Independent Auditors' Report

To the Members of Zydus Wellness Products Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Zydus Wellness Products Limited ("the Company"), which comprises of the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash flow and Statement of change in equity for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the 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 31 March 2022, and its loss, 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 financial statements in accordance with the Standards on Auditing ("SA" s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management Responsibilities for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and the changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:

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

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

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

   d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors as on 31stMarch, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

h. With respect to the other matters to be included in the Auditors' 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, wherever necessary, of pending litigations on its financial position in its financial statements:

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

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

    iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

        - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the company or

        - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

    (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall:

        - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or

        - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

    (c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid dividend during the year covered by our audit.

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

For, Dhirubhai Shah & Co LLP
Chartered Accountants
FRN: 102511W/W100298

Sd/-
Samip K Shah
Partner
Membership number: 128531
ICAI UDIN: 22128531AJBESO3713

Place: Ahmedabad
Date: May 16, 2022

Annexure - A to the Independent Auditors' Report

Report on the Internal Financial Controls 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 Zydus Wellness Products Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For, Dhirubhai Shah & Co LLP
Chartered Accountants
FRN: 102511W/W100298

Sd/-
Samip K Shah
Partner
Membership number: 128531
ICAI UDIN: 22128531AJBESO3713

Place: Ahmedabad
Date: May 16, 2022

Annexure - B to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31stMarch 2022, we report that:

(i) a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

b) Some of the Property, Plant and Equipment and Capital work-in-progress were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) 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 (other than immovable properties where the Company is lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment and capital work-in-progress are held in the name of the Company as at the balance sheet date.

d) The Company has not revalued any of its Property, Plant and Equipment (including Right of use assets) and intangible assets during the year.

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

(ii) a) The inventories were physically verified by the management during the year at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written conformations have been obtained and in respect of goods -in-transit, the goods have been received subsequent to the year-end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with the books of account.

b) According to the information and explanations given to us and basis our audit procedures in the area of borrowings, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets, and hence reporting under clause (ii)(b) of the Order is not applicable.

(iii) The Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnerships or other parties during the year and hence reporting under clause (iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits (including deemed deposits) from the public within the meaning of provisions of sections 73 to 76 of the Act and the rules framed there under and hence reporting under clause (v) of paragraph 3 of the Order is not applicable. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained by the Company. We have, however, not made detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues with the appropriate authorities.

According to the information and explanations given to us and basis our audit procedures to check the outstanding statutory dues, in our opinion no undisputed amounts payable in respect of statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, Cess, Goods and Service Tax and other statutory dues applicable to it were in arrears as at the balance sheet date for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and records of the company examined by us, the following statutory dues as at March 31, 2022 which have not been deposited by the Company on account of any disputes.

Name of the Statue	**Nature of dues**	**Amount (₹ in Lakhs)**	**Amount paid under protest (₹ in Lakhs)**	**Period to which the amount relates**	**Forum where dispute is pending**
Income Tax Act	Income Tax	650.13	--	A.Y. 2013-14	CIT (Appeals)
Income Tax Act	Income Tax	7,192.32	--	A.Y. 2015-16 to 2016-17	ITAT
Income Tax Act	Income Tax	1,503.12	200.00	A.Y. 2012-13 & 2014-15	CIT (Appeals)
Income tax Act	Income Tax	3,235.07	--	A.Y. 2017-18	ITAT

Income Tax Act	Income Tax	85.00	17.00	A.Y. 2017-18	CIT (Appeals)
Income Tax Act	Income Tax	6,147.56	1,605.75	A.Y. 2008-09 to 2012-13	High Court
Goods and Service Tax, Central Sales Tax Act, Local Sales Tax Act	Sales Tax including Interest and Penalty as applicable	7,741.63	618.86	1996-97, 1999-00, 2001-02, 2002-03, 2004-05, 2005-06, 2006-07, 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2017-18, 2018-19	Appellate Authority up to Commissioner's Level/ Appellate Revision Board
Central Sales Tax, Local Sales Tax Act	Sales Tax including Interest and Penalty as applicable	600.78	138.36	1994-95, 1996-97, 1997-98, 1999-00, 2001-02, 2002-03, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2015-16, 2016-17, 2017-18	High Court
Goods and Service Tax, Central Sales Tax Act, Local Sales Tax Act	Sales Tax including Interest and Penalty as applicable	1838.40	33.66	1996-97, 1998-99, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18	Appellate Tribunal
Haryana Land Development Act	Local Area Development Tax,	267.62	101.66	2000-01 to 2003-04	Supreme Court
Indian Stamp Act	Stamp Duty	1,863		1994-95	High Court
Indian Stamp Act	Stamp Duty	2,500	625	2020-21	Chief Controller of Revenue Authority
Central Excise Act	CENVAT Credit	919	73	2014-15 & 2015-16	CESTAT
Central Excise Act	CENVAT Credit	530	39	2010-11, 2011-12, 2013-14, 2014-15, 2017-18	Additional Commissioner & Commissioner

Pursuant to the acquisition of business of Heinz India Private Limited vis-à-vis share purchase agreement entered in to with Heinz Italia SPA, the seller, Zydus Wellness Products Limited has entered in to a definitive agreement with the said seller for protecting itself towards any tax obligations that may be dwelved upon on the Company for the period prior to the acquisition of business of Heinz India Private Limited. The above table shows the details of Contingent Liabilities which are actually revolving on the Company as on the balance sheet date. However, by virtue of the indemnity clause imbibed with the erstwhile seller management, the Company is safeguarded from any tax demand that may arise in future on account of the above said tax litigations so far as it relates to the pre-acquisition period cases, as the cited tax obligations are being borne by the exchequer of erstwhile seller.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

c) To the best of our knowledge and belief and as per the information and explanations given to us by the management, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates as defined under the Act. The Company does not hold any investment in any joint venture (as defined under the Act) during the year ended March 31, 2022.

f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies (as defined under the Act). The Company does not hold any investment in any joint venture (as defined under the Act) during the year ended March 31, 2022.

(x) a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x) (a) of the Order is not applicable.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally) during the year and hence reporting under clause (x) (b) of the Order is not applicable to the Company.

(xi) a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality as outlined in the Standards on Auditing, we report that no fraud by the company or on the company has been noticed or reported during the course of the audit.

b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

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

(xiv) a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an adequate Internal Audit system commensurate with the size and the nature of its business.

b) We have considered the internal audit reports of the Company issued till date for the period under audit.

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

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company, we report that:

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

b) The Company has not conducted any non-banking or housing finance activities during the year;

c) In our opinion and as per the details and explanations given to us by the management, the Company is not Core Investment Company (as defined in the regulations made by the RBI).

d) The Group has more than one Core Investment Company (two Core Investment Companies) as part of the Group.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause (xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to further viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) The Company was not exceeding the threshold as per provisions of section 135 of the Companies Act, 2013. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For, Dhirubhai Shah & Co LLP
Chartered Accountants
FRN: 102511W/W100298

Sd/-
Samip K Shah
Partner
Membership number: 128531
ICAI UDIN: 22128531AJBESO3713

Place: Ahmedabad
Date: May 16, 2022

Zydus Wellness Products Limited

Balance Sheet as at March 31, 2022

Particulars	Note No.	₹ in Lakhs As at March 31 2022	2021
ASSETS:			
Non-Current assets:			
Property, plant and equipment	3 [A]	**22,247**	17,853
Capital work-in-progress	3 [C]	**1,015**	287
Goodwill	3 [B]	**2,68,778**	3,07,637
Other intangible assets	3 [B]	**54,525**	54,762
Financial assets:			
Investments	4	**9**	-
Other financial assets	5	**378**	823
Other non-current assets	6	**1,628**	953
Assets for tax [net]	7	**40**	-
		3,48,620	3,82,315
Current Assets:			
Inventories	8	**35,460**	34,962
Financial assets:			
Investments	9	**1,500**	-
Trade receivables	10	**13,204**	8,912
Cash and cash equivalents	11 [A]	**10,684**	16,596
Bank balance other than cash and cash equivalents	11 [B]	**17**	-
Other current financial assets	12	**1,923**	1,860
Other current assets	13	**6,621**	9,184
		69,409	71,514
Total		**4,18,029**	4,53,829
EQUITY AND LIABILITIES:			
Equity:			
Equity share capital	14	**21,884**	21,884
Other equity	15	**2,48,650**	2,53,448
		2,70,534	2,75,332
Liabilities:			
Non-current liabilities:			
Financial liabilities:			
Borrowings	16	**27,750**	55,650
Lease liabilities	41	**440**	-
Other financial liabilities	17	**14**	9
Provisions	18	**1,066**	1,016
Deferred tax liabilities [net]	19	**49,225**	53,449
Other non current liabilities	20	**31**	100
		78,526	1,10,224
Current liabilities:			
Financial liabilities:			
Borrowings	21	**27,300**	18,750
Lease liabilities	41	**96**	-
Trade payables:			
Dues to Micro and Small Enterprises	22	**1,685**	1,147
Dues to other than Micro and Small Enterprises	22	**32,177**	39,052
Other financial liabilities	23	**2,518**	3,203
Other current liabilities	24	**3,082**	4,269
Provisions	25	**2,111**	1,754
Current tax liabilities [net]	26	**-**	98
		68,969	68,273
Total		**4,18,029**	4,53,829
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 46		

