

Zydus Foundation

Registered Office Address:

Zydus Corporate Park, Scheme No. 63, Survey No. 536,
Khoraj (Gandhinagar), Nr. Vaishnodevi Circle,
S. G. Highway, Ahmedabad - 382481
Ahmedabad-380015
CIN: U85300GJ2019NPL105919
Phone No.: 079-48040000
Website: www.zydusfoundation.com

July 21, 2023

Listing Department

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai-400 051

Re: **Annual General Meeting and Annual Report 2022-2023**

Dear Sir / Madam,

The Fifth Annual General Meeting (“**AGM**”) of the Company will be held on Friday, August 18, 2023 at 10:00 a.m. at the registered office of the Company.

Pursuant to regulation 53(2) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the **Listing Regulations**”), we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the Financial Year ended on March 31, 2023.

Please receive the same in order.

Thanking you,

Yours faithfully,

For, **ZYDUS FOUNDATION**

DHWANI TRIVEDI

COMPANY SECRETARY

Encl.: As above

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NOTICE

NOTICE is hereby given that the **Fifth** Annual General Meeting of the Company will be held on Friday, August 18, 2023 at 10:00 a.m. at the registered office of the Company situated at Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad-382481, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements for the year ended on March 31, 2023 along with the report of the Board of Directors and Auditors thereon.
2. To re-appoint Mr. Pankaj R. Patel (DIN: 00131852) who retires by rotation and being eligible, offers himself for re-appointment.

By order of the Board of Directors

Dhwani Trivedi
Company Secretary
Membership No. ACS46809

Place: Ahmedabad

Date: May 30, 2023

NOTE:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority, as applicable.

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ATTENDANCE SLIP

ZYDUS FOUNDATION

ATTENDANCE SLIP

[CIN: U85300GJ2019NPL105919]

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FIFTH ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the Fifth Annual General Meeting of the Company on Friday, August 18, 2023 at 10:00 a.m. at the Registered Office situated at Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad-382481.

.....
Member's Folio No.

.....
Member's/Proxy's Name

.....
Member's/Proxy's Signature

Note:

1. Please complete the Folio No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Physical copy of the Annual Report for 2023 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members.

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PROXY FORM

[**CIN:** U85300GJ2019NPL105919]

Regd. Office: Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar),
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Name of the member (s):

Registered address:

E-mail Id:

Folio No.

I/We being the member(s) holding shares of the above named Company hereby
appoint:

(1) Name:.....

Address:.....

E-mail ID:..... Signature:.....or
falling him/her;

(2) Name:.....

Address:.....

E-mail ID:..... Signature:.....or
falling him/her;

(3) Name:.....

Address:.....

E-mail ID:..... Signature:.....;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf on Friday,
August 18, 2023 at 10:00 a.m. at the Registered Office situated at Zydus Corporate Park,
Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway,
Ahmedabad-382481 and at any adjournment thereof.

Signed this day of 2023

Signature of shareholder

Signature of Proxy holder(s)

ZYDUS FOUNDATION

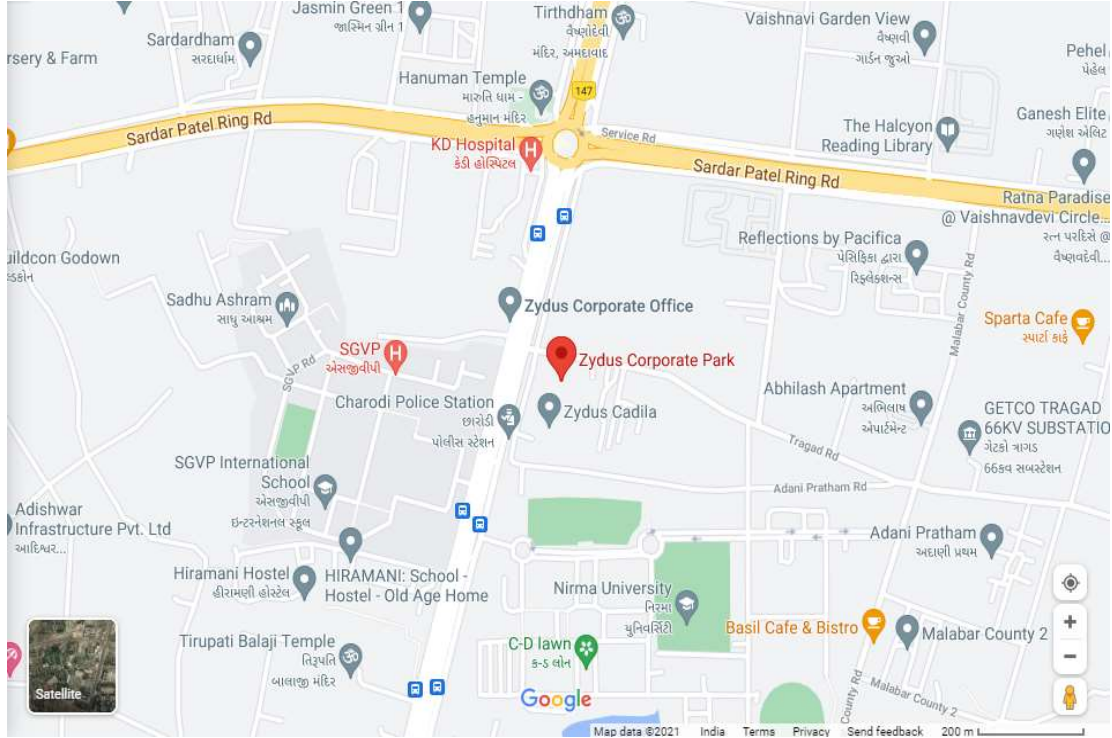
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Route Map of AGM Venue



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Board’s Report

Your Directors are pleased to present the Fifth Annual Report and the Audited Financial Statements for the Financial Year ended on March 31, 2023.

Financial Results:

(Rs. in Lakh)

| Particulars | 2022-23 | 2021-22 |
|---------------------------------------|--------------|--------------|
| Total Income | 11,981 | 7,572 |
| Less: Total Expenditure | (10,476) | (8,053) |
| Surplus/(Deficit) before Tax | 1,505 | (481) |
| Tax Expenses | - | - |
| Surplus/(Deficit) for the year | 1,505 | (481) |

Operations of the Company:

To serve the needs of the patients and bring the best of the best medical education to the rural area of India, the Company has set up a Medical College and a multi-specialty 750 bedded Hospital at Dahod, namely “Zydus Medical College and Hospital”, under the Brown-Field Policy of the Government of Gujarat.

The hospital provides free treatment & medical services to all types of outdoor and indoor patients. The construction work is over and the hospital is fully functional. The area of hospital is 5 acres and that of college is 15 acres. The Zydus Medical College and Hospital, Dahod, is a self-financed brownfield medical college project, set up in a Public Private Partnership (“PPP”) model of Government of Gujarat.

The Zydus Medical College is the first Medical College to be set up in Dahod District and the first batch of the MBBS programme commenced in August 2018. At present, there are 950 students enrolled for the MBBS programme. In the ongoing fight against Coronavirus, 500 bed quarantine facility was created at the Zydus Medical Hospital, Dahod.

The hospital has been serving as a healthcare hub for needy and underprivileged patients of nearby three states of India.

Holding Company:

The Company is a wholly owned subsidiary of Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited), a flagship company of Zydus Group of companies.

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Early Partial Redemption of Debentures:

The Company has issued and allotted 1,850 (One Thousand Eight Hundred Fifty) 0.1% Unsecured, Listed, Rated, Redeemable, Non-Convertible Debentures ("NCDs") of Rs. 10,00,000/- (Rupees Ten Lakh only) each aggregating to Rs. 185,00,00,000/- (Rupees One Hundred Eight Five Crores only) to Recon Pharmaceuticals and Investments, a Partnership Firm ("Recon") in March, 2020 which are listed on The National Stock Exchange of India Limited ("NSE").

During the year under review, Company has made early partial redemption of the said NCDs. The details of which are as under.

| Sr. No. | Record Date | Date of Redemption | No. of NCDs redeemed | No. of NCDs outstanding post redemption |
|---------|-------------------|--------------------|----------------------|---|
| 1 | July 21, 2022 | July 22, 2022 | 250 * | 1,600 |
| 2 | February 22, 2023 | March 10, 2023 | 150 ** | 1,450 |

* Interest has been paid from the last date of payment of interest made i.e. March 25, 2022 to July 22, 2022.

