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to your Life.



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## Safe Harbour Statement

In this Annual Report we have disclosed forward-looking information [within the meaning of various laws] to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements—written and oral—that we periodically make, contain forward-looking statements that set out anticipated results based on the Management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

**Corporate Information**

**BOARD OF DIRECTORS** Pankaj R. Patel  
**Chairman**

Elkana N. Ezekiel  
**Managing Director**

**DIRECTORS** H. Dhanrajgir  
Mukesh M. Patel  
Dr. B. M. Hegde  
Prof. Indiraben J. Parikh  
Ganesh N. Nayak  
Dr. Sharvil P. Patel

**CHIEF FINANCIAL OFFICER** Amit B. Jain

**COMPANY SECRETARY** Dhaval N. Soni

**BANKERS** Bank of Baroda  
Ashram Road Branch,  
Ahmedabad.

BNP Paribas  
Ahmedabad Branch,  
Ahmedabad.

**AUDITORS** M/s Manubhai & Co.,  
Chartered Accountants

**REGISTERED AND  
CORPORATE OFFICE** "Zydu Tower",  
Satellite Cross Roads,  
Sarkhej-Gandhinagar Highway,  
Ahmedabad - 380 015.  
[www.zyduwellness.in](http://www.zyduwellness.in)

**REGISTRAR &  
SHARE TRANSFER AGENT** M/s Link Intime India Private Limited  
Unit No. 303, 3rd Floor,  
Shoppers Plaza V,  
Opp. Municipal Market,  
B/h. Shoppers Plaza - II,  
Off C. G. Road,  
Ahmedabad-380 009.

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

**Notice**

**NOTICE** is hereby given that **19<sup>th</sup> ANNUAL GENERAL MEETING** of the members of **Zydu Wellness Limited** will be held on Wednesday, the 7<sup>th</sup> day of August, 2013 at 10:00 a.m. at J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To confirm interim dividend paid on equity shares.
3. To appoint a Director in place of Prof. Indiraben J. Parikh, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Mr. Mukesh M. Patel, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr. Sharvil P. Patel, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. Dhirubhai Shah & Co., [Firm Registration No. 102511W] Chartered Accountants, as Statutory Auditors in place of M/s. Manubhai & Co., Chartered Accountants, who have expressed their unwillingness for re-appointment, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**By Order of the Board of Directors**

Place : Ahmedabad.  
Date : 31<sup>st</sup> May, 2013.

**Dhaval N. Soni**  
Company Secretary

**Registered Office:**

"Zydu Tower",  
Satellite Cross Roads,  
Sarkhej-Gandhinagar Highway,  
Ahmedabad-380 015.

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ["THE MEETING"] IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing the proxy, should however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.

2. Brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas, name of the companies in which they hold directorships and memberships / Chairmanships of Board Committees as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the annexure of this Notice.
3. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
4. The Company has notified closure of Register of Members and Share Transfer Books from 24<sup>th</sup> July, 2013 [Wednesday] to 31<sup>st</sup> July, 2013 [Wednesday] [both days inclusive] as required under the provisions of the Companies Act, 1956.

## Notice

5. Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address to the Company / Registrar and Transfer Agents, M/s Link Intime India Private Limited.
6. Those members who have not encashed their dividend warrants pertaining to the following financial years are requested to approach the Company for the payment thereof as the same will be transferred to Investor Education and Protection Fund [IEPF], pursuant to section 205A [5] of the Companies Act, 1956 on respective due dates mentioned there against. Kindly note that after such date, the members will lose their rights to claim such dividend.

Financial Year ended on	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unclaimed dividend to IEPF
31 <sup>st</sup> March, 2006	29 <sup>th</sup> September, 2006	10	28 <sup>th</sup> September, 2013
31 <sup>st</sup> March, 2007	23 <sup>rd</sup> July, 2007	10	22 <sup>nd</sup> July, 2014
31 <sup>st</sup> March, 2008	10 <sup>th</sup> July, 2008	10	9 <sup>th</sup> July, 2015
31 <sup>st</sup> March, 2009	28 <sup>th</sup> July, 2009	15	27 <sup>th</sup> July, 2016
31 <sup>st</sup> March, 2010	16 <sup>th</sup> July, 2010	30	15 <sup>th</sup> July, 2017
31 <sup>st</sup> March, 2011	30 <sup>th</sup> June, 2011	40	29 <sup>th</sup> June, 2018
31 <sup>st</sup> March, 2012	27 <sup>th</sup> July, 2012	50	26 <sup>th</sup> July, 2019

### REQUEST TO THE MEMBERS:

Members desiring to have any relevant information on the accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance at its Registered Office, so as to enable the Company to keep the information ready.

## Annexure to the Notice dated 31<sup>st</sup> May, 2013

Details of Directors seeking re-appointment at the 19<sup>th</sup> Annual General Meeting  
[Pursuant to clause 49 of the Listing Agreement]

<b>Name of the Director</b>	<b>Prof. Indiraben J. Parikh</b>
Age	69 Years
Date of Appointment on the Board	29 <sup>th</sup> July, 2009
Brief Resume and nature of expertise in functional areas	<p>Prof. Indiraben J. Parikh is M. Ed. from Rochester, New York, USA and Ph.D. from Gujarat University, Ahmedabad. She was a faculty member at Indian Institute of Management [IIM], Ahmedabad for over 30 years and Dean from 2002 to 2005. She has also taught at INSEAD, Fontainebleau, France and Texas A&amp;M University. Prof. Parikh has been consultant to various national and international organizations. She is the Founder President of Foundation for Liberal and Management Education [FLAME], Pune. She has held the positions of the Chairperson of Organizational Behaviour Area, Fellow Program in Management [FPM] and more. Prof. Parikh is the Founder Member of Sumedhas, the Academy for Human Context. She is on the Board of several other organizational and academic boards. Prof. Parikh has published books on Profiles in Identity [Co-author], Indian Women–An Inner Dialogue, Young Managers at Cross-Roads [Co-author], Corporate Culture in India [Co-author], Cross Roads of Culture [Co-author] and numerous papers in national and international journals. Prof. Parikh has been awarded many awards, few of which are :</p> <ol style="list-style-type: none"> <li>1. Bloomberg UTV B-School Excellence Awards-Hall of Fame award,</li> <li>2. Learning Luminary Award by Organisation of Asia Seminar and awards,</li> <li>3. FICCI Ladies Organisation “Woman of Excellence” award,</li> <li>4. Discovery Education Media “Exemplary Leader” award and</li> <li>5. “National Education Leadership” Hall of Fame award.</li> </ol>
Directorships held in other public Companies [excluding foreign and private Companies]	<ol style="list-style-type: none"> <li>1. Anil Limited</li> <li>2. Sintex Industries Limited</li> <li>3. Marck Biosciences Limited</li> <li>4. Shashun Pharmaceuticals Limited</li> </ol>
Memberships/Chairmanships of Committees of other Public Companies [includes only Audit Committee and Shareholders’/Investors’ Grievance Committee]	Nil
Number of shares held in the Company	Nil



## Annexure to the Notice dated 31<sup>st</sup> May, 2013

<b>Name of the Director</b>	<b>Mukesh M. Patel</b>
Age	59 years
Date of Appointment on the Board	27 <sup>th</sup> July, 2006
Brief Resume and nature of expertise in functional areas	<p>Mr. Mukesh Patel, an eminent Advocate and International Tax Expert has been in legal practice since 1977, with specialization in the fields of Tax Planning, Appellate Matters, International Taxation, Tax and Investment Planning for Non-Resident Indians and Foreign Collaborations. He has been actively involved in Legal Education and Tax Journalism for the past over three decades, as a Visiting Faculty with Gujarat Law Society and Indian Institute of Management, Ahmedabad and as a Columnist through his popular weekly columns on Direct Taxes with 'Sandesh', 'Gujarat Samachar', 'The Times of India' and 'Ahmedabad Mirror'. He has also authored a number of acclaimed books on Personal Tax &amp; Investment Planning and Self Development and anchored TV Serials 'Tax Free' and 'Money Magic.' In recognition of his noteworthy contribution and achievements as an Eloquent Speaker, he received 'Fellowship of the World Academy of Speakers' in 1981 and 'Outstanding Speaker of the 20th Century Award' in 2000. Widely traveled around the world, he is an ardent photographer. He has served as the President of the Ahmedabad Management Association, Gujarat Chamber of Commerce and Industry, All Gujarat Federation of Tax Consultants, Indian Red Cross Society, Ahmedabad and several other bodies. Currently, he is the President of the Indo-Japan Friendship Association, Gujarat. He has been a member of the National Executive Committee of FICCI, ASSOCHAM, ICC and is a Director on the Board of a number of leading public companies.</p>
Directorships held in other public Companies [excluding foreign and private Companies]	<ol style="list-style-type: none"> <li>1. German Remedies Limited</li> <li>2. Hitachi Home &amp; Life Solutions (India) Limited</li> <li>3. Cadila Healthcare Limited</li> <li>4. Zydus Pharmaceuticals Limited</li> <li>5. Sandesh Limited</li> <li>6. Desai Brothers Limited</li> <li>7. Cliantha Research Limited</li> <li>8. BAAP Diagnostics Limited</li> </ol>
Memberships/Chairmanships of Committees of other Public Companies [includes only Audit Committee and Shareholders'/Investors' Grievance Committee]	<p><b><u>Audit Committee:</u></b></p> <p><b>Chairman</b></p> <ol style="list-style-type: none"> <li>1. Cadila Healthcare Limited</li> <li>2. Hitachi Home &amp; Life Solutions (India) Limited</li> <li>3. Desai Brothers Limited</li> <li>4. Sandesh Limited</li> </ol> <p><b>Member</b></p> <ol style="list-style-type: none"> <li>1. Cliantha Research Limited</li> </ol> <p><b><u>Shareholders'/Investors' Grievance Committee</u></b></p> <p><b>Member:</b></p> <ol style="list-style-type: none"> <li>1. Cadila Healthcare Limited</li> <li>2. Hitachi Home &amp; Life Solutions [India] Limited</li> </ol>
Number of shares held in the Company	426

## Annexure to the Notice dated 31<sup>st</sup> May, 2013

<b>Name of the Director</b>	<b>Sharvil P. Patel</b>
Age	34 years
Date of Appointment on the Board	27 <sup>th</sup> April, 2009
Brief Resume and nature of expertise in functional areas	<p>Dr. Sharvil Patel is the Deputy Managing Director of Cadila Healthcare Limited, one of India's leading healthcare companies and a global healthcare provider. With a specialisation in Chemical and Pharmaceutical Sciences from the University of Sunderland, U.K. and a doctorate also from the same university for his research work in Breast Cancer at John Hopkins, Bayview Medical Centre, USA, Dr. Sharvil Patel combines both pharma and research expertise. This enables him to contribute in aligning the business and research goals of the group. The quest for market leadership is already spurring new initiatives and growth. A case in point is the Consumer Products Company, which is spearheaded by Dr. Sharvil Patel. With brands such as Sugar Free–India's largest selling sweetener, Nutralite–a premium table spread and Everyuth–a premium skin care range of products, the division is posting robust growth under his leadership and is exploring new avenues that will consolidate its presence in the fitness and wellness segment. Dr. Sharvil Patel is closely associated with the Yi (Young Indians), a leadership forum initiated by the Confederation of Indian Industry, which integrates young professionals from various walks of life for the developmental initiatives in the areas of economy, education, healthcare and environment.</p>
Directorships held in other public Companies [excluding foreign and private Companies]	<ol style="list-style-type: none"> <li>1. Cadila Healthcare Limited</li> <li>2. Dialforhealth India Limited</li> <li>3. Zydus Pharmaceuticals Limited</li> <li>4. Zydus Animal Health Limited</li> <li>5. Zydus Technologies Limited</li> </ol>
Memberships / Chairmanships of Committees of other Public Companies [includes only Audit Committee and Shareholders' / Investors' Grievance Committee]	<p><b><u>Audit Committee:</u></b></p> <p><b>Member</b></p> <ol style="list-style-type: none"> <li>1. Dialforhealth India Limited</li> <li>2. Zydus Technologies Limited</li> </ol>
Number of shares held in the Company	533

## Directors' Report

To,  
The Members  
**Zydus Wellness Limited**

Your directors have pleasure in presenting **19<sup>th</sup>** Annual Report of the Company along with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2013. The summarised financial results are given below:

### Financial Highlights:

[INR Lacs]

Particulars	Consolidated	
	2012-13	2011-12
Sales and Other Income	40,378	34,576
Profit before Interest, Depreciation, Exceptional Expenses & Tax [PBIDET]	11,246	8,625
Less : Depreciation	450	386
Profit before Interest, Exceptional Expenses & Tax (PBIET)	10,796	8,239
<b>Less : Interest</b>	10	15
<b>Profit Before Tax [PBT]</b>	<b>10,786</b>	<b>8,224</b>
<b>Less : Provision for Tax</b>	883	1,365
<b>Profit After Tax [PAT]</b>	<b>9,903</b>	<b>6,859</b>
<b>Less : Minority Interest</b>	192	91
<b>Profit attributable to shareholders</b>	<b>9,711</b>	<b>6,768</b>
<b>Add : Profit brought forward from the previous year</b>	<b>12,279</b>	<b>8,682</b>
Profit available for appropriation, which is appropriated as follows:	<b>21,990</b>	<b>15,450</b>
Interim Dividend	2,344	0
Proposed Final Dividend	0	1,954
Corporate Dividend Tax on Dividend	399	317
Transferred to General Reserve	1,000	900
Balance carried to Balance Sheet	18,247	12,279
<b>Total</b>	<b>21,990</b>	<b>15,450</b>
Basic and Diluted Earning Per Share (EPS of FV Rs. 10/-) [in Rupees]	<b>24.85</b>	<b>17.32</b>

The consolidated financial highlights include the financials of Zydus Wellness-Sikkim, a partnership firm.

## Directors' Report

### Performance Review:

For the year ended on 31<sup>st</sup> March, 2013, the sales and other income of the Company, on consolidated basis, have increased by 16.78% to Rs. 40,378 lacs compared to Rs. 34,576 lacs in the previous year. Profit before Interest, Exceptional Expenses & Tax increased by 31.04% to Rs. 10,796 lacs compared to Rs. 8,239 lacs in the previous year. The Profit After Tax increased by 44.38% to Rs. 9,903 lacs compared to Rs. 6,859 lacs in the previous year.

The Company achieved EPS of Rs. 24.85 compared to Rs. 17.32 in the previous year. The summary of performance of the business of the Company is provided in the Management Discussion and Analysis Report [MDA] forming part of this Annual Report.

### Dividend:

The Board of Directors at its meeting held on 13<sup>th</sup> May, 2013 declared an interim dividend of Rs. 6/- [@ 60%] [previous year final dividend of Rs. 5/- (@ 50%)] on 3,90,72,089 Equity Shares of Rs. 10/- each fully paid-up amounting to Rs. 2,743 lacs [inclusive of dividend distribution tax of Rs. 399 lacs]. Interim Dividend was paid to those shareholders holding shares in electronic form, whose names appeared in the list of beneficiaries provided by the Depositories as on 23<sup>rd</sup> May, 2013 being the Record Date fixed by the Board of Directors for the purpose and to those shareholders holding shares in physical form as on the Record Date.

