine for power generation
- Open access done 3.0 MW (Q1) and 6.0 MW (Q2, Q3) from MS Manikaran, rate of which is lower than UGVCL

B. Technology Absorption:

1. Efforts made towards technology absorption:

- Installed auto tube cleaning system in chilled water plant
- Installed lights with motion sensor
- Initiated power trading through IEX
- Overhauling and alternate spares installation in stainless steel reactor, VTD & STD in RC plant
- Glass lining work in old legacy 500 ltr. line reactor
- Replaced oil ring vacuum pump with dry run vacuum pump
- Elimination of boiler feed water chemical treatment by provisions of magnetic flux ring
- Provided AHU's operation control to shop floor by building management system
- Implemented Modified Atmosphere Packaging system

2. **Benefits derived:**

- Reduction in operation cost
- Product development
- Capacity enhancement
- User is aware about the running status of AHU as well as excursion in the area
- Usage of energy is optimized during non-working hours of production hours
- New injectable product can be manufactured

3. **Details of technology imported in last three years:**

The Company has imported the following technology:

A. Ankleshwar Unit-2

Installed steam turbine with capacity of 110 KW (imported during March, 2019) and fully absorbed

B. API-Ahmedabad

LED lights replaced with CFL in phase manner (imported during 2019-2020) and fully absorbed

C. Dabhasa:

- Steam turbine (imported during 2018) and fully absorbed
- Central UPS system (imported during 2018) and fully absorbed
- LED lights (imported during 2019-2020) and fully absorbed

D. Liva:

Modified Atmosphere Packaging-a practice of modifying the composition of internal atmosphere of a package in order to improve and achieve the precise head space oxygen in vials (imported in November, 2019) and fully absorbed

4. **Expenditure incurred on Research and Development:**

The Company has incurred expenditure of ₹ 9,184 mio. (Rupees Nine Thousands One Hundred and Eight Four Million only) under the head Research and Development.

C. Foreign Exchange Earnings and Outgo:

During the year under review, the foreign exchange earned in terms of actual inflows was ₹ 63,535 mio. (Rupees Sixty Three Thousands Five Hundred and Thirty Five Million only), whereas the foreign exchange in terms of actual outflows was ₹ 15,911 mio (Rupees Fifteen Thousands Nine Hundred and Eleven Million only).

On behalf of the Board of Directors

Pankaj R. Patel
Chairman
DIN: 00131852

Place : Ahmedabad
Date : May 27, 2021

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE CODE:

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

1. GOVERNANCE STRUCTURE:

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

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

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

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

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

2. BOARD OF DIRECTORS:

The Board have the ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The Managing Director and the Executive Director look after the day-to-day business affairs of the Company. The Board reviews the overall business operations at least once in a quarter based on updates on the Company's performance provided by the Managing Director, the Chief Financial Officer and other senior executives of the Company.

A. Composition of the Board:

The Composition of the Board, with reference to the number of Executive and Non-Executive Directors, meets the requirements of the Code of Corporate Governance. The Board is headed by Non-Executive Chairman, Mr. Pankaj R. Patel, who is also the promoter Director. As on March 31, 2021, your Company's Board comprised of 8 (eight) Directors; which include 2 (two) Executive Directors and 6 (six) (i.e. 75%) Non-Executive Directors, including 4 (four) (i.e. 50%) Independent Directors ("**IDs**"), who have considerable experience in their respective fields. As required under the provisions of section 149(1) of the Companies Act, 2013 ("the **Act**") and Rules made thereunder and regulation 17 of the Listing Regulations, the constitution of Board meets with the requirements stated therein. Non-Executive and IDs have expert knowledge in the fields of finance, taxation, legal and industry. Thus, the Board represents a balanced mix of entrepreneurs and 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 made thereunder. In terms of regulation 25(8) of the Listing Regulations, the IDs have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impact or impair their ability to discharge their duties. Based on the declarations received from the IDs, the Board has confirmed that they meet the criteria of independence as mentioned under regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

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

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

- Knowledge and/or expertise in one or more of areas like pharmaceuticals (including medical, pharmacology and research), manufacturing, accounts, finance, taxation, banking, HR, IT, marketing, law, business and management.

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

Sr. No.	Name of the Director	Skills actually available with the Directors
1.	Mr. Pankaj R. Patel	Knowledge and expertise in pharmaceuticals (including medical, pharmacology and research), manufacturing and marketing, business and management
2.	Dr. Sharvil P. Patel	
3.	Mr. Mukesh M. Patel	Knowledge and expertise in taxation
4.	Mr. Apurva S. Diwanji	Knowledge and expertise in law
5.	Mr. Nitin R. Desai	Knowledge and expertise in business and management
6.	Ms. Dharmishtaben N. Raval	Knowledge and expertise in law
7.	Mr. Bhadresh K. Shah	Knowledge and expertise in manufacturing and marketing, business and management
8.	Mr. Ganesh N. Nayak	Knowledge and expertise in pharmaceuticals, marketing, business and management

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

B. Board Meetings / Directors' Particulars:

In compliance with regulation 17(2) of the Listing Regulations and section 173(1) of the Act, the Board meets at least once in each quarter and the gap between any 2 (two) Board Meetings was not more than 120 (one hundred twenty) days. During the year under review, 6 (six) board meetings were held on April 16, 2020, April 30, 2020, June 19, 2020, August 5, 2020, November 2, 2020 and February 5, 2021.

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

The 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 and the Managing Director, prepare detailed agenda for the meetings. Directors are also free to bring up any other matter for discussion at the Board Meetings with the permission of the Chairman. 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.

Presentations are made on business operations to the Board by the functional heads of the Company.

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 all the meetings approved by the Chairman is circulated to all the Directors within 15 (fifteen) days after the conclusion of the meetings. Comments, if any, received from the Directors are incorporated in the minutes, in consultation with the Chief Financial Officer and the Chairman. Decisions taken at Board / Committee meetings are communicated to the concerned departments promptly for actions and an Action Taken Report on the status of the decisions taken at the Board / Committee meetings is placed, for the information, to the Board / Committee members. The minutes of all committee meetings are placed in the next board meeting.

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

1. Annual revenue and capital expenditure plans / budgets,
2. Quarterly results and results of operations of Company, its subsidiaries and joint ventures,
3. All borrowings, investments, loans and guarantees,
4. Minutes of the meetings of the Board, Committees of the Board and the summary of minutes of the Indian subsidiary companies,
5. Details of any joint ventures, acquisitions of brands, trademarks or companies or any collaboration agreements,
6. Quarterly report on any fatal or serious accidents or dangerous occurrences and material effluent or pollution problems,
7. Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any,
8. Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company,

9. Compliance or non-compliance of any regulatory, statutory nature or listing requirements and matters related to investors' service such as non-payment of dividend, delay in transfer of shares, etc.

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

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

The following table gives 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 Director	Category and Position	No. of Board Meetings held during the year	No. of Board Meetings attended	Whether attended last AGM	Member (Chairman)[1] of Board Committees[2]	No. of other Directorships held
Mr. Pankaj R. Patel[3]	Chairman	6	6	Yes	4 (2)	4
Mr. Nitin R. Desai	Non-Executive and Independent Director		6	Yes	3 (1)	3
Mr. Mukesh M. Patel	Non-Executive Director		6	Yes	9 (5)	6
Ms. Dharmishtaben N. Raval	Non-Executive and Independent Woman Director		6	Yes	4 (2)	7
Mr. Apurva S. Diwanji	Non-Executive and Independent Director		6	Yes	3	1
Mr. Bhadresh K. Shah	Non-Executive and Independent Director		6	Yes	6	3
Dr. Sharvil P. Patel[4]	Managing Director		6	Yes	1	6
Mr. Ganesh N. Nayak	Executive Director		6	Yes	2 (1)	1

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

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

3 Promoter Director and father of Dr. Sharvil P. Patel.

4 Son of Mr. Pankaj R. Patel.

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

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

C. Familiarization Programme:

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

A presentation on familiarization programme 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.zyduscadila.com/public/pdf/Familiarization_Programme_05_02_2021.pdf

D. 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 evaluation of individual Directors and the Board Chairman was also carried out in terms of their respective attendance at Board / Committee meetings, contributions at the meetings, circulation of sufficient documents and information to the Directors, timely availability of the agenda, etc. Directors were satisfied with the evaluation on different criteria.

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.

Criteria for evaluation of IDs include, amongst others, the preparedness and information about the Board and Committee meetings, attendance at different meetings, expressing views on specialized agenda items.

3. COMMITTEES OF THE BOARD:

The Board currently has the following committees:

A. Audit Committee;

B. Share Transfer Committee;

C. Stakeholders' / Investors' Relationship Committee;

D. Nomination and Remuneration Committee;

E. Risk Management Committee;

F. Corporate Social Responsibility ("**CSR**") Committee; and

G. Finance and Administration Committee.

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

A. Audit Committee:

I. Terms of Reference:

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible,
2. Review with the management the quarterly / half-yearly / annual, unaudited / audited financial results, statements and Limited Review Report / Audit Reports of the Statutory Auditors before recommending for approval by the Board with particular reference to matters required to be included in the directors' 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 performance,
5. Review of inter-corporate loans and investments,
6. Review with the management the performance of statutory and internal auditors,
7. Review the adequacy and effectiveness of internal financial controls and systems,
8. Review and discuss with the management major financial risk exposures and steps taken to monitor and control them,
9. Oversee and review the functioning of vigil mechanism (implemented by the Company as a Whistle Blower Policy),
10. Review the scope of the Internal Auditors and Audit Plan to ensure reasonable coverage of different areas of operations,
11. Review, discuss and monitor the observations reported by Statutory / Internal Auditors and their compliance,
12. Review and recommend to the Board the appointment / re-appointment of the Statutory and Cost Auditors after due consideration of their independence and effectiveness,
13. Approve the payment towards additional services rendered by the Statutory Auditors except those enumerated in section 144 of the Act,
14. Recommend to the Board the remuneration of the Statutory and Cost Auditors,
15. Review Cost Audit Report submitted by the Cost Auditors,
16. Approve 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 utilization of loans and / or advances from / investment by the company in subsidiary company in excess of ₹ 100 crore or 10% of asset size of the subsidiary, whichever is lower,
19. 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 4 (four) meetings during Financial Year 2020-2021 on June 19, 2020, August 5, 2020, November 2, 2020 and February 5, 2021. The time gap between any two meetings was less than 120 (one hundred twenty) days. The composition of the Audit Committee as at March 31, 2021 and details of the attendance of its members are as under:

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

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

The Chairman of the Audit Committee attended the AGM of the Company held on August 27, 2020 to respond to members' queries.

III. Invitees at the Audit Committee Meetings:

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

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

B. 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 certificate, 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 of the following members:

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

The Company Secretary acts as the 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 transfer / transmission of shares, split, consolidation, demat / remat and issuance of duplicate share certificates.

C. Stakeholders' / Investors' Relationship Committee:

In compliance with the provisions of section 178(5) of the Act and regulation 20 of the Listing Regulations, the Board has formed Stakeholders' / Investors' Relationship Committee.

I. Terms of reference:

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

The role of the Stakeholders' / Investors' 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:

Mr. Mukesh M. Patel, Non-Executive Director is the Chairman and Mr. Pankaj R. Patel, Dr. Sharvil P. Patel and Mr. Bhadresh K. Shah are the members of this Committee. The Committee met once during the year and all the members remained present in the meeting.

Mr. Dhaval Soni, Company Secretary of the Company acts as the Secretary to the Committee, who is designated as a Compliance Officer pursuant to regulation 6 of the Listing Regulations.

The Committee ensures that the members' / investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 5 investor grievances were received and all of them have been resolved. There was no investor grievance remaining unattended and pending as on March 31, 2021.

8,60,540 (Eight Lacs Sixty Thousands Five Hundred Forty) equity shares remained in the in-transit account with National Securities Depository Limited and 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 members, which were resolved within the time frames laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending
Complaints:				
SEBI / Stock Exchanges	0	2	2	0
From Members	0	3	3	0
Member queries / requests:				
Dividend Related	0	71	71	0
Transfer / Transmission	0	56	56	0
Demat / Remat	0	49	49	0
Changes (address / bank mandates)	0	93	93	0
Procedure for Duplicate share	0	111	111	0
Exchange of share certificates	0	57	57	0

D. Nomination and Remuneration Committee:

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

I. Terms of reference:

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

1. To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management,
2. To recommend to the Board, 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 review on annual basis the compensation to the Non-Executive Directors and Senior Management, which includes KMP, (in whatever form) and recommend to the Board the remuneration and incentive payable to each of them,
5. To ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear and meets appropriate performance benchmarks, and
6. 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 meetings are given in the following table. The Committee met thrice during the year. All members of the Committee are Non-Executive Directors and except Mr. Pankaj R. Patel and Mr. Mukesh M. Patel, other members are IDs.

Name of the Member	No. of Meetings held	No. of Meetings attended
Mr. Nitin R. Desai, Chairman	3	3
Mr. Pankaj R. Patel		3
Mr. Mukesh M. Patel		3
Ms. Dharmishtaben N. Raval		3
Mr. Apurva S. Diwanji		3
Mr. Bhadresh K. Shah		3

The Company Secretary acts as the 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 27, 2021. The salient aspects of the Policy are outlined below:

a. Objectives:

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

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

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

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

b. Remuneration to Non-Executive Directors:

1. Non-Executive Director is paid sitting fees for each meeting of the Board or Committee of the Board attended by him/her, of such sum as may be approved by the Board within the overall limits prescribed under the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Board has approved the payment of sitting fees at ₹ 0.10 mio. (Rupees One Lac only) to each Non-Executive Director towards each of the Board / Committee meetings attended by them.

2. A Non-Executive Director is also paid commission on an annual basis, of such sum as may be approved by the Board. The total commission payable to the Non-Executive Directors shall not exceed 1% (one percent) of the net profit of the Company and subject to the limits approved by the members. In case of loss or profits are inadequate, the non-executive and independent directors are entitled to receive remuneration, subject to the provisions of the Act.

3. In determining the quantum of commission payable to Non-Executive Directors, the NRC considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Non-Executive Directors.

4. A Non-Executive Director is also reimbursed the expenses incurred by him / her for attending the Board and / or Committee meeting and members' meetings.

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

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

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

As per the recommendation of the NRC, Dr. Sharvil P. Patel, Managing Director was paid remuneration of ₹ 180 mio. (Rupees One Hundred and Eighty Million only) by way of fixed salary and allowances and variable pay of ₹ 82.50 mio. (Rupees Eighty Two Million and Five Lacs only) is payable for the Financial Year ended on March 31, 2021, aggregating to ₹ 262.50 mio. (Rupees Two Hundred and Sixty Two Million and Five lacs only). Further, NRC ratified a remuneration of ₹ 289.60 mio. (Rupees Two Hundred and Eighty Nine Million and Six Lacs only) paid to Mr. Ganesh N. Nayak, Executive Director for the Financial Year ended on March 31, 2021.

The Company has entered into agreements with Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak for their respective employment for a period of 5 (five) years and 1 (one) year respectively. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 months' or 6 months' notice in writing to the other party in case of Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak respectively.

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

IV. Details of the commission / sitting fees paid to the Non-Executive Directors for the year 2020-2021 are given below: ₹ in mio.

Name of the Non-Executive Directors	Commission [1]	Sitting fees						Total
		Board Meetings	Audit Committee Meetings	CSR Committee Meetings	NRC Meetings	Stakeholders' / Investors' Relationship Committee Meetings	Other Meetings [2]	
Mr. Pankaj R. Patel	--	0.60	--	0.20	0.30	0.10	0.20	1.40
Mr. Nitin R. Desai	2.75	0.60	0.40	--	0.30	--	0.10	4.15
Mr. Mukesh M. Patel	2.75	0.60	0.40	--	0.30	0.10	0.20	4.35
Ms. Dharmishtaben N. Raval	2.75	0.60	0.40	0.20	0.30	--	0.10	4.35
Mr. Apurva S. Diwanji	2.75	0.60	0.40	--	0.30	--	0.10	4.15
Mr. Bhadresh K. Shah	2.75	0.60	0.40	--	0.30	0.10	0.10	4.25

1 The Board, based on the performance of the Company and on the recommendation of NRC, has decided the payment of Commission to the Non-Executive Directors.

2 Other meetings include separate meeting of IDs, meeting of Committee of Directors and Risk Management Committee meeting.

The Nomination and Remuneration Policy is available on the website of the Company and the weblink of the same is https://zyduscadila.com/public/pdf/NRC_Policy_revised_27_05_2021.pdf

V. **Stock Option:**

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

E. **Risk Management Committee:**

In compliance with the provisions 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 Company has framed a Risk Management Policy which includes the terms of reference, is available on the website of the Company at https://www.zyduscadila.com/public/pdf/Risk-Management-Policy.pdf.

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

The Committee was lastly re-constituted by the Board at its meeting held on May 27, 2021 to include Mr. Apurva S. Diwanji, Independent Director as the member. The Committee is headed by Mr. Pankaj R. Patel, Chairman. Mr. Mukesh M. Patel, Dr. Sharvil P. Patel, Mr. Apurva S. Diwanji and Mr. Nitin D. Parekh are the members of the Committee. The Committee met once during the year on February 5, 2021 and the members as on that date remained present in the meeting.

The Company Secretary acts as the secretary to the Committee.

F. Corporate Social Responsibility Committee: (“**CSR Committee**”)

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

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 which are effective from January 22, 2021. 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
Mr. Pankaj R. Patel, Chairman	2	2
Ms. Dharmishtaben N. Raval		2
Dr. Sharvil P. Patel		2

G. Finance and Administration Committee:

The Board at their meeting held on August 5, 2020 constituted Finance and Administration Committee with Mr. Pankaj R. Patel as the Chairman and Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak 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 the Secretary to the Committee. Upon constitution of Finance and Administration Committee, the Committee of Directors was dissolved with immediate effect. The erstwhile Committee of Directors met once and the Finance and Administration Committee met 7 (seven) times during the year and all the members were present in the meetings.

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 IDs, without the attendance of the non-Independent Directors and members of the management of the Company, was held on February 5, 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,
3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary to effectively and reasonably perform its duties.

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

5. SUBSIDIARY COMPANIES:

Zydus Healthcare Limited and Zydus Animal Health and Investments Limited are the two material unlisted Indian subsidiary companies. The financial statements of subsidiaries, in particular, the investments made by subsidiaries, if any, during the quarter are reviewed by the Audit Committee of the Board. The policy relating to material subsidiaries and dealing with related party transactions, as approved by the Board may be accessed on the Company’s website at the link: https://www.zyduscadila.com/public/pdf/Policy-on-Related-Party-Transactions-and-dealing-with-Material-Related-Party-Transactions-February-7-2019.pdf.

Zydus Pharmaceuticals USA Inc., USA is a wholly owned material subsidiary of the Company.

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

6. DISCLOSURES:

A. Related Party Transactions:

All transactions entered into with Related Parties as defined under section 2(76) of the Act and 2(1)(zb) read with 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 related parties during the financial year which were in conflict of interest of the Company. Suitable disclosures, as required by the Ind AS 24, have been made in the notes to the Financial Statements.

The Board approved 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.zyduscadila.com/public/pdf/Policy-on-Related-Party-Transactions-and-dealing-with-Material-Related-Party-Transactions-February-7-2019.pdf.

During the year, there was no transaction between the Company and any of the promoter or promoter group of the Company.

B. Code of Conduct:

The Company has laid down a Code of Conduct for all the Board members and Senior Management. The Code of Conduct is available on the website of the Company https://www.zyduscadila.com/public/pdf/Code-of-Business-Conduct-and-Ethics.pdf. All the Board Members and the Senior Management have affirmed compliance with the Code of Conduct for the year under review. The declaration of the Managing Director is given below:

To the members of **Cadila Healthcare 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.

Place: Ahmedabad
Date: May 27, 2021

Sharvil P. Patel
Managing Director
DIN: 00131995

C. Prohibition of Insider Trading:

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

The Company uses a software to monitor the trading in the equity shares of the Company mainly during the trading window closure and the reversal of the transactions, by the designated persons.

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

Name of the Directors	No. of shares held	Details of shares bought (+) / sold (-) during 2020-2021
Mr. Pankaj R. Patel[1]	76,64,56,434	Nil
Mr. Nitin R. Desai[2]	4,42,000	Nil
Mr. Mukesh M. Patel	12,000	Nil
Ms. Dharmishtaben N. Raval	Nil	Nil
Mr. Apurva S. Diwanji	Nil	Nil
Mr. Bhadresh K. Shah	Nil	Nil
Dr. Sharvil P. Patel	15,000	Nil
Mr. Ganesh N. Nayak	2,51,120	Nil

1 Held also as a Karta of HUF and Trustee of the Family Trusts.

2 Held also as a Karta of HUF.

D. Whistle Blower Policy:

The Company has a whistle blower policy, as per the provisions of section 177(9) of the Act and regulation 22 of the Listing Regulations, to deal with any instance of fraud, mismanagement and to report instances of leakage of unpublished price sensitive information. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. No personnel has been denied access to the Audit Committee pertaining to Whistle Blower Policy. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination is done with any person for a genuinely raised concern. The Whistle Blower Policy is available on the website of the Company at https://zyduscadila.com/public/pdf/Whistle-Blower-Policy-May-29-2019.pdf

E. Management:

i. Management Discussion and Analysis Report:

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

ii. Disclosure of material financial and commercial transactions:

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

F. Disclosure regarding appointment / re-appointment of Directors:

The particulars about the brief resume and other information of the Directors seeking appointment / 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 Sixth AGM.

G. Compliance by the Company:

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

H. CEO/CFO Certification:

The requisite certification from the Managing Director and the Chief Financial Officer required to be given under regulation 17(8) read with Part B of Schedule II of the Listing Regulations was placed before the Board of the Company.

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

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

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

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

In light of the aforesaid provisions, 60,579 (Sixty Thousands Five Hundred Seventy Nine) equity shares held by 45 (Forty Five) members were transferred to IEPF for which the company has complied with the necessary requirements. Moreover, ₹ 4.09 mio. (Rupees Four Million and Ninety Thousands only) held by 2,662 (Two Thousands Six Hundred Sixty Two) members, being the unclaimed dividend, pertaining to the dividend for the Financial Year ended on March 31, 2013 was transferred to IEPF after giving notice to the members to claim their unpaid / unclaimed dividend. As at March 31, 2021, 12,60,765 (Twelve Lacs Sixty Thousands Seven Hundred and Sixty Five) equity shares are lying with IEPF.

J. Credit Rating:

The Company has not obtained any credit rating during the year for any debt instruments or fixed deposit programme. During the year, CRISIL Limited gave CRISIL AA+ / Stable and CRISIL A1+ (Reaffirmed) rating for long term and short term bank loan facilities respectively. During the year, the Company has obtained credit rating of CRISIL A1+ for ₹ 13,000 mio. (Rupees Thirteen Thousands Million only) Commercial Paper programme.

K. Utilization of funds:

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

L. Certificate from a Practicing Company Secretary:

The Company has obtained a certificate from Manoj Hurkat & Associates, Company Secretary in practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by 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.

M. Fees paid to the Statutory Auditors:

During the financial year 2020-2021, Deloitte Haskins & Sells LLP, the Statutory Auditors of the Company and also of Zydus Healthcare Limited, a wholly owned subsidiary company, were paid fees for audit and providing other services as per below details:

₹ in mio.

Sr. No.	Name of the Company	Fees paid		Total
		For Statutory Audit	For providing other services	
1.	Cadila Healthcare Limited	9.80	0.87	**10.67**
2.	Zydus Healthcare Limited	3.00	0.17	**3.17**
	Total	**12.80**	**1.04**	**13.84**

N. Recommendation of the Committees:

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

O. Disclosure regarding Sexual Harassment of Women at Workplace:

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

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

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

Q. As per regulation 43A of the Listing Regulations, the Company has formulated Dividend Distribution Policy, which is approved by the Board and is uploaded on Company's website and the link for the same is https://www.zyduscadila.com/public/pdf/Dividend_Distribution_Policy.pdf.

R. The Board has approved the policy to determine materiality of an event or information and the same is available on the website of the Company and the link for the same is https://www.zyduscadila.com/public/pdf/Policy_to_determine_materiality_of_an_event_or_information_revised_27_05_2021.pdf. The details of the KMP authorized to determine materiality of an event or information and who is authorized to inform an event or information to the stock exchanges is also uploaded on the website of the Company and the link for the same is https://www.zyduscadila.com/public/pdf/financial/Details_of_KMP_authorized_to_determine_materiality_of_an_event.pdf.

7. MEANS OF COMMUNICATION:

i. The Company has 2,27,976 (Two Lacs Twenty Seven Thousands Nine Hundred Seventy Six) members as on March 31, 2021. The main channel of communication to the members is through Annual Report, which includes, *inter-alia*, the Directors' Report, Management Discussion and Analysis Report, Corporate Governance Report and Audited Financial Statements.

ii. The Annual General Meeting is a platform for face-to-face communication with the members. The Chairman, the Managing Director and other KMP respond to the specific queries of the members.

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

iv. The quarterly and half yearly results are published in widely circulating national and local daily 'Financial Express', in English and Gujarati. The results are also posted on the website of the Company www.zyduscadila.com and the same are not sent individually to the members.

v. The Company's results and official news releases are displayed on the Company's website www.zyduscadila.com. The Company holds meetings and makes presentations to the institutional investors and analysts. The copies of such presentations and the transcripts of the phone calls are also made available on the Company's website. Information to the Stock Exchanges is being filed online on NEAPS for NSE and online listing portal of BSE.

8. GENERAL BODY MEETINGS:

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

Year	Date and Time	Venue
2019-2020	Twenty Fifth AGM on August 27, 2020 at 11.00 a.m.	Through Video Conference / Other Audio Visual Means ("**VC**" / "**OAVM**")
2018-2019	Twenty Fourth AGM on August 9, 2019 at 10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015.
2017-2018	Twenty Third AGM on August 13, 2018 at 10:00 a.m.	

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

Sr. No.	Nature of Special Resolutions passed	Relevant provisions of the Act	AGM details
1.	Issue of securities through Qualified Institutional Placement / Foreign Currency Convertible Bonds, etc.	Sections 23, 41, 42, 62 and 71 of the Act	Twenty Third AGM held on August 13, 2018
2.	Issue of Secured / Unsecured Redeemable Non-Convertible Debentures / Bonds	Section 42 of the Act	
3.	Re-appointment of Ms. Dharmishtaben N. Raval, as an ID for the second term of 5 (five) consecutive years	Sections 149, 150 and 152 of the Act	Twenty Fourth AGM held on August 9, 2019
4.	Shifting of registered office of the company outside the local limits of the city	Section 12 of the Act	

iii. Approval of members through Postal Ballot:

During the year, the Company has not sought or passed any resolution through Postal Ballot.

9. GENERAL SHAREHOLDER INFORMATION:

i. General Information:

Date and Time of Twenty Sixth AGM	August 11, 2021 at 10.00 a.m.
Venue of Twenty Sixth AGM	VC / OAVM
Financial Year	April 1, 2020 to March 31, 2021
Book Closure Date	July 30, 2021 to August 6, 2021
Registered Office Address	Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Near Vaishnodevi Circle, S G Highway, Ahmedabad-382481
Dividend Payment Date	On or after August 16, 2021
Compliance Officer	Mr. Dhaval N. Soni, Company Secretary
Website Address	www.zyduscadila.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 2021-2022	On or before May 30, 2022

iii. Listing:

The equity shares of the Company are listed on BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"). Commercial Papers issued by the Company are listed on the Bonds segment of BSE.

iv. Listing fees:

The Company has paid the annual listing fees for the Financial Year 2021-2022 to the above Stock Exchanges.

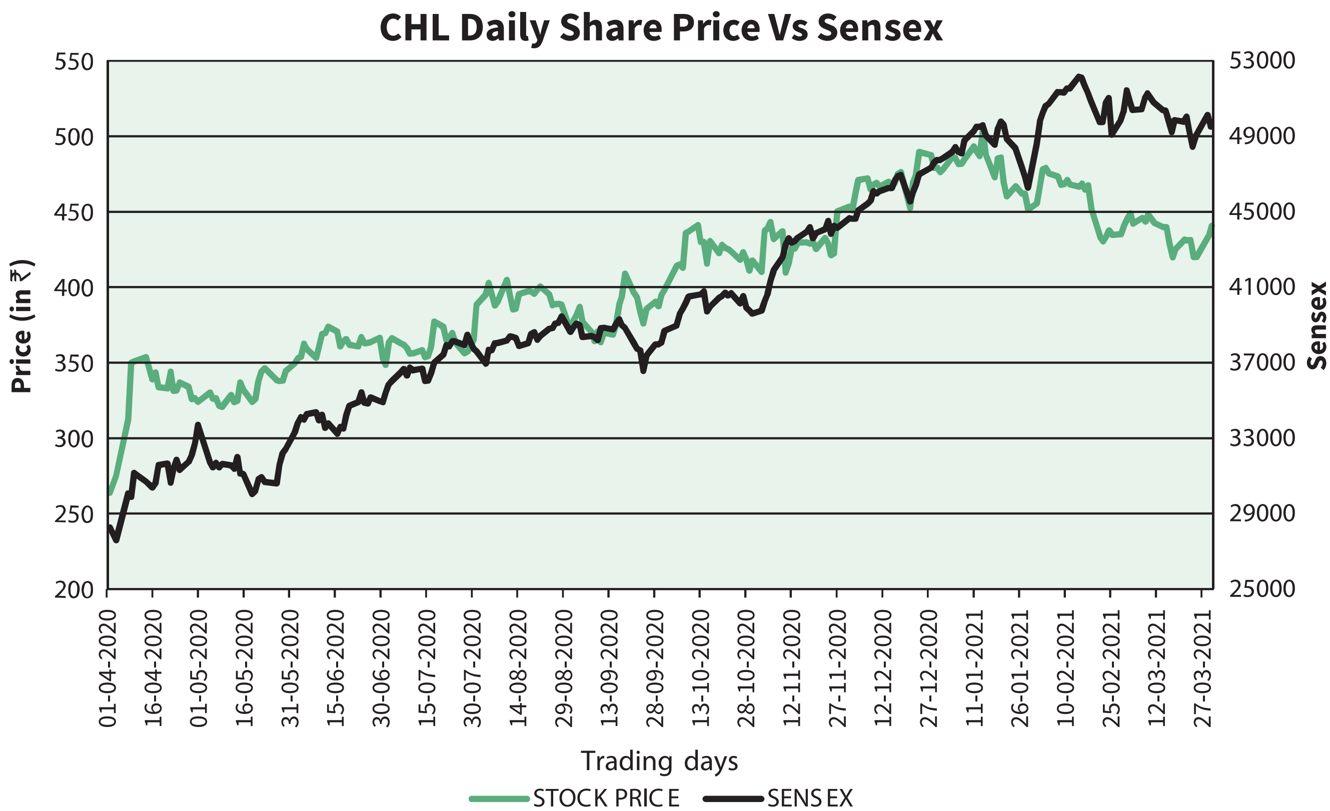
v. Stock Code and closing price:

Name and Address of the Stock Exchange	Stock Code	Closing Price as on March 31, 2021 (₹)
The National Stock Exchange of India Limited Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (East), Mumbai-400051	CADILAHC	440.90
BSE Limited P J Towers, Dalal Street, Mumbai-400001	532321	440.85

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	378.00	258.60	442903	374.00	261.15	10537923
May, 20	32424.10	352.65	318.10	204848	353.00	320.20	5176243
Jun., 20	34915.80	383.65	342.70	186003	383.60	342.65	4538573
Jul., 20	37606.89	396.30	347.05	198965	396.45	347.05	4342431
Aug., 20	38628.29	411.60	368.30	257868	411.50	368.25	5551717
Sept., 20	38067.93	406.40	358.10	183105	423.00	358.00	4968209
Oct., 20	39614.07	447.95	390.85	159090	447.90	390.75	4803554
Nov., 20	44149.72	458.85	405.00	230259	464.00	404.00	6303740
Dec., 20	47751.33	499.00	429.05	193774	499.25	428.95	3871999
Jan., 21	46285.77	509.35	450.00	146797	509.20	450.00	3125359
Feb., 21	49099.99	488.85	412.80	232431	488.95	421.00	3481910
Mar., 21	49509.15	455.00	408.40	85243	453.50	408.35	1802960

vii. Stock Performance: Cadila Healthcare Limited (CHL):



viii. Registrar and Share Transfer Agents:

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

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

Link Intime India Private Limited
(Unit: Cadila Healthcare Limited)
506-508, Amarnath Business Centre-1, Beside Gala Business Centre, Near St. Xavier's College Corner, Off. CG 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 RTA has adequate infrastructure to process the above matters.

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

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

x. Reconciliation of Share Capital Audit:

A practicing Chartered Accountant carried out audit in respect of each of the quarters in the financial year 2020-2021, 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 mode 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	% to total folios	No. of Shares	% of Shareholding
1 to 500	205947	90.34	15204699	1.48
501 to 1000	11527	5.06	8787970	0.86
1001 to 2000	5152	2.26	7557121	0.74
2001 to 3000	2034	0.89	5124011	0.50
3001 to 4000	829	0.36	2932016	0.29
4001 to 5000	705	0.31	3248561	0.32
5001 to 10000	953	0.42	6577513	0.64
10001 and above	829	0.36	974310709	95.17
Grand Total	**227976**	**100.00**	**1023742600**	**100.00**
Members in Physical Mode	2162	0.95	2761322	0.27
Members in Electronic Mode	225814	99.05	1020981278	99.73
Grand Total	**227976**	**100.00**	**1023742600**	**100.00**

xii. Categories of members as at March 31, 2021:

Category	No. of Shares Held		Total Shares	% of Shareholding
	Physical	Electronic		
Promoters' holding	0	766534434	766534434	74.88
Mutual Funds	0	65597553	65597553	6.41
Banks, FIs and Insurance Companies	5415	48167067	48172482	4.70
Foreign Institutional Investors / Foreign Portfolio Investor / Foreign Nationals	0	53572144	53572144	5.23
NRIs / OCBs	9450	3229858	3239308	0.32
Other Bodies Corporate	1500	9225849	9227349	0.90
Central and State Government	0	1991562	1991562	0.19
Indian public	2743207	60331283	63074490	6.16
Others	1750	12331528	12333278	1.21
Total	**2761322**	**1020981278**	**1023742600**	**100.00**

xiii. Top ten members of the Company as on March 31, 2021:

Sr. No.	Name of the member	No. of equity shares held	% of Shareholding
1	Zydus Family Trust	766381434	74.86
2	Life Insurance Corporation of India	32078893	3.13
3	Kotak Flexicap Fund	12500000	1.22
4	Government Pension Fund Global	12113571	1.18
5	UTI Flexi Cap Fund	5037604	0.49
6	Nippon Life India Trustee Ltd-A/C Nippon India Pharma Fund	5000000	0.49
7	ICICI Prudential Value Discovery Fund	4527742	0.44
8	Kotak Emerging Equity Scheme	4406443	0.43
9	Bajaj Allianz Life Insurance Company Ltd.	4359251	0.43
10	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	3477307	0.34
Total		**849882245**	**83.02**

xiv. Dematerialization of shares and liquidity:

The Company's equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialized mode. Approximately 99.73% of the equity shares have been dematerialized. ISIN number for dematerialization of the equity shares of the Company is INE010B01027. ISIN for the Commercial Papers issued by the Company is INE010B14186.

xv. Location of the company's manufacturing plants:

The details of the locations of the plants of the Company are mentioned on the inside cover page of the Annual Report.

xvi. Address for correspondence:

Members' correspondence should be addressed to the Company's RTA at the address mentioned above.

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

Mr. Dhaval N. Soni, Company Secretary and Compliance Officer
Telephone: 079-48040000; Ext: 338
Email: investor.grievance@zyduscadila.com;
dhavalsoni@zyduscadila.com

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

xvii. Outstanding GDRs / ADRs / Warrants, its 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 any Stock Exchange, SEBI or any other Statutory Authority. A practicing company secretary has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Directors' Report and sent the same to all the members of the Company. The certificate shall also be sent to NSE and BSE along with the annual report to be filed by the Company.

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

The company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

10. NON-MANDATORY REQUIREMENTS OF REGULATION 27(1) AND PART E OF SCHEDULE II OF THE LISTING REGULATIONS:

i. The Company has a Non-Executive Chairman and is entitled to maintain its office at the Company's expense.

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

iii. The Company's financial statements for the Financial Year 2020-2021 do not contain any audit qualification.

iv. The internal auditors report to the Audit Committee and they make quarterly presentations on their reports.

v. The auditors' report on financial statements of the Company are with unmodified opinion.

