NOTES TO FINANCIAL STATEMENTS

NOTE: 1-COMPANY OVERVIEW:

Cadila Healthcare Limited ["the **Company**"], a Company limited by shares, incorporated and domiciled in India, operates as an integrated pharmaceutical company with business encompassing the entire value chain in the research, development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Company includes Active Pharmaceutical Ingredients [API] and human formulations. The Company's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited. The registered office of the Company is located at "Zydus Corporate Park", Scheme No. 63, Survey No. 536, Near Vaishnodevi Circle, Khoraj [Gandhinagar], Sarkhej-Gandhinagar Highway, Ahmedabad - 382481.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 27, 2021.

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES:

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

1 Basis of preparation:

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

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

I Derivative financial instruments

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

III Defined benefit plans

IV Contingent consideration

2 Use of Estimates:

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

Critical accounting judgments and estimates:

A Property, Plant and Equipment:

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

B Impairment of property, plant and equipment, goodwill and investments:

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

C Employee benefits:

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

D Product expiry claims:

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

E Taxes on Income:

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

F Contingent liabilities:

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

3 Foreign Currency Transactions:

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

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

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

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

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

E The net gain or loss on account of exchange rate differences either on settlement or on translation of long term foreign currency monetary items recognised on or after April 1, 2016 is recognised as income or expense in the Statement of Profit and Loss in the year in which they arise. The net gain or loss on long term foreign currency monetary items recognised in the financial statement for the period ended on March 31, 2016 is recognised under "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], except in case of foreign currency loans taken for funding of Property, Plant and Equipment, where such difference is adjusted to the cost of respective Property, Plant and Equipment. This is as per the exemption given under Ind AS 101 to defer/ capitalize exchange differences arising on long-term foreign currency monetary items. The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.

4 Revenue Recognition:

A The following are the significant accounting policies related to revenue recognition under Ind AS 115:

a **Sale of Goods:**

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

b **Service Income:**

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

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

a **Interest Income:**

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

b **Dividend:**

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

c **Other Income:**

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

5 Government Grants:

A Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

B Government grants related to revenue are recognised on a systematic and gross basis in the Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

D When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1 2015, the Company uses the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of the loan.

6 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

b Current tax items are recognised in co-relation to the underlying transaction either in profit or loss, OCI or directly in equity.

B Deferred Tax:

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

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

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

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

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

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

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

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

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

7 Property, Plant and Equipment:

A Freehold land is carried at historical cost, less impairment, if any. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in the financial statements for the period ended on March 31, 2016, attributable to Property, Plant and Equipment is adjusted to the cost of respective Property, Plant and Equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

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

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

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

D Depreciation on impaired assets is calculated on the reduced values, if any, on a systematic basis over their remaining useful lives.

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

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

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

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

8 Intangible Assets:

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

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

C Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful lives of ten years.

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

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

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

9 Research and Development Cost:

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

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

10 Borrowing Costs:

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

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

11 Impairment of Non Financial Assets:

The Property, Plant and Equipment and Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

whenever there is an indication that the asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets [cash generating units]. Non-financial assets other than Goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

12 Inventories:

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Write down of inventories to net realisable value is recognised as an expense and included in “Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade” and “Cost of Material Consumed” in the relevant note in the Statement of Profit and Loss.

13 Cash and Cash Equivalents:

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

14 Leases:

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

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

The Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the previous year.

For contracts in place at the date of initial application, the Company has elected to apply the definition of lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17. The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.

As a lessee:

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

Measurement and recognition of leases as a lessee:

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date [net of any incentives received]. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

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

As a lessor:

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

15 Provisions, Contingent Liabilities and Contingent Assets:

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

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

16 Provision for Product Expiry Claims:

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

17 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

i Gratuity:

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss. Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the Statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

I Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and

II Net interest expense or income.

ii Company administered Provident Fund:

In case of a specified class of employees, monthly contributions of such employees and the company, are deposited to Cadila Healthcare Limited Employees' Provident Fund Trust. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Contributions to such provident fund are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

c Defined Contribution Plans - Provident Fund Contribution:

Employees of the Company, other than covered in point (ii) above, receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The company has no further obligation to the plan beyond their monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

C Employee Separation Costs:

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

18 Dividends :

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

19 Financial Instruments:

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

A Financial Assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

i Debt instruments at amortised cost:

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

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

iv Equity instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company has made such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

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

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

v Investments in subsidiaries and joint ventures:

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

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries and joint ventures at the Previous GAAP carrying amounts as their deemed costs on the date of transition to Ind AS i.e., April 1, 2015.

c Derecognition:

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

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

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

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

d Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss [ECL] model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset. The Company follows 'simplified approach' for recognition of impairment loss allowance.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it requires the Company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR. ECL impairment loss allowance [or reversal] is recognized as expense/ income in the Statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance , i.e., as an integral part of the measurement of those assets in the balance sheet, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount. For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics.

B Financial Liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

c Derecognition:

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

d Embedded derivatives:

An embedded derivative is a component of a hybrid [combined] instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of profit and loss, unless designated as effective hedging instruments.

C Reclassification of financial assets:

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

D Offsetting of financial instruments:

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 2-SIGNIFICANT ACCOUNTING POLICIES: (Contd...)

20 Derivative Financial Instruments and Hedge Accounting:

Derivatives are recognised initially at fair value and subsequently at fair value through profit and loss.

Fair value hedges:

The Company applies fair value hedge accounting for changes in fair value of trade receivables [non-derivative financial assets] attributable to foreign currency risk. The Company designates certain derivate as well as non-derivative foreign currency financial liabilities [hedging instrument] to hedge the risks of changes in fair value of trade receivables attributable to the movement in foreign exchange rates. The Company documents at the time of designation the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking such hedging transactions. The Company also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the risk management objectives are met with the hedging relationship.

Changes in fair values of both hedging instruments and hedged items are recognised in foreign exchange gains / losses as a part of other income or other expenses as the case may be. If the hedge no longer meets the criteria for hedge accounting, this accounting treatment is discontinued.

21 Fair Value Measurement:

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

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a Level 1 — Quoted [unadjusted] market prices in active markets for identical assets or liabilities

b Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

c Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation [based on the lowest level input that is significant to the fair value measurement as a whole] at the end of each reporting period.

22 Non-Current Assets held for Sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale of asset and disposal group is highly probable. The Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification.

Non-current assets [and disposal groups] classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss before tax from discontinued operations in the statement of profit and loss.

23 Earnings per Share:

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

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

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable effective from April 1, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS:

[A] Property, Plant and Equipment:

₹ Million

	Freehold Land	Leasehold Land*	Buildings*	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2019	1,985	542	8,852	44,563	754	693	559	**57,948**
Right of use assets on transition date	-	-	72	-	-	-	-	**72**
Additions	19	258	3,363	2,680	720	86	472	**7,598**
Disposals	-	-	(79)	(249)	(25)	(69)	(7)	**(429)**
Adjusted due to slump exchange [$]	(1)	(335)	(162)	(410)	(1)	(31)	(7)	**(947)**
Other adjustments	-	-	4	22	-	-	-	**26**
As at March 31, 2020	2,003	465	12,050	46,606	1,448	679	1,017	**64,268**
Additions	1	-	1,074	3,109	50	73	55	**4,362**
Disposals	-	-	-	(101)	-	(50)	-	**(151)**
Other adjustments	-	-	(13)	9	-	-	(8)	**(12)**
As at March 31, 2021	2,004	465	13,111	49,623	1,498	702	1,064	**68,467**
Depreciation and Impairment:								
As at March 31, 2019	-	50	1,945	16,787	501	357	296	**19,936**
Depreciation for the year	-	9	327	3,553	71	63	120	**4,143**
Disposals	-	-	(19)	(201)	(18)	(43)	(6)	**(287)**
Adjusted due to slump exchange [$]	-	(7)	(14)	(129)	(1)	(15)	(2)	**(168)**
Other adjustments	-	-	3	-	(3)	-	-	**-**
As at March 31, 2020	-	52	2,242	20,010	550	362	408	**23,624**
Depreciation for the year	-	4	381	3,583	101	61	160	**4,290**
Disposals	-	-	-	(66)	-	(27)	-	**(93)**
Other adjustments	-	-	-	2	-	-	(1)	**1**
As at March 31, 2021	-	56	2,623	23,529	651	396	567	**27,822**
Net Block:								
As at March 31, 2020	2,003	413	9,808	26,596	898	317	609	**40,644**
As at March 31, 2021	2,004	409	10,488	26,094	847	306	497	**40,645**

NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS: (Contd...)

[B] Intangible Assets:

₹ Million

	Goodwill	Other Intangible Assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2019	120	1,675	859	361	560	**3,455**
Additions	-	-	262	-	20	**282**
Disposals	-	-	-	-	-	**-**
Adjusted due to slump exchange [$]	(18)	(1,665)	(16)	(348)	(436)	**(2,465)**
As at March 31, 2020	102	10	1,105	13	144	**1,272**
Additions	-	-	170	-	80	**250**
Disposals	-	-	-	-	-	**-**
As at March 31, 2021	102	10	1,275	13	224	**1,522**
Amortisation and Impairment:						
As at March 31, 2019	102	909	534	253	464	**2,160**
Amortisation for the year	2	108	165	16	14	**303**
Disposals	-	-	-	-	-	**-**
Adjusted due to slump exchange [$]	(2)	(1,007)	(15)	(261)	(354)	**(1,637)**
As at March 31, 2020	102	10	684	8	124	**826**
Amortisation for the year	-	-	216	1	4	**221**
Disposals	-	-	-	-	-	**-**
As at March 31, 2021	102	10	900	9	128	**1,047**
Net Block:						
As at March 31, 2020	-	-	421	5	20	**446**
As at March 31, 2021	-	-	375	4	96	**475**

NOTES TO FINANCIAL STATEMENTS

NOTE: 3-PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS: (Contd...)

₹ Million

	As at March 31, 2021	As at March 31, 2020
Depreciation and Amortisation expenses:		
Depreciation *	**4,290**	4,143
Amortisation	**221**	305
Less: Depreciation charge pertaining discontinued operations	**-**	(159)
Total	**4,511**	4,289

Notes:

1 Buildings include ₹ 0.02 [As at March 31, 2020: ₹ 0.02] Million being the value of unquoted shares held in cooperative societies.

2 Additions of ₹ 1,119 [Previous Year: ₹ 462] Million in research assets during the year are included in "Additions" under the respective heads of Gross Block of Tangible assets as above.