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-	Sd/-	Sd/-	Sd/-
Samip K. Shah	**Dr. Sharvil P. Patel**	**Tarun Arora**	**Umesh V. Parikh**
Partner	Chairman	Whole Time Director	Chief Financial Officer
Membership Number: 128531	DIN: 00131995	DIN: 07185311	
Place: Ahmedabad	Place: Mumbai	Place: Ahmedabad	Place: Ahmedabad
Date: May 16, 2022	Date: May 16, 2022	Date: May 16, 2022	Date: May 16, 2022

Zydus Wellness Products Limited
Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Note No.	₹ in Lakhs	
		Year ended March 31	
		2022	2021
INCOME:			
Revenue from operations	28	1,88,168	1,72,715
Other income	29	657	1,215
Total Income		1,88,825	1,73,930
EXPENSES:			
Cost of materials consumed		74,523	66,797
Purchases of stock-in-trade		17,264	12,362
Changes in inventories of finished goods, work-in-Progress and stock-in-trade	30	(767)	(3,994)
Employee benefits expense	31	12,930	12,999
Finance costs	32	3,486	8,394
Depreciation and amortisation expense	3 [A], [B]	40,937	41,026
Other expenses	33	49,327	45,347
Total Expenses		1,97,700	1,82,931
Loss before Tax		(8,875)	(9,001)
Less: Tax expense:			
Current tax	34	-	-
Deferred tax	34	(4,178)	71,528
		(4,178)	71,528
Loss for the year		(4,697)	(80,529)
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement gains on post employment defined benefit plans	18	(147)	259
Income tax effect	34	46	(81)
Other Comprehensive Income for the year [net of tax]		(101)	178
Total Comprehensive Income for the year [net of tax]		(4,798)	(80,351)
Basic Earnings per equity share [EPS] [in ₹]	35	(2.68)	(46.93)
Diluted Earnings per equity share [EPS] [in ₹]	35	(2.15)	(37.42)
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 46		

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-	Sd/-	Sd/-	Sd/-
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Partner	Chairman	Whole Time Director	Chief Financial Officer
Membership Number: 128531	DIN: 00131995	DIN: 07185311	
Place: Ahmedabad	Place: Mumbai	Place: Ahmedabad	Place: Ahmedabad
Date: May 16, 2022	Date: May 16, 2022	Date: May 16, 2022	Date: May 16, 2022

Zydus Wellness Products Limited

Cash flow Statement for the year ended March 31, 2022

Particulars		**₹ in Lakhs**	
		Year ended March 31	
		2022	2021
A	**Cash flows from operating activities:**		
	Loss before tax	**(8,875)**	(9,001)
	Adjustments for:		
	Depreciation and amortisation expense	**40,937**	41,026
	Net Loss/ [Gain] on disposal of Property, plant and equipment	**2**	(35)
	FVTPL gain on sale of investments [net]	**(110)**	(140)
	Expected credit loss on trade receivables [net]	**118**	60
	Interest income	**(547)**	(1,075)
	Interest expense, Bank commission and charges	**3,486**	8,394
	Amortisation of deferred revenue on Government grants	**(69)**	(68)
	Provisions for probable product expiry claims and return of goods	**81**	500
	Provision for employee benefits	**179**	219
	Operating profit before working capital changes	**35,202**	39,880
	Adjustments for:		
	Increase in inventories	**(498)**	(6,962)
	[Increase]/ Decrease in trade receivables	**(4,750)**	2,370
	Decrease in Other assets	**2,018**	3,314
	Decrease in trade payables and other liabilities	**(6,606)**	(4,750)
	Cash generated from operations	**25,366**	33,852
	Direct taxes paid [net of refunds]	**(138)**	(224)
	Net cash from operating activities	**25,228**	33,628
B	**Cash flows from investing activities:**		
	Purchase of Property, plant and equipment and Other intangible assets	**(7,096)**	(1,642)
	Proceeds from sale of property, plant and equipment	**62**	201
	Net gain from sale of current investments	**110**	140
	Proceeds from/ [Investment in] non current fixed deposit [net]	**533**	(189)
	Purchase of non current investments in subsidiaries	**(9)**	-
	Interest received	**547**	1,075
	Net cash used in investing activities	**(5,853)**	(415)
C	**Cash flows from financing activities:**		
	Proceeds from Optionally Convertible Non-Cumulative Redeemable Preference shares	**-**	168
	Redemption of Optionally Convertible Non-Cumulative Redeemable Preference shares	**-**	(6,099)
	Proceeds from non-current borrowings	**2,000**	-
	Repayment of non-current borrowings	**(23,650)**	(36,350)
	Current Borrowings [net - (repayment) / taken]	**2,300**	18,750
	Repayment of lease liabilities	**(97)**	-
	Interest paid	**(4,323)**	(9,183)
	Net cash used in financing activities	**(23,770)**	(32,714)
	Net [decrease]/ increase in cash and cash equivalents	**(4,395)**	499
	Cash and cash equivalents at the beginning of the year	**16,596**	16,097
	Cash and cash equivalents at the end of the year	**12,201**	16,596

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 comprise of :

₹ in Lakhs

Particulars	**As at March 31**		
	2022	2021	2020
a Cash on Hand	**11**	4	4
b Balances with Banks	**10,690**	16,592	5,052
c Investments in liquid mutual funds	**1,500**	-	11,041
Total	**12,201**	16,596	16,097

5 Change in liability arising from financing activities:

₹ in Lakhs

	Total Borrowings (Refer Note 16 and 21)
As at March 31, 2020	**1,12,000**
Cash Flow	(17,600)
Non Cash Flow: Pursuant to conversion of Compulsorily Convertible Debentures into Equity shares	(20,000)
Foreign exchange movement	-
As at March 31, 2021	**74,400**
Cash Flow	(19,350)
Foreign exchange movement	-
As at March 31, 2022	**55,050**

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-	Sd/-	Sd/-	Sd/-
Samip K. Shah	**Dr. Sharvil P. Patel**	**Tarun Arora**	**Umesh V. Parikh**
Partner	Chairman	Whole Time Director	Chief Financial Officer
Membership Number: 128531	DIN: 00131995	DIN: 07185311	
Place: Ahmedabad	Place: Mumbai	Place: Ahmedabad	Place: Ahmedabad
Date: May 16, 2022	Date: May 16, 2022	Date: May 16, 2022	Date: May 16, 2022

Zydus Wellness Products Limited

Statement of Change in Equity for the year ended March 31, 2022

a Equity Share Capital:

	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2020	**17,08,24,633**	**17,082**
Add: Shares issued during the year	44,01,408	**441**
As at March 31, 2021	**17,52,26,041**	**17,523**
Add: Shares issued during the year	-	**-**
As at March 31, 2022	**17,52,26,041**	**17,523**
7% Optionally Convertible Non-Cumulative Redeemable Preference Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2020	**4,36,06,566**	**4,361**
Add: Shares issued during the year	16,76,000	**168**
Less: Redemption during the year	(16,75,824)	**(168)**
As at March 31, 2021	**4,36,06,742**	**4,361**
Add: Shares issued during the year	-	**-**
As at March 31, 2022	**4,36,06,742**	**4,361**

b Other Equity:

₹ in Lakhs

Particulars	Reserves and Surplus			Total
	Securities Premium	Capital Reserve	Retained Earnings	
As at March 31, 2020	3,29,422	13	(9,264)	**3,20,171**
Less: Loss for the year	-	-	(80,529)	**(80,529)**
Add: Other Comprehensive Income	-	-	178	**178**
Total Comprehensive Income	-	-	(80,351)	**(80,351)**
Add: Addition pursuant to issue of shares	19,560	-	-	**19,560**
Less: Utilization on redemption of shares	(5,932)	-	-	**(5,932)**
As at March 31, 2021	3,43,050	13	(89,615)	**2,53,448**
Less: Loss for the year	-	-	(4,697)	**(4,697)**
Less: Other Comprehensive Income	-	-	(101)	**(101)**
Total Comprehensive Income	-	-	(4,798)	**(4,798)**
As at March 31, 2022	3,43,050	13	(94,413)	**2,48,650**

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-
Samip K. Shah
Partner
Membership Number: 128531
Place: Ahmedabad
Date: May 16, 2022

Sd/-
Dr. Sharvil P. Patel
Chairman
DIN: 00131995
Place: Mumbai
Date: May 16, 2022

Sd/-
Tarun Arora
Whole Time Director
DIN: 07185311
Place: Ahmedabad
Date: May 16, 2022

Sd/-
Umesh V. Parikh
Chief Financial Officer
Place: Ahmedabad
Date: May 16, 2022

Note: 1 - Company overview:

Zydus Wellness Products Limited ["the Company"] operates as an integrated consumer Company with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Company includes brands like Sugar Free, Sugar Lite, Everyuth, Complan, Glucon D, Nycil, Nutralite and Sampriti Ghee. The registered office of the company is located at Zydus Corporate Park, Scheme No. 63, Survey No. 536 Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad 382 481. These financial statements were authorised for issue in accordance with a resolution passed by Board of the Directors at its meeting held on May 16, 2022.