The dividend payout ratio for the current year [inclusive of corporate tax on dividend distribution] is 28.24%.

### Awards & Recognition:

Mr. Amit B. Jain, Chief Financial Officer, was declared winner of CFO100 Roll of Honour 2013, in the category of "Winning Edge in Growth" by CFO India, a magazine meant for CFOs of India.

### Consolidated Financial Statements:

Zydu Wellness-Sikkim [ZWS] is under the majority control of the Company and hence the accounts of ZWS are required to be consolidated with the accounts of the Company in accordance with the Accounting Standard AS-21 on Consolidation of Financial Statements issued by the Institute of Chartered Accountants of India. The audited Consolidated Financial Statements are provided in this Annual Report.

### Board of Directors:

In accordance with the provisions of the Companies Act, 1956 read with Articles of Association of the Company, Prof. Indiraben J. Parikh, Mr. Mukesh M. Patel and Dr. Sharvil P. Patel, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

In accordance with the stipulation under clause 49 of the Listing Agreement, brief resume of the Directors seeking re-appointment at the ensuing Annual General Meeting together with the nature of their expertise in specific functional areas and names of companies in which they hold office as Director and / or Chairman / Member of Committees of the Board is annexed to the notice.

## Directors' Report

### Auditors:

M/s Manubhai & Co., Chartered Accountants, the Statutory Auditors of the Company have expressed their unwillingness for re-appointment at the ensuing Annual General Meeting. The Board of Directors has recommended the appointment of M/s. Dhirubhai Shah & Co., [Firm Registration No. 102511W] Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

The Company has received a letter from M/s. Dhirubhai Shah & Co., Chartered Accountants under the provisions of section 224[1B] of the Companies Act, 1956 expressing their willingness for appointment as the Statutory Auditors, if made by the members will be within the statutory limits prescribed.

### Auditors' Report and Notes to Accounts:

The Board has duly reviewed the Statutory Auditors' Report on the Accounts. The Auditors' Report is self-explanatory and do not call for any further explanation / clarification by the Board of Directors under section 217[3] of the Companies Act, 1956.

### Disclosures:

There have been no material changes and commitments, which may affect the financial position of the Company between the end of the financial year and the date of this report.

### Management Discussion and Analysis [MDA]:

MDA for the year under review, as stipulated under clause 49 of the Listing Agreement is presented in a separate section forming part of this Annual Report.

### Directors' Responsibility Statement:

Your Directors affirm that the audited accounts containing the financial statements for the Financial Year 2012–2013 are in conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial conditions and results of operations.

Pursuant to section 217[2AA] of the Companies Act, 1956 the Directors confirm that:

- (a) the Annual Accounts for the year ended on 31<sup>st</sup> March, 2013 have been prepared on a going concern basis;
- (b) in preparation of the Annual Accounts, the applicable Accounting Standards have been followed. Necessary explanations are given for material departures, if any;
- (c) sound accounting policies have been applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2013 and of the profit of the Company for the year ended on that date and

## Directors' Report

- (d) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities.

### Corporate Governance:

The Company is committed to maintain highest standards of Corporate Governance. Your Directors adhere to the requirements as provided in clause 49 of the Listing Agreement relating to Corporate Governance.

A detailed report on the Corporate Governance, together with a certificate from Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance, forms part of this report.

### Cost Auditors:

The central government has directed an audit of the cost accounts maintained by the Company in respect of products–Nutralite and Mayonnaise. For conducting the cost audit for these activities for the financial year ended on 31<sup>st</sup> March, 2013, based on the recommendation of the Audit Committee, the Board had appointed M/s. Dalwadi & Associates and made an application to the Central Government in accordance with MCA Circular dated 11<sup>th</sup> April, 2011. The Cost Auditor has filed the Compliance Report for the financial year ended on 31<sup>st</sup> March, 2012 within the due date on 24<sup>th</sup> December, 2012. The due date of filing the Compliance Report was 28<sup>th</sup> February, 2013.

### Personnel:

There was no employee drawing remuneration in excess of limits prescribed under section 217[2A] of the Companies Act, 1956 and Companies [Particulars of Employees] Rules, 1975 and therefore not applicable to the Company.

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

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 217[1][e] of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 are provided in the Annexure–A to this Report.

### Acknowledgement:

Your Directors wish to place on record their sincere appreciation for significant contributions made by the employees at all levels through their dedication, hard work and commitment, enabling the Company to achieve good performance during the year under review.

Your Directors also take this opportunity to place on record the valuable co-operation and support extended by the banks, government, business associates and the shareholders for their continued confidence reposed in the Company and look forward to having the same support in all future endeavors.

**For and on behalf of the Board**

Place : Ahmedabad.  
Date : 31<sup>st</sup> May, 2013.

**Pankaj R. Patel**  
*Chairman*

## Annexure - A to the Directors' Report

Additional information as required under the Companies [Disclosures of Particulars in the Report of Board of Directors] Rules, 1988.

### A. Conservation of Energy:

#### a. Energy conservation measures undertaken during the year ended on 31<sup>st</sup> March, 2013.

1. Use of lower capacity ammonia compressor instead of high capacity [higher HP] for 200 gm tub manufacturing.
2. Replaced 60 HP motor with 40 HP motor for 100 gm pack.

#### b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

None

#### c. Impact of the measures at [a] and [b] above for reduction of energy consumption and consequent impact on the cost of production of goods.

The adoption of energy conservation measures indicated above have resulted in awareness amongst the employees. It will have a long term impact leading to savings in energy cost. Due to measures taken at point [a] above, the Company can save approx. 67,000 KWH / year.

#### d. Total energy consumption and energy consumption per unit of production as per Form A:

As per the below table.

#### Form A—Form for disclosure of particulars with respect to conservation of energy:

	Unit of Measure	2012-13	2011-12
<b>A Power and Fuel Consumption:</b>			
1. Electricity:			
[a] Purchased:			
Units	Nos.	1619328	1545822
Total Amount	Lac Rs.	102.85	91.13
Rate/Unit	Rs.	6.36	5.89
[b] Own Generation:			
Through Diesel Generator Set:			
Units	Nos.	9344 units [3028 ltr. diesel consumed]	1652 units [780 ltr. diesel consumed]
Units per ltr. of Diesel Oil		3.08	2.10
Cost/Unit	Rs.	16.5	21.20
2. Others/Internal Generation:			
Solid Fuel [wood]:			
Quantity	Kgs.	567330	528865
Total Cost	Lac Rs.	23.65	21.13
Rate/Unit	Rs.	4.17	3.99

## Annexure - A to the Directors' Report

### B. Consumption per unit of production:

	Unit of Measure	2012-13	2011-12
Electricity	Kwh/Ton	158.90	148.68
Diesel Oil	Ltr./Ton	45.00	45.00
Solid Fuel [Wood]	Kgs./Ton	55.60	50.00

### Form B – Form for disclosure of particulars with respect to absorption:

#### [1] Research & Development [R&D]

1.	Specific areas in which R&D activities carried out by the Company	Nil
2.	Benefits derived as a result of the above R&D	N.A.
3.	Future plan of action	Nil
4.	Expenditure on R&D	
a.	Capital	Nil
b.	Recurring	Nil
c.	Total	Nil
d.	Total R&D expenditure as a percentage of total turnover	N.A.

#### [2] Technology absorption, adaptation and innovation:

The Company has not imported any technology during last five years.

#### [3] Foreign exchange earnings and outgo:

Particulars	INR-Lacs	
	2012-13	2011-12
Earnings	2	0
Outgo:		
1. CIF value of imports	19	43
2. Expenditure in foreign currency	2	0

For and on behalf of the Board

Place : Ahmedabad.  
Date : 31<sup>st</sup> May, 2013.

**Pankaj R. Patel**  
Chairman



## Overview – Year 2012-13

**State of Economy, Industry and our Business**

The globalization of India has given rise to new opportunities but it has also brought with it new challenges. It means that the global economy can no longer be viewed from a spectator's standpoint. What happens globally has larger implications for India. The global economic situation remains far from stable and this is reflected in the prospects for India's growth. Most of the macro-economic data for India released recently indicates signs of moderation. The IIP growth has been languishing and growth rate of exports has been in the negative terrain for many many months. Nonetheless, some key policy announcements undertaken last year did uplift the confidence levels and created optimism with regard to the future. However, the pickup in investment activity especially from foreign investors remains subdued.

As per the latest Advanced Estimates (AE) of the Central Statistics Office (CSO), growth in GDP at factor cost at constant prices was estimated at 5 per cent in 2012-13 as compared to the revised growth of 6.2 per cent in 2011-12. Index of Industrial Production ("IIP"), which is considered to be the barometer of Indian industrial growth, is expected to have grown by 0.9% during April – February 2012-13 vs. 3.5% growth during the same period last year. The average Wholesale Price Index (WPI) inflation rate for the last 12 months (April 12 to March 13) was 7.3% as compared to 8.9% during the corresponding period in 2011-12. (Source: Monthly Economic Report, March 2013 as published by the Ministry of Finance, Govt. of India).

The Indian health and wellness industry is set to double by 2015 if current trends continue, a joint report by industry body FICCI and advisory firm PricewaterhouseCoopers (PwC) said. At present, the sector is estimated at Rs. 590 billion and is growing at a CAGR of 18-20 per cent. Though traditional products continue to dominate the market at 60 per cent, consumer awareness of new forms of wellness products and services such as fortified foods, dietary supplements, cosmetic treatments and rejuvenation therapies is growing. The report also highlights that tier 2 and tier 3 cities offer headroom for growth but add that these markets require investments and long-term focus. "Many wellness segments extend beyond traditional gender boundaries... traditional products and services continue to appeal to the Indian consumer, but these now need to meet modern sensibilities" according to the report.

The report further mentions that brands are becoming increasingly relevant for Indian consumers and that companies need to invest in communicating with consumers to remain salient. "Consumers are increasingly placing a high premium on their time, so wellness players have started bundling convenience along with health and beauty benefits" it says. It predicts that mainstream and generic wellness concepts in India will continue to dominate, while emerging niche categories are likely to result in new opportunities. Online channels too are expected to grow in relevance as a medium for interaction with consumers.

Increasing health awareness among Indian consumers due to rising media penetration is also helping the sector to grow. "Given high disposable incomes, consumers are taking into account health considerations as part of their purchasing decisions, with preventive care gaining more prominence over a curative approach to disease management", said Sandeep Ahuja, Chairman, FICCI National Wellness Committee. The FICCI-PwC report further adds that the per capita spend on wellness has jumped from Rs 300 in 2008 to over Rs 480, last year.

Zydus Wellness has been a niche and significant player in this growing market with its portfolio of health care brands viz. Sugar Free, everyuth, Nutralite and Actilife. These brands have been driving, contributing and participating in growing the health and wellness market in this country.

The year under review has witnessed a strong performance from the company. During 2012-13, the Company recorded gross sales of Rs. 4,100 Mio. up by 19% and a net profit of Rs. 971 Mio., up by 43.5% on a consolidated basis. The company took several initiatives during the year to strengthen its brands and its leadership position. These are outlined below:

### **Sugar Free – India’s largest selling low calorie sweetener**

Sugar Free has maintained its leading position in the low calorie sugar substitute category with a market share of more than 90% as of March 31, 2013. (Source: AC Nielsen) Both Sugar Free Gold, an aspartame based sweetener and Sugar Free Natura, which is sucralose based, have maintained their top slots. With this strong market share, Sugar Free continues to be the driving force for overall category growth.

The brand’s comeback to high growth trajectory was driven by strong marketing support in the form of a new theme campaign with endorsement by a new celebrity and integrating all products on one platform. The brand’s multi-product presence with Sugar Free Gold and Natura across different product formats like pellets, powders and drops gives the consumer a broad basket of choices. While there have been new entrants into the category, the strength of the brand’s equity has allowed an enhanced market share and a prominent retail presence. Given the low household penetration levels of sugar substitutes, the Company’s focus will be category development in the future as the route to generating strong growth.

### **everyuth – Celebrating Youth!**

The everyuth range of skin-care products maintained its leadership position in the scrubs and peel-off category while the face wash category continued to experience aggressive competition.

Reflecting the aspirations of the modern Indian consumer and with a view to being relevant and contemporary, the Company re-launched the brand with new exciting packaging, improved formulations for superior performance and aesthetics and a powerful new marketing programme. A new celebrity has been signed on as the brand ambassador who now features in all advertising, point of sale and outdoor communication. The company also launched new variants of face washes (Radiant Fairness, Pollution Defense, Aloe and Skin Balancing Grape), two new variants of Scrubs (Radiant Fairness Strawberry Scrub and Foot Scrub) and re-launched the everyuth Menz line with new modern packaging and a high technology whitening cream. As part of a broader distribution expansion drive, the Company has also entered the soap category and launched its first range of transparent soaps in Lemon, Fruit and Neem variants. Plans are in place to expand the product portfolio further and improve distribution reach backed by strong advertising and promotional support to keep everyuth on a high paced growth going forward.

### **Nutralite – ‘Health First, Taste Always’**

The table spread category has recorded subdued growth rates throughout the year. There have also been multiple launches from low priced competitors with a focus on the price conscious institutional customers. Despite this, Nutralite has maintained its dominant position in margarine category through a commitment to quality and service. In retail, the Company has expanded its product portfolio with the launch of a premium variant, Nutralite with Omega 3. This launch has strengthened the health positioning of the brand and created a platform for future growth. The launch has been backed by strong advertising and trade activations resulting in a positive consumer response. It was voted ‘Product of the Year 2013’ based on an independent survey conducted amongst 18000 consumers in India undertaken by global research agency AC Nielsen. This prestigious award is reserved for products which have excelled in innovation and in delivering consumer satisfaction. An additional flavor variant with cheese has also been added to the portfolio. Both the products are free of trans fats and are fortified with Vitamins A, D and E.

## Management Discussion and Analysis 2012-2013

In the year ahead, the Company expects to continue focusing on expanding the product portfolio and building an awareness of the health benefits of the brand with a view to grow the consumer base.

### **ActiLife – Nutrition for adults**

Actilife was launched in 2011 as a nutritional milk additive for adults. To create this new concept the Company has been investing in education through advertising, sampling programs and in-store activations. As with any new idea, the lead time for its adoption is often fairly long and the Company is diligent in its approach while refining the marketing support programs to achieve business goals.

As a strategy, the Company is also looking at line extensions aggressively across the different categories where it competes. All brands in the portfolio have strong equity with consumers and ready acceptance in the trade. This allows the Company to bring innovative new products to the market and drive growth by leveraging its strong health care heritage.

With a continued focus on strengthening its existing portfolio, expanding distribution to reach a wider consumer base and launch of innovative products in the wellness domain, the Company is confident of achieving its long term goals and bringing wellness to the lives of every Indian.

### **Consolidated Financial Highlights**

#### **Operating Incomes**

##### **Sales**

The gross sales revenue grew by 19.0% to Rs. 4,100 Mio. from Rs. 3,446 Mio. in 2011-12. Sales growth was largely driven by the strong performance of SugarFree and everyuth brands.

##### **Other Income**

Other income, which mainly includes interest earned on fixed deposits, grew by 75.2% to Rs. 157.9 Mio., on account of higher interest rates and increase in amount of fixed deposits.