3 Other adjustments include adjustments on account of exchange rate differences.

4 For details of assets pledged as security refer Note 17.

5 Legal titles of the immovable properties acquired pursuant to Scheme of Amalgamation of Zydus Technologies Limited, Alidac Pharmaceutical Limited, Liva Pharmaceutical Limited and Dialforhealth India Limited with the Company are in the process of being transferred in the name of the Company.

6 Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Liva Healthcare Limited, and Zydus Pharmaceuticals Limited with the Company are in the process of being transferred in the name of the Company.

[*] Includes right of use assets, refer Note-46 for detailed breakup.

[$] Refer Note-48

NOTE: 4-INVESTMENTS [NON-CURRENT]:

₹ Million

	Face Value [*]	Nos. [**]	As at March 31, 2021	As at March 31, 2020
Investments in Subsidiaries and Joint Ventures:				
Investments in Equity Instruments			**30,191**	29,755
Investments in Preference Shares			**98**	91
Investments in Equity Instruments via Optionally Convertible Preference Shares			**33,446**	33,446
			63,735	63,292
Investments - Others:				
Investments in Equity Instruments			**860**	626
Investments in Preference Shares			**9**	9
Investments in Bonds			**102**	114
			971	749
Total			**64,706**	64,041
A Details of Investments in Subsidiaries and Joint Ventures:				
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Quoted]:				
In fully paid-up equity shares of Zydus Wellness Limited [#]	10	36,647,509	**12,320**	12,320

NOTES TO FINANCIAL STATEMENTS

NOTE: 4-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

	Face Value [*]	Nos. [**]	As at March 31, 2021	As at March 31, 2020
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Healthcare Limited	100	2,161,742	**4,709**	4,709
Zydus Animal Health and Investments Limited	10	900,000	**9**	9
Windlas Healthcare Private Limited [Note-45]	10	0 [24,077,950]	**-**	1,556
Zydus Foundation	10	50,000	**1**	1
Zydus International Private Limited [Reduction in value of investment pursuant to Capital Reduction of the Subsidiary] [Refer Note 45] [$]	€ 1.1251 [€ 1.462843]	62,340,456	**4,643**	6,518
Zydus Lanka (Private) Limited	LKR 10	3,706,304	**15**	15
Zydus Healthcare Philippines Inc.	PHP 10	24,965,120	**351**	351
Zydus Worldwide DMCC [$]	AED 1,000	84,480	**1,505**	1,505
Sentynl Therapeutics Inc	$0.0001	100	**2,038**	2,038
Zydus Healthcare (USA) LLC	$1	200,000	**12**	12
Zydus Pharmaceuticals Limited	10	10,000,000	**100**	100
Zydus Strategic Investments Limited [900,000 shares subscribed during the year]	10	900,000 [0]	**9**	-
Zydus VTEC Limited [7,500,000 shares subscribed during the year]	10	7,500,000 [0]	**75**	-
Dialforhealth Unity Limited [₹ 275,000]	10	27,500	**-**	-
Dialforhealth Greencross Limited	10	250,000	**3**	3
			13,470	16,817
Less: Provision for impairment [Note-45]			**(3)**	(523)
			13,467	16,294
In fully paid-up Common Stock of:				
Zydus Pharmaceuticals (USA) Inc.	$1	2,300,000	**519**	519
Zydus Noveltech Inc. [USA] [7,188 common stocks subscribed during the year]	No par value	8,188 [1,000]	**3,461**	209
			3,980	728
Joint Venture Companies [Unquoted]:				
In fully paid-up equity shares of:				
Zydus Hospira Oncology Private Limited	10	7,500,000	**75**	75
Zydus Takeda Healthcare Private Limited	10	10,000,000	**100**	100
Bayer Zydus Pharma Private Limited	10	12,499,999	**125**	125
			300	300
Deemed investment:				
Equity Component of Bayer Zydus Pharma Private Limited			**124**	113
			30,191	29,755
Investment in Preference Shares [Valued at amortised cost]:				
Joint Venture Company [Unquoted]:				
In fully paid-up, 5%, Redeemable Non-Cumulative				
Preference Shares of Bayer Zydus Pharma Private Limited	10	10,000,000	**98**	91

NOTES TO FINANCIAL STATEMENTS

NOTE: 4-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

		Face Value [*]	Nos. [**]	As at March 31, 2021	As at March 31, 2020
	Investment in Equity Instruments via Optionally Convertible Redeemable Preference Shares [Valued at cost]:				
	Subsidiary Companies:				
	Zydus Healthcare Limited	100	100,650,000	**10,065**	10,065
	German Remedies Pharmaceuticals Private Limited	100	6,332,797	**633**	633
	Zydus Animal Health and Investments Limited	10	2,273,350,000	**22,734**	22,734
	Zydus Healthcare Philippines Inc.	PHP 10	983,180	**14**	14
				33,446	33,446
B	**Details of Investments - Others [Valued at fair value through OCI]:**				
	Investment in Equity Instruments [Quoted]:				
	In fully paid-up Common Stock of:				
	Onconova Therapeutic Inc. USA [₹ 317,262/- {as at March 31, 2020: ₹ 98,356/-}]	$0.01	4,341	**-**	-
	Pieris Pharmaceuticals Inc., USA	$0.001	1,415,539	**266**	244
				266	244
	In fully paid-up Equity Shares of:				
	Housing Development Finance Corporation Limited	2	219,500	**549**	358
	HDFC Bank Limited	1	8,000	**12**	7
	Kokuyo Camlin Limited	1	72,090	**4**	3
	Camlin Fine Sciences Limited	1	152,000	**21**	6
	Accelya Kale Consultants Limited [₹: 326,794 {as at March 31, 2020: ₹ 325,052}]	10	383	**-**	-
				586	374
	Investment in Equity Instruments [Unquoted]:				
	In fully paid-up Equity Shares of:				
	Bharuch Enviro Infrastructure Limited [₹ 12,140/-]	10	1,214	**-**	-
	Narmada Clean Tech	10	625,813	**6**	6
	Enviro Infrastructure Company Limited	10	50,000	**1**	1
	GVFL Limited	10	50,000	**1**	1
	Saraswat Co-Op Bank Limited [₹ 20,350/-]	10	2,500	**-**	-
	The Shamrao Vithal Co-Op Bank Limited [₹ 2,500/-]	25	100	**-**	-
	The Green Environment Co-operative Society Limited [₹ 5,000/-]	100	50	**-**	-
	Shivalik Solid Waste Management Limited [₹ 2,00,000/-]	10	20,000	**-**	-
				8	8
				860	626
	Investment in Preference Shares [Unquoted]:				
	[Carried at amortised cost]:				
	In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited	10	900,000	**9**	9
C	**Investment in Bonds [Valued at amortised cost] [Quoted]:**				
	In fully paid-up Bonds of:				
	9.90% Tamil Nadu Generation and Distribution Corporation Limited	1,000,000	2 [3.5]	**2**	3
	10.00% Krishna Bhagya Jala Nigam Limited	1,000,000	0 [12]	**-**	12
	9.10% PNB Housing Finance Limited	1,000,000	25	**25**	24
	9.75% Piramal Enterprises Limited	1,000,000	35	**35**	35
	9.00% Indiabulls Housing Finance Limited	1,000	40,000	**40**	40
				102	114
	Total			**64,706**	64,041

NOTES TO FINANCIAL STATEMENTS

NOTE: 4-INVESTMENTS [NON-CURRENT]: (Contd...)

₹ Million

				As at March 31, 2021	As at March 31, 2020
D	a	i	Aggregate book value of quoted investments	**13,274**	13,052
		ii	Market value of quoted investments	**73,207**	48,350
	b		Aggregate book value of unquoted investments	**51,432**	50,989
E	**Explanations:**				
	a		In "Face Value [*]", figures in Indian Rupees unless stated otherwise.		
	b		In "Nos. [**]" figures of previous year are same unless stated in [ ].		
[#]	Pursuant to Securities and Exchange Board of India [Issue of Capital and Disclosure Requirements] Regulations, 2018, 8,483,754 equity shares have lock-in period till February 24, 2022.				
[$]	The net worth of these subsidiaries as on March 31, 2021 is negative. However, in view of the strategic nature of the investment in these companies and also considering the future business and cash flow projections of these companies, the same are valued at Cost and no impairment allowance is required to be provided for.				

NOTE: 5-LOANS:

₹ Million

			As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]				
Loans to Related Parties [*]			**9,127**	2,963
Total			**9,127**	2,963
[*]	**Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):**			
	Name of the party and relationship with the party to whom loan given:			
A	**Subsidiary Company:**			
	a	Zydus Animal Health and Investments Limited	**-**	29
	b	Zydus Worldwide DMCC	**5,957**	566
	c	Zydus International Private Limited	**3,168**	2,368
	d	Dialforhealth Unity Limited	**2**	-
Total			**9,127**	2,963

(#) Loans which are outstanding at the end of the respective financial year.

Notes:

a All the above loans have been given for business purposes.

b All the above loans are repayable within a period of 3 years.

NOTE: 6-OTHER FINANCIAL ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**79**	76
Forward Contract value related to investment in a Joint Venture	**1,590**	1,866
Others	**4**	5
Total	**1,673**	1,947

NOTES TO FINANCIAL STATEMENTS

NOTE: 7-OTHER NON-CURRENT ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances - Considered Good	**671**	540
Capital Advances - Credit impaired	**70**	66
	741	606
Less: Allowances for credit impaired	**70**	66
	671	540
Balances with Statutory Authorities	**751**	763
Others	**17**	16
Total	**1,439**	1,319

NOTE: 8-ASSETS FOR CURRENT TAX [NET]:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Advance payment of Tax [Net of provision for taxation of ₹ 12,804 {as at March 31, 2020: ₹ 11,006} Million]	**549**	702
Total	**549**	702

NOTE: 9-INVENTORIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	**8,216**	6,257
Work-in-progress	**3,375**	2,725
Finished Goods	**4,474**	3,482
Stock-in-Trade	**431**	590
Others:		
Packing Materials	**1,304**	893
Total	**17,800**	13,947
The above includes Goods in transit as under:		
Raw Materials	**109**	118
Stock-in-Trade	**-**	1
Packing Materials	**33**	15
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories Net of reversal of write-down	**20**	67

For details of inventories pledged as security, refer Note 21.