Note: 2 - Significant Accounting Policies:

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

1 **Basis of preparation:**

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

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

i Derivative financial instruments

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

iii Defined benefit plans

2 **Use of Estimates:**

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

Critical accounting judgments and estimates:

A **Taxes on Income:**

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

B **Property, Plant and Equipment:**

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

C **Employee Benefits:**

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

D **Product warranty and expiry claims:**

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

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

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

F **Contingent liabilities:**

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

3 **Foreign Currency Transactions:**

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

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

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

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

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

4 **Revenue Recognition:**

A The Company has applied Ind AS 115 - "Revenue from Contracts with Customers", The following is the significant accounting policy related to revenue recognition under Ind AS 115.

a **Sale of Goods:**

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

b **Service Income:**

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

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

a **Interest Income:**

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

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.

C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.

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 correlation to the underlying transaction either in profit or loss, Other Comprehensive Income (OCI) or directly in equity.

B **Deferred Tax:**

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

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

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

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

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

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

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

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

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

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

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

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

The estimated useful lives are as follows:

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

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

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

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

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

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

8 Intangible Assets:

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

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

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

D Softwares are amortised over their estimated economic life.

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

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

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

9 Research and Development Cost:

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

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

10 Borrowing Costs:

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

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

11 Impairment of Non Financial Assets:

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

12 Inventories:

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

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Write down of inventories to net realisable value is recognised as an expenses and included in "Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade" and "Cost of Material Consumed" in the relevant note in the Statement of Profit and Loss.

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 and short term highly liquid investments.

14 Provisions, Contingent Liabilities and Contingent Assets:

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

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

15 Provision for Product Expiry Claims:

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

16 Employee Benefits:

A Short term obligations:

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured 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 up to the end of the reporting period using the projected unit credit method, as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in statement of profit and loss.

b Defined Benefit Plans:

Gratuity:

The 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 Company Gratuity Plan. The Liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

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

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

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

The 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;

ii Net interest expense or income.

Company administered Provident Fund:

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

C Employee Separation Costs:

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

17 Dividends :

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

18 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 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 :

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

c Derecognition:

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

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

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

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

d Impairment of financial assets:

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

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

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

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

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

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

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

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

a Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

b Financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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

B Financial liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

c Derecognition:

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

d Embedded derivatives:

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

C Reclassification of financial assets:

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

D Offsetting of financial instruments:

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

19 Fair Value Measurement:

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

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the

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.

20 Business combinations and Goodwill:

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

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

C When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

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

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

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

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

21 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.

As a lessee:

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

Measurement and recognition of leases as a lessee:

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

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

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

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

As a lessor:

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

22 Earnings per Share:

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

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

B Recent Accounting Pronouncements:

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

a Ind AS 103 – Business Combination:

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

b Ind AS 109 – Financial Instruments:

The amendment clarifies the nature of fees which can be included by the entity for the purpose of assessing the '10 percent' test for derecognition of financial liabilities. The amendment is no expected to have any material impact on the Company's financial statement.

c Ind AS 16 – Property, Plant and Equipments:

The amendments clarifies , the excess of net sale proceeds of items produced over the cost of testing, if any, should not be recognised in the statement of profit or loss but deducted from the directly attributable costs considered as part of cost of an item of PPE. The Company does not expect the amendment to have any material impact on its financial statements.

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

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

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

[A] Property, Plant and Equipment:

₹ in Lakhs

	Freehold Land	Leasehold Land *	Buildings *	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2020	4,288	1,620	8,899	16,172	368	166	99	**31,612**
Additions	-	-	92	1,177	15	26	53	**1,363**
Disposals	-	-	-	(599)	(9)	(13)	(1)	**(622)**
As at March 31, 2021	4,288	1,620	8,991	16,750	374	179	151	**32,353**
Additions	1,906	-	2,616	1,353	117	31	93	**6,116**
Disposals	-	-	-	(526)	(50)	-	-	**(576)**
As at March 31, 2022	6,194	1,620	11,607	17,577	441	210	244	**37,893**
Depreciation and Impairment:								
As at March 31, 2020	-	107	1,934	10,671	255	98	70	**13,135**
Depreciation for the year	-	18	368	1,372	31	18	14	**1,821**
Disposals	-	-	-	(442)	(8)	(5)	(1)	**(456)**
As at March 31, 2021	-	125	2,302	11,601	278	111	83	**14,500**
Depreciation for the year	-	18	463	1,109	21	21	26	**1,658**
Disposals	-	-	-	(468)	(44)	-	-	**(512)**
As at March 31, 2022	-	143	2,765	12,242	255	132	109	**15,646**
Net Block:								
As at March 31, 2021	4,288	1,495	6,689	5,149	96	68	68	**17,853**
As at March 31, 2022	6,194	1,477	8,842	5,335	186	78	135	**22,247**

[B] Intangible Assets:

₹ in Lakhs

	Goodwill	Other Intangible Assets		
		Brand/ Trade Mark	Softwares	Total
Gross Block:				
As at March 31, 2020	**3,87,682**	53,868	1,427	**55,295**
Additions	**-**	-	225	**225**
As at March 31, 2021	**3,87,682**	53,868	1,652	**55,520**
Additions	**-**	-	183	**183**
As at March 31, 2022	**3,87,682**	53,868	1,835	**55,703**
Amortisation and Impairment:				
As at March 31, 2020	**41,186**	-	412	**412**
Amortisation for the year	**38,859**	-	346	**346**
As at March 31, 2021	**80,045**	-	758	**758**
Amortisation for the year	**38,859**	-	420	**420**
As at March 31, 2022	**1,18,904**	-	1,178	**1,178**
Net Block:				
As at March 31, 2021	**3,07,637**	53,868	894	**54,762**
As at March 31, 2022	**2,68,778**	53,868	657	**54,525**

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

₹ in Lakhs

	As at March 31	
	2022	2021
Projects in progress:		
Less than 1 year	**780**	287
1 - 2 years	**235**	-
2 - 3 years	**-**	-
More than 3 years	**-**	-
Total Capital work-in-progress	**1,015**	287

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

Notes:

1 Legal titles of the immovable properties are in the name of the Company [excluding lease assets].

2 Additions of ₹ 2 [Previous Year: ₹ 22] Lakhs in research assets during the year are included in "Additions" under the respective heads of Gross Block of Property, plant and equipment and Intangible Assets.

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

Note: 4 - Investments:

₹ in Lakhs

	Face Value [*]	Nos. [**]	As at March 31 2022	2021
Investments in Subsidiaries				
Investments in Equity Instruments			**9**	-
Total			**9**	-
A Details of Investments in Subsidiaries				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Wellness (BD) Pvt Limited [Bangladesh] [99,931 Shares subscribed during the year ended March 31, 2022]	BDT 10	99,931 [0]	**9**	-
			9	-
Total			**9**	**-**
B Aggregate book value of unquoted investment			**9**	-
C Explanations:				
a In "Face Value [*]", figures in Indian ₹, unless stated otherwise.				
b In "Nos. [**]" figures of previous year are same unless stated in [ ].				

Note: 5 - Other financial assets:

₹ in Lakhs

	As at March 31 2022	2021
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**332**	244
Fixed Deposits	**46**	579
Total	**378**	823

Note: 6 - Other non-current assets:

₹ in Lakhs

	As at March 31 2022	2021
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	**714**	51
Balances with Statutory Authorities	**914**	902
Total	**1,628**	953

Note: 7 - Assets for tax [net]:

₹ in Lakhs

	As at March 31 2022	2021
Advance payment of tax [as at March 31, 2022 net of provision for taxation of ₹ 8,468 Lakhs] *	**40**	-
Total	**40**	-

* Refer note 26.