#### **Operating expenses**

##### **Material Cost**

The consumption of materials and finished goods increased merely by 1.8% to Rs. 1,242.0 Mio. Total consumption as % to net sales and income from operations reduced to 32.0% from about 36.2% last year. This was mainly on account of price increases taken to counter the inflationary pressure in the raw material prices, particularly the oil prices.

##### **Personnel Costs**

The Personnel Cost increased by 32.6% y-o-y to Rs. 273.2 Mio. due to expansion of manpower and salary increments.

##### **Manufacturing, Selling, Distribution and General Administration (MSGA) Expenses**

The manufacturing, selling, distribution and other general administration expenses increased by 19.6% y-y to Rs. 1,398 Mio. Overall MSGA as % to net sales and income from operations were at 36.0% compared to 34.7% last year. The increase is mainly on account of higher advertising and promotional spends to support various marketing initiatives taken by the company to strengthen the brands and increase in the business volume.

### Depreciation and Amortization

Depreciation and amortization expenses increased by 16.5% y-y to Rs. 45 Mio. from Rs. 38.6 Mio last year. The increase was mainly on account of double shift operations in the Sikkim facility.

### Profits and margins

The EBITDA (Earnings before interest, tax, depreciation and amortization excluding non-operating incomes) increased by 25.2% to Rs. 966.7 Mio. The EBITDA margin as % to total operating income has also increased by 200 basis points and now stands at 24.9%.

The profit before tax and exceptional items increased by 31.1% y-y to Rs. 1,078.6 Mio. PBT margin before exceptional items as % to total operating income has also increased by 340 basis points and now stands at 27.8%.

Net profit after tax grew by 43.5% y-y to Rs. 971.1 Mio. from Rs. 676.8 Mio. last year. The net profit margin, as a % to total operating income, increased to 25.0% from 20.1% last year.

### Net Worth

The net worth as at 31<sup>st</sup> March, 2013 stood at Rs. 2,565.4 Mio., up by 37.3% from last year. Retained earnings of Rs. 696.8 Mio. (Net profit less dividend) contributed to this rise.

The book value per share increased to Rs. 65.7 as at 31<sup>st</sup> March 2013 from Rs.47.8 last year. The return on adjusted net worth (RONW = Net Profit excluding exceptional items of tax / Average net worth adjusted for deferred expenses and exceptional items) stood at 43.8% for 2012-13.

### Fixed Assets and Capital Expenditure

The gross block (including capital work in progress) at the end of 2012-13 was Rs. 1,103.1 Mio. Net capital expenditure during the year 2012-13 was Rs. 25.5 Mio.

### Working capital and liquidity

Working capital level at the end of 2012-13 was Rs. 1,563.6 Mio., an increase of Rs. 639.8 Mio. compared to previous year. Inventory levels increased by Rs. 134.5 Mio. to Rs. 408.6 Mio. vis-à-vis Rs. 274.1 Mio. last year. Average inventory levels of input materials (raw and packing materials) has remained flat at 38 days of consumption, while average levels of finished goods inventories has increased to 52 days of cost of goods sold from about 42 days last year. Accounts Receivables balance of Rs. 14.5 Mio. mainly includes sales made in the last week of March-2013.

Overall current ratio at the end of the year 2012-13 stood at 2.84 vis-à-vis 2.24 at the end of last year. Excluding cash and bank balances, net working capital remained negative, as was in last year, and current ratio stood at 0.6.

### Risk Identification, Risk Mitigation and Internal Controls

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

## Management Discussion and Analysis 2012-2013

### Risk of fluctuations in prices of key inputs

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

### Risk of competition and price pressure

Though the Company's products enjoy leading positions in their respective categories, the risk of competition from existing players as well as from new entrants remains high. However, the Company's strength in the market place, coupled with its continuous thrust on improving quality of its products and offering newer products in the wellness segment provides it an edge over competition.

The Company supplies Nutralite in both retail as well as institutional segments. Both segments have their own nuances in terms of customer expectations, competition and pricing. However, the company is well focused on increasing its share in all segments through sound marketing strategy and a balanced approach.

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

Being in the consumer healthcare and wellness segment, the Company's products and their manufacturing and supply chain processes are required to maintain certain quality standards. Any deviation from prescribed regulations or any variation in quality from standards laid down by regulatory authorities can lead to actions from these authorities or litigation from its customers. The Company also faces the risk of litigation from its competitors or customers on claims it makes for values which its products offer. The Company always strives to ensure the highest standard of quality for its products and processes, and continuously works on improving quality. It also maintains a high level of accuracy in the area of product claims.

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

### Risk Management and Internal Control Systems

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

## Corporate Governance Report

In accordance with clause 49 of the Listing Agreement, the report containing the details of governance systems and processes at Zydus Wellness Limited [“Zydus Wellness” or “the Company”] is as under:

### 1. Corporate Governance Philosophy:

At Zydus Wellness, we strongly believe that corporate governance accompanies our long-term business success. The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz., the Board of Directors, the senior management, employees, etc.

Zydus Wellness has set the vision to bring wellness to people’s life and the Company will create new experience by its products that will nourish, nurture and energise life and shall lead the way through innovation. As a part of Company’s growth strategy, the company believes in adopting the best practices that are followed in the area of Corporate Governance. The Company emphasizes full transparency and accountability in all its transactions, in order to protect the interests of all stakeholders. Requirements of compliance are mandated to ensure effective process is in place to exercise management and internal controls.

The Company has complied with the mandatory provisions of clause 49 of the Listing Agreement with the Stock Exchanges, which deals with the compliance of Corporate Governance requirements as detailed below:

### 2. Board of Directors:

#### a] Composition of the Board:

The composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirements of Code of Corporate Governance. As on 31<sup>st</sup> March, 2013, out of the total strength of the Board of 8 Directors, 7 are Non-Executive Directors. The Company has a Non-Executive Chairman, who is from the holding Company and the number of Independent Directors are 4, which is half of the total strength of the Board as required by the provisions of the Listing Agreement. All the Independent Directors have confirmed that they meet the ‘independence’ criteria as mentioned under clause 49 (a) (iii) of the Listing Agreement. The Independent Directors have expert knowledge of finance, taxation, corporate laws, marketing, HR and industry, thus the Board represents a balanced mix of professionals.

#### Board Meetings / Directors’ Particulars:

During the financial year 2012–13, 4 meetings of the Board of Directors were held on 9<sup>th</sup> May, 2012, 27<sup>th</sup> July, 2012, 6<sup>th</sup> November, 2012 and 7<sup>th</sup> February, 2013. The Company has complied with the provisions of clause 49 of the Listing Agreement and the requirements under the Companies Act, 1956 for holding a Board Meeting at least once in each quarter and the maximum time gap between two meetings was not more than 4 months.

The Board Agenda papers are prepared by the Company Secretary in consultation with the Chairman. The Directors are free to bring up any matter for discussion at the Board Meeting with the permission of the Chairman.

Agenda papers for Board Meetings containing all necessary documents / information, as specified in clause 49 of the Listing Agreement, wherever applicable and materially significant, are made available to the Board well in advance. In very exceptional and urgent cases, some issues are tabled during the Board Meeting. In case of business exigencies or urgency some resolutions are also passed by circulation.

The draft minutes of the meetings are approved by the Chairman and thereafter circulated to all the Directors generally within three weeks after conclusion of the meeting.

The annual calendar of Board Meetings is decided by the Board of Directors in advance. The Meetings of the Board are generally held at the Registered Office of the Company in Ahmedabad.

## Corporate Governance Report

None of the Directors on the Company's Board is a Member of more than 10 Committees and Chairman of more than 5 Committees [Committees being, Audit Committee and Shareholders' / Investors' Grievance Committee] across all companies in which they are Directors.

The following table gives the attendance of the Directors at the Board Meetings of the Company and also the number of other Directorships [other than the Company] and Chairmanships / Memberships in Board Committees of Public Limited Companies.

Name of the Directors	Category and Position	No. of Board Meeting		Whether attended last AGM	Member [Chairman]* of Board Committees **	Number of other Directorships held
		Held	Attended			
Mr. Pankaj R. Patel	Non Executive Chairman	4	4	Yes	2 [1]	5
Mr. H. Dhanrajgir	Non Executive and Independent	4	4	Yes	9 [1]	7
Mr. Mukesh M. Patel	Non Executive and Independent	4	4	Yes	9 [5]	8
Dr. B. M. Hegde	Non Executive and Independent	4	3	No	1	2
Prof. Indiraben J. Parikh	Non Executive and Independent	4	3	Yes	1	4
Mr. Ganesh N. Nayak	Non Executive	4	4	Yes	3 [1]	3
Dr. Sharvil P. Patel	Non Executive	4	4	Yes	2	5
Mr. Elkana N. Ezekiel	Managing Director	4	4	Yes	-	-

\* Figures in [ ] indicate the number of Board Committees of which Director is a Chairman, wherever applicable.

\*\* Board Committees means Audit Committee and Shareholders'/Investors' Grievance Committee.

**Review of compliance reports by the Board of Directors:**

Compliance certificates confirming the due compliance with the statutory requirements are placed at the Board Meetings for review by the Directors. A system of ensuring material compliance with the laws, orders, regulations and business & affairs of the Company is in place. Instances of non-compliance, if any, are also separately reported to the Board and its due compliances are monitored.

**b] Non Executive Directors' Compensation and Disclosures:**

Non-Executive Directors are paid sitting fees and commission as recommended by the Board of Directors and within the limits approved by the members. The shareholders have approved the payment of sitting fees and commission to non-executive directors at the Annual General Meeting held on 16<sup>th</sup> July, 2010.

Apart from the above, there are no material significant related party transactions, pecuniary transaction or relationship between the Company and its Directors except those disclosed in the financial statements for the year ended on 31<sup>st</sup> March, 2013.

**3. Committees of the Board:**

At present, the Company has the following Board level Committees, namely:

- A Audit Committee,
- B Share Transfer Committee,
- C Shareholders' / Investors' Grievance Committee,
- D Remuneration Committee and
- E Committee of Directors

**A] Audit Committee:**
**Composition, Name of Members and Chairman:**

The Audit Committee comprises of 4 Independent and 1 Non-Executive Director. Mr. Mukesh M. Patel is the Chairman of the Committee.

All the members of the Committee have accounting, financial and management expertise.

**Meetings and Attendance during the year:**

During the year, four Audit Committee Meetings were held on 9<sup>th</sup> May, 2012, 27<sup>th</sup> July, 2012, 6<sup>th</sup> November, 2012 and 7<sup>th</sup> February, 2013. The time gap between two meetings was less than four months.

The details of attendance of audit committee members at the meetings are provided in the following table:

Sr. No.	Name of the Member	No. of Meetings	
		Held	Attended
1.	Mr. Mukesh M. Patel	4	4
2.	Mr. H. Dhanrajgir	4	4
3.	Dr. B. M. Hegde	4	3
4.	Prof. Indiraben J. Parikh	4	3
5.	Mr. Ganesh N. Nayak	4	4

The Chairman, Managing Director, Chief Financial Officer, Statutory Auditors, Internal Auditors and Cost Auditors are invited to the meetings of the Audit Committee. The Company Secretary acts as a secretary to the Committee.



## Corporate Governance Report

The Chairman of the Audit Committee attended the last Annual General Meeting of the Company held on 27<sup>th</sup> July, 2012 to respond to the queries of the shareholders.

The Audit Committee discharges such functions and duties which are generally specified under clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956.

The management of the Company is responsible for the Company's internal controls and the financial reporting process, while the statutory auditors are responsible for performing independent audit of the Company's financial statements in accordance with the generally accepted auditing practices and for issuing reports based on such audits. The Audit Committee supervises these processes and thus ensures proper and timely disclosures to maintain the transparency, integrity and quality of financial control and reporting.

The Company continued to benefit from the deliberations in the Audit Committee Meetings, as members of the Audit Committee are experienced in the areas of finance, accounts, taxation, corporate laws, marketing, HR and industry.

### B] Share Transfer Committee:

The Share Transfer Committee is empowered to perform all the functions of the Board in relation to approval and monitoring transfer, transmission, dematerialisation, rematerialisation and issue of duplicate share certificates, splitting and consolidation of shares issued by the Company.

The Share Transfer Committee comprises of the following members:

Mr. Mukesh M. Patel – Chairman

Mr. Ganesh N. Nayak – Member

Mr. Elkana N. Ezekiel – Member

The Committee meets on a need basis to ensure the regular process of transfer / transmission and dematerialisation / rematerialisation of shares and issuance of duplicate share certificates.

### C] Shareholders'/Investors' Grievance Committee:

The Shareholders'/Investors' Grievance Committee is empowered to perform all functions of the Board in relation to handling shareholders'/investors' grievances. The Committee primarily focuses on redressal of shareholders'/investors' complaints received by the Company and their resolution. The Committee also oversees the performance of the Registrar and Share Transfer Agent as well as recommends suggestions to improve services to the investors.

#### Meetings and Attendance during the year:

During the year, four meetings were held on 9<sup>th</sup> May, 2012, 27<sup>th</sup> July, 2012, 6<sup>th</sup> November, 2012 and 7<sup>th</sup> February, 2013. The details of attendance of committee members at the meetings are provided in the following table.

Sr. No.	Name of the Member	No. of Meetings	
		Held	Attended
1	Mr. Ganesh N. Nayak-Chairman	4	4
2	Mr. H. Dhanrajgir	4	4
3	Mr. Mukesh M. Patel	4	4

The Committee ensures that the shareholders'/investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 41 investor grievances were received and all of them have been resolved. There were no investor grievances remaining unattended and pending as on 31<sup>st</sup> March, 2013.

## Corporate Governance Report

The Company Secretary acts as the secretary of the Committee, who is designated as a Compliance Officer pursuant to clause 47[a] of the Listing Agreement with the Stock Exchanges.

26,934 Equity Shares remained in the in-transit account with the Depositories as at 31<sup>st</sup> March, 2013.

Investors may send their query to the Company Secretary at the following address.

**Mr. Dhaval N. Soni**

Company Secretary  
Zydus Wellness Limited

**Registered Office:**

“Zydus Tower”, Satellite Cross Roads, Sarkhej–Gandhinagar Highway, Ahmedabad–380 015.

**dhavalsoni@zyduscadila.com**

### D] Remuneration Committee:

The Board of Directors at its meeting held on 7<sup>th</sup> February, 2013 formed Remuneration Committee as provided under clause 49 of the Listing Agreement. The Remuneration Committee comprises of 4 Non-Executive Directors namely, [1] Mr. H. Dhanrajgir, [2] Mr. Mukesh M. Patel, [3] Mr. Pankaj R. Patel and [4] Dr. Sharvil P. Patel. Mr. H. Dhanrajgir is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

The Remuneration Committee shall evaluate the performance, determine and propose remuneration for the Executive Directors and any compensation payment within the limits approved by the shareholders and as permissible under the Companies Act, 1956.

### E] Committee of Directors:

The Committee of Directors comprises of four Directors namely, [1] Mr. Pankaj R. Patel–Chairman, [2] Dr. Sharvil P. Patel, [3] Mr. Mukesh M. Patel and [4] Mr. Elkana N. Ezekiel. The Committee looks after the businesses, which are administrative in nature within Board approved directions and framework. One meeting of the Committee was held during the year. The Company Secretary acts as the Secretary to the Committee.