NOTE: 10-TRADE RECEIVABLES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Secured - Considered good	**1,104**	752
Unsecured - Considered good	**17,934**	23,815
Unsecured - Credit impaired	**53**	33
	19,091	24,600
Less: Allowances for credit losses	**53**	33
Total	**19,038**	24,567

Zydus dedicated to life

NOTES TO FINANCIAL STATEMENTS

NOTE: 11-CASH AND BANK BALANCES:

₹ Million

			As at March 31, 2021	As at March 31, 2020
A	**Cash and Cash Equivalents:**			
	Balances with Banks		**1,457**	3,746
	Cash on Hand		**2**	2
	Total		**1,459**	3,748
	A	Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
	B	There are no amounts of cash and cash equivalent balances held by the entity that are not available for use.		
B	**Bank balances other than cash and cash equivalents:**			
	Balances with Banks [*]		**81**	105
	Total		**81**	105
	[*]	Earmarked balances with banks:		
		A Balances with Banks include Balances in unclaimed dividend accounts	**49**	63

NOTE: 12-LOANS:

₹ Million

		As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good]			
Loans to related parties [*]		**14,358**	185
Total		**14,358**	185
[*] Details of Loans to Related Parties [Refer Note-40 for relationship] are as under:			
a	Zydus Healthcare Limited	**-**	134
b	Zydus Animal Health and Investments Limited [Interest Receivable on loan]	**-**	2
c	Zydus Pharmaceuticals (USA) Inc. [USA]	**12,425**	-
d	Zydus International Private Limited [Interest Receivable on loan]	**6**	24
e	Zydus Worldwide DMCC [Interest Receivable on loan]	**12**	25
f	Zydus VTEC Limited [including Interest Receivable on loan]	**1,038**	-
g	Zydus Pharmaceuticals Limited [including Interest Receivable on loan]	**877**	-
		14,358	185

Notes:

a All the above loans have been given for business purposes.

b All the above loans are repayable within a period of 1 year.

NOTE: 13-OTHER CURRENT FINANCIAL ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good]		
GST Refund receivable	**1,486**	1,084
Receivables for Forward Contract	**348**	-
Dividend Receivable	**103**	-
Others	**83**	81
Total	**2,020**	1,165

NOTES TO FINANCIAL STATEMENTS

NOTE: 14-OTHER CURRENT ASSETS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
[Unsecured, Considered Good, unless otherwise stated]		
Balances with Statutory Authorities	**2,617**	2,177
Advances to Suppliers - Considered Good	**811**	487
Advances to Suppliers - Credit impaired	**161**	21
	972	508
Less: Allowances for credit impaired	**161**	21
	811	487
Export Incentive Receivables	**1,198**	1,254
Prepaid Expenses	**404**	291
Advance CSR contribution	**531**	-
Others	**-**	1
Total	**5,561**	4,210

NOTE: 15-EQUITY SHARE CAPITAL:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Authorised:		
1,725,000,000 [as at March 31, 2020: 1,725,000,000] Equity Shares of ₹ 1/- each	**1,725**	1,725
	1,725	1,725
Issued, Subscribed and Paid-up:		
1,023,742,600 [as at March 31, 2020: 1,023,742,600] Equity Shares of ₹ 1/- each, fully paid-up	**1,024**	1,024
Total	**1,024**	1,024
A There is no change in the number of shares as at the beginning and end of the year.		
Number of shares at the beginning and at the end of the year	**1,023,742,600**	1,023,742,600
B The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholder holding more than 5% of aggregate Equity Shares of ₹ 1/- each		
Zydus Family Trust		
Number of Shares	**766,381,434**	766,381,434
% to total share holding	**74.86%**	74.86%

NOTES TO FINANCIAL STATEMENTS

NOTE: 16-OTHER EQUITY:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Capital Reserve:		
Balance as per last Balance Sheet	**20,379**	211
Add: Adjusted pursuant to merger/ slump exchange [Refer Note-47 & 48]	**-**	20,168
	20,379	20,379
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	**2,000**	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	**15,525**	15,525
Foreign Currency Monetary Items Translation Difference Account: [***]		
Balance as per last Balance Sheet	**-**	(6)
Add: Credited during the year	**-**	6
	-	-
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**314**	481
Add/ [Less]: Credited/ [Debited] during the year	**234**	(167)
	548	314
Retained Earnings:		
Balance as per last Balance Sheet	**73,360**	66,457
Add: Profit for the year	**14,762**	14,129
	88,122	80,586
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	**(153)**	(53)
Less: Dividends:		
Dividends	**-**	(7,166)
Corporate Dividend Tax on Dividend [Net of CDT Credit]	**-**	(7)
	-	(7,173)
Balance as at the end of the year	**87,969**	73,360
Total	**126,421**	111,578

[*] *International Business Development Reserve was created pursuant to Composite Scheme of Amalgamation approved by the Hon'ble High Court of Gujarat and its utilization shall be as provided in the scheme.*

[**] *General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.*

[***] *The Company had opted for accounting the exchange rate differences arising on the Long Term Foreign Currency Monetary Items [LTFCMI] in accordance with the notification dated March 31, 2009 and amended on December 29, 2011 under the Companies [Accounting Standards] Amendment Rules, 2009 on Accounting Standard 11 relating to "the effects of changes in foreign exchange rates". Accordingly, the effects of exchange rate differences arising on translation or settlement of long term foreign currency loans availed for funding acquisition of Property, Plant and Equipment have been adjusted to the cost of respective items of Property, Plant and Equipment. In other cases, such exchange rate difference on the LTFCMI is transferred to "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA]. The option of transferring exchange rate differences to FCMITDA is available on LTFCMI outstanding as on March 31, 2016 only. The FCMITDA was amortised during the tenure of the respective LTFCMI but not beyond March 31, 2020.*

[#] *The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.*

NOTES TO FINANCIAL STATEMENTS

NOTE: 17-BORROWINGS:

₹ Million

	Non-current portion		Current Maturities	
	As at March 31, 2021	As at March 31, 2020	**As at March 31, 2021**	As at March 31, 2020
A Term Loans from Banks:				
a External Commercial Borrowings [ECB] in Foreign Currency				
i Secured	**-**	-	**-**	853
ii Unsecured	**6,095**	12,600	**6,095**	5,040
	6,095	12,600	**6,095**	5,893
B From Others [Unsecured]	**-**	2,510	**10**	1,510
Total	**6,095**	15,110	**6,105**	7,403
The above amount includes:				
Secured borrowings	**-**	-	**-**	853
Unsecured borrowings	**6,095**	15,110	**6,105**	6,550
Amount disclosed under the head "Other Current Financial Liabilities" [Note-23]	**-**	-	**(6,105)**	(7,403)
Net amount	**6,095**	15,110	**-**	-

A Terms of Repayment for Unsecured Borrowings:

a Foreign Currency Loans:

i ECB of USD 30 Million is repayable in three yearly instalments starting from January 17, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 731 [as at March 31, 2020: ₹ 1,512] Million.

ii ECB of USD 20 Million is repayable in three yearly instalments starting from March 1, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 488 [as at March 31, 2020: ₹ 1,008] Million.

iii ECB of USD 100 Million is repayable in three yearly instalments starting from March 27, 2021. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 4,876 [as at March 31, 2020: ₹ 7,560] Million.

iv ECB of USD 30 Million is repayable in three yearly instalments starting from April 26, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 1,463 [as at March 31, 2020: ₹ 2,268] Million.

v ECB of USD 20 Million is repayable in three yearly instalments starting from September 18, 2020. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 975 [as at March 31, 2020: ₹ 1,512] Million.

vi ECB of USD 20 Million is repayable in three yearly instalments starting from September 7, 2021. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 1,463 [as at March 31, 2020: ₹ 1,512] Million.

vii ECB of USD 30 Million is repayable in three yearly instalments starting from January 23, 2022. Interest on loan is payable on monthly basis. The outstanding amount as at March 31, 2021 is ₹ 2,194 [as at March 31, 2020: ₹ 2,268] Million.

b Rupee Loans:

i Loan from Department of Science and Technology is repayable in ten yearly equal instalments starting from November 1, 2012. The outstanding amount as at March 31, 2021 is ₹ 10 [as at March 31, 2020: ₹ 20] Million.

NOTE: 18-OTHER FINANCIAL LIABILITIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Trade Deposits	**107**	83
Lease obligations	**21**	37
Total	**128**	120

NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	**1,685**	1,207
Total	**1,685**	1,207

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

The leave encashment scheme is administered through Life Insurance Corporation of India's Employees' Group Leave Encashment cum Life Assurance [Cash Accumulation] Scheme. The employees of the company are entitled to leave as per the leave policy of the company. The liability on account of accumulated leave as on last day of the accounting year is recognised [net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method.

Gratuity [Defined benefit plan]:

The Company has a defined benefit gratuity plan. Every employee who has completed continuous services of five years or more gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary increment risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

₹ Million

		As at March 31, 2021			As at March 31, 2020		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening obligation	**102**	**1,082**	**1,316**	94	918	1,212
	Adjusted pursuant to slump exchange [Note-48]	**-**	**-**	**-**	(18)	(57)	(111)
	Interest cost	**6**	**62**	**78**	7	60	81
	Current service cost	**12**	**221**	**192**	7	200	156
	Benefits paid	**(4)**	**(149)**	**(116)**	(1)	(133)	(76)
	Actuarial [gains]/ losses on obligation due to:						
	Experience adjustments	**5**	**68**	**95**	9	52	(15)
	Change in financial assumptions	**11**	**63**	**89**	4	42	69
	Closing obligation	**132**	**1,347**	**1,654**	102	1,082	1,316

NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2021			As at March 31, 2020		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	-	114	785	-	112	709
	Adjusted pursuant to slump exchange [Note-48]	-	-	-	-	(6)	(66)
	Transfer in / (out) plan assets	-	-	2	-	-	-
	Expected return on plan assets	-	8	51	-	10	51
	Return on plan assets excluding amounts included in interest income	-	(2)	(2)	-	(3)	(5)
	Contributions by employer	-	8	258	-	1	170
	Benefits paid	-	(1)	(116)	-	-	(74)
	Actuarial [losses]/ gains	-	-	-	-	-	-
	Closing fair value of plan assets	-	127	978	-	114	785
	Total actuarial [losses]/ gains to be recognised	(16)	(131)	(184)	(13)	(94)	(54)
D	**Actual return on plan assets:**						
	Expected return on plan assets	-	8	51	-	10	51
	Actuarial [losses]/ gains on plan assets	-	-	-	-	-	-
	Actual return on plan assets	-	8	51	-	10	51
E	**Amount recognised in the balance sheet:**						
	Liabilities/ [Assets] at the end of the year	132	1,347	1,654	102	1,082	1,316
	Fair value of plan assets at the end of the year	-	(127)	(978)	-	(114)	(785)
	Difference	132	1,220	676	102	968	531
	Unrecognised past service cost	-	-	-	-	-	-
	Liabilities/ [Assets] recognised in the Balance Sheet	132	1,220	676	102	968	531
F	**Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	12	221	192	7	200	156
	Interest cost on benefit obligation	6	62	78	7	60	81
	Expected return on plan assets	-	(8)	(51)	-	(10)	(51)
	Return on plan assets excluding amounts included in interest income	-	2	-	-	3	-
	Net actuarial [gains]/ losses in the year	16	131	-	13	94	-
	Amount included in "Employee Benefit Expense"	34	408	219	27	347	186
	Return on plan assets excluding amounts included in interest income	-	-	2	-	-	5
	Net actuarial [gains]/ losses in the year	-	-	184	-	-	54
	Amounts recognized in OCI	-	-	186	-	-	59
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	102	968	531	94	806	503
	Adjusted pursuant to slump exchange [Note-48]	-	-	-	(18)	(51)	(45)
	Transfer in/ (out) obligations	-	-	(2)	-	-	-
	Expenses as above [P & L Charge]	34	408	219	27	347	186
	Employer's contribution	-	(8)	(258)	-	(1)	(170)
	Amount recognised in OCI	-	-	186	-	-	59
	Benefits Paid	(4)	(148)	-	(1)	(133)	(2)
	Liabilities/ [Assets] recognised in the Balance Sheet	132	1,220	676	102	968	531