Note: 8 - Inventories:

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

₹ in Lakhs

	As at March 31 2022	2021
Classification of Inventories:		
Raw Materials	**5,143**	5,572
Work-in-progress	**9,536**	8,943
Finished Goods	**15,155**	15,554
Stock-in-Trade	**2,751**	2,178
Stores and Spares	**955**	812
Others:		
Packing Materials	**1,920**	1,903
Total	**35,460**	34,962
The above includes Goods in transit as under:		
Raw Materials	**82**	326
Finished Goods	**4**	-
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories:		
- Net of reversal of write down	**1,459**	886

Note: 9 - Investments:

₹ in Lakhs

	Nos. [**]	As at March 31 2022	2021
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss] [*]			
ICICI prudential overnight fund direct plan growth	1308880.767 [0]	**1,500**	-
Total		**1,500**	-
A. Aggregate amount of quoted investments and aggregate value thereof		**1,500**	-

[*] Considered as cash and cash equivalents for Cash Flow Statement

[**] In "Nos." figures of previous year are stated in [ ]

Note: 10 - Trade receivables:

₹ in Lakhs

	As at March 31 2022	2021
Unsecured - Considered good	**13,204**	8,912
Unsecured - Credit impaired	**145**	298
	13,349	9,210
Less: Allowances for credit losses	**(145)**	(298)
Total	**13,204**	8,912

Ageing of Trade Receivables :

[A] As at March 31, 2022

₹ in Lakhs

Particulars	**Not Due**	**Outstanding for following periods from due date of payment**					**Total**
		Less than 6 Months	**6 Months to 1 year**	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	
Undisputed – considered good	**10,287**	**2,803**	**50**	**47**	**15**	**2**	**13,204**
Undisputed – have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Undisputed – credit impaired	**-**	**-**	**25**	**55**	**14**	**2**	**96**
Disputed – considered good	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disputed - have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disputed - credit impaired	**-**	**-**	**-**	**42**	**7**	**-**	**49**
Total	**10,287**	**2,803**	**75**	**144**	**36**	**4**	**13,349**

[B] As at March 31, 2021

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 Months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed – considered good	5,913	1,853	328	220	515	83	8,912
Undisputed – have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	46	41	88	74	249
Disputed – considered good	-	-	-	-	-	-	-
Disputed - have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	42	7	-	49
Total	5,913	1,853	374	303	610	157	9,210

Note: 11 [A] - Cash and cash equivalents:

₹ in Lakhs

	As at March 31 2022	2021
Balances with banks	10,673	16,592
Cash on hand	11	4
Total	10,684	16,596

A. Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.
B. There are no amounts of cash and cash equivalent balances held by the entity that are not available for use.

Note: 11 [B] - Bank balance other than cash and cash equivalents:

₹ in Lakhs

	As at March 31 2022	2021
Balances with Banks	17	-
Total	17	-

Note: 12 - Other current financial assets:

₹ in Lakhs

	As at March 31 2022	2021
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	-	130
Other receivables	1,923	1,730
Total	1,923	1,860

Note: 13 - Other current assets:

₹ in Lakhs

	As at March 31 2022	2021
[Unsecured, Considered Good unless otherwise stated]		
Advances to suppliers	441	823
Prepaid Expenses	263	177
Balances with Statutory Authorities	5,917	8,184
Total	6,621	9,184

Note: 14 - Equity share capital:

		As at March 31 2022	2021
Authorised:			
44,00,00,000 [as at March 31, 2021: 44,00,00,000] Equity shares of ₹ 10 each	₹ in Lakhs	44,000	44,000
7,50,00,000 [as at March 31, 2021: 7,50,00,000] 7% Optionally Convertible Non-Cumulative Redeemable Preference shares of ₹ 10 each	₹ in Lakhs	7,500	7,500
		51,500	51,500
Issued, Subscribed and fully Paid-up:			
17,52,26,041 [as at March 31, 2021: 17,52,26,041] Equity share of ₹ 10 each	₹ in Lakhs	17,523	17,523
4,36,06,742 [as at March 31, 2021: 4,36,06,742] 7% Optionally Convertible Non-Cumulative Redeemable Preference shares of ₹ 10 each	₹ in Lakhs	4,361	4,361
Total		21,884	21,884

A. The reconciliation in number of equity share is as under:

	2022	2021
Number of shares at the beginning of the year	17,52,26,041	17,08,24,633
Add: Shares issued during the year [*]	-	44,01,408
Number of shares at the end of the year	17,52,26,041	17,52,26,041

*[44,01,408 shares allotted pursuant to conversion of Compulsorily Convertible Debentures into equity as at March 31, 2021]

B. The reconciliation in number of 7% Optionally Convertible Non-Cumulative Redeemable preference shares is as under:

	2022	2021
Number of shares at the beginning of the year	4,36,06,742	4,36,06,566
Add: Shares issued during the year	-	16,76,000
Less: Redemption during the year	-	(16,75,824)
Number of shares at the end of the year	4,36,06,742	4,36,06,742

C. The Company has equity shares and preference shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.

D. Optionally Convertible Non-Cumulative Redeemable Preference shares [OCRPS] are redeemable at par. At anytime during the tenure of the OCRPS, the Issuer of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during the tenure of the OCRPS, the Holder of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares.Such conversation shall happen at a pre-determined agreed rate between the parties. The tenure of the OCRPS shall be 10 years from the date of allotment. At any time during the tenure of the OCRPS, the Company shall have a right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential right with respect to dividend on the paid up capital in the event of distribution of profits by the company.

E. Details of Shareholder holding more than 5% of shares:

	2022	2021
a. Equity Shares:		
Zydus Wellness Limited and its nominees		
Number of Shares	17,52,26,041	17,52,26,041
% to total share holding	100%	100%
b. 7% Optionally Convertible Non-Cumulative Redeemable preference shares:		
Zydus Wellness Limited		
Number of Shares	4,36,06,742	4,36,06,742
% to total share holding	100%	100%

F. Details of Equity Shares held by promoters at the end of the year March 31, 2022:

Sr. No.	Promoter's Name	No. of Shares	% of total shares	% change during the year
1	Zydus Wellness Limited	17,52,26,041	100.00%	0.00%

G. 44,01,408 Equity shares of ₹ 10 each, fully paid-up were allotted without payment being received in cash pursuant to conversion of Compulsorily Convertible Debentures into Equity shares as at March 31, 2021.

Note: 15 - Other equity:

	As at March 31 2022	As at March 31 2021
	₹ in Lakhs	
Capital Reserve:		
Balance as per last Balance Sheet	13	13
	13	13
Securities Premium: [*]		
Balance as per last Balance Sheet	3,43,050	3,29,422
Add: Addition pursuant to issue of shares	-	19,560
Less: Utilization on redemption of shares	-	(5,932)
Balance as at the end of the year	3,43,050	3,43,050
Retained Earnings:		
Balance as per last Balance Sheet	(89,615)	(9,264)
Less: Loss for the year	(4,697)	(80,529)
Add/ [Less]: Other Comprehensive Income for the year	(101)	178
Balance as at the end of the year	(94,413)	(89,615)
Total	2,48,650	2,53,448

[*] Securities premium is created due to premium on issue of shares. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Note: 16 - Borrowings:

	As at March 31 2022	As at March 31 2021
	₹ in Lakhs	
Loans from related party [Unsecured] [*]	27,750	55,650
Total	27,750	55,650
[*] Name of the party and relationship with the party from whom received:		
Holding Company:		
a Zydus Wellness Limited [**]	21,500	24,400
Fellow Subsidiary Company:		
b Zydus Healthcare Limited [***]	6,250	31,250
Total	27,750	55,650

[**] The loans from holding Company are payable within 4 years along with applicable interest.
[***] The loan from fellow subsidiary company is repayable within two years along with applicable interest for the period.

Note: 17- Other financial liabilities:

	As at March 31 2022	As at March 31 2021
	₹ in Lakhs	
Others deposits	14	9
Total	14	9

Note: 18 - Provisions:

	As at March 31 2022	As at March 31 2021
	₹ in Lakhs	
Provision for employee benefits	1,066	1,016
Total	1,066	1,016

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.