** Interest has been paid from the last date of payment of interest made i.e. March 25, 2022 to March 10, 2023.

The Company has made necessary disclosures pertaining to early partial redemption of NCDs to the NSE.

1,450 (One Thousand Four Hundred Fifty) NCDs of Rs. 10,00,000/- (Rupees Ten Lakh only) each aggregating to Rs. 145,00,00,000/- (Rupees One Hundred Forty Five Crores only) are outstanding as on March 31, 2023.

Debenture Trustee:

Details of Debenture Trustee for the above mentioned NCDs are as under:

IDBI Trusteeship Services Limited

Address: Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001,
Phone No. +91-22-40807000 | Fax: +91-22-66311776,

Email id: itsl@idbitrustee.com, Website: idbitrustee.com

Directors:

In accordance with the provisions of section 152(6) of the Companies Act, 2013 ("the Act") read with the Articles of Association of the Company, Mr. Pankaj R. Patel (DIN: 00131852) will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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The Board recommends the re-appointment of Mr. Pankaj R. Patel as a Director of the Company liable to retire by rotation.

Key Managerial Personnel ("KMP"):

As at March 31, 2023, Mrs. Dhvani Trivedi, Company Secretary, was the KMP of the Company.

Deposits:

During the year under review, the Company has not accepted any fixed deposit from the public.

Related Party Transactions:

All contracts / arrangements / transactions entered by the Company during the financial year ended on March 31, 2023 with related parties were in the ordinary course of business and on an arm's length basis. There is no material transaction with related parties entered into by the Company during the year, which requires disclosure of particulars thereof as provided under section 134(3)(h) of the Act and Rules made thereunder.

Directors' Responsibility Statement:

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

- (a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (b) such accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2023 and of the income and expenditure of the Company for that period;
- (c) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities,
- (d) the annual financial statements have been prepared on going concern basis,
- (e) proper internal financial controls are in place and that the financial controls are adequate and operating effectively and

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- (f) the systems to ensure compliance with the provisions of all applicable laws were in place and are adequate and operating effectively.

Board meetings:

During the year, 9 (nine) Board meetings were held on May 28, 2022, June 23, 2022, July 5, 2022, August 4, 2022, October 10, 2022, November 12, 2022, January 2, 2023, February 10, 2023 and March 6, 2023. The intervening gap between the 2 (two) meetings was within the period prescribed under the Act.

Attendance of directors at the Board meetings are as under.

| Name of the Director | No. of Board meetings held | No. of Board meetings attended |
|----------------------|----------------------------|--------------------------------|
| Mr. Pankaj R. Patel | 9 | 8 |
| Dr. Sharvil P. Patel | | 8 |
| Mr. Jyotindra B. Gor | | 9 |
| Mrs. Sujatha Rajesh | | 9 |

Statutory Auditors and their Report:

Mukesh M. Shah & Co. Chartered Accountants, Ahmedabad (Firm Registration No. 106625W) were appointed as the Statutory Auditors of the Company for a period of 5 (five) years from the conclusion of First Annual General Meeting till the conclusion of Sixth Annual General Meeting.

The Company has received a certificate from the Statutory Auditors to the effect that their appointment continue to be within the limits defined under section 139 of the Act and they are qualified to continue to act as Statutory Auditors.

The Board has duly reviewed the Statutory Auditor's Report furnished by Mukesh M. Shah & Co., Chartered Accountants on the Financial Statements for the year ended on March 31, 2023. The observations & comments, appearing in the said report are self-explanatory and do not call for any further explanation/clarification by the Board in its Report as provided under section 134 of the Act.

Secretarial Auditor and Secretarial Audit Report:

Pursuant to the provisions of the Act, the Company is not considered as a listed company, because only the NCDs of the Company are listed on the whole sale debt segment of NSE. The equity shares of the Company are not listed on any stock exchanges.

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As the Company is not a listed company as per the provisions of the Act, Secretarial Audit is not mandatory and in view of the same, appointment of Secretarial Auditor is not applicable to the Company.

Corporate Social Responsibility (CSR):

The Company does not fall in any of the criteria laid down in section 135(1) of the Act and Rules made thereunder and therefore is not required to comply with the relevant provisions of the said section during the year under review.

The Company is an implementing agency for carrying out CSR activities and have registered itself on MCA portal. The unique registration number is CSR00000974.

Reporting of Frauds:

There have been no instances of fraud reported by the Statutory Auditors under section 143(12) of the Act and the Rules framed thereunder either to the Company or to the Central Government.

Particulars of Loans, Guarantees or Investments:

The Company has not granted any loan and/or guarantee to any party nor has made any investment. Hence, disclosure of the particulars thereof as required under section 186 of the Act are not required to be disclosed.

Internal control systems and its adequacy:

As the Company is not considered as a listed company (as only NCDs are listed and not the equity shares), the provisions of section 134(5)(e) of the Act pertaining to internal control system and its adequacy are not applicable to the Company and hence details thereof are not furnished in this report.

Annual Return:

As per the provisions of section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2023 in the prescribed Form No. MGT-7 is available on the website of the Company www.zydusfoundation.com.

Secretarial Standards:

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India for the meetings of the Board of Directors and the General Meetings.

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

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014, are not required to be disclosed separately, as the same is not applicable to the Company.

General Disclosures:

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

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

Particulars of Employees:

No employee of the Company was in receipt of remuneration in excess of the amount specified in section 197 of the Act read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the year under review.

As the Company is not considered as a listed company (as only NCDs are listed and not the equity shares), the provisions of section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to disclosure of remuneration related details of the employees are not applicable to the Company and hence details thereof are not furnished in this report.

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

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

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

During the Financial Year 2022-2023, the Company has not received any complaint of sexual harassment.

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Vigil Mechanism / Whistle Blower Policy:

As the Company is not considered as a listed company (as only NCDs are listed and not the equity shares), the provisions of section 177(9) of the Act pertaining to vigil mechanism for directors and employees are not applicable to the Company and hence details thereof are not furnished in this report.

Board Evaluation:

As the Company is not considered as a listed company (as only NCDs are listed and not the equity shares), the provisions of section 134(3)(p) of the Act pertaining to evaluation of Board are not applicable to the Company and hence details thereof are not furnished in this report.

Acknowledgment:

Your Directors take this opportunity to place on record the valuable cooperation and support extended by Banks and its shareholders for their continued confidence reposed in the Company and look forward to having the same support in all its future endeavors.

On behalf of the Board of Directors

Jyotindra B. Gor
Director
DIN: 06439935

Sujatha Rajesh
Director
DIN: 08071096

Date : May 30, 2023
Place : Ahmedabad

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZYDUS FOUNDATION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Zydus Foundation** ("the Company"), which comprise the balance sheet as at 31st March 2023, the statement of Income and Expenditure (including other comprehensive income), the statement of changes in Equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its surplus and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

This report does not contain a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act as, in our opinion, and according to the information and explanations given to us, the Order is not applicable in the case of the company.

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

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

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books. The backup of the books of account and other books and papers maintained in electronic mode, has been maintained on a daily basis on servers physically located in India during the year.
- c) The Balance Sheet, the Statement of Income and Expenditure (including other comprehensive income), the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” attached to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration paid by the Company to its directors during the year.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial statements in its financial statements;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations given under (a) and (b) above, contain any material misstatement.
- v) During the year, the company has not declared any dividends. Hence, reporting of compliance under section 123 of the Companies Act, 2013 is not applicable.
- i) As per proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for maintaining books of account in accounting software having a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled, is applicable to the company only with effect from the financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

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

Place: Ahmedabad
Date: May 30, 2023
UDIN: 23129675BGXDTM2325

Karnik K. Shah
Partner
Membership No.: 129675

“Annexure A” referred to in the Independent Auditors’ Report of even date to the members of “Zydus Foundation” on the Financial Statements for the year ended 31st March, 2023.