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NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

₹ Million

		As at March 31, 2021			As at March 31, 2020		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate	**6.50%**	**6.50%**	**6.50%**	6.45%	6.45%	6.45%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations]						
	Annual increase in salary cost	**12% for next 3 year, 9% thereafter**			12% for next 1 year, 9% thereafter		
	[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]						
I	**The categories of plan assets as a % of total plan assets are:**						
	Insurance plan	**0.00%**	**100.00%**	**100.00%**	0.00%	100.00%	100.00%

J Amount recognised in current and previous four years:

Gratuity:	As at March 31				
	2021	2020	2019	2018	2017
Defined benefit obligation	1,654	1,316	1,212	1,030	842
Fair value of Plan Assets	978	785	709	594	515
Deficit/ [Surplus] in the plan	676	531	503	436	327
Actuarial Loss/ [Gain] on Plan Obligation	184	54	44	113	99
Actuarial Loss/ [Gain] on Plan Assets	-	-	-	-	-

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2020-21.

The average duration of the defined benefit plan obligation at the end of the reporting period is 26.46 years [as at March 31, 2020: 26.83 years].

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumptions is shown below:

₹ Million

Assumptions	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2021	2020	**2021**	2020	**2021**	2020
Impact on obligation:						
Discount rate increase by 0.5%	**(5)**	(3)	**(36)**	(28)	**(56)**	(46)
Discount rate decrease by 0.5%	**5**	3	**40**	30	**60**	49
Annual salary cost increase by 0.5%	**4**	3	**39**	29	**58**	49
Annual salary cost decrease by 0.5%	**(4)**	(3)	**(35)**	(28)	**(56)**	(46)

NOTES TO FINANCIAL STATEMENTS

NOTE: 19-PROVISIONS: (Contd...)

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

₹ Million

	As at March 31, 2021	As at March 31, 2020
Within the next 12 months [next annual reporting period]	**554**	393
Between 2 and 5 years	**1,254**	1,009
Between 6 and 10 years	**1,157**	928
Total expected payments	**2,965**	2,330

NOTE: 20-DEFERRED TAX:

A Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under:

₹ Million

	As at March 31, 2019	Impact for the previous year	As at March 31, 2020	Impact for the current year	As at March 31, 2021
Deferred Tax Liabilities:					
Depreciation	2,641	100	2,741	(535)	**2,206**
Fair Value Adjustment - Financial Instruments	164	-	164	-	**164**
	2,805	100	2,905	(535)	**2,370**
Deferred Tax Assets:					
Employee benefits/ Payable to Statutory Authorities	690	162	852	94	**946**
Inventory and related items	12	21	33	71	**104**
Receivables	12	25	37	37	**74**
Unabsorbed depreciation and capital loss	460	(460)	-	173	**173**
Mat credit entitlement	65	(65)	-		**-**
	1,239	(317)	922	375	**1,297**
Net Deferred Tax Liabilities	1,566	417	1,983	(910)	**1,073**

B The Net Deferred Tax of INR 910 Million for the year has been reversed [Previous Year INR 417 Million has been charged] in the Statement of Profit and Loss.

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

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

D MAT Credit not recognised as at March 31, 2021 is INR 2,829 [as at March 31, 2020: INR 5,764] Million. The Company continues not to recognise such MAT credit as a component of deferred tax asset in the balance sheet, on the basis of the assessment made by the Company's management of the profitability and operational plans in the foreseeable future, the Company's management is of the view that presently, there is no convincing evidence supporting the probability that the Company would be liable to pay income tax under the normal provisions of the Income-tax Act for the periods up to which the Company is eligible to utilise the unused MAT credit, specifically considering the available deductions/ benefits etc. under the normal provisions under the Income Tax Act. Further, and notwithstanding the foregoing, the Company can elect to exercise the option permitted u/s 115BAA of the Income- tax Act, 1961 consequent to which the entire MAT credit would no longer be allowed for utilisation.

However, during the year, the Company was in a situation where it ended up utilising unrecognised MAT credit of INR 2,984 Million as it had to pay income tax under the normal provisions under the Income Tax Act despite the availability of the deductions/ benefits as the actual profits far exceeded the estimates made in the previous year in view of unanticipated increase in sales of certain products during the year where the probability of recurrence in the foreseeable future cannot be determined at present.

NOTES TO FINANCIAL STATEMENTS

NOTE: 21-BORROWINGS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured] [*]	**3,839**	2,716
Working Capital Loans from Banks [Unsecured] [**]	**16,120**	11,718
Working Capital Loans from Others [Unsecured] [***]	**7,000**	-
Total	**26,959**	14,434

[*] Working Capital Loans which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares relating to plant and machineries [consumable stores and spares], including goods in transit, bills receivables and book debts. The value of such current assets is ₹ 36,838 [as at March 31, 2020 ₹ 38,514] Million. The Packing Credit loans in Foreign Currency [PCFC] are repayable during April, 2021 to September, 2021.

[**] Includes :

a PCFC and Packing Credit loans in ₹ [PCRE] loans are payable during April, 2021 to September, 2021. The outstanding amount of loans as at March 31, 2021 is ₹ 9,870 [as at March 31, 2020: ₹ 11,718] Million.

b Commercial Papers [CPs] are repayable on October 22, 2021. The outstanding amount of CPs as at March 31, 2021 is ₹ 6,250 Million, including prepaid interest of ₹ 236 Million, [as at March 31, 2020: ₹ Nil]. The CPs are having credit rating of CRISIL A1+. There is no change in rating of CPs post their issuance.

[***] The loan from one of the subsidiary companies is repayable during April, 2021 to January, 2022 with applicable interest rate. The outstanding amount of loans as at March 31, 2021 is ₹ 7,000 [as at March 31, 2020: ₹ Nil] Million.

NOTE: 22-TRADE PAYABLES:

₹ Million

		As at March 31, 2021	As at March 31, 2020
Dues to Micro and Small Enterprises [*]		**20**	87
Dues to other than Micro and Small Enterprises		**11,240**	8,540
Total		**11,260**	8,627
[*]	Disclosure in respect of Micro and Small Enterprises:		
A	Principal amount remaining unpaid to any supplier as at year end	**20**	87
B	Interest due thereon	**-**	-
C	Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	**2**	3
D	Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	**-**	-
E	Amount of interest accrued and remaining unpaid at the end of the accounting year	**-**	-
F	Amount of further interest remaining due and payable in succeeding years	**-**	-

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 23-OTHER FINANCIAL LIABILITIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Current Maturities of Long Term Debt [Refer Note-17]	**6,105**	7,403
Current Maturities of Lease Liabilities	**19**	22
Interest accrued but not due on borrowings	**101**	96
Accrued Expenses	**1,209**	1,206
Payable for Capital Goods	**685**	1,062
Unpaid Dividends [*]	**49**	63
Others	**-**	180
Total	**8,168**	10,032

[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

NOTE: 24-OTHER CURRENT LIABILITIES:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Advances from Customers	**265**	298
Payable to Statutory Authorities	**395**	392
Others	**53**	5
Total	**713**	695

NOTE: 25-PROVISIONS:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	**366**	417
Provision for claims for product expiry and return of goods [*]	**300**	53
Total	**666**	470
[*] Provision for claims for product expiry and return of goods:		
a Provision for product expiry claims and return of goods in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.		
b The movement in such provision is stated as under:		
i Carrying amount at the beginning of the year	**53**	33
ii Additional provision made during the year	**247**	62
iii Adjusted pursuant to slump exchange [Refer Note-48]	**-**	(42)
iv Carrying amount at the end of the year	**300**	53

NOTE: 26-CURRENT TAX LIABILITIES [NET]:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Provision for Taxation [Net of advance payment of tax of ₹ 3,425 {as at March 31, 2020: ₹ 5,034} Million]	**444**	235
Total	**444**	235

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NOTES TO FINANCIAL STATEMENTS

NOTE: 27-CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]:

₹ Million

			As at March 31, 2021	As at March 31, 2020
A		**Contingent Liabilities:**		
	a	Claims against the Company not acknowledged as debts	**148**	135
	-	Net of advance of	**2**	2
	-	Includes in respect of Amalgamated {*} Companies	**2**	2
	b	In respect of corporate guarantees given by the Company to Banks for the outstanding dues of loans availed by some of the subsidiary companies	**12,800**	34,526
	c	Other money for which the company is contingently liable:		
	i	In respect of the demands raised by the Central Excise, State Excise, Customs & Service Tax Authority	**1,755**	1,664
		- Net of advance of	**65**	67
	ii	In respect of the demands raised by the Ministry of Chemicals & Fertilizers, Govt. of India under Drug Price Control Order, 1979/ 1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations and disputed by the Company, which the Company expects to succeed based on the legal advice	**108**	108
		- Net of advance of	**68**	68
		- Includes in respect of Amalgamated {*} Companies	**25**	25
	iii	In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts	**7**	180
		- Net of advance of	**215**	25
	iv	In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts	**129**	132
		- Net of advance of	**20**	32
	v	Letters of Credit for Imports	**112**	158
	vi	The Company has imported certain capital equipment at concessional rate of custom duty under "Export Promotion of Capital Goods Scheme" of the Central Government. The Company has undertaken an incremental export obligation to the - extent of US $ Million 15 [Previous Year: 35] - equivalent to ₹ Million approx. 1,079 [Previous Year: 2,346] to be fulfilled during a specified period as applicable from the date of imports. The unprovided liability towards custom duty payable thereon in respect of unfulfilled export obligations where the specified period to fulfil the obligation has not expired	**169**	381
		[*] represents contingent liabilities taken over by the Company under the Scheme of Arrangement and Amalgamation of Cadila Laboratories Limited and erstwhile Cadila Chemicals Limited, Cadila Antibiotics Limited, Cadila Exports Limited and Cadila Veterinary Private Limited with the Company w.e.f. June 1, 1995.		
B		**Commitments:**		
	a	Estimated amount of contracts remaining to be executed on capital account and not provided for	**4,865**	3,625
	-	Net of advance of	**543**	602