₹ in Lakhs

	March 31, 2022			March 31, 2021		
	Medical Leave	**Leave Wages**	**Gratuity**	Medical Leave	Leave Wages	Gratuity
B Change in the present value of the defined benefit obligation:						
Opening obligation	**279**	**973**	**1,819**	271	887	1,924
Transfer in/ [out] Obligation	**14**	**42**	**16**	-	-	-
Interest cost	**16**	**55**	**104**	16	53	117
Current service cost	**78**	**139**	**162**	51	138	169
Benefits paid	**(125)**	**(197)**	**(286)**	(131)	(168)	(225)
Actuarial [gains] / losses on obligation						
Experience Adjustments	**43**	**25**	**235**	69	51	(187)
Change in financial assumptions	**(8)**	**(21)**	**(66)**	3	12	21
Closing obligation	**297**	**1,016**	**1,984**	279	973	1,819
C Change in the fair value of plan assets:						
Opening fair value of plan assets	**-**	**41**	**1,989**	-	39	1,962
Transfer in/ [out] Obligation	**-**	**-**	**(8)**	-	-	-
Expected return on plan assets	**-**	**3**	**22**	-	1	93
Interest Income	**-**	**2**	**119**	-	1	125
Contributions by employer	**-**	**-**	**48**	-	-	34
Benefits paid	**-**	**-**	**(286)**	-	-	(225)
Actuarial [losses]/ gain on plan assets	**-**	**-**	**-**	-	-	-
Closing fair value of plan assets	**-**	**46**	**1,884**	-	41	1,989
Total actuarial [gains]/losses to be recognised	**35**	**1**	**147**	72	62	(259)
D Actual return on plan assets:						
Expected return on plan assets	**-**	**5**	**141**	-	2	218
E Amount recognised in the balance sheet:						
Liabilities/[Assets] at the end of the year	**297**	**1,016**	**1,984**	279	973	1,819
Fair value of plan assets at the end of the year	**-**	**(46)**	**(1,884)**	-	(41)	(1,989)
Liabilities/ [Assets] recognised in the Balance Sheet	**297**	**970**	**100**	279	932	(170)
F Expenses /[Incomes] recognised in the Statement of Profit and Loss:						
Current service cost	**78**	**139**	**162**	51	138	169
Interest cost on benefit obligation	**16**	**55**	**104**	16	53	117
Expected return on plan assets	**-**	**(2)**	**(119)**	-	(1)	(125)
Net actuarial [gains] / losses in the year	**35**	**1**	**-**	72	62	-
Net expenses / [benefits]	**129**	**193**	**147**	139	252	161
Net actuarial [gains] / losses in the year	**-**	**-**	**147**	-	-	(259)
Amounts recognized in Other Comprehensive income [OCI]	**-**	**-**	**147**	-	-	(259)
G Movement in net liabilities recognised in Balance sheet:						
Opening net liabilities	**279**	**932**	**(170)**	271	848	(38)
Transfer in/ [out] Obligation	**14**	**42**	**24**	-	-	-
Expenses as above [Profit & Loss Charge]	**129**	**193**	**147**	139	252	161
Amount recognised in OCI	**-**	**-**	**147**	-	-	(259)
Contribution to plan assets	**-**	**-**	**(48)**	-	-	(34)
Benefits Paid	**(125)**	**(197)**	**-**	(131)	(168)	-
Liabilities / [Assets] recognised in the Balance Sheet	**297**	**970**	**100**	279	932	(170)
H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:						
Discount rate	**6.90%**	**6.90%**	**6.90%**	6.25%	6.25%	6.25%

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

	March 31, 2022	March 31, 2021
Annual increase in salary cost	**9%**	9%

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

	Medical Leave 2022	Leave Wages 2022	Gratuity 2022	Medical Leave 2021	Leave Wages 2021	Gratuity 2021
I The categories of plan assets as a % of total plan assets are:						
Insurance plan	**0%**	**100%**	**100%**	0%	100%	100%

J Amount recognised in current and previous three years:

	As at March 31			
Gratuity:	**2022**	2021	2020	2019
Defined benefit obligation	**1,984**	1,819	1,924	1,944
Fair value of Plan Assets	**(1,884)**	(1,989)	1,962	1,728
Deficit / [Surplus] in the plan	**100**	(170)	(38)	216
Actuarial Loss / [Gain] on Plan Obligation	**169**	(166)	(213)	15
Actuarial Loss / [Gain] on Plan Assets	**-**	-	-	(4)

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2021-22.

The average duration of future service of defined benefit plan obligation at the end of the year is 22.65 [as at March 31, 2021 : 22.37 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is shown below:

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2022	2021	**2022**	2021	**2022**	2021
Impact on obligation:						
Discount rate increase by 0.5%	**(11)**	(7)	**(46)**	(28)	**(48)**	(47)
Discount rate decrease by 0.5%	**6**	8	**12**	30	**50**	49
Annual salary cost increase by 0.5%	**6**	8	**11**	29	**30**	33
Annual salary cost decrease by 0.5%	**(11)**	(7)	**(46)**	(27)	**(31)**	(34)

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

₹ in Lakhs

	As at March 31	
	2022	2021
Within the next 12 months [next annual reporting period]	**630**	543
Between 2 and 5 years	**1,700**	1,492
Between 5 and 10 years	**1,131**	1,181
Total expected payments	**3,461**	3,216

Note: 19 - Deferred tax [net]:

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

₹ in Lakhs

	As at March 31 2020	Impact for the pervious year	As at March 31 2021	Impact for the current year	As at March 31 2022
Deferred Tax Liabilities:					
Depreciation	23,912	70,418	94,330	(11,586)	**82,744**
	23,912	70,418	94,330	(11,586)	**82,744**
Deferred Tax Assets:					
Employee benefits/ Payable to statutory authorities	504	(205)	299	(11)	**288**
Unabsorbed depreciation	30,596	(1,416)	29,180	(7,141)	**22,039**
Provision for Expiry and Breakages	320	220	540	25	**565**
Disallowance under section 35DD of Income tax Act	40	(8)	32	(16)	**16**
Disallowance under section 40(a)(ia) of Income tax Act	-	227	227	(171)	**56**
Others	101	(9)	92	(48)	**44**
	31,561	(1,191)	30,370	(7,362)	**23,008**
Minimum alternative tax credit entitlement	10,511	-	10,511	-	**10,511**
Net Deferred Tax [Assets]/Liabilities	**(18,160)**	**71,609**	**53,449**	**(4,224)**	**49,225**

B. The Net Deferred Tax [assets]/liabilities of ₹ 4,224 Lakhs [March 31, 2021: ₹ 71,609 Lakhs] for the year has been [credited]/charged in the Statement of Profit and Loss.

C. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

D. Unabsorbed Depreciation is allowed to be set-off for indefinite period.

E. Pursuant to the amendment made in Finance Act, 2021, Goodwill will not form part of books of asset eligible for depreciation under the Income Tax Act with effect from FY 2020-21.
Prior to the affosaid amendement, Goodwill was depericated in the books of the Company (in accordance with the Scheme of Amalgamation approved by the Hon'ble National Company Law Tribunal (NCLT), and was also allowed as a deduction in income tax although the rates at which the depreaciation was calculated in books and income tax were different. Accordingly, the Company had recognized a deferred tax liability of ₹ 23,116 Lakhs as on March 31, 2020 on the difference between written down value (WDV) of goodwill as per books and that as per income tax.
After introduction of the aforesaid amendment, the Company cannot claim depreciation on goodwill in income tax, hence the tax base of goodwill is considered as NIL, as at March 31, 2021. The amendment also provides that WDV of goodwill as on March 31, 2020 will be deductible as part of cost of the business upon sale of the underlying business. As per the Management assessment the said event likely to occur in foresseble future and hence, the Company has recognised additional deferred tax liability.

Note: 20 - Other non current liabilities:

₹ in Lakhs

	As at March 31 2022	As at March 31 2021
Deferred revenue on Government grants	**31**	100
Total	**31**	100

Note: 21 - Borrowings:

₹ in Lakhs

	As at March 31 2022	As at March 31 2021
Loans from related party [Unsecured] [*]	**2,300**	18,750
Current Maturities of long term debt from related parties [Unsecured] [*]	**25,000**	-
Total	**27,300**	18,750

[*] Terms of repayment of Unsecured Borrowing:

The loan from fellow subsidiary company are payable within the period of one year along with applicable of interest.

Name of the party and relationship with the party from whom received:

	2022	2021
Fellow Subsidiary Company:		
a Zydus Healthcare Limited	**27,300**	18,750
Total	**27,300**	18,750

Note: 22 -Trade Payables:

₹ in Lakhs

	As at March 31 2022	As at March 31 2021
Dues to Micro and Small Enterprises [*]	**1,685**	1,147
Dues to other than Micro and Small Enterprises	**32,177**	39,052
Total	**33,862**	40,199

[*] Disclosure in respect of Micro and Small Enterprises:

	2022	2021
A. Principal amount remaining unpaid to any supplier as at year end	**1,685**	1,147
B. Interest due thereon	**15**	126
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.	**118**	-
D. Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	**-**	-
E. Amount of interest accrued and remaining unpaid at the end of the accounting year.	**15**	126
F. Amount of further interest remaining due and payable in succeeding years.	**15**	126

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises on the basis of information available with the Company.

Ageing of Trade Payables :

[A] As at March 31, 2022

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment: Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Undisputed Micro and Small Enterprises [MSME]	**1,593**	**30**	**-**	**-**	**-**	**1,623**
Undisputed Others	**24,783**	**7,259**	**35**	**17**	**83**	**32,177**
Disputed MSME	**-**	**-**	**-**	**62**	**-**	**62**
Disputed Others	**-**	**-**	**-**	**-**	**-**	**-**
Total	**26,376**	**7,289**	**35**	**79**	**83**	**33,862**

[B] As at March 31, 2021

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment: Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Undisputed Micro and Small Enterprises [MSME]	1,047	38	-	-	-	1,085
Undisputed Others	24,061	14,063	769	54	105	39,052
Disputed MSME	-	-	62	-	-	62
Disputed Others	-	-	-	-	-	-
Total	25,108	14,101	831	54	105	40,199

Note: 23 - Other financial liabilities:

₹ in Lakhs

	As at March 31	
	2022	2021
Interest accrued but not due on borrowings [*]	**875**	1,751
Payable to employees	**1,643**	1,452
Total	**2,518**	3,203
[*] Details of interest accrued but not due on borrowings to Related Parties are as under:		
Holding Company		
a Zydus Wellness Limited	**556**	672
Fellow Subsidiary Company		
a Zydus Healthcare Limited	**319**	1,079
Total	**875**	1,751

Note: 24 - Other current liabilities:

₹ in Lakhs

	As at March 31	
	2022	2021
Payable to statutory authorities	**2,540**	3,387
Deferred revenue on Government grants	**68**	68
Advances from customers	**474**	814
Total	**3,082**	4,269

Note: 25 - Provisions:

₹ in Lakhs

	As at March 31	
	2022	2021
Provision for employee benefits [*]	**301**	25
Provision for claims for product expiry and return of goods [**]	**1,810**	1,729
Total	**2,111**	1,754

[*] Refer note 18.