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

We have audited the internal financial controls over financial reporting of **Zydus Foundation** (“the company”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

- of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at 31st March 2023 in all material respect based on the internal control over financial reporting criteria by the Company considering the essential components of control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Ahmedabad
Date: May 30, 2023
UDIN: 23129675BGXDTM2325

Karnik K. Shah
Partner
Membership No.: 129675

| Zydus Foundation Balance Sheet as at March 31, 2023 | | | |
|--|----------|---|--------|
| Particulars | Note No. | INR- Lakh | |
| | | As at March 31 | |
| | | 2023 | 2022 |
| ASSETS: | | | |
| Non-Current Assets: | | | |
| Property, Plant and Equipment | 3 [A] | 39,218 | 39,338 |
| Capital work-in-progress | 3 [C] | - | 424 |
| Other Intangible asset | 3 [B] | 29 | 24 |
| Financial Assets: | | | |
| Other Financial Assets | 4 | 926 | 98 |
| Other Non-Current Assets | 5 | 611 | 582 |
| | | 40,784 | 40,466 |
| Current Assets: | | | |
| Inventories | 6 | 58 | 92 |
| Financial Assets: | | | |
| Trade receivable | 7 | 1,688 | 1,272 |
| Cash and Cash Equivalents | 8A | 1,676 | 2,168 |
| Bank Balances other than Cash and Cash Equivalents | 8B | 67 | - |
| Other Current Financial Assets | 9 | 3,050 | 1,520 |
| | | 6,481 | 4,960 |
| Other Current Assets | 10 | 89 | 79 |
| Current tax assets | 11 | 8 | 9 |
| | | 6,636 | 5,140 |
| Total | | 47,420 | 45,606 |
| EQUITY AND LIABILITIES: | | | |
| Equity: | | | |
| Equity Share Capital | 12 | 5 | 5 |
| Other Equity | 13 | 22,258 | 19,146 |
| | | 22,263 | 19,151 |
| Non-Current Liabilities: | | | |
| Financial Liabilities: | | | |
| Borrowings | 14 | 12,342 | 14,658 |
| Provisions | 15 | 321 | 253 |
| | | 12,663 | 14,911 |
| Other Non-Current Liabilities | 16 | 8,211 | 8,323 |
| | | 20,874 | 23,234 |
| Current Liabilities: | | | |
| Financial Liabilities: | | | |
| Trade Payables: | | | |
| Dues to Micro and Small Enterprises | 17 | - | - |
| Dues to other than Micro and Small Enterprises | 17 | 57 | 106 |
| Other current financial liabilities | 18 | 1,382 | 2,788 |
| | | 1,439 | 2,894 |
| Provisions | 19 | 111 | 50 |
| Other current Liabilities | 20 | 2,733 | 277 |
| | | 4,283 | 3,221 |
| Total | | 47,420 | 45,606 |
| Significant Accounting Policies | 2 | | |
| Notes to the Financial Statements | 1 to 34 | | |
| As per our report of even date Mukesh M. Shah & Co. Chartered Accountants Firm Registration Number: 106625W | | For and on behalf of the Board | |
| Karnik K. Shah Partner Membership Number: 129675 Ahmedabad, Dated: May 30, 2023 | | Sujatha Rajesh Director DIN- 08071096 | |
| Dhwani Trivedi Company Secretary | | Jyotindra B. Gor Director DIN- 06439935 Ahmedabad, Dated: May 30, 2023 | |

| Zydus Foundation | | | |
|---|----------|--------------------------------|-------|
| Statement of Income and Expenditure for the year ended March 31, 2023 | | | |
| Particulars | Note No. | INR- Lakh | |
| | | Year ended March 31 | |
| | | 2023 | 2022 |
| INCOME: | | | |
| Revenue | 22 | 10,629 | 6,275 |
| Other Income | 23 | 1,352 | 1,297 |
| Total Income | | 11,981 | 7,572 |
| EXPENSES: | | | |
| Operative Expense | 24 | 2,080 | 1,622 |
| Employee Benefits Expense | 25 | 4,136 | 3,384 |
| Finance Costs | 26 | 1,132 | 1,119 |
| Depreciation, Amortisation and Impairment expense | 3 | 1,669 | 1,115 |
| Administration and other expenses | 27 | 1,459 | 813 |
| Total Expenses | | 10,476 | 8,053 |
| Surplus/[Deficit] before tax | | 1,505 | (481) |
| Tax Expense | | - | - |
| Surplus/[Deficit] after tax | | 1,505 | (481) |
| Remeasurement of defined benefit obligation | | (3) | (4) |
| Other Comprehensive Expense for the year | | (3) | (4) |
| Total Comprehensive Income/(Expense) for the year [Net of Tax] | | 1,502 | (485) |
| Significant Accounting Policies | 2 | | |
| Notes to the Financial Statements | 1 to 34 | | |
| As per our report of even date | | For and on behalf of the Board | |
| Mukesh M. Shah & Co. | | | |
| Chartered Accountants | | | |
| Firm Registration Number: 106625W | | | |
| | | Sujatha Rajesh | |
| | | Director | |
| | | DIN- 08071096 | |
| Karnik K. Shah | | Jyotindra B. Gor | |
| Partner | | Director | |
| Membership Number: 129675 | | DIN- 06439935 | |
| Ahmedabad, Dated: May 30, 2023 | | Ahmedabad, Dated: May 30, 2023 | |
| | | Dhwani Trivedi | |
| | | Company Secretary | |

| Zydus Foundation | | | |
|--|---|--------------------------|---------------|
| Statement of Changes in Equity for the year ended March 31, 2023 | | | |
| a Equity Share Capital: | | | |
| | No. of Shares | INR- Lakh | |
| Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up: | | | |
| As at March 31, 2021 | 50,000 | | 5 |
| As at March 31, 2022 | 50,000 | | 5 |
| As at March 31, 2023 | 50,000 | | 5 |
| | 50,000 | | 5 |
| b Other Equity: | | | |
| | INR- Lakh | | |
| | Reserves and Surplus | | Total |
| | Building and Infrastructure Development Fund | Retained Earnings | |
| As at March 31, 2021 | 20,084 | (3,192) | 16,892 |
| Less: Excess of Expenditure over income | - | (481) | (481) |
| Add: Other comprehensive Income | - | (4) | (4) |
| Total Comprehensive Income | - | (485) | (485) |
| Add: Contribution received during the year for specific purpose | 2,739 | - | 2,739 |
| As at March 31, 2022 | 22,823 | (3,677) | 19,146 |
| Less: Excess of Income over Expenses | - | 1,505 | 1,505 |
| Add: Other comprehensive Income | - | (3) | (3) |
| Total Comprehensive Income | - | 1,502 | 1,502 |
| Add: Contribution received during the year for specific purpose | 1,610 | - | 1,610 |
| As at March 31, 2023 | 24,433 | (2,175) | 22,258 |
| <div> <div> As per our report of even date Mukesh M. Shah & Co. Chartered Accountants Firm Registration Number: 106625W </div> <div> For and on behalf of the Board Sujatha Rajesh Director DIN- 08071096 </div> <div> Karnik K. Shah Partner Membership Number: 129675 Ahmedabad, Dated: May 30, 2023 </div> <div> Dhwani Trivedi Company Secretary </div> <div> Jyotindra B. Gor Director DIN- 06439935 Ahmedabad, Dated: May 30, 2023 </div> </div> | | | |

| Zydus Foundation | | |
|---|---------------------|----------|
| Cash flow statement for the year ended March 31, 2023 | | |
| Particulars | INR- Lakh | |
| | Year ended March 31 | |
| | 2023 | 2022 |
| Cash flows from operating activities: | | |
| Surplus/(Deficit) before tax | 1,505 | (481) |
| Adjustments for: | | |
| Depreciation and amortisation expense | 1,669 | 1,115 |
| Provision for employee benefit | 126 | 56 |
| Loss on sale of property, plant and equipment | 10 | - |
| Amortisation of grant Income | (186) | (173) |
| Interest [Net] | (29) | - |
| Total | 1,590 | 998 |
| Operating Surplus before working capital changes | 3,095 | 517 |
| Adjustments for: | | |
| Decrease in Inventories | 34 | - |
| [Increase] in Trade receivable | (416) | (98) |
| [Increase]/Decrease in other Non current assets | (828) | 1,178 |
| [Increase] in Other Current assets | (1,540) | (1,712) |
| [Decrease] in Trade Payables | (49) | (69) |
| Increase in Other Non Current Liabilities | 1,602 | 1,667 |
| Increase/[Decrease] in Other Current Liabilities | 2,470 | (435) |
| Total | 1,273 | 531 |
| Cash generated from operations | 4,368 | 1,048 |
| Direct taxes paid [Net of refunds] | 1 | (6) |
| Net cash from operating activities | 4,369 | 1,042 |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment and CWIP | (2,501) | (2,083) |
| Sale of property, plant and equipment | 15 | - |
| Equipment grant received | 53 | - |
| Contribution received for specific purpose | 1,610 | 2,737 |
| Interest [Net] | 29 | - |
| Net cash [used in] investing activities | (794) | 654 |
| Cash flows from financing activities: | | |
| Repayment of Non convertible debentures | (4,000) | - |
| Net cash [used in] financing activities | (4,000) | - |
| Net Increase/[decrease] in cash and cash equivalents | (425) | 1,696 |
| Cash and cash equivalents at the beginning of the period | 2,168 | 472 |
| Cash and cash equivalents at the end of the period | 1,743 | 2,168 |
| 1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows". 2 All figures in brackets are outflows. 3 Previous year's figures have been regrouped wherever necessary. 4 Cash and cash equivalents comprise of: | | |
| | Year ended March 31 | |
| | 31/03/23 | 31/03/22 |
| a Cash and Cash Equivalents | 1,676 | 2,168 |
| b Bank Balances other than Cash and Cash Equivalents | 67 | - |
| c Total | 1,743 | 2,168 |
| As per our report of even date Mukesh M. Shah & Co. Chartered Accountants Firm Registration Number: 106625W Karnik K. Shah Partner Membership Number: 129675 Ahmedabad, Dated: May 30, 2023 | | |
| For and on behalf of the Board Sujatha Rajesh Director DIN- 08071096 Dhwani Trivedi Company Secretary Jyotindra B. Gor Director DIN- 06439935 Ahmedabad, Dated: May 30, 2023 | | |