NOTE: 28-DIVIDENDS PROPOSED TO BE DISTRIBUTED:

The Board of Directors, at its meeting held on May 27, 2021, recommended the final dividend of ₹ 3.50 per equity share of ₹ 1/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

NOTES TO FINANCIAL STATEMENTS

NOTE: 29-REVENUE FROM OPERATIONS:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Sale of Products	**74,367**	59,677
Other Operating Revenues:		
Export Incentives	**1,162**	1,743
Net Gain on foreign currency transactions and translation [*]	**588**	182
Contract manufacturing and processing income	**690**	713
Miscellaneous Income	**1,097**	1,159
	3,537	3,797
Total	**77,904**	63,474
[*] includes research related Net Loss on foreign currency transactions and translation	**3**	20
Pursuant to Ind AS 115 "Revenue from Contracts with Customers" reconciliation of revenue recognised in the statement of profit and loss with the contracted price is under:		
Revenue as per contracted price	**74,615**	59,713
Less:		
Provision for Expiry and Sales Return	**(184)**	(36)
Discounts/ Price Reduction/ Rebates	**(64)**	-
	(248)	(36)
Revenue from contract with customers	**74,367**	59,677

NOTE: 30-OTHER INCOME:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	**374**	172
[Loss]/ Gain on valuation of Forward Contract value related to investment in a Joint Venture mandatorily measured at FVTPL	**(276)**	464
	98	636
Dividend Income:		
From Investments designated as at FVOCI	**5**	4
From Investments designated as at Amortized Cost [*]	**469**	7,413
	474	7,417
Gain on Investments mandatorily measured at FVTPL	**26**	53
Gain on Investments mandatorily measured at amortised cost	**-**	5
Other Non-operating Income	**191**	383
Total	**789**	8,494
[*] Includes dividend from subsidiary companies	**33**	7,163

NOTE: 31-COST OF MATERIALS CONSUMED:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Raw Materials:		
Stock at commencement	**6,257**	6,857
Add: Purchases	**21,841**	14,829
	28,098	21,686
Less: Stock at close	**8,216**	6,257
	19,882	15,429
Packing Materials consumed	**3,582**	2,954
Total	**23,464**	18,383

NOTE: 32-PURCHASES OF STOCK-IN-TRADE:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Purchases of Stock-in-Trade	**1,533**	979
Total	**1,533**	979

NOTES TO FINANCIAL STATEMENTS

NOTE: 33-CHANGES IN INVENTORIES:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Stock at commencement:		
Work-in-progress	**2,725**	2,248
Finished Goods	**3,482**	3,771
Stock-in-Trade	**590**	933
	6,797	6,952
Less: Stock at close:		
Work-in-progress	**3,375**	2,725
Finished Goods	**4,474**	3,482
Stock-in-Trade	**431**	590
	8,280	6,797
Total	**(1,483)**	155

NOTE: 34-EMPLOYEE BENEFITS EXPENSE:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	**10,430**	9,773
Contribution to provident and other funds [*]	**727**	682
Staff welfare expenses	**316**	319
Total	**11,473**	10,774
Above expenses include:		
Research related expenses:		
Salaries and wages	**1,767**	1,645
Contribution to provident and other funds	**127**	119
Staff welfare expenses	**33**	39
Total	**1,927**	1,803
Managing Directors' Remuneration	**259**	247
[*] The Company's contribution towards defined contribution plan	**490**	487
The Company makes Provident Fund contributions to defined contribution plans for qualifying employees, as specified under the law. The contributions are paid to the Provident Fund Trust set up by the Company or to the respective Regional Provident Fund Commissioner under the Pension Scheme. The Company is generally liable for annual contribution and any shortfall in the trust fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year it is incurred.		

NOTE: 35-FINANCE COST:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense [*]	**670**	1,408
Net Loss on foreign currency transactions and translation	**-**	897
Bank commission & charges	**39**	34
Total	**709**	2,339
[*] The break up of interest expense into major heads is given below:		
On term loans	**217**	616
On working capital loans	**219**	322
On lease	**4**	7
Others	**230**	463
Total	**670**	1,408

NOTES TO FINANCIAL STATEMENTS

NOTE: 36-OTHER EXPENSES:

₹ Million

	Year ended March 31, 2021	Year ended March 31, 2020
Research Materials	**1,200**	911
Analytical Expenses	**1,261**	1,179
Consumption of Stores and spare parts	**2,262**	1,938
Power & fuel	**1,932**	2,084
Rent	**14**	28
Repairs to Buildings	**158**	226
Repairs to Plant and Machinery	**730**	769
Repairs to Others	**149**	164
Insurance	**424**	296
Rates and Taxes [excluding taxes on income]	**13**	16
Processing Charges	**335**	176
Commission to Directors	**14**	14
Traveling Expenses	**169**	474
Legal and Professional Fees [*]	**2,574**	2,691
Commission on sales	**384**	283
Freight and forwarding on sales	**2,834**	1,900
Representative Allowances	**66**	108
Other marketing expenses	**1,129**	1,335
Allowances of credit losses:		
Trade receivables written off	**5**	12
Expected credit loss	**32**	24
	37	36
Less: Transferred from expected credit loss	**(12)**	(25)
	25	11
Allowances for Doubtful Advances:		
Doubtful advances written off	**-**	5
Allowances for credit impaired	**145**	75
	145	80
Less: Transferred from allowances for credit impaired	**(1)**	(7)
	144	73
Directors' fees	**9**	8
Net Loss on disposal of Property, Plant and Equipment [Net of gain of ₹ 2 {Previous Year: ₹ 1} Million]	**38**	88
Donations [**]	**44**	200
Miscellaneous Expenses [#]	**3,818**	3,980
Total	**19,726**	18,952
Above expenses include Research related expenses as follows:		
Research Materials	**1,200**	911
Analytical expenses	**1,205**	1,027
Consumption of Stores and spare parts	**515**	683
Power & Fuel	**146**	151
Repairs to Buildings	**13**	22
Repairs to Plant and Machinery	**114**	106
Repairs to Others	**48**	21
Insurance	**22**	12
Traveling Expenses	**7**	59
Legal and Professional fees	**1,987**	1,621
Net Loss on disposal of Property, Plant and Equipment	**2**	3
Miscellaneous Expenses [excluding Depreciation of ₹ 378 {Previous Year: ₹ 347} Million]	**1,162**	1,585
Total	**6,421**	6,201

NOTES TO FINANCIAL STATEMENTS

NOTE: 36-OTHER EXPENSES: (Contd...)

₹ Million

				Year ended March 31, 2021	Year ended March 31, 2020
[*]	Legal and Professional Fees include:				
	Payment to the Statutory Auditors [excluding GST]:				
	i	-	As Auditor	**10**	8
		-	For Other Services	**1**	1
		-	Reimbursement of expenses [₹ 117,964 {Previous Year: ₹ 349,291}]	**-**	-
		-	**Total**	**11**	9
	ii	Cost Auditor's Remuneration including fees for other services [excluding GST]		**1**	1
[**]	Donations include political donations through Electoral Bonds			**-**	140
[#]	Miscellaneous Expenses include:				
	a	Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013		**254**	220

NOTE: 37-TAX EXPENSES:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
The major components of income tax expense are:			
A	**Statement of profit and loss:**		
	Profit or loss section:		
	Current income tax:		
	Current income tax charge	**3,032**	1,646
	Adjustments in respect of current income tax of previous year	**1**	(5)
		3,033	1,641
	Deferred tax:		
	Relating to origination and reversal of temporary differences [Refer Note-20]	**(910)**	400
	Tax expense on discontinued operations:		
	Current Tax	**-**	72
	Deferred Tax	**-**	17
		-	89
	Tax expense reported in profit or loss	**2,123**	2,130
	OCI Section:		
	Tax related to items recognised in OCI during in the year:		
	Net loss on remeasurements of defined benefit plans	**33**	6
	Tax charged to OCI	**33**	6
B	**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:**		
	Profit before tax	**16,885**	16,259
	Enacted Tax Rate in India (%)	**34.94%**	34.94%
	Expected Tax Expenses	**5,900**	5,681
	Adjustments for:		
	Tax effect due to non-taxable income for tax purposes	**(14)**	(2,592)
	Effect of deferred tax assets/ liabilities recognised in earlier years	**(638)**	(222)
	Effect of non-deductible expenses	**543**	305
	Effect of additional deductions in taxable income	**(723)**	(1,530)
	Effect of MAT Credit available on which deferred tax asset is not created	**-**	956
	Effect of MAT Credit utilised on which deferred tax asset is not created	**(2,984)**	-
	Effect of utilisation of previously unrecognised tax losses of merged entities	**-**	(471)
	Others	**39**	3
	Total	**(3,777)**	(3,551)
	Tax Expenses as per Profit or Loss	**2,123**	2,130

NOTES TO FINANCIAL STATEMENTS

NOTE: 38-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:

₹ Million

			Year ended March 31, 2021	Year ended March 31, 2020
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
Continuing Operations:				
A	Profit attributable to Shareholders	₹ Million	**14,762**	13,536
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**14.42**	13.22
Discontinued Operations:				
A	Profit attributable to Shareholders	₹ Million	**-**	593
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**0.00**	0.58
Continuing & Discontinued Operations:				
A	Profit attributable to Shareholders	₹ Million	**14,762**	14,129
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**1,023,742,600**	1,023,742,600
C	Nominal value of equity share	₹	**1**	1
D	Basic & Diluted EPS	₹	**14.42**	13.80

NOTE: 39-SEGMENT INFORMATION:

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

NOTE: 40-RELATED PARTY TRANSACTIONS:

A	**Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:**		
a	**Entity having control over the Company :**	Zydus Family Trust [Holding 74.86 % in the Company]	
b	**Subsidiary Companies/ entities:**		
	Zydus Healthcare Limited	Zydus Pharmaceuticals (USA) Inc. [USA]	
	German Remedies Pharmaceuticals Private Limited	Nesher Pharmaceuticals (USA) LLC [USA]	
	Zydus Wellness Limited	ZyVet Animal Health Inc. [USA]	
	Zydus Wellness Products Limited	Zydus Healthcare (USA) LLC [USA]	
	Liva Nutritions Limited	Sentynl Therapeutics Inc. [USA]	
	Liva Investment Limited	Zydus Noveltech Inc. [USA]	
	Zydus Animal Health and Investments Limited	Hercon Pharmaceuticals LLC [USA]	
	Dialforhealth Unity Limited	Viona Pharmaceuticals Inc. [USA]	
	Dialforhealth Greencross Limited	Zydus Therapeutics Inc. [USA]	
	Violio Healthcare Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]	
	Zydus Pharmaceuticals Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]	
	Biochem Pharmaceutical Private Limited	Script Management Services (Pty) Ltd [South Africa]	
	Zydus Strategic Investments Limited	Zydus France, SAS [France]	
	Zydus VTEC Limited	Laboratorios Combix S.L. [Spain]	
	Zydus Foundation	Etna Biotech S.R.L. [Italy]	
	M/s. Recon Pharmaceuticals and Investments, a Partnership Firm	Zydus Pharmaceuticals Mexico SA De CV [Mexico]	
	Windlas Healthcare Private Limited [Refer Note-45]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]	
	Windlas Inc [USA] [Refer Note-45]	Zydus Worldwide DMCC [Dubai]	
	Zydus International Private Limited [Ireland]	Zydus Discovery DMCC [Dubai]	
	Zydus Netherlands B.V. [the Netherlands]	Zydus Wellness International DMCC [Dubai]	
	Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Healthcare Philippines Inc. [Philippines]	
	Zydus Nikkho Farmaceutica Ltda. [Brazil]	Alidac Healthcare (Myanmar) Limited [Myanmar]	

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NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

A	Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:		
	c	**Joint Venture Companies:**	
		Zydus Hospira Oncology Private Limited	Bayer Zydus Pharma Private Limited
		Zydus Takeda Healthcare Private Limited	US Pharma Windlas LLC [Refer Note-45]
	d	**Key Managerial Personnel:**	
		Mr. Pankaj R. Patel	Chairman
		Dr. Sharvil P. Patel	Managing Director & son of Chairman
		Mr. Ganesh N. Nayak	Executive Director
		Mr. Mukesh M. Patel	Non-Executive Director
		Mr. Apurva S. Diwanji	Independent Director
		Mr. Nitin R. Desai	Independent Director
		Ms. Dharmishtaben N. Raval	Independent Director
		Mr. Bhadresh K. Shah	Independent Director
		Mr. Nitin D. Parekh	Executive Officer [Chief Financial Officer]
		Mr. Dhaval N. Soni	Executive Officer [Company Secretary]
	e	**Enterprises significantly influenced by Directors and/or their relatives:**	
		Cadmach Machinery Company Private Limited	Cadila Laboratories Private Limited
		Zydus Hospitals and Healthcare Research Private Limited	M/s. C. M. C. Machinery
		Zydus Hospitals (Vadodra) Private Limited	Mukesh M. Patel & Co.
		Zydus Infrastructure Private Limited	M/s. International Tax and Investments Consultants
	f	**Post Employment Benefits Plans:**	
		Cadila Healthcare Limited Employees Group Gratuity Scheme	Cadila Healthcare Ltd. Managerial Cadre EPF

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business and at arm's length terms:

a Details relating to parties referred to in Note 40-A [b, c & e]

Nature of Transactions	Value of the Transactions [₹ Million]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2021	2020	**2021**	2020	**2021**	2020
Purchases:						
Goods:						
Zydus Healthcare Limited	**512**	331	**-**	-	**-**	-
Others	**20**	34	**10**	41	**4**	7
Total	**532**	365	**10**	41	**4**	7
Property, Plant and Equipment:						
Cadmach Machinery Company Private Limited	**-**	-	**-**	-	**60**	39
Others	**1**	3	**-**	-	**-**	258
Total	**1**	3	**-**	-	**60**	297
Reimbursement of Expenses paid:						
Zydus Pharmaceuticals (USA) Inc.	**2,472**	2,212	**-**	-	**-**	-
Others	**405**	1,078	**4**	-	**-**	-
Total	**2,877**	3,290	**4**	-	**-**	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

Nature of Transactions	Value of the Transactions [₹ Million]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2021	2020	**2021**	2020	**2021**	2020
Services:						
Zydus Healthcare Limited	**101**	9	**-**	-	**-**	-
Zydus Infrastructure Private Limited	**-**	-	**-**	-	**112**	99
Others	**1**	86	**-**	70	**22**	18
Total	**102**	95	**-**	70	**134**	117
Sales:						
Goods:						
Zydus Pharmaceuticals (USA) Inc.	**45,411**	37,992	**-**	-	**-**	-
Others	**6,812**	4,447	**259**	190	**2**	2
Total	**52,223**	42,439	**259**	190	**2**	2
Property, Plant and Equipment:						
Zydus Healthcare Limited	**25**	10	**-**	-	**-**	-
Others	**2**	5	**-**	-	**-**	-
Total	**27**	15	**-**	-	**-**	-
Reimbursement of Expenses Recovered:						
Zydus Worldwide DMCC	**144**	53	**-**	-	**-**	-
Others	**18**	12	**1**	1	**-**	-
Total	**162**	65	**1**	1	**-**	-
Services:						
Zydus Worldwide DMCC	**693**	222	**-**	-	**-**	-
Zydus Healthcare Limited	**540**	480	**-**	-	**-**	-
Others	**254**	389	**-**	-	**-**	-
Total	**1,487**	1,091	**-**	-	**-**	-
CSR Expenses:						
Zydus Foundation	**254**	220	**-**	-	**-**	-
Advance CSR Contribution:						
Zydus Foundation	**531**					
Investments:						
Subscription to Share Capital:						
Zydus Animal Health and Investments Limited [Note-48]	**-**	22,734	**-**	-	**-**	-
Zydus Noveltech Inc	**3,252**	-	**-**	-	**-**	-
Others	**84**	112	**-**	-	**-**	-
Total	**3,336**	22,846	**-**	-	**-**	-
Capital Reduction:						
Zydus International Private Limited [Note-45]	**1,875**	-	-	-	**-**	-
Dividend Received:						
Zydus Healthcare Limited	**33**	6,796	**-**	-	**-**	-
Zydus Hospira Oncology Private Limited	**-**	-	**325**	150	**-**	-
Zydus Takeda Healthcare Private Limited	**-**	-	**111**	100	**-**	-
Others	**-**	366	**-**	-	**-**	-
Total	**33**	7,162	**436**	250	**-**	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

Nature of Transactions	Value of the Transactions [₹ Million]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/ or their relatives	
	Year ended March 31					
	2021	2020	**2021**	2020	**2021**	2020
Finance:						
Inter Corporate Loans given:						
Zydus Pharmaceuticals (USA) Inc.	**12,569**	-	**-**	-	**-**	-
Zydus Worldwide DMCC	**5,413**	-	**-**	-	**-**	-
Zydus Healthcare Limited	**6,750**	-	**-**	-	**-**	-
Others	**2,807**	861	**-**	-	**-**	-
Total	**27,539**	861	**-**	-	**-**	-
Inter Corporate Loans repaid by:						
Zydus Healthcare Limited	**6,881**	-	**-**	-	**-**	-
Others	**29**	-	**-**	-	**-**	-
Total	**6,910**	-	**-**	-	**-**	-
Inter Corporate Loans accepted:						
Zydus Healthcare Limited	**7,000**	1,800	**-**	-	**-**	-
Inter Corporate Loans repaid to:						
Zydus Healthcare Limited	**4,000**	1,000	**-**	-	**-**	-
Interest Income:						
Zydus International Private Limited	**32**	47	**-**	-	**-**	-
Zydus Pharmaceuticals Limited	**18**	-	**-**	-	**-**	-
Zydus Healthcare Limited	**45**	12	**-**	-	**-**	-
Zydus Pharmaceuticals (USA) Inc.	**39**	-	**-**	-	**-**	-
Others	**24**	20	**17**	-	**-**	-
Total	**158**	79	**17**	-	**-**	-
Interest Expense:						
Zydus Healthcare Limited	**230**	464	**-**	-	**-**	-

Nature of Transactions	As at March 31					
	2021	2020	**2021**	2020	**2021**	2020
Outstanding:						
Payable:						
Zydus Pharmaceuticals (USA) Inc.	**1,849**	787	**-**	-	**-**	-
Zydus Healthcare Limited	**7,461**	4,080	**-**	-	**-**	-
Others	**660**	1,054	**1**	21	**25**	46
Total	**9,970**	5,921	**1**	21	**25**	46
Receivable:						
Zydus Worldwide DMCC	**6,936**	1,092	**-**	-	**-**	-
Zydus Pharmaceuticals (USA) Inc.	**22,646**	15,943	**-**	-	**-**	-
Others	**8,151**	6,157	**94**	42	**1**	1
Total	**37,733**	23,192	**94**	42	**1**	1
Guarantees:						
Zydus Pharmaceuticals (USA) Inc.	**2,560**	17,403	**-**	-	**-**	-
Zydus International Private Limited	**7,314**	7,560	**-**	-	**-**	-
Sentynl Therapeutics Inc.	**2,926**	6,048	**-**	-	**-**	-
Others	**-**	3,515	**-**	-	**-**	-
Total	**12,800**	34,526	**-**	-	**-**	-

NOTES TO FINANCIAL STATEMENTS

NOTE: 40-RELATED PARTY TRANSACTIONS: (Contd...)

b Details relating to persons referred to in Note 40-A [a] above:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
[i]	Dividend paid	**-**	5,362

c Details relating to persons referred to in Note 40-A [d] above:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
[i]	Salaries and other employee benefits to Chairman, Managing Director, Executive Director and other executive officers	**624**	585
[ii]	Commission and Sitting Fees to Non Executive/ Independent Directors	**23**	22
[iii]	Outstanding payable to above (i) and (ii)	**110**	327

d Details relating to persons referred to in Note 40-A [f] above:

₹ Million

		Year ended March 31, 2021	Year ended March 31, 2020
[i]	Contributions [including Employees' share and contribution]	**776**	676

NOTE: 41-DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED U/S 186(4) OF THE COMPANIES ACT, 2013:

A Details of loans and investments are given under the respective heads.

B Corporate guarantees given by the Company [#]:

₹ Million

		As at March 31, 2021	As at March 31, 2020
Subsidiary Companies:			
a	Zydus Pharmaceuticals (USA) Inc.	**2,560**	17,403
b	Zydus International Private Limited	**7,314**	7,560
c	Zydus Noveltech Inc.	**-**	2,986
d	Sentynl Therapeutic Inc.	**2,926**	6,048
e	Alidac Healthcare (Myanmar) Limited	**-**	529
Total		**12,800**	34,526

[#] Corporate guarantees which are outstanding at the end of the respective financial year, given for business purpose.