## 4. CEO/CFO Certification:

The requisite certification from the Managing Director and Chief Financial Officer required to be given under clause 49[v] of the Listing Agreement was placed before the Board of Directors of the Company.

## 5. General Body Meetings:

Details of last three Annual General Meetings held are mentioned below:

Financial Year	Date & Time	Venue
2011–2012	27 <sup>th</sup> July, 2012 10.00 a.m.	H. T. Parekh Hall, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.
2010–2011	30 <sup>th</sup> June, 2011 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.
2009–2010	16 <sup>th</sup> July, 2010 10:00 a.m.	H. T. Parekh Hall, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.

**6. Disclosures:**
**a] Related Party Transactions:**

The Company has not entered into any transaction of material nature with related parties i.e. Directors or their relatives, which may conflict with the interest of the Company at large. The Register of Contracts containing transactions in which Directors are interested pursuant to the provisions of the Companies Act, 1956 was placed before the Board regularly for its approval. The details of related party transactions are disclosed in the financial section of this Annual Report.

**b] Remuneration of Directors:**

The Board of Directors decides the remuneration of Mr. Elkana N. Ezekiel, Managing Director within the limit fixed by shareholders as per the resolution passed at the Annual General Meeting held on 27<sup>th</sup> July, 2012. The remuneration paid to Mr. Ezekiel for the year ended on 31<sup>st</sup> March, 2013 was as under:

Name	INR-lacs				Service Tenure	Notice Period [months]
	Salary & Allowance	Commission	Perquisites	Retiral Benefits		
Mr. Elkana N. Ezekiel	168.58	-	0.29	10.84	5 years from 14 <sup>th</sup> February, 2012	3

Mr. Ezekiel was appointed as Managing Director of the Company for a period of five years from 14<sup>th</sup> February, 2012, on remuneration within the maximum permissible limits under section 198 and 309, read with Schedule XIII of the Companies Act, 1956. As per the terms of the agreement executed between Mr. Ezekiel and the Company, the Managing Director can resign from his office by giving three calendar months' notice in writing to the Company and the Board may appoint any other person[s] to be Managing Director[s] at any time. If the office of the Managing Director is determined before the expiry of his term of office, the Managing Director shall not be entitled to any compensation for loss of office except the notice period payment.

Non-Executive Directors were paid sitting fees of Rs. 20,000/- per Board and Audit Committee Meeting attended by them. Non-Executive Directors except Mr. Pankaj R. Patel, Dr. Sharvil P. Patel & Mr. Ganesh N. Nayak were also paid commission within the limits approved by the shareholders, which did not exceed one per cent per annum of net profits of the Company, subject to maximum of Rs. 10 mio. in aggregate. The commission to these Directors was paid based on the performance of the Company and on the recommendation by the Remuneration Committee. The Directors are also reimbursed the traveling and out-of-pocket expenses for attending meetings. The details of commission / sitting fees paid to the Non-Executive Directors for the year 2012-13 are given below:

[INR-lacs]

Name of the Non-Executive Director	Commission	Sitting fees		Total Amount
		Board Meetings	Audit Committee Meetings	
Mr. Pankaj R. Patel	-	0.80	-	0.80
Mr. Mukesh M. Patel	3.00	0.80	0.80	4.60
Mr. H. Dhanrajgir	3.00	0.80	0.80	4.60
Dr. B. M. Hegde	3.00	0.60	0.60	4.20
Prof. Indiraben J. Parikh	3.00	0.60	0.60	4.20
Mr. Ganesh N. Nayak	-	0.80	0.80	1.60
Dr. Sharvil P. Patel	-	0.80	-	0.80

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

**c] Directors liable to retire by rotation:**

Prof. Indiraben J. Parikh, Mr. Mukesh M. Patel and Dr. Sharvil P. Patel are liable to retire by rotation at the ensuing Annual General Meeting scheduled to be held on 7<sup>th</sup> August, 2013 and being eligible have offered themselves for re-appointment. The information as required under clause 49 of the Listing Agreement for the Directors seeking re-appointment at the ensuing Annual General Meeting is annexed to the notice of Annual General Meeting.

**d]** There were no cases of non-compliance by the Company. During last three years, no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets.

**e]** No treatment different from the Accounting Standards, prescribed by the Institute of Chartered Accountants of India, has been given in the preparation of financial statements.

**f]** The Company has complied with all mandatory requirements of clause 49 of the Listing Agreement.

**7. Code of Conduct:**

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management Personnel and the same has been posted on the Company's website [[www.zyduswellness.in](http://www.zyduswellness.in)]. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review.

**8. Prohibition of Insider Trading:**

In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct for Insider Trading, which is applicable to all Directors and Officers of the Company, who are expected to have access to unpublished price sensitive information relating to the Company. The Code lays

## Corporate Governance Report

down guidelines which advise them on procedure to be followed and disclosures to be made, while dealing with the shares of the Company.

### Shares held by the Directors as at 31st March, 2013:

Name of the Director	No. of shares held	Details of shares bought/ [sold] during 2012 - 13
Mr. Pankaj R. Patel *	2,665	Nil
Mr. Mukesh M. Patel	426	213
Mr. H. Dhanrajgir	0	Nil
Dr. B. M. Hegde	100	Nil
Prof. Indiraben J. Parikh	0	Nil
Mr. Ganesh N. Nayak	5,213	Nil
Dr. Sharvil P. Patel	533	Nil
Mr. Elkana N. Ezekiel	79	Nil

\* Also holds 1,74,495 equity shares as a Trustee of Zydus Family Trust.

## 9. Means of communication:

The quarterly, half-yearly and annual results of the Company's performance are published in widely circulated national and local dailies namely "Business Standard" and "Jansatta", in English and Gujarati respectively. The same were sent to the Stock Exchanges and also posted on the Company's website.

The Company has 37,046 shareholders as on 31<sup>st</sup> March, 2013. The company mainly communicates with its shareholders through Annual Report, which includes the Directors' Report, Management Discussion and Analysis Report, Report on Corporate Governance and Audited Financial results.

### Management Discussion and Analysis Report

The Management Discussion and Analysis Report [MDA] forms part of the Annual Report.

## 10. General Shareholders' Information:

### a] Annual General Meeting [AGM]:

Date and time of 19 <sup>th</sup> AGM	: 7 <sup>th</sup> August, 2013 at 10:00 a.m.
Venue	: J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.
Financial Year	: 1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> March, 2013
Date of Book Closure	: 24 <sup>th</sup> July, 2013 to 31 <sup>st</sup> July, 2013 [both days inclusive]
Registered Office	: "Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015.

## Corporate Governance Report

Compliance Officer : Mr. Dhaval N. Soni, Company Secretary

Website : www.zyduswellness.in

### Postal Ballot

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

### b] Financial Calendar:

Key financial reporting dates for the financial year 2013–2014 [tentative]

First quarter Results : Before 14<sup>th</sup> August, 2013

Half yearly Results : Before 14<sup>th</sup> November, 2013

Third quarter Results : Before 14<sup>th</sup> February, 2014

Audited results for the year 2013–14 : Before 30<sup>th</sup> May, 2014

### c] Listing on Stock Exchanges:

The Equity Shares of the Company are listed on the following Stock Exchanges:

#### Name and Address of the Stock Exchanges:

##### Bombay Stock Exchange Limited

1st Floor, New Trading Building Ring, Rotunda Building, P. J. Towers, Dalal Street, Fort, Mumbai–400 001.

##### National Stock Exchange of India Limited

Exchange Plaza, Bandra–Kurla Complex, Bandra [E], Mumbai–400 051.

#### Listing Fees:

The Company has paid annual listing fees for the financial year 2013–14 to both the Stock Exchanges.

#### Stock Code:

Name of the Stock Exchange	Stock Code No.	Closing Price as on 31 <sup>st</sup> March, 2013 [Rs.]
Bombay Stock Exchange Limited	531335	434.30
National Stock Exchange of India Limited	ZYDUSWELL	428.40

#### ISIN Code:

The ISIN Number of the Company on both the depositories, NSDL and CDSL is INE768C01010.

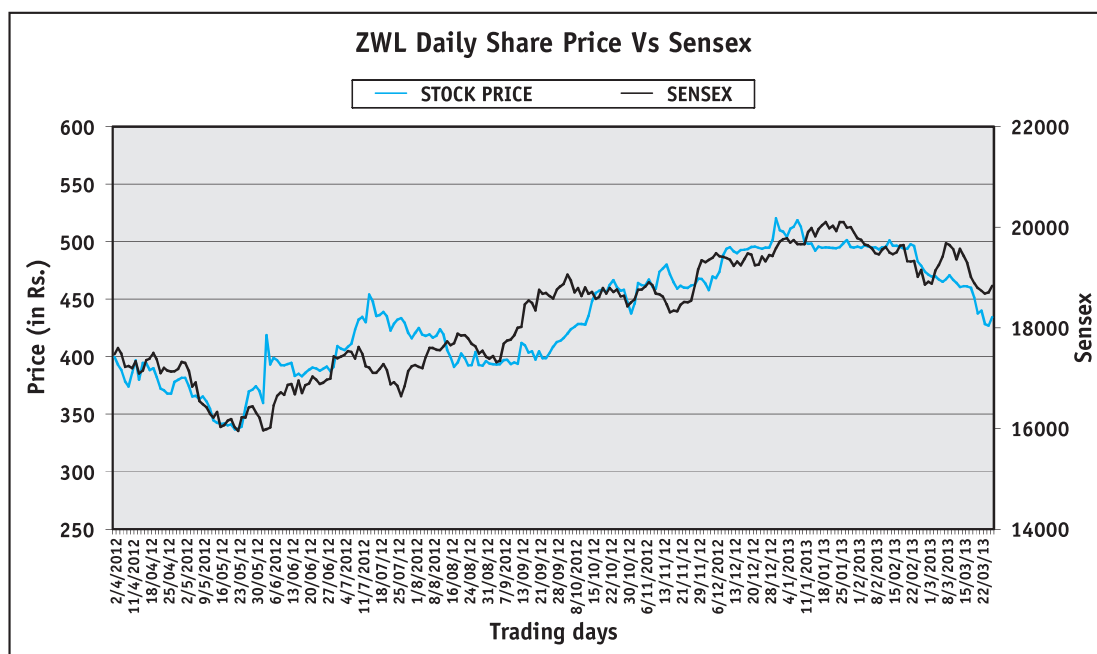
## Corporate Governance Report

d] Market Price Data: High, Low during each month in last financial year and its comparison to broad-base index BSE Sensex:

Month	BSE Sensex	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
		High [Rs.]	Low [Rs.]	Av. Volume [in. Nos.]	High [Rs.]	Low [Rs.]	Av. Volume [in. Nos.]
April, 12	17318.81	408.20	350.00	18614.85	408.70	353.95	57844.95
May, 12	16218.53	394.70	320.00	11458.55	393.00	299.00	27260.18
June, 12	17429.98	429.00	355.00	39925.29	428.00	356.00	55574.71
July, 12	17236.18	469.00	392.05	26931.05	468.75	392.00	65580.59
Aug., 12	17429.56	438.25	385.00	20290.57	439.00	336.00	45696.10
Sept., 12	18762.74	423.80	391.25	11787.95	424.50	391.00	42969.26
Oct., 12	18505.38	475.00	409.65	10823.52	513.65	410.00	29033.71
Nov., 12	19339.90	484.50	441.70	5948.60	485.00	441.00	18001.80
Dec., 12	19426.71	506.95	456.00	7899.45	548.60	457.00	32845.30
Jan., 13	19894.98	532.90	474.95	6018.30	534.30	485.40	18201.09
Feb., 13	18861.54	509.75	470.25	4861.85	588.75	468.30	14513.45
March, 13	18835.77	490.00	415.15	4197.42	488.00	417.00	14299.21

Source: Official website of Bombay Stock Exchange Limited–viz.[www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited–viz. [www.nseindia.com](http://www.nseindia.com)

The following chart gives the indication of performance of the Company's script viz-a-viz BSE sensex.



**e] Registrar and Transfer Agent:**

For lodgement of transfer deeds and other documents or for any grievances / complaints, investors may contact the Company's Registrar and Transfer Agent at the following address:

**Link Intime India Private Limited**

Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, B/h. Shoppers Plaza - II, Off C. G. Road, Ahmedabad-380 009.

E-mail: ahmedabad@linkintime.co.in Phone: 079-2646 5179 Fax: 079-2646 5179

**f] Share Transfer System:**

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

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

As per the requirements of clause 47[c] of the Listing Agreement with the Stock Exchanges, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of shares transfer formalities.

**g] Reconciliation of Share Capital Audit:**

The Reconciliation of Share Capital Audit was carried out by Practicing Company Secretary for each of the quarters in the financial year 2012-13, to reconcile the total admitted capital with National Securities Depository Limited [NSDL] and Central Depository Services [India] Limited [CDSL] and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with depositories.

**h] Dematerialisation of Shares and Liquidity:**

With effect from 26<sup>th</sup> June, 2000, trading in Equity Shares of the Company at the Stock Exchange is permitted only in dematerialised form. The Company's shares are available for trading in the depository systems with National Securities Depository Limited [NSDL] and the Central Depository Services [India] Limited [CDSL].

As on 31<sup>st</sup> March, 2013, 98.98 % of the Share Capital of the Company is held by the members in electronic form.

**i] Distribution of Shareholding as on 31st March, 2013:**

No. of Equity Shares	Shareholders		Shares	
	Numbers	% of Total	Numbers	% of Total
1 to 500	36193	97.6975	1916368	4.9047
501 to 1000	441	1.1904	333076	0.8525
1001 to 2000	178	0.4805	265393	0.6792
2001 to 3000	81	0.2186	202802	0.5191
3001 to 4000	36	0.0972	126908	0.3248
4001 to 5000	25	0.0675	115653	0.2960
5001 to 10000	31	0.0837	217248	0.5560
10001 & above	61	0.1646	35894641	91.8677
<b>TOTAL</b>	<b>37046</b>	<b>100.00</b>	<b>39072089</b>	<b>100.00</b>



## Corporate Governance Report

### j] Shareholding Pattern as on 31<sup>st</sup> March, 2013:

Category	No. of Shares held			% of shareholding
	Physical	Electronic	Total	
Promoter's holding	0	28343687	28343687	72.5420
Mutual Funds and UTI	559	2564486	2565045	6.5649
Banks, FIs and Insurance Companies	0	2029282	2029282	5.1937
Foreign Institutional Investors	46	1584778	1584824	4.0562
NRIs / OCBs	81978	133493	215471	0.5515
Other Corporate Bodies	4954	1114196	1119150	2.8643
Indian Public	309842	2886562	3196404	8.1808
Others (Govt. & other trusts)	0	18226	18226	0.0466
<b>TOTAL</b>	<b>397379</b>	<b>38674710</b>	<b>39072089</b>	<b>100.00</b>

### k] Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

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

### l] Plant Location:

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

### m] Address for correspondence:

Shareholders should send all communication to the Company's Registrar and Transfer Agent at the address mentioned in this report.