[**] Provision for claims for product expiry and return of goods:

a. Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The 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:

	2022	2021
Opening balance at the beginning of the financial year	**1,729**	1,229
Add: Provision created during the year	**3,515**	2,652
Less: Provision used during the year	**(3,434)**	(2,152)
Closing balance at the end of the financial year	**1,810**	1,729

Note: 26 - Current tax liabilities [net]:

₹ in Lakhs

	As at March 31	
	2022	2021
Provision for taxation [as at March 31, 2021 net of advance payment of tax of ₹ 8,370 Lakhs] *	**-**	98
Total	**-**	98

* Refer note 7.

Note: 27 - Contingent liabilities and commitments [to the extent not provided for]:

₹ in Lakhs

	As at March 31	
	2022	2021
A Contingent liabilities:		
a Other money for which the Company is contingently liable: [*]		
i In respect of Sales Tax and VAT matters pending before appellate authorities/ court which the Company expects to succeed, based on decisions of Tribunals/ Courts	**10,448**	8,965
ii In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	**1,449**	1,449
iii In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts	**18,813**	16,588
iv In respect of Stamp Duty and other matters	**4,363**	4,363

[*] The Company has signed tax indemnity with erstwhile seller shareholder of acquired Heinz India Private Limited that purchasing buyer shall have the rights to make a tax indemnity claim to extent of the loss suffered by the Company for the period prior to acquisition. Of the above ₹ 29,875 Lakhs and ₹ 25,713 Lakhs as at March 31, 2022 and March 31, 2021, respectively, is covered under agreed tax indemnity clause and reimbursable from erstwhile shareholder of the Heinz India Private Limited on the amount being crystalized.

	2022	2021
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advance]:	**1,636**	608

Note: 28 - Revenue from Operations:

₹ in Lakhs

	Year ended March 31	
	2022	2021
Sale of products [*]	**1,86,000**	1,71,276
Other operating revenues:		
Net Gain on foreign currency transactions and translation	**-**	26
Miscellaneous income	**2,168**	1,413
Total	**1,88,168**	1,72,715
[*] Reconciliation of revenue recognised in the statement of profit and loss with the contracted price:		
Revenue as per contracted price, net of returns	**1,99,663**	1,84,866
Less:		
Provision for claims for product expiry and return of goods	**81**	500
Discounts/ Price Reduction/ Rebates	**13,582**	13,090
	13,663	13,590
Revenue from contract with customers	**1,86,000**	1,71,276

Note: 29 - Other Income:

₹ in Lakhs

	Year ended March 31	
	2022	2021
Finance Income:		
Interest income on financial assets measured at amortised cost	**547**	1,075
Gain on Investments mandatorily measured at FVTPL	**110**	140
Total	**657**	1,215

Note: 30 - Changes in inventories:

	Year ended March 31 2022	2021
		₹ in Lakhs
Stock at commencement:		
Work-in-progress	**8,943**	9,197
Finished goods	**15,554**	12,828
Stock-in-trade	**2,178**	656
	26,675	22,681
Less: Stock at close:		
Work-in-progress	**(9,536)**	(8,943)
Finished goods	**(15,155)**	(15,554)
Stock-in-trade	**(2,751)**	(2,178)
	(27,442)	(26,675)
Total	**(767)**	(3,994)

Note: 31 - Employee Benefits Expense:

	Year ended March 31 2022	2021
		₹ in Lakhs
Salaries and wages	**11,532**	12,075
Contribution to provident and other funds [*]	**1,033**	518
Staff welfare expenses	**365**	406
Total	**12,930**	12,999
Above expenses include:		
Research related expenses:		
Salaries and wages	**411**	355
Contribution to provident and other funds	**19**	20
Staff welfare expenses	**9**	7
Total	**439**	382
Whole-time Director's Remuneration	**352**	324
[*] The Company's contribution towards the defined contribution plan	**881**	349

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: 32 - Finance cost:

	Year ended March 31 2022	2021
		₹ in Lakhs
Interest expense [*]	**3,464**	8,374
Bank commission and charges	**22**	20
Total	**3,486**	8,394
[*] The break up of interest expense into major heads is given below:		
On term loans	**3,410**	8,248
On lease liabilities	**39**	-
On others	**15**	126
Total	**3,464**	8,374

Note: 33 - Other Expenses:

	Year ended March 31 2022 (₹ in Lakhs)	2021
Consumption of stores and spare parts	554	571
Power and fuel	2,879	2,267
Labour charges	2,489	2,094
Rent	614	783
Repairs to buildings	131	153
Repairs to plant and machinery	379	361
Repairs to others	526	689
Insurance	662	528
Rates and taxes	1,014	498
Traveling expenses	580	659
Legal and professional fees [*]	558	913
Commission on sales	1,751	1,452
Freight and forwarding on sales	5,600	5,201
Advertisement and sales promotions	21,479	21,034
Representative allowances	559	1,097
Outside services	3,275	3,048
Other marketing expenses	2,284	2,257
Allowances of credit losses		
Trade receivables written off	271	-
Expected credit loss	73	60
	344	60
Less: Transferred from expected credit loss	(226)	-
	118	60
Royalty income	2,298	-
Net loss on foreign currency transactions and translation	48	-
Miscellaneous expenses	1,529	1,682
Total	49,327	45,347
Above expenses include Research related expenses as follows:		
Consumption of Stores and spare parts	1	1
Repairs to others	2	5
Miscellaneous Expenses	121	108
Total	124	114
[*] Legal and professional fees include:		
a Payment to the Statutory Auditors [excluding Taxes]:		
As Auditor	21	19
For Other Services	4	4
Total	25	23
b Cost Auditor's Remuneration including fees for other services	5	-
Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013		
Particulars with regard to CSR activities :		
1 Amount required to be spent during the year	-	-
2 Amount of expenditure incurred	-	-
3 Shortfall at the end of the year	-	-
4 Total of previous years shortfall	-	-
5 Reasons for shortfall	-	-
6 Nature of CSR Activities	-	-
7 Movements in the provision of CSR:		
A Opening Balance	-	-
B Provision made during the year	-	-
C Provision reversed during the year	-	-
D Closing Balance	-	-

Note: 34 - Tax Expenses:

The major components of income tax expense are:

	Year ended March 31 2022 (₹ in Lakhs)	2021
A. Statement of profit and loss:		
Profit or loss section:		
Current income tax:		
Current income tax charge	-	-
	-	-
Deferred tax:		
Deferred tax relating to origination and reversal of temporary differences	(4,178)	71,528
Total reported in the statement of profit or loss	(4,178)	71,528
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss on remeasurements of defined benefit plans	(46)	81
Tax charged to OCI	(46)	81
Total reported in the Statement of Profit and Loss	(4,224)	71,609

B. Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:

	As At March 31 2022 (₹ in Lakhs)	2021
Loss before tax:	(8,875)	(9,001)
Enacted Tax Rate in India (%)	31.20%	31.20%
Expected Tax Expenses	(2,769)	(2,808)
Adjustments for:		
Effect of Non-taxable Income	(21)	(14)
Effect of unrecognised deferred tax assets/ liabilities	(1,451)	75,835
Effect of differences in tax rate	-	(1,530)
Effect of other non-deductible expenses	17	3
Others	-	123
Tax expense as per Profit or Loss	(4,224)	71,609

MAT credit of ₹ 5,414 Lakhs and ₹ 5,414 Lakhs for March 31, 2022 and March 31, 2021, respectively, that are available for set off against future tax liabilities have not been recognised and the same will be eligible for set off up to fifteen years from the year in which the same arises.