NOTE: 42-FINANCIAL INSTRUMENTS:

A Fair values hierarchy:

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1 : Quoted prices [unadjusted] in active markets for financial instruments.

Level 2 : Inputs other than quoted prices included within Level 1 which are observable for the assets or liabilities, either directly or indirectly.

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 42-FINANCIAL INSTRUMENTS: (Contd...)

B Financial assets and liabilities measured at fair value - recurring fair value measurements:

₹ Million

	As at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,590	1,590
Derivative designated as hedge:				
Receivables for Forward Contract	-	348	-	348
Financial Investments at FVOCI:				
Quoted equity instruments	852	-	-	852
Unquoted equity instruments	-	8	-	8
Total financial assets	852	356	1,590	2,798
Financial liabilities	-	-	-	-

₹ Million

	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Derivative not designated as hedge:				
Forward Contract value related to investment in a Joint Venture	-	-	1,866	1,866
Financial Investments at FVOCI:				
Quoted equity instruments	618	-	-	618
Unquoted equity instruments	-	8	-	8
Total financial assets	618	8	1,866	2,492
Financial liabilities	-	-	-	-

C Fair value of instruments measured at amortised cost:

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

₹ Million

	Carrying Value	As at March 31, 2021			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Investment in preference shares	107	-	107	-	107
Bonds	102	102	-	-	102
Loans to related parties	9,127	-	-	9,124	9,124
		As at March 31, 2020			
Financial assets:					
Investment in preference shares	100	-	100	-	100
Bonds	114	114	-	-	114
Loans to related parties	2,963	-	-	2,961	2,961

Financial Assets:

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

Financial Liabilities:

Fair values of loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

Fair values of investment in preference shares were calculated based on cash flows discounted using the applicable adjusted market interest rates.

NOTES TO FINANCIAL STATEMENTS

NOTE: 42-FINANCIAL INSTRUMENTS: (Contd...)

D Valuation process and technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

a The use of quoted market prices for similar instruments.

b Fair value of Forward Contract value related to investment in a Joint Venture has been determined considering the estimated exercise price and value of the underlying entity. The valuation has been derived using the Present Value technique under Income Approach. The valuation includes significant unobservable inputs like Weighted Average Cost of Capital [WACC], revenue forecast, etc.

Significant unobservable inputs:

Budgeted Sales growth rate : 11.5% per annum

Weighted Average Cost of Capital : 6.7% per annum

For recurring fair value measurements using significant unobservable inputs [Level 3], the effect of the measurement on profit or loss or other comprehensive income for the period is provided below:

Movement in Forward Contract value related to investment in a Joint Venture:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Value as at beginning of the year	**1,866**	1,402
[Less]/ Add : [Loss]/ Gain on valuation of Forward Contract value related to investment in a Joint Venture	**(276)**	464
Value as at end of the year	**1,590**	1,866
Out of above, amount disclosed under-		
Other Non-Current Financial Assets [Note-6]	**1,590**	1,866

Sensitivity analysis for valuation of Forward Contract value related to investment in a Joint Venture:

a Sensitivity in value for 50 basis points change in Weighted Average Cost of Capital [WACC]-

₹ Million

	As at March 31, 2021		As at March 31, 2020	
	-0.50%	+0.50%	-0.50%	+0.50%
Impact on value of the contract	**30**	**(30)**	8	(8)

b Sensitivity in the value for 200 basis point change in Revenue -

₹ Million

	As at March 31, 2021		As at March 31, 2020	
	-2.00%	+2.00%	-2.00%	+2.00%
Impact on value of the contract	**(50)**	**50**	(52)	52

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT:

A Financial instruments by category:

₹ Million

	As at March 31, 2021			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]	-	860	-	860
Preference shares	-	-	107	107
Bonds	-	-	102	102
Non Current Loans	-	-	9,127	9,127
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	-	-	83	83
Trade receivables	-	-	19,038	19,038
Forward Contract value related to investment in a JV	1,590	-	-	1,590
Cash and Cash Equivalents	-	-	1,540	1,540
Current Loans	-	-	14,358	14,358
Receivables for Forward Contract	348	-	-	348
Other Current Financial Assets	-	-	1,672	1,672
Total	**1,938**	**860**	**46,027**	**48,825**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	39,260	39,260
Trade payables	-	-	11,260	11,260
Non Current Other Financial Liabilities	-	-	128	128
Payable for Capital Goods	-	-	685	685
Other Current Financial Liabilities	-	-	1,277	1,277
Total	**-**	**-**	**52,610**	**52,610**

₹ Million

	As at March 31, 2020			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries and Joint Ventures]	-	626	-	626
Preference shares	-	-	100	100
Bonds	-	-	114	114
Non Current Loans	-	-	2,963	2,963
Non Current Other Financial Assets [other than Forward Contract value related to investment in a JV]	-	-	81	81
Trade receivables	-	-	24,567	24,567
Forward Contract value related to investment in a JV	1,866	-	-	1,866
Cash and Cash Equivalents	-	-	3,853	3,853
Current Loans	-	-	185	185
Other Current Financial Assets	-	-	1,165	1,165
Total	**1,866**	**626**	**33,028**	**35,520**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	37,043	37,043
Trade payables	-	-	8,627	8,627
Non Current Other Financial Liabilities	-	-	120	120
Payable for Capital Goods	-	-	1,062	1,062
Other Current Financial Liabilities	-	-	1,471	1,471
Total	**-**	**-**	**48,323**	**48,323**

B Risk Management:

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL INSTRUMENTS: (Contd...)

The Company's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Company's short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

a Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle its obligations as agreed. The Company is exposed to credit risk from investment in preference shares measured at amortised cost, loans and advances to related parties, trade receivables, bank deposits and other financial assets. The Company periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

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

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

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

iv The counter party to the forward contract value related to the Investment in a Joint Venture is the associate entity of co-venturer of one of Joint Ventures. The contract is governed by a shareholders' agreement which has the needful representations by the counter party. The Company is exposed to insignificant credit risk in relation to the same.

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

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

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

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

₹ Million

	As at March 31, 2021	As at March 31, 2020
Trade Receivables:		
Less than 180 days	**18,534**	23,560
180 - 365 days	**50**	663
Above 365 days	**454**	344
Total	**19,038**	24,567
Movement in the expected credit loss allowance on trade receivables:		
Balance at the beginning of the year	**33**	40
Addition	**32**	24
Recoveries	**(12)**	(25)
Transfer under the slump exchange [Refer Note-48]	**-**	(6)
Balance at the end of the year	**53**	33

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

b Liquidity risk:

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

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

b Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which it operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities:

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ Million

	As at March 31, 2021				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	33,542	4,931	1,228	-	39,701
Other non current financial liabilities	-	14	2	112	128
Trade payable	11,260	-	-	-	11,260
Accrued Expenses	1,209	-	-	-	1,209
Payable for Capital Goods	685	-	-	-	685
Other Current Financial Liabilities	49	-	-	-	49
	46,745	4,945	1,230	112	53,032
Corporate Guarantees	7,314	2,926	-	2,560	12,800
Total	54,059	7,871	1,230	2,672	65,832

₹ Million

	As at March 31, 2020				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	22,498	9,247	5,263	1,378	38,386
Other non current financial liabilities	-	41	13	66	120
Trade payable	8,627	-	-	-	8,627
Accrued Expenses	1,206	-	-	-	1,206
Payable for Capital Goods	1,062	-	-	-	1,062
Other Current Financial Liabilities	243	-	-	-	243
	33,636	9,288	5,276	1,444	49,644
Corporate Guarantees	17,176	16,330	491	529	34,526
Total	50,812	25,618	5,767	1,973	84,170

c Foreign currency risk:

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's operations in foreign currency creates natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Company.

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

Foreign currency risk exposure:

Sensitivity:

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

₹ Million

	As at March 31, 2021			As at March 31, 2020		
	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	7.00%	635	19	9.00%	(595)	22
USD	-7.00%	(635)	(19)	-9.00%	595	(22)
Others	5.00%	23	-	5.00%	2	-
Others	-5.00%	(23)	-	-5.00%	(2)	-

** Holding all other variables constant*

d Interest rate risk:

Liabilities:

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. As at March 31, 2021, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in Fixed Deposits are at fixed interest rates.

Sensitivity *:

Below is the sensitivity of profit or loss and equity changes in interest rates:

₹ Million

	Movement in Rate	As at March 31, 2021	As at March 31, 2020
Interest rates	+0.50%	(128)	(108)
Interest rates	-0.50%	128	108

** Holding all other variables constant*

e Price risk:

Exposure:

The Company's exposure to price risk arises from investments in equity and mutual funds held by the Company and classified in the balance sheet as fair value through OCI and at fair value through profit or loss respectively. To manage its price risk arising from investments in equity securities and mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Sensitivity *:

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period.

₹ Million

	Movement in Rate	As at March 31, 2021		As at March 31, 2020	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%	-	85	-	62
Decrease	-10.00%	-	(85)	-	(62)

** Holding all other variables constant*

NOTES TO FINANCIAL STATEMENTS

NOTE: 43-FINANCIAL RISK MANAGEMENT: (Contd...)

C **Hedge:**

Disclosure of effects of hedge accounting on financial position:

Hedged item - Changes in fair value of trade receivables and loan receivables from overseas entity attributable to changes in foreign exchange rates

Hedging instrument - Changes in fair value of certain foreign currency borrowings including forward contracts attributable to foreign exchange rates

As at March 31, 2021

Type of hedged risk	Carrying amount of hedging instrument [USD Million]		Carrying amount of hedging instrument [₹ Million]		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk [₹ Million]
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings	-	355	-	25,965	Range - Within 6 months	1:1	Borrowings	413
Hedged item: Certain foreign currency receivables	355	-	25,965	-	Range - Within 6 months		Trade receivables	413

As at March 31, 2020

Type of hedged risk	Carrying amount of hedging instrument [USD Million]		Carrying amount of hedging instrument [₹ Million]		Maturity Date	Hedge Ratio	Balance sheet classification	Changes in fair value relating to hedged risk [₹ Million]
	Assets	Liabilities	Assets	Liabilities				
Fair Value Hedge:								
Hedging instrument: Certain Foreign currency borrowings		185		13,986	Range - Within 6 months	1:1	Borrowings	677
Hedged item: Certain foreign currency receivables	185		13,986		Range - Within 6 months		Trade receivables	677

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the dollar offset method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.