MANAGING DIRECTOR (MD) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To
The Board of Directors,
CADILA HEALTHCARE LIMITED

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

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

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

(D) We have indicated to the auditors and the Audit committee:

1. significant changes in internal control over financial reporting during the year;
2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Ahmedabad
Date : May 27, 2021

Sharvil P. Patel
Managing Director
DIN: 00131995

Nitin D. Parekh
Chief Financial Officer

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members of
CADILA HEALTHCARE LIMITED
(CIN: L24230GJ1995PLC025878)
"Zydus Corporate Park", Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near Vaishnodevi Circle, Sarkhej-Gandhinagar Highway,
Ahmedabad-382481

We have examined all relevant records of **CADILA HEALTHCARE LIMITED** ("the **Company**") for the purpose of certifying compliance of the conditions of Corporate Governance as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**") for the financial year ended March 31, 2021. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the Corporate Governance, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and Paragraphs C, D and E of Schedule V of the Listing Regulations, during the year ended March 31, 2021.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, **MANOJ HURKAT & ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800

MANOJ R HURKAT
Partner
FCS No. 4287; C P No.: 2574
UDIN: F004287C000358377

Place : Ahmedabad
Date : May 27, 2021

CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) read with Clause 10(i) of Part C of Schedule V of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members
CADILA HEALTHCARE LIMITED
(CIN: L24230GJ1995PLC025878)
'Zydus Corporate Park', Scheme No. 63,
Survey No. 536, Khoraj (Gandhinagar),
Near Vaishnodevi Circle, Sarkhej-Gandhinagar Highway,
Ahmedabad-382481

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CADILA HEALTHCARE LIMITED** ("the **Company**") produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Clause 10(i) of Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**") for the financial year ended March 31, 2021.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company, our responsibility is to express an opinion on these based on our verification.

In our opinion and to the best of our information and according to the verifications as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that for the financial year ended on March 31, 2021, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the Company by the Securities and Exchange Board of India/Ministry of Corporate Affairs or such other Statutory Authority.

For, **MANOJ HURKAT & ASSOCIATES**
Practicing Company Secretaries
FRN: P2011GJ025800

MANOJ R HURKAT
Partner
FCS No. 4287; C P No.: 2574
UDIN: F004287C000358366

Place : Ahmedabad
Date : May 27, 2021

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Cadila Healthcare Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of Cadila Healthcare Limited ("**the Company**"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the Company's branch located at Philippines.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the 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 non-current investments in equity shares / common stock of, unsecured loans given to and corporate guarantees given on behalf of certain subsidiaries namely, Zydus International Private Limited (ZIPL) and Zydus Worldwide DMCC (ZWDMCC), having aggregate carrying values of ₹ 6,148 mio., ₹ 9,143 mio. and ₹ 7,314 mio. respectively as at March 31, 2021, in the standalone financial statements and also unsecured loans of ₹ 16,905 mio. given by certain subsidiaries to ZWDMCC and its subsidiaries where the Company would have indirect exposure by way of investment in such other subsidiaries. [refer Notes 2 (19{A (b) (v}), 4, 5, 12, 27 and 41 to the standalone financial statements]** As at March 31, 2021, the net worth of these two subsidiary groups, have been substantially eroded. The Company has accordingly tested the carrying value of investments in and loans to these subsidiary groups for impairment. Based on the said exercise of testing for impairment, the Company has recognised impairment allowance of ₹ 1,875 mio. during the year ended March 31, 2021 in respect of investment made in ZIPL, as described in note 45 of the standalone financial statements. The Company's evaluation of impairment of its investments in and expected credit loss of the loans given involves comparison of their recoverable amounts to their corresponding carrying amounts.	The audit procedures performed by us included the following: • Evaluated the design and tested the operating effectiveness of the internal controls relating to review of impairment assessment process, including those over the forecast of future revenues growth rate, terminal values and the selection of the appropriate discount rate. • Evaluated the reasonableness of the key estimates by comparing the forecasts to historical revenues, growth rate etc. • With the assistance of our internal fair value specialists, evaluated the reasonableness of the valuation methodology, discount rate and perpetual growth rate used in the computation of value-in-use assessment. • Performed sensitivity analysis around the key estimates to ascertain the extent of change in those assumptions that either individually or collectively would be required for the investments and loans tested to be impaired. • Tested the mathematical and clerical accuracy of the model to conclude that the model is accurately calculating the value in use, using the appropriate methodology.

Sr. No.	Key Audit Matter	Auditor's Response
	The recoverable amounts is determined based on value in use, which represents the present value of the estimated future cash flows expected to arise from the use of the asset group comprising each cash generating unit. There is a risk that the aforesaid assets will be impaired if these cash flows do not meet the Company's expectations. In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the forecasted cash flows, principally relating to long-term revenue growth rates, perpetual growth rate, and the discount rate used. Further the Company's evaluation of expected loss, if any, arising out of the corporate guarantees given on behalf of the said entities involves judgement in determining the probability of defaults by the said entities in fulfilling their contractual obligations. Considering the materiality of the amounts involved together with the inherent subjectivity related to principal assumptions and probability of defaults by the said entities in fulfilling their contractual obligations, investments, loans and corporate guarantees in these two subsidiary groups have been considered as a key audit matter.	
2	**Non-recognition of deferred tax asset in respect of unused Minimum Alternate Tax (MAT) credits under the Income Tax Act, 1961 [as described in Notes 2 (6{B}) and 20 (D) to the standalone financial statements]** The Company has unused MAT credits of ₹ 2,829 mio. under the Income Tax Act, 1961 as at March 31, 2021 on which deferred tax asset has not been recognized in the books of account. The recognition / non-recognition of deferred tax asset on account of MAT credit involves significant judgement by the management with regard to the forecasted profitability and also for ensuring that there is other convincing evidence that sufficient taxable profit will be available under the normal provisions of the Income-tax act against which the unused tax credits can be utilized by the Company within the time limits available under the applicable Income tax laws. Accordingly, non-recognition of MAT Credit has been identified as a key audit matter.	The audit procedures performed by us included the following: • Evaluated the design and tested the operating effectiveness of the internal controls over the said estimation, judgement applied and computations. • Obtained an understanding of the management process for estimation of future profitability and computation of expected tax payable under MAT and under normal provisions of the Income Tax Act, 1961. • Obtained the computations of forecasted profitability, taxes thereon under the provisions of MAT and normal Income-tax. Tested the mathematical accuracy of the calculations. • Performed retrospective review of the projections, including allowability of the deductions and benefits by the Income-tax authorities and made inquiries with the management to understand and assess impact of any significant deviations on the projections. • Performed sensitivity analysis around key estimates. • Evaluated adequacy of disclosures given in Note 20 to the standalone financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and Directors' Report, but does not include the consolidated financial statements, the standalone financial statements and our 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its branch to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the entity and its business activities included in the standalone financial statements of which we are the independent auditors. For the other entity and its business activities included in the standalone financial statements, which have been audited by the branch auditor, such branch auditor remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

OTHER MATTER

We did not audit the financial statements of the branch included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 10.04 mio. as at December 31, 2020 and total revenue of ₹ 0.07 mio. for the year ended on that date, as considered in the standalone financial statements. The financial statements of this branch have been audited by the branch auditor whose report has been furnished to us. The reporting date of branch as at December 31, 2020 is different from the reporting date of the Company. No adjustments have been made by the Management of the Company in respect of financial information of the branch for the periods from January 1, 2020 to March 31, 2020 and January 1, 2021 to March 31, 2021 as the amounts are insignificant. Our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the branch auditor on the separate financial statements of the branch, referred to in the Other Matter section above, we report, to the extent applicable that:

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

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

   c) The report on the accounts of the branch office of the Company audited under section 143(8) of the Act by the branch auditor has been sent to us and has been properly dealt with by us in preparing this report.

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

   e) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   f) On the basis of the written representations received from the directors as on March 31, 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.

   g) 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 A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

      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.

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

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 20036920AAAABP1560)

Place: Mumbai
Date: May 27, 2021

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Cadila Healthcare 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'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS 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, 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 criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 20036920AAAABP1560)

Place: Mumbai
Date: May 27, 2021

“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with 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.

(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 and leasehold, are held in the name of the Company as at the balance sheet date, except the following:

(₹ In million)

Particulars of the land and building	Area	Gross Block (as at March 31, 2021)	Net Block (as at March 31, 2021)	Remarks
Leasehold Land	20,057 Sq. mtr.	29.07	25.32	The title deed is in the name of Alidac Pharmaceuticals Limited, which was amalgamated with the Company pursuant to scheme of amalgamation. The company is in the process of transferring the title in its name.
Freehold Building	7,457.59 Sq. mtr.	150.11	121.35	The title deed is in the name of Alidac Pharmaceuticals Limited, which was amalgamated with the Company pursuant to scheme of amalgamation. The company is in the process of transferring the title in its name.
Leasehold Land	18,435.97 Sq. mtr.	70.06	62.93	The title deed is in the name of Zydus Technologies Limited, which was amalgamated with the Company pursuant to scheme of amalgamation. The company is in the process of transferring the title in its name.
Freehold Building	4,397.12 Sq. mtr.	1,318.35	1269.05	The title deed is in the name of Zydus Technologies Limited, which was amalgamated with the Company pursuant to scheme of amalgamation. The company is in the process of transferring the title in its name.
Freehold Building	8,320 Sq. mtr.	250.14	227.14	The title deeds are in the name of Liva Pharmaceuticals Limited, which was amalgamated with the Company pursuant to scheme of amalgamation. The company is in the process of transferring the title in its name.

(ii) 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.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) 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 provision of the clause 3(v) of the Order are not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services 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:

(₹ In million)

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved	Amount Unpaid
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2009-10, 2010-11, 2011-12	17.64	6.54
		Income Tax Appellate Tribunal	AY 2011-12 to 2015-16	203.10	-
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	2008-09 to 2014-15	96.30	94.05
Central Excise Act, 1944	Excise Duty	Supreme Court	2006-07 & 2007-08	4.14	4.14
		Customs, Excise and Service Tax Appellate Tribunal	1994-95 & 1995-96, 2004-05 to 2017-18	1,568.08	1,512.18
		Appellate Authority upto Commissioner's level	2005-06 to 2010-11, 2013-14, 2014-15 to 2017-18	12.86	12.38
Customs Act, 1962	Custom Duty	Customs, Excise and Service Tax Appellate Tribunal	2008-09, 2015-16 & 2018-19	97.01	90.65
Central Goods and Services Act, 2017	Central Goods and Services Tax	Appellate Authority upto Commissioner's level	2017-18	0.15	0.15
Sales Tax Act and VAT Laws	Value Added Tax	Supreme Court	2009-10 to 2013-14 & 2015-16	51.31	-
		Tribunal	2006-07, 2012-13 to 2014-15 & 2016-17	23.44	18.81
		Appellate Authority upto Commissioner's level	2009-10 to 2015-16	88.41	79.52
	Sales Tax	Appellate Authority upto Commissioner's level Tribunal	1998-99, 2005-06 to 2007-08	4.48	4.28
	Central Sales Tax	Tribunal	1997-98, 2006-07, 2012-13 & 2013-14	2.07	1.54
		Appellate Authority upto Commissioner's level	2002-03, 2006-07, 2008-09 to 2010-11, 2012-13 to 2013-14 & 2015-16	10.47	5.22

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government. The Company has not taken any loans or borrowing from financial institutions and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans and debt instruments have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds. The Company has not raised money by way of further public offer.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transaction have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 20036920AAAABP1560)

Place: Mumbai
Date: May 27, 2021

BALANCE SHEET

as at March 31, 2021

₹ Million

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	**40,645**	40,644
Capital work-in-progress		**5,705**	5,526
Goodwill	3 [B]	**-**	-
Other Intangible Assets	3 [B]	**475**	446
Financial Assets:			
Investments	4	**64,706**	64,041
Loans	5	**9,127**	2,963
Other Financial Assets	6	**1,673**	1,947
Other Non-Current Assets	7	**1,439**	1,319
Assets for Current Tax [Net]	8	**549**	702
		124,319	117,588
Current Assets:			
Inventories	9	**17,800**	13,947
Financial Assets:			
Trade Receivables	10	**19,038**	24,567
Cash and Cash Equivalents	11 [A]	**1,459**	3,748
Bank Balances other than Cash and Cash Equivalents	11 [B]	**81**	105
Loans	12	**14,358**	185
Other Current Financial Assets	13	**2,020**	1,165
Other Current Assets	14	**5,561**	4,210
		60,317	47,927
Total		**184,636**	165,515
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	15	**1,024**	1,024
Other Equity	16	**126,421**	111,578
		127,445	112,602
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	17	**6,095**	15,110
Other Financial Liabilities	18	**128**	120
Provisions	19	**1,685**	1,207
Deferred Tax Liabilities [Net]	20	**1,073**	1,983
		8,981	18,420
Current Liabilities:			
Financial Liabilities:			
Borrowings	21	**26,959**	14,434
Trade Payables:			
Dues to Micro and Small Enterprises	22	**20**	87
Dues to other than Micro and Small Enterprises	22	**11,240**	8,540
Other Financial Liabilities	23	**8,168**	10,032
Other Current Liabilities	24	**713**	695
Provisions	25	**666**	470
Current Tax Liabilities [Net]	26	**444**	235
		48,210	34,493
Total		**184,636**	165,515
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 50		

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner
Mumbai
May 27, 2021

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 27, 2021

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

₹ Million

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
INCOME:			
Revenue from Operations	29	**77,904**	63,474
Other Income	30	**789**	8,494
Total Income		**78,693**	71,968
EXPENSES:			
Cost of Materials Consumed	31	**23,464**	18,383
Purchases of Stock-in-Trade	32	**1,533**	979
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	33	**(1,483)**	155
Employee Benefits Expense	34	**11,473**	10,774
Finance Costs	35	**709**	2,339
Depreciation and Amortisation Expense	3	**4,511**	4,289
Other Expenses	36	**19,726**	18,952
Total Expenses		**59,933**	55,871
Profit before Exceptional items and Tax		**18,760**	16,097
Less: Exceptional items	45	**1,875**	520
Profit before Tax		**16,885**	15,577
Less: Tax Expense:			
Current Tax	37	**3,033**	1,641
Deferred Tax	37	**(910)**	400
		2,123	2,041
Profit for the year from Continuing Operations		**14,762**	13,536
Profit before tax from discontinued operations	48	**-**	682
Tax expense of discontinued operations	48	**-**	89
Profit after tax from Discontinued operations		**-**	593
Profit for the year		**14,762**	14,129
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		**(186)**	(59)
Income tax effect on above		**33**	6
		(153)	(53)
Net Gain/ [Loss] on Fair Value through OCI [FVTOCI] Equity Securities		**234**	(167)
Income tax effect on above		**-**	-
		234	(167)
Other Comprehensive Income for the year [Net of Tax]		**81**	(220)
Total Comprehensive Income for the year [Net of Tax]		**14,843**	13,909
Basic & Diluted Earnings per Equity Share [EPS] [in Rupees]	38		
Continuing Operations		**14.42**	13.22
Discontinued Operations		**-**	0.58
Continuing and Discontinued Operations		**14.42**	13.80
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 50		

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner
Mumbai
May 27, 2021

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 27, 2021

CASH FLOW STATEMENT

for the year ended March 31, 2021

₹ Million

Particulars	Year ended March 31, 2021		Year ended March 31, 2020
A CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax:			
Continuing operations	**16,885**		15,577
Discontinued operations	**-**		682
		16,885	16,259
Adjustments for:			
Depreciation and Amortisation expense	**4,511**		4,448
Exceptional Items	**1,875**		520
Net Loss on disposal of Property, Plant and Equipment [Net of gain]	**38**		88
FVTPL gain/ profit on sale of investments [Net]	**(26)**		(58)
Interest income	**(374)**		(172)
Loss/ [Gain] on valuation of Forward Contract value related to investment in a Joint Venture	**276**		(464)
Dividend income	**(474)**		(7,417)
Interest expenses	**670**		1,408
Effect of foreign exchange movement in borrowings	**(1,039)**		2,232
Trade receivables written off	**5**		12
Expected credit loss on trade receivables [net]	**20**		(1)
Doubtful advances written off	**-**		5
Allowance for doubtful advances [net of written back]	**144**		68
Provision for employee benefits	**241**		318
Other provisions	**247**		20
Total		**6,114**	1,007
Operating profit before working capital changes		**22,999**	17,266
Adjustments for:			
Decrease/ [Increase] in trade receivables	**5,471**		(4,178)
[Increase] in inventories	**(3,853)**		(100)
[Increase]/ Decrease in other assets	**(1,914)**		347
Increase in trade payables	**2,309**		2,180
[Decrease] in other liabilities	**(121)**		(1,697)
Total		**1,892**	(3,448)
Cash generated from operations		**24,891**	13,818
Direct taxes paid [Net of refunds]		**(2,638)**	(2,018)
Foreign Currency Monetary items Translation Difference Account written off		**-**	6
Net cash from operating activities		**22,253**	11,806
B CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and intangible assets	**(5,286)**		(5,969)
Proceeds from sale of property, plant and equipment and intangible assets	**20**		54
Purchase of non current investments in subsidiaries	**(3,336)**		(112)
Proceeds from sale/ redemption of non current investments in subsidiaries	**1,035**		-
Proceeds from sale/ redemption of non current investments in others	**12**		27
FVTPL gain/ profit [net] on sale of investments which are considered as part of cash and cash equivalents	**26**		53
Loans to subsidiaries	**(27,414)**		(954)
Repayment of loans by subsidiaries	**6,910**		-
Interest received	**524**		34
Dividend received	**371**		7,417
Net cash [used in]/ from investing activities		**(27,138)**	550

CASH FLOW STATEMENT

for the year ended March 31, 2021

₹ Million

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
C CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from non current borrowings	-		1,799
Repayment of non current borrowings	**(9,764)**		(3,606)
Current Borrowings [Net]	**13,015**		689
Interest paid	**(665)**		(1,395)
Dividends paid	**(14)**		(7,147)
Tax on dividends paid	-		(7)
Net cash from/ [used in] financing activities		**2,572**	(9,667)
Net [decrease]/ increase in cash and cash equivalents		**(2,313)**	2,689
Cash and cash equivalents at the beginning of the year		**3,853**	1,168
Cash and cash equivalents adjusted pursuant to slump exchange [Refer Note-48]		**-**	(4)
Cash and cash equivalents at the end of the year		**1,540**	3,853

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 ₹ 49 [₹ 63] Millions not available for immediate use.
5. Cash and cash equivalents comprise of:

		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
a	Cash on Hand	**2**	2	4
b	Balances with Banks	**1,538**	3,851	1,117
c	Investment in Liquid Mutual Funds	**-**	-	47
d	Total	**1,540**	3,853	1,168

6. Change in liability arising from financing activities:

	Borrowings		
	Non-Current [Note-17]	Current [Note-21]	Total
As at March 31, 2019	22,654	13,179	35,833
Cash flow	(1,807)	689	(1,118)
Foreign exchange movement	1,666	566	2,232
As at March 31, 2020	22,513	14,434	36,947
Cash flow	(9,764)	13,015	3,251
Foreign exchange movement	(549)	(490)	(1,039)
As at March 31, 2021	12,200	26,959	39,159

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner
Mumbai
May 27, 2021

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 27, 2021

STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2021

A EQUITY SHARE CAPITAL:

	No. of Shares	₹ Million
Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2019	1,023,742,600	1,024
As at March 31, 2020	1,023,742,600	1,024
As at March 31, 2021	**1,023,742,600**	**1,024**

B OTHER EQUITY:

₹ Million

	Reserves and Surplus					Items of OCI	Total
	Capital Reserve	International Business Development Reserve	General Reserve	Foreign Currency Monetary Items Translation Difference Account [FCMITDA]	Retained Earnings	FVTOCI Reserve	
As at March 31, 2019	**211**	**2,000**	**15,525**	**(6)**	**66,457**	**481**	**84,668**
Add: Adjusted pursuant to merger exchange [Refer Notes-47 & 48]	20,168	-	-	-	-	-	**20,168**
Adjusted balance	20,379	2,000	15,525	(6)	66,457	481	**104,836**
Add: Profit for the year	-	-	-	-	14,129	-	**14,129**
[Less]: Other Comprehensive Income	-	-	-	-	(53)	(167)	**(220)**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**14,076**	**(167)**	**13,909**
Net movement in FCMITDA	-	-	-	6	-	-	**6**
Transactions with Owners in their capacity as owners:							
Dividends	-	-	-	-	(7,166)	-	**(7,166)**
Corporate Dividend Tax on Dividend [Net of CDT Credit]	-	-	-	-	(7)	-	**(7)**
As at March 31, 2020	**20,379**	**2,000**	**15,525**	**-**	**73,360**	**314**	**111,578**
Add: Profit for the year	-	-	-	-	14,762	-	**14,762**
Add/ [Less]: Other Comprehensive Income	-	-	-	-	(153)	234	**81**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**14,609**	**234**	**14,843**
As at March 31, 2021	**20,379**	**2,000**	**15,525**	**-**	**87,969**	**548**	**126,421**

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner
Mumbai
May 27, 2021

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 27, 2021

NOTES TO FINANCIAL STATEMENTS

NOTE: 1-COMPANY OVERVIEW:

Cadila Healthcare Limited ["the **Company**"], a Company limited by shares, incorporated and domiciled in India, operates as an integrated pharmaceutical company with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Company includes Active Pharmaceutical Ingredients [API] and human formulations. The Company's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited. The registered office of the Company is located at "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj [Gandhinagar], Sarkhej-Gandhinagar Highway, Ahmedabad - 382481.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 27, 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 values at the end of the reporting periods:

I Derivative financial instruments

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

III Defined benefit plans

IV Contingent consideration

2 Use of Estimates:

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

Critical accounting judgments and estimates:

A Property, Plant and Equipment:

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

B Impairment of property, plant and equipment, goodwill and investments:

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

C Employee benefits:

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

D Product expiry claims:

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

E Taxes on Income:

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

F Contingent liabilities:

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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 [except as covered in "E" below] denominated in foreign currencies at the year end exchange rates are recognised in the Statement of Profit and Loss.

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

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

E The net gain or loss on account of exchange rate differences either on settlement or on translation of long term foreign currency monetary items recognised on or after April 1, 2016 is recognised as income or expense in the Statement of Profit and Loss in the year in which they arise. The net gain or loss on long term foreign currency monetary items recognised in the financial statement for the period ended on March 31, 2016 is recognised under "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], except in case of foreign currency loans taken for funding of Property, Plant and Equipment, where such difference is adjusted to the cost of respective Property, Plant and Equipment. This is as per the exemption given under Ind AS 101 to defer/ capitalize exchange differences arising on long-term foreign currency monetary items. The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.

4 Revenue Recognition:

A The following are the significant accounting policies related to revenue recognition under Ind AS 115:

a Sale of Goods:

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

b Service Income:

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

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

a Interest Income:

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

b Dividend:

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

c Other Income:

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

5 Government Grants:

A Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

B Government grants related to revenue are recognised on a systematic and gross basis in the Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1 2015, the Company uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of the loan.

6 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

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

B Deferred Tax:

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

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

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

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

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

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

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

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

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

7 Property, Plant and Equipment:

A Freehold land is carried at historical cost, less impairment, if any. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in the financial statements for the period ended on March 31, 2016, attributable to Property, Plant and Equipment is adjusted to the cost of respective Property, Plant and Equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

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

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

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

D Depreciation on impaired assets is calculated on the reduced values, if any, on a systematic basis over their remaining useful lives.

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

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

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

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

8 Intangible Assets:

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

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

C Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful lives of ten years.

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

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

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

9 Research and Development Cost:

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

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

10 Borrowing Costs:

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

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

11 Impairment of Non Financial Assets:

The Property, Plant and Equipment and Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

whenever there is an indication that the asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets [cash generating units]. Non-financial assets other than Goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

12 Inventories:

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

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

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

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

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

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

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

13 Cash and Cash Equivalents:

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

14 Leases:

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

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

The Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the previous year.

For contracts in place at the date of initial application, the Company has elected to apply the definition of lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17. The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.

As a lessee:

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

Measurement and recognition of leases as a lessee:

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date [net of any incentives received]. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

As a lessor:

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

15 Provisions, Contingent Liabilities and Contingent Assets:

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

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

16 Provision for Product Expiry Claims:

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

17 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

i Gratuity:

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss. Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the Statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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.

ii Company administered Provident Fund:

In case of a specified class of employees, monthly contributions of such employees and the company, are deposited to Cadila Healthcare Limited Employees' Provident Fund Trust. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Contributions to such provident fund are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

c Defined Contribution Plans - Provident Fund Contribution:

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

C Employee Separation Costs:

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

18 Dividends :

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

19 Financial Instruments:

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

A Financial Assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

i Debt instruments at amortised cost:

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

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

iv Equity instruments:

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

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

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

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

v Investments in subsidiaries and joint ventures:

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

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries and joint ventures at the Previous GAAP carrying amounts as their deemed costs on the date of transition to Ind AS i.e., April 1, 2015.

c Derecognition:

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

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

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

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

d Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss [ECL] model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset. The Company follows 'simplified approach' for recognition of impairment loss allowance.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it requires the Company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR. ECL impairment loss allowance [or reversal] is recognized as expense/ income in the Statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance , i.e., as an integral part of the measurement of those assets in the balance sheet, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount. For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics.

B Financial Liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

d Embedded derivatives:

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

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

C Reclassification of financial assets:

The 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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

20 Derivative Financial Instruments and Hedge Accounting:

Derivatives are recognised initially at fair value and subsequently at fair value through profit and loss.

Fair value hedges:

The Company applies fair value hedge accounting for changes in fair value of trade receivables [non-derivative financial assets] attributable to foreign currency risk. The Company designates certain derivate as well as non-derivative foreign currency financial liabilities [hedging instrument] to hedge the risks of changes in fair value of trade receivables attributable to the movement in foreign exchange rates. The Company documents at the time of designation the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking such hedging transactions. The Company also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the risk management objectives are met with the hedging relationship.

Changes in fair values of both hedging instruments and hedged items are recognised in foreign exchange gains / losses as a part of other income or other expenses as the case may be. If the hedge no longer meets the criteria for hedge accounting, this accounting treatment is discontinued.

21 Fair Value Measurement:

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

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

22 Non-Current Assets held for Sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale of asset and disposal group is highly probable. The Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification.

Non-current assets [and disposal groups] classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss before tax from discontinued operations in the statement of profit and loss.

23 Earnings per Share:

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

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

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs 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 FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS:

[A] Property, Plant and Equipment:

₹ Million

	Freehold Land	Leasehold Land*	Buildings*	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2019	1,985	542	8,852	44,563	754	693	559	**57,948**
Right of use assets on transition date	-	-	72	-	-	-	-	**72**
Additions	19	258	3,363	2,680	720	86	472	**7,598**
Disposals	-	-	(79)	(249)	(25)	(69)	(7)	**(429)**
Adjusted due to slump exchange [$]	(1)	(335)	(162)	(410)	(1)	(31)	(7)	**(947)**
Other adjustments	-	-	4	22	-	-	-	**26**
As at March 31, 2020	2,003	465	12,050	46,606	1,448	679	1,017	**64,268**
Additions	1	-	1,074	3,109	50	73	55	**4,362**
Disposals	-	-	-	(101)	-	(50)	-	**(151)**
Other adjustments	-	-	(13)	9	-	-	(8)	**(12)**
As at March 31, 2021	2,004	465	13,111	49,623	1,498	702	1,064	**68,467**
Depreciation and Impairment:								
As at March 31, 2019	-	50	1,945	16,787	501	357	296	**19,936**
Depreciation for the year	-	9	327	3,553	71	63	120	**4,143**
Disposals	-	-	(19)	(201)	(18)	(43)	(6)	**(287)**
Adjusted due to slump exchange [$]	-	(7)	(14)	(129)	(1)	(15)	(2)	**(168)**
Other adjustments	-	-	3	-	(3)	-	-	**-**
As at March 31, 2020	-	52	2,242	20,010	550	362	408	**23,624**
Depreciation for the year	-	4	381	3,583	101	61	160	**4,290**
Disposals	-	-	-	(66)	-	(27)	-	**(93)**
Other adjustments	-	-	-	2	-	-	(1)	**1**
As at March 31, 2021	-	56	2,623	23,529	651	396	567	**27,822**
Net Block:								
As at March 31, 2020	2,003	413	9,808	26,596	898	317	609	**40,644**
As at March 31, 2021	2,004	409	10,488	26,094	847	306	497	**40,645**

NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS: (Contd...)

[B] Intangible Assets:

₹ Million

	Goodwill	Other Intangible Assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2019	120	1,675	859	361	560	**3,455**
Additions	-	-	262	-	20	**282**
Disposals	-	-	-	-	-	**-**
Adjusted due to slump exchange [$]	(18)	(1,665)	(16)	(348)	(436)	**(2,465)**
As at March 31, 2020	102	10	1,105	13	144	**1,272**
Additions	-	-	170	-	80	**250**
Disposals	-	-	-	-	-	**-**
As at March 31, 2021	102	10	1,275	13	224	**1,522**
Amortisation and Impairment:						
As at March 31, 2019	102	909	534	253	464	**2,160**
Amortisation for the year	2	108	165	16	14	**303**
Disposals	-	-	-	-	-	**-**
Adjusted due to slump exchange [$]	(2)	(1,007)	(15)	(261)	(354)	**(1,637)**
As at March 31, 2020	102	10	684	8	124	**826**
Amortisation for the year	-	-	216	1	4	**221**
Disposals	-	-	-	-	-	**-**
As at March 31, 2021	102	10	900	9	128	**1,047**
Net Block:						
As at March 31, 2020	-	-	421	5	20	**446**
As at March 31, 2021	-	-	375	4	96	**475**

NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS: (Contd...)

₹ Million

	As at March 31, 2021	As at March 31, 2020
Depreciation and Amortisation expenses:		
Depreciation *	**4,290**	4,143
Amortisation	**221**	305
Less: Depreciation charge pertaining discontinued operations	**-**	(159)
Total	**4,511**	4,289

Notes:

1 Buildings include ₹ 0.02 [As at March 31, 2020: ₹ 0.02] Million being the value of unquoted shares held in cooperative societies.

2 Additions of ₹ 1,119 [Previous Year: ₹ 462] Million in research assets during the year are included in "Additions" under the respective heads of Gross Block of Tangible assets as above.

3 Other adjustments include adjustments on account of exchange rate differences.

4 For details of assets pledged as security refer Note 17.

5 Legal titles of the immovable properties acquired pursuant to Scheme of Amalgamation of Zydus Technologies Limited, Alidac Pharmaceutical Limited, Liva Pharmaceutical Limited and Dialforhealth India Limited with the Company are in the process of being transferred in the name of the Company.

6 Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Liva Healthcare Limited, and Zydus Pharmaceuticals Limited with the Company are in the process of being transferred in the name of the Company.

[*] Includes right of use assets, refer Note-46 for detailed breakup.

[$] Refer Note-48

NOTE: 4-INVESTMENTS [NON-CURRENT]:

₹ Million

	Face Value [*]	Nos. [**]	As at March 31, 2021	As at March 31, 2020
Investments in Subsidiaries and Joint Ventures:				
Investments in Equity Instruments			**30,191**	29,755
Investments in Preference Shares			**98**	91
Investments in Equity Instruments via Optionally Convertible Preference Shares			**33,446**	33,446
			63,735	63,292
Investments - Others:				
Investments in Equity Instruments			**860**	626
Investments in Preference Shares			**9**	9
Investments in Bonds			**102**	114
			971	749
Total			**64,706**	64,041
A Details of Investments in Subsidiaries and Joint Ventures:				
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Quoted]:				
In fully paid-up equity shares of Zydus Wellness Limited [#]	10	36,647,509	**12,320**	12,320

NOTES TO FINANCIAL STATEMENTS

NOTE: 4-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

	Face Value [*]	Nos. [**]	As at March 31, 2021	As at March 31, 2020
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Healthcare Limited	100	2,161,742	**4,709**	4,709
Zydus Animal Health and Investments Limited	10	900,000	**9**	9
Windlas Healthcare Private Limited [Note-45]	10	0 [24,077,950]	**-**	1,556
Zydus Foundation	10	50,000	**1**	1
Zydus International Private Limited [Reduction in value of investment pursuant to Capital Reduction of the Subsidiary] [Refer Note 45] [$]	€ 1.1251 [€ 1.462843]	62,340,456	**4,643**	6,518
Zydus Lanka (Private) Limited	LKR 10	3,706,304	**15**	15
Zydus Healthcare Philippines Inc.	PHP 10	24,965,120	**351**	351
Zydus Worldwide DMCC [$]	AED 1,000	84,480	**1,505**	1,505
Sentynl Therapeutics Inc	$0.0001	100	**2,038**	2,038
Zydus Healthcare (USA) LLC	$1	200,000	**12**	12
Zydus Pharmaceuticals Limited	10	10,000,000	**100**	100
Zydus Strategic Investments Limited [900,000 shares subscribed during the year]	10	900,000 [0]	**9**	-
Zydus VTEC Limited [7,500,000 shares subscribed during the year]	10	7,500,000 [0]	**75**	-
Dialforhealth Unity Limited [₹ 275,000]	10	27,500	**-**	-
Dialforhealth Greencross Limited	10	250,000	**3**	3
			13,470	16,817
Less: Provision for impairment [Note-45]			**(3)**	(523)
			13,467	16,294
In fully paid-up Common Stock of:				
Zydus Pharmaceuticals (USA) Inc.	$1	2,300,000	**519**	519
Zydus Noveltech Inc. [USA] [7,188 common stocks subscribed during the year]	No par value	8,188 [1,000]	**3,461**	209
			3,980	728
Joint Venture Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Hospira Oncology Private Limited	10	7,500,000	**75**	75
Zydus Takeda Healthcare Private Limited	10	10,000,000	**100**	100
Bayer Zydus Pharma Private Limited	10	12,499,999	**125**	125
			300	300
Deemed investment:				
Equity Component of Bayer Zydus Pharma Private Limited			**124**	113
			30,191	29,755
Investment in Preference Shares [Valued at amortised cost]:				
Joint Venture Company [Unquoted]:				
In fully paid-up, 5%, Redeemable Non-Cumulative				
Preference Shares of Bayer Zydus Pharma Private Limited	10	10,000,000	**98**	91

NOTES TO FINANCIAL STATEMENTS

NOTE: 4-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

		Face Value [*]	Nos. [**]	As at March 31, 2021	As at March 31, 2020
	Investment in Equity Instruments via Optionally Convertible Redeemable Preference Shares [Valued at cost]:				
	Subsidiary Companies:				
	Zydus Healthcare Limited	100	100,650,000	**10,065**	10,065
	German Remedies Pharmaceuticals Private Limited	100	6,332,797	**633**	633
	Zydus Animal Health and Investments Limited	10	2,273,350,000	**22,734**	22,734
	Zydus Healthcare Philippines Inc.	PHP 10	983,180	**14**	14
				33,446	33,446
B	**Details of Investments - Others [Valued at fair value through OCI]:**				
	Investment in Equity Instruments [Quoted]:				
	In fully paid-up Common Stock of:				
	Onconova Therapeutic Inc. USA [₹ 317,262/- {as at March 31, 2020: ₹ 98,356/-}]	$0.01	4,341	**-**	-
	Pieris Pharmaceuticals Inc., USA	$0.001	1,415,539	**266**	244
				266	244
	In fully paid-up Equity Shares of:				
	Housing Development Finance Corporation Limited	2	219,500	**549**	358
	HDFC Bank Limited	1	8,000	**12**	7
	Kokuyo Camlin Limited	1	72,090	**4**	3
	Camlin Fine Sciences Limited	1	152,000	**21**	6
	Accelya Kale Consultants Limited [₹: 326,794 {as at March 31, 2020: ₹ 325,052}]	10	383	**-**	-
				586	374
	Investment in Equity Instruments [Unquoted]:				
	In fully paid-up Equity Shares of:				
	Bharuch Enviro Infrastructure Limited [₹ 12,140/-]	10	1,214	**-**	-
	Narmada Clean Tech	10	625,813	**6**	6
	Enviro Infrastructure Company Limited	10	50,000	**1**	1
	GVFL Limited	10	50,000	**1**	1
	Saraswat Co-Op Bank Limited [₹ 20,350/-]	10	2,500	**-**	-
	The Shamrao Vithal Co-Op Bank Limited [₹ 2,500/-]	25	100	**-**	-
	The Green Environment Co-operative Society Limited [₹ 5,000/-]	100	50	**-**	-
	Shivalik Solid Waste Management Limited [₹ 2,00,000/-]	10	20,000	**-**	-
				8	8
				860	626
	Investment in Preference Shares [Unquoted]:				
	[Carried at amortised cost]:				
	In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited	10	900,000	**9**	9
C	**Investment in Bonds [Valued at amortised cost] [Quoted]:**				
	In fully paid-up Bonds of:				
	9.90% Tamil Nadu Generation and Distribution Corporation Limited	1,000,000	2 [3.5]	**2**	3
	10.00% Krishna Bhagya Jala Nigam Limited	1,000,000	0 [12]	**-**	12
	9.10% PNB Housing Finance Limited	1,000,000	25	**25**	24
	9.75% Piramal Enterprises Limited	1,000,000	35	**35**	35
	9.00% Indiabulls Housing Finance Limited	1,000	40,000	**40**	40
				102	114
	Total			**64,706**	64,041

NOTES TO FINANCIAL STATEMENTS

NOTE: 4-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

				As at March 31, 2021	As at March 31, 2020
D	a	i	Aggregate book value of quoted investments	**13,274**	13,052
		ii	Market value of quoted investments	**73,207**	48,350
	b	Aggregate book value of unquoted investments		**51,432**	50,989
E	**Explanations:**				
	a	In "Face Value [*]", figures in Indian Rupees unless stated otherwise.			
	b	In "Nos. [**]" figures of previous year are same unless stated in [ ].			
[#]	Pursuant to Securities and Exchange Board of India [Issue of Capital and Disclosure Requirements] Regulations, 2018, 8,483,754 equity shares have lock-in period till February 24, 2022.				
[$]	The net worth of these subsidiaries as on March 31, 2021 is negative. However, in view of the strategic nature of the investment in these companies and also considering the future business and cash flow projections of these companies, the same are valued at Cost and no impairment allowance is required to be provided for.				