Note: 35 - Calculation of Earnings per equity share [EPS]:

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

			Year ended March 31	
			2022	2021
A.	Loss attributable to Shareholders	₹- in Lakhs	**(4,697)**	(80,529)
B.	Basic and weighted average number of Equity Shares outstanding during the year	Numbers	**17,52,26,041**	17,15,96,387
C.	Effect of dilution - 7% Optionally Convertible Non-cumulative Redeemable Preference Shares	Numbers	**4,36,06,742**	4,36,15,885
D.	Weighted average number of Equity shares adjusted for the effect of dilution	Numbers	**21,88,32,783**	21,52,12,272
E.	Nominal value of equity share	₹	**10**	10
F.	Basic Earnings per equity share [EPS]	₹	**(2.68)**	(46.93)
G.	Diluted Earnings per equity share [EPS]	₹	**(2.15)**	(37.42)

Note: 36 - Segment Information:

Segment Information has been given in the Consolidated Financial Statements of the Holding Company. Hence, as per Ind AS-108 "Operating Segments" issued by the Ministry of Corporate Affairs, no separate disclosure on segment information is given in these financial statements.

Note: 37 - Related Party Transactions:

A Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:

a Ultimate Holding Company: Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]

b Holding Company: Zydus Wellness Limited

c Subsidiary company : Zydus Wellness (BD) Pvt Limited [Bangladesh]

d Fellow Subsidiaries/ Concerns:

Liva Investments Limited	Zydus International Private Limited [Ireland]
Liva Nutritions Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Zydus Wellness International DMCC [Dubai]	ZyVet Animal Health Inc. [USA]
Zydus Healthcare Limited	Zydus Healthcare (USA) LLC [USA]
German Remedies Pharmaceuticals Private Limited	Sentynl Therapeutics Inc. [USA]
Zydus Animal Health and Investments Limited	Zydus Noveltech Inc. [USA]
Dialforhealth Unity Limited	Hercon Pharmaceuticals LLC [USA]
Dialforhealth Greencross Limited	Viona Pharmaceuticals Inc. [USA]
Violio Healthcare Limited	Zydus Therapeutics Inc. [ZTI] [USA]
Zydus Pharmaceuticals Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Biochem Pharmaceutical Private Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Zydus Strategic Investments Limited	Script Management Services (Pty) Ltd [South Africa]
Zydus VTEC Limited	Zydus France, SAS [France]
Zydus Foundation *	Laboratorios Combix S.L. [Spain]
M/s. Recon Pharmaceuticals and Investments, a Partnership Firm	Etna Biotech S.R.L. [Italy]
Zydus Netherlands B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Zydus Nikkho Farmaceutica Ltda. [Brazil]	Zydus Worldwide DMCC [Dubai]
Alidac Healthcare (Myanmar) Limited [Myanmar]	Zydus Discovery DMCC [Dubai] [Merged with ZTI w.e.f. July 1, 2021]
Zydus Healthcare Philippines Inc. [Philippines]	Zydus Wellness BD Pvt Limited [Bangladesh]

e Directors:

Dr. Sharvil P. Patel	Non-Executive Chairman
Mr. Ashish Bhargava	Nominee Director
Ms. Dharmishtaben N. Raval	Independent Director

f Key Managerial Personnel [KMPs]:

Mr. Tarun Arora	Whole Time Director
Mr. Umesh V. Parikh	Chief Financial Officer
Mr. Dhanraj P. Dagar **	Company Secretary

g Post Employment Benefits Plans-

Zydus Wellness Sikkim Employee Group Gratuity Scheme	Heinz India Private Limited Employee Provident Fund
Heinz India Private Limited Pension fund	Heinz India Private Limited Gratuity fund
Heinz India Private Limited Provident Fund	

h Enterprises significantly influenced by Directors and/ or their relatives of Holding Company:

Mukesh M. Patel & Co.

i Enterprises significantly influenced by Directors and/ or their relatives of the Company:

Cadmach Machinery Company Private Limited

Zydus Hospitals and Healthcare Research Private Limited

* Zydus Foundation is a company incorporated under Section 8 of the Companies Act, 2013 and this company is prohibited to give any right over their profits to its members.

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

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business:

a Details relating to parties referred to in Note 37 - A [a, b, c, d and g]

₹ in Lakhs

Nature of Transactions	Holding Company/ Ultimate Holding Company		Subsidiaries and Fellow Subsidiaries/ concerns		Post Employment Benefits Plan	
	Year ended March 31					
	2022	2021	**2022**	2021	**2022**	2021
Sales:						
Goods:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	**59**	9	**-**	-	**-**	-
Zydus Wellness Limited	**451**	518	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	-	**904**	1,285	**-**	-
Zydus Wellness International DMCC	**-**	-	**541**	212	**-**	-
Service:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	**2**	-	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	-	**297**	72	**-**	-
Royalty:						
Zydus Wellness International DMCC	**-**	-	**190**	145	**-**	-
Reimbursement of Expenses Recovered:						
Zydus Wellness International DMCC	**-**	-	**134**	62	**-**	-
Zydus Wellness Limited	**80**	-	**-**	-	**-**	-
Purchase:						
Goods:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	**-**	10	**-**	-	**-**	-
Zydus Wellness Limited	**10,490**	247	**-**	-	**-**	-
Service:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	**72**	-	**-**	-	**-**	
Zydus Healthcare Limited	**-**	-	**98**	-	**-**	-
Royalty:						
Zydus Wellness Limited	**2,298**	-	**-**	-	**-**	-
Reimbursement of Expenses:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	**172**	103	**-**	-	**-**	-
Investments/Redemption:						
Subscription to Share capital:						
Zydus Wellness Limited	**-**	20,168	**-**	-	**-**	-
Zydus Wellness (BD) Pvt Limited [Bangladesh]		-	**9**	-	**-**	-
Redemption of Shares:						
Zydus Wellness Limited	**-**	6,100	**-**	-	**-**	-
Finance:						
Inter Corporate Loan accepted:						
Zydus Healthcare Limited	**-**	-	**3,800**	1,66,500	**-**	-
Zydus Wellness Limited	**2,000**	-	**-**	-	**-**	-
Inter Corporate Loan repaid to:						
Zydus Wellness Limited	**4,900**	67,600	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	-	**20,250**	1,16,500	**-**	-
Interest Income:						
Zydus Wellness Limited	**-**	1,278	**-**	-	**-**	-
Interest Expenses:						
Zydus Wellness Limited	**1,154**	6,676	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	-	**2,021**	2,018	**-**	-
Contributions during the year (includes Employee's share and contribution):						
Zydus Wellness Sikkim Employee Group Gratuity Scheme	**-**	-	**-**	-	**48**	34
Heinz India Private Limited Provident Fund	**-**	-	**-**	-	**335**	421
Heinz India Private Limited Employee Provident Fund	**-**	-	**-**	-	**354**	348
Heinz India Private Limited Pension Fund	**-**	-	**-**	-	**48**	64
Outstanding Receivable:						
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	**-**	11	**-**	-	**-**	-
Zydus Wellness International DMCC	**-**	-	**290**	160	**-**	-
Outstanding Payable:						
Zydus Wellness Limited	**22,948**	25,091	**-**	-	**-**	-
Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited]	**52**	-	**-**	-	**-**	-
Zydus Healthcare Limited	**-**	-	**33,592**	50,780	**-**	-

₹ in Lakhs

	Year ended March 31	
	2022	2021
b Details relating to persons referred to in Note 37-A [e] and [f] above:		
(i) Salaries and other employee benefits to Whole time directors and KMPs	**352**	324
(ii) Outstanding payable to above (i)	**12**	1
c Details relating to persons referred to in Note 37-A [h] and [i] above:		
(i) Purchase of services	**13**	12
(ii) Purchase of goods	**-**	1
(iii) Purchase of Property, Plant and Equipment	**7**	-

Note: 38 - Financial instruments:

(i) Fair values hierarchy:

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

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

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

(ii) Financial assets and liabilities measured at fair value - recurring fair value measurements:

₹ in Lakhs

Particulars	As at March 31, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments at FVTPL								
Mutual funds	1,500	-	-	1,500	-	-	-	-
Total	1,500	-	-	1,500	-	-	-	-
Financial liabilities	-	-	-	-	-	-	-	-

(iii) Fair value of instruments measured at amortised cost:

Financial assets and liabilities measured at amortised cost for which fair values are disclosed.

Financial Assets: The carrying amounts of trade receivables, loans and advances to related parties and other financial assets [other than investment in preference shares], cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities: Fair values of loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values. Fair values of investment in preference shares were calculated based on cash flows discounted using the applicable adjusted market interest rates.