Shareholders may also contact Mr. Dhaval N. Soni, Company Secretary at the Registered Office address for any assistance.

e-mail id: [dhavalsoni@zyduscadila.com](mailto:dhavalsoni@zyduscadila.com)

Investors can also send their complaints at [investor.grievance@zyduswellness.in](mailto:investor.grievance@zyduswellness.in), a special e-mail ID created pursuant to clause 47[f] of the Listing Agreement.

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

## Corporate Governance Report

### 11. Certificate on Corporate Governance:

As stipulated in clause 49 of the Listing Agreement, the certificate from a Practicing Company Secretary regarding compliance of conditions of corporate governance is annexed herewith. The said certificate shall be sent to the concerned Stock Exchanges along with the annual reports filed by the Company.

#### DECLARATION

I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the provisions of the code of conduct for the year ended on 31<sup>st</sup> March, 2013.

Place : Ahmedabad.  
Date : 13<sup>th</sup> May, 2013.

**Elkana N. Ezekiel**  
*Managing Director*

**Corporate Governance Compliance Certificate**

**To  
The Members of  
Zydus Wellness Limited**

We have examined the compliance of the conditions of Corporate Governance by Zydus Wellness Limited, for the year ended on 31<sup>st</sup> March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with the concerned Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that in respect of the investor grievances received during the year ended on 31<sup>st</sup> March, 2013, no such investor grievances remained unattended / pending for more than 30 days.

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

For, **HITESH BUCH & ASSOCIATES,**  
COMPANY SECRETARIES

**Hitesh Buch**  
Proprietor  
CP No. 8195

Place : Ahmedabad.  
Date : 13<sup>th</sup> May, 2013.

## Independent Auditor's Report

To the Members of  
Zydus Wellness Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Zydus Wellness Limited ("the company"), which comprise the Balance Sheet as at March 31, 2013, Statement of Profit and Loss and Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

**Independent Auditor's Report [Contd...]**

2. As required by section 227(3) of the Act, we report that:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Manubhai & Co.,  
Chartered Accountants  
Registration No. : 106041W

Place : Ahmedabad.  
Date : May 13, 2013.

Jignesh D. Shah  
Partner  
Membership No. : 100116

**Annexure to Auditors' Report**

The Annexure referred to in our report to the members of Zydus Wellness Limited ("the Company") for the year ended on March 31, 2013. We report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) As explained to us, during the year the fixed assets have been physically verified by the management as per phased programme of verification during the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification as compared to the records maintained by the Company.  
(c) In our opinion, the Company has not disposed off any substantial part of fixed assets during the year so as to affect going concern status.
2. (a) As explained to us, inventory has been physically verified by the management at regular intervals during the year.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The company has maintained proper record of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly reporting requirement as per clauses (iii) (a) to (iii) (d) of paragraph 4 of Order is not applicable to the Company for the current year.  
(b) The Company has not taken any loans or advances in the nature of loans, secured or unsecured, from parties covered in the register maintained under section 301 of the Act. Accordingly, reporting requirements as per clauses (iii) (e) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) Based on the audit procedures applied by us and according to the information and explanations, the transactions that need to be entered into register in pursuance of Section 301 of the Act have been so entered.  
(b) None of the transactions made in pursuance of such contracts or arrangements exceed the value of Rupees Five lacs in respect of any one such party in financial year.
6. According to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the provisions of sections 58A and 58AA of the Act and the Rules framed there under.
7. The Company has an internal audit system, which in our opinion is commensurate with its size and the nature of its business.
8. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Act. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.

## Annexure to Auditors' Report [Contd...]

9. (a) In our opinion and according to the information and explanation given to us, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Investor Education and Protection Fund, Custom duty, Excise duty, Service tax, Employees' State Insurance, Sales Tax, Professional tax and other statutory dues as may be applicable to the company.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at March 31, 2013 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, the particulars of dues of Income Tax and Sales Tax as at March 31, 2013, which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount involved [Rs. In Lacs]	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	3.91	2009-10	Commissioner of Income Tax (Appeals)
Andhra Pradesh Sales Tax Act	Sales Tax	4.46	2003-04 and 2004-05	High Court, Andhra Pradesh
		58.44	2006-07 to 2009-10	High Court, Andhra Pradesh
		30.40	2010-11 to 2012-13	Appellate Deputy Commissioner (Commercial Tax)
KVAT Act, 2003	Sales Tax	12.31	2009-10	Appellate Deputy Commissioner (Commercial Tax)

10. The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. The Company has not made any borrowings from any financial institution/banks/ issued debentures. Hence, reporting requirement relating to default in repayment of dues is not applicable as per clause 4(xi) of the Order.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society as per the Chit Fund Act, 1982 and other state legislations. Therefore reporting requirements as per clause 4(xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore, reporting requirement as per clause 4(xiv) of the Order is not applicable.
15. According to the information and explanation given to us, the Company has not given any guarantees or provided any security in respect of borrowings taken by others from banks and financial institution.

**Annexure to Auditors' Report [Contd...]**

16. The company did not have any term loans outstanding from bank or financial institution during the current year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, funds raised on short-term basis have, prima facie, not been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has not issued any debentures during the year. Therefore reporting requirement as per paragraph 4(xix) of the Order is not applicable.
20. The company has not raised any money by public issues during the year.
21. To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For Manubhai & Co.,  
Chartered Accountants  
Registration No. : 106041W

Place : Ahmedabad.  
Date : May 13, 2013.

Jignesh D. Shah  
Partner  
Membership No. : 100116



# **Standalone Financial Statements**

## Balance Sheet as at March 31, 2013

Particulars	Note No.	INR - Lacs	
		As at March 31	
		2013	2012
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	3,907	3,907
Reserves and Surplus	2	21,747	14,779
		<b>25,654</b>	18,686
<b>Non-Current Liabilities:</b>			
Deferred Tax Liabilities [Net]	3	219	185
Other Long Term Liabilities	4	37	60
Long Term Provisions	5	2	1
		<b>258</b>	246
<b>Current Liabilities:</b>			
Trade Payables	6	1,522	2,447
Other Current Liabilities	7	348	392
Short Term Provisions	8	2,772	2,295
		<b>4,642</b>	5,134
<b>Total</b>		<b>30,554</b>	24,066
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Fixed Assets:			
Tangible Assets	9	2,851	2,988
Intangible Assets	9	2,287	2,289
		<b>5,138</b>	5,277
Non Current Investments	10	245	245
Long Term Loans and Advances	11	339	349
		<b>5,722</b>	5,871
<b>Current Assets:</b>			
Current Investments	12	9,328	4,526
Inventories	13	674	604
Trade Receivables	14	46	36
Cash and Bank Balances	15	14,615	12,717
Short Term Loans and Advances	16	156	285
Other Current Assets	17	13	27
		<b>24,832</b>	18,195
<b>Total</b>		<b>30,554</b>	24,066
<b>Significant Accounting Policies</b>	II		
<b>Notes to the Financial Statements</b>	1 to 35		
As per our report of even date For Manubhai & Co., Chartered Accountants Firm Registration Number: 106041W Jignesh D. Shah Partner Membership Number: 100116 Place : Ahmedabad. Date : May 13, 2013.		For and on behalf of the Board Pankaj R. Patel Chairman  Amit B. Jain      Dhaval N. Soni      Elkana N. Ezekiel Chief Financial Officer      Company Secretary      Managing Director	

## Statement of Profit & Loss for the Year ended March 31, 2013

Particulars	Note No.	INR - Lacs	
		Year Ended March 31	
		2013	2012
<b>REVENUE:</b>			
Revenue from Operations:			
Sale of Products [Gross]		12,085	20,954
Less : Excise Duty		215	118
Sale of Products [Net]		11,870	20,836
Other Operating Revenues	20	9,431	4,523
Net Revenue from Operations		21,301	25,359
Other Income	21	1,389	881
Total Revenue		22,690	26,240
<b>EXPENSES:</b>			
Cost of Materials Consumed	22	5,729	5,749
Purchases of Stock-in-Trade	23	727	2,366
Changes in Inventories of Finished goods, Works-in-progress and Stock-in-Trade	24	(7)	1,165
Employee Benefits Expense	25	1,196	1,007
Depreciation, Impairment and Amortisation Expenses	9	237	230
Other Expenses	26	4,875	7,862
Total Expenses		12,757	18,379
<b>Profit before Tax</b>		9,933	7,861
Less : Tax Expense:			
Current Tax		174	1,019
Deferred Tax	3	34	74
Prior year's tax adjustments		14	0
		222	1,093
<b>Profit for the year</b>		9,711	6,768
<b>Basic &amp; Diluted Earning per Equity Share [EPS] [in Rupees]</b>	27	24.85	17.32
<b>Significant Accounting Policies</b>	II		
<b>Notes to the Financial Statements</b>	1 to 35		
As per our report of even date For Manubhai & Co., Chartered Accountants Firm Registration Number: 106041W Jignesh D. Shah Partner Membership Number: 100116 Place : Ahmedabad. Date : May 13, 2013.		For and on behalf of the Board Pankaj R. Patel Chairman Amit B. Jain Chief Financial Officer Dhaval N. Soni Company Secretary Elkana N. Ezekiel Managing Director	

## Cash Flow Statement for the Year ended March 31, 2013

Particulars	INR - Lacs	
	Year ended March 31	
	2013	2012
<b>A Cash flows from operating activities:</b>		
Net profit before taxation and extraordinary items	9,933	7,861
Adjustments for:		
Depreciation & Amortisation	237	230
Loss on sale of assets [Net]	2	8
Profit on sale of investments [Net]	(26)	(11)
Interest income	(1,363)	(865)
Interest expenses	5	11
Bad debts written off	0	6
Provisions for employee benefits	5	(40)
Provisions for probable product expiry claims and return of goods	0	(33)
Total	(1,140)	(694)
Operating profit before working capital changes	8,793	7,167
Adjustments for:		
Increase in trade receivables	(32)	(13)
[Increase]/Decrease in inventories	(69)	1,145
Decrease/[Increase] in short term advances	99	(2)
Decrease/[Increase] in long term advances	24	(98)
Decrease in other current assets	15	76
Decrease in trade payables	(893)	(924)
Decrease in other current liabilities	(35)	(309)
[Decrease]/Increase in other long term liabilities	(22)	19
Total	(913)	(106)
Cash generated from operations	7,880	7,061
Direct taxes paid [Net of refunds]	(212)	(1,185)
Net cash from operating activities	7,668	5,876

## Cash Flow Statement for the Year ended March 31, 2013 [Contd...]

Particulars	INR - Lacs	
	Year ended March 31	
	2013	2012
<b><u>B Cash flows from investing activities:</u></b>		
Purchase of fixed assets	(105)	(189)
Proceeds from sale of fixed assets	19	2
Purchase of Current investments	(8,003)	(2,201)
Proceeds from sale of Current Investments	3,226	1,411
Interest received	1,362	864
Net cash from investing activities	(3,501)	(113)
<b><u>C Cash flows from financing activities:</u></b>		
Interest paid	(5)	(11)
Dividends paid	(1,947)	(1,558)
Tax on dividends paid	(317)	(253)
Net cash used in financing activities	(2,269)	(1,822)
<b>Net increase in cash and cash equivalents</b>	<b>1,898</b>	<b>3,941</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>12,717</b>	<b>8,776</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>14,615</b>	<b>12,717</b>

### Notes to the cash flow statement

- 1 All figures in brackets are outflows.
- 2 Previous year's figures have been regrouped wherever necessary.
- 3 Cash and cash equivalent at the end [beginning] of the year includes Rs. 2 [Rs. 2] Lacs not available for immediate use.

As per our report of even date  
For Manubhai & Co.,  
Chartered Accountants  
Firm Registration Number: 106041W

Jignesh D. Shah  
Partner  
Membership Number: 100116  
Place : Ahmedabad.  
Date : May 13, 2013.

For and on behalf of the Board  
Pankaj R. Patel  
Chairman

Amit B. Jain                      Dhaval N. Soni                      Elkana N. Ezekiel  
Chief Financial Officer      Company Secretary      Managing Director

## I. Company Overview:

Zydus Wellness Limited [“the Company”] was incorporated on November 1, 1994 and operates as an integrated consumer company with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Company includes brands like Sugar free, Everyuth, Nutralite and Actilife. The Company's shares are listed on the National Stock Exchange of India Limited [NSE] and Bombay Stock Exchange Limited [BSE]. The Registered Office of the company is situated at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380015.

## II. Significant Accounting Policies:

### 1 Basis of Accounting:

The financial statements are prepared under the historical cost convention on the “Accrual Concept” of accounting in accordance with the accounting principles generally accepted in India and they comply with the Accounting Standards prescribed in the Companies [Accounting Standards] Rules, 2006 issued by the Central Government and other pronouncement issued by Institute of Chartered Accountants of India, to the extent applicable, and with the applicable provisions of the Companies Act, 1956.

### 2 Use of Estimates:

The preparation of Financial Statements in conformity with the Accounting Standards generally accepted in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses for the year while actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### 3 Fixed Assets, Depreciation and Amortisation:

- A** Fixed Assets are stated at historical cost of acquisition/construction less accumulated depreciation and impairment loss. 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 put to use.
- B** Depreciation is provided on “straight line method” as per Section 205 (2) (b) of the Companies Act, 1956 at the rates prescribed in Schedule XIV thereto.
- C** Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life.
- D** 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 put to use.
- E** Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated economic life of ten years.
- F** Leasehold land is amortized over the period of the lease.
- G** Goodwill arising on acquisition of business is assessed at each balance sheet date for any impairment loss.
- H** Where the actual cost of purchase of an asset is below Rs. 10,000/-, the depreciation is provided @ 100 %.

**4 Impairment of Assets:**

The Company, at each balance sheet date, assesses whether there is any indication of impairment of any asset and/ or cash generating unit. If such indication exists, assets are impaired by comparing carrying amount of each asset and/ or cash generating unit to the recoverable amount, being higher of the net selling price or value in use. Value in use is determined from the present value of the estimated future cash flows from the continuing use of the assets.

**5 Expenditure during the Construction Period:**

The expenditure incidental to the expansion/ new projects are allocated to Fixed Assets in the year of commencement of the commercial production.

**6 Investments:**

- A** Long term and strategic investments are stated at cost, less any diminution in the value other than temporary.
- B** Current investments are stated at lower of cost and fair value determined on individual investment basis.

**7 Inventories:**

- A** Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.
- B** Cost [Net of Input tax credit availed] of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods & Stock-in-Trade is determined on Moving Average Method.
- C** Cost of Finished Goods and Works-in-Progress is determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads.

**8 Revenue Recognition:**

- A** Revenue from Sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed on to the buyer.
- B** Interest income is recognised on time proportionate method.
- C** Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

**9 Foreign Currency Transactions:**

- A** The transactions in foreign currencies are stated at the rates of exchange prevailing on the dates of transactions.
- B** The net gain or loss on account of exchange differences either on settlement or on translation is recognised in the statement of Profit and Loss.

**10 Employee Benefits:**
**A Defined Contribution Plans:**

The Company contributes on a defined contribution basis to Employee's Provident Fund & Pension Fund towards post employment benefits, all of which are administered by the respective Government Authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

**B Defined Benefit Plans:**

The gratuity scheme is administered through the Life Insurance Corporation of India [LIC]. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the statement of Profit and Loss.