Zydus Foundation
Notes to the Financial Statements

Note: 1-Company overview:

Zydus foundation ["the Company"] [CIN: U85300GJ2019NPL105919] was incorporated on January 7, 2019 under section 8 of the Companies Act, 2013 as a company limited by shares. The main activity of the Company is to run, operate and maintain medical college and hospital in rural areas and to carryout other charitable activities and to apply its profits, if any, or other income in promoting the charitable objects. Under the Health Policy 2016 of the Government of Gujarat using the Brownfield Public Private Partnership Model, the Company is awarded rights to operate and maintain hospital in the rural area of Dahod. The financial statements are presented in Indian Rupee [INR] which is also the functional currency of the Company. The registered office of the Company is situated at at "Zydus Corporate Park", Scheme No. 63, Survey No. 536 Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad 382 481. These financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 30, 2023.

Note: 2-Significant Accounting Policies:

- A** The following note provides list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.
- 1 Basis of preparation:**
- A** The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standard) Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.
- B** The financial statements of the Company are prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair value at end of each reporting period. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.
- 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.
- 3 Revenue Recognition:**
- A Grant/contribution:**
- Revenue from Grants/ contributions are recognised upon compliance with the significant condition, if any, and where it is reasonable to expect ultimate collection. Amounts received with a specific direction from donors that such amounts shall form part of the Corpus of the Foundation are recognised accordingly.
- B Sale of Services:**
- Income from services rendered to patients in Hospital is recognised during the period in which the hospital service is provided. Revenue primarily comprises fees charged for in-patient and out-patient hospital services. Services include charges for accommodation, operatoin theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used. Hospital provides free services to the patients in terms of the conditions stipulated in the Concession agreement as directed by the Government. However, the revenues in respect of the healthcare services provided to eligible in-patients, qualifying for Government Sponsored Healthcare schemes, is recorded at the rates and in accordance with with the terms of the respective applicable scheme of the Government.
- C Fees Income:**
- Fee income is credited to the Statement of Income and Expenditure over the period in which it relates.
- D 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 exactly 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 expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.
- 4 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 Income and expenditure over the period during which the related costs intended to be compensated are incurred.
- C** Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.
- 5 Taxes on Income:**
- Tax expenses comprise of current and deferred tax.
- Current Tax:**
- Provision for current tax has not been made in the books of accounts in view of the exemption of income of the Company under Section-11 read with Section 2 (15) of the provisions of the Income Tax Act, 1961.
- 6 Property, Plant and Equipment:**
- A** All 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. 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.
- B** 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.
- C** Depreciation on additions/ disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are used.
- D** Where the actual cost of purchase of an asset is below INR 10,000/-, the depreciation is provided @ 100%.
- E** Capital work in progress is stated at cost less accumulated impairment loss, if any.
- F** 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 Income and expenditure when the asset is derecognised.
- 7 Intangible Assets:**
- A** Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
- B** Internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.
- C** Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful lives of ten years.
- D** Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life of four years as estimated by the management at the time of capitalisation.
- E** Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.
- F** An item of intangible asset initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

Zydus Foundation
Notes to the Financial Statements

Note: 2-Significant Accounting Policies-Continued:

8 Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost of inventories is based on first-in, first out (FIFO) principle.

9 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.

10 Leases:

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date [net of any incentives received]. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments [including in substance fixed], variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

11 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.

12 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. All recognised financial assets are subsequently measured at either amortised cost or fair value depending upon the classification of the financial asset.

b 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.

c Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss [ECL] model for measurement and recognition of impairment loss on the financial assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applies depends on whether there has been a significant increase in credit risk.

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 Income and expenditure 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. The difference in the respective carrying amounts is recognised in the Statement of profit and loss.

C 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.

B Recent Accounting Pronouncements:

The Ministry of Corporate Affairs ["MCA"] notifies new standard or amendments to the existing standards under Companies [Indian Accounting Standards] Rules as issued from time to time. On March 31, 2023, the MCA amended the Companies [Indian Accounting Standards] Amendment Rules, 2023, applicable from April 1, 2023, as below:

a Ind AS 1 - Presentation of Financial Statements:

The amendments requires the entities to disclose their material accounting policies rather than their significant accounting policies. The Company does not expect the amendment to have any material impact on its financial statements.

b Amendment to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:

The amendments has introduced a definition of "accounting estimates" and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The Company does not expect the amendment to have any material impact in its financial statements.

c Amendment to Ind AS 12 - Income Taxes:

The amendment requires entities to recognize deferred tax on transactions that, in initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This amendment has narrowed the scope of the initial recognition exemption. The Company does not expect the amendment to have any impact on its financial statements.

| Zydus Foundation Notes to the Financial Statements | | | | | | | |
|--|-----------|---------------------------------|---------------------------|----------------------|-------------------|----------|----------------|
| Note: 3-Property, Plant and Equipment, Intangible Assets & Capital work-in-progress: | | | | | | | |
| [A] Property, Plant and Equipment: | | | | | | | INR- Lakh |
| | Buildings | Computer and data processing | Furniture and fittings | Office equipments | Plant & Machinery | Vehicles | Total |
| Gross Block: | | | | | | | |
| As at March 31, 2021 | 8,448 | 68 | 769 | 116 | 1,218 | 93 | 10,712 |
| Additions | 29,624 | 61 | 461 | 63 | 286 | 88 | 30,583 |
| As at March 31, 2022 | 38,072 | 129 | 1,230 | 179 | 1,504 | 181 | 41,295 |
| Addition | 202 | 28 | 291 | 60 | 994 | 12 | 1,587 |
| Disposals | | | (24) | (2) | (4) | (32) | (62) |
| As at March 31, 2023 | 38,274 | 157 | 1,497 | 237 | 2,494 | 161 | 42,820 |
| Depreciation and Impairment: | | | | | | | |
| As at March 31, 2021 | 531 | 38 | 117 | 41 | 103 | 14 | 844 |
| Depreciation for the year | 836 | 38 | 115 | 32 | 78 | 14 | 1,113 |
| As at March 31, 2022 | 1,367 | 76 | 232 | 73 | 181 | 28 | 1,957 |
| Depreciation for the year | 1,272 | 25 | 164 | 37 | 143 | 18 | 1,659 |
| Disposals | | | (4) | - | (4) | (6) | (14) |
| As at March 31, 2023 | 2,639 | 101 | 392 | 110 | 320 | 40 | 3,602 |
| Net Block: | | | | | | | |
| As at March 31, 2022 | 36,705 | 53 | 998 | 106 | 1,323 | 153 | 39,338 |
| As at March 31, 2023 | 35,635 | 56 | 1,105 | 127 | 2,174 | 121 | 39,218 |
| [B] Intangible assets: | | | | | | | |
| | | | | | | Software | Total |
| Gross Block: | | | | | | | |
| As at March 31, 2021 | | | | | | 8 | 8 |
| Additions | | | | | | 20 | 20 |
| As at March 31, 2022 | | | | | | 28 | 28 |
| Additions | | | | | | 15 | 15 |
| As at March 31, 2023 | | | | | | 43 | 43 |
| Amortisation and Impairment: | | | | | | | |
| As at March 31, 2021 | | | | | | 2 | 2 |
| Amortisation for the year | | | | | | 2 | 2 |
| As at March 31, 2022 | | | | | | 4 | 4 |
| Amortisation for the year | | | | | | 10 | 10 |
| As at March 31, 2023 | | | | | | 14 | 14 |
| Net Block: | | | | | | | |
| As at March 31, 2023 | | | | | | 29 | 29 |
| As at March 31, 2022 | | | | | | 24 | 24 |
| [C] Ageing of Capital-work-in progress: | | | | | | | |
| | | | | | | | INR- Lakh |
| | | | | | | | As at March 31 |
| | | | | | | | 2023 |
| | | | | | | | 2022 |
| A Projects in progress: | | | | | | | |
| 1 Less than 1 year | | | | | | - | 347 |
| 2 1 - 2 years | | | | | | - | 77 |
| 3 2 - 3 years | | | | | | - | - |
| 4 More than 3 years | | | | | | - | - |
| 5 Total Capital Work-in-Progress | | | | | | - | 424 |
| Project execution plans are modulated on the basis of capacity requirement assessment annually and all the projects are executed based on rolling annual plan. | | | | | | | |
| Note: 4-Other Financial Assets: | | | | | | | |
| [Unsecured, Considered Good unless otherwise stated] | | | | | | | |
| Deposits with maturity more than 12 months | | | | | | 838 | 2 |
| Security Deposits | | | | | | 81 | 82 |
| Others | | | | | | 7 | 14 |
| Total | | | | | | 926 | 98 |
| Note: 5-Other Non-Current Assets: | | | | | | | |
| [Unsecured, Considered Good unless otherwise stated] | | | | | | | |
| Capital advances | | | | | | 611 | 582 |
| Total | | | | | | 611 | 582 |
| Note: 6-Inventories: | | | | | | | |
| [The Inventory is valued at lower of cost and net realisable value] | | | | | | | |
| Medicines and others | | | | | | 58 | 92 |
| Total | | | | | | 58 | 92 |