NOTE: 5-LOANS:

₹ Million

			As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]				
Loans to Related Parties [*]			**9,127**	2,963
Total			**9,127**	2,963
[*]	**Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):**			
	Name of the party and relationship with the party to whom loan given:			
A	**Subsidiary Company:**			
	a	Zydus Animal Health and Investments Limited	**-**	29
	b	Zydus Worldwide DMCC	**5,957**	566
	c	Zydus International Private Limited	**3,168**	2,368
	d	Dialforhealth Unity Limited	**2**	-
Total			**9,127**	2,963

(#) Loans which are outstanding at the end of the respective financial year.

Notes:

a All the above loans have been given for business purposes.

b All the above loans are repayable within a period of 3 years.

NOTE: 6-OTHER FINANCIAL ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**79**	76
Forward Contract value related to investment in a Joint Venture	**1,590**	1,866
Others	**4**	5
Total	**1,673**	1,947

NOTES TO FINANCIAL STATEMENTS

NOTE: 7-OTHER NON-CURRENT ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances - Considered Good	**671**	540
Capital Advances - Credit impaired	**70**	66
	741	606
Less: Allowances for credit impaired	**70**	66
	671	540
Balances with Statutory Authorities	**751**	763
Others	**17**	16
Total	**1,439**	1,319

NOTE: 8-ASSETS FOR CURRENT TAX [NET]:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Advance payment of Tax [Net of provision for taxation of ₹ 12,804 {as at March 31, 2020: ₹ 11,006} Million]	**549**	702
Total	**549**	702

NOTE: 9-INVENTORIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	**8,216**	6,257
Work-in-progress	**3,375**	2,725
Finished Goods	**4,474**	3,482
Stock-in-Trade	**431**	590
Others:		
Packing Materials	**1,304**	893
Total	**17,800**	13,947
The above includes Goods in transit as under:		
Raw Materials	**109**	118
Stock-in-Trade	**-**	1
Packing Materials	**33**	15
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories Net of reversal of write-down	**20**	67

For details of inventories pledged as security, refer Note 21.

NOTE: 10-TRADE RECEIVABLES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Secured - Considered good	**1,104**	752
Unsecured - Considered good	**17,934**	23,815
Unsecured - Credit impaired	**53**	33
	19,091	24,600
Less: Allowances for credit losses	**53**	33
Total	**19,038**	24,567

NOTES TO FINANCIAL STATEMENTS

NOTE: 11-CASH AND BANK BALANCES:

₹ Million

				As at March 31, 2021	As at March 31, 2020
A	Cash and Cash Equivalents:				
	Balances with Banks			1,457	3,746
	Cash on Hand			2	2
	Total			1,459	3,748
	A	Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.			
	B	There are no amounts of cash and cash equivalent balances held by the entity that are not available for use.			
B	Bank balances other than cash and cash equivalents:				
	Balances with Banks [*]			81	105
	Total			81	105
	[*]	Earmarked balances with banks:			
		A	Balances with Banks include Balances in unclaimed dividend accounts	49	63

NOTE: 12-LOANS:

₹ Million

			As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good]				
Loans to related parties [*]			14,358	185
Total			14,358	185
[*]	Details of Loans to Related Parties [Refer Note-40 for relationship] are as under:			
	a	Zydus Healthcare Limited	-	134
	b	Zydus Animal Health and Investments Limited [Interest Receivable on loan]	-	2
	c	Zydus Pharmaceuticals (USA) Inc. [USA]	12,425	-
	d	Zydus International Private Limited [Interest Receivable on loan]	6	24
	e	Zydus Worldwide DMCC [Interest Receivable on loan]	12	25
	f	Zydus VTEC Limited [including Interest Receivable on loan]	1,038	-
	g	Zydus Pharmaceuticals Limited [including Interest Receivable on loan]	877	-
			14,358	185

Notes:

a All the above loans have been given for business purposes.

b All the above loans are repayable within a period of 1 year.

NOTE: 13-OTHER CURRENT FINANCIAL ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good]		
GST Refund receivable	1,486	1,084
Receivables for Forward Contract	348	-
Dividend Receivable	103	-
Others	83	81
Total	2,020	1,165

NOTES TO FINANCIAL STATEMENTS

NOTE: 14-OTHER CURRENT ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good, unless otherwise stated]		
Balances with Statutory Authorities	**2,617**	2,177
Advances to Suppliers - Considered Good	**811**	487
Advances to Suppliers - Credit impaired	**161**	21
	972	508
Less: Allowances for credit impaired	**161**	21
	811	487
Export Incentive Receivables	**1,198**	1,254
Prepaid Expenses	**404**	291
Advance CSR contribution	**531**	-
Others	**-**	1
Total	**5,561**	4,210

NOTE: 15-EQUITY SHARE CAPITAL:

₹ Million

		As at March 31, 2021	As at March 31, 2020
Authorised:			
	1,725,000,000 [as at March 31, 2020: 1,725,000,000] Equity Shares of ₹ 1/- each	**1,725**	1,725
		1,725	1,725
Issued, Subscribed and Paid-up:			
	1,023,742,600 [as at March 31, 2020: 1,023,742,600] Equity Shares of ₹ 1/- each, fully paid-up	**1,024**	1,024
Total		**1,024**	1,024
A	There is no change in the number of shares as at the beginning and end of the year.		
	Number of shares at the beginning and at the end of the year	**1,023,742,600**	1,023,742,600
B	The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C	Details of Shareholder holding more than 5% of aggregate Equity Shares of ₹ 1/- each		
	Zydus Family Trust		
	Number of Shares	**766,381,434**	766,381,434
	% to total share holding	**74.86%**	74.86%

NOTES TO FINANCIAL STATEMENTS

NOTE: 16-OTHER EQUITY:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Capital Reserve:		
Balance as per last Balance Sheet	**20,379**	211
Add: Adjusted pursuant to merger/ slump exchange [Refer Note-47 & 48]	**-**	20,168
	20,379	20,379
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	**2,000**	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	**15,525**	15,525
Foreign Currency Monetary Items Translation Difference Account: [***]		
Balance as per last Balance Sheet	**-**	(6)
Add: Credited during the year	**-**	6
	-	-
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**314**	481
Add/ [Less]: Credited/ [Debited] during the year	**234**	(167)
	548	314
Retained Earnings:		
Balance as per last Balance Sheet	**73,360**	66,457
Add: Profit for the year	**14,762**	14,129
	88,122	80,586
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	**(153)**	(53)
Less: Dividends:		
Dividends	**-**	(7,166)
Corporate Dividend Tax on Dividend [Net of CDT Credit]	**-**	(7)
	-	(7,173)
Balance as at the end of the year	**87,969**	73,360
Total	**126,421**	111,578

[*] International Business Development Reserve was created pursuant to Composite Scheme of Amalgamation approved by the Hon'ble High Court of Gujarat and its utilization shall be as provided in the scheme.

[**] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.

[***] The Company had opted for accounting the exchange rate differences arising on the Long Term Foreign Currency Monetary Items [LTFCMI] in accordance with the notification dated March 31, 2009 and amended on December 29, 2011 under the Companies [Accounting Standards] Amendment Rules, 2009 on Accounting Standard 11 relating to "the effects of changes in foreign exchange rates". Accordingly, the effects of exchange rate differences arising on translation or settlement of long term foreign currency loans availed for funding acquisition of Property, Plant and Equipment have been adjusted to the cost of respective items of Property, Plant and Equipment. In other cases, such exchange rate difference on the LTFCMI is transferred to "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA]. The option of transferring exchange rate differences to FCMITDA is available on LTFCMI outstanding as on March 31, 2016 only. The FCMITDA was amortised during the tenure of the respective LTFCMI but not beyond March 31, 2020.

[#] The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

NOTES TO FINANCIAL STATEMENTS

NOTE: 17-BORROWINGS:

₹ Million

	Non-current portion		Current Maturities	
	As at March 31, 2021	As at March 31, 2020	**As at March 31, 2021**	As at March 31, 2020
A Term Loans from Banks:				
a External Commercial Borrowings [ECB] in Foreign Currency				
i Secured	**-**	-	**-**	853
ii Unsecured	**6,095**	12,600	**6,095**	5,040
	6,095	12,600	**6,095**	5,893
B From Others [Unsecured]	**-**	2,510	**10**	1,510
Total	**6,095**	15,110	**6,105**	7,403
The above amount includes:				
Secured borrowings	**-**	-	**-**	853
Unsecured borrowings	**6,095**	15,110	**6,105**	6,550
Amount disclosed under the head "Other Current Financial Liabilities" [Note-23]	**-**	-	**(6,105)**	(7,403)
Net amount	**6,095**	15,110	**-**	-

A Terms of Repayment for Unsecured Borrowings:

a Foreign Currency Loans:

i ECB of USD 30 Million is repayable in three yearly instalments starting from January 17, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 731 [as at March 31, 2020: ₹ 1,512] Million.

ii ECB of USD 20 Million is repayable in three yearly instalments starting from March 1, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 488 [as at March 31, 2020: ₹ 1,008] Million.

iii ECB of USD 100 Million is repayable in three yearly instalments starting from March 27, 2021. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 4,876 [as at March 31, 2020: ₹ 7,560] Million.

iv ECB of USD 30 Million is repayable in three yearly instalments starting from April 26, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 1,463 [as at March 31, 2020: ₹ 2,268] Million.

v ECB of USD 20 Million is repayable in three yearly instalments starting from September 18, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 975 [as at March 31, 2020: ₹ 1,512] Million.

vi ECB of USD 20 Million is repayable in three yearly instalments starting from September 7, 2021. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 1,463 [as at March 31, 2020: ₹ 1,512] Million.

vii ECB of USD 30 Million is repayable in three yearly instalments starting from January 23, 2022. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 2,194 [as at March 31, 2020: ₹ 2,268] Million.

b Rupee Loans:

i Loan from Department of Science and Technology is repayable in ten yearly equal instalments starting from November 1, 2012. The outstanding amount as at March 31, 2021 is ₹ 10 [as at March 31, 2020: ₹ 20] Million.

NOTE: 18-OTHER FINANCIAL LIABILITIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Trade Deposits	**107**	83
Lease obligations	**21**	37
Total	**128**	120

NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	**1,685**	1,207
Total	**1,685**	1,207

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.

₹ Million

		As at March 31, 2021			As at 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	**102**	**1,082**	**1,316**	94	918	1,212
	Adjusted pursuant to slump exchange [Note-48]	**-**	**-**	**-**	(18)	(57)	(111)
	Interest cost	**6**	**62**	**78**	7	60	81
	Current service cost	**12**	**221**	**192**	7	200	156
	Benefits paid	**(4)**	**(149)**	**(116)**	(1)	(133)	(76)
	Actuarial [gains]/ losses on obligation due to:						
	Experience adjustments	**5**	**68**	**95**	9	52	(15)
	Change in financial assumptions	**11**	**63**	**89**	4	42	69
	Closing obligation	**132**	**1,347**	**1,654**	102	1,082	1,316

NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2021			As at 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	**-**	**114**	**785**	-	112	709
	Adjusted pursuant to slump exchange [Note-48]	**-**	**-**	**-**	-	(6)	(66)
	Transfer in / (out) plan assets	**-**	**-**	**2**	-	-	-
	Expected return on plan assets	**-**	**8**	**51**	-	10	51
	Return on plan assets excluding amounts included in interest income	**-**	**(2)**	**(2)**	-	(3)	(5)
	Contributions by employer	**-**	**8**	**258**	-	1	170
	Benefits paid	**-**	**(1)**	**(116)**	-	-	(74)
	Actuarial [losses]/ gains	**-**	**-**	**-**	-	-	-
	Closing fair value of plan assets	**-**	**127**	**978**	-	114	785
	Total actuarial [losses]/ gains to be recognised	**(16)**	**(131)**	**(184)**	(13)	(94)	(54)
D	**Actual return on plan assets:**						
	Expected return on plan assets	**-**	**8**	**51**	-	10	51
	Actuarial [losses]/ gains on plan assets	**-**	**-**	**-**	-	-	-
	Actual return on plan assets	**-**	**8**	**51**	-	10	51
E	**Amount recognised in the balance sheet:**						
	Liabilities/ [Assets] at the end of the year	**132**	**1,347**	**1,654**	102	1,082	1,316
	Fair value of plan assets at the end of the year	**-**	**(127)**	**(978)**	-	(114)	(785)
	Difference	**132**	**1,220**	**676**	102	968	531
	Unrecognised past service cost	**-**	**-**	**-**	-	-	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**132**	**1,220**	**676**	102	968	531
F	**Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	**12**	**221**	**192**	7	200	156
	Interest cost on benefit obligation	**6**	**62**	**78**	7	60	81
	Expected return on plan assets	**-**	**(8)**	**(51)**	-	(10)	(51)
	Return on plan assets excluding amounts included in interest income	**-**	**2**	**-**	-	3	-
	Net actuarial [gains]/ losses in the year	**16**	**131**	**-**	13	94	-
	Amount included in "Employee Benefit Expense"	**34**	**408**	**219**	27	347	186
	Return on plan assets excluding amounts included in interest income	**-**	**-**	**2**	-	-	5
	Net actuarial [gains]/ losses in the year	**-**	**-**	**184**	-	-	54
	Amounts recognized in OCI	**-**	**-**	**186**	-	-	59
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	**102**	**968**	**531**	94	806	503
	Adjusted pursuant to slump exchange [Note-48]	**-**	**-**	**-**	(18)	(51)	(45)
	Transfer in/ (out) obligations	**-**	**-**	**(2)**	-	-	-
	Expenses as above [P & L Charge]	**34**	**408**	**219**	27	347	186
	Employer's contribution	**-**	**(8)**	**(258)**	-	(1)	(170)
	Amount recognised in OCI	**-**	**-**	**186**	-	-	59
	Benefits Paid	**(4)**	**(148)**	**-**	(1)	(133)	(2)
	Liabilities/ [Assets] recognised in the Balance Sheet	**132**	**1,220**	**676**	102	968	531

NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2021			As at 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	**6.50%**	**6.50%**	**6.50%**	6.45%	6.45%	6.45%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations]						
	Annual increase in salary cost	**12% for next 3 year, 9% thereafter**			12% for next 1 year, 9% thereafter		
	[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]						
I	**The categories of plan assets as a % of total plan assets are:**						
	Insurance plan	**0.00%**	**100.00%**	**100.00%**	0.00%	100.00%	100.00%

J Amount recognised in current and previous four years:

Gratuity:	As at March 31				
	2021	2020	2019	2018	2017
Defined benefit obligation	1,654	1,316	1,212	1,030	842
Fair value of Plan Assets	978	785	709	594	515
Deficit/ [Surplus] in the plan	676	531	503	436	327
Actuarial Loss/ [Gain] on Plan Obligation	184	54	44	113	99
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 the defined benefit plan obligation at the end of the reporting period is 26.46 years [as at March 31, 2020: 26.83 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumptions is shown below:

₹ Million

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%	**(5)**	(3)	**(36)**	(28)	**(56)**	(46)
Discount rate decrease by 0.5%	**5**	3	**40**	30	**60**	49
Annual salary cost increase by 0.5%	**4**	3	**39**	29	**58**	49
Annual salary cost decrease by 0.5%	**(4)**	(3)	**(35)**	(28)	**(56)**	(46)

NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

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

₹ Million

	As at March 31, 2021	As at March 31, 2020
Within the next 12 months [next annual reporting period]	**554**	393
Between 2 and 5 years	**1,254**	1,009
Between 6 and 10 years	**1,157**	928
Total expected payments	**2,965**	2,330

NOTE: 20-DEFERRED TAX:

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

₹ Million

	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	2,641	100	2,741	(535)	**2,206**
Fair Value Adjustment - Financial Instruments	164	-	164	-	**164**
	2,805	100	2,905	(535)	**2,370**
Deferred Tax Assets:					
Employee benefits/ Payable to Statutory Authorities	690	162	852	94	**946**
Inventory and related items	12	21	33	71	**104**
Receivables	12	25	37	37	**74**
Unabsorbed depreciation and capital loss	460	(460)	-	173	**173**
Mat credit entitlement	65	(65)	-		**-**
	1,239	(317)	922	375	**1,297**
Net Deferred Tax Liabilities	1,566	417	1,983	(910)	**1,073**

B The Net Deferred Tax of INR 910 Million for the year has been reversed [Previous Year INR 417 Million has been charged] in the Statement of Profit and Loss.

C The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Unabsorbed Depreciation is allowed to be set-off for indefinite period.

D MAT Credit not recognised as at March 31, 2021 is INR 2,829 [as at March 31, 2020: INR 5,764] Million. The Company continues not to recognise such MAT credit as a component of deferred tax asset in the balance sheet, on the basis of the assessment made by the Company's management of the profitability and operational plans in the foreseeable future, the Company's management is of the view that presently, there is no convincing evidence supporting the probability that the Company would be liable to pay income tax under the normal provisions of the Income-tax Act for the periods up to which the Company is eligible to utilise the unused MAT credit, specifically considering the available deductions/ benefits etc. under the normal provisions under the Income Tax Act. Further, and notwithstanding the foregoing, the 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.

However, during the year, the Company was in a situation where it ended up utilising unrecognised MAT credit of INR 2,984 Million as it had to pay income tax under the normal provisions under the Income Tax Act despite the availability of the deductions/ benefits as the actual profits far exceeded the estimates made in the previous year in view of unanticipated increase in sales of certain products during the year where the probability of recurrence in the foreseeable future cannot be determined at present.

NOTES TO FINANCIAL STATEMENTS

NOTE: 21-BORROWINGS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured] [*]	**3,839**	2,716
Working Capital Loans from Banks [Unsecured] [**]	**16,120**	11,718
Working Capital Loans from Others [Unsecured] [***]	**7,000**	-
Total	**26,959**	14,434

[*] Working Capital Loans which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares relating to plant and machineries [consumable stores and spares], including goods in transit, bills receivables and book debts. The value of such current assets is ₹ 36,838 [as at March 31, 2020 ₹ 38,514] Million. The Packing Credit loans in Foreign Currency [PCFC] are repayable during April, 2021 to September, 2021.

[**] Includes :

a PCFC and Packing Credit loans in ₹ [PCRE] loans are payable during April, 2021 to September, 2021. The outstanding amount of loans as at March 31, 2021 is ₹ 9,870 [as at March 31, 2020: ₹ 11,718] Million.

b Commercial Papers [CPs] are repayable on October 22, 2021. The outstanding amount of CPs as at March 31, 2021 is ₹ 6,250 Million, including prepaid interest of ₹ 236 Million, [as at March 31, 2020: ₹ Nil]. The CPs are having credit rating of CRISIL A1+. There is no change in rating of CPs post their issuance.

[***] The loan from one of the subsidiary companies is repayable during April, 2021 to January, 2022 with applicable interest rate. The outstanding amount of loans as at March 31, 2021 is ₹ 7,000 [as at March 31, 2020: ₹ Nil] Million.

NOTE: 22-TRADE PAYABLES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Dues to Micro and Small Enterprises [*]	**20**	87
Dues to other than Micro and Small Enterprises	**11,240**	8,540
Total	**11,260**	8,627
[*] Disclosure in respect of Micro and Small Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	**20**	87
B Interest due thereon	**-**	-
C Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	**2**	3
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	**-**	-
E Amount of interest accrued and remaining unpaid at the end of the accounting year	**-**	-
F Amount of further interest remaining due and payable in succeeding years	**-**	-

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises on the basis of information available with the Company.

NOTES TO FINANCIAL STATEMENTS

NOTE: 23-OTHER FINANCIAL LIABILITIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Current Maturities of Long Term Debt [Refer Note-17]	**6,105**	7,403
Current Maturities of Lease Liabilities	**19**	22
Interest accrued but not due on borrowings	**101**	96
Accrued Expenses	**1,209**	1,206
Payable for Capital Goods	**685**	1,062
Unpaid Dividends [*]	**49**	63
Others	**-**	180
Total	**8,168**	10,032

[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

NOTE: 24-OTHER CURRENT LIABILITIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Advances from Customers	**265**	298
Payable to Statutory Authorities	**395**	392
Others	**53**	5
Total	**713**	695

NOTE: 25-PROVISIONS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	**366**	417
Provision for claims for product expiry and return of goods [*]	**300**	53
Total	**666**	470
[*] Provision for claims for product expiry and return of goods:		
a Provision for product expiry claims and return of goods in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.		
b The movement in such provision is stated as under:		
i Carrying amount at the beginning of the year	**53**	33
ii Additional provision made during the year	**247**	62
iii Adjusted pursuant to slump exchange [Refer Note-48]	**-**	(42)
iv Carrying amount at the end of the year	**300**	53

NOTE: 26-CURRENT TAX LIABILITIES [NET]:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Provision for Taxation [Net of advance payment of tax of ₹ 3,425 {as at March 31, 2020: ₹ 5,034} Million]	**444**	235
Total	**444**	235

NOTES TO FINANCIAL STATEMENTS

NOTE: 27-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]:

₹ Million

				As at March 31, 2021	As at March 31, 2020
A	**Contingent Liabilities:**				
	a	Claims against the Company not acknowledged as debts		**148**	135
		-	Net of advance of	**2**	2
		-	Includes in respect of Amalgamated {*} Companies	**2**	2
	b	In respect of corporate guarantees given by the Company to Banks for the outstanding dues of loans availed by some of the subsidiary companies		**12,800**	34,526
	c	Other money for which the company is contingently liable:			
		i	In respect of the demands raised by the Central Excise, State Excise, Customs & Service Tax Authority	**1,755**	1,664
			- Net of advance of	**65**	67
		ii	In respect of the demands raised by the Ministry of Chemicals & Fertilizers, Govt. of India under Drug Price Control Order, 1979/ 1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations and disputed by the Company, which the Company expects to succeed based on the legal advice	**108**	108
			- Net of advance of	**68**	68
			- Includes in respect of Amalgamated {*} Companies	**25**	25
		iii	In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts	**7**	180
			- Net of advance of	**215**	25
		iv	In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts	**129**	132
			- Net of advance of	**20**	32
		v	Letters of Credit for Imports	**112**	158
		vi	The Company has imported certain capital equipment at concessional rate of custom duty under "Export Promotion of Capital Goods Scheme" of the Central Government. The Company has undertaken an incremental export obligation to the - extent of US $ Million 15 [Previous Year: 35] - equivalent to ₹ Million approx. 1,079 [Previous Year: 2,346] to be fulfilled during a specified period as applicable from the date of imports. The unprovided liability towards custom duty payable thereon in respect of unfulfilled export obligations where the specified period to fulfil the obligation has not expired	**169**	381
	[*] represents contingent liabilities taken over by the Company under the Scheme of Arrangement and Amalgamation of Cadila Laboratories Limited and erstwhile Cadila Chemicals Limited, Cadila Antibiotics Limited, Cadila Exports Limited and Cadila Veterinary Private Limited with the Company w.e.f. June 1, 1995.				
B	**Commitments:**				
	a	Estimated amount of contracts remaining to be executed on capital account and not provided for		**4,865**	3,625
		-	Net of advance of	**543**	602

NOTE: 28-DIVIDENDS PROPOSED TO BE DISTRIBUTED:

The Board of Directors, at its meeting held on May 27, 2021, recommended the final dividend of ₹ 3.50 per equity share of ₹ 1/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

NOTES TO FINANCIAL STATEMENTS

NOTE: 29-REVENUE FROM OPERATIONS:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Sale of Products	**74,367**	59,677
Other Operating Revenues:		
Export Incentives	**1,162**	1,743
Net Gain on foreign currency transactions and translation [*]	**588**	182
Contract manufacturing and processing income	**690**	713
Miscellaneous Income	**1,097**	1,159
	3,537	3,797
Total	**77,904**	63,474
[*] includes research related Net Loss on foreign currency transactions and translation	**3**	20
Pursuant to Ind AS 115 "Revenue from Contracts with Customers" reconciliation of revenue recognised in the statement of profit and loss with the contracted price is under:		
Revenue as per contracted price	**74,615**	59,713
Less:		
Provision for Expiry and Sales Return	**(184)**	(36)
Discounts/ Price Reduction/ Rebates	**(64)**	-
	(248)	(36)
Revenue from contract with customers	**74,367**	59,677

NOTE: 30-OTHER INCOME:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	**374**	172
[Loss]/ Gain on valuation of Forward Contract value related to investment in a Joint Venture mandatorily measured at FVTPL	**(276)**	464
	98	636
Dividend Income:		
From Investments designated as at FVOCI	**5**	4
From Investments designated as at Amortized Cost [*]	**469**	7,413
	474	7,417
Gain on Investments mandatorily measured at FVTPL	**26**	53
Gain on Investments mandatorily measured at amortised cost	**-**	5
Other Non-operating Income	**191**	383
Total	**789**	8,494
[*] Includes dividend from subsidiary companies	**33**	7,163

NOTE: 31-COST OF MATERIALS CONSUMED:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Raw Materials:		
Stock at commencement	**6,257**	6,857
Add: Purchases	**21,841**	14,829
	28,098	21,686
Less: Stock at close	**8,216**	6,257
	19,882	15,429
Packing Materials consumed	**3,582**	2,954
Total	**23,464**	18,383

NOTE: 32-PURCHASES OF STOCK-IN-TRADE:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Purchases of Stock-in-Trade	**1,533**	979
Total	**1,533**	979

NOTES TO FINANCIAL STATEMENTS

NOTE: 33-CHANGES IN INVENTORIES:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Stock at commencement:		
Work-in-progress	**2,725**	2,248
Finished Goods	**3,482**	3,771
Stock-in-Trade	**590**	933
	6,797	6,952
Less: Stock at close:		
Work-in-progress	**3,375**	2,725
Finished Goods	**4,474**	3,482
Stock-in-Trade	**431**	590
	8,280	6,797
Total	**(1,483)**	155

NOTE: 34-EMPLOYEE BENEFITS EXPENSE:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	**10,430**	9,773
Contribution to provident and other funds [*]	**727**	682
Staff welfare expenses	**316**	319
Total	**11,473**	10,774
Above expenses include:		
Research related expenses:		
Salaries and wages	**1,767**	1,645
Contribution to provident and other funds	**127**	119
Staff welfare expenses	**33**	39
Total	**1,927**	1,803
Managing Directors' Remuneration	**259**	247
[*] The Company's contribution towards defined contribution plan	**490**	487
The Company makes Provident Fund contributions to defined contribution plans for qualifying employees, as specified under the law. The contributions are paid to the Provident Fund Trust set up by the Company or to the respective Regional Provident Fund Commissioner under the Pension Scheme. The Company is generally liable for annual contribution and any shortfall in the trust fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year it is incurred.		

NOTE: 35-FINANCE COST:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense [*]	**670**	1,408
Net Loss on foreign currency transactions and translation	**-**	897
Bank commission & charges	**39**	34
Total	**709**	2,339
[*] The break up of interest expense into major heads is given below:		
On term loans	**217**	616
On working capital loans	**219**	322
On lease	**4**	7
Others	**230**	463
Total	**670**	1,408

NOTES TO FINANCIAL STATEMENTS

NOTE: 36-OTHER EXPENSES:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Research Materials	**1,200**	911
Analytical Expenses	**1,261**	1,179
Consumption of Stores and spare parts	**2,262**	1,938
Power & fuel	**1,932**	2,084
Rent	**14**	28
Repairs to Buildings	**158**	226
Repairs to Plant and Machinery	**730**	769
Repairs to Others	**149**	164
Insurance	**424**	296
Rates and Taxes [excluding taxes on income]	**13**	16
Processing Charges	**335**	176
Commission to Directors	**14**	14
Traveling Expenses	**169**	474
Legal and Professional Fees [*]	**2,574**	2,691
Commission on sales	**384**	283
Freight and forwarding on sales	**2,834**	1,900
Representative Allowances	**66**	108
Other marketing expenses	**1,129**	1,335
Allowances of credit losses:		
Trade receivables written off	**5**	12
Expected credit loss	**32**	24
	37	36
Less: Transferred from expected credit loss	**(12)**	(25)
	25	11
Allowances for Doubtful Advances:		
Doubtful advances written off	**-**	5
Allowances for credit impaired	**145**	75
	145	80
Less: Transferred from allowances for credit impaired	**(1)**	(7)
	144	73
Directors' fees	**9**	8
Net Loss on disposal of Property, Plant and Equipment [Net of gain of ₹ 2 {Previous Year: ₹ 1} Million]	**38**	88
Donations [**]	**44**	200
Miscellaneous Expenses [#]	**3,818**	3,980
Total	**19,726**	18,952
Above expenses include Research related expenses as follows:		
Research Materials	**1,200**	911
Analytical expenses	**1,205**	1,027
Consumption of Stores and spare parts	**515**	683
Power & Fuel	**146**	151
Repairs to Buildings	**13**	22
Repairs to Plant and Machinery	**114**	106
Repairs to Others	**48**	21
Insurance	**22**	12
Traveling Expenses	**7**	59
Legal and Professional fees	**1,987**	1,621
Net Loss on disposal of Property, Plant and Equipment	**2**	3
Miscellaneous Expenses [excluding Depreciation of ₹ 378 {Previous Year: ₹ 347} Million]	**1,162**	1,585
Total	**6,421**	6,201

NOTES TO FINANCIAL STATEMENTS

NOTE: 36-OTHER EXPENSES: (Contd...)

₹ Million

			Year ended March 31, 2021	Year ended March 31, 2020
[*]	Legal and Professional Fees include:			
	Payment to the Statutory Auditors [excluding GST]:			
	i	- As Auditor	10	8
		- For Other Services	1	1
		- Reimbursement of expenses [₹ 117,964 {Previous Year: ₹ 349,291}]	-	-
		- Total	**11**	9
	ii	Cost Auditor's Remuneration including fees for other services [excluding GST]	1	1
[**]	Donations include political donations through Electoral Bonds		-	140
[#]	Miscellaneous Expenses include:			
	a	Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	254	220

NOTE: 37-TAX EXPENSES:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
The major components of income tax expense are:			
A	**Statement of profit and loss:**		
	Profit or loss section:		
	Current income tax:		
	Current income tax charge	3,032	1,646
	Adjustments in respect of current income tax of previous year	1	(5)
		3,033	1,641
	Deferred tax:		
	Relating to origination and reversal of temporary differences [Refer Note-20]	(910)	400
	Tax expense on discontinued operations:		
	Current Tax	-	72
	Deferred Tax	-	17
		-	89
	Tax expense reported in profit or loss	**2,123**	2,130
	OCI Section:		
	Tax related to items recognised in OCI during in the year:		
	Net loss on remeasurements of defined benefit plans	33	6
	Tax charged to OCI	33	6
B	**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:**		
	Profit before tax	16,885	16,259
	Enacted Tax Rate in India (%)	34.94%	34.94%
	Expected Tax Expenses	5,900	5,681
	Adjustments for:		
	Tax effect due to non-taxable income for tax purposes	(14)	(2,592)
	Effect of deferred tax assets/ liabilities recognised in earlier years	(638)	(222)
	Effect of non-deductible expenses	543	305
	Effect of additional deductions in taxable income	(723)	(1,530)
	Effect of MAT Credit available on which deferred tax asset is not created	-	956
	Effect of MAT Credit utilised on which deferred tax asset is not created	(2,984)	-
	Effect of utilisation of previously unrecognised tax losses of merged entities	-	(471)
	Others	39	3
	Total	**(3,777)**	(3,551)
	Tax Expenses as per Profit or Loss	**2,123**	2,130

NOTES TO FINANCIAL STATEMENTS

NOTE: 38-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:

₹ Million

			Year ended March 31, 2021	Year ended March 31, 2020
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
Continuing Operations:				
A	Profit attributable to Shareholders	₹ Million	**14,762**	13,536
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**14.42**	13.22
Discontinued Operations:				
A	Profit attributable to Shareholders	₹ Million	**-**	593
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**0.00**	0.58
Continuing & Discontinued Operations:				
A	Profit attributable to Shareholders	₹ Million	**14,762**	14,129
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**14.42**	13.80

NOTE: 39-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: 40-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 the Company :**	Zydus Family Trust [Holding 74.86 % in the Company]	
b	**Subsidiary Companies/ entities:**		
	Zydus Healthcare Limited	Zydus Pharmaceuticals (USA) Inc. [USA]	
	German Remedies Pharmaceuticals Private Limited	Nesher Pharmaceuticals (USA) LLC [USA]	
	Zydus Wellness Limited	ZyVet Animal Health Inc. [USA]	
	Zydus Wellness Products Limited	Zydus Healthcare (USA) LLC [USA]	
	Liva Nutritions Limited	Sentynl Therapeutics Inc. [USA]	
	Liva Investment Limited	Zydus Noveltech Inc. [USA]	
	Zydus Animal Health and Investments Limited	Hercon Pharmaceuticals LLC [USA]	
	Dialforhealth Unity Limited	Viona Pharmaceuticals Inc. [USA]	
	Dialforhealth Greencross Limited	Zydus Therapeutics Inc. [USA]	
	Violio Healthcare Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]	
	Zydus Pharmaceuticals Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]	
	Biochem Pharmaceutical Private Limited	Script Management Services (Pty) Ltd [South Africa]	
	Zydus Strategic Investments Limited	Zydus France, SAS [France]	
	Zydus VTEC Limited	Laboratorios Combix S.L. [Spain]	
	Zydus Foundation	Etna Biotech S.R.L. [Italy]	
	M/s. Recon Pharmaceuticals and Investments, a Partnership Firm	Zydus Pharmaceuticals Mexico SA De CV [Mexico]	
	Windlas Healthcare Private Limited [Refer Note-45]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]	
	Windlas Inc [USA] [Refer Note-45]	Zydus Worldwide DMCC [Dubai]	
	Zydus International Private Limited [Ireland]	Zydus Discovery DMCC [Dubai]	
	Zydus Netherlands B.V. [the Netherlands]	Zydus Wellness International DMCC [Dubai]	
	Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Healthcare Philippines Inc. [Philippines]	
	Zydus Nikkho Farmaceutica Ltda. [Brazil]	Alidac Healthcare (Myanmar) Limited [Myanmar]	

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

A	**Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:**		
	c	**Joint Venture Companies:**	
		Zydus Hospira Oncology Private Limited	Bayer Zydus Pharma Private Limited
		Zydus Takeda Healthcare Private Limited	US Pharma Windlas LLC [Refer Note-45]
	d	**Key Managerial Personnel:**	
		Mr. Pankaj R. Patel	Chairman
		Dr. Sharvil P. Patel	Managing Director & son of Chairman
		Mr. Ganesh N. Nayak	Executive Director
		Mr. Mukesh M. Patel	Non-Executive Director
		Mr. Apurva S. Diwanji	Independent Director
		Mr. Nitin R. Desai	Independent Director
		Ms. Dharmishtaben N. Raval	Independent Director
		Mr. Bhadresh K. Shah	Independent Director
		Mr. Nitin D. Parekh	Executive Officer [Chief Financial Officer]
		Mr. Dhaval N. Soni	Executive Officer [Company Secretary]
	e	**Enterprises significantly influenced by Directors and/or their relatives:**	
		Cadmach Machinery Company Private Limited	Cadila Laboratories Private Limited
		Zydus Hospitals and Healthcare Research Private Limited	M/s. C. M. C. Machinery
		Zydus Hospitals (Vadodra) Private Limited	Mukesh M. Patel & Co.
		Zydus Infrastructure Private Limited	M/s. International Tax and Investments Consultants
	f	**Post Employment Benefits Plans:**	
		Cadila Healthcare Limited Employees Group Gratuity Scheme	Cadila Healthcare Ltd. Managerial Cadre EPF

B Transactions with Related Parties:

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

a Details relating to parties referred to in Note 40-A [b, c & e]

Nature of Transactions	Value of the Transactions [₹ Million]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2021	2020	**2021**	2020	**2021**	2020
Purchases:						
Goods:						
Zydus Healthcare Limited	**512**	331	**-**	-	**-**	-
Others	**20**	34	**10**	41	**4**	7
Total	**532**	365	**10**	41	**4**	7
Property, Plant and Equipment:						
Cadmach Machinery Company Private Limited	**-**	-	**-**	-	**60**	39
Others	**1**	3	**-**	-	**-**	258
Total	**1**	3	**-**	-	**60**	297
Reimbursement of Expenses paid:						
Zydus Pharmaceuticals (USA) Inc.	**2,472**	2,212	**-**	-	**-**	-
Others	**405**	1,078	**4**	-	**-**	-
Total	**2,877**	3,290	**4**	-	**-**	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