NOTE: 44-CAPITAL MANAGEMENT:

The Company' s capital management objectives are:

a to ensure the Company's ability to continue as a going concern

b to provide an adequate return to shareholders

c maintain an optimal capital structure to reduce the cost of capital.

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

₹ Million

	As at March 31, 2021	As at March 31, 2020
Gross debts	**39,159**	36,947
Total equity	**127,445**	112,602
Gross debt to equity ratio [No. of times]	**0.31**	0.33

NOTES TO FINANCIAL STATEMENTS

NOTE: 44-CAPITAL MANAGEMENT: (Contd...)

Loan covenants:

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants, based on consolidated financial information:

- Gross Debt to Equity must be less than 2:1

This is in line with the Company's covenants as agreed with external Lenders.

NOTE: 45-EXCEPTIONAL ITEMS:

A Pursuant to the scheme of capital reduction in Zydus International Private Limited ["ZIPL"], Ireland, a wholly owned subsidiary of the Company, per share face value of the equity share of ZIPL has been reduced from EUR 1.462843 to EUR 1.1251. As a result, the cost of investment of the Company in the equity shares of ZIPL has been reduced by ₹ 1,875 Million. The same has been disclosed as exceptional item for current year.

B During the previous year, the Company had sold 24,077,950 equity shares of ₹ 10/- each fully paid-up, representing the entire stake of 51% held by the Company of the total paid-up share capital of Windlas Healthcare Private Limited ["WHPL"], an erstwhile subsidiary company, to Windlas Biotech Private Limited ["WBPL"] for an aggregate consideration of ₹ 1,035 Million in two tranches pursuant to two separate definitive agreements entered into by the Company with WBPL. Pursuant to that, WHPL had ceased to be a subsidiary of the Company on April 16, 2020 after the first tranche of the sale of equity shares representing 2% of the total paid-up share capital of WHPL was executed. Remaining equity shares representing 49% of the total paid-up share capital of WHPL were sold in the 2nd tranche the definitive agreement of which was executed on April 30, 2020. As the value of aggregate consideration was less than the carrying value of investment in the equity shares of WHPL on March 31, 2020, an impairment of ₹ 520 Million had been created for diminution in the value of investment in the equity shares of WHPL, which was recognised under the head "Exceptional items" for the year ended March 31, 2020.

NOTE: 46-LEASES:

Lessee:

A Relating to statement of financial position:

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

Right of use assets are part of financial statement caption "Property plant and equipment'. Depreciation and impairment is similar to measurement of owned assets. Lease liabilities are part of financial statement captions non-current "financial liabilities" and current "financial liabilities". Interest is part of financial statement caption " Finance expense".

₹ Million

Right of use assets	Land	Buildings	Total
As at April 1, 2019	-	72	72
Reclassified on account of adoption of Ind AS 116 [Net]	492	-	492
Additions during the year	258	-	258
Depreciation charge for the year	9	17	26
Adjustment pursuant to Slump Exchange [Refer Note-48]	(328)	-	(328)
Balance as at March 31, 2020 [Net]	**413**	**55**	**468**
Additions during the year	-	10	10
Depreciation charge for the year	4	17	21
Adjustments during the year	-	(12)	(12)
Balance as at March 31, 2021 [Net]	**409**	**36**	**445**

The Company leases assets which include office buildings and warehouse spaces.

NOTES TO FINANCIAL STATEMENTS

NOTE: 46-LEASES: (Contd...)

2 Movement in lease liabilities:

₹ Million

	As at March 31, 2021	As at March 31, 2020
Lease liability at the beginning of the year	**59**	72
Additions	**14**	7
Redemptions	**(33)**	(20)
Lease liability at end of the year	**40**	59
of which:		
Current portion	**19**	22
Non current portion	**21**	37

2.1 Maturity analysis of lease liabilities:

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

Minimum lease payments due	As at March 31, 2021	As at March 31, 2020
Within 1 year	**19**	27
1-5 years	**26**	41

Lessor:

The Company leases out certain properties and classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Lease payments due to be received:	As at March 31, 2021	As at March 31, 2020
Within 1 year	**47**	22
1-5 years	**1,266**	87
Total undiscounted lease payments	**1,313**	109

Description of lease activities:

Real estate lease:

The Company leases buildings for it's offices and warehouse space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 3- 10 years and may include extension options which provide operational flexibility. Majority of the leases are cancellable by either parties by serving notice period.

NOTE: 47-MERGER:

A Merger:

i Pursuant to the Scheme of Amalgamation u/s 230 to 232 of the Companies Act, 2013 ["Scheme"] of Zydus Technologies Limited [ZTL], Alidac Pharmaceuticals Limited [APL], Liva Pharmaceuticals Limited [LPL] and Dialforhealth India Limited [DIL] [all 100% subsidiary companies of the Company, collectively referred to as "Amalgamating Companies"] with the Company, which was sanctioned by the Ahmedabad bench of the Hon'ble National Company Law Tribunal [NCLT] vide its order dated March 16, 2020, all the businesses, undertakings, activities, properties, investments and liabilities of each of the Amalgamating Companies were transferred to and vested in the Company with effect from April 1, 2019, being the appointed date. The certified copy of order was filed with Registrar of Companies, Gujarat [ROC] at Ahmedabad on March 31, 2020, being the effective date. Accordingly, the Scheme had been given effect in the financial statements of previous year.

ii The Scheme had been accounted for in the books of the Company using Pooling of Interest method as prescribed in Appendix C to Ind AS-103 ["Business combinations of entities under common control"]. Accordingly,

  a The assets and liabilities pertaining to the Amalgamating Companies vested in the Company had been accounted for at their respective carrying values as appearing in their respective books on the close of business on March 31, 2019 being the day immediately preceding the Appointed Date.

NOTES TO FINANCIAL STATEMENTS

NOTE: 47-MERGER: (Contd...)

b The inter-corporate deposits/ loans and advances outstanding between the Amalgamating Companies and the Company inter-se had been cancelled.

c The surplus/deficit of the share capital of the Amalgamating Companies over the value of investments in the shares of these companies appearing in the books of the Company and cancelled pursuant to the Scheme had been adjusted in the “Capital Reserve Account” of the Company. Accordingly, the resultant difference amounting to ₹ 211 Million was credited to the “Capital Reserve Account”. Further, in compliance of Ind AS, certain inter-company transactions were eliminated as a result of which the difference amounting to ₹ 2,897 Million was debited to the retained earnings.

iii Upon the Scheme becoming effective, Amalgamating Companies had been dissolved without winding up pursuant to the provisions of Section 302 of the Companies Act, 2013.

B The Company had acquired remaining 15% stake of erstwhile Zydus Technologies Limited on November 13, 2019. The resultant difference amounting to ₹ 15 Million had been debited to “Capital Reserve Account”.

NOTE: 48-SLUMP EXCHANGE:

i Pursuant to the Definitive Agreement [“DA”] entered into by the Company on March 11, 2020 with its subsidiary Zydus Animal Health and Investments Limited [“ZAHL”] [formerly known as Violio Pharmaceuticals and Investments Limited] to achieve certain strategic and commercial objectives, the Company’s Animal Healthcare Business [“AHB”] comprising of two undertakings viz. Animal Healthcare Established Markets Undertaking [AHESTM] and Animal Healthcare Emerging Markets Undertaking [AHEMGM] had been transferred to and vested in ZAHL on a going concern basis in exchange of 8% Non-cumulative Non-convertible Redeemable Preference Shares of ₹ 10/- each issued at face value [“ZAHL Preference Shares”] on a lump sum basis, without values being assigned to individual assets and liabilities.

ii AHESTM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals, carried out primarily within India and rest of the world excluding USA and Europe along with the embedded goodwill and includes certain assets and liabilities pertaining to such business.

iii AHEMGM comprises of the business of development, manufacturing, processing, importing, exporting, marketing, selling, distributing, storing or otherwise dealing in drugs, vaccines and feed supplements for livestock, poultry, companion and other animals carried out outside India, primarily in USA and Europe along with the embedded goodwill and includes certain assets and liabilities pertaining to such business.

iv Accordingly, ZAHL had issued 2,200,000,000 ZAHL Preference Shares, aggregating to ₹ 22,000 Million in exchange of the said transfer of AHESTM and 73,350,000 ZAHL Preference Shares, aggregating to ₹ 733.50 Million in exchange of the said transfer of AHEMGM, to the Company.

v The said transfer had been given effect to in the books of the Company on March 20, 2020 being the Closing Date for the transaction. Accordingly,

a The carrying value of the assets and liabilities pertaining to AHESTM and AHEMGM vested in ZAHL have been reduced from the carrying value of assets and liabilities as appearing in the books of the Company on the Closing Date.

b ZAHL Preference Shares issued to the Company by ZAHL in exchange of transfer of AHESTM and AHEMGM have been recorded as investment at their face value.

c The difference between the aggregate value of ZAHL Preference Shares [₹ 22,734 Million] and the net book value of the assets vested [i.e. the excess of book value of assets vested over the book value of liabilities vested] [₹ 2,551 Million], had been accounted for as a “Capital Reserve” [₹ 20,183 Million].

NOTES TO FINANCIAL STATEMENTS

NOTE: 48-SLUMP EXCHANGE: (Contd...)

d The financial performance and cash flow information of discontinued operations for the year ended March 31, 2020 is as under:

			₹ Million
A	**Financial performance:**		
	1.	Total Revenue	5,023
	2.	Total expenses	4,341
	3.	**Profit before tax**	682
	4.	Tax Expense	89
	5.	**Profit after tax**	593
	6.	**Other comprehensive income from discontinued operations**	-
B	**Cash flow information**		
	1	Net cash inflow [outflow] from operating activities	593
	2	Net cash inflow [outflow] from investing activities	(548)
	3	Net cash inflow [outflow] from financing activities	-
	4	**Net increase in cash generated from discontinued operations**	45

NOTE: 49-COVID 19 IMPACT:

The World Health Organisation [WHO] declared Covid-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into partial or full lockdown situation, impacting business operations across various sectors with severe restrictions on movement of people and goods. The Company has implemented several initiatives across its manufacturing and other business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. The Company operates in manufacturing and selling of pharmaceutical products, which are classified as essential commodities and hence its operations continued to be run with fewer challenges on people movement and supply chain.

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

NOTE: 50:

Figures of previous reporting year have been regrouped/ reclassified to conform to current year's classification.

Signatures to Significant Accounting Policies and Notes 1 to 50 to the Financial Statements

For and on behalf of the Board

Pankaj R. Patel
Chairman
DIN: 00131852

Nitin D. Parekh
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Dr. Sharvil P. Patel
Managing Director
DIN: 00131995
Ahmedabad
May 27, 2021