| Zydus Foundation Notes to the Financial Statements | | | | | | | | |
|---|--|--------------------------------------|--------------------|--------------------------|--------------|-------------------|----------------|--------|
| | | | | | | | INR- Lakh | |
| | | | | | | | As at March 31 | |
| | | | | | | | 2023 | 2022 |
| Note: 7 -Trade receivable: | | | | | | | | |
| [Unsecured, Considered Good] | | | | | | | | |
| Trade receivables | | | | | | | 633 | 200 |
| Fees receivable | | | | | | | 1,055 | 1,072 |
| Total | | | | | | | 1,688 | 1,272 |
| Ageing of Trade Receivables : | | | | | | | | |
| Particulars | Not due | Outstanding from due date of payment | | | | | Total | |
| | | Less than 6 Months | 6 Months to 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | | |
| As at March 31, 2023 | | | | | | | | |
| Undisputed – considered good | - | 1,498 | 140 | 50 | - | - | 1,688 | |
| Undisputed – have significant increase in credit risk | - | - | - | - | - | - | - | |
| Undisputed – credit impaired | - | - | - | - | - | - | - | |
| Disputed – considered good | - | - | - | - | - | - | - | |
| Disputed - have significant increase in credit risk | - | - | - | - | - | - | - | |
| Disputed - credit impaired | - | - | - | - | - | - | - | |
| Total | - | 1,498 | 140 | 50 | - | - | 1,688 | |
| As at March 31, 2022 | | | | | | | | |
| Undisputed – considered good | - | 1,111 | 161 | - | - | - | 1,272 | |
| Undisputed – have significant increase in credit risk | - | - | - | - | - | - | - | |
| Undisputed – credit impaired | - | - | - | - | - | - | - | |
| Disputed – considered good | - | - | - | - | - | - | - | |
| Disputed - have significant increase in credit risk | - | - | - | - | - | - | - | |
| Disputed - credit impaired | - | - | - | - | - | - | - | |
| Total | - | 1,111 | 161 | - | - | - | 1,272 | |
| Note: 8-Cash and Bank Balances: | | | | | | | | |
| A Cash and Cash Equivalents: | | | | | | | | |
| Balances with Banks | | | | | | | 1,673 | 2,167 |
| Cash on Hand | | | | | | | 3 | 1 |
| Total | | | | | | | 1,676 | 2,168 |
| 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 Bank Balances other than Cash and Cash Equivalents | | | | | | | | |
| Fixed deposits | | | | | | | 67 | - |
| Total | | | | | | | 67 | - |
| Note: 9-Other Current Financial Assets: | | | | | | | | |
| [Unsecured, Considered Good] | | | | | | | | |
| Grant receivable | | | | | | | 3,000 | 1,500 |
| Claims receivable | | | | | | | 43 | 13 |
| Others | | | | | | | 7 | 7 |
| Total | | | | | | | 3,050 | 1,520 |
| Note: 10-Other Current Assets: | | | | | | | | |
| [Unsecured, Considered Good] | | | | | | | | |
| Prepaid Expenses | | | | | | | 49 | 47 |
| Others | | | | | | | 40 | 32 |
| Total | | | | | | | 89 | 79 |
| Note: 11-Current Tax Assets: | | | | | | | | |
| Advance payment of Tax [Net of provision for taxation Current year and Previous year - Rs. Nil] | | | | | | | 8 | 9 |
| Total | | | | | | | 8 | 9 |
| Note: 12-Equity Share Capital: | | | | | | | | |
| Authorised: | | | | | | | | |
| 50,000 [as at March 31, 2022: 50,000] Equity shares of Rs. 10/- each | | | | | | | 5 | 5 |
| Issued, Subscribed and Paid-up: | | | | | | | | |
| 50,000 [as at March 31, 2022: 50,000] Equity shares of Rs. 10/- each, fully paid up | | | | | | | 5 | 5 |
| Total | | | | | | | 5 | 5 |
| A Number of shares at the beginning and at the end of the year | | | | | | | | |
| Opening balance | | | | | | | 50,000 | 50,000 |
| Issued during the year | | | | | | | - | - |
| Closing balance | | | | | | | 50,000 | 50,000 |
| B The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. In the event of winding up or dissolution of the company, there remains, after the satisfaction of all the debts and liabilities, any property whatsoever, the same shall not be distributed amongst the members of the company. | | | | | | | | |
| C Details of Shareholder holding more than 5% of aggregate Equity Shares of Rs. 10/- each Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited] | | | | | | | | |
| Number of Shares | | | | | | | 50,000 | 50,000 |
| % to total share holding | | | | | | | 100% | 100% |
| D Equity Shares held by the promoters of the Company as at the end of the year ended March 31, 2023 and 2022: | | | | | | | | |
| | Promoter's Name | No. of Shares | % of total shares | % change during the year | | | | |
| 1 | Zydus Lifesciences Limited [Formerly known as Cadila Healthcare Limited] | 50,000 | 100.00 | - | | | | |