Nature of Transactions	Value of the Transactions [₹ Million]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2021	2020	**2021**	2020	**2021**	2020
Services:						
Zydus Healthcare Limited	**101**	9	**-**	-	**-**	-
Zydus Infrastructure Private Limited	**-**	-	**-**	-	**112**	99
Others	**1**	86	**-**	70	**22**	18
Total	**102**	95	**-**	70	**134**	117
Sales:						
Goods:						
Zydus Pharmaceuticals (USA) Inc.	**45,411**	37,992	**-**	-	**-**	-
Others	**6,812**	4,447	**259**	190	**2**	2
Total	**52,223**	42,439	**259**	190	**2**	2
Property, Plant and Equipment:						
Zydus Healthcare Limited	**25**	10	**-**	-	**-**	-
Others	**2**	5	**-**	-	**-**	-
Total	**27**	15	**-**	-	**-**	-
Reimbursement of Expenses Recovered:						
Zydus Worldwide DMCC	**144**	53	**-**	-	**-**	-
Others	**18**	12	**1**	1	**-**	-
Total	**162**	65	**1**	1	**-**	-
Services:						
Zydus Worldwide DMCC	**693**	222	**-**	-	**-**	-
Zydus Healthcare Limited	**540**	480	**-**	-	**-**	-
Others	**254**	389	**-**	-	**-**	-
Total	**1,487**	1,091	**-**	-	**-**	-
CSR Expenses:						
Zydus Foundation	**254**	220	**-**	-	**-**	-
Advance CSR Contribution:						
Zydus Foundation	**531**					
Investments:						
Subscription to Share Capital:						
Zydus Animal Health and Investments Limited [Note-48]	**-**	22,734	**-**	-	**-**	-
Zydus Noveltech Inc	**3,252**	-	**-**	-	**-**	-
Others	**84**	112	**-**	-	**-**	-
Total	**3,336**	22,846	**-**	-	**-**	-
Capital Reduction:						
Zydus International Private Limited [Note-45]	**1,875**	-	-	-	**-**	-
Dividend Received:						
Zydus Healthcare Limited	**33**	6,796	**-**	-	**-**	-
Zydus Hospira Oncology Private Limited	**-**	-	**325**	150	**-**	-
Zydus Takeda Healthcare Private Limited	**-**	-	**111**	100	**-**	-
Others	**-**	366	**-**	-	**-**	-
Total	**33**	7,162	**436**	250	**-**	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

Nature of Transactions	Value of the Transactions [₹ Million]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2021	2020	**2021**	2020	**2021**	2020
Finance:						
Inter Corporate Loans given:						
Zydus Pharmaceuticals (USA) Inc.	**12,569**	-	**-**	-	**-**	-
Zydus Worldwide DMCC	**5,413**	-	**-**	-	**-**	-
Zydus Healthcare Limited	**6,750**	-	**-**	-	**-**	-
Others	**2,807**	861	**-**	-	**-**	-
Total	**27,539**	861	**-**	-	**-**	-
Inter Corporate Loans repaid by:						
Zydus Healthcare Limited	**6,881**	-	**-**	-	**-**	-
Others	**29**	-	**-**	-	**-**	-
Total	**6,910**	-	**-**	-	**-**	-
Inter Corporate Loans accepted:						
Zydus Healthcare Limited	**7,000**	1,800	**-**	-	**-**	-
Inter Corporate Loans repaid to:						
Zydus Healthcare Limited	**4,000**	1,000	**-**	-	**-**	-
Interest Income:						
Zydus International Private Limited	**32**	47	**-**	-	**-**	-
Zydus Pharmaceuticals Limited	**18**	-	**-**	-	**-**	-
Zydus Healthcare Limited	**45**	12	**-**	-	**-**	-
Zydus Pharmaceuticals (USA) Inc.	**39**	-	**-**	-	**-**	-
Others	**24**	20	**17**	-	**-**	-
Total	**158**	79	**17**	-	**-**	-
Interest Expense:						
Zydus Healthcare Limited	**230**	464	**-**	-	**-**	-

Nature of Transactions	As at March 31					
	2021	2020	**2021**	2020	**2021**	2020
Outstanding:						
Payable:						
Zydus Pharmaceuticals (USA) Inc.	**1,849**	787	**-**	-	**-**	-
Zydus Healthcare Limited	**7,461**	4,080	**-**	-	**-**	-
Others	**660**	1,054	**1**	21	**25**	46
Total	**9,970**	5,921	**1**	21	**25**	46
Receivable:						
Zydus Worldwide DMCC	**6,936**	1,092	**-**	-	**-**	-
Zydus Pharmaceuticals (USA) Inc.	**22,646**	15,943	**-**	-	**-**	-
Others	**8,151**	6,157	**94**	42	**1**	1
Total	**37,733**	23,192	**94**	42	**1**	1
Guarantees:						
Zydus Pharmaceuticals (USA) Inc.	**2,560**	17,403	**-**	-	**-**	-
Zydus International Private Limited	**7,314**	7,560	**-**	-	**-**	-
Sentynl Therapeutics Inc.	**2,926**	6,048	**-**	-	**-**	-
Others	**-**	3,515	**-**	-	**-**	-
Total	**12,800**	34,526	**-**	-	**-**	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

b Details relating to persons referred to in Note 40-A [a] above:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
[i]	Dividend paid	-	5,362

c Details relating to persons referred to in Note 40-A [d] above:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
[i]	Salaries and other employee benefits to Chairman, Managing Director, Executive Director and other executive officers	624	585
[ii]	Commission and Sitting Fees to Non Executive/ Independent Directors	23	22
[iii]	Outstanding payable to above (i) and (ii)	110	327

d Details relating to persons referred to in Note 40-A [f] above:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
[i]	Contributions [including Employees' share and contribution]	776	676

NOTE: 41-DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED U/S 186(4) OF THE COMPANIES ACT, 2013:

A Details of loans and investments are given under the respective heads.

B Corporate guarantees given by the Company [#]:

₹ Million

		As at March 31, 2021	As at March 31, 2020
Subsidiary Companies:			
a	Zydus Pharmaceuticals (USA) Inc.	2,560	17,403
b	Zydus International Private Limited	7,314	7,560
c	Zydus Noveltech Inc.	-	2,986
d	Sentynl Therapeutic Inc.	2,926	6,048
e	Alidac Healthcare (Myanmar) Limited	-	529
Total		12,800	34,526

[#] Corporate guarantees which are outstanding at the end of the respective financial year, given for business purpose.

NOTE: 42-FINANCIAL INSTRUMENTS:

A Fair values hierarchy:

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

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

Level 2 : Inputs other than quoted prices included within Level 1 which are observable for the assets or liabilities, either directly or indirectly.

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 42-FINANCIAL INSTRUMENTS: (Contd...)

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

₹ Million

	As at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,590	1,590
Derivative designated as hedge:				
Receivables for Forward Contract	-	348	-	348
Financial Investments at FVOCI:				
Quoted equity instruments	852	-	-	852
Unquoted equity instruments	-	8	-	8
Total financial assets	852	356	1,590	2,798
Financial liabilities	-	-	-	-

₹ Million

	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,866	1,866
Financial Investments at FVOCI:				
Quoted equity instruments	618	-	-	618
Unquoted equity instruments	-	8	-	8
Total financial assets	618	8	1,866	2,492
Financial liabilities	-	-	-	-

C Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed:

₹ Million

	Carrying Value	As at March 31, 2021			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Investment in preference shares	107	-	107	-	107
Bonds	102	102	-	-	102
Loans to related parties	9,127	-	-	9,124	9,124
		As at March 31, 2020			
Financial assets:					
Investment in preference shares	100	-	100	-	100
Bonds	114	114	-	-	114
Loans to related parties	2,963	-	-	2,961	2,961

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.

NOTES TO FINANCIAL STATEMENTS

NOTE: 42-FINANCIAL INSTRUMENTS: (Contd...)

D Valuation process and technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

a The use of quoted market prices for similar instruments.

b Fair value of Forward Contract value related to investment in a Joint Venture has been determined considering the estimated exercise price and value of the underlying entity. The valuation has been derived using the Present Value technique under Income Approach. The valuation includes significant unobservable inputs like Weighted Average Cost of Capital [WACC], revenue forecast, etc.

Significant unobservable inputs:

Budgeted Sales growth rate : 11.5% per annum

Weighted Average Cost of Capital : 6.7% per annum

For recurring fair value measurements using significant unobservable inputs [Level 3], the effect of the measurement on profit or loss or other comprehensive income for the period is provided below:

Movement in Forward Contract value related to investment in a Joint Venture:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Value as at beginning of the year	1,866	1,402
[Less]/ Add : [Loss]/ Gain on valuation of Forward Contract value related to investment in a Joint Venture	(276)	464
Value as at end of the year	1,590	1,866
Out of above, amount disclosed under-		
Other Non-Current Financial Assets [Note-6]	1,590	1,866

Sensitivity analysis for valuation of Forward Contract value related to investment in a Joint Venture:

a Sensitivity in value for 50 basis points change in Weighted Average Cost of Capital [WACC]-

₹ Million

	As at March 31, 2021		As at March 31, 2020	
	-0.50%	+0.50%	-0.50%	+0.50%
Impact on value of the contract	30	(30)	8	(8)

b Sensitivity in the value for 200 basis point change in Revenue -

₹ Million

	As at March 31, 2021		As at March 31, 2020	
	-2.00%	+2.00%	-2.00%	+2.00%
Impact on value of the contract	(50)	50	(52)	52

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT:

A Financial instruments by category:

₹ Million

	As at March 31, 2021			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]	-	860	-	860
Preference shares	-	-	107	107
Bonds	-	-	102	102
Non Current Loans	-	-	9,127	9,127
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	-	-	83	83
Trade receivables	-	-	19,038	19,038
Forward Contract value related to investment in a JV	1,590	-	-	1,590
Cash and Cash Equivalents	-	-	1,540	1,540
Current Loans	-	-	14,358	14,358
Receivables for Forward Contract	348	-	-	348
Other Current Financial Assets	-	-	1,672	1,672
Total	1,938	860	46,027	48,825
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	39,260	39,260
Trade payables	-	-	11,260	11,260
Non Current Other Financial Liabilities	-	-	128	128
Payable for Capital Goods	-	-	685	685
Other Current Financial Liabilities	-	-	1,277	1,277
Total	-	-	52,610	52,610

₹ Million

	As at March 31, 2020			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]	-	626	-	626
Preference shares	-	-	100	100
Bonds	-	-	114	114
Non Current Loans	-	-	2,963	2,963
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	-	-	81	81
Trade receivables	-	-	24,567	24,567
Forward Contract value related to investment in a JV	1,866	-	-	1,866
Cash and Cash Equivalents	-	-	3,853	3,853
Current Loans	-	-	185	185
Other Current Financial Assets	-	-	1,165	1,165
Total	**1,866**	**626**	**33,028**	**35,520**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	37,043	37,043
Trade payables	-	-	8,627	8,627
Non Current Other Financial Liabilities	-	-	120	120
Payable for Capital Goods	-	-	1,062	1,062
Other Current Financial Liabilities	-	-	1,471	1,471
Total	**-**	**-**	**48,323**	**48,323**

B Risk Management:

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL INSTRUMENTS: (Contd...)

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

a Credit risk:

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

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

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

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

iv The counter party to the forward contract value related to the Investment in a Joint Venture is the associate entity of co-venturer of one of Joint Ventures. The contract is governed by a shareholders' agreement which has the needful representations by the counter party. The Company is exposed to insignificant credit risk in relation to the same.

v Trade 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 credit losses is not significant.

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

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

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

₹ Million

	As at March 31, 2021	As at March 31, 2020
Trade Receivables:		
Less than 180 days	**18,534**	23,560
180 - 365 days	**50**	663
Above 365 days	**454**	344
Total	**19,038**	24,567
Movement in the expected credit loss allowance on trade receivables:		
Balance at the beginning of the year	**33**	40
Addition	**32**	24
Recoveries	**(12)**	(25)
Transfer under the slump exchange [Refer Note-48]	**-**	(6)
Balance at the end of the year	**53**	33

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 anadequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

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

Maturities of financial liabilities:

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

₹ Million

	As at March 31, 2021				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	**33,542**	**4,931**	**1,228**	**-**	**39,701**
Other non current financial liabilities	**-**	**14**	**2**	**112**	**128**
Trade payable	**11,260**	**-**	**-**	**-**	**11,260**
Accrued Expenses	**1,209**	**-**	**-**	**-**	**1,209**
Payable for Capital Goods	**685**	**-**	**-**	**-**	**685**
Other Current Financial Liabilities	**49**	**-**	**-**	**-**	**49**
	46,745	**4,945**	**1,230**	**112**	**53,032**
Corporate Guarantees	**7,314**	**2,926**	**-**	**2,560**	**12,800**
Total	**54,059**	**7,871**	**1,230**	**2,672**	**65,832**

₹ Million

	As at March 31, 2020				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	22,498	9,247	5,263	1,378	38,386
Other non current financial liabilities	-	41	13	66	120
Trade payable	8,627	-	-	-	8,627
Accrued Expenses	1,206	-	-	-	1,206
Payable for Capital Goods	1,062	-	-	-	1,062
Other Current Financial Liabilities	243	-	-	-	243
	33,636	9,288	5,276	1,444	49,644
Corporate Guarantees	17,176	16,330	491	529	34,526
Total	50,812	25,618	5,767	1,973	84,170

c Foreign currency risk:

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's operations in foreign currency creates natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Company.

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

Foreign currency risk exposure:

Sensitivity:

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

₹ Million

	As at March 31, 2021			As at March 31, 2020		
	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	**7.00%**	**635**	**19**	9.00%	(595)	22
USD	**-7.00%**	**(635)**	**(19)**	-9.00%	595	(22)
Others	**5.00%**	**23**	**-**	5.00%	2	-
Others	**-5.00%**	**(23)**	**-**	-5.00%	(2)	-

** Holding all other variables constant*

d Interest rate risk:

Liabilities:

The Company's policy is to minimize 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:

₹ Million

	Movement in Rate	As at March 31, 2021	As at March 31, 2020
Interest rates	+0.50%	(128)	(108)
Interest rates	-0.50%	128	108

** Holding all other variables constant*

e Price risk:

Exposure:

The Company's exposure to price risk arises from investments in equity and mutual funds held by the Company and classified in the balance sheet as fair value through OCI and at fair value through profit or loss respectively. To manage its price risk arising from investments in equity securities and mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Sensitivity *:

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period.

₹ Million

	Movement in Rate	As at March 31, 2021		As at March 31, 2020	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%	**-**	**85**	-	62
Decrease	-10.00%	**-**	**(85)**	-	(62)

** Holding all other variables constant*

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

C **Hedge:**

Disclosure of effects of hedge accounting on financial position:

Hedged item - Changes in fair value of trade receivables and loan receivables from overseas entity attributable to changes in foreign exchange rates

Hedging instrument - Changes in fair value of certain foreign currency borrowings including forward contracts attributable to foreign exchange rates

As at March 31, 2021

Type of hedged risk	Carrying amount of hedging instrument [USD Million]		Carrying amount of hedging instrument [₹ Million]		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk [₹ Million]
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	355	-	25,965	Range - Within 6 months	1:1	Borrowings	413
Hedged item: Certain foreign currency receivables	355	-	25,965	-	Range - Within 6 months		Trade receivables	413

As at March 31, 2020

Type of hedged risk	Carrying amount of hedging instrument [USD Million]		Carrying amount of hedging instrument [₹ Million]		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk [₹ Million]
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings		185		13,986	Range - Within 6 months	1:1	Borrowings	677
Hedged item: Certain foreign currency receivables	185		13,986		Range - Within 6 months		Trade receivables	677

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the dollar offset method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.

NOTE: 44-CAPITAL MANAGEMENT:

The Company' s capital management objectives are:

a to ensure the Company's ability to continue as a going concern

b to provide an adequate return to shareholders

c maintain an optimal capital structure to reduce the cost of capital.

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

₹ Million

	As at March 31, 2021	As at March 31, 2020
Gross debts	**39,159**	36,947
Total equity	**127,445**	112,602
Gross debt to equity ratio [No. of times]	**0.31**	0.33

NOTES TO FINANCIAL STATEMENTS

NOTE: 44-CAPITAL MANAGEMENT: (Contd...)

Loan covenants:

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants, based on consolidated financial information:

- Gross Debt to Equity must be less than 2:1

This is in line with the Company's covenants as agreed with external Lenders.

NOTE: 45-EXCEPTIONAL ITEMS:

A Pursuant to the scheme of capital reduction in Zydus International Private Limited ["ZIPL"], Ireland, a wholly owned subsidiary of the Company, per share face value of the equity share of ZIPL has been reduced from EUR 1.462843 to EUR 1.1251. As a result, the cost of investment of the Company in the equity shares of ZIPL has been reduced by ₹ 1,875 Million. The same has been disclosed as exceptional item for current year.

B During the previous year, the Company had sold 24,077,950 equity shares of ₹ 10/- each fully paid-up, representing the entire stake of 51% held by the Company of the total paid-up share capital of Windlas Healthcare Private Limited ["WHPL"], an erstwhile subsidiary company, to Windlas Biotech Private Limited ["WBPL"] for an aggregate consideration of ₹ 1,035 Million in two tranches pursuant to two separate definitive agreements entered into by the Company with WBPL. Pursuant to that, WHPL had ceased to be a subsidiary of the Company on April 16, 2020 after the first tranche of the sale of equity shares representing 2% of the total paid-up share capital of WHPL was executed. Remaining equity shares representing 49% of the total paid-up share capital of WHPL were sold in the 2nd tranche the definitive agreement of which was executed on April 30, 2020. As the value of aggregate consideration was less than the carrying value of investment in the equity shares of WHPL on March 31, 2020, an impairment of ₹ 520 Million had been created for diminution in the value of investment in the equity shares of WHPL, which was recognised under the head "Exceptional items" for the year ended March 31, 2020.

NOTE: 46-LEASES:

Lessee:

A Relating to statement of financial position:

1 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".

₹ Million

Right of use assets	Land	Buildings	Total
As at April 1, 2019	-	72	72
Reclassified on account of adoption of Ind AS 116 [Net]	492	-	492
Additions during the year	258	-	258
Depreciation charge for the year	9	17	26
Adjustment pursuant to Slump Exchange [Refer Note-48]	(328)	-	(328)
Balance as at March 31, 2020 [Net]	**413**	**55**	**468**
Additions during the year	-	10	10
Depreciation charge for the year	4	17	21
Adjustments during the year	-	(12)	(12)
Balance as at March 31, 2021 [Net]	**409**	**36**	**445**

The Company leases assets which include office buildings and warehouse spaces.

NOTES TO FINANCIAL STATEMENTS

NOTE: 46-LEASES: (Contd...)

2 Movement in lease liabilities:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Lease liability at the beginning of the year	**59**	72
Additions	**14**	7
Redemptions	**(33)**	(20)
Lease liability at end of the year	**40**	59
of which:		
Current portion	**19**	22
Non current portion	**21**	37

2.1 Maturity analysis of lease liabilities:

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities is as follows:

Minimum lease payments due	As at March 31, 2021	As at March 31, 2020
Within 1 year	**19**	27
1-5 years	**26**	41

Lessor:

The Company leases out certain properties and classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Lease payments due to be received:	As at March 31, 2021	As at March 31, 2020
Within 1 year	**47**	22
1-5 years	**1,266**	87
Total undiscounted lease payments	**1,313**	109

Description of lease activities:

Real estate lease:

The Company leases buildings for it's offices and warehouse space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 3- 10 years and may include extension options which provide operational flexibility. Majority of the leases are cancellable by either parties by serving notice period.

NOTE: 47-MERGER:

A Merger:

i Pursuant to the Scheme of Amalgamation u/s 230 to 232 of the Companies Act, 2013 ["Scheme"] of Zydus Technologies Limited [ZTL], Alidac Pharmaceuticals Limited [APL], Liva Pharmaceuticals Limited [LPL] and Dialforhealth India Limited [DIL] [all 100% subsidiary companies of the Company, collectively referred to as "Amalgamating Companies"] with the Company, which was sanctioned by the Ahmedabad bench of the Hon'ble National Company Law Tribunal [NCLT] vide its order dated March 16, 2020, all the businesses, undertakings, activities, properties, investments and liabilities of each of the Amalgamating Companies were transferred to and vested in the Company with effect from April 1, 2019, being the appointed date. The certified copy of order was filed with Registrar of Companies, Gujarat [ROC] at Ahmedabad on March 31, 2020, being the effective date. Accordingly, the Scheme had been given effect in the financial statements of previous year.

ii The Scheme had been accounted for in the books of the Company using Pooling of Interest method as prescribed in Appendix C to Ind AS-103 ["Business combinations of entities under common control"]. Accordingly,

a The assets and liabilities pertaining to the Amalgamating Companies vested in the Company had been accounted for at their respective carrying values as appearing in their respective books on the close of business on March 31, 2019 being the day immediately preceding the Appointed Date.

NOTES TO FINANCIAL STATEMENTS

NOTE: 47-MERGER: (Contd...)

b The inter-corporate deposits/ loans and advances outstanding between the Amalgamating Companies and the Company inter-se had been cancelled.

c The surplus/deficit of the share capital of the Amalgamating Companies over the value of investments in the shares of these companies appearing in the books of the Company and cancelled pursuant to the Scheme had been adjusted in the "Capital Reserve Account" of the Company. Accordingly, the resultant difference amounting to ₹ 211 Million was credited to the "Capital Reserve Account". Further, in compliance of Ind AS, certain inter-company transactions were eliminated as a result of which the difference amounting to ₹ 2,897 Million was debited to the retained earnings.

iii Upon the Scheme becoming effective, Amalgamating Companies had been dissolved without winding up pursuant to the provisions of Section 302 of the Companies Act, 2013.

B The Company had acquired remaining 15% stake of erstwhile Zydus Technologies Limited on November 13, 2019. The resultant difference amounting to ₹ 15 Million had been debited to "Capital Reserve Account".

NOTE: 48-SLUMP EXCHANGE:

i Pursuant to the Definitive Agreement ["DA"] entered into by the Company on March 11, 2020 with its subsidiary Zydus Animal Health and Investments Limited ["ZAHL"] [formerly known as Violio Pharmaceuticals and Investments Limited] to achieve certain strategic and commercial objectives, the Company's Animal Healthcare Business ["AHB"] comprising of two undertakings viz. Animal Healthcare Established Markets Undertaking [AHESTM] and Animal Healthcare Emerging Markets Undertaking [AHEMGM] had been transferred to and vested in ZAHL on a going concern basis in exchange of 8% Non-cumulative Non-convertible Redeemable Preference Shares of ₹ 10/- each issued at face value ["ZAHL Preference Shares"] on a lump sum basis, without values being assigned to individual assets and liabilities.

ii AHESTM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals, carried out primarily within India and rest of the world excluding USA and Europe along with the embedded goodwill and includes certain assets and liabilities pertaining to such business.

iii AHEMGM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals carried out outside India, primarily in USA and Europe along with the embedded goodwill and includes certain assets and liabilities pertaining to such business.

iv Accordingly, ZAHL had issued 2,200,000,000 ZAHL Preference Shares, aggregating to ₹ 22,000 Million in exchange of the said transfer of AHESTM and 73,350,000 ZAHL Preference Shares, aggregating to ₹ 733.50 Million in exchange of the said transfer of AHEMGM, to the Company.

v The said transfer had been given effect to in the books of the Company on March 20, 2020 being the Closing Date for the transaction. Accordingly,

a The carrying value of the assets and liabilities pertaining to AHESTM and AHEMGM vested in ZAHL have been reduced from the carrying value of assets and liabilities as appearing in the books of the Company on the Closing Date.

b ZAHL Preference Shares issued to the Company by ZAHL in exchange of transfer of AHESTM and AHEMGM have been recorded as investment at their face value.

c The difference between the aggregate value of ZAHL Preference Shares [₹ 22,734 Million] and the net book value of the assets vested [i.e. the excess of book value of assets vested over the book value of liabilities vested] [₹ 2,551 Million], had been accounted for as a "Capital Reserve" [₹ 20,183 Million].

NOTES TO FINANCIAL STATEMENTS

NOTE: 48-SLUMP EXCHANGE: (Contd...)

d The financial performance and cash flow information of discontinued operations for the year ended March 31, 2020 is as under:

			₹ Million
A	**Financial performance:**		
	1.	Total Revenue	5,023
	2.	Total expenses	4,341
	3.	**Profit before tax**	682
	4.	Tax Expense	89
	5.	**Profit after tax**	593
	6.	**Other comprehensive income from discontinued operations**	-
B	**Cash flow information**		
	1	Net cash inflow [outflow] from operating activities	593
	2	Net cash inflow [outflow] from investing activities	(548)
	3	Net cash inflow [outflow] from financing activities	-
	4	**Net increase in cash generated from discontinued operations**	45

NOTE: 49-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 partial or full 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. The Company operates in manufacturing and selling of pharmaceutical products, which are classified as essential commodities and hence its operations continued to be run with fewer challenges on people movement and supply chain.

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

NOTE: 50:

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

Signatures to Significant Accounting Policies and Notes 1 to 50 to the Financial Statements

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 27, 2021

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Cadila Healthcare Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Cadila Healthcare Limited ("**the Parent**") and its subsidiaries, (the Parent and its subsidiaries together referred to as "**the Group**") which includes the Group's share of profit in its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the branch of the Group located at Philippines.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the branch auditor and the other auditors on separate financial statements of the branch and subsidiaries and joint ventures referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("**the Act**") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("**Ind AS**"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 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 specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the consolidated financial statements section of our report. We are independent of the Group and its joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("**ICAI**") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor and the other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

KEY AUDIT MATTERS

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

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Assessment of impairment of goodwill and other intangible assets in respect of certain subsidiaries, namely, Zydus Wellness Products Limited, Zydus Nikkho Farmaceutica Ltda, Sentynl Therapeutics Inc and Zydus Worldwide DMCC, as applicable, not audited by us, having aggregate carrying values of ₹ 45,727 mio. and ₹ 7,045 mio. respectively, as at March 31, 2021, in the consolidated financial statements. [Refer Notes 2.3, 2.6b and 3B to the consolidated financial statements]** The Group's evaluation of impairment of goodwill and other intangible assets involves comparison of its recoverable amount to its carrying amount. The recoverable amount is determined based on value in use, which represents the present value of the estimated future cash flows expected to arise from the use of the asset group comprising each cash generating unit. There is a risk that the goodwill / other intangible assets will be impaired if these cash flows do not meet the Group's expectations.	We had discussions with the component auditors of the respective entities with regard to the assessment of impairment of such goodwill and other intangible assets and performed oversight procedures. Also, we sent out referral instructions to the component auditors and evaluated the responses received from them. The procedures reported to have been applied in this area by the respective component auditors included the following: • Evaluated the design and tested the operating effectiveness of the internal controls relating to review of impairment assessment process, including those over the forecast of future revenues, growth rate, terminal values and the selection of the appropriate discount rate. • Evaluated the reasonableness of the key estimates by comparing the forecasts to historical revenues, margins, growth rate, etc. • Evaluated the reasonableness of the valuation methodology, discount rate and perpetual growth rates used in the computation of value-in-use assessment.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td></td><td>In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the forecasted cash flows, principally relating to long-term revenue growth rates, perpetual growth rate, and the discount rate used.

Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, this has been considered as a key audit matter by the respective component auditors.</td><td>• Performed sensitivity analysis around the key estimates to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill and Other Intangible assets tested to be impaired.
• Tested the mathematical and clerical accuracy of the model to conclude that the model is accurately calculating the value in use, using the appropriate methodology.</td></tr>
<tr><td>2.</td><td>Chargebacks, price adjustment, product returns, rebates, medicaids, discounts and other related accruals by Zydus Pharmaceuticals (USA) Inc., a subsidiary, not audited by us [as described in Notes 2.8 and 32 to the consolidated financial statements]

The subsidiary makes sales to customers in the United States of America ("USA") that fall under certain reimbursement schemes and mandated contracts of which the most significant are chargebacks, price adjustment, rebates, medicaids, and discounts. The subsidiary also provides a right of return to its customers for its products. These arrangements result in deductions to gross sales and give rise to obligations for the subsidiary, which for unsettled amounts are recognised as an accrual.

Considering the complexities of the arrangements and involvement of significant estimations in determining appropriate accruals, this has been considered as a key audit matter by the component auditor.</td><td>We had discussions with the component auditor with regard to the said accruals and performed oversight procedures. Also, we sent out referral instructions to the component auditors and evaluated the responses received from them.

The procedures reported have been applied in this area by the component auditors included the following:
• Obtained an understanding of the management process for estimation and accounting treatment of transactions arising from various schemes and mandated contracts.
• Obtained the calculations for accruals under respective contractual arrangements / reimbursement schemes and test checked the calculations by reference to the commercial policies, the terms of applicable contracts, stock levels at wholesalers, historical levels of product returns, actual sales, claim settlements etc.
• Performed retrospective reviews of the accruals recorded during the previous year.
• Test checked subsequent settlements / payments made to customers under various schemes and arrangements to determine adequacy of the accruals made at year end.
• Tested the mathematical accuracy of the calculations.</td></tr>
<tr><td>3.</td><td>Legal Proceedings involving Zydus Pharmaceuticals (USA) Inc., a subsidiary, not audited by us [as described in Notes 2.6F, 2.19 and 29B to the consolidated financial statements]

The subsidiary is involved in various legal proceedings which include claims pursuant to contracts with third parties, claims related to product liabilities, employment claims, anti-trust and other regulatory matters. Most of the claims involve complex issues. The component, assisted by its' external legal counsel assesses the need to make provision or disclose a contingency (unless the possibility of an outflow of resources embodying economic benefits is considered remote) on a case-to-case basis considering the underlying facts of each litigation.

The assessment, accounting and disclosure is complex and involves exercise of judgement by the management (due to the difficulty in predicting the outcome of the matter and also estimating the potential impact if the outcome is unfavourable), and the amounts involved are, or can be, material to the consolidated financial statements.

Considering the complexity and the significance of the matters involved requiring management judgement and estimates, this has been considered as a key audit matter by the component auditor.</td><td>We had discussions with the component auditor with regard to their assessment of the accounting / disclosure by the component of the said matters and performed oversight procedures. Also, we sent out referral instructions to the component auditor and evaluated the responses received from them.

The procedures reported to have been applied in this area by the component auditor included the following:
• Obtained a list of litigations from the in-house legal counsel of the entity; identified material litigations from the aforementioned list and performed inquiries with the said counsel; obtained and read the underlying documents to assess the assumptions used by management in arriving at the conclusions.
• Solicited legal letters from the external legal counsels appointed by management. For responses received, read their assessment to corroborate the assessment made by the management.
• Evaluated adequacy of disclosures to be made in the financial statements.</td></tr>
</table>

Sr. No.	Key Audit Matter	Auditor's Response
4.	**Non-recognition of deferred tax asset by the Parent in respect of unused Minimum Alternate Tax (MAT) credits under the Income Tax Act, 1961 [as described in Notes 2.10B and 7 to the consolidated financial statements]** The Parent has unused MAT credits of ₹ 2,829 mio. under the Income Tax Act, 1961 as at March 31, 2021 on which deferred tax asset has not been recognized in the books of account. The recognition / non-recognition of deferred tax asset on account of MAT credit involves significant judgement by the management with regard to the forecasted profitability and also for ensuring that there is other convincing evidence that sufficient taxable profit will be available under the normal provisions of the Income Tax Act against which the unused tax credits can be utilized by the respective entities within the time limits available under the applicable Income Tax laws. Accordingly, non-recognition of MAT credit has been identified as a key audit matter.	The audit procedures performed by us included the following: • Evaluated the design and tested the operating effectiveness of the internal controls over the said estimation, judgement applied and computations. • Obtained an understanding of the management process for estimation of future profitability and computation of expected tax payable under MAT and under normal provisions of the Income Tax Act, 1961. • Obtained the computations of forecasted profitability, taxes thereon under the provisions of MAT and normal Income Tax. Tested the mathematical accuracy of the calculations. • Performed retrospective review of the projections, including allowability of the deductions and benefits by the Income Tax authorities and made inquiries with the management to understand and assess impact of any significant deviations on the projections. • Performed sensitivity analysis around key estimates. • Evaluated adequacy of disclosures given in Note 7 to consolidated financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and Directors' Report, but does not include the consolidated financial statements, the standalone financial statements and our audit reports 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 branch, subsidiaries and joint ventures audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the branch auditor and 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 branch, subsidiaries and joint ventures, is traced from their financial statements audited by the branch auditor and 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 Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the branch, entities and its business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities and its business activities included in the consolidated financial statements of which we are the independent auditors. For the branch or entities and their business activities included in the consolidated financial statements, which have been audited by the branch auditor or the other auditors, such branch auditor and the other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

OTHER MATTERS

a) We did not audit the financial statements of the branch included in the standalone financial statements of the Parent whose financial statements reflect total assets of ₹ 10.04 mio. as at December 31, 2020 and total revenue of ₹ 0.07 mio. for the year ended on that date, as considered in the standalone financial statements of the Parent. The financial statements of this branch have been audited by the branch auditor whose report has been furnished to us. The reporting date of the branch at December 31, 2020 is different from the reporting date of the Parent. No adjustments have been made by the Management of the Parent in respect of financial information of the branch for the periods from January 1, 2020 to March 31, 2020 and January 1, 2021 to March 31, 2021 as the amounts are insignificant. Our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

b) We did not audit the financial statements of 24 subsidiaries, whose financial statements reflect total assets of ₹ 183,975 mio. as at March 31, 2021, total revenues of ₹ 96,717 mio. and net cash inflows amounting to ₹ 617 mio. for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 433 mio. for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of 2 joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the reports of the other auditors.

c) We did not audit the financial statements of 16 subsidiaries, whose financial statements reflect total assets of ₹ 33,625 mio. as at March 31, 2021, total revenues of ₹ 6,132 mio. and net cash inflows amounting to ₹ 330 mio. for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements above and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the branch auditor and the other auditors and the financial statements certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the branch auditor and the other auditors on the separate financial statements of the branch, subsidiaries and joint ventures referred to in the other matters section above, we report, to the extent applicable that:

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

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept, so far as it appears from our examination of those books, and the reports of the branch auditor and the other auditors.

   c) The report on the accounts of the branch office of the Parent, audited by the branch auditor has been sent to us and has been properly dealt with by us in preparing this report.

   d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   e) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

   f) On the basis of the written representations received from the Directors of the Parent as on March 31, 2021 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies and joint venture companies incorporated in India, none of the Directors of the Group companies and its joint venture 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.

   g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in the Annexure which is based on the auditors' reports of the Parent, subsidiary companies and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

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

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

      i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint ventures.

      ii) The Group and its joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies and joint venture companies incorporated in India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 21036920AAAABP6944)

Place: Mumbai
Date: May 27, 2021

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Cadila Healthcare Limited (hereinafter referred to as "**Parent**") and its subsidiary companies and its joint ventures, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Parent, its subsidiary companies and its joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls 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.

AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and joint ventures, which are 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 Parent, its subsidiary companies and its joint ventures, which are 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 authorisations of management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS 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 Parent, its subsidiary companies and its joint ventures, which are 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 insofar as it relates to 13 subsidiary companies and 2 joint ventures, 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 DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)
(UDIN: 21036920AAAABP6944)

Place: Mumbai
Date: May 27, 2021

CONSOLIDATED BALANCE SHEET

as at March 31, 2021

₹ Million

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	**55,500**	54,522
Capital work-in-progress		**7,832**	7,415
Goodwill	3 [B]	**53,465**	53,915
Other Intangible Assets	3 [B]	**12,363**	13,868
Investments in Joint Ventures	4	**3,570**	3,516
Financial Assets:			
Investments	5	**2,742**	2,006
Other Financial Assets	6	**2,518**	2,860
Deferred Tax Assets [Net]	7	**10,744**	8,529
Other Non-Current Assets	8	**2,044**	1,575
Assets for Current Tax [Net]	9	**909**	1,506
		151,687	149,712
Current Assets:			
Inventories	10	**32,362**	27,890
Financial Assets:			
Investments	11	**1,989**	2,128
Trade Receivables	12	**31,273**	36,632
Cash and Cash Equivalents	13 [A]	**6,652**	8,453
Bank Balances other than Cash and Cash Equivalents	13 [B]	**2,231**	1,196
Loans	14	**-**	-
Other Current Financial Assets	15	**2,344**	2,306
Other Current Assets	16	**10,309**	8,549
		87,160	87,154
Total		**238,847**	236,866
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	17	**1,024**	1,024
Other Equity	18	**128,899**	102,733
Equity attributable to equity holders of the Parent		**129,923**	103,757
Non-Controlling Interests		**19,373**	13,347
		149,296	117,104
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	19	**6,095**	32,146
Other Financial Liabilities	20	**541**	454
Provisions	21	**3,095**	2,352
Deferred Tax Liabilities [Net]	7	**1,197**	2,099
Other Non-Current Liabilities	22	**10**	17
		10,938	37,068
Current Liabilities:			
Financial Liabilities:			
Borrowings	23	**30,709**	38,265
Trade Payables:			
Dues to Micro and Small Enterprises	24	**228**	170
Dues to other than Micro and Small Enterprises	24	**21,831**	20,273
Other Financial Liabilities	25	**19,880**	19,492
Other Current Liabilities	26	**1,782**	1,771
Provisions	27	**3,299**	2,432
Current Tax Liabilities [Net]	28	**884**	291
		78,613	82,694
Total		**238,847**	236,866
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 55		

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner
Mumbai
May 27, 2021

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 27, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

₹ Million

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
INCOME:			
Revenue from Operations	32	**151,022**	142,531
Other Income	33	**372**	1,139
Total Income		**151,394**	143,670
EXPENSES:			
Cost of Materials Consumed	34	**38,882**	34,596
Purchases of Stock-in-Trade	35	**14,711**	15,542
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	36	**(1,492)**	(938)
Employee Benefits Expense	37	**24,902**	23,958
Finance Costs	38	**1,635**	3,418
Depreciation and Amortisation Expense	39	**7,248**	6,965
Other Expenses	40	**40,609**	41,539
Total Expenses		**126,495**	125,080
Profit before Exceptional items and Tax		**24,899**	18,590
Less: Exceptional items	47	**2,051**	3,636
Profit before Tax		**22,848**	14,954
Less: Tax Expense:			
Current Tax	41	**4,655**	2,377
Deferred Tax	41	**(3,183)**	821
		1,472	3,198
Profit for the year before Share of Profit of Joint Ventures		**21,376**	11,756
Add: Share of profit of Joint Ventures [Net of Tax]	4	**474**	288
Profit for the year		**21,850**	12,044
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		**(156)**	(135)
Income tax effect on above		**29**	39
		(127)	(96)
Net Gain/ [Loss] on Fair Value through OCI [FVTOCI] Equity Instruments		**245**	(174)
Income tax effect on above		**-**	-
		245	(174)
Share of OCI of Joint Ventures	4	**(2)**	(7)
Income tax effect on above		**-**	-
		(2)	(7)
Total		**116**	(277)
Items that will be reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**615**	(2,728)
Income tax effect on above		**-**	-
Total		**615**	(2,728)
Other Comprehensive Income for the year [Net of Tax]		**731**	(3,005)
Total Comprehensive Income for the year [Net of Tax]		**22,581**	9,039
Profit for the year		**21,850**	12,044
Attributable to:			
Owners of the Parent		**21,336**	11,766
Non-Controlling Interests		**514**	278
OCI for the year		**731**	(3,005)
Attributable to:			
Owners of the Parent		**723**	(3,012)
Non-Controlling Interests		**8**	7
Total Comprehensive Income for the year		**22,581**	**9,039**
Attributable to:			
Owners of the Parent		**22,059**	8,754
Non-Controlling Interests		**522**	285
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	42	**20.84**	11.49
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 55		

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner
Mumbai
May 27, 2021

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 27, 2021

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2021

₹ Million

Particulars	Year ended March 31, 2021		Year ended March 31, 2020
A CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax and share of profit of joint ventures		**22,848**	14,954
Adjustments for:			
Depreciation and Amortisation expense	**7,248**		6,965
Exceptional items - Premium paid to the holders of Non-Convertible Debentures [NCDs] upon purchase of the NCDs	**1,320**		-
Exceptional items - Other than above	**731**		3,636
Net Loss on disposal of Property, Plant and Equipment [Net of gain]	**35**		147
FVTPL gain/ profit on sale of investments [Net]	**(89)**		(261)
Interest income	**(503)**		(325)
Dividend income	**(5)**		(5)
Loss/ [Gain] on valuation of Forward Contract value related to investment in a Joint Venture	**276**		(464)
Interest expenses	**1,604**		3,236
Exchange Rate Fluctuation and other adjustments arising on Consolidation	**(654)**		98
Trade receivables written off	**17**		14
Expected credit loss on trade receivables [net]	**95**		26
Doubtful advances written off	**5**		50
Allowance for doubtful advances [net of written back]	**123**		176
Provision for employee benefits	**541**		436
Provision for probable product expiry claims and return of goods [net of written back]	**920**		1,015
Total		**11,664**	14,744
Operating profit before working capital changes		**34,512**	29,698
Adjustments for:			
Decrease in trade receivables	**4,315**		5,636
[Increase] in inventories	**(4,797)**		(15)
[Increase]/ Decrease in other assets	**(768)**		494
Increase/ [Decrease] in trade payables	**1,709**		(1,162)
Increase/ [Decrease] in other liabilities	**1,409**		(2,315)
Total		**1,868**	2,638
Cash generated from operations		**36,380**	32,336
Direct taxes paid [Net of refunds]		**(3,450)**	(3,025)
Foreign Currency Monetary items Translation Difference Account written off		**-**	4
Net cash from operating activities		**32,930**	29,315
B CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and intangible assets	**(8,540)**		(9,041)
Proceeds from sale of property, plant and equipment and intangible assets	**71**		153
Purchase of non current investments in subsidiaries	**-**		(1,850)
Purchase of non current investments in others	**(400)**		-
Proceeds from sale of non current investments	**12**		29
Proceeds from sale of interest in a subsidiary	**1,035**		-
FVTPL gain/ profit [net] on sale of investments which are considered as part of cash and cash equivalents	**89**		256
Interest received	**503**		325
Dividend received	**5**		5
Net cash used in investing activities		**(7,225)**	(10,123)

CASH FLOW STATEMENT

for the year ended March 31, 2021

₹ Million

	Particulars	Year ended March 31, 2021		Year ended March 31, 2020
C	**CASH FLOWS FROM FINANCING ACTIVITIES:**			
	Proceeds from issuance of share capital by a subsidiary to non-controlling interest	**9,866**		-
	Repayment of non current borrowings	**(25,683)**		(7,855)
	Current Borrowings [Net]	**(6,424)**		4,366
	Interest paid	**(1,913)**		(3,243)
	Premium paid to the holders of Non-Convertible Debentures [NCDs] upon purchase of the NCDs	**(1,320)**		-
	Dividends paid	**(15)**		(7,147)
	Tax on dividends paid	**-**		(1,403)
	Net cash used in financing activities		**(25,489)**	(15,282)
	Net increase in cash and cash equivalents		**216**	3,910
	Cash and cash equivalents at the beginning of the year		**11,777**	7,788
	Reduction in Cash and cash equivalents of the disposed subsidiaries		**(1,079)**	-
	Effect of exchange rates on Cash and cash equivalents		**(42)**	79
	Cash and cash equivalents at the end of the year		**10,872**	11,777

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 ₹ 78 [₹ 358] Million not available for immediate use.

5 Cash and cash equivalents comprise of:

		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
a	Cash on Hand	**30**	8	8
b	Balances with Banks	**8,853**	9,641	5,481
c	Investment in Liquid Mutual Funds	**1,989**	2,128	2,299
d	Total	**10,872**	11,777	7,788

6 Change in liability arising from financing activities:

	Borrowings		
	Non-Current [Note-19]	Current [Note-23]	Total
As at March 31, 2019	47,025	31,969	78,994
Cash flow	18,081	5,874	23,955
Foreign exchange movement	2,429	1,930	4,359
As at March 31, 2020	41,599	38,265	79,864
Cash flow	(25,683)	(6,424)	(32,107)
Foreign exchange movement	(790)	(1,132)	(1,922)
As at March 31, 2021	15,126	30,709	45,835

As per our report of even date
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Partner
Mumbai
May 27, 2021

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Managing Director
DIN: 00131995
Ahmedabad
May 27, 2021

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

for the year ended March 31, 2021

A EQUITY SHARE CAPITAL:

	No. of Shares	₹ Million
Equity Shares of ₹ 1/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2019	1,023,742,600	1,024
As at March 31, 2020	1,023,742,600	1,024
As at March 31, 2021	**1,023,742,600**	**1,024**

B OTHER EQUITY:

₹ Million

	Attributable to the equity holders of the parent										
	Reserves and Surplus						Items of OCI				
	Capital Reserve	Debenture Redemption Reserve	International Business Development Reserve	General Reserve	Foreign Currency Monetary Items Translation Difference Account [FCMITDA]	Retained Earnings	FVTOCI Reserve	Foreign Currency Translation Reserve	Total	Non-Controlling Interests	Total Equity
As at March 31, 2019	**278**	**2,383**	**2,000**	**15,924**	**(4)**	**83,334**	**483**	**(1,559)**	**102,839**	**12,929**	**115,768**
Add: Profit for the year	-	-	-	-	-	11,766	-	-	11,766	278	**12,044**
Add [Less]: Other Comprehensive Income	-	-	-	-	-	(103)	(174)	(2,728)	(3,005)	-	**(3,005)**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**11,663**	**(174)**	**(2,728)**	**8,761**	**278**	**9,039**
Add: Adjustment pursuant to acquisition of subsidiaries	2	-	-	-	-	-	-	-	2	-	**2**
Net movement in FCMITDA	-	-	-	-	4	-	-	-	4	-	**4**
Transactions with Owners in their capacity as owners:											
Dividends	-	-	-	-	-	(7,166)	-	-	(7,166)	-	**(7,166)**
Corporate Dividend Tax on Dividend [Net of CDT Credit]	-	-	-	-	-	(1,403)	-	-	(1,403)	-	**(1,403)**
[Less]/ Add: Adjustment pursuant to stake dilution of subsidiaries	-	-	-	-	-	(304)	-	-	(304)	140	**(164)**
As at March 31, 2020	**280**	**2,383**	**2,000**	**15,924**	**-**	**86,124**	**309**	**(4,287)**	**102,733**	**13,347**	**116,080**
Add: Profit for the year	-	-	-	-	-	21,336	-	-	21,336	514	**21,850**
Add [Less]: Other Comprehensive Income	-	-	-	-	-	(129)	245	615	731	-	**731**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**21,207**	**245**	**615**	**22,067**	**514**	**22,581**
[Less]/ Add: Transferred [from] Debenture Redemption Reserve to Retained Earnings	-	(2,160)	-	-	-	2,160	-	-	-	-	**-**
[Less]/ Add: Adjustment pursuant to stake dilution and disposal of subsidiaries	(2)	(223)	-	(27)	-	4,351	-	-	4,099	5,512	**9,611**
As at March 31, 2021	**278**	**-**	**2,000**	**15,897**	**-**	**113,842**	**554**	**(3,672)**	**128,899**	**19,373**	**148,272**

As per our report of even date
Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

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Chairman
DIN: 00131852

Rajesh K. Hiranandani
Partner
Mumbai
May 27, 2021

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 27, 2021

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 1-GROUP OVERVIEW:

The consolidated financial statements comprise financial statements of Cadila Healthcare Limited ["the Parent"] and its subsidiaries [collectively, "the Group"] and the jointly controlled entities for the year ended March 31, 2021. The Group is in the business of integrated pharmaceutical operations with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Group includes Active Pharmaceutical Ingredients [API], human formulations, animal health & veterinary, health and wellness products. The Parent's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited. The registered office of the Parent is located at "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj [Gandhinagar], Sarkhej-Gandhinagar Highway, Ahmedabad - 382481.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 27, 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 values at the end of the reporting periods:

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

2 Basis of Consolidation:

A The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at March 31, 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 results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- a The contractual arrangement with the other vote holders of the investee.
- b Rights arising from other contractual arrangements.
- c The Group's voting rights and potential voting rights.
- d The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

B The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

C Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

D The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Group, i.e., year ended on March 31. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary.

3 Business combinations and Goodwill:

A In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward. The same first time adoption exemption is also used for joint ventures.

B Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value.

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

D When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

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

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

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

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

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

4 Common Control Transactions:

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

A The assets and liabilities of the combining entities are reflected at their carrying amounts.

B No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

C The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against General Reserve.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

D The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

E The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of Share Capital of the transferor is transferred to Capital Reserve and is presented separately from other Capital Reserves.

F Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ NCLT, the business combination is accounted for as per the accounting treatment sanctioned in the Scheme.

5 Investment in joint ventures:

A The Group's investments in its joint ventures are accounted for using the equity method. Under the equity method, the investment in joint ventures is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint ventures since the acquisition date.

B The Statement of profit and loss reflects the Group's share of the results of operations of the joint ventures. Any change in OCI of those investees is presented as a part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of any changes, when applicable, in the Statement of changes in equity.

C If an entity's share of losses of joint ventures equals or exceeds its interest in the joint ventures [which includes any long term interest that, in substance, forms part of the Group's net investment in the joint ventures], the entity discontinues recognising its share of further losses.

Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

D The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

E After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value, and then recognises the loss as "Share of profit/ [loss] of joint ventures" in the Statement of profit and loss.

6 Use of Estimates:

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

Critical accounting judgments and estimates:

A Property, Plant and Equipment:

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

B Impairment of property, plant and equipment, goodwill and investments:

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

C Employee benefits:

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

D Product expiry claims and chargebacks:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

in determining the value of chargebacks on the basis of terms of agreement with the customers and Government schemes in USA.

E **Taxes on Income:**

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

F **Contingent liabilities and litigations:**

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

7 Foreign Currency Transactions:

The Group's consolidated financial statements are presented in Indian Rupees [₹], which is the functional currency of the Parent Company.

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

A The transactions in foreign currencies are translated into functional currency by the Groups' entities at their respective functional currency rates of exchange prevailing on the dates of transactions.

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

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

D Investments in foreign companies are recorded in functional currency of the entity at the rates of exchange prevailing at the time when the investments were made.

E The net gain or loss on account of exchange rate differences either on settlement or on translation of long term foreign currency monetary items recognised on or after April 1, 2016 is recognised as income or expense in the Statement of Profit and Loss in the year in which they arise. The net gain or loss on long term foreign currency monetary items recognised in the financial statement for the period ended on March 31, 2016 is recognised under "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], except in case of foreign currency loans taken for funding of Property, Plant and Equipment, where such difference is adjusted to the cost of respective Property, Plant and Equipment. This is as per the exemption given under Ind AS 101 to defer/ capitalize exchange differences arising on long-term foreign currency monetary items. The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.

F **Group Companies:**

a On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their Statements of profit and loss are translated at average exchange rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

b Any Goodwill arising in the acquisition/ business combination of a foreign operation on or after April 1, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the reporting date.

c Any Goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS [April 1, 2015], are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation.

Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the Parent and no further translation differences occur.

d Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition to IND AS, viz., April 1, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

8 Revenue Recognition:

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

a **Sale of Goods:**

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

The goods are often sold with volume discounts/ pricing incentives/ chargebacks/ rebates and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts/ MRP, net of discounts, sales tax/ Goods and Services Tax [GST], chargebacks and other similar allowances. When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price [excluding estimates of variable consideration] that is allocated to that performance obligation. These are calculated on the basis of historical experience and the specific terms in the individual contracts.

Historical experience, specific contractual terms and future expectations of sales are used to estimate and provide for damage or expiry claims.

No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Group.

b Service Income:

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

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

a Interest Income:

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

b Dividend:

Dividend income is recognised when the Group’s right to receive the payment is established.

c Other Income:

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

9 Government Grants:

A Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

B Government grants related to revenue are recognised on a systematic and gross basis in the Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1, 2015, the Group uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of loan.

10 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

a Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961 for Indian entities or provisions of respective countries where the group operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

b Current tax items are recognised in co-relation to the underlying transaction either in profit or loss, OCI or directly in Equity.

B Deferred Tax:

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

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

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

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

h Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangement where the group is able to control the timing of reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangement where it is not probable that the group is able to control the timing of reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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

11 Property, Plant and Equipment:

A Freehold land is carried at historical cost, less impairment, if any. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in the financial statements for the period ended on March 31, 2016, attributable to Property, Plant and Equipment is adjusted to the cost of respective Property, Plant and Equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the Statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

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

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

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

The estimated useful lives are as follows:

Asset Class	No. of years
Leasehold Land	Over the period of lease
Buildings	10 to 60 Years
Plant and Equipment	2 to 15 Years
Furniture, Fixtures and Office Equipments	3 to 10 Years
Vehicles	4 to 8 Years

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

D Depreciation on impaired assets is calculated on the reduced values, if any, on a systematic basis over its remaining useful lives.

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

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

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

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

12 Intangible Assets:

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

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

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

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

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

F An item of intangible asset initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

The estimated useful lives are as follows:

Asset Class	No. of years
Brands/ Trademarks	3 to 15 Years
Technical Know-how, Commercial Rights	3 to 10 Years
Computer Software	3 to 5 Years

13 Research and Development Cost:

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

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

14 Borrowing Costs:

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

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

15 Impairment of Non Financial Assets:

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

16 Inventories:

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

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

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

17 Cash and Cash Equivalents:

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

18 Leases:

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

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

The Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the previous year.

For contracts in place at the date of initial application, the Group has elected to apply the definition of lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline 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 Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date [net of any incentives received].

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

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

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

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

19 Provisions, Contingent Liabilities and Contingent Assets:

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

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

20 Provision for Product Expiry Claims:

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

21 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

i Gratuity:

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

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

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

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

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

ii Net interest expense or income.

ii Group administered Provident Fund:

In case of a specified class of employees of the Parent, who are eligible to receive benefits of Group administered provident fund, monthly

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

contributions of such employees and the Group are deposited to Employees' Provident Fund Trust. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Contributions to such provident fund are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

c Defined Contribution Plans - Provident Fund Contribution:

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

For details of significant post employment benefit plans refer Note 21.

C Employee Separation Costs:

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

22 Dividends :

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

23 Financial Instruments:

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

A Financial Assets:

a Initial recognition and measurement:

All financial assets are recognised initially at fair value plus 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 in four categories:

i Debt instruments at amortised cost:

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate [EIR] method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of profit and loss.

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

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

iv **Equity instruments:**

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

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

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

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

c **Derecognition:**

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

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

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

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

d **Impairment of financial assets:**

In accordance with Ind AS 109, the Group applies expected credit loss [ECL] model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset. The Group follows 'simplified approach' for recognition of impairment loss allowance.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it requires the Group to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR.

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

d Embedded derivatives:

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

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

C Reclassification of financial assets:

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

D Offsetting of financial instruments:

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

24 Derivative Financial Instruments and Hedge Accounting:

Derivatives are recognised initially at fair value and subsequently at fair value through profit and loss.

Fair value hedges:

The Group applies fair value hedge accounting for changes in fair value of trade receivables [non-derivative financial assets] attributable to foreign currency risk. The Group designates certain non-derivative foreign currency financial liabilities [hedging instrument] to hedge the risks of changes in fair value of trade receivables attributable to the movement in foreign exchange rates. The Group documents at the time of designation the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking such hedging transactions. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the risk management objectives are met with the hedging relationship.

Changes in fair values of both hedging instruments and hedged items are recognised in foreign exchange gains / losses as a part of other income or other expenses as the case may be. If the hedge no longer meets the criteria for hedge accounting, this accounting treatment is discontinued.

Net Investment hedges:

The Group applies net investment hedge for hedges of adjustments arising from translating the functional currency financial statements of foreign operations (hedges of net investments) into functional currency of the Parent. The effective portion of change in the fair value of non-derivative financial liabilities is recorded as a foreign currency translation adjustment in other comprehensive income in Group's

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

Consolidated Statement of Comprehensive Income. The change in fair value of the hedging instrument relating to the effective portion of the hedge are subsequently recognised in Group's Consolidated Income Statement on disposal of the foreign operation(s). The ineffective portion of the change in fair value of the non-derivative financial liabilities is recognised in Group's Consolidated Income Statement.

25 Fair Value Measurement:

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

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

26 Non-Current assets and disposal group held for sale:

Assets and liabilities of disposal groups held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less cost to sell includes use of management estimates and assumptions. The fair value of the disposal groups is estimated using valuation techniques [including income and market approach] which includes unobservable inputs.

27 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker [CODM] of the Group.

28 Earnings per share:

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

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs 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 CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS:

[A] Property, Plant and Equipment:

₹ Million

	Freehold Land	Leasehold Land#	Buildings#	Plant and Equipment	Furniture and Fixtures	Vehicles#	Office Equipment	Total
Gross Block:								
As at March 31, 2019	3,820	1,272	14,996	53,991	1,279	975	963	**77,296**
Right of use assets	-	-	250	-	-	108	-	**358**
Additions	24	260	3,428	3,355	732	127	481	**8,407**
Disposals	-	-	(80)	(641)	(37)	(82)	(8)	**(848)**
Other adjustments	28	2	247	347	8	(76)	11	**567**
As at March 31, 2020	3,872	1,534	18,841	57,052	1,982	1,052	1,447	**85,780**
Additions	-	443	1,871	4,564	68	153	68	**7,167**
Disposals	-	-	-	(172)	(1)	(92)	-	**(265)**
Other adjustments	(147)	(1)	(258)	(483)	(19)	(3)	(18)	**(929)**
As at March 31, 2021	3,725	1,976	20,454	60,961	2,030	1,110	1,497	**91,753**
Depreciation and Impairment:								
As at March 31, 2019	-	93	2,990	21,505	762	439	448	**26,237**
Depreciation for the year	-	23	584	4,370	113	147	184	**5,421**
Disposals	-	-	(20)	(445)	(28)	(73)	(6)	**(572)**
Other adjustments	-	1	47	120	5	(5)	4	**172**
As at March 31, 2020	-	117	3,601	25,550	852	508	630	**31,258**
Depreciation for the year	-	24	645	4,494	141	135	225	**5,664**
Disposals	-	-	-	(122)	(1)	(50)	-	**(173)**
Other adjustments	-	(1)	(105)	(365)	(15)	(1)	(9)	**(496)**
As at March 31, 2021	-	140	4,141	29,557	977	592	846	**36,253**
Net Block:								
As at March 31, 2020	3,872	1,417	15,240	31,502	1,130	544	817	**54,522**
As at March 31, 2021	3,725	1,836	16,313	31,404	1,053	518	651	**55,500**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS: (Contd...)

[B] Intangible Assets:

₹ Million

	Goodwill	Other Intangible Assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2019	52,991	15,853	1,351	6,947	2,585	**26,736**
Additions	1,003	3	468	-	215	**686**
Disposals	-	(95)	-	-	-	**(95)**
Other adjustments	476	59	21	602	(444)	**238**
As at March 31, 2020	54,470	15,820	1,840	7,549	2,356	**27,565**
Additions	-	17	205	-	715	**937**
Disposals	(721)*	(63)	-	-	-	**(63)**
Other adjustments	(181)	4	(35)	(231)	(48)	**(310)**
As at March 31, 2021	53,568	15,778	2,010	7,318	3,023	**28,129**
Amortisation and Impairment:						
As at March 31, 2019	101	5,302	809	1,852	1,085	**9,048**
Amortisation for the year	2	701	240	584	17	**1,542**
Impairment for the year	452 *	25	-	2,717 **	-	**2,742**
Disposals	-	(71)	-	-	-	**(71)**
Other adjustments	-	63	14	359	-	**436**
As at March 31, 2020	555	6,020	1,063	5,512	1,102	**13,697**
Amortisation for the year	-	669	313	552	50	**1,584**
Impairment for the year	-	2	-	731 **	-	**733**
Disposals	(457)*	(63)	-	-	-	**(63)**
Other adjustments	5	22	(22)	(185)	-	**(185)**
As at March 31, 2021	103	6,650	1,354	6,610	1,152	**15,766**
Net Block:						
As at March 31, 2020	53,915	9,800	777	2,037	1,254	**13,868**
As at March 31, 2021	53,465	9,128	656	708	1,871	**12,363**

Includes right of use assets, refer Note-30 for detailed breakup.

* Refer Note - 52

** Refer Note - 47 [^]

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS: (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 as follows:

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units [CGUs] those are expected to get benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Consumer Wellness	**39,441**	39,441
US Specialty Business	**5,405**	5,586
India Human Formulations	**5,296**	5,296
US Generics	**1,472**	1,472
Brazil Formulations	**1,350**	1,350
US Generics - Windlas Healthcare	**-**	269
South Africa Formulations	**324**	324
Europe Generics	**144**	144
Others	**33**	33
Total	**53,465**	53,915

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 :

₹ Million

	As at March 31, 2021	As at March 31, 2020
Long Term Growth Rate	0% - 9.2%	1.2% - 6.5%
Discount Rate	7.9%-16.6%	9.8% - 10.0%

The above discounted rate is based on the Weighted Average Cost of Capital [WACC] of the Parent. These estimates are likely to differ from future actual results of operations and cash flows.

Notes:

1 Other adjustments include adjustments on account of borrowing costs, exchange rate difference and impact of stake sale in a subsidiary [Refer Note-52].

Summarised statement for movement in Capital work-in-progress:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Balance as at the beginning of the year	**7,415**	8,372
Add: Expenditure incurred during the year	**7,454**	8,195
Add: Borrowing costs	**6**	23
Add: Other directly attributable costs	**9**	23
Less: Capitalized during the year	**(7,052)**	(9,198)
Balance as at the end of the year	**7,832**	7,415

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 4-INTEREST IN JOINT VENTURES:

The Group has 50% interest in Zydus Takeda Healthcare Private Limited and Zydus Hospira Oncology Private Limited, 25% interest in Bayer Zydus Pharma Private Limited and 25.50% in US Pharma Windlas LLC [for the previous year]. The Group's interest in all the four entities is accounted using the "equity method" in the Consolidated Financial Statements [CFS]. None of them individually contribute materially to the Group's revenues and assets. Summarised financial information of the Joint Ventures, based on its Ind AS financial statements, is as under:

₹ Million

				As at March 31, 2021	As at March 31, 2020
A	**Summarised Balance Sheet as at March 31:**				
	Non-Current Assets			**3,505**	2,643
	Current Assets			**6,293**	6,537
	Non-Current Liabilities			**(316)**	(293)
	Current Liabilities			**(1,511)**	(1,142)
	Equity			**7,971**	7,745
	Carrying amount of investment in Joint Ventures			**3,570**	3,516
B	**Summarised Statement of Profit and Loss for the year ended March 31:**				
	Revenue			**8,598**	8,250
	Profit after Tax			**1,028**	654
	Other Comprehensive Income for the year, net of tax			**(6)**	(31)
	Total Comprehensive Income for the year, net of Tax			**1,022**	623
	Group's share in Profit after Tax for the year			**474**	288
	Group's share in OCI for the year			**(2)**	(7)
C	**Summarised Group's share in Contingent Liabilities and Commitments [to the extent not provided for]:**				
	a	Contingent liabilities:			
		i.	In respect of the demands raised by the Central Excise, State Excise and Customs Authorities	**3**	4
		ii.	In respect of Sales Tax matters pending before appellate authorities	**4**	2
		iii.	In respect of Income Tax matters pending before appellate authorities	**941**	934
	b	Commitments:			
		Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]		**38**	54
D	Group's share in dividend declared by the Joint Ventures during the year			**436**	250

NOTE: 5-INVESTMENTS [NON-CURRENT]:

₹ Million

	Nos. [*]	Face Value [**]	As at March 31, 2021	As at March 31, 2020
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Foundation [^]	50,000	10	**1**	1
Investment in Non-convertible Debentures [Valued at amortised cost]:				
Subsidiary Company [Quoted]:				
Zydus Foundation [^]	18,500,000	100	**1,355**	1,252
Investments [Valued at fair value through OCI]:				
In fully paid-up Common Stock of:				
Quoted:				
Onconova Therapeutic Inc. USA [₹ 317,262/- {as at March 31, 2020: ₹ 98,356/-}]	4,341	$0.01	**-**	-
Pieris Pharmaceuticals Inc., USA	1,415,539	$0.001	**266**	244
			266	244

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 5-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

	Nos. [*]	Face Value [**]	As at March 31, 2021	As at March 31, 2020
Investments in fully paid-up Equity Instruments:				
Quoted:				
Housing Development Finance Corporation Limited	219,500	2	**549**	358
HDFC Bank Limited	8,000	1	**12**	7
Kokuyo Camlin Limited	72,090	1	**4**	3
Camlin Fine Sciences Limited	152,000	1	**21**	6
Accelya Kale Consultants Limited [₹: 326,794 {as at March 31, 2020: ₹ 325,052}]	383	10	**-**	-
Reliance Industries Limited [as at March 31, 2020: ₹ 387,133]	348 [174]	10	**1**	-
Vedanta Limited	57,750	10	**13**	4
Tanla Solution Limited [as at March 31, 2020:₹ 98,261]	2,026	1	**1**	-
			601	378
Unquoted				
Bharuch Enviro Infrastructure Limited [₹ 12,140/-]	1,214	10	**-**	-
Narmada Clean Tech	625,813	10	**6**	6
Enviro Infrastructure Company Limited	50,000	10	**1**	1
GVFL Limited	50,000	10	**1**	1
Saraswat Co-Op Bank Limited [₹ 20,350/-]	2,500	10	**-**	-
The Shamrao Vithal Co-Op Bank Limited [₹ 2,500/-]	100	25	**-**	-
The Green Environment Co-operative Society Limited [₹ 5,000/-]	50	100	**-**	-
Shivalik Solid Waste Management Limited [₹ 2,00,000/-]	20,000	10	**-**	-
			8	8
Investments in Partnership Firm [Unquoted]:				
IndoHealth Services LLP [#]			**400**	-
Investment in Preference Shares [Valued at amortised cost][Unquoted]:				
In fully paid-up, 1%, Redeemable Cumulative preference Shares of Enviro Infrastructure Company Limited	900,000	10	**9**	9
Investment in Bonds [Valued at amortised cost] [Quoted]:				
In fully paid-up Bonds of:				
9.90% Tamil Nadu Generation and Distribution Corporation Limited	2 [3.5]	1,000,000	**2**	3
10.00% Krishna Bhagya Jala Nigam Limited	0 [12]	1,000,000	**-**	12
9.10% PNB Housing Finance Limited	25	1,000,000	**25**	24
9.75% Piramal Enterprises Limited	35	1,000,000	**35**	35
9.00% Indiabulls Housing Finance Limited	40,000	1,000	**40**	40
			102	114
Total			**2,742**	2,006
a i Aggregate book value of quoted investments			**2,324**	1,988
ii Market value of quoted investments			**2,324**	1,988
b Aggregate book value of unquoted investments			**418**	18

Explanations:

a In "Nos. [*]" figures of previous year are same unless stated in [ ].

b In "Face Value [**]", figures in Indian Rupees unless stated otherwise.

[^] Zydus Foundation is a company incorporated under Section 8 of the Companies Act, 2013 and this company is prohibited to give any right over their profits to its members. In view of restrictions on Section 8 companies, the parent Company's share in Zydus Foundation has not been considered in consolidated financial statements.

[#] Pursuant to Limited Liability Partnership Agreement, the contribution made by the Group has lock-in period of 3 years from the date of investment till March 24, 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 6-OTHER FINANCIAL ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**373**	335
Forward Contract value related to investment in a Joint Venture	**1,590**	1,866
Others	**555**	659
Total	**2,518**	2,860

NOTE: 7-DEFERRED TAX:

₹ Million

		Consolidated Balance Sheet As at March 31		Statement of Profit and Loss Year ended March 31	
		2021	2020	**2021**	2020
Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under:					
Deferred Tax Liabilities:					
	Depreciation	**3,682**	3,901	**(219)**	(1,440)
	Fair Value Adjustment - Financial Instruments	**164**	164	**-**	-
	Amortisation of stepped-up basis for intangible assets	**109**	351	**(242)**	(694)
		3,955	4,416	**(461)**	(2,134)
Deferred Tax Assets:					
	Employee benefits/ Payable to Statutory Authorities	**1,794**	1,578	**216**	208
	Inventory and related items	**2,822**	2,036	**786**	(142)
	Receivables	**1,214**	805	**409**	(686)
	Unabsorbed depreciation and losses	**364**	1,336	**(972)**	(3,300)
	MAT Credit Entitlement	**6,982**	4,687	**2,295**	436
	Others	**326**	404	**(78)**	600
	Total	**13,502**	10,846	**2,656**	(2,884)
Net Deferred Tax [Assets]/ Liabilities		**(9,547)**	(6,430)	**(3,117)**	750
Out of above:					
a	Disclosed as Deferred Tax Assets	**10,744**	8,529		
b	Disclosed as Deferred Tax Liabilities	**1,197**	2,099		
c	Included in Profit or Loss			**(3,183)**	821
d	Included in OCI			**66**	(71)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

The Group has tax losses which arose in India of ₹ 12,238 [as at March 31, 2020: ₹ 18,829] Million that are available for offsetting for indefinite period, except losses of ₹ 2,807 [as at March 31, 2020: ₹ 619] Million which are available for offset for eight years against future taxable profits of the companies in which the losses arose. Out of ₹ 2,807 Million, 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 ₹ 3,370 Million [March 31, 2020: ₹ 8,484 Million]. Such MAT credit has not been recognised and included as a component of deferred tax asset in the balance sheet, as, on the basis of the assessment made by the management of the respective Company's profitability and operational plans in the foreseeable future, the management is of the view that presently, there is no convincing evidence that the respective Company would be liable to pay income tax under the normal provisions of the Income-tax Act for the periods up to which the Company is eligible to utilise the unused MAT credit.

Further, and 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.

The deferred tax assets have not been recognised in respect of unabsorbed losses of subsidiaries ₹ 3,412 [as at March 31, 2020: ₹ 2,147] Million as they may not be used to offset taxable profits and there are no other tax planning opportunities or other evidence of recoverability in the near future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 8-OTHER NON-CURRENT ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	**1,104**	644
Balances with Statutory Authorities	**847**	835
Others	**93**	96
Total	**2,044**	1,575

NOTE: 9-ASSETS FOR CURRENT TAX [NET]:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Advance payment of Tax [Net of provision for taxation]	**909**	1,506
Total	**909**	1,506

NOTE: 10-INVENTORIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	**11,438**	8,887
Work-in-progress	**4,593**	4,099
Finished Goods	**8,472**	5,430
Stock-in-Trade	**5,749**	7,793
Stores and Spares	**81**	154
Others:		
Packing Materials	**2,029**	1,527
Total	**32,362**	27,890
The above includes Goods in transit as under:		
Raw Materials	**170**	138
Stock-in-Trade	**58**	117
Packing Materials	**35**	16
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories Net of reversal of write-down	**106**	112

For details of inventories pledged as security, refer Note 23.

NOTE: 11-INVESTMENT [CURRENT]:

	Nos. [**]	As at March 31, 2021	As at March 31, 2020
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss][*]			
HDFC Overnight Fund - Direct Plan - Growth	0 [344,856.126]	**-**	1,024
ICICI Prudential Overnight Fund - Direct Plan - Growth	17,920,336.150 [10,247,307.105]	**1,989**	1,104
Total		**1,989**	2,128

[*] Considered as cash and cash equivalents for Cash Flow Statement

[**] In "Nos." figures of previous year are stated in [ ].