Note: 39 - Financial risk management:

(i) Financial instruments by category:

₹ in Lakhs

Particulars	As at March 31, 2022				As at March 31, 2021			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Investments	1,500	-	-	1,500	-	-	-	-
Trade receivables	-	-	13,204	13,204	-	-	8,912	8,912
Cash and Cash equivalents	-	-	10,684	10,684	-	-	16,596	16,596
Bank balance other than cash and cash equivalents	-	-	17	17	-	-	-	-
Other financial assets	-	-	2,301	2,301	-	-	2,683	2,683
Total	1,500	-	26,206	27,706	-	-	28,191	28,191
Financial liabilities								
Borrowings	-	-	55,050	55,050	-	-	74,400	74,400
Lease liabilities	-	-	536	536	-	-	-	-
Trade payables	-	-	33,862	33,862	-	-	40,199	40,199
Other financial liabilities	-	-	2,532	2,532	-	-	3,212	3,212
Total	-	-	91,980	91,980	-	-	1,17,811	1,17,811

(ii) Risk Management:

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

The Company's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Company short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

A. Credit risk:

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

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

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

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

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

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

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

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

₹ in Lakhs

Particulars	As at March 31	
	2022	2021
Trade Receivables:		
Less than 180 days	13,090	7,766
180 - 365 days	50	328
Above 365 days	64	818
Total	13,204	8,912

Movement in the expected credit loss allowance on trade receivables:

₹ in Lakhs

Particulars	As at March 31	
	2022	2021
Balance at the beginning of the year	298	238
Addition	73	60
Trade receivable write off	(226)	-
Balance at the end of the year	145	298

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.

B. Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

b Management monitors rolling forecasts of the Company liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company account the liquidity of the market in which the entity operates. In addition, the Company 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 financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ in Lakhs

Particulars	As at March 31, 2022				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	28,150	8,460	22,097	-	58,707
Lease liabilities	147	147	159	218	671
Trade payables	33,862	-	-	-	33,862
Other financial liabilities (excluding interest accrued but not due)	1,643	-	-	14	1,657
Total	63,802	8,607	22,256	232	94,897

₹ in Lakhs

Particulars	As at March 31, 2021				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives financial liabilities					
Borrowings (including interest accrued but not due)	25,466	28,597	19,849	12,892	86,804
Lease liabilities	-	-	-	-	-
Trade payables	40,199	-	-	-	40,199
Other financial liabilities (excluding interest accrued but not due)	1,452	-	-	9	1,461
Total	67,117	28,597	19,849	12,901	1,28,464

C. Foreign currency risk:

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Euro and Other currency. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the 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.

Sensitivity:

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

₹ in Lakhs

Particulars	As at March 31, 2022		As at March 31, 2021	
	Movement in Rate *	Impact on PAT	Movement in Rate *	Impact on PAT
USD	4%	12	7%	22
USD	(4%)	(12)	(7%)	(22)
EUR	2%	(1)	5%	(6)
EUR	(2%)	1	(5%)	6
Others	2%	(1)	5%	(1)
Others	(2%)	1	(5%)	1

* Holding all other variables constant.

D. Interest rate risk:

Liabilities:

The Company policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2022, the Company is not exposed to changes in market interest rates through bank borrowings at fixed interest rates. The Company investments in Fixed Deposits are at fixed interest rates.

E. Price Risk:

(a) Exposure:

The Company 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.

(b) Sensitivity- Mutual Funds:

The table below summarises the impact of increases/decreases of the index on the Company equity and profit and loss for the period. The analysis is based on the assumption that the price of the instrument has increased by 2% or decreased by 2% with all other variables held constant.

₹ in Lakhs

Particular	Movement in Rate *	As at March 31	
		2022	2021
Mutual Funds [Quoted]			
Increase	2%	30	-
Decrease	(2%)	(30)	-

* Holding all other variables constant.

Note: 40 - Capital management:

The Company capital management objectives are

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

Management assesses the Company capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Particulars		As at March 31	
		2022	2021
Gross debts	₹ in Lakhs	55,050	74,400
Total equity	₹ in Lakhs	2,70,534	2,75,332
Gross debt to equity ratio [No. of times]		0.20	0.27

As at March 31, 2022 and March 31, 2021, there are no covenant applicable to the Company.

Note: 41 - Leases:

Lessee:

A Relating to statement of financial position:

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all risk and rewards of ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right to use assets and lease liabilities for most leases.

Right of use assets are part of financial statement caption "Property plant and equipment'. Depreciation and impairment is similar to measurement of owned assets. Interest is part of financial statement caption "Finance cost".

₹ in Lakhs

Right of use assets	Leasehold Land	Building	Total
Balance as at April 1, 2020 [net]	1,513	-	-
Additions during the year	-	-	-
Depreciation charge for the year	(18)	-	-
Balance as at March 31, 2021 [net]	1,495	-	-
Additions during the year	-	594	594
Depreciation charge for the year	(18)	(79)	(79)
Balance as at March 31, 2022 [net]	**1,477**	**515**	**515**

The Company has paid the upfront Lease premium at the time of execution of lease deed and does not owe any lease obligations under this leasehold land arrangement.

Movement in lease liabilities:

₹ in Lakhs

Lease liabilities	As at March 31	
	2022	2021
Balance at the beginning of the year	-	-
Additions	595	-
Redemptions	(59)	-
Balance at the end of the year	536	-
of which:		
Non Current portions	440	-
Current portions	96	-

Maturity analysis of lease liabilities:

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities is as follows:

₹ in Lakhs

Minimum lease payments due	As at March 31	
	2022	2021
Within 1 years	147	-
1-5 years	524	-
Total	671	-

Note: 42-Analytical Ratios:

Sr.No.	Ratio	Numerator	Denominator	FY 2021-2022	FY 2020-2021	% of variance	Refer note
1	Current Ratio (in times)	Current Assets	Current Liabilities	**1.01**	1.05	(4)	-
2	Debt-Equity Ratio (in times)	Total Debt	Equity	**0.20**	0.27	(26)	i
3	Debt Service Coverage Ratio (in times)	Earnings available for debt service	Debt Service	**10.01**	4.67	114	i, ii, iii, vi & v
4	Return on Equity Ratio (in %)	Net Profits after taxes Less Preference Dividends	Average shareholder equity	**(1.72)**	(26.11)	(93)	i, ii, iii, iv & v
5	Inventory turnover ratio (in times)	Net Sales	Average Inventory	**5.28**	5.44	(3)	-
6	Trade Receivables turnover ratio (in times)	Net Sales	Average Trade Receivables	**16.82**	16.76	0	-
7	Trade payables turnover ratio (in times)	Net Purchases	Average Trade Payables	**4.17**	3.23	29	iii & v
8	Net capital turnover ratio (in times)	Net Sales	Working Capital	**422.73**	52.85	700	iii & v
9	Net profit ratio (in %)	Net Profits	Net Sales	**(2.53)**	(47.02)	(95)	i, ii, iii, iv & v
10	Return on Capital employed (in %)	Earnings before interest and taxes	Average Capital Employed	**(1.39)**	(0.14)	893	i, ii, iii, vi & v
11	Return on investments (in %)	Income generated from investments	Average of investments	**14.67**	25.41	(42)	vii

Notes

i During the financial year ended March 31, 2022, the Company has repaid its borrowings due to which the debt and the corresponding finance cost of the Company has been reduced, this resulting into variances in ratio as reported above.

ii During the financial year ended March 31, 2022, pursuant to the trademark license agreement entered into between the Company and ZWL, the Company has accrued royalty expense.

iii During the financial year ended March 31, 2022, increase in the net sales correspondingly total purchase, trade receivables increased when compared to the previous year financial year, this resulting into variances in ratio as reported above.

iv Refer note 19 for details on Deferred tax impact due to pronouncement in Finance Act, 2021 pertaining to the treatment of goodwill on depreciation, this resulting into variances in ratio as reported above.

v During the financial year ended March 31, 2022, due to increase in price of certain raw materials margins have been impacted, this resulted into variances in ratio as reported above.

vi During the financial year ended March 31,2022, average trade payables has reduced due to lesser credit terms as per schedule as compared to previous year, this resulting into variances in ratio as reported above.

vii During the financial year ended March 31,2022, the annual return on investment (%) has changed mainly due to funds invested for lower duration as compared to previous financial year, the absolute returns were in line with previous year returns.

Note: 43 - COVID-19 Impact:

The World Health Organisation [WHO] declared Covid-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into full or partial lockdown situation, impacting business operations across various sectors with severe restrictions on movement of people and goods.

The Company has implemented several initiatives across its manufacturing and other business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption.

As per our current assessment of the situation based on internal and external information available up to the date of approval of these financial results by the Board of Directors, the Company believes that the impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

Note: 44: Disclosure of Transaction with Struck Off Companies

The Company did not have any material transaction with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the current and previous financial year.

Note: 45:

[a] The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

[b] The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note: 46:

Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

Signatures to Significant Accounting Policies and Notes 1 to 46 to the Financial Statements

As per our report of even date
For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

For and on behalf of the Board

Sd/-	Sd/-	Sd/-	Sd/-
Samip K. Shah	**Dr. Sharvil P. Patel**	**Tarun Arora**	**Umesh V. Parikh**
Partner	Chairman	Whole Time Director	Chief Financial Officer
Membership Number: 128531	DIN: 00131995	DIN: 07185311	
Place: Ahmedabad	Place: Mumbai	Place: Ahmedabad	Place: Ahmedabad
Date: May 16, 2022	Date: May 16, 2022	Date: May 16, 2022	Date: May 16, 2022