| Zyduz Foundation | | | | | |
|--|---------------|---------------|----------------------|---------------------------------|----------------------|
| Notes to the Financial Statements | | | | | |
| | | | | INR- Lakh | |
| | | | | As at March 31 | |
| Note: 13-Other Equity: | | | | 2023 | 2022 |
| Other Reserves: | | | | | |
| Building and Infrastructure Development Fund: [*] | | | | | |
| Balance as per last Balance Sheet | | | | 22,823 | 20,084 |
| Add: Contribution received during the year for specific purpose | | | | 1,610 | 2,739 |
| Balance as at the end of the year | | | | 24,433 | 22,823 |
| Retained Earnings: | | | | | |
| Balance as per last Balance Sheet | | | | (3,677) | (3,192) |
| Add/[Less]: Excess of Income over Expenditure/Excess of Expenditure over income | | | | 1,505 | (481) |
| Add: Other comprehensive Income | | | | (3) | (4) |
| Balance as at the end of the year | | | | (2,175) | (3,677) |
| Total | | | | 22,258 | 19,146 |
| [*] Building and Infrastructure development fund has been set up specifically for the purpose of construction of Property, Plant and Equipment. | | | | | |
| Note: 14-Borrowings: | | | | | |
| 1450 [March 31, 2022 1850]; 0.10% Unsecured, Listed, Rated, Redeemable, Non-Convertible debentures of face value of Rs.10,00,000/- each | | | | 12,342 | 14,658 |
| Total | | | | 12,342 | 14,658 |
| The Company had issued and allotted Unsecured Redeemable Non-convertible Debentures [NCD] which are due for its repayment as shown below. The total NCDs outstanding as on March 31, 2023 amount to INR 14,500 lakh [as at March 31 ,2022 INR 18,500] . | | | | | |
| Sr. no. | Particulars | Credit Rating | Repayment due on | | |
| | | | Principal | Interest | |
| 1 | NCD Series 1 | CARE BBB+ | March 25, 2025 | March 25, 2024 [INR 14.50 Lakh] | |
| There is no change in rating of the NCD post issuance of NCD. The interest on NCD is not due for payment as on the date of the financial statements. The NCDs issued by the Company carries prepayment option i.e. it can be repaid in full or part with due consent from majority Debenture holders at any date before its final maturity date. As the NCDs are unsecured, the asset cover is not applicable. | | | | | |
| The cumulative amount of outstanding NCDs as on March 31, 2023 of INR 14,500 Lakh [as at March 31 ,2022 INR 18,500 Lakh] is disclosed as under: | | | | | |
| INR 12,342 Lakh [as at March 31, 2022 INR 14,658 Lakh] under the head of "Borrowings"; | | | | | |
| INR 1,123 Lakh [as at March 31, 2022 INR 2,651 Lakh] under the head of "Other Non Current Financial Liabilities"; and | | | | | |
| INR 1,035 Lakh [as at March 31, 2022 INR 1,191 Lakh] under the head of "Other current financial Liabilities" | | | | | |
| Note: 15-Provisions | | | | | |
| Provision for employee benefit | | | | 321 | 253 |
| Total | | | | 321 | 253 |
| Defined benefit plan and long term employment benefit | | | | | |
| A General description: | | | | | |
| Leave wages [Long term employment benefit]: | | | | | |
| 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. | | | | | |
| B Change in the present value of the defined benefit obligation: | | | | | |
| | | | As at March 31, 2023 | | |
| | Medical Leave | Leave Wages | Gratuity | As at March 31, 2022 | |
| | | | | Medical Leave | Leave Wages Gratuity |
| Opening obligation | 5 | 196 | 101 | 6 | 176 60 |
| Interest cost | 0.40 | 12 | 7 | 0.4 | 10 4 |
| Current service cost | 2 | 52 | 42 | 2 | 34 33 |
| Past service cost | - | - | - | - | - - |
| Benefits paid | - | (6) | (5) | - | (6) - |
| Actuarial [gains]/ losses on obligation due to: | - | - | - | - | - - |
| Experience adjustments | (0.40) | 31 | 11 | (3) | (13) (3) |
| Change in financial assumptions | (0.30) | (8) | (8) | (0.2) | (4) 7 |
| Closing obligation | 7 | 277 | 148 | 5 | 196 101 |
| Total actuarial [losses]/ gains to be recognised | (1) | 23 | 3 | 3 | 17 (4) |
| C Amount recognised in the balance sheet: | | | | | |
| Liabilities/ [Assets] at the end of the year | 7 | 277 | 148 | 5 | 196 101 |
| Fair value of plan assets at the end of the year | - | - | - | - | - - |
| Difference | 7 | 277 | 148 | 5 | 196 101 |
| Liabilities/ [Assets] recognised in the Balance Sheet | 7 | 277 | 148 | 5 | 196 101 |

| Zydus Foundation Notes to the Financial Statements | | | | | | |
|---|--|-------------|-------------|--|-------------|--------------|
| As at March 31, 2023 | | | | As at March 31, 2021 | | |
| | Medical Leave | Leave Wages | Gratuity | Medical Leave | Leave Wages | Gratuity |
| Note: 15-Provisions- continued: | | | | | | |
| D Expenses/ [Incomes] recognised in the Statement of Profit and Loss: | | | | | | |
| Current service cost | 2 | 52 | 42 | 2 | 34 | 33 |
| Past service cost | - | - | - | - | - | - |
| Interest cost on benefit obligation | 0.4 | 12 | 7 | 0.4 | 10 | 4 |
| Expected return on plan assets | - | - | - | - | - | - |
| Return on plan assets excluding interest income | - | - | - | - | - | - |
| Net actuarial [gains]/ losses in the year | (1) | 23 | - | (3) | (17) | - |
| Amount included in "Employee Benefit Expense" | 1 | 87 | 49 | (1) | 26 | 37 |
| Return of plan assets excluding amounts included in interest income | - | - | - | - | - | - |
| Net actuarial [gains]/ losses in the year | - | - | 3 | - | - | 4 |
| Amounts recognized in OCI | - | - | 3 | - | - | 4 |
| E Movement in net liabilities recognised in Balance sheet: | | | | | | |
| Opening net liabilities | 5 | 196 | 101 | 6 | 176 | 60 |
| Expenses as above [P & L Charge] | 1 | 87 | 49 | (1) | 26 | 37 |
| Employer's contribution | - | - | - | - | - | - |
| Benefits Paid | - | (6) | - | - | (6) | - |
| Amount recognised in OCI | - | - | 3 | - | - | - |
| Liabilities/ [Assets] recognised in the Balance sheet | 7 | 277 | 148 | 5 | 196 | 101 |
| F Principal actuarial assumptions for defined benefit plan and long term employment benefit plan: | | | | | | |
| Discount rate | 7.40% | | | 6.85% | | |
| [The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations] | | | | | | |
| Annual increase in salary cost | 9.00% | | | 9.00% | | |
| [The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market] | | | | | | |
| Withdrawal rates [p.a.] | 40% at younger ages reducing to 1% at older ages | | | 40% at younger ages reducing to 1% at older ages | | |
| [The estimates of level of attrition is based on broad economic outlook, type of sector the Company operates in and measures taken by the management to retain/ relieve the employees] | | | | | | |
| Sensitivity analysis: | | | | | | |
| A quantitative sensitivity analysis for significant assumption is shown below: | | | | | | |
| Assumptions | Medical Leave | | Leave Wages | | Gratuity | |
| | As at March 31 | | | | | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Impact on obligation: | | | | | | |
| Discount rate increase by 0.5% | (0.47) | (0.20) | (7.57) | (6.00) | (4.19) | (4.00) |
| Discount rate decrease by 0.5% | 0.06 | 0.20 | 7.15 | 6.00 | 8.64 | 5.00 |
| Annual salary cost increase by 0.5% | 0.06 | 0.20 | 6.99 | 6.00 | 8.50 | 5.00 |
| Annual salary cost decrease by 0.5% | (0.47) | (0.20) | (7.50) | (6.00) | (4.12) | (4.00) |
| Withdrawal rate increase by 10% | (0.85) | (0.48) | (3.35) | (3.35) | (2.62) | (4.62) |
| Withdrawal rate decrease by 10% | 0.15 | 0.52 | 3.65 | 3.65 | 6.38 | 5.38 |
| The following payments are expected contributions to the defined benefit plan in future years: | | | | | | |
| Within the next 12 months [next annual reporting period] Between 2 -4 years Between 5 - 10 years | INR-Lakh | | | | | |
| | As at March 31 | | | | | |
| | 2023 | 2022 | | | | |
| | 111 | 50 | | | | |
| | 148 | 115 | | | | |
| 156 | 112 | | | | | |
| 415 | 277 | | | | | |
| Note: 16-Other Non-current liabilities | | | | | | |
| Deferred Government Grant | 6,506 | | | | | 5,192 |
| Unamortised premium on 0.10% Non-convertible debentures | 1,123 | | | | | 2,651 |
| Caution Money Deposit | 428 | | | | | 248 |
| Others | 154 | | | | | 232 |
| Total | 8,211 | | | | | 8,323 |