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 12-TRADE RECEIVABLES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Secured - Considered good	**1,104**	752
Unsecured - Considered good	**30,169**	35,880
Unsecured - Credit impaired	**317**	202
	31,590	36,834
Less: Allowances for credit losses	**317**	202
Total	**31,273**	36,632

NOTE: 13-CASH AND BANK BALANCES:

₹ Million

		As at March 31, 2021	As at March 31, 2020
A	**Cash and Cash Equivalents:**		
	Balances with Banks	**6,622**	8,445
	Cash on Hand	**30**	8
	Total	**6,652**	8,453
B	**Bank balances other than cash and cash equivalents:**		
	Balances with Banks	**2,231**	1,196
	Total	**2,231**	1,196

NOTE: 14-LOANS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured]		
Loan to others - Credit impaired	**88**	100
	88	100
Less: Allowances for credit impaired	**88**	100
Total	**-**	-

NOTE: 15-OTHER CURRENT FINANCIAL ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good]		
Deposits other than Banks	**-**	687
GST Refund receivable	**1,493**	1,093
Dividend Receivable	**103**	-
Receivables for Forward Contract	**348**	-
Others	**400**	526
Total	**2,344**	2,306

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 16-OTHER CURRENT ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good]		
Balances with Statutory Authorities	**5,993**	5,583
Advances to Suppliers	**1,421**	856
Export Incentive Receivables	**1,224**	1,260
Prepaid Expenses	**908**	761
Advance CSR contribution	**735**	-
Others	**28**	89
Total	**10,309**	8,549

NOTE: 17-EQUITY SHARE CAPITAL:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Authorised:		
1,725,000,000 [as at March 31, 2020: 1,725,000,000] Equity Shares of ₹ 1/- each	**1,725**	1,725
	1,725	1,725
Issued, Subscribed and Paid-up:		
1,023,742,600 [as at March 31, 2020: 1,023,742,600] Equity Shares of ₹ 1/- each, fully paid-up	**1,024**	1,024
Total	**1,024**	1,024
A There is no change in the number of shares as at the beginning and end of the year.		
Number of shares at the beginning and at the end of the year	**1,023,742,600**	1,023,742,600
B The Parent has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the parent company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholder holding more than 5% of aggregate Equity Shares of ₹ 1/- each, fully paid:		
Zydus Family Trust		
Number of Shares	**766,381,434**	766,381,434
% to total share holding	**74.86%**	74.86%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 18-OTHER EQUITY:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Capital Reserve:		
Balance as per last Balance Sheet	**280**	278
[Less]/ Add: Adjustment pursuant to disposal/ acquisition of subsidiaries	**(2)**	2
	278	280
Debenture Redemption Reserve:		
Balance as per last Balance Sheet	**2,383**	2,383
Less: Adjustment pursuant to stake dilution in subsidiaries	**(223)**	-
Less: Transfer to Retained Earnings	**(2,160)**	-
	-	2,383
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	**2,000**	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	**15,924**	15,924
Less: Adjustment pursuant to stake dilution in subsidiaries	**(27)**	-
	15,897	15,924
Foreign Currency Monetary Items Translation Difference Account: [***]		
Balance as per last Balance Sheet	**-**	(4)
Add: Credited during the year	**-**	4
	-	-
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**309**	483
Add/ [Less]: Credited/ [Debited] during the year	**245**	(174)
	554	309
Foreign Currency Translation Reserve:		
Balance as per last Balance Sheet	**(4,287)**	(1,559)
Add/ [Less]: Exchange differences on consolidation	**615**	(2,728)
	(3,672)	(4,287)
Retained Earnings:		
Balance as per last Balance Sheet	**86,124**	83,334
Add: Profit for the year	**21,336**	11,766
	107,460	95,100
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement losses on defined benefit plans [net of tax]	**(127)**	(96)
Share of Other Comprehensive Income of Joint Ventures [net of tax]	**(2)**	(7)
Less: Dividends:		
Dividends	**-**	(7,166)
Corporate Dividend Tax on Dividend [Net of CDT Credit]	**-**	(1,403)
	-	(8,569)
Add: Transferred from Debenture Redemption Reserve	**2,160**	-
Add/ [Less]: Adjustment pursuant to stake dilution and disposal of subsidiaries	**4,351**	(304)
Balance as at the end of the year [^]	**113,842**	86,124
Total	**128,899**	102,733

[^] Includes ₹ 8,704 [as at March 31, 2020: ₹ 4,581] Million of Security Premium received by the group on issuance of equity shares by one of the subsidiaries to non-controlling interest holders.

[*] International Business Development Reserve was created pursuant to Composite Scheme of Amalgamation approved by the Hon'ble High Court of Gujarat and its utilization shall be as provided in the scheme.

[**] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.

[***] The Group had opted for accounting the exchange rate differences arising on the Long Term Foreign Currency Monetary Items [LTFCMI] in accordance with the notification dated March 31, 2009 and amended on December 29, 2011 under the Companies [Accounting Standards] Amendment Rules, 2009 on Accounting Standard 11 relating to "the effects of changes in foreign exchange rates". Accordingly, the effects of exchange rate differences arising on translation or settlement of long term foreign currency loans availed for funding acquisition of Property, Plant and Equipment have been adjusted to the cost of respective items of Property, Plant and Equipment. In other cases, such exchange rate difference on the LTFCMI is transferred to "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA]. The option of transferring exchange rate differences to FCMITDA is available on LTFCMI outstanding as on March 31, 2016 only. The FCMITDA is amortised during the tenure of the respective LTFCMI but not beyond March 31, 2020.

[#] The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 19-BORROWINGS:

₹ Million

	Non-current portion		Current Maturities	
	As at March 31, 2021	As at March 31, 2020	**As at March 31, 2021**	As at March 31, 2020
A Term Loans from Banks:				
a Term Loans:				
i Unsecured	**-**	4,536	**2,926**	3,550
b External Commercial Borrowings [ECB] in Foreign Currency:				
i Secured	**-**	-	**-**	853
ii Unsecured	**6,095**	12,600	**6,095**	5,040
	6,095	12,600	**6,095**	5,893
B Term Loans from Others [Unsecured]	**-**	10	**10**	10
C Non-Convertible Debentures [Secured]	**-**	15,000	**-**	-
Total	**6,095**	32,146	**9,031**	9,453
The above amount includes:				
Secured borrowings	**-**	15,000	**-**	853
Unsecured borrowings	**6,095**	17,146	**9,031**	8,600
Amount disclosed under the head "Other Current Financial Liabilities" [Note-25]	**-**	-	**(9,031)**	(9,453)
Net amount	**6,095**	32,146	**-**	-

A Terms of Repayment for Unsecured Borrowings:

a Term Loans:

i Term loan of USD 120 Million of one of the subsidiary companies is repayable in three yearly installments starting from January 18, 2020 along with interest for the period. The outstanding amount of loan as at March 31, 2021 is ₹ 2,926 [as at March 31, 2020: ₹ 6,047] Million.

b ECB in Foreign Currency Loans:

i ECB of USD 30 Million is repayable in three yearly instalments starting from January 17, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 731 [as at March 31, 2020: ₹ 1,512] Million.

ii ECB of USD 20 Million is repayable in three yearly instalments starting from March 1, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 488 [as at March 31, 2020: ₹ 1,008] Million.

iii ECB of USD 100 Million is repayable in three yearly instalments starting from March 27, 2021. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 4,876 [as at March 31, 2020: ₹ 7,560] Million.

iv ECB of USD 30 Million is repayable in three yearly instalments starting from April 26, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 1,463 [as at March 31, 2020: ₹ 2,268] Million.

v ECB of USD 20 Million is repayable in three yearly instalments starting from September 18, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 975 [as at March 31, 2020: ₹ 1,512] Million.

vi ECB of USD 20 Million is repayable in three yearly instalments starting from September 7, 2021. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 1,463 [as at March 31, 2020: ₹ 1,512] Million.

vii ECB of USD 30 Million is repayable in three yearly instalments starting from January 23, 2022. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 2,194 [as at March 31, 2020: ₹ 2,268] Million.

c Rupee Loans:

i Loan from Department of Science and Technology is repayable in ten yearly equal installments starting from November 1, 2012. The outstanding amount as at March 31, 2021 is ₹ 10 [as at March 31, 2020: ₹ 20] Million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 20-OTHER FINANCIAL LIABILITIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Trade Deposits	**227**	199
Lease Obligations	**151**	145
Others	**163**	110
Total	**541**	454

NOTE: 21-PROVISIONS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	**3,095**	2,352
Total	**3,095**	2,352

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

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

Investment risk:

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

Interest risk:

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

Longevity risk:

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

Salary risk:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 21-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2021			As at 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	**255**	**1,918**	**2,586**	189	1,536	2,204
	Transfer in/ [out]	**-**	**-**	**2**	18	(18)	-
	Interest cost	**15**	**110**	**154**	15	101	148
	Current service cost	**32**	**330**	**338**	20	284	266
	Benefits paid	**(17)**	**(232)**	**(209)**	(13)	(198)	(154)
	Actuarial [gains]/ losses on obligation due to:						
	Experience adjustments	**33**	**90**	**36**	9	139	(2)
	Change in financial assumptions	**17**	**97**	**127**	17	74	124
	Closing obligation	**335**	**2,313**	**3,034**	255	1,918	2,586
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	**-**	**214**	**1,709**	-	200	1,500
	Transfer in/ [out]	**-**	**-**	**(2)**	-	-	-
	Expected return on plan assets	**-**	**13**	**109**	-	14	106
	Return on plan assets excluding amounts included in interest income	**-**	**(1)**	**7**	-	(2)	(13)
	Contributions by employer	**-**	**3**	**272**	-	2	261
	Benefits paid	**-**	**(1)**	**(208)**	-	-	(145)
	Actuarial [losses]/ gains	**-**	**-**	**-**	-	-	-
	Closing fair value of plan assets	**-**	**228**	**1,887**	-	214	1,709
	Total actuarial [losses]/ gains to be recognised	**(50)**	**(187)**	**(163)**	(26)	(213)	(122)
D	**Actual return on plan assets:**						
	Expected return on plan assets	**-**	**13**	**109**	-	14	106
	Actuarial [losses]/ gains on plan assets	**-**	**-**	**-**	-	-	-
	Actual return on plan assets	**-**	**13**	**109**	-	14	106
E	**Amount recognised in the balance sheet:**						
	Liabilities/ [Assets] at the end of the year	**335**	**2,313**	**3,034**	255	1,918	2,586
	Fair value of plan assets at the end of the year	**-**	**(228)**	**(1,887)**	-	(214)	(1,709)
	Difference	**335**	**2,085**	**1,147**	255	1,704	877
	Unrecognised past service cost	**-**	**-**	**-**	-	-	-
	Liabilities/ [Assets] recognised in the Balance Sheet	**335**	**2,085**	**1,147**	255	1,704	877
F	**Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	**32**	**330**	**338**	20	284	266
	Interest cost on benefit obligation	**15**	**110**	**154**	15	101	148
	Expected return on plan assets	**-**	**(13)**	**(109)**	-	(14)	(106)
	Return on plan assets excluding amounts included in interest income	**-**	**1**	**-**	-	2	-
	Net actuarial [gains]/ losses in the year	**50**	**187**	**-**	26	213	-
	Amount included in "Employee Benefits Expense"	**97**	**615**	**383**	61	586	308
	Return on plan assets excluding amounts included in interest income	**-**	**-**	**(7)**	-	-	13
	Net actuarial [gains]/ losses in the year	**-**	**-**	**163**	-	-	122
	Amounts recognized in OCI	**-**	**-**	**156**	-	-	135

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 21-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2021			As at 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	**255**	**1,704**	**877**	189	1,336	704
	Transfer in/ [out]	**-**	**-**	**4**	18	(18)	-
	Expenses as above [P & L Charge]	**97**	**615**	**383**	61	586	308
	Amount recognised in OCI	**-**	**-**	**156**	-	-	135
	Employer's contribution	**-**	**(3)**	**(272)**	-	(2)	(261)
	Benefits Paid	**(17)**	**(232)**	**(1)**	(13)	(198)	(9)
	Liabilities/ [Assets] recognised in the Balance Sheet	**335**	**2,085**	**1,147**	255	1,704	877
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate	**6.25% - 6.50%**	**6.25% - 6.50%**	**6.25% - 6.50%**	6.45% - 6.70%	6.45% - 6.70%	6.45% - 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	**12% for next 3 year, 9% thereafter**			12% for next 1 year, 9% thereafter		
	[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]						
I	**The categories of plan assets [India] as a % of total plan assets are:**						
	Insurance plan	**0.00%**	**100.00%**	**100.00%**	0.00%	100.00%	100.00%

J Amount recognised in current and previous four years:

Gratuity:	As at March 31				
	2021	2020	2019	2018	2017
Defined benefit obligation	3,034	2,586	2,204	1,777	1,503
Fair value of Plan Assets	1,887	1,709	1,500	1,064	931
Deficit/ [Surplus] in the plan	1,147	877	704	713	572
Actuarial Loss/ [Gain] on Plan Obligation	163	122	29	124	208
Actuarial Loss/ [Gain] on Plan Assets	-	-	3	-	(1)

The average duration of defined benefit plan obligation at the end of the year is 22.79 to 27.41 years [as at March 31, 2020 : 23.34 to 29.92 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumptions is shown below:

₹ Million

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%	**(12)**	(15)	**(63)**	(50)	**(100)**	(86)
Discount rate decrease by 0.5%	**14**	16	**68**	53	**107**	92
Annual salary cost increase by 0.5%	**13**	16	**67**	52	**102**	89
Annual salary cost decrease by 0.5%	**(11)**	(15)	**(62)**	(50)	**(97)**	(84)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 21-PROVISIONS: (Contd...)

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

₹ Million

	As at March 31, 2021	As at March 31, 2020
Within the next 12 months [next annual reporting period]	**935**	748
Between 2 and 5 years	**2,338**	1,763
Between 6 and 10 years	**2,036**	1,891
Total expected payments	**5,309**	4,402

NOTE: 22-OTHER NON-CURRENT LIABILITIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Others	**10**	17
Total	**10**	17

NOTE: 23-BORROWINGS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured]	**3,839**	2,879
Working Capital Loans from Banks [Unsecured]	**26,870**	35,386
Total	**30,709**	38,265

A Securities and Terms of Repayment for Secured Borrowings:

i Working Capital Loans of the Parent, which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares not relating to plant and machineries (consumable stores), including goods in transit, bills receivables and book debts. The value of such current assets as at March 31, 2021 is ₹ 36,838 [as at March 31, 2020: ₹ 38,514] Million. The Packing Credit loans in Foreign Currency [PCFC] of the Parent are repayable during April, 2021 to September, 2021. The outstanding amount of total working capital loans as at March 31, 2021 is ₹ 3,839 [as at March 31, 2020: ₹ 2,716] Million.

B Terms of Repayment for Unsecured Borrowings:

i PCFC and Packing Credit loans in INR [PCRE] loans of the Parent are payable during April, 2021 to September, 2021. The outstanding amount of loans as at March 31, 2021 is ₹ 9,870 [as at March 31, 2020: ₹ 11,718] Million.

ii Working capital loans of some of the subsidiary companies are repayable on demand. The outstanding amount of loan as at March 31, 2021 is ₹ 10,750 [as at March 31, 2020: ₹ 23,668] Million.

iii Commercial Papers [CPs] of the Parent are repayable on October 22, 2021. The outstanding amount of CPs as at March 31, 2021 is ₹ 6,250 Million, including prepaid interest of ₹ 236 Million, [as at March 31, 2020: ₹ Nil]. The CPs are having credit rating of CRISIL A1+. There is no change in rating of CPs post their issuance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 24-TRADE PAYABLES:

₹ Million

			As at March 31, 2021	As at March 31, 2020
Dues to Micro and Small Enterprises [*]			**228**	170
Dues to other than Micro and Small Enterprises			**21,831**	20,273
Total			**22,059**	20,443
[*]	Disclosure in respect of Micro and Small Enterprises:			
	A	Principal amount remaining unpaid to any supplier as at year end	**228**	170
	B	Interest due thereon	**13**	-
	C	Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	**2**	4
	D	Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	**-**	-
	E	Amount of interest accrued and remaining unpaid at the end of the accounting year	**13**	-
	F	Amount of further interest remaining due and payable in succeeding years	**13**	-

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 Group.

NOTE: 25-OTHER FINANCIAL LIABILITIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Current Maturities of Long Term Debt [Refer Note- 19]	**9,031**	9,453
Current Maturities of Lease Liabilities	**90**	129
Interest accrued but not due on borrowings	**32**	341
Book overdraft	**76**	-
Accrued Expenses	**9,350**	8,317
Payable for Capital Goods	**1,245**	1,181
Unpaid Dividends	**56**	71
Total	**19,880**	19,492

NOTE: 26-OTHER CURRENT LIABILITIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Advances from Customers	**432**	487
Payable to Statutory Authorities	**1,109**	1,120
Others	**241**	164
Total	**1,782**	1,771

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 27-PROVISIONS:

₹ Million

			As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits			632	685
Provision for claims for product expiry and return of goods [*]			2,667	1,747
Total			**3,299**	2,432
[*]	Provision for claims for product expiry and return of goods:			
	a	Provision for product expiry claims and return of goods in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Group does not expect such claims to be reimbursed by any other party in future.		
	b	The movement in such provision is stated as under:		
		i Carrying amount at the beginning of the year	1,747	732
		ii Additional provision made during the year	920	1,015
		iii Carrying amount at the end of the year	2,667	1,747

NOTE: 28-CURRENT TAX LIABILITIES [NET]:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Provision for Taxation [Net of advance payment of tax]	884	291
Total	**884**	291

NOTE: 29-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]:

₹ Million

			As at March 31, 2021	As at March 31, 2020
A.	**Contingent Liabilities:**			
	a	Claims against the Group not acknowledged as debts	630	613
	b	Other money for which the Group is contingently liable:		
		i In respect of the demands raised by the Central Excise, Customs, State Excise & Service Tax Authority	2,604	2,522
		ii In respect of the demands raised by the Ministry of Chemicals & Fertilizers, Govt. of India under Drug Price Control Order, 1979/ 1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations and disputed by the Group, which the Group expects to succeed based on the legal advice	108	108
		iii In respect of Income Tax matters pending before appellate authorities	1,667	1,864
		iv In respect of Sales Tax matters pending before appellate authorities	1,108	830
		v In respect of custom duty liability under EPCG scheme	169	407
		vi In respect of letters of credit for Imports	112	158
		vii In respect of other matters [Employees Indemnity on retirement/ guaranteed severance package]	282	236
B.	**Legal proceedings:**			
	1	Two putative class action cases were brought against one of the subsidiary companies in US and other pharmaceutical companies ["Defendants"] on behalf of putative classes of third-party payers and individual consumers in December 2015 [a federal and state case]. In the complaints, plaintiff alleged that Defendants reported "false" prices for their prescription drugs in violation of Pennsylvania law. The state case was stayed pending resolution of the federal case. The federal case claims were dismissed in September 2017. The state case was administratively closed on February 5, 2020.		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 29-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]: (Contd...)

₹ Million

		As at March 31, 2021	As at March 31, 2020
2	In late 2016, a union health and welfare fund filed two actions against one of the subsidiary companies in US [i.e. the Company] and other generic drug companies in the U.S. District Court for the Eastern District of Pennsylvania. These actions alleged conspiracies to fix prices or allocate markets for two drugs [divalproex and pravastatin] in violation of federal and state antitrust laws.		
	Subsequently, these and the other actions detailed below have been coordinated in a multi-district litigation in the Eastern District of Pennsylvania. Ultimately, putative classes of direct purchasers, end payors, and indirect resellers each filed multiple actions in which the Company is named as one of several defendants: [i] an action alleging a conspiracy to fix prices or allocate markets for pravastatin, [ii] an action to fix prices or allocate markets for divalproex, and [iii] an action alleging both a conspiracy to fix prices or allocate markets for a third drug [acetazolamide] as well as an "overarching," industry-wide conspiracy. In June 2018, Connecticut and other states filed a complaint against the Company and other defendants alleging a number of individual-drug conspiracies [including acetazolamide for the Company] as well as an "overarching" conspiracy. Several opt-out plaintiffs have filed complaint as well, and the claims in these complaints track the claims outlined above. In May 2019, Connecticut and other states filed a second complaint against the Company and other defendants. That complaint alleged a number of individual-drug conspiracies [including eight drugs for the Company] as well as an "overarching" conspiracy. Beginning in October 2019, putative classes of direct purchases, indirect resellers, and end payors as well as several opt-out plaintiffs and a group of New York counties filed additional complaints against the Company and other defendants with substantially similar claims. In October 2019, the Court entered a case management order setting a preliminary schedule and the cases are currently proceeding through fact discovery. The Company believes that it has meritorious defences to these lawsuits.		
C.	**Commitments:**		
a	Estimated amount of contracts remaining to be executed on capital account and not provided for	**6,275**	3,799

NOTE: 30- LEASE:

Lessee:

A Relating to statement of financial position:

1 The Group 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 Group. Under Ind AS 116, the Group recognises right to use assets and lease liabilities for most leases;

Right of use assets are part of financial statement 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".

Right of use assets: ₹ Million

	Land	Buildings	Vehicles	Total
Balance as at April 1, 2019	-	250	108	358
Reclassified on account of adoption of Ind AS 116 [Net]	1,179	-	-	1,179
Additions	260	15	-	275
Depreciation charge for the year	23	80	36	139
Exchange rate impact on translation of foreign operations	1	7	(17)	(9)
Balance as at March 31, 2020 [Net]	1,417	192	55	1,664
Additions [Net]	443	70	17	530
Depreciation charge for the year	24	71	43	138
Exchange rate impact on translation of foreign operations	-	1	(3)	(2)
Balance as at March 31, 2021 [Net]	**1,836**	**192**	**26**	**2,054**

The Group leases assets which include office buildings, warehouse spaces and vehicles.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 30- LEASE: (Contd...)

2 Movement in lease liabilities:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Lease liability at the beginning of the year	**274**	358
Additions	**142**	48
Redemptions	**(175)**	(132)
Lease liability at end of the year	**241**	274
of which:		
Current portion	**90**	129
Non current portion	**151**	145

2.1 Maturity analysis of lease liabilities:

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities is as follows:

Minimum lease payments due	As at March 31, 2021	As at March 31, 2020
Within 1 year	**90**	129
1-5 years	**174**	174

Lessor:

The Group leases out certain properties and classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Lease payments due to be received:	As at March 31, 2021	As at March 31, 2020
Within 1 year	**-**	19
1-5 years	**-**	79
Total undiscounted lease payments	**-**	98

Description of lease activities:

Real estate lease:

The Group leases buildings for it's offices and warehouse space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 3- 10 years and may include extension options which provide operational flexibility. Majority of the leases are cancellable by either parties by serving notice period.

NOTE: 31-DIVIDENDS PROPOSED TO BE DISTRIBUTED:

The Board of Directors, at its meeting held on May 27, 2021, recommended the final dividend of ₹ 3.50 per equity share of ₹ 1/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 32-REVENUE FROM OPERATIONS:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Sale of Products	**148,215**	138,121
Other Operating Revenues:		
Export Incentives	**1,170**	1,748
Net Gain on foreign currency transactions and translation [*]	**-**	512
Miscellaneous Income	**1,637**	2,150
	2,807	4,410
Total	**151,022**	142,531
[*] includes research related Net Loss on foreign currency transactions and translation	**3**	19
Pursuant to Ind AS 115 “Revenue from Contracts with Customers” reconciliation of revenue recognised in the statement of profit and loss with the contracted price is under:		
Revenue as per contracted price	**293,298**	299,614
Less:		
Provision for Expiry and Sales Return	**(5,387)**	(3,025)
Discounts/ Chargeback/ Price Reduction/ Rebates	**(139,328)**	(157,757)
Others	**(368)**	(711)
	(145,083)	(161,493)
Revenue from contract with customers	**148,215**	138,121

NOTE: 33-OTHER INCOME:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	**503**	325
[Loss]/ Gain on valuation of Forward Contract value related to investment in a Joint Venture mandatorily measured at FVTPL	**(276)**	464
	227	789
Dividend Income:		
From Investments designated as at FVOCI	**5**	5
Gain on Investments mandatorily measured at FVTPL	**89**	256
Gain on Investments mandatorily measured at amortised cost	**-**	5
Other Non-operating Income	**51**	84
Total	**372**	1,139

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 34-COST OF MATERIALS CONSUMED:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Raw Materials:		
Stock at commencement	**8,887**	9,045
Add: Purchases	**34,057**	27,671
	42,944	36,716
Less: Stock at close	**11,438**	8,887
	31,506	27,829
Packing Materials consumed	**7,376**	6,767
Total	**38,882**	34,596

NOTE: 35-PURCHASES OF STOCK-IN-TRADE:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Purchases of Stock-in-Trade	**14,711**	15,542
Total	**14,711**	15,542

NOTE: 36-CHANGES IN INVENTORIES:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Stock at commencement:		
Work-in-progress	**4,099**	3,247
Finished Goods	**5,430**	4,882
Stock-in-Trade	**7,793**	8,255
	17,322	16,384
Less: Stock at close:		
Work-in-progress	**4,593**	4,099
Finished Goods	**8,472**	5,430
Stock-in-Trade	**5,749**	7,793
	18,814	17,322
Total	**(1,492)**	(938)

NOTE: 37-EMPLOYEE BENEFITS EXPENSE:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	**22,670**	21,764
Contribution to provident and other funds	**1,623**	1,514
Staff welfare expenses	**609**	680
Total	**24,902**	23,958
Above expenses include:		
Research related expenses:		
Salaries and wages	**1,919**	1,837
Contribution to provident and other funds	**139**	133
Staff welfare expenses	**37**	43
Total	**2,095**	2,013
Managing Directors' Remuneration	**259**	247

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 38-FINANCE COST:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense [*]	**1,604**	3,236
Net [Loss]/ Gain on foreign currency transactions and translation	**(53)**	92
Bank commission & charges	**84**	90
Total	**1,635**	3,418
[*] The break up of interest expense into major heads is given below:		
On term loans	**509**	1,212
On non convertible debentures	**568**	1,375
On working capital loans	**380**	606
On Lease Liabilities	**28**	33
Others	**119**	10
Total	**1,604**	3,236

NOTE: 39-DEPRECIATION AND AMORTISATION EXPENSE:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expenses	**5,664**	5,421
Amortisation expense	**1,584**	1,544
Total	**7,248**	6,965

NOTE: 40-OTHER EXPENSES:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Research Materials	**1,184**	897
Analytical Expenses	**2,008**	1,751
Consumption of Stores and spare parts	**2,699**	2,294
Power & fuel	**2,498**	2,688
Rent	**219**	285
Repairs to Buildings	**233**	321
Repairs to Plant and Machinery	**927**	1,017
Repairs to Others	**301**	266
Insurance	**847**	684
Rates and Taxes [excluding taxes on income]	**337**	296
Processing Charges	**1,276**	1,367
Commission to Directors	**15**	15
Traveling Expenses	**513**	1,545
Legal and Professional Fees [*]	**3,874**	4,755
Net Loss on foreign currency transactions and translation	**44**	-
Advertisement Expenses	**2,543**	2,459
Commission on sales	**1,252**	1,247
Freight and forwarding on sales	**4,480**	3,459
Representative Allowances	**894**	1,155
Other marketing expenses	**5,607**	6,364
Allowances of credit losses:		
Trade receivables written off	**17**	14
Expected credit loss	**118**	51
	135	65
Less: Transferred from expected credit loss	**(23)**	(25)
	112	40

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 40-OTHER EXPENSES: (Contd...)

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Allowances for Doubtful Advances:		
Doubtful advances written off	**5**	50
Allowances for credit impaired	**124**	183
	129	233
Less: Transferred from allowances for credit impaired	**(1)**	(7)
	128	226
Directors' fees	**20**	18
Net Loss on disposal of Property, Plant and Equipment [Net of gain]	**35**	147
Donations	**98**	200
Miscellaneous Expenses [**]	**8,465**	8,043
Total	**40,609**	41,539
Above expenses include Research related expenses as follows:		
Research Materials	**1,184**	897
Analytical expenses	**1,849**	1,565
Consumption of Stores and spare parts	**543**	739
Power & Fuel	**153**	159
Repairs to Buildings	**14**	22
Repairs to Plant and Machinery	**117**	110
Repairs to Others	**49**	21
Insurance	**28**	29
Traveling Expenses	**7**	62
Legal and Professional fees	**2,192**	1,928
Net Loss on disposal of Property, Plant and Equipment	**2**	8
Miscellaneous Expenses [excluding Depreciation]	**3,057**	3,421
Total	**9,195**	8,961
[*] Legal and Professional fees include:		
Payment to the Statutory Auditors [excluding GST]:		
i - As Auditor	**40**	54
- For Other Services	**9**	16
- Reimbursement of expenses [₹ 145,740]	**-**	1
- Total	**49**	71
ii Cost Auditor’s Remuneration including fees for other services [excluding GST]	**2**	2
[**] Miscellaneous Expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	**333**	305

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 41-TAX EXPENSES:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
The major components of income tax expense are:			
A	**Statement of profit and loss:**		
	Profit or loss section:		
	Current income tax:		
	Current income tax charge	**4,654**	2,380
	Adjustments in respect of current income tax of previous years	**1**	(3)
		4,655	2,377
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**(3,183)**	821
	Tax expense reported in the statement of profit and loss	**1,472**	3,198
	OCI Section:		
	Tax related to items recognised in OCI during in the year:		
	Net loss/ (gain) on remeasurements of defined benefit plans	**29**	39
	Tax charged to OCI	**29**	39
B	**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:**		
	Profit before tax from continuing operations	**22,848**	14,954
	Enacted Tax Rate in India (%)	**34.94%**	34.94%
	Expected Tax Expenses	**7,983**	5,225
	Adjustments for:		
	Tax effect due to non-taxable income for Indian tax purposes	**(29)**	(1)
	Effect of unrecognized/ excess deferred tax assets / liabilities	**219**	(349)
	Effect of non-deductible expenses/ losses	**663**	1,467
	Effect of additional deductions in taxable income	**(2,318)**	(4,382)
	Effect of difference between Indian and Foreign tax rates [including impact of different tax rate in India]	**56**	123
	Effect of MAT Credit utilised on which deferred tax asset is not created	**(2,984)**	-
	Effect of MAT Credit recognized *	**(2,180)**	-
	Effect of MAT/ AMT tax Credit not recognized	**-**	1,128
	Others	**62**	(13)
	Total	**(6,511)**	(2,027)
	Tax Expenses as per Statement of Profit or Loss	**1,472**	3,198

[*] ₹ 2,180 Million of benefit on account of recognition of deferred tax asset on MAT credit of earlier years available to a wholly owned subsidiary [which was not recognised in past, but now has been recognised mainly on account of non-availability of depreciation on goodwill pursuant to an amendment to section 2(11) of the Income Tax Act in the Finance Act, 2021].

NOTE: 42-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:

₹ Million

			Year ended March 31, 2021	Year ended March 31, 2020
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A	Profit attributable to Shareholders	₹ Million	**21,336**	11,766
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**20.84**	11.49

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 43-SEGMENT INFORMATION:

A The Chief Operating Decision Maker [CODM] reviews the Group as "Pharmaceuticals" and "Consumer Products" segment.

The CODM reviews revenue, results, total assets and total liabilities as the performance indicator of an operating segment.

1 Pharmaceuticals:

This segment represents the business of integrated pharmaceutical operations with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Group includes Active Pharmaceutical Ingredients [API], human formulations and animal health & veterinary.

2 Consumer products:

This segment represents the business of development, production, marketing and distribution of differentiated health and wellness products.

₹ Million

			Year ended March 31, 2021	Year ended March 31, 2020
a		**Segment revenue:**		
	i	Pharmaceuticals	**132,613**	125,152
	ii	Consumer Products	**18,409**	17,379
	iii	Total revenue from operations	**151,022**	142,531
b		**Segment results:**		
	i	Pharmaceuticals	**22,456**	16,935
	ii	Consumer Products	**2,443**	1,655
	iii	Total profit before exceptional items and tax	**24,899**	18,590
c		**Segment assets:**		
	i	Pharmaceuticals	**182,183**	180,969
	ii	Consumer Products	**56,664**	55,897
	iii	Total assets	**238,847**	236,866
d		**Segment liabilities:**		
	i	Pharmaceuticals	**83,673**	98,472
	ii	Consumer Products	**5,878**	21,290
	iii	Total liabilities	**89,551**	119,762

B Geographical market:

₹ Million

			Year ended March 31, 2021	Year ended March 31, 2020
a		**Revenue [*]:**		
	i	India	**64,625**	64,419
	ii	US	**65,438**	63,044
	iii	Others	**20,959**	15,068
	iv	**Total**	**151,022**	142,531
b		**Non-current operating assets [**]:**		
	i	India	**112,328**	111,305
	ii	US	**12,034**	13,442
	iii	Others	**4,798**	4,973
	iv	**Total**	**129,160**	129,720
C		Revenues derived from single external customer which amount to 10% or more of the Group's revenue	**-**	14,514

[*] The revenue information above is based on the locations of the customers.

[**] Non-current assets for this purpose consist of property, plant and equipment, capital work-in-progress and intangible assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 44-GROUP INFORMATION:

Consolidated Financial Statements as at March 31, 2021 comprise the Financial Statements [FS] of Cadila Healthcare Limited [CHL] and its subsidiaries as well as its interest in Joint Ventures, which are as under:

No.	Name	Principal activities	Country of incorporation	Status of FS at March 31, 2021	% equity Interest as at March 31 2021	2020
A	**Indian subsidiaries:**					
1	Zydus Healthcare Limited	Human Pharmaceutical Formulations	India	Audited	**100.00**	100.00
2	German Remedies Pharmaceuticals Private Limited	Human Pharmaceutical Formulations	India	Audited	**100.00**	100.00
3	Zydus Wellness Limited	Consumer Health & Wellness	India	Audited	**57.59**	63.55
4	Zydus Wellness Products Limited	Consumer Health & Wellness	India	Audited	**57.59**	63.55
5	Liva Investment Limited	Investment	India	Audited	**57.59**	63.55
6	Liva Nutritions Limited	Consumer Health & Wellness	India	Audited	**57.59**	63.55
7	Zydus Animal Health and Investments Limited	Investment and Holding, Animal Health and Veterinary	India	Audited	**100.00**	100.00
8	Dialforhealth Greencross Limited	Retail Pharmacy	India	Audited	**100.00**	100.00
9	Dialforhealth Unity Limited	Retail Pharmacy	India	Audited	**55.00**	55.00
10	Violio Healthcare Limited	Human Pharmaceutical Formulations	India	Audited	**100.00**	100.00
11	Zydus Pharmaceuticals Limited [Formerly known as Alidac Healthcare Limited]	Human Pharmaceutical Formulations	India	Audited	**100.00**	100.00
12	Biochem Pharmaceutical Private Limited	Human Pharmaceutical Formulations	India	Audited	**100.00**	100.00
13	Windlas Healthcare Private Limited	Human Pharmaceutical Formulations	India	*	**0.00**	51.00
14	Zydus Strategic Investments Limited	Investment	India	Audited	**100.00**	Note - 1
15	Zydus VTEC Limited	Human Pharmaceutical Formulations	India	Audited	**100.00**	Note - 2
B	**Foreign subsidiaries:**					
1	Zydus Lanka (Private) Limited	Human Pharmaceutical Formulations	Sri Lanka	Audited	**100.00**	100.00
2	Zydus International Private Limited	Investment and Holding	Ireland	Unaudited	**100.00**	100.00
3	Zydus Netherlands B.V.	Investment and Holding	Netherlands	Unaudited	**100.00**	100.00
4	Zydus France, SAS	Human Pharmaceutical Formulations	France	Unaudited	**100.00**	100.00
5	Laboratorios Combix S.L.	Human Pharmaceutical Formulations	Spain	Unaudited	**100.00**	100.00
6	Etna Biotech S.R.L.	Research and Development	Italy	Unaudited	**100.00**	100.00
7	Zydus Healthcare (USA) LLC	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**100.00**	100.00
8	Zydus Pharmaceuticals (USA) Inc.	Human Pharmaceutical Formulations	U. S. A.	Audited	**100.00**	100.00
9	Nesher Pharmaceuticals (USA) LLC	Human Pharmaceutical Formulations	U. S. A.	Audited	**100.00**	100.00
10	ZyVet Animal Health Inc.	Animal Health and Veterinary	U. S. A.	Audited	**100.00**	100.00
11	Sentynl Therapeutics, Inc	Human Pharmaceutical Formulations	U. S. A.	Audited	**100.00**	100.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 44-GROUP INFORMATION: (Contd...)