**C Leave Liability:**

The leave encashment scheme is administered through Life Insurance Corporation of India's Employees' Group Leave Encashment cum Life Assurance [Cash Accumulation] scheme. The employees of the company are entitled to leave as per the leave policy of the company. The liability on account of accumulated leave as on last day of the accounting period 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.

**D Employee Separation Costs:**

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

**11 Taxes on Income:**

- A** Tax expense comprise of current and deferred tax.
- B** Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961.
- C** Deferred tax reflects the impact of current year timing differences between accounting and taxable income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reviewed at each balance sheet date.

**12 Provision for Product Expiry Claims:**

Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates.

**13 Excise Duty:**

Excise Duty is accounted gross of Cenvat benefit availed on inputs, fixed assets and eligible services.

**14 Leases:**

Leases are classified as operating leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets. Operating lease payments are recognised as expenses in the Statement of Profit and Loss as and when paid.

**15 Provisions, Contingent Liabilities and Contingent Assets:**

Provision is recognised when the company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/disclosure is made. Contingent assets are not recognised in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.



**Notes to the Financial Statements**

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 1 - Share Capital:</b>		
<b>Authorised:</b>		
4,50,00,000 [as at March 31, 2012 : 4,50,00,000] Equity Shares of Rs.10/- each	4,500	4,500
	4,500	4,500
<b>Issued, Subscribed and Paid-up:</b>		
3,90,72,089 [as at March 31, 2012 : 3,90,72,089] Equity Shares of Rs.10/- each fully paid up	3,907	3,907
	3,907	3,907
A There is no change in the number of shares as at the beginning and the end of the year. Number of shares at the beginning and at the end of the year.	3,90,72,089	3,90,72,089
B The Company has only one class of shares i.e. equity shares. All equity shares carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholders holding more than 5% of equity shares of Rs. 10/- each, fully paid-up: Cadila Healthcare Limited Number of Shares % to total share holding	2,74,43,274 70.24%	2,74,43,274 70.24%
D Number of Shares held by holding company and its subsidiary company:		
a Cadila Healthcare Limited [Holding company]	2,74,43,274	2,74,43,274
b Zydus Animal Health Limited [Fellow subsidiary]	7,20,481	7,20,481
E The Company has issued 3,34,96,989 equity shares of Rs. 10/- each fully paid-up in the ratio of 04:15 pursuant to the Composite Scheme of Arrangement between the Company and Cadila Healthcare Limited, Zydus Hospitals and Medical Research Private Limited, their respective shareholders and creditors approved by Hon'ble High Court of Gujarat at Ahmedabad, vide order dated October 23, 2008 in the year 2008-09.		

## Notes to the Financial Statements [Contd...]

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 2 - Reserves and Surplus:</b>		
<b>General Reserves: [*]</b>		
Balance as per last Balance Sheet	2,500	1,600
Add: Transfer from Surplus in Statement of Profit and Loss	1,000	900
	<b>3,500</b>	2,500
<b>Surplus in Statement of Profit and Loss:</b>		
Balance as per last Balance Sheet	12,279	8,682
Add: Profit for the year	9,711	6,768
	<b>21,990</b>	15,450
Less: Appropriations:		
Dividends:		
Interim Dividend	2,344	0
Proposed Final Dividend	0	1,954
Corporate Dividend Tax on Dividend	399	317
	<b>2,743</b>	2,271
Transfer to General Reserve	1,000	900
	<b>3,743</b>	3,171
Balance as at the end of the year	<b>18,247</b>	12,279
<b>Total</b>	<b>21,747</b>	14,779
[*] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 1956.		

## Notes to the Financial Statements [Contd...]

### Note: 3 - Deferred Tax:

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

	INR - Lacs				
	As at March 31, 2011	Charge for the previous year	As at March 31, 2012	Charge for the current year	As at March 31, 2013
Deferred Tax Liabilities:					
Depreciation	218	20	238	8	246
Deferred Tax Assets:					
Retirement benefits	25	(19)	6	(1)	5
Amalgamation Expenses	64	(25)	39	(25)	14
Provision for Expiry	18	(10)	8	0	8
Total	107	(54)	53	(26)	27
Net Deferred Tax Liabilities	111	74	185	34	219

- B The Net Deferred Tax Liabilities of Rs. 34 [Previous year : Rs. 74] Lacs for the year has been provided in the statement of Profit and Loss.

	INR - Lacs	
	As at March 31	
	2013	2012

### Note : 4 - Other Long Term Liabilities:

Trade Deposits	22	44
Others	15	16
<b>Total</b>	<b>37</b>	<b>60</b>

### Note : 5 - Long Term Provisions:

Provision for Employee benefits	2	1
<b>Total</b>	<b>2</b>	<b>1</b>

**Notes to the Financial Statements [Contd...]**
**Note : 5 - Long Term Provisions: [Contd...]**
**Disclosure pursuant to Accounting Standard - 15 [Revised] "Employee Benefits":**
**Defined benefit plan and long term employment benefit**
**A General description:**
**Leave wages [Long term employment benefit]:**

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

**Gratuity [Defined benefit plan]:**

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

		INR - Lacs					
		As at March 31, 2013			As at March 31, 2012		
		Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
<b>B</b>	<b>Change in the present value of the defined benefit obligation:</b>						
	Opening defined benefit obligation	1	62	44	2	81	97
	Interest cost	0	5	3	0	7	8
	Current service cost	0	19	16	0	9	12
	Benefits paid	0	(16)	(10)	0	(11)	(8)
	Actuarial [gains]/ losses on obligation	0	6	32	0	13	(15)
	Liability transfer	0	0	2	(1)	(37)	(50)
	Closing defined benefit obligation	1	76	87	1	62	44
<b>C</b>	<b>Change in the fair value of plan assets:</b>						
	Opening fair value of plan assets	0	83	122	0	48	91
	Expected return on plan assets	0	8	11	0	6	9
	Contributions by employer	0	0	0	0	28	30
	Benefits paid	0	0	(10)	0	0	(8)
	Actuarial gains	0	1	0	0	1	0
	Closing fair value of plan assets	0	91	123	0	83	122
	Total actuarial gains/ [losses] to be recognized	0	5	32	0	12	(15)

**Notes to the Financial Statements [Contd...]**
**Note : 5 - Long Term Provisions: [Contd...]**

	INR - Lacs					
	As at March 31, 2013			As at March 31, 2012		
	Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
<b>D Actual return on plan assets:</b>						
Expected return on plan assets	0	8	11	0	6	9
Actuarial gains on plan assets	0	1	0	0	1	0
Actual return on plan assets	0	9	11	0	7	9
<b>E Amount recognised in the balance sheet:</b>						
Liabilities at the end of the year	1	76	87	1	62	44
Fair value of plan assets at the end of the year	0	(91)	(123)	0	(83)	(122)
Difference	1	(15)	(36)	1	(21)	(78)
Unrecognised past service cost	0	0	0	0	0	0
[Assets]/ Liabilities recognised in the Balance Sheet	1	(15)	(36)	1	(21)	(78)
<b>F [Income]/ Expenses recognised in the Statement of Profit and Loss:</b>						
Current service cost	0	19	16	0	9	12
Interest cost on benefit obligation	0	5	3	0	7	8
Expected return on plan assets	0	(8)	(11)	0	(6)	(9)
Net actuarial [gains]/losses in the year	0	5	32	0	13	(15)
Net [benefits]/ expenses	0	21	40	0	23	(4)
<b>G Movement in net liabilities recognised in Balance Sheet:</b>						
Opening net liability	1	(22)	(78)	2	32	6
Expenses as above [P & L Charge]	1	21	40	0	23	(4)
Employer's contribution	0	0	0	0	(28)	(30)
Liability transfer	0	0	2	(1)	(37)	(50)
Benefits paid	0	(16)	0	0	(11)	0
[Assets]/ Liabilities recognised in the Balance Sheet	2	(17)	(36)	1	(21)	(78)

**Notes to the Financial Statements [Contd...]**

**Note : 5 - Long Term Provisions: [Contd...]**

		INR - Lacs					
		As at March 31, 2013			As at March 31, 2012		
		Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
<b>H</b>	<b>Principal actuarial assumptions as at Balance sheet date:</b>						
	Discount rate	8.20%	8.20%	8.20%	8.50%	8.50%	8.50%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms consistent with the currency and terms of the post employment benefit obligations]						
	Expected rate of return on plan Assets	0.00%	9.25%	9.25%	0.00%	9.25%	9.25%
	[The expected rate of return assumed by the Insurance company is generally based on their Investment pattern as stipulated by the Government of India]						
	Annual increase in salary cost	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
	[The estimates of future salary increases considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]						
<b>I</b>	<b>The categories of plan assets as a % of total plan assets are:</b>						
	Insurance Company	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%

## Notes to the Financial Statements [Contd...]

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 6 - Trade Payables:</b>		
Micro, Small and Medium Enterprises [*]	22	0
Others	1,500	2,447
<b>Total</b>	<b>1,522</b>	<b>2,447</b>
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at the year end.	22	0
B Interest due thereon.	0	0
C Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the year [Rs. 0.01 {as at March 31, 2012: Nil} Lacs]	0	0
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 period] but without adding the interest specified under the MSMED.	0	0
E Amount of interest accrued and remaining unpaid at the end of the accounting period.	0	0
F Amount of further interest remaining due and payable in succeeding years.	0	0
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.		
<b>Note : 7 - Other Current Liabilities:</b>		
Unpaid Dividend [*]	24	17
Advances from Debtors	70	91
Others Payables :		
Provision for Expenses	157	139
Payable to statutory Authorities	82	136
Others	15	9
	<b>254</b>	<b>284</b>
<b>Total</b>	<b>348</b>	<b>392</b>
[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		

## Notes to the Financial Statements [Contd...]

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 8 - Short Term Provisions:</b>		
Provision for Employee Benefits	6	1
Others:		
Interim Dividend [Refer Note No. 19]	2,344	0
Proposed Final Dividend	0	1,954
Corporate Dividend Tax on Dividend	399	317
Provision for claims for product expiry and return of goods [*]	23	23
	<b>2,766</b>	<b>2,294</b>
<b>Total</b>	<b>2,772</b>	<b>2,295</b>
[*] Provision for claims for product expiry and return of goods:		
A Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect any reimbursement of such claims in future.		
B The movement in such provision is stated as under:		
a Carrying amount at the beginning of the year	23	56
b Additional provision made during the year	23	23
c Amount used	23	56
d Carrying amount at the end of the year	23	23



## Notes to the Financial Statements [Contd...]

### Note: 9-Fixed Assets:

#### A Tangible Assets:

	INR - Lacs							Total
	Free hold Land	Lease hold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	
<b>Gross Block:</b>								
As at March 31, 2011	578	3	486	2,622	15	34	77	<b>3,815</b>
Additions	8		19	124		45	1	<b>197</b>
Disposals				(27)				<b>(27)</b>
Other adjustments				3			(3)	<b>0</b>
As at March 31, 2012	586	3	505	2,722	15	79	75	<b>3,985</b>
Additions			3	98	10	7	1	<b>119</b>
Disposals				(27)		(6)		<b>(33)</b>
Other adjustments								<b>0</b>
As at March 31, 2013	586	3	508	2,793	25	80	76	<b>4,071</b>
<b>Depreciation and Impairment:</b>								
As at March 31, 2011		3	86	630	7	4	57	<b>787</b>
Depreciation for the year			16	203	2	5	2	<b>228</b>
Impairment for the year								<b>0</b>
Disposals				(18)				<b>(18)</b>
Other adjustments								<b>0</b>
As at March 31, 2012		3	102	815	9	9	59	<b>997</b>
Depreciation for the year			17	208	1	8	1	<b>235</b>
Impairment for the year								<b>0</b>
Disposals				(11)		(1)		<b>(12)</b>
Other adjustments								<b>0</b>
As at March 31, 2013	0	3	119	1,012	10	16	60	<b>1,220</b>
<b>Net Block:</b>								
As at March 31, 2012	586	0	403	1,907	6	70	16	<b>2,988</b>
As at March 31, 2013	586	0	389	1,781	15	64	16	<b>2,851</b>

Notes to the Financial Statements [Contd...]

Note: 9-Fixed Assets: (Contd...)

**B Intangible Assets:**

	Goodwill	Trademarks	Technical Know-how	Commercial Rights	Total
<b>Gross Block:</b>					
As at March 31, 2011	2,282	5	2	10	2,299
Additions					0
Disposals					0
Other adjustments					0
As at March 31, 2012	2,282	5	2	10	2,299
Additions					0
Disposals					0
Other adjustments					0
As at March 31, 2013	2,282	5	2	10	2,299
<b>Amortisation and Impairment:</b>					
As at March 31, 2011		2	1	5	8
Charge for the year		1		1	2
Impairment for the year					0
Disposals					0
Other adjustments					0
As at March 31, 2012		3	1	6	10
Charge for the year		1		1	2
Impairment for the year					0
Disposals					0
Other adjustments					0
As at March 31, 2013	0	4	1	7	12
<b>Net Block:</b>					
As at March 31, 2012	2,282	2	1	4	2,289
As at March 31, 2013	2,282	1	1	3	2,287

## Notes to the Financial Statements [Contd...]

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 10 - Non-Current Investments:</b>		
Investment in the Fixed Capital of a Partnership Firm [*]	245	245
	245	245
[*] The Company is a partner in M/s Zydus Wellness- Sikkim, relevant details of which are as under:		
Fixed Capital	250	250
Current Capital	9,608	4,613
Total Capital of the Firm	9,858	4,863
Name of Partners and their Profit Sharing Ratio:		
Zydus Wellness Limited	98 %	98%
Zydus Wellness Staff Welfare Trust	2 %	2%
<b>Note : 11 - Long Term Loans and Advances:</b>		
[Unsecured, Considered Good]		
Capital Advances	1	9
Other deposits	53	31
Other Loans and Advances:		
Advance payment of Tax [Net of provision for tax of Rs.6,606 {as at March 31, 2012: Rs.7,751} Lacs]	227	204
Advances recoverable in cash or in kind or for value to be received	58	105
	285	309
<b>Total</b>	<b>339</b>	<b>349</b>

**Notes to the Financial Statements [Contd...]**

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 12-Current Investment:</b>		
Trade Investment:		
Investment in Current Capital of a Partnership Firm	9,328	4,526
<b>Total</b>	<b>9,328</b>	<b>4,526</b>
<b>Note : 13 - Inventories:</b>		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	70	50
Finished Goods	359	200
Stock-in-Trade [*]	172	310
Packing Materials	71	44
Stores & Spares	2	0
<b>Total</b>	<b>674</b>	<b>604</b>
[*] Includes Goods in Transit	28	71
<b>Note : 14 - Trade Receivables:</b>		
[Unsecured, Considered good]		
Outstanding for a period exceeding six months from the date they are due for payment [Rs. 0.06 {as at March 31, 2012: Nil} Lacs]	0	0
Others	46	36
<b>Total</b>	<b>46</b>	<b>36</b>