| Zydus Foundation Notes to the Financial Statements | | | | | | | |
|--|----------------------------------|------------------|--------------|--------------|-------------------|----------------|-------|
| | | | | | | INR- Lakh | |
| | | | | | | As at March 31 | |
| | | | | | | 2023 | 2022 |
| Note: 17-Trade Payables: | | | | | | | |
| Dues to Micro and Small Enterprises [*] | | | | | | - | - |
| Dues to other than Micro and Small Enterprises | | | | | | 57 | 106 |
| Total | | | | | | 57 | 106 |
| [*] Disclosure in respect of Micro and Small Enterprises: | | | | | | | |
| A Principal amount remaining unpaid to any supplier as at year end | | | | | | - | - |
| 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 | | | | | | - | - |
| D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act | | | | | | - | - |
| E Amount of interest accrued and remaining unpaid at the end of the accounting year | | | | | | - | - |
| F Amount of further interest remaining due and payable in succeeding years | | | | | | - | - |
| The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises on the basis of information available with the Company. | | | | | | | |
| Ageing of Trade Payables : | | | | | | | |
| Particulars | Overdue from due date of payment | | | | | Total | |
| | Not Due | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | | |
| As at March 31, 2023 | | | | | | | |
| Undisputed Micro and Small Enterprises [MSME] | - | - | - | - | - | - | |
| Undisputed Others | 55 | 2 | - | - | - | 57 | |
| Disputed MSME | - | - | - | - | - | - | |
| Disputed Others | - | - | - | - | - | - | |
| Total | 55 | 2 | - | - | - | 57 | |
| Overdue from due date of payment | | | | | | | |
| As at March 31, 2022 | | | | | | | |
| Particulars | | | | | | | |
| Undisputed MSME | - | - | - | - | - | - | |
| Undisputed Others | 63 | 43 | - | - | - | 106 | |
| Disputed MSME | - | - | - | - | - | - | |
| Disputed Others | - | - | - | - | - | - | |
| Total | 63 | 43 | - | - | - | 106 | |
| Note: 18-Other current financial Liabilities: | | | | | | | |
| Payable to related party | | | | | | 1,035 | 1,191 |
| Unamortised premium on 0.10% NCD | | | | | | 333 | 1,597 |
| Creditors for Capital Goods | | | | | | 14 | - |
| Others | | | | | | 1,382 | 2,788 |
| Total | | | | | | | |
| Note: 19-Provisions | | | | | | | |
| Provision for employee benefit | | | | | | 111 | 50 |
| Total | | | | | | 111 | 50 |
| Note: 20-Other current Liabilities: | | | | | | | |
| Unearned Income | | | | | | 2,660 | - |
| Students fees received in advance | | | | | | 72 | 221 |
| Payable to Statutory Authorities | | | | | | 1 | 56 |
| Total | | | | | | 2,733 | 277 |
| Note: 21-Contingent Liabilities and Commitments [to the extent not provided for]: | | | | | | | |
| A Contingent Liabilities: | | | | | | | |
| The company does not have any contingent liability as on the balance sheet date. | | | | | | | |
| B Commitments: | | | | | | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | | | | | | 61 | 311 |
| - Net of advance of | | | | | | 43 | 49 |

| Zydus Foundation Notes to the Financial Statements | | |
|--|--|--------------|
| | INR-Lakh | |
| | Year ended March 31 | |
| Note: 22-Revenue: | 2023 | 2022 |
| Sale of services | 1,866 | 486 |
| Fees income | 7,911 | 4,814 |
| Government Grant | 852 | 850 |
| Donation | - | 125 |
| Total | 10,629 | 6,275 |
| Note: 23-Other Income: | | |
| Interest Income | 1,161 | 1,119 |
| Apportioned Income from Government Grant | 186 | 173 |
| Other Non-operating Income | 5 | 5 |
| Total | 1,352 | 1,297 |
| Note: 24-Operative Expense | | |
| Medical disposable and consumable expenses | 1,045 | 822 |
| Housekeeping Expenses | 643 | 539 |
| Power and fuel expenses | 258 | 180 |
| Fees paid to Professionals | 56 | 18 |
| Effluent Treatment Expenses | 27 | 17 |
| Fuel Expenses | 34 | 27 |
| University Affiliation Fees | 17 | 19 |
| Total | 2,080 | 1,622 |
| Note: 25-Employee Benefits Expense: | | |
| Salaries and wages | 3,955 | 3,278 |
| Contribution to provident and other funds | 177 | 95 |
| Staff welfare expenses | 4 | 11 |
| Total | 4,136 | 3,384 |
| Note: 26-Finance Cost: | | |
| Interest expense on 0.10% NCD | 1,114 | 1,119 |
| Bank commission & charges | 18 | - |
| Total | 1,132 | 1,119 |
| Note: 27-Administration and other expenses: | | |
| Security Expenses | 233 | 220 |
| Advertisement Expenses | 3 | 1 |
| Canteen Expenses | 185 | 111 |
| Loss on sale of Assets | 11 | - |
| Insurance expense | 34 | 21 |
| Computer and Internet Expenses | 22 | 33 |
| Legal & professional Expenses | 24 | 14 |
| Misc. & Other Expenses | 481 | 237 |
| Printing & Stationary Expenses | 47 | 31 |
| Rent Expenses | 16 | 37 |
| Repairs and Maintenance-Building | 191 | 52 |
| Repairs and Maintenance Expense- Others | 136 | 37 |
| Travelling Expenses | 6 | 5 |
| Books and periodicals | 70 | 14 |
| Total | 1,459 | 813 |
| Misc. & other expenses include: | | |
| Payment to the Statutory Auditors [excluding GST]: | | |
| - As Auditor | 2 | 2 |
| - For Other Services | 1 | 1 |
| - Total | 3 | 3 |
| Note 28: -Related Party Transactions: | | |
| A Name of the Related Parties and nature of the related party relationship with whom transactions have taken place: | | |
| a Holding company : Zydus Lifesciences Limited [formerly known as Cadila Healthcare Limited] | | |
| b Fellow subsidiaries/ entities : | | |
| Zydus Healthcare Limited | Nesher Pharmaceuticals (USA) LLC [USA] | |
| German Remedies Pharmaceuticals Private Limited | ZyVet Animal Health Inc. [USA] | |
| Zydus Wellness Limited | Zydus Healthcare (USA) LLC [USA] | |
| Zydus Wellness Products Limited | Sentynl Therapeutics Inc. [USA] | |
| Liva Nutritions Limited | Zydus Noveltech Inc. [USA] | |
| Liva Investment Limited | Hercon Pharmaceuticals LLC [USA] | |
| Zydus Animal Health and Investments Limited | Viona Pharmaceuticals Inc. [USA] | |
| Dialforhealth Unity Limited | Zydus Therapeutics Inc. [ZTI] [USA] | |
| Dialforhealth Greencross Limited | Zydus Healthcare S.A. (Pty) Ltd [South Africa] | |
| Violio Healthcare Limited | Simayla Pharmaceuticals (Pty) Ltd [South Africa] | |
| Zydus Pharmaceuticals Limited | Script Management Services (Pty) Ltd [South Africa] | |
| Biochem Pharmaceutical Private Limited | Zydus France, SAS [France] | |
| Zydus Strategic Investments Limited | Laboratorios Combix S.L. [Spain] | |
| Zydus VTEC Limited | Etna Biotech S.R.L. [Italy] | |
| M/s. Recon Pharmaceuticals and Investments, a Partnership Firm | Zydus Pharmaceuticals Mexico SA De CV [Mexico] | |
| Zydus International Private Limited [Ireland] | Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico] | |
| Zydus Netherlands B.V. [the Netherlands] | Zydus Worldwide DMCC [Dubai] | |
| Zydus Lanka (Private) Limited [Sri Lanka] | Zydus Wellness International DMCC [Dubai] | |
| Zydus Nikkho Farmaceutica Ltda. [Brazil] | Zydus Wellness [BD] Pvt Ltd [Bangladesh] | |
| Alidac Healthcare (Myanmar) Limited [Myanmar] | Zynext Ventures PTE. LTD. [Singapore] | |
| Zydus Healthcare Philippines Inc. [Philippines] | Zydus Pharmaceuticals UK Limited [UK] | |
| Zydus Pharmaceuticals (USA) Inc. [USA] | Zynext Ventures USA LLC [USA] | |

Zydus Foundation
Notes to the Financial Statements

Note 28: -Related Party Transactions-continued:

c Joint Venture Companies of Holding Company:

Zydus Hospira Oncology Private Limited
Bayer Zydus Pharma Private Limited

Zydus Takeda Healthcare Private Limited

d Enterprises significantly influenced by Directors and their relatives of company and its Holding Company

Cadmach Machinery Company Private Limited
Zydus Infrastructure Private Limited
Zydus Hospitals and Healthcare Research Private Limited

e Key managerial personnel

Pankaj R. Patel
Dr. Sharvil P. Patel
Dhwani Trivedi

Director

Director

Executive Officer [Company Secretary]