No.	Name	Principal activities	Country of incorporation	Status of FS at March 31, 2021	% equity Interest as at March 31 2021	2020
12	Zydus Noveltech Inc., USA	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**100.00**	100.00
13	Hercon Pharmaceuticals, LLC	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**100.00**	100.00
14	Viona Pharmaceuticals Inc.	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**100.00**	100.00
15	Zydus Therapeutics Inc.	Human Pharmaceutical Formulations	U. S. A.	Unaudited	**100.00**	Note - 3
16	Windlas INC	Human Pharmaceutical Formulations	U. S. A.	*	**0.00**	51.00
17	Zydus Worldwide DMCC	Human Pharmaceutical Formulations	U. A. E.	Audited	**100.00**	100.00
18	Zydus Discovery DMCC	Human Pharmaceutical Formulations	U. A. E.	Audited	**100.00**	100.00
19	Zydus Wellness International DMCC	Consumer Health & Wellness	U. A. E.	Audited	**57.59**	63.55
20	Zydus Nikkho Farmaceutica Ltda.	Human Pharmaceutical Formulations	Brazil	Audited	**100.00**	100.00
21	Zydus Healthcare SA (Pty) Ltd.	Human Pharmaceutical Formulations	South Africa	Audited	**100.00**	100.00
22	Simayla Pharmaceuticals (Pty) Ltd	Human Pharmaceutical Formulations	South Africa	Unaudited	**100.00**	100.00
23	Script Management Services (Pty) Ltd.	Human Pharmaceutical Formulations	South Africa	Unaudited	**100.00**	100.00
24	Zydus Healthcare Philippines Inc.	Human Pharmaceutical Formulations	Philippines	Unaudited	**100.00**	100.00
25	Alidac Healthcare (Myanmar) Limited	Human Pharmaceutical Formulations	Myanmar	Unaudited	**100.00**	100.00
26	Zydus Pharmaceuticals Mexico SA De CV	Human Pharmaceutical Formulations	Mexico	Unaudited	**100.00**	100.00
27	Zydus Pharmaceuticals Mexico Service Company SA De CV.	Manpower Supply & Administration	Mexico	Unaudited	**100.00**	100.00
C	**Partnership firm:**					
1	M/s. Recon Pharmaceuticals and Investments	Human Pharmaceutical Formulations and Investments	India	Audited	**100.00**	100.00
D	**Joint Ventures:**					
1	Zydus Takeda Healthcare Private Limited	API	India	Audited	**50.00**	50.00
2	Zydus Hospira Oncology Private Limited	Human Pharmaceutical Formulations	India	Audited	**50.00**	50.00
3	Bayer Zydus Pharma Private Limited	Human Pharmaceutical Formulations	India	Audited	**24.999998**	24.999998
4	US Pharma Windlas LLC	Human Pharmaceutical Formulations	U. S. A.	*	**0.00**	25.50

Notes:

1 The Group has incorporated Zydus Strategic Investments Limited in India on July 10, 2020.

2 The Group has incorporated Zydus VTEC Limited in India on September 8, 2020.

3 The Group has incorporated Zydus Therapeutics Inc. in U. S. A. on February 18, 2021.

** Refer Note-52*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 45-STATUTORY GROUP INFORMATION:

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

	Net Assets i.e. total assets minus total liabilities		Share in Profit / [Loss]		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of Consolidated Net Assets	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million	As % of Consolidated other Comprehensive income	₹-Million	As % of total Comprehensive income	₹-Million
Parent:								
Cadila Healthcare Limited	98.09	127,444	69.19	14,762	11.20	81	67.29	14,843
Subsidiaries:								
Indian:								
Zydus Healthcare Limited	37.21	48,341	10.63	2,268	0.41	3	10.30	2,271
German Remedies Pharmaceuticals Private Limited	1.03	1,341	1.96	419	(0.14)	(1)	1.89	418
Zydus Wellness Limited	30.94	40,193	(8.53)	(1,821)	0.14	1	(8.25)	(1,820)
Zydus Wellness Products Limited	21.19	27,533	(37.74)	(8,053)	2.49	18	(36.43)	(8,035)
Liva Investment Limited	0.00	2	-	-	-	-	-	-
Liva Nutritions Limited	0.02	24	(0.00)	(1)	-	-	(0.00)	(1)
Zydus Animal Health and Investments Limited	2.71	3,523	4.41	940	1.66	12	4.32	952
Dialforhealth Unity Limited	-	-	-	-	-	-	-	-
Dialforhealth Greencross Limited	(0.00)	(2)	-	-	-	-	-	-
Violio Healthcare Limited	-	-	-	-	-	-	-	-
Zydus Pharmaceuticals Limited	0.08	98	-	-	-	-	-	-
Biochem Pharmaceutical Private Limited	-	-	-	-	-	-	-	-
Zydus Strategic Investments Limited	0.01	10	-	-	-	-	-	-
Zydus VTEC Limited	0.03	43	(0.15)	(32)	-	-	(0.15)	(32)
Recon Pharmaceuticals and Investments	1.43	1,852	0.01	3	-	-	0.01	3
Foreign:								
Zydus Lanka (Private) Limited	0.01	12	(0.00)	(1)	-	-	(0.00)	(1)
Zydus International Private Limited	4.14	5,381	(1.16)	(248)	-	-	(1.12)	(248)
Zydus Netherlands B.V.	5.81	7,544	(0.04)	(8)	-	-	(0.04)	(8)
Zydus France, SAS	0.26	337	(0.20)	(42)	-	-	(0.19)	(42)
Laboratorios Combix S.L.	0.18	230	(0.02)	(4)	-	-	(0.02)	(4)
Etna Biotech S.R.L.	(0.03)	(41)	(0.10)	(22)	-	-	(0.10)	(22)
Zydus Healthcare (USA) LLC	0.03	35	0.00	1	-	-	0.00	1
Zydus Pharmaceuticals (USA) Inc.	10.32	13,410	5.12	1,093	-	-	4.95	1,093
Nesher Pharmaceuticals (USA) LLC	(3.89)	(5,060)	(8.39)	(1,790)	-	-	(8.11)	(1,790)
ZyVet Animal Health Inc.	(0.04)	(54)	(0.30)	(65)	-	-	(0.29)	(65)
Sentynl Therapeutics, Inc	3.26	4,232	(4.87)	(1,038)	-	-	(4.71)	(1,038)
Zydus Noveltech Inc., USA	2.46	3,192	0.08	17	-	-	0.08	17
Hercon Pharmaceuticals, LLC	0.55	713	(1.65)	(353)	-	-	(1.60)	(353)
Viona Pharmaceuticals INC [USA]	(0.03)	(45)	0.01	3	-	-	0.01	3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 45-STATUTORY GROUP INFORMATION: (Contd...)

	Net Assets i.e. total assets minus total liabilities		Share in Profit / [Loss]		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of Consolidated Net Assets	₹-Million	As % of Consolidated Profit / [Loss]	₹-Million	As % of Consolidated other Comprehensive income	₹-Million	As % of total Comprehensive income	₹-Million
Zydus Therapeutics Inc.	-	-	-	-	-	-	-	-
Zydus Worldwide DMCC	(4.23)	(5,502)	(3.57)	(762)	0.55	4	(3.44)	(758)
Zydus Discovery DMCC	1.11	1,442	(4.01)	(855)	-	-	(3.88)	(855)
Zydus Wellness International DMCC	0.03	44	0.09	20	-	-	0.09	20
Zydus Nikkho Farmaceutica Ltda.	1.08	1,399	(1.63)	(348)	-	-	(1.58)	(348)
Zydus Healthcare SA (Pty) Ltd.	0.50	647	0.45	95	-	-	0.43	95
Simayla Pharmaceuticals (Pty) Ltd	(0.39)	(502)	-	-	-	-	-	-
Script Management Services (Pty) Ltd.	0.00	3	-	-	-	-	-	-
Zydus Healthcare Philippines Inc.	0.31	405	0.11	24	-	-	0.11	24
Alidac Healthcare (Myanmar) Limited	1.07	1,390	(0.31)	(66)	-	-	(0.30)	(66)
Zydus Pharmaceuticals Mexico SA De CV	(0.20)	(260)	(0.25)	(54)	-	-	(0.24)	(54)
Zydus Pharmaceuticals Mexico Service Company SA De CV.	(0.00)	(1)	(0.01)	(2)	-	-	(0.01)	(2)
Minority Interests in all subsidiaries	(14.91)	(19,373)	(2.41)	(514)	(1.11)	(8)	(2.37)	(522)
Share of Joint Ventures [as per equity method]	-	-	2.22	474	(0.28)	(2)	2.14	472
Total Eliminations/ Consolidation Adjustments	(100.10)	(130,057)	81.06	17,296	85.06	615	81.20	17,911
Grand Total	**100.00**	**129,923**	**100.00**	**21,336**	**100.00**	**723**	**100.00**	**22,059**

NOTE: 46-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 the Parent:**	
		Zydus Family Trust [Holding 74.86 % in the Parent]	
	b	**Subsidiary Company:**	
		Zydus Foundation - Refer Note 5 [^]	
	c	**Joint Venture Companies:**	
		Zydus Hospira Oncology Private Limited	Bayer Zydus Pharma Private Limited
		Zydus Takeda Healthcare Private Limited	US Pharma Windlas LLC [Refer Note-52]
	d	**Key Managerial Personnel:**	
		Mr. Pankaj R. Patel	Chairman
		Dr. Sharvil P. Patel	Managing Director & son of Chairman
		Mr. Ganesh N. Nayak	Executive Director
		Mr. Mukesh M. Patel	Non-Executive Director
		Mr. Apurva S. Diwanji	Independent Director
		Mr. Nitin R. Desai	Independent Director
		Ms. Dharmishtaben N. Raval	Independent Director
		Mr. Bhadresh K. Shah	Independent Director
		Mr. Nitin D. Parekh	Executive Officer [Chief Financial Officer]
		Mr. Dhaval N. Soni	Executive Officer [Company Secretary]

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 46-RELATED PARTY TRANSACTIONS: (Contd...)

A	Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:	
e	**Enterprises significantly influenced by Directors and/or their relatives:**	
	Cadmach Machinery Company Private Limited	Cadila Laboratories Private Limited
	Zydus Hospitals and Healthcare Research Private Limited	M/s. C. M. C. Machinery
	Zydus Hospitals (Vadodra) Private Limited	Mukesh M. Patel & Co.
	Zydus Infrastructure Private Limited	M/s. International Tax and Investments Consultants
f	**Post Employment Benefits Plans:**	
	Cadila Healthcare Limited Employees Group Gratuity Scheme	Zydus Wellness Sikkim Employees Group Gratuity Scheme
	Cadila Healthcare Ltd. Managerial Cadre EPF	Heinz India Private Limited Provident Fund
	Zydus Healthcare Limited Employees Group Gratuity Scheme	Heinz India Private Limited Employee Provident Fund
	Zydus Healthcare Ltd, German Remedies Division Employees Group Gratuity Assurance Scheme	Heinz India Private Limited Gratuity Fund
	Zydus Wellness Limited Employees Group Gratuity Scheme	Heinz India Private Limited Pension Fund

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

a Details relating to parties referred to in Note 46-A [a & b]

Nature of Transactions	Value of the Transactions [₹ Million]			
	Entity holding control over the Parent		Subsidiary Company	
	Year ended March 31			
	2021	2020	2021	2020
Issue of Shares:				
Zydus Family Trust	3,499	-	-	-
Investments in Debentures:				
Zydus Foundation	-	-	-	1,850
Dividend Paid				
Zydus Family Trust	-	-	-	5,362
CSR Expenses:				
Zydus Foundation	-	-	333	295
Advance CSR contribution:				
Zydus Foundation	-	-	735	-
Interest Income:				
Zydus Foundation	-	-	5	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 46-RELATED PARTY TRANSACTIONS: (Contd...)

b Details relating to parties referred to in Note 46-A [c & e]

Nature of Transactions	Value of the Transactions [₹ Million]			
	Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31			
	2021	2020	2021	2020
Purchases:				
Goods:				
Zydus Hospira Oncology Private Limited	10	41	-	-
Cadmach Machinery Company Private Limited	-	-	4	7
Total	**10**	**41**	**4**	**7**
Property, Plant and Equipment:				
Cadmach Machinery Company Private Limited	-	-	62	71
Zydus Infrastructure Private Limited	-	-	443	258
Total	**-**	**-**	**505**	**329**
Reimbursement of Expenses Paid:				
Zydus Hospira Oncology Private Limited	4	-	-	-
Zydus Infrastructure Private Limited	-	-	26	
Total	**4**	**-**	**26**	**-**
Services:				
Zydus Hospira Oncology Private Limited	-	70	-	-
Zydus Infrastructure Private Limited	-	-	117	99
Others	-	-	26	21
Total	**-**	**70**	**143**	**120**
Sales:				
Goods:				
Bayer Zydus Pharma Private Limited	251	193	-	-
Zydus Takeda Healthcare Private Limited	41	30	-	-
Zydus Hospitals and Healthcare Research Private Limited	-	-	39	20
Others	1	-	-	-
Total	**293**	**223**	**39**	**20**
Reimbursement of Expenses Recovered:				
US Pharma Windlas LLC	-	13	-	-
Others	-	1	-	-
Total	**-**	**14**	**-**	**-**
Finance:				
Inter Corporate Loans repaid:				
US Pharma Windlas LLC	-	1	-	-
Interest Income:				
Bayer Zydus Pharma Private Limited	17	-	-	-

Nature of Transactions	As at March 31			
	2021	2020	2021	2020
Outstanding:				
Payable:				
Zydus Hospira Oncology Private Limited	1	21	-	-
Zydus Infrastructure Private Limited	-	-	3	20
Cadila Laboratories Private Limited	-	-	22	22
Others	-	-	-	4
Total	**1**	**21**	**25**	**46**
Receivable:				
Bayer Zydus Pharma Private Limited	98	46	-	-
Others	13	3	30	8
Total	**111**	**49**	**30**	**8**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 46-RELATED PARTY TRANSACTIONS: (Contd...)

c Details relating to persons referred to in Note 40-A [d] above:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
[i]	Salaries and other employee benefits to Chairman, Managing Director, Executive Director and other executive officers	**624**	585
[ii]	Commission and Sitting Fees	**28**	27
[iii]	Outstanding payable to above [i] and [ii]	**110**	327

d Details relating to persons referred to in Note 40-A [f] above:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
[i]	Contributions [including Employee's share and contribution]	**877**	918

NOTE: 47-EXCEPTIONAL ITEMS:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
1	Impairment charge on intangible asset relating to "Levorphanol", a product forming part of the US Specialty product segment [^] and other products	**731**	2,742
2	Impairment of Goodwill in Windlas Healthcare Private Limited, an erstwhile subsidiary company [Refer Note-52]	**-**	452
3	Expenses pursuant to acquisitions	**-**	442
4	Premium on Non-Convertible Debentures upon their purchase by the Group	**1,320**	-
5	**Total**	**2,051**	3,636

[^] Consequent to the entry of a new competitor in "Levorphanol", a product forming part of the US Specialty business, the group assessed the recoverable amount related to intangibles of Sentynl Therapeutics Inc. ["STI"], a 100% subsidiary of the Company. Accordingly, STI has recognised an amount of ₹ 731 [Previous Year: ₹ 2,717] Million as an impairment charge.

NOTE: 48-MATERIAL PARTLY-OWNED SUBSIDIARIES:

	Profit/ [Loss] allocated to non-controlling interests ₹-Million Year ended March 31		Accumulated non-controlling interests ₹-Million As at March 31	
	2021	2020	**2021**	2020
Zydus Wellness Limited *	**514**	525	**19,373**	12,614
Individually immaterial subsidiaries with non-controlling interests	**-**	(247)	**-**	733
Total	**514**	278	**19,373**	13,347

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 48-MATERIAL PARTLY-OWNED SUBSIDIARIES: (Contd...)

Financial information of a subsidiary that have material non-controlling interests [NCI] is provided below:

Name of Subsidiary	Zydus Wellness Limited*
Place of Incorporation and operations	**India**

₹ Million

	As at March 31,2021	As at March 31, 2020
% of Ownership	**57.59%**	63.55%
Summarised balance sheet:		
Current assets	**8,469**	7,758
Current liabilities	**7,709**	6,018
Net current assets	**760**	1,740
Non-current assets	**48,195**	48,139
Non-current liabilities	**3,277**	15,272
Net non-current assets	**44,918**	32,867
Net assets	**45,678**	34,607
Accumulated NCI	**19,373**	12,614

₹ Million

	Year ended March 31,2021	Year ended March 31, 2020
Summarised statement of profit and loss:		
Revenue	**18,756**	17,775
Expenses	**16,313**	16,121
Profit after Tax	**1,187**	1,417
Other Comprehensive Income	**19**	22
Total comprehensive income	**1,206**	1,439
Profit allocated to NCI	**514**	525
Dividends paid to NCI	**-**	210
Summarised Cash Flow Statement:		
Net cash inflow from operating activities	**2,865**	2,592
Net cash (outflow) from investing activities	**(104)**	(171)
Net cash (outflow) from financing activities	**(2,162)**	(2,597)

** Consolidated financial information of Zydus Wellness Limited*

NOTE: 49-FINANCIAL INSTRUMENTS:

A Fair values hierarchy:

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

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

Level 2 : Inputs other than quoted prices included within Level 1 which are observable for the assets or liabilities, either directly or indirectly.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 48-MATERIAL PARTLY-OWNED SUBSIDIARIES: (Contd...)

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

₹ Million

	As at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial Assets at FVTPL:				
Mutual funds	1,989	-	-	1,989
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,590	1,590
Derivative designated as hedge:				
Receivables for Forward Contract	-	348	-	348
Financial Investments at FVOCI:				
Quoted equity instruments	867	-	-	867
Unquoted equity instruments	-	8	-	8
Total financial assets	2,856	356	1,590	4,802
Financial liabilities	-	-	-	-

₹ Million

	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial Assets at FVTPL:				
Mutual funds	2,128	-	-	2,128
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,866	1,866
Financial Investments at FVOCI:				
Quoted equity instruments	622	-	-	622
Unquoted equity instruments	-	8	-	8
Total financial assets	2,750	8	1,866	4,624
Financial liabilities	-	-	-	-

C Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed:

₹ Million

	Carrying Value	As at March 31, 2021			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Investment in preference shares	9		9		9
Bonds	102	102			102
		As at March 31, 2020			
Financial assets:					
Investment in preference shares	9		9		9
Bonds	114	114			114

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 49-FINANCIAL INSTRUMENTS: (Contd...)

Financial Liabilities:

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

D Valuation process and technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

a The use of quoted market prices for similar instruments.

b Fair value of Forward Contract value related to investment in a Joint Venture has been determined considering the estimated exercise price and value of the underlying entity. The valuation has been derived using the Present Value technique under Income Approach. The valuation includes significant unobservable inputs like Weighted Average Cost of Capital [WACC], revenue forecast, etc.

Significant unobservable inputs:

Budgeted Sales growth rate : 11.5% per annum

Weighted Average Cost of Capital : 6.7% per annum

For recurring fair value measurements using significant unobservable inputs [Level 3], the effect of the measurement on profit or loss or other comprehensive income for the period is provided below:

Movement in Forward Contract value related to investment in a Joint Venture:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Value as at beginning of the year	**1,866**	1,402
[Less]/ Add: [Loss]/ Gain on valuation of Forward Contract value related to investment in a Joint Venture	**(276)**	464
Value as at end of the year	**1,590**	1,866
Out of above, amount disclosed under-		
Other Non-Current Financial Assets [Note-6]	**1,590**	1,866

Sensitivity analysis for valuation of Forward Contract value related to investment in a Joint Venture:

a Sensitivity in value for 50 basis points change in Weighted Average Cost of Capital [WACC]-

₹ Million

	As at March 31, 2021		As at March 31, 2020	
	-0.50%	+0.50%	-0.50%	+0.50%
Impact on value of the contract	**30**	**(30)**	8	(8)

b Sensitivity in the value for 200 basis point change in Revenue -

₹ Million

	As at March 31, 2021		As at March 31, 2020	
	-2.00%	+2.00%	-2.00%	+2.00%
Impact on value of the contract	**(50)**	**50**	(52)	52

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT:

A Financial instruments by category:

₹ Million

	As at March 31, 2021			
	FVTPL	**FVOCI**	**Amortised Cost**	**Total**
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of a subsidiary]	**-**	**875**	**-**	**875**
Preference shares	**-**	**-**	**9**	**9**
Debentures	**-**	**-**	**1,355**	**1,355**
Bonds	**-**	**-**	**102**	**102**
Partnership Firm	**-**	**400**	**-**	**400**
Mutual funds	**1,989**	**-**	**-**	**1,989**
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	**-**	**-**	**928**	**928**
Forward Contract value related to investment in a Joint Venture	**1,590**	**-**	**-**	**1,590**
Trade receivables	**-**	**-**	**31,273**	**31,273**
Cash and Cash Equivalents	**-**	**-**	**8,883**	**8,883**
Receivables for Forward Contract	**348**	**-**	**-**	**348**
Other Current Financial Assets	**-**	**-**	**1,996**	**1,996**
Total	**3,927**	**1,275**	**44,546**	**49,748**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	**-**	**-**	**45,867**	**45,867**
Non Current Other Financial Liabilities	**-**	**-**	**541**	**541**
Trade payables	**-**	**-**	**22,059**	**22,059**
Payable for Capital Goods	**-**	**-**	**1,245**	**1,245**
Book Overdraft	**-**	**-**	**76**	**76**
Other Current Financial Liabilities	**-**	**-**	**9,496**	**9,496**
Total	**-**	**-**	**79,284**	**79,284**

₹ Million

	As at March 31, 2020			
	FVTPL	**FVOCI**	**Amortised Cost**	**Total**
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of a subsidiary]	-	630	-	630
Preference shares	-	-	9	9
Debentures	-	-	1,252	1,252
Bonds	-	-	114	114
Mutual funds	2,128	-	-	2,128
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	-	-	994	994
Forward Contract value related to investment in a Joint Venture	1,866	-	-	1,866
Trade receivables	-	-	36,632	36,632
Cash and Cash Equivalents	-	-	9,649	9,649
Other Current Financial Assets	-	-	2,306	2,306
Total	**3,994**	**630**	**50,956**	**55,580**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	80,205	80,205
Non Current Other Financial Liabilities	-	-	454	454
Trade payables	-	-	20,443	20,443
Payable for Capital Goods	-	-	1,181	1,181
Other Current Financial Liabilities	-	-	8,517	8,517
Total	**-**	**-**	**110,800**	**110,800**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

B Risk Management:

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

The Group's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Group's short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below:

a Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle its obligations as agreed. The Group is exposed to credit risk from investment in preference shares measured at amortised cost, loans and advances to related parties, trade receivables, bank deposits and other financial assets. The Group periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

i Investments at Amortised Cost : They are strategic investments in the normal course of business of the Group. The Group closely monitors the performance of these Companies.

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

iii The counter party to the forward contract value related to the Investment in a Joint Venture is the associate entity of co-venturer of one of Joint Ventures. The contract is governed by a shareholders' agreement which has the needful representations by the counter party. The Group is exposed to insignificant credit risk in relation to the same.

iv Trade 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 credit losses is not significant.

v The Group is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Group's large customer base. Adequate expected credit losses are recognized as per the assessments. As at March 31, 2021, there are no customer [as at March 31, 2020, there were two customers] [all are wholesalers based in USA] whose outstanding balance exceed 10% of the total receivables. The Group has used lifetime expected credit loss [ECL] model for assessing the impairment loss. For the purpose, the Group uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

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

₹ Million

	As at March 31, 2021	As at March 31, 2020
Trade Receivables:		
Less than 180 days	**30,453**	35,580
180 - 365 days	**172**	572
Above 365 days	**648**	480
Total	**31,273**	36,632
Movement in the expected credit loss allowance on trade receivables:		
Balance at the beginning of the year	**202**	146
Addition	**118**	51
Recoveries	**(23)**	(25)
Exchange rate differences	**20**	30
Balance at the end of the year	**317**	202

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

b Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities.

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

Maturities of financial liabilities:

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

₹ Million

	As at March 31, 2021				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	**40,095**	**4,931**	**1,228**	**-**	**46,254**
Other non current financial liabilities	**-**	**88**	**55**	**398**	**541**
Trade payable	**22,059**	**-**	**-**	**-**	**22,059**
Accrued Expenses	**9,350**	**-**	**-**	**-**	**9,350**
Payable for Capital Goods	**1,245**	**-**	**-**	**-**	**1,245**
Unpaid dividend	**56**	**-**	**-**	**-**	**56**
Other Current Financial Liabilities	**76**	**-**	**-**	**-**	**76**
Total	**72,881**	**5,019**	**1,283**	**398**	**79,581**

₹ Million

	As at March 31, 2020				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	50,156	16,661	11,702	7,381	85,900
Other non current financial liabilities	-	51	47	356	454
Trade payable	20,443	-	-	-	20,443
Accrued Expenses	8,317	-	-	-	8,317
Payable for Capital Goods	1,181	-	-	-	1,181
Unpaid dividend	71	-	-	-	71
Total	80,168	16,712	11,749	7,737	116,366

c Foreign currency risk:

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group's operations in foreign currency create natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

Foreign currency risk exposure:

Sensitivity:

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

₹ Million

	As at March 31, 2021			As at March 31, 2020		
	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	7.00%	(714)	19	9.00%	(1,345)	22
USD	-7.00%	714	(19)	-9.00%	1,345	(22)
Others	5.00%	16	-	5.00%	1	-
Others	-5.00%	(16)	-	-5.00%	(1)	-

** 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:

₹ Million

	Movement in Rate	As at March 31, 2021	As at March 31, 2020
Interest rates	+0.50%	(150)	(261)
Interest rates	-0.50%	150	261

** Holding all other variables constant*

e Price risk:

Exposure:

The group's exposure to price risk arises from investments in equity and mutual funds held by the group and classified in the balance sheet as fair value through OCI and at fair value through profit or loss respectively. To manage its price risk arising from investments in equity securities and mutual funds, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

Sensitivity *:

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the period.

₹ Million

	Movement in Rate	As at March 31, 2021		As at March 31, 2020	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%	-	87	-	62
Decrease	-10.00%	-	(87)	-	(62)
Mutual Funds [Quoted]					
Increase	+2.00%	40	-	43	-
Decrease	-2.00%	(40)	-	(43)	-

** Holding all other variables constant*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 50-FINANCIAL RISK MANAGEMENT: (Contd...)

C Hedge:

Disclosure of effects of hedge accounting on financial position:

Fair Value Hedge:

Hedged item - Changes in fair value of trade receivables and loan receivables from overseas entity attributable to changes in foreign exchange rates

Hedging instrument - Changes in fair value of certain foreign currency borrowings including forward contracts attributable to foreign exchange rates

Net Investment Hedge:

Hedged item - Changes towards translation adjustments resulting from translating the functional currency of financial statements of foreign operations

Hedging instrument - Changes in fair value of certain foreign currency borrowings attributable to foreign exchange rates

As at March 31, 2021

Type of hedged risk	Carrying amount of hedging instrument (USD Million)		Carrying amount of hedging instrument (₹ Million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk (₹ Million)
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings		355		25,965	Range - Within 6 months	1:1	Borrowings	413
Hedged item: Certain foreign currency receivables	355		25,965		Range - Within 6 months		Trade receivables	413
Net Investment Hedge:								
Hedging instrument: Certain Foreign currency borrowings		167		12,190	Range - upto 5 years		Borrowings	7
Hedged item: Net investment in certain foreign subsidiaries	167		12,190		N.A.		Net Investment in certain foreign subsidiaries	7

As at March 31, 2020

Type of hedged risk	Carrying amount of hedging instrument (USD Million)		Carrying amount of hedging instrument (₹ Million)		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk (₹ Million)
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings		185		13,986	Range - Within 6 months	1:1	Borrowings	677
Hedged item: Certain foreign currency receivables	185		13,986		Range - Within 6 months		Trade receivables	677
Net Investment Hedge:								
Hedging instrument: Certain Foreign currency borrowings		233		17,640	Range - upto 5 years		Borrowings	978
Hedged item: Net investment in certain foreign subsidiaries	233		17,640		N.A.		Net Investment in certain foreign subsidiaries	978

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the dollar offset method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 51-CAPITAL MANAGEMENT:

The Group' s capital management objectives are:

a to ensure the Group's ability to continue as a going concern

b to provide an adequate return to shareholders

c to maintain an optimal capital structure to reduce the cost of capital.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

₹ Million

	As at March 31, 2021	As at March 31, 2020
Gross debts	**45,835**	79,864
Total equity	**129,923**	103,757
Gross debt to equity ratio [No. of times]	**0.35**	0.77

Loan covenants:

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenant:

- Gross Debt to Equity must be less than 2:1

This is in line with the Group's covenants as agreed with external Lenders.

NOTE: 52-

The Company had sold 24,077,950 equity shares of ₹ 10/- each fully paid-up, representing the entire stake of 51% held by the Company of the total paid-up share capital of Windlas Healthcare Private Limited ["WHPL"], a subsidiary company to Windlas Biotech Private Limited ["WBPL"] for an aggregate consideration of ₹ 1,035 Million in two tranches pursuant to two separate definitive agreements entered into by the Company with WBPL. Pursuant to that, WHPL had ceased to be a subsidiary of the Company on April 16, 2020 after the first tranche of the sale of equity shares representing 2% of the total paid-up share capital of WHPL was executed. Remaining equity shares representing 49% of the total paid-up share capital of WHPL were sold in the 2nd tranche the definitive agreement which was executed on April 30, 2020.

As the value of aggregate consideration was less than the carrying value of the net assets [including Goodwill] of WHPL in the consolidated financial statements of the group on March 31, 2020, a provision of ₹ 452 Million had been created for impairment in the value of the net assets and goodwill of WHPL, which was recognised under the head "Exceptional items".

NOTE: 53- EVENTS AFTER BALANCE SHEET DATE:

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE: 53-EVENTS AFTER BALANCE SHEET DATE: (Contd...)

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

₹ Million

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

NOTE: 54-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 partial or full lockdown, impacting business operations across various sectors with severe restrictions on movement of people and goods.

The Group has implemented several initiatives across its manufacturing and other business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. The Group operates in manufacturing and selling of pharmaceutical products, which are classified as essential commodities and hence its operations continued to be run with fewer challenges on people movement and supply chain.

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

NOTE: 55:

Figures of previous year have been regrouped/ reclassified to conform to current year's classification.

Signatures to Significant Accounting Policies and Notes 1 to 55 to the Financial Statements

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 27, 2021

STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014]

PART: "A" - SUBSIDIARIES:

₹ - Million

Sr. No.	Name of the Subsidiary	Date of incorporation/ acquisition	Reporting year ended	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiaries	Turnover & Other income from Operations *	Profit/ [Loss] before Taxation *	Provision for Taxation *	Profit/ [Loss] after Taxation *	Proposed Dividend	% of shareholding
1	Zydus Wellness Limited	08-Jun-06	March 31, 2021	₹	1.00	636.30	39,556.60	41,164.50	971.60	-	1,138.30	(1,881.30)	(59.90)	(1,821.40)	318.16	57.59%
2	Zydus Wellness Products Limited	28-Feb-19	March 31, 2021	₹	1.00	2,188.40	25,344.80	45,382.90	17,849.70	-	17,271.50	(900.10)	7,152.80	(8,052.90)	-	57.59%
3	Zydus Healthcare Limited	11-Aug-03	March 31, 2021	₹	1.00	10,282.00	38,059.00	59,078.00	10,737.00	3,621.00	31,819.00	4,742.00	2,474.00	2,268.00	-	100.00%
4	Zydus Pharmaceuticals Limited (#)	26-Dec-19	March 31, 2021	₹	1.00	100.00	(1.78)	1,068.28	970.06	-	-	(0.03)	-	(0.03)	-	100.00%
5	Biochem Pharmaceutical Private Limited (#)	27-Nov-19	March 31, 2021	₹	1.00	0.10	(0.04)	0.07	0.01	-	-	(0.01)	-	(0.01)	-	100.00%
6	Dialforhealth Unity Limited	23-Jun-05	March 31, 2021	₹	1.00	0.50	(2.87)	0.14	2.51	-	-	(0.08)	-	(0.08)	-	55.00%
7	Dialforhealth Greencross Limited	08-Jul-05	March 31, 2021	₹	1.00	2.50	(2.09)	0.43	0.02	-	-	(0.03)	-	(0.03)		100.00%
8	German Remedies Pharmaceuticals Private Limited	29-Mar-18	March 31, 2021	₹	1.00	668.30	673.00	2,053.20	711.90	53.20	3,731.90	563.80	144.70	419.10	-	100.00%
9	Liva Investment Limited	24-Dec-18	March 31, 2021	₹	1.00	2.50	(0.60)	1.90	-	-	-	(0.05)	-	(0.05)	-	57.59%
10	Liva Nutritions Limited	21-Dec-18	March 31, 2021	₹	1.00	30.50	(6.40)	24.10	-	-	-	(1.40)	-	(1.40)	-	57.59%
11	Violio Healthcare Limited (#)	20-Mar-18	March 31, 2021	₹	1.00	0.50	(0.05)	0.46	0.01	-	-	(0.01)	-	(0.01)	-	100.00%
12	Zydus Animal Health and Investments Limited	10-May-18	March 31, 2021	₹	1.00	22,744.00	740.00	24,642.00	1,158.00	582.00	6,034.00	1,200.00	306.00	894.00	-	100.00%
13	Zydus Strategic Investments Limited	10-Jul-20	March 31, 2021	₹	1.00	10.00	(0.20)	10.06	0.27	-	0.07	(0.20)	-	(0.20)	-	100.00%
14	Zydus VTEC Limited	08-Sep-20	March 31, 2021	₹	1.00	75.00	(32.20)	1,980.85	1,938.05	-	-	(32.13)	0.07	(32.20)	-	100.00%
15	Zydus Lanka (Private) Limited	11-Apr-11	March 31, 2021	LKR	0.39	14.45	(2.81)	12.18	0.54	-	18.21	(1.30)	-	(1.30)	-	100.00%
16	Zydus Healthcare Philippines Inc.	12-Jul-13	December 31, 2020	PHP	1.54	400.71	59.94	718.62	257.97	-	805.79	129.64	40.51	89.12	-	100.00%
17	Zydus International Private Limited	30-Apr-98	December 31, 2020	Euro	89.30	8,143.65	(2,681.36)	16,084.94	10,622.66	-	240.33	(304.74)	-	(304.74)	-	100.00%
18	Zydus Netherlands B.V.	18-Jan-07	December 31, 2020	Euro	89.30	7,642.29	(810.84)	7,056.93	225.48	-	-	(6.43)	-	(6.43)	-	100.00%
19	Zydus France, SAS	01-Oct-03	December 31, 2020	Euro	89.30	694.44	(329.86)	1,182.84	818.26	-	1,445.81	(46.18)	-	(46.18)	-	100.00%
20	Laboratorios Combix S.L.	23-Jul-08	December 31, 2020	Euro	89.30	668.17	(371.93)	1,018.79	722.55	-	1,029.79	7.23	(0.28)	7.52	-	100.00%
21	Etna Biotech S.R.L.	26-Nov-08	December 31, 2020	Euro	89.30	8.04	(45.36)	206.91	244.24	-	-	(24.96)	-	(24.96)	-	100.00%
22	Viona Pharmaceuticals (USA) Inc.	11-May-18	December 31, 2020	USD	73.10	36.55	(81.84)	436.66	481.95	-	615.90	10.26	4.79	5.48	-	100.00%
23	Zydus Pharmaceuticals (USA) Inc. ($)	18-Nov-03	March 31, 2021	USD	73.14	219.42	5,358.68	37,345.65	31,767.55	-	57,626.07	(504.63)	(86.83)	(417.80)	-	100.00%
24	Zydus Healthcare (USA) LLC	18-Nov-03	December 31, 2020	USD	73.10	14.62	18.75	219.03	185.66	-	4.78	2.32	1.21	1.10	-	100.00%
25	Sentynl Therapeutics, Inc.	19-Jan-17	March 31, 2021	USD	73.14	2,194.93	1,985.46	9,594.65	5,414.26	-	901.80	(1,412.74)	(323.26)	(1,089.48)	-	100.00%
26	Zydus Noveltech Inc.	18-Jun-07	December 31, 2020	USD	73.10	3,581.90	(388.21)	3,385.54	191.84	-	100.90	19.89	0.02	19.88	-	100.00%

₹ - Million

Sr. No.	Name of the Subsidiary	Date of incorporation/ acquisition	Reporting year ended	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiaries	Turnover & Other income from Operations *	Profit/ [Loss] before Taxation *	Provision for Taxation *	Profit/ [Loss] after Taxation *	Proposed Dividend	% of shareholding
27	Hercon Pharmaceuticals LLC	01-Jun-12	December 31, 2020	USD	73.10	3,200.34	(2,470.37)	1,251.75	521.78	-	59.53	(386.27)	-	(386.27)	-	100.00%
28	Zydus Worldwide DMCC	21-Apr-14	March 31, 2021	USD	73.14	1,683.21	(7,185.42)	18,952.84	24,455.05	-	3,629.96	(762.04)	-	(762.04)	-	100.00%
29	Zydus Discovery DMCC	15-Jun-14	March 31, 2021	USD	73.14	4,681.96	(3,240.32)	1,459.39	17.76	-	-	(854.72)	-	(854.72)	-	100.00%
30	Zydus Wellness International DMCC	28-May-19	March 31, 2021	USD	73.14	4.98	39.35	91.95	47.63	-	399.20	19.98	-	19.98	-	57.59%
31	Zydus Healthcare S.A. (Pty) Ltd	27-Jul-98	December 31, 2020	ZAR	5.00	702.52	(61.15)	1,749.23	1,107.86	-	1,466.55	23.18	6.49	16.69	-	100.00%
32	Simayla Pharmaceuticals (Pty) Ltd	02-Jul-08	December 31, 2020	ZAR	5.00	0.00	(505.40)	-	505.40	-	-	(0.02)	-	(0.02)	-	100.00%
33	Script Management Services (Pty) Ltd	14-Oct-09	December 31, 2020	ZAR	5.00	0.00	3.16	3.47	0.31	-	257.78	0.02	0.01	0.01	-	100.00%
34	Zydus Nikkho Farmaceutica Ltda.	19-Jul-07	December 31, 2020	BRL	14.09	2,053.21	(1,527.35)	2,330.64	1,804.78	-	2,050.84	(455.13)	(1.41)	(453.72)	-	100.00%
35	Alidac Healthcare (Myanmar) Limited (#)	17-Jun-16	September 30, 2020	MMK	0.06	2,129.61	(894.00)	1,520.07	284.45	-	-	(176.99)	-	(176.99)	-	100.00%
36	Zydus Pharmaceuticals Mexico SA De CV	25-Aug-10	December 31, 2020	MXN	3.70	626.47	(897.86)	410.82	682.22	-	646.59	(87.82)	76.58	(164.40)	-	100.00%
37	Zydus Pharmaceuticals Mexico Services Company SA De C.V.	09-Sep-10	December 31, 2020	MXN	3.70	20.72	(23.31)	40.41	43.00	-	172.41	5.17	6.13	(0.97)	-	100.00%

Notes:

1 The Group has incorporated Zydus Therapeutics Inc. in U. S. A. on February 18, 2021. As it has no operation and no asset, liability or equity as on the close of the financial year, the above does not include Zydus Therapeutics Inc.