## Notes to the Financial Statements [Contd...]

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 15 - Cash and Bank Balances:</b>		
Balances with Banks	14,612	12,715
Cash on Hand	3	2
<b>Total</b>	<b>14,615</b>	<b>12,717</b>
Earmarked balances with banks:		
A Balances with Banks include balances in unclaimed dividend accounts.	24	17
B Balances with Banks include balances with the Scheduled/ Nationalised banks to the extent held as Margin money deposits against guarantees.	2	2
C Bank deposits with maturity of more than 12 months.	1	2
D Company keeps Fixed deposit with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/requirement of funds.		
<b>Note : 16 - Short Term Loans and Advances:</b>		
[Unsecured, Considered Good]		
Others:		
Balances with Statutory Authorities	30	4
Advances to Suppliers	46	77
Advances recoverable in cash or in kind or for value to be received	80	204
<b>Total</b>	<b>156</b>	<b>285</b>
<b>Note : 17 - Other Current Assets:</b>		
[Unsecured, Considered Good]		
Interest Receivable	3	2
Others	10	25
<b>Total</b>	<b>13</b>	<b>27</b>

**Notes to the Financial Statements [Contd...]**

		INR - Lacs	
		As at March 31	
		2013	2012
<b>Note : 18 - Contingent Liabilities and Commitment [to the extent not provided for]:</b>			
A	Contingent Liabilities:		
a	Claims against the Company not acknowledged as debts.	20	20
b	Other money for which the company is contingently liable:		
i	In respect of Sales Tax matters pending before appellate authorities.	119	55
ii	In respect of Income Tax matters pending before appellate authorities.	4	165
c	In respect of guarantees given by Banks and/or counter guarantees given by the Company.	2	2
B	Commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances].	13	31
<b>Note : 19 - Interim Dividend:</b>			
<p>The Board of Directors, at its meeting held on May 13, 2013, declared an interim dividend of Rs.6/- per equity share of Rs. 10/- each.</p>			

## Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Year ended March 31	
	2013	2012
<b>Note : 20 - Other Operating Revenues:</b>		
Share of Profit from the Partnership Firm	9,399	4,450
Net Gain on foreign currency transactions and translation	6	0
Miscellaneous Income	26	73
<b>Total</b>	<b>9,431</b>	<b>4,523</b>
<b>Note : 21 - Other Income:</b>		
Interest Income [Gross]	1,363	865
Profit on sale of Mutual Fund Investments	26	11
Other Non-operating Income	0	5
<b>Total</b>	<b>1,389</b>	<b>881</b>
<b>Note : 22 - Cost of Materials Consumed:</b>		
Raw Materials [*]:		
Stock at commencement	50	42
Add: Purchases	4,892	4,951
	4,942	4,993
Less: Stock at close	70	50
	4,872	4,943
Packing Materials consumed	857	806
<b>Total</b>	<b>5,729</b>	<b>5,749</b>
[*] Details of Consumption of major items of raw materials are as under:		
Refined Palm Oil	3,651	3,488
Palm Karnal Oil	626	769
Skimmed Milk Powder	167	212

## Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Year ended March 31	
	2013	2012
<b>Note : 23 - Purchases of Stock-in-Trade:</b>		
Purchases of Stock-in-Trade	727	2,366
<b>Total</b>	<b>727</b>	<b>2,366</b>
<b>Note : 24 - Changes in Inventories:</b>		
Stock at close:		
Finished Goods	359	200
Stock-in-Trade	172	310
	<b>531</b>	<b>510</b>
Less: Stock at commencement:		
Finished Goods	200	158
Stock-in-Trade	310	1,517
	<b>510</b>	<b>1,675</b>
	<b>(21)</b>	<b>1,165</b>
Differential Excise Duty on Opening and Closing stock of Finished Goods	14	0
<b>Total</b>	<b>(7)</b>	<b>1,165</b>
<b>Note : 25 - Employee Benefits Expense:</b>		
Salaries and wages	1,088	947
Contribution to provident and other funds	77	42
Staff welfare expenses	31	18
<b>Total</b>	<b>1,196</b>	<b>1,007</b>



**Notes to the Financial Statements [Contd...]**

	INR - Lacs	
	Year ended March 31	
	2013	2012
<b>Note : 26 - Other Expenses:</b>		
Consumption of Stores and spare parts	35	28
Power & fuel	126	116
Labour Charges	113	93
Rent [*]	149	136
Repairs to Buildings	5	8
Repairs to Plant and Machinery	27	7
Repairs to Others	32	54
Insurance	19	23
Rates and Taxes	11	17
Managing Directors' Remuneration	179	112
Commission to Directors	12	10
Traveling Expenses	121	84
Net Loss on foreign currency transactions and translation	0	9
Commission on sales	392	536
Freight and forwarding on sales	551	703
Advertisements & Sales Promotion	1,101	3,913
Representative Allowances	100	161
Other Marketing Expenses	1,360	1,402
Bad debts written off	0	6
Directors' fees	9	9
Net Loss on disposal of fixed assets [Net Profit of Rs. 2.26 {as at March 31, 2012: Nil} Lacs]	2	8
Donations [**]	175	5
Interest to Others	2	3
Bank commission & charges	3	8
Miscellaneous Expenses [***]	351	411
<b>Total</b>	<b>4,875</b>	<b>7,862</b>
[*] Rent Expenses: The Company has taken various residential/ office premises/ godowns under operating lease or leave and license agreement with no restrictions and are renewable/ cancellable at the option of either of the parties. There are no sub-leases. The lease payments are recognised under "Rent Expenses" is:	55	46
[**] Donations includes political donation to Bhartiya Janta Party pursuant to section 293A of the Companies Act, 1956.	100	0
[***] Miscellaneous Expenses include Payment to the auditors [Including Service Tax]:		
a As Auditor	5	4
b For taxation matters	1	1
c For Other Services [Rs. 0.19 {as March 31, 2012: Nil} Lacs]	0	0
d For reimbursement of Expenses [Rs. 0.33 {as March 31, 2012: Rs. 0.62} Lacs]	0	1
<b>Total</b>	<b>6</b>	<b>6</b>

**Notes to the Financial Statements [Contd...]**

		INR - Lacs	
		Year ended March 31	
		2013	2012
<b>Note : 27 - Calculation of Earning per Equity Share [EPS]:</b>			
The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
A	Profit attributable to Shareholders: INR - Lacs	9,711	6,768
B	Basic and weighted average number of Equity Shares outstanding during the year Numbers	3,90,72,089	3,90,72,089
C	Nominal value of equity share INR	10	10
D	Basic & Diluted EPS INR	24.85	17.32
<b>Note : 28 - Value of Imports calculated on CIF basis:</b>			
	Stores & Spares	19	0
	Capital goods	0	42
	Repairs to Machinery	0	1
<b>Note : 29 - Expenditure in Foreign Currency:</b>			
	Traveling	2	0
<b>Note : 30 - Earnings in Foreign Exchange:</b>			
	Export of goods calculated on F.O.B. basis	2	0
<b>Note : 31 - Remittances made on account of dividend in Foreign Currency:</b>			
	Remittances made on account of dividend in foreign currency INR - Lacs	3	3
	Numbers of Non Resident Shareholders	4	4
	Numbers of shares held by the Non Resident Shareholders	66,535	66,535
	Year to which dividend relates	2011-12	2010-11

## Notes to the Financial Statements [Contd...]

### Note: 32 - Raw Materials and Spare Parts consumed:

	Year ended March 31			
	2013		2012	
	INR - Lacs	% to Total	INR - Lacs	% to Total
<b>Value of Raw Materials Consumed:</b>				
Imported	0	0	0	0
Indigenous	4,872	100	4,943	100
<b>Total</b>	<b>4,872</b>	<b>100</b>	<b>4,943</b>	<b>100</b>
<b>Value of Spare Parts Consumed:</b>				
Imported	19	55	0	0
Indigenous	16	45	28	100
<b>Total</b>	<b>35</b>	<b>100</b>	<b>28</b>	<b>100</b>

### Note : 33 - Segment Information:

The company operates in one segment only, namely "Consumer Products." During the year, the Company has started exporting its products to other countries. However the value being below threshold limit prescribed under Accounting Standard (AS)-17- "Segment Reporting", the reporting is not required.

### Note : 34 - Related Party Transactions:

#### A Name of the Related Parties and Nature of the Related Party Relationship:

- a **Holding Company:** Cadila Healthcare Limited
- b **Partnership Firm:** M/s. Zydus Wellness - Sikkim
- c **Fellow Subsidiaries/Concerns:**

Dialforhealth India Limited	Zydus Pharmaceuticals (USA) Inc. [USA]
Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Dialforhealth Greencross Limited	Zydus Healthcare (USA) LLC [USA]
German Remedies Limited	Zydus Noveltech Inc. [USA]
Zydus Pharmaceuticals Limited	Hercon Pharmaceuticals LLC [USA]
Zydus Animal Health Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Liva Healthcare Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Zydus Technologies Limited	Script Management Services (Pty) Ltd [South Africa]
Biochem Pharmaceutical Industries Limited	Zydus Nikkho Farmaceutica Ltda. [Brazil]
M/s. Zydus Healthcare, a Partnership Firm	Zydus Pharma Japan Co. Ltd. [Japan]
Zydus Lanka (Private) Limited [Sri Lanka]	Laboratorios Combix S.L. [Spain]

**Notes to the Financial Statements [Contd...]**
**Note : 34 - Related Party Transactions: [Contd...]**
**c Fellow Subsidiaries/Concerns:**

Zydu International Private Limited [Ireland]	Zydu Pharmaceuticals Mexico SA De CV [Mexico]
Zydu Netherlands B.V. [the Netherlands]	Zydu Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Zydu France, SAS [France]	ZAHL B.V. [the Netherlands]
Etna Biotech S.R.L. [Italy]	Bremer Pharma GmbH [Germany]
ZAHL Europe B.V. [the Netherlands]	

**d Key Management Personnel:**

Mr. Elkana Ezekiel - Managing Director

**B Transactions with Related Parties:**

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

**a Details relating to parties referred to in items 34 - A [a, b & c]**

<u>Nature of transactions</u>	INR - Lacs			
	Holding Company		Partnership Firms/ Fellow Subsidiaries/ Concerns	
	Year ended March 31,			
	2013	2012	2013	2012
<b>Purchases:</b>				
<b>Goods:</b>				
Dialforhealth India Limited			28	32
<b>Services:</b>				
Cadila Healthcare Limited	19	43		
<b>Sales:</b>				
<b>Goods:</b>				
Cadila Healthcare Limited	5	48		
Zydu Animal Health Limited			0	7
Dialforhealth India Limited			0.20	0.13
Total	5	48	0	7
<b>Reimbursement of Expenses:</b>				
Cadila Healthcare Limited	5			
<b>Services:</b>				
M/s. Zydu Wellness - Sikkim			0.00001	0.00001
<b>Investments:</b>				
Capital Contribution in the Partnership Firm [Including retained Share of Profit] M/s Zydu Wellness - Sikkim			4,802	801
<b>Dividend Paid:</b>				
Cadila Healthcare Limited	1,372	1,098		
Zydu Animal Health Limited			36	29
Total	1,372	1,098	36	29

## Notes to the Financial Statements [Contd...]

### Note : 34 - Related Party Transactions: [Contd...]

**b** Details relating to persons referred to in item 34 - A [d] above :

	INR - Lacs	
	Year ended March 31	
	2013	2012
Remuneration:		
Mr. Anand G. Deo - Managing Director [Upto February 14, 2012]	0	94
Mr. Elkana N. Ezekiel - Managing Director [w.e.f. February 14, 2012]	179	18

### Note : 35

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classifications/ disclosure.

### Signatures to Significant Accounting Policies and Notes 1 to 35 to the Financial Statements

As per our report of even date

For Manubhai & Co.,

Chartered Accountants

Firm Registration Number: 106041W

Jignesh D. Shah

Partner

Membership Number: 100116

Place : Ahmedabad.

Date : May 13, 2013.

For and on behalf of the Board

Pankaj R. Patel

Chairman

Amit B. Jain                      Dhaval N. Soni                      Elkana N. Ezekiel  
Chief Financial Officer      Company Secretary      Managing Director

## Consolidated Independent Auditors' Report

To the Board of Directors,  
Zydus Wellness Limited

### Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Zydus Wellness Limited ('the Group'), which comprise the consolidated Balance Sheet as at March 31, 2013, consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of consolidated Statement of Profit and Loss, of the profit for the year ended on that date and
- (c) in the case of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Manubhai & Co.,  
Chartered Accountants  
Registration No. : 106041W

Jignesh D. Shah  
Partner  
Membership No. : 100116

Place : Ahmedabad.  
Date : May 13, 2013.

**Consolidated  
Financial  
Statements**

## Consolidated Balance Sheet as at March 31, 2013

Particulars	Note No.	INR - Lacs	
		As at March 31	
		2013	2012
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	3,907	3,907
Reserves and Surplus	2	21,747	14,779
		25,654	18,686
<b>Minority Interest</b>		285	93
<b>Non-Current Liabilities:</b>			
Deferred Tax Liabilities [Net]	3	388	451
Other Long Term Liabilities	4	38	60
Long Term Provisions	5	42	22
		468	533
<b>Current Liabilities:</b>			
Trade Payables	6	4,624	4,194
Other Current Liabilities	7	884	933
Short Term Provisions	8	2,997	2,297
		8,505	7,424
<b>Total</b>		34,912	26,736
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Fixed Assets:			
Tangible Assets	9	7,139	7,320
Intangible Assets	9	2,287	2,289
		9,426	9,609
Long Term Loans and Advances	10	1,345	465
		10,771	10,074
<b>Current Assets:</b>			
Inventories	11	4,086	2,741
Trade Receivables	12	145	71
Cash and Bank Balances	13	19,079	13,151
Short Term Loans and Advances	14	798	651
Other Current Assets	15	33	48
		24,141	16,662
<b>Total</b>		34,912	26,736
<b>Significant Accounting Policies</b>	I		
<b>Notes to the Financial Statements</b>	1 to 27		
As per our report of even date For Manubhai & Co., Chartered Accountants Firm Registration Number: 106041W Jignesh D. Shah Partner Membership Number: 100116 Place : Ahmedabad. Date : May 13, 2013.		For and on behalf of the Board Pankaj R. Patel Chairman  Amit B. Jain      Dhaval N. Soni      Elkana N. Ezekiel Chief Financial Officer      Company Secretary      Managing Director	



## Consolidated Statement of Profit & Loss for the Year ended March 31, 2013

Particulars	Note No.	INR - Lacs	
		Year Ended March 31	
		2013	2012
<b>REVENUE:</b>			
Revenue from Operations:			
Sale of Products [Gross]		40,996	34,464
Less: Excise Duty		2,287	915
Sale of Products [Net]		38,709	33,549
Other Operating Revenues	17	90	126
Net Revenue from Operations		38,799	33,675
Other Income	18	1,579	901
Total Revenue		40,378	34,576
<b>EXPENSES:</b>			
Cost of Materials Consumed	19	11,905	9,414
Purchases of Stock-in-Trade	20	1,474	2,366
Changes in Inventories of Finished goods, Works-in-progress and Stock-in-Trade	21	(959)	419
Employee Benefits Expense	22	2,732	2,061
Depreciation, Impairment and Amortisation Expenses	9	450	386
Other Expenses	23	13,990	11,706
Total Expenses		29,592	26,352
<b>Profit before Tax</b>		<b>10,786</b>	<b>8,224</b>
Less/ [Add]: Tax Expense:			
Current Tax		932	1,025
Deferred Tax [Assets]/Liabilities	3	(63)	340
Prior year's tax adjustments		14	0
		<b>883</b>	<b>1,365</b>
<b>Profit for the year</b>		<b>9,903</b>	<b>6,859</b>
Less: Profit transferred to Minority Interest		192	91
<b>Net Profit for the year</b>		<b>9,711</b>	<b>6,768</b>
<b>Basic &amp; Diluted Earning per Equity Share [EPS] [in Rupees]</b>	24	<b>24.85</b>	<b>17.32</b>
<b>Significant Accounting Policies</b>	I		
<b>Notes to the Financial Statements</b>	1 to 27		
<p>As per our report of even date For Manubhai &amp; Co., Chartered Accountants Firm Registration Number: 106041W Jignesh D. Shah Partner Membership Number: 100116 Place : Ahmedabad. Date : May 13, 2013.</p>		<p style="text-align: right;">For and on behalf of the Board Pankaj R. Patel Chairman</p> <p style="text-align: center;">Amit B. Jain      Dhaval N. Soni      Elkana N. Ezekiel Chief Financial Officer    Company Secretary    Managing Director</p>	