Jyotindra B. Gor

Sujatha Rajesh

Director

Director

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 28-A [a, b, c & d]

| Nature of Transactions | Value of the Transactions [INR - Lakh] | | | |
|--|---|--------|---|------|
| | Holding, Subsidiary Companies & Joint venture Companies | | Enterprises significantly influenced by Directors and/ or their relatives | |
| | Year ended March 31, | | Year ended March 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| CSR contribution: | | | | |
| Zydus Lifesciences Limited [formerly known as Cadila Healthcare Limited] | 630 | 1,700 | - | - |
| Zydus Healthcare Limited | 399 | 396 | - | - |
| German Remedies Pharmaceuticals Pvt Ltd | 44 | 57 | - | - |
| Cadmach Machinery Company Private Limited | - | - | 18 | 16 |
| Zydus Infrastructure Private Limited | - | - | 92 | 102 |
| Zydus Hospitals and Healthcare Research Private Limited | - | - | 52 | - |
| Others | 290 | 276 | - | - |
| | 1,363 | 2,429 | 162 | 118 |
| Interest Income: | | | | |
| M/s. Recon Pharmaceuticals and Investments- Interest Ind AS adjustment | 1,097 | 1,100 | - | - |
| Interest Expense: | | | | |
| M/s. Recon Pharmaceuticals and Investments-Paid | 17 | 19 | - | - |
| M/s. Recon Pharmaceuticals and Investments- Interest Ind AS adjustment | 1,097 | 1,100 | - | - |
| Debenture Repaid | | | | |
| M/s. Recon Pharmaceuticals and Investments | 4,000 | - | - | - |
| Outstanding: | | | | |
| Payable: | | | | |
| M/s. Recon Pharmaceuticals and Investments | 14,500 | 18,500 | - | - |

b There are no transaction with the parties referred in items 28A[e]

Note: 29-Financial Instruments:

Fair values:

Financial Assets:

The carrying amounts of trade receivables, other financial assets and cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities:

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

Note: 30-Financial Risk Management:

A Financial instruments by category:

| | INR- Lakh | | | |
|--|----------------------|---------------|----------------------|---------------|
| | As at March 31, 2023 | | As at March 31, 2022 | |
| | Amortised Cost | Total | Amortised Cost | Total |
| Financial assets: | | | | |
| Non Current Other Financial Assets | 926 | 926 | 98 | 98 |
| Trade receivable | 1,688 | 1,688 | 1,272 | 1,272 |
| Cash and Cash Equivalents | 1,676 | 1,676 | 2,168 | 2,168 |
| Bank Balances other than Cash and Cash Equivalents | 67 | 67 | - | - |
| Other Current Financial Assets | 3,050 | 3,050 | 1,520 | 1,520 |
| Total | 7,407 | 7,407 | 5,058 | 5,058 |
| Financial liabilities: | | | | |
| Borrowings | 12,342 | 12,342 | 14,658 | 14,658 |
| Other Non-Current Financial Liabilities | 8,211 | 8,211 | 8,323 | 8,323 |
| Trade payables | 57 | 57 | 106 | 106 |
| Other Current Financial Liabilities | 1,382 | 1,382 | 2,788 | 2,788 |
| Total | 21,992 | 21,992 | 25,875 | 25,875 |

B Risk Management:

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements. The Company's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Company's short, medium and long term cash flows by minimizing the exposure to volatile financial markets. The company's capital management is intended to create optimum value by facilitating meeting of long term and short term goals of the Company. 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 trade receivables. The Company deals with recognized and credit worthy third parties and Government authorities. Receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

Zydus Foundation
Notes to the Financial Statements

Note: 30-Financial Risk Management-continued:

b Liquidity risk:

- a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.
- 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 and considering the level of liquid assets necessary to meet its obligations. 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.

| | As at March 31, 2023 | | | As at March 31, 2022 | | |
|--|----------------------|---------------|---------------|----------------------|---------------|---------------|
| | < 1 year | 1- 5 years | Total | < 1 year | 1- 5 years | Total |
| Non-derivative Financial Liabilities: | | | | | | |
| Borrowings | - | 12,342 | 12,342 | - | 14,658 | 14,658 |
| Other non current financial liabilities | - | 8,211 | 8,211 | - | 8,323 | 8,323 |
| Trade payable | 57 | - | 57 | 106 | - | 106 |
| Other Current Financial Liabilities | 1,382 | - | 1,382 | 2,788 | - | 2,788 |
| Total | 1,439 | 20,553 | 21,992 | 2,894 | 22,981 | 25,875 |

c Interest rate risk:

The sensitivity analysis have been determined based on the exposure to interest rates for financials assets and liabilities at the end of the reporting period. The Company does not have variable rate instruments as at the balance sheet date. The Company's investments in Fixed Deposits are at fixed interest rates.

Note: 31-Analytical Ratios:

| Sr. No | Ratio | Numerator | Denominator | FY 22-23 | FY 21-22 | % Change |
|--------|-----------------------------------|---|--------------------------------------|----------|----------|----------|
| 1 | Current Ratio | Current Assets | Current Liabilities | 1.55 | 1.60 | -2.9% |
| 2 | Debt-Equity Ratio [*] | Total Debt | Shareholder's Equity | 0.65 | 0.97 | -32.6% |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service | Finance cost + Repayment of debt | 0.58 | 0.41 | N.A |
| 4 | Return on Equity Ratio [\$] | Net Profits after taxes | Average Shareholder's Equity | 7.25% | -2.70% | 368.7% |
| 5 | Inventory turnover ratio [#] | Net Revenue | Average Inventory | 141.72 | 68.50 | 106.9% |
| 6 | Trade Receivables turnover ratio | Net Revenue | Average Trade Receivables | 7.18 | 6.36 | 12.8% |
| 7 | Trade payables turnover ratio [@] | Net Purchases and Other Expenses | Average Trade Payables | 44.13 | 17.92 | 146.3% |
| 8 | Net capital turnover ratio | Net Revenue | Average Working Capital | 4.58 | 5.83 | -21.5% |
| 9 | Net profit ratio [\$] | Net Profits after taxes | Net Sales | 14.16% | -7.7% | -284.7% |
| 10 | Return on Capital employed [\$] | Earnings before interest and taxes | Average Capital Employed | 4.09% | -1.28% | 419.9% |
| 11 | Return on investment | Income from investments during the year | Time weighted average of investments | 2.68% | 3.00% | -10.7% |

[*] Mainly due to decrease in total debt

[\$] Increase is due to increase in earnings

[#] Mainly due to increase in net revenue

[@] Mainly due to increase other expense (operative expense and administration and other expense) as well as decrease in trade payable

Note: 32- Earning Per Share:

The Company is incorporated as a Section 8 Company in terms of provisions of the Companies Act, 2013 to promote the objects to establish, run, manage, maintain hospitals etc., establishing educational institutions including for medical science and to carry on research and development activities in the areas of education and carry out other charitable activities and to apply its profits, if any, or other income in promoting the said charitable objects. In terms of the provisions of the Companies Act, 2013 and its Memorandum of Association[MoA], the Company is prohibited from the payment of any dividend to its members. In terms of the provisions of the said section, the income and properties of the Company whensoever derived, is required to be applied solely for the promotion of the charitable objects as set forth in its MOA and that no portion thereof is allowed to be paid or transferred, directly or indirectly by way of dividend, bonus or otherwise by way of profit, to persons who at any time are or have been members of the company.

Even, in the event of winding up or dissolution of the Company, if there remains, after the satisfaction of all debts and liabilities, any property whatsoever, the same is not allowed to be distributed amongst the members of the Company but is mandatorily to be given or transferred to such other company having object similar to the objects of the Company subject to such conditions as the Tribunal may import or may be sold and proceeds thereof credited to Rehabilitation and Insolvency Fund formed under Section 269 of the Companies Act, 2013.

As there is no earnings attributable to the shareholders, the Company, therefore, has not disclosed earnings/ losses per share.

Note: 33-Disclosure of transactions with Struck off Companies:

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

Note 34:

Amounts have been rounded off to the nearest rupees lakh and previous year's figures have been regrouped, rearranged and reclassified wherever considered necessary to confirm to the current presentation.

Signatures to Significant Accounting Policies and Notes 1 to 34 to the Financial Statements

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

For and on behalf of the Board

Sujatha Rajesh
Director
DIN- 08071096

Karnik K. Shah
Partner
Membership Number: 129675
Ahmedabad, Dated: May 30, 2023

Dhwani Trivedi
Company Secretary

Jyotindra B. Gor
Director
DIN- 06439935
Ahmedabad, Dated: May 30, 2023