2 The Group has sold entire stake in Windlas Healthcare Private Limited and Windlas Inc. during the year.

* Converted using average exchange rates prevailing during the year.

(#) Subsidiaries are yet to commence commercial operations.

($) Consolidated accounts of Zydus Pharmaceuticals (USA) Inc. including Nesher Pharmaceuticals (USA) LLC and ZyVet Animal Health Inc.

For and on behalf of the Board

Nitin D. Parekh
Chief Financial Officer
Ahmedabad, Dated: May 27, 2021

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995

Pankaj R. Patel
Chairman
DIN: 00131852

STATEMENT PURSUANT TO SECTION 129[3] OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES

PART: “B” - JOINT VENTURES:

Sr. No.	Name of the Joint Venture	Date of incorporation/ acquisition	Latest Audited Balance Sheet Date	Shares held by the Company			Description of how there is significant influence	Reason why the Joint Venture is not consolidated	Net worth attributable to Shareholding as per latest audited balance sheet [₹-Million]	Profit for the year	
				No. of Shares	Amount invested [₹-Million]	Extent of holding [%]				Considered in consolidation [₹-Million]	Not considered in consolidation [₹-Million]
1	Zydus Hospira Oncology Private Limited	13-Jun-05	March 31, 2021	7,500,000	75	50.00%	N.A.	N.A.	1,950	190	-
2	Zydus Takeda Healthcare Private Limited	30-Mar-99	March 31, 2021	10,000,000	100	50.00%	N.A.	N.A.	1,205	244	-
3	Bayer Zydus Pharma Private Limited	07-Feb-11	March 31, 2021	12,499,999	125	24.999998%	N.A.	N.A.	415	40	-

Note: The Group has sold entire stake in US Pharma Windlas LLC during the year.

For and on behalf of the Board

Nitin D. Parekh
Chief Financial Officer
Ahmedabad, Dated: May 27, 2021

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995

Pankaj R. Patel
Chairman
DIN: 00131852

NOTICE

CADILA HEALTHCARE LIMITED

CIN: L24230GJ1995PLC025878

Regd. Office: "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), Sarkhej-Gandhinagar Highway, Ahmedabad-382481

Email: investor.grievance@zyduscadila.com, dhavalsoni@zyduscadila.com

Website: www.zyduscadila.com

Phone Number: +91 79 48040000, +91 79 71800000

Notice is hereby given that the Twenty Sixth Annual General Meeting ("**AGM**") of the members of Cadila Healthcare Limited ("the **Company**") will be held on Wednesday, August 11, 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 Financial Year ended on March 31, 2021 and the reports of the Board of Directors and the Auditors thereon.

2. To declare final dividend of ₹ 3.50/- (350%) per equity share for the Financial Year ended on March 31, 2021.

3. To re-appoint Mr. Mukesh M. Patel (DIN-00053892), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To ratify remuneration of the Cost Auditors:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies the remuneration of ₹ 1.23 mio. (Rupees One Million Two Hundred and Thirty Thousands only) plus applicable Goods and Services 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 are appointed as Cost Auditors to conduct the audit of cost records maintained by the Company pertaining to Drugs and Pharmaceuticals 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."

5. To re-appoint Mr. Apurva S. Diwanji (DIN-00032072) 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 of the Act, Articles of Association 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 the Board of Directors ("the **Board**"), Mr. Apurva S. Diwanji (DIN-00032072), 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(1)(b) 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 May 13, 2021 to May 12, 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."

6. To pay commission to non-executive directors:

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 section 197 of the Companies Act, 2013 ("the **Act**") and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), regulation 17(6)(a) and other applicable regulations, if any, of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 and Article No. 76(a) of the Articles of Association of the Company, a sum not exceeding 1% (one percent) per annum of the net profits of the Company calculated in accordance with the provisions of section 198 of the Act be paid and distributed amongst the Directors other than the Managing Director or the Whole Time Director of the Company or some or any of them in such amounts or proportion and in such manner and in all respects as may be decided and directed by the Board of Directors ("the **Board**") and such payments shall be made in respect of the profits of the Company for each financial year, for a period of 5 (five) years commencing from April 1, 2021 upto and including financial year of the Company ending on March 31, 2026, provided that the commission to all of the Directors aforesaid shall not exceed in aggregate ₹ 40 mio. (Rupees Forty Million only) in any financial year.

RESOLVED FURTHER THAT the above commission shall be in addition to the fees payable to the Directors for attending the meetings of the Board 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."

7. **To re-appoint Mr. Ganesh N. Nayak (DIN-00017481) as the Executive Director of the Company for a period of 3 (three) years:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **an Ordinary Resolution**:

"RESOLVED THAT subject to the provisions of sections 2(51), 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, ("the **Act**") read with Schedule V of the Act and Rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, as recommended and approved by the Nomination and Remuneration Committee ("**NRC**") and the Board of Directors ("the **Board**") respectively, consent of the members be and is hereby accorded to re-appoint Mr. Ganesh N. Nayak (DIN-00017481) as the Executive Director of the Company, for a further period of 3 (three) years with effect from July 12, 2021 and payment of salary and commission (herein after referred to as "**remuneration**"), as provided hereunder and upon terms and conditions as set out in the draft agreement proposed to be executed between the Company and Mr. Ganesh N. Nayak, with an authority to the Board to alter and vary the terms and conditions of the said re-appointment and / or agreement in such a manner as may be agreed to between the Board and Mr. Ganesh N. Nayak.

- Salary: ₹ 6 mio. (Rupees Six Million only) per month, inclusive of all
- Commission: as may be recommended by the NRC and approved by the Board

Provided that the aggregate remuneration shall not exceed the statutory limits prescribed under the Act.

RESOLVED FURTHER THAT the remuneration payable to Mr. Ganesh N. Nayak, in each financial year during the currency of his tenure of appointment shall be as may be recommended by the NRC and approved by the Board based on his performance evaluation, which shall not exceed the statutory limit of remuneration as provided under the provisions of section 197 and Schedule V of the Act or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT in addition to the above, the Executive Director shall also be entitled to contribution to provident fund as per the provisions of Income Tax Act, 1961, which shall not be included in the computation of the ceiling of remuneration stated hereinabove;

RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, wherein in any financial year during the currency of his tenure, the Company has no profits or the profits are inadequate, the Executive Director will be paid Minimum Remuneration within the ceiling limit prescribed under section II of part II of Schedule V of the Act or any modification(s) or re-enactment(s) thereof subject to required disclosure and other compliance as may be required.

RESOLVED FURTHER THAT the Executive Director shall be entitled to benefits of leave during the year as per the Company policy from time to time and any earned leave not enjoyed by the Executive Director shall be encashed either at the end of completion of each year of the service or at the end of the tenure, as may be mutually decided between the Executive Director and the Managing Director.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, consider necessary, expedient or desirable in order to give effect to this resolution or otherwise considered by the Board in the best interest of the Company, as it may deem fit."

By order of the Board of Directors

Dhaval N. Soni

Place : Ahmedabad
Date : July 9, 2021

Company Secretary
Membership No. F7063

NOTES:

1. The Explanatory Statement pursuant to the provisions of section 102 of the Companies Act, 2013 ("the **Act**"), in respect of the businesses under Item Nos. 4 to 7 of the Notice is annexed hereto. The Board of Directors ("the **Board**") have considered and decided to include Item Nos. 4 to 7 given above as special businesses in the Twenty Sixth Annual General Meeting ("**AGM**"), as they are unavoidable in nature.
2. The Register of Members and Share Transfer Books will be closed from Friday, July 30, 2021 to Friday, August 6, 2021 (both days inclusive) for the purpose of AGM and to determine the list of members entitled to receive final dividend, if declared by the members at the AGM. In view of the above book closure dates, the members holding shares as on Thursday, July 29, 2021 will be entitled to receive the final dividend, if declared by the members 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 the members at a common venue. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**"), MCA Circulars for General Meetings and SEBI Circulars for General Meetings, the AGM of the Company is being held through VC / OAVM.

As the AGM is being held pursuant to the MCA Circulars for General Meeting 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 the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

4. Institutional / Corporate members (i.e. other than individual / HUF, NRI etc.) are required to send a scanned copy of (PDF / JPG format) its Board or governing body Resolution / Authorization etc. authorizing the representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorization shall be sent to Mr. Manoj Hurkat, the Scrutinizer appointed by the Company, by e-mail on his registered e-mail address to manojhurkat@hotmail.com with a copy marked to helpdesk.evoting@cdslindia.com.

5. Members may note that the Board at their meeting held on May 27, 2021 has recommended final dividend of ₹ 3.50/- per equity share (i.e. 350%) of ₹ 1/- each. The members holding shares as on Thursday, July 29, 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, declared by the members at the AGM, (i) as per the list of beneficial owners provided by the Depositories in respect of shares held in demat 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 RTA on or before the aforesaid date i.e. July 29, 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. Monday, August 16, 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 Depository Participant ("**DP**") (where shares are held in dematerialized mode) and with the Company's Registrar and Share Transfer Agent-Link Intime India Private Limited ("**RTA**") (where shares are held in physical mode) to receive the dividend directly into their bank account on the pay-out date.

6. Those members who have not encashed their dividend warrants / cheques pertaining to the following financial years are requested to approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund ("**IEPF**") on the respective dates mentioned there against, pursuant to provisions of section 125 of the Act and the Rules made thereunder. Members are requested to note that after such date, they may apply for refund of any unclaimed dividend which has been transferred to IEPF, under sub-section (4) of section 125 or under proviso to sub-section (3) of section 125, as the case may be, to the 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	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF Account
March 31, 2014	July 30, 2014	180%	September 5, 2021
March 31, 2015	August 12, 2015	240%	September 18, 2022
March 31, 2016	March 8, 2016	@ 320%	April 14, 2023
March 31, 2017	March 7, 2017	@ 320%	April 13, 2024
March 31, 2018	August 13, 2018	350%	September 19, 2025
March 31, 2019	August 9, 2019	350%	September 15, 2026
March 31, 2020	March 16, 2020	@ 350%	April 22, 2027

@ Interim dividend

In compliance with the provisions of section 124(6) of the Act read with The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 dated September 5, 2016 and as amended from time to time, during the year, the Company has transferred 60,579 (Sixty Thousands Five Hundred and Seventy Nine) Equity Shares of ₹ 1/- each of 45 (Forty Five) members whose dividend remained unclaimed or unpaid for a consecutive period of 7 (seven) years or more to IEPF authority constituted by the Ministry of Corporate Affairs.

Any member 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 amounts lying with companies) Rules, 2012, the Company has uploaded the information in respect of the unclaimed dividends as on March 31, 2020 on its website, the link of which is https://zyduscadila.com/public/pdf/financial/Details-of-unclaimed-dividend-and-underlying-shares-as-on-March-31-2020.pdf and on the website of IEPF - www.iepf.gov.in.

7. Members holding shares in physical mode are requested to intimate the RTA at 5th Floor, 506 to 508, Amarnath Business Centre-1 (ABC-1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off. C. G. Road, Navrangpura, Ahmedabad-380006, changes, if any, in their names, registered address along with pin code number, e-mail address, telephone / mobile number, Permanent Account Number ("**PAN**"), mandates, nominations, power of attorneys, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc. and relevant evidences. Members holding shares in electronic mode shall update such details with their respective DP.

As per the provisions of section 72 of the Act, the facility of making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to the DP in case the shares are held by them in electronic mode and to the Company / RTA, in case the shares are held in physical mode.

Members holding shares in physical mode, in identical order of names, in more than one folios 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 AGM is provided at **Annexure-A** to the Notice as prescribed under regulation 26(4) and 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 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 2020-2021 is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company / RTA / DP.

10. As per regulation 40 of the Listing Regulations, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised mode, except for transmission or transposition 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 mode are requested to consider to dematerialise their holdings at the earliest, as it will not be possible to transfer shares held in 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 members holding shares in physical mode. All those members who are yet to update their details with the Company are requested to do so at the earliest. This will help the members to receive the dividend declared by the Company, directly in their respective bank 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 e-mail addresses can be registered with the DP in case the shares are held in electronic mode and with the RTA in case the shares are held in physical mode.

Members may also note that the Notice of the AGM and the Annual Report 2020-2021 is uploaded and available on the Company's website, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and Central Depository Services (India) Limited ("**CDSL**") at www.zyduscadila.com, www.bseindia.com, www.nseindia.com and www.evotingindia.com respectively. The copies of the documents will also be available for electronic inspection during normal business hours on working days from the date of circulation of the Notice upto the date of AGM. For any communication, the members may also send requests to the Company's investor e-mail id investor.grievance@zyduscadila.com or dhavalsoni@zyduscadila.com.

The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested are available for inspection by the members electronically during the AGM.

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 dividend. The Company had sent an e-mail 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 e-mail contained the details of tax rates for various categories of members (Resident Indian, Non-Resident Indian, FIIs, FPIs, etc.), the link to download various blank forms and separate link and e-mail ID to upload the signed forms and various documents by the members to enable the Company to determine the appropriate TDS / withholding tax rate applicable. The said facility to upload the documents / sending documents through e-mail was open till Wednesday, June 30, 2021. Any communication received after Wednesday, 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 members if the total dividend to be paid during the financial year does not exceed ₹ 5,000/-, or if an eligible resident member has provided a valid declaration in Form 15G / 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 member and documents registered with the Company.

The Company will issue soft copy of the TDS certificate to its members through e-mail registered with the Company / RTA post payment of the dividend. Members will 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 member to file the return of income and claim an appropriate refund. No claim shall lie against the Company for such taxes deducted.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the member/s, such member/s will be responsible to indemnify the Company and also, provide the

Company with all information / documents and co-operation in any assessment / appellate proceedings before the Tax / Government Authorities.

This communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Members should consult their tax advisors for requisite action to be taken by them.

If you are a member of the Company as on Thursday, July 29, 2021 and the dividend receivable by you is taxable under the IT Act, the Company shall be obligated to deduct tax at source on the dividend payable 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 e-mail addresses, mobile numbers and other details with their relevant depositories through their DPs and 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 members through e-mail, whose e-mail IDs are registered with the Company / RTA.

14. **E-voting (voting through electronic means):**

i. The businesses as set out in the Notice may be transacted through electronic voting system. In compliance with the provisions of section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, standard 8 of the Secretarial Standards on General Meetings, regulation 44 of the Listing Regulations and pursuant to MCA Circulars for General Meetings and SEBI Circulars for General Meetings, the Company is pleased to offer the facility of voting through electronic means, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with CDSL to facilitate the members to cast their votes from a place other than venue of the AGM ("**remote e-voting**"). The facility for voting shall be made available during the AGM through electronic voting and the members participating in the AGM who have not cast their 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 massive outbreak of the COVID-19 pandemic, social distancing is still a norm to be followed and pursuant to MCA Circulars for General Meetings and SEBI Circulars for General Meetings, physical attendance of the members at the AGM venue is not required and AGM can be held through VC / OAVM.

iii. The members can join the AGM through VC / OAVM mode 30 minutes before the scheduled time of the 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 be in addition to large members (members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

iv. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Act.

v. A person whose name is recorded in the Register of Members / List of Beneficial Owners maintained by the depositories as on Wednesday, August 4, 2021, being the cut-off date shall be entitled to avail the facility of remote e-voting or e-voting during the AGM. Persons who are not members as on the cut-off date, but have received this Notice, should treat receipt of this Notice for information purpose only.

The members who have cast their 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 Wednesday, August 4, 2021 are entitled to vote on the resolutions set forth in the Notice. Eligible members who have acquired shares after sending the Notice electronically and holding shares as on the cut-off date may approach the Company for issuance of the User Id and Password for exercising their right to vote by electronic means.

vi. **Process for those members whose e-mail ids / mobile numbers are not registered with the Company / Depositories:**

I. Members holding shares in physical mode-please provide necessary details like Folio No., Name of member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhaar Card (self-attested scanned copy of Aadhaar Card) by e-mail to **Company/RTA e-mail id**.

II. Members holding shares in demat mode-please update your e-mail ID and mobile number with your respective DP.

III. Individual members holding shares in demat mode-please update your e-mail ID and mobile number with your respective DP which is mandatory for e-voting and joining the AGM through VC / OAVM through Depository.

vii. Instructions for members for remote 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 Sunday, August 8, 2021 and ends at 5:00 p.m. (IST) on Tuesday, August 10, 2021. During this period members of the Company, holding shares either in physical mode or in dematerialized mode, as on the cut-off date i.e. Wednesday, August 4, 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/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, under regulation 44 of the Listing Regulations, listed companies are required to provide remote e-voting facility to its members in respect of all members' resolutions.

Currently there are multiple e-voting service providers ("**ESPs**") providing e-voting facility to listed companies in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the members.

In order to increase the efficiency of the voting process, pursuant to a public consultation, SEBI has decided to enable e-voting for all the demat account holders by way of a single login credential, through their demat accounts / websites of Depositories / DPs. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication, but also enhancing ease and convenience of participating in e-voting process.

IV. In view of the aforesaid SEBI Circular dated December 9, 2020, individual members holding shares in demat mode are allowed to vote through their demat account maintained with Depositories and DPs. **Members are advised to update their mobile number and e-mail ID in their demat accounts in order to access e-voting facility.** Pursuant to the aforesaid SEBI Circular dated December 9, 2020, login method for e-voting and joining virtual meetings for individual members holding shares in demat mode is given below:

Type of members	Login methods
Individual member holding shares in demat mode with **CDSL**	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 ESPs, 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 & E-mail ID as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-voting is in progress during or before the AGM.
Individual member holding shares in demat mode with **NSDL**	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 and voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.
Individual member (holding shares in demat mode) login through their DPs	You can also login using the login credentials of your demat account through your DP registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider's website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned websites.

Helpdesk for individual members holding securities in demat mode for any technical issues related to login through 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 shares in demat mode and physical members is as under**:

1. The members should login on to the remote e-voting website www.evotingindia.com.
2. Click on Shareholders.
3. Now enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,
   c. Members holding shares in physical mode should enter Folio Number registered with the Company

   Or

   Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at https://www.cdslindia.com from login myeasi using your login credentials. Once you successfully login to CDSL's **EASI/EASIEST** e-services, click on e-voting option and proceed directly to cast your vote electronically.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat mode and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
6. If you are a first time user follow the steps given below:

	For members holding shares in demat mode other than individual members and physical mode
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 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 (5).

7. After entering these details appropriately, click on "SUBMIT" tab.
8. Members holding shares in physical mode will then directly reach the Company selection screen. However, members holding shares in demat mode will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
9. For members holding shares in physical mode, the details can be used only for e-voting on the resolutions contained in the Notice.
10. Click on the EVSN for CADILA HEALTHCARE 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 then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
17. Members can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while remote e-voting on your mobile.
18. Note for Non-Individual Members and Custodians:
   - Non-Individual members (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance Users would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and 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 etc. 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.

If you have any queries or issues regarding attending AGM and e-voting from the e-voting system, you may refer the Frequently Asked Questions ("**FAQs**") and e-voting manual available at www.evotingindia.com, under help section or write an e-mail to helpdesk.evoting@cdslindia.com 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 e-mail 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 during the AGM. If a member casts votes by both modes, then voting done through remote e-voting shall prevail.

The Company has appointed Mr. Manoj Hurkat, Practicing Company Secretary (Membership No. 4287), to act as the Scrutinizer for conducting the 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 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.zyduscadila.com and on the website of CDSL www.cdslindia.com and will be displayed on the Notice Board of the Company at its registered office immediately after the declaration of the results by the Chairman or any other person authorised by him and communicated to the Stock Exchanges.

viii. **Instructions for members attending the AGM through VC / OAVM and e-voting during AGM are as under:**

I. The procedure for attending the AGM and e-voting on the day of AGM is same as the instructions mentioned above for remote e-voting.

II. The link for VC / OAVM to attend AGM will be available where the EVSN of the Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.

III. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote during the AGM.

IV. Members are encouraged to join the AGM through Laptops / IPads for better experience.

V. Further, members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.

VI. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable wi-fi or LAN connection to mitigate any kind of aforesaid glitches.

VII. Members who would like to express their views/ask questions during the AGM may register themselves as a speaker by sending their request in advance at least **7 (seven) days prior to the AGM** mentioning their name, demat account number / folio number, e-mail id, mobile number at the Company's e-mail ID. The members who do not wish to speak during the AGM but have queries may send their queries in advance **7 (seven) days prior to the AGM** mentioning their name, demat account number / folio number, e-mail id, mobile number at the Company's e-mail ID. These queries will be replied to by the Company suitably by e-mail.

VIII. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.

IX. Only those members, who are present in the AGM through VC/OAVM facility and have not cast their vote on the resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.

X. If any votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the AGM through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the AGM is available only to the members attending the AGM.

REQUEST TO THE MEMBERS:

Members desiring any relevant information on the Audited Financial Statements or any matter to be placed at the AGM are requested to write to the Company at least 7 (seven) days in advance of the date of AGM through e-mail on dhavalsoni@zyduscadila.com. The same will be replied by the Company suitably.

CADILA HEALTHCARE LIMITED

CIN: L24230GJ1995PLC025878

Regd. Office: "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj (Gandhinagar), Sarkhej-Gandhinagar Highway, Ahmedabad-382481

Email: investor.grievance@zyduscadila.com, dhavalsoni@zyduscadila.com

Website: www.zyduscadila.com

Phone Number: +91 79 48040000, +91 79 71800000

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT"):

The following statement sets out all material facts relating to the special businesses under Item Nos. 4 to 7 of the accompanying Notice dated July 9, 2021.

ITEM NO. 4:

In accordance with the provisions of section 148 of the Act and the Companies (Audit and Auditors) Rules, 2014 ("the **Rules**"), the Company is required to appoint a Cost Auditor to audit the cost records of the Company pertaining to Drugs and Pharmaceuticals manufactured by the Company.

On the recommendation of the Audit Committee, the Board had approved the appointment of Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338) as the Cost Auditors of the Company to conduct audit of cost records of the Company for the Financial Year 2021-2022, at a remuneration of ₹ 1.23 mio. (Rupees One Million Two Hundred and Thirty Thousands only) plus applicable Goods and Services Tax and out of pocket expenses at actuals.

Dalwadi & Associates, Cost Accountants have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. As per the provisions of section 148(3) of the Act, read with the Rules, the remuneration payable to the Cost Auditors shall be ratified by the members of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the passing of the resolution as an Ordinary Resolution as set out at Item No. 4 of the Notice.

ITEM NO. 5:

At the Twenty First Annual General Meeting of the Company held on Wednesday, August 3, 2016, Mr. Apurva S. Diwanji (DIN-00032072) 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 May 13, 2016 to May 12, 2021.

The Board, based on the performance evaluation of Mr. Apurva S. Diwanji and as per the recommendation of the Nomination and Remuneration Committee, 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. Apurva S. Diwanji as an ID of the Company, to hold office for a second term of 5 (five) consecutive years on the Board of the Company with effect from May 13, 2021 to May 12, 2026, not liable to retire by rotation.

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 2 (two) consecutive terms.

The Company has received notice in writing from a member under section 160 of the Act proposing his candidature for the office of ID. Mr. Apurva S. Diwanji meets the criteria of independence as provided in section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations and 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 and based on his evaluation, 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. Apurva S. Diwanji as an ID setting out the terms and conditions would be available for electronic inspection without any fee by the members and also available on the website of the Company at https://www.zyduscadila.com/public/pdf/financial/Draft Letter of Appointment Mr Apurva Diwanji.pdf.

Save and except Mr. Apurva S. Diwanji, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the passing of Special Resolution as set out at Item No. 5 of the Notice.

ITEM NO. 6:

The Members of the Company at the Twenty First Annual General Meeting held on Wednesday, August 3, 2016 approved by way of Special Resolution under section 197 of the Act, the payment of commission to the Non-Executive Directors of the Company, within the maximum limit of 1%

(one percent) of net profits of the company, calculated in accordance with the provisions of the Act subject to maximum in aggregate of ₹ 30 mio. (Rupees Thirty Million only) for each Financial Year for a period of 5 (five) years commencing from the Financial Year ending on March 31, 2017 upto and including Financial Year of the company ending on March 31, 2021.

The Non-Executive and Independent Directors play a significant role in the growth of the Company and taking into account the roles and responsibilities of the Directors, it is proposed that the Directors other than the Managing Director and the Whole Time Director be paid remuneration in accordance with the provisions of section 197 of the Act for an amount not exceeding 1% (one percent) of the net profits of the Company computed in accordance with the provisions of section 198 of the Act, subject to maximum limit of ₹ 40 mio. (Rupees Forty Million only) in aggregate for each financial year for 5 (five) years commencing from April 1, 2021 upto and including financial year ending on March 31, 2026. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board for each financial year and subject to such other applicable requirements under the Act. Within the ceiling approved by the members, the Board will decide and pay the commission to each of the Non-Executive Directors. This remuneration shall be in addition to the fee payable to the Directors for attending the meetings of the Board or 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.

Regulation 17(6)(a) of the Listing Regulations, also provides that all fees / commission paid to Non-Executive Directors shall be fixed by the Board and shall require approval of the members. In this context, it is proposed to take this Special Resolution for payment of commission to the Non-Executive Directors for a period of 5 (five) years effective from April 1, 2021, as may be determined by the Board or its Committee authorised for the purpose for each financial year at a rate such that the total remuneration does not exceed 1% (one percent) of the net profits of the Company as specified in the Act, subject to maximum limit of ₹ 40 mio. (Rupees Forty Million only) in aggregate for each financial year, calculated in accordance with section 197 read with section 198 and any other applicable provisions of the Act.

The Board recommends the passing of the resolution at Item No. 6 of the Notice as a Special Resolution.

All the Directors of the Company except the Managing Director and the Whole Time Director are concerned or interested in this resolution to the extent of commission which they may receive during the course of each of the financial years for which this approval is sought. The Managing Director and the Whole Time Director and Key Managerial Personnel of the Company and their relatives are not concerned or interested, financially or otherwise, in the resolution at Item No. 6 of the Notice.

ITEM NO. 7:

Mr. Ganesh N. Nayak (DIN-00017481) was appointed as the Whole Time Director, designated as Chief Operating Officer and Executive Director, of the Company for a period of 1 (one) year w.e.f. July 12, 2020. His appointment will expire on July 11, 2021.

The Board, based on the recommendation of NRC, at its meeting held on July 9, 2021, re-appointed Mr. Ganesh N. Nayak, as the Executive Director for a further period of 3 (three) years w.e.f. July 12, 2021, on below mentioned remuneration:

- Salary: ₹ 6 mio. (Rupees Six Million only) per month inclusive of all
- Commission: as may be recommended by the NRC and approved by the Board

Provided however that the aggregate remuneration shall not exceed the statutory limits prescribed under the Act.

Mr. Ganesh N. Nayak has furnished his consent / declaration for his re-appointment as required under the Act and the Rules made thereunder.

In the opinion of the Board, Mr. Ganesh N. Nayak fulfills the conditions specified in the Act and Rules made thereunder and the Listing Regulations.

Considering the vast experience and knowledge in the field of marketing and pharmaceutical business and his strategic leadership and marketing acumen, it would be in the interest of the Company that Mr. Ganesh N. Nayak be re-appointed as the Executive Director of the Company for a further period of 3 (three) years w.e.f. July 12, 2021.

Mr. Ganesh N. Nayak fulfills all the conditions prescribed under Part I of Schedule V of the Act. Mr. Ganesh N. Nayak will be paid salary and perquisites in each financial year during the currency of his tenure of appointment based on his performance evaluation by the NRC, which shall not exceed the overall ceiling of the total managerial remuneration as provided under the provisions of section 197 of the Act or such other limits as may be prescribed from time to time.

Mr. Ganesh N. Nayak shall be paid Minimum Remuneration in any financial year, where the profits of the Company are inadequate or the Company does not earn profits as provided in Part II of Schedule V of the Act subject to all requisite disclosure and compliances.

The Board recommends resolution No. 7 of the Notice, for the re-appointment of Mr. Ganesh N. Nayak as the Executive Directorand who may be liable to retire by rotation, as and when required in terms of the Articles of Association of the Company.

Save and except Mr. Ganesh N. Nayak, none of the other Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution at Item No. 7.

By order of the Board of Directors

Dhaval N. Soni
Company Secretary
Membership No. F7063

Place : Ahmedabad
Date : July 9, 2021

Annexure-A

Details of Directors seeking appointment / re-appointment at the Annual General Meeting

(Pursuant to the Listing Regulations)

Name of the Director	Mr. Mukesh M. Patel Non-Executive Non-Independent
DIN	00053892
Date of Birth	January 22, 1954
Age	67 years
Date of first appointment on the Board	August 1, 1997
Date of re-appointment by the members	August 9, 2019
Qualifications	Law graduate
Brief resume and nature of expertise in functional areas	Mukesh Patel enjoys over four decades of experience as a Veteran in the legal profession, during which he has also been committed to the causes of Teaching Law and promoting Tax Payer Education, both through the Print and Electronic Media. A prolific writer and speaker, his tally of over 4,000 Weekly Columns in English and Gujarati and more than 400 TV Shows on Tax Planning have come to be acknowledged as a unique and unprecedented record. He was appointed by the Government of India to serve as a Member on the Justice Easwar Committee for Simplification of the Income-tax Act, Rules and Procedures and as an Expert on the Six Member Task Force entrusted with the key assignment of drafting a New Income-Tax Law. He is a Director on the Board of a number of reputed Public Companies. He has served as President of Ahmedabad Management Association, Gujarat Chamber of Commerce & Industry, Indian Red Cross Society, Indo-Japan Friendship Association and All Gujarat Federation of Tax Consultants. He enjoys the honour of having been conferred with several International Awards and Recognitions, including the highest Decoration from the Emperor of Japan – *'Order of the Rising Sun'*.
Relationship with other Directors and Key Managerial Personnel	None

Name of the Director	Mr. Mukesh M. Patel Non-Executive Non-Independent
Name of other companies in which Mr. Mukesh M. Patel holds Directorships and Memberships of Committees of the Board	**A. Directorships in listed companies:** 1. Cadila Healthcare Limited 2. Johnson Controls-Hitachi Air Conditioning India Limited 3. The Sandesh Limited **B. Directorships in other companies:** 4. Desai Brothers Limited 5. Cliantha Research Limited 6. Jade Blue Lifestyle India Limited 7. Desai Food Private Limited 8. Gulmohar Greens-Golf and Country Club Limited **C. Committee positions in companies:**

Sr. No.	Name of the Company	Name of the Committee	Position
1.	Cadila Healthcare Limited	Audit Committee	Member
		Stakeholders' Relationship Committee	Chairman
		Nomination and Remuneration Committee	Member
		Risk Management Committee	Member
		Share Transfer Committee	Member
2.	Johnson Controls-Hitachi Air Conditioning India Limited	Audit Committee	Chairman
		Stakeholders' Relationship Committee	Chairman
		Nomination and Remuneration Committee	Chairman
3.	The Sandesh Limited	Audit Committee	Chairman
		Stakeholders' Relationship Committee	Member
		Nomination and Remuneration Committee	Member
		CSR Committee	Member
4.	Desai Brothers Limited	Audit Committee	Chairman
		Nomination and Remuneration Committee	Member
5.	Cliantha Research Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		CSR Committee	Chairman
6.	Jade Blue Lifestyle India Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Member

Number of shares held in the Company	12,000
Terms and conditions of appointment	• Liable to retire by rotation • Entitled to receive sitting fees for attending board and committee meetings • Entitled to receive commission as may be decided by the Board

<table>
<tr><th>Name of the Director</th><th>Mr. Apurva S. Diwanji
Non-Executive Independent</th></tr>
<tr><td>DIN</td><td>00032072</td></tr>
<tr><td>Date of Birth</td><td>January 17, 1969</td></tr>
<tr><td>Age</td><td>52 years</td></tr>
<tr><td>Date of first appointment on the Board</td><td>May 13, 2016</td></tr>
<tr><td>Date of re-appointment by the members</td><td>N. A.</td></tr>
<tr><td>Qualifications</td><td>MA in Law, Downing College, Cambridge University, UK
BA (Econ), St. Xavier's College, Mumbai</td></tr>
<tr><td>Brief resume and nature of expertise in functional areas</td><td>Mr. Apurva Diwanji has been with Desai & Diwanji for over 27 years. He specializes in mergers and acquisitions, international capital markets, co-investments, private equity and joint ventures. He has led and advised on a variety of transnational and cross border transactions, sale / acquisition of existing Indian companies, GDR / FCCB and QIB issues. He has advised on all types of M&A transactions including mergers and amalgamations, asset and business purchases and sales, securities sales and purchases, tender offers, buy-outs, joint ventures and strategic buy outs. He advises on the full spectrum of matters including corporate governance issues, transaction structuring, anti-trust and competition laws, FDI and FEMA issues, SEBI and ICDR guidelines and has advised on transactions across various industry sectors. He has also been advising on Corporate Governance and minority protection issues and large corporate disputes.

He is currently an independent director of the Company. Until recently, he was an independent director of Go Airlines (India) Limited, Eureka Forbes Limited and SP Forbes Shipping Limited. *</td></tr>
<tr><td>Relationship with other Directors and Key Managerial Personnel</td><td>None</td></tr>
<tr><td>Name of the companies in which Mr. Apurva Diwanji holds Directorships and Memberships of Committees of the Board</td><td>A. Directorship in listed companies:
1. Cadila Healthcare Limited
B. Directorship in other companies:
2. Hormaze (Property) Private Limited
C. Committee positions in companies:
<table>
<tr><th>Sr. No.</th><th>Name of the Company</th><th>Name of the Committee</th><th>Position</th></tr>
<tr><td>1.</td><td>Cadila Healthcare Limited</td><td>Audit Committee</td><td>Member</td></tr>
<tr><td></td><td></td><td>Nomination and Remuneration Committee</td><td>Member</td></tr>
<tr><td></td><td></td><td>Risk Management Committee</td><td>Member</td></tr>
</table></td></tr>
<tr><td>Number of shares held in the Company</td><td>Nil</td></tr>
<tr><td>Terms and conditions of appointment</td><td>• Term of 5 (five) consecutive years w.e.f. May 13, 2021, subject to approval of members at the ensuing AGM
• Not liable to retire by rotation
• Entitled to receive sitting fees for attending board and committee meetings
• Entitled to receive commission as may be decided by the Board</td></tr>
</table>

** Mr. Apurva S. Diwanji resigned as a Director of Go (Airlines) India Limited w.e.f. June 1, 2021.*

Name of the Director	Mr. Ganesh N. Nayak Executive Director
DIN	00017481
Date of Birth	May 18, 1955
Age	66 years
Date of first appointment on the Board	July 12, 2017
Date of re-appointment by the members	August 27, 2020
Qualifications	Bachelor of Science, MBA from Newport University, California, USA. Mr. Ganesh N. Nayak has done General Management Programme from Harvard Business School, Boston, USA.
Brief resume and nature of expertise in functional areas	At present, Mr. Ganesh N. Nayak is the Chief Operating Officer and Whole Time Director of the Company, designated as an Executive Director. He spearheads the business of the Zydus Cadila Group, including its Joint Ventures and Alliances. Mr. Ganesh N. Nayak joined Zydus Cadila Group in 1977. With experience of more than 43 years, he has contributed significantly to the growth of the Company over the years. The Company has successfully undertaken several expansion plans during his association. With strategic insight and business acumen, Mr. Ganesh N. Nayak has played a key role in several M&A deals and alliances. Strategic management skills, long standing expertise in sales and marketing and new insights from the Harvard Business School have catapulted Mr. Ganesh N. Nayak to the global league of marketing professionals.
Relationship with other Directors and Key Managerial Personnel	None
Name of the companies in which Mr. Ganesh N. Nayak holds Directorships and Memberships of Committees of the Board	**A. Directorship in listed companies:** 1. Cadila Healthcare Limited 2. Zydus Wellness Limited **B. Directorship in other companies:** 3. Zydus Takeda Healthcare Private Limited 4. Zydus Hospira Oncology Private Limited 5. Bayer Zydus Pharma Private Limited 6. German Remedies Healthcare Private Limited **C. Committee positions in companies:** (see table below)

C. Committee positions in companies:

Sr. No.	Name of the Company	Name of the Committee	Position
1.	Cadila Healthcare Limited	Finance and Administration Committee	Member
2.	Zydus Wellness Limited	Stakeholders' Relationship Committee	Chairman
		Audit Committee	Member
		Nomination and Remuneration Committee	Member
		CSR Committee	Member
		Share Transfer Committee	Member
		Finance and Administration Committee	Member
3	Zydus Hospira Oncology Private Limited	CSR Committee	Chairman

Number of shares held in the Company	2,51,120
Terms and conditions of appointment	• Term of 3 (three) years w.e.f. July 12, 2021, subject to approval of members at the ensuing AGM • Liable to retire by rotation

Cadila Healthcare Ltd.

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

www.zyduscadila.com

CIN: L24230GJ1995PLC025878