## Consolidated Cash Flow Statement for the Year ended March 31, 2013

Particulars	INR - Lacs	
	Year ended March 31	
	2013	2012
<b>A Cash flows from operating activities:</b>		
Net profit before taxation and extraordinary items	<b>10,786</b>	8,224
Adjustments for:		
Depreciation & Amortisation	450	386
Loss on sale of assets [Net]	0	8
Profit on sale of investments [Net]	(26)	(11)
Interest income	(1,553)	(885)
Interest expenses	10	15
Bad debts written off	0	6
Provisions for employee benefits	25	(21)
Provisions for probable product expiry claims and return of goods	23	(32)
Total	<b>(1,071)</b>	(534)
Operating profit before working capital changes	<b>9,715</b>	7,690
Adjustments for:		
[Increase]/ Decrease in trade receivables	(117)	53
Increase in inventories	(1,344)	(304)
Increase in short term advances	(178)	(117)
[Increase]/ Decrease in long term advances	(1,139)	378
Decrease in other current assets	34	64
Increase in trade payables	462	110
Decrease in other current liabilities	(26)	(501)
[Decrease]/ Increase in other long term liabilities	(22)	19
Total	<b>(2,330)</b>	(298)
Cash generated from operations	<b>7,385</b>	7,392
Direct taxes paid [Net of refunds]	(544)	(1,191)
Net cash from operating activities	<b>6,841</b>	6,201

## Consolidated Cash Flow Statement for the Year ended March 31, 2013 [Contd...]

Particulars	INR - Lacs	
	Year ended March 31	
	2013	2012
<b><u>B Cash flows from investing activities:</u></b>		
Purchase of fixed assets	(225)	(1,112)
Proceeds from sale of fixed assets	25	24
Purchase of Current Investments	(3,200)	(1,400)
Proceeds from sale of Current Investments	3,226	1,411
Interest received	1,535	877
	_____	_____
Net cash from investing activities	1,361	(200)
<b><u>C Cash flows from financing activities:</u></b>		
Change in Minority Interest	0	(3)
Interest paid	(10)	(15)
Dividends paid	(1,947)	(1,558)
Tax on dividends paid	(317)	(253)
	_____	_____
Net cash used in financing activities	(2,274)	(1,829)
	_____	_____
<b>Net increase in cash and cash equivalents</b>	<b>5,928</b>	<b>4,172</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>13,151</b>	<b>8,979</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>19,079</b>	<b>13,151</b>

### Notes to the cash flow statement

- 1 All figures in brackets are outflows.
- 2 Previous year's figures have been regrouped wherever necessary.

As per our report of even date  
 For Manubhai & Co.,  
 Chartered Accountants  
 Firm Registration Number: 106041W  
 Jignesh D. Shah  
 Partner  
 Membership Number: 100116  
 Place : Ahmedabad.  
 Date : May 13, 2013.

For and on behalf of the Board  
 Pankaj R. Patel  
 Chairman

Amit B. Jain      Dhaval N. Soni      Elkana N. Ezekiel  
 Chief Financial Officer      Company Secretary      Managing Director

## Significant Accounting Policies

### 1 Basis of Accounting:

The financial statements are prepared under the historical cost convention on the “Accrual Concept” of accounting in accordance with the accounting principles generally accepted in India and they comply with the Accounting Standards prescribed in the Companies [Accounting Standards] Rules, 2006 issued by the Central Government and other pronouncement issued by the Institute of Chartered Accountants of India, to the extent applicable, and with the applicable provisions of the Companies Act, 1956.

### 2 Basis of consolidation:

The Consolidated Financial Statements [CFS] relate to Zydus Wellness Limited and its Partnership Firm.

The CFS have been prepared on the following basis:

- a The financial statements of the parent company and its Partnership Firm have been consolidated on a line by line basis by adding together the book values of the items like assets, liabilities, income and expenses.
- b CFS are prepared after fully eliminating intra group balances, intra group transactions and unrealised profits from the intra group transactions.

3 Accounting policies and Notes on Accounts of the financial statements of the Parent Company and its Partnership Firm are set out in their respective financial statements. However, the Company has disclosed such notes and details which represents the needed disclosure to serve as a guide for better understanding of the Group’s position.

4 Audited CFS as at March 31, 2013 comprise the financial statements of Zydus Wellness Limited [ZWL], India and its Partnership Firm, Zydus Wellness - Sikkim [the Firm], in which ZWL holds 98% share.

**Notes to the Consolidated Financial Statements**

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 1 - Share Capital:</b>		
<b>Authorised:</b>		
4,50,00,000 [as at March 31, 2012 : 4,50,00,000] Equity Shares of Rs.10/- each	4,500	4,500
	4,500	4,500
<b>Issued, Subscribed and Paid-up:</b>		
3,90,72,089 [as at March 31, 2012 : 3,90,72,089] Equity Shares of Rs.10/- each fully paid up	3,907	3,907
	3,907	3,907
A There is no change in the number of shares as at the beginning and the end of the year. Number of shares at the beginning and at the end of the year.	3,90,72,089	3,90,72,089
B The Company has only one class of shares i.e. equity shares. All equity shares carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholders holding more than 5% of equity shares of Rs. 10/- each, fully paid-up: Cadila Healthcare Limited Number of Shares % to total share holding	2,74,43,274 70.24%	2,74,43,274 70.24%
D Number of Shares held by holding company and its subsidiary company: a Cadila Healthcare Limited [Holding company] b Zydus Animal Health Limited [Fellow subsidiary]	2,74,43,274 7,20,481	2,74,43,274 7,20,481
E The Company has issued 3,34,96,989 equity shares of Rs. 10/- each fully paid-up in the ratio of 04:15 pursuant to the Composite Scheme of Arrangement between the Company and Cadila Healthcare Limited, Zydus Hospitals and Medical Research Private Limited, their respective shareholders and creditors approved by Hon'ble High Court of Gujarat at Ahmedabad, vide order dated October 23, 2008 in the year 2008-09.		

**Notes to the Consolidated Financial Statements [Contd...]**

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 2 - Reserves and Surplus:</b>		
<b>General Reserves:</b>		
Balance as per last Balance Sheet	2,500	1,600
Add: Transfer from Surplus in statement of Profit and Loss	1,000	900
	3,500	2,500
<b>Surplus in statement of Profit and Loss:</b>		
Balance as per last Balance Sheet	12,279	8,682
Add: Profit for the year	9,711	6,768
	21,990	15,450
Less: Appropriations:		
Dividends:		
Interim Dividend	2,344	0
Proposed Final Dividend	0	1,954
Corporate Dividend Tax on Dividend	399	317
Transfer to General Reserve	1,000	900
	3,743	3,171
Balance as at the end of the year	18,247	12,279
<b>Total</b>	<b>21,747</b>	<b>14,779</b>
<b>Note : 3 - Deferred Tax:</b>		
A	Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under:	
	Deferred Tax Liabilities:	
	Depreciation	448      516
	Deferred Tax Assets:	
	Retirement benefits	30      18
	Amalgamation Expenses	15      39
	Provision for Expiry	15      8
	Total	60      65
	<b>Net Deferred Tax Liabilities</b>	<b>388      451</b>
B	The Net Deferred Tax [Assets]/Liability for the year reversed in the Statement of Profit and Loss.	(63)      340

**Notes to the Consolidated Financial Statements [Contd...]**

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 4 - Other Long Term Liabilities:</b>		
Trade Deposits	22	44
Others	16	16
<b>Total</b>	<b>38</b>	<b>60</b>
<b>Note : 5 - Long Term Provisions:</b>		
Provision for retirement benefits	42	22
<b>Total</b>	<b>42</b>	<b>22</b>
<b>Note : 6 - Trade Payables:</b>		
Others	4,624	4,194
<b>Total</b>	<b>4,624</b>	<b>4,194</b>
<b>Note : 7 - Other Current Liabilities:</b>		
Unpaid Dividend	24	17
Advances from Debtors	149	192
Others Payables :		
Provision for Expenses	297	257
Payable to Statutory Authorities	366	339
Others	48	128
	<b>711</b>	<b>724</b>
<b>Total</b>	<b>884</b>	<b>933</b>
<b>Note : 8 - Short Term Provisions:</b>		
Provision for Employee Benefits	7	2
Others:		
Interim dividend	2,344	0
Proposed Final dividend	0	1,954
Corporate Dividend Tax on dividend	399	317
Provision for taxation [Net of advance payment of tax]	200	0
Provision for claims for product expiry and return of goods	47	24
	<b>2,990</b>	<b>2,295</b>
<b>Total</b>	<b>2,997</b>	<b>2,297</b>

**Notes to the Consolidated Financial Statements [Contd...]**
**Note: 9 -Fixed Assets:**
**A Tangible Assets:**

	INR - Lacs							Total
	Free hold Land	Lease hold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	
<b>Gross Block:</b>								
As at March 31, 2011	578	524	486	2,638	20	41	81	<b>4,368</b>
Additions	8	46	1,151	2,839	15	70	29	<b>4,158</b>
Disposals				(49)				<b>(49)</b>
Other adjustments				3			(3)	<b>0</b>
As at March 31, 2012	586	570	1,637	5,431	35	111	107	<b>8,477</b>
Additions			11	253	12	11	5	<b>292</b>
Disposals				(31)		(6)		<b>(37)</b>
Other adjustments								<b>0</b>
As at March 31, 2013	586	570	1,648	5,653	47	116	112	<b>8,732</b>
<b>Depreciation and Impairment:</b>								
As at March 31, 2011		7	86	630	7	4	57	<b>791</b>
Depreciation for the year		6	49	308	7	7	7	<b>384</b>
Impairment for the year								<b>0</b>
Disposals				(18)				<b>(18)</b>
Other adjustments								<b>0</b>
As at March 31, 2012		13	135	920	14	11	64	<b>1,157</b>
Depreciation for the year		6	55	370	3	11	3	<b>448</b>
Impairment for the year								<b>0</b>
Disposals				(11)		(1)		<b>(12)</b>
Other adjustments								<b>0</b>
As at March 31, 2013	0	19	190	1,279	17	21	67	<b>1,593</b>
<b>Net Block:</b>								
As at March 31, 2012	586	557	1,502	4,511	21	100	43	<b>7,320</b>
As at March 31, 2013	586	551	1,458	4,374	30	95	45	<b>7,139</b>



**Notes to the Consolidated Financial Statements [Contd...]**
**Note: 9-Fixed Assets: (Contd...)**
**B Intangible Assets:**

	Goodwill	Trademarks	Technical Know-how	Commercial Rights	Total
Gross Block:					
As at March 31, 2011	2,282	5	2	10	2,299
Additions					0
Disposals					0
Other adjustments					0
As at March 31, 2012	2,282	5	2	10	2,299
Additions					0
Disposals					0
Other adjustments					0
As at March 31, 2013	2,282	5	2	10	2,299
Amortisation and Impairment:					
As at March 31, 2011		2	1	5	8
Charge for the year		1		1	2
Impairment for the year					0
Disposals					0
Other adjustments					0
As at March 31, 2012		3	1	6	10
Charge for the year		1		1	2
Impairment for the year					0
Disposals					0
Other adjustments					0
As at March 31, 2013	0	4	1	7	12
Net Block:					
As at March 31, 2012	2,282	2	1	4	2,289
As at March 31, 2013	2,282	1	1	3	2,287

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 10 - Long Term Loans and Advances:</b>		
[Unsecured, Considered Good]		
Capital Advances	43	99
Other Deposits	89	57
Other Loans and Advances:		
Advance payment of Tax [Net of Provision for taxation]	0	203
Alternate Minimum Tax Credit Entitlement	1,153	0
Other advances recoverable in cash or in kind or for value to be received	60	106
	<b>1,213</b>	309
<b>Total</b>	<b>1,345</b>	465

**Notes to the Consolidated Financial Statements [Contd...]**

	INR - Lacs	
	As at March 31	
	2013	2012
<b>Note : 11 - Inventories:</b>		
Classification of Inventories:		
Raw Materials	827	657
Finished Goods	2,028	1,197
Stock-in-Trade	667	310
Works-in-Progress	70	56
Packing Materials	485	521
Stores and Spares	9	0
<b>Total</b>	<b>4,086</b>	<b>2,741</b>
<b>Note : 12 - Trade Receivables:</b>		
[Unsecured, Considered Good]		
Outstanding for a period exceeding six months from the date they are due for payment [Rs. 0.06 {as at March 31, 2012: Nil} Lacs]	0	0
Others	145	71
<b>Total</b>	<b>145</b>	<b>71</b>
<b>Note : 13 - Cash and Bank Balances:</b>		
Balances with Banks	19,075	13,148
Cash on Hand	4	3
<b>Total</b>	<b>19,079</b>	<b>13,151</b>
<b>Note : 14 - Short Term Loans and Advances:</b>		
[Unsecured, Considered Good]		
Others:		
Balances with Statutory Authorities	317	117
Advances to Suppliers	85	116
Advances recoverable in cash or in kind or for value to be received	396	418
<b>Total</b>	<b>798</b>	<b>651</b>



**Notes to the Consolidated Financial Statements [Contd...]**

	INR - Lacs	
	Year ended March 31	
	2013	2012
<b>Note : 19 - Cost of Materials Consumed:</b>		
Raw Materials:		
Stock at commencement	656	558
Add : Purchases	8,316	6,961
	8,972	7,519
Less : Stock at close	827	657
	8,145	6,862
Packing Materials consumed	3,760	2,552
<b>Total</b>	<b>11,905</b>	<b>9,414</b>
<b>Note : 20 - Purchases of Stock-in-Trade:</b>		
Purchases of Stock-in-Trade	1,474	2,366
<b>Total</b>	<b>1,474</b>	<b>2,366</b>
<b>Note : 21 - Changes in Inventories:</b>		
Stock at close:		
Works-in-Progress	70	56
Finished Goods	2,028	1,197
Stock-in-Trade	667	310
	2,765	1,563
Less: Stock at commencement:		
Works-in-progress	56	0
Finished Goods	1,197	158
Stock-in-Trade	310	1,517
	1,563	1,675
	(1,202)	112
Differential Excise Duty on Opening and Closing stock of Finished Goods	243	307
<b>Total</b>	<b>(959)</b>	<b>419</b>

## Notes to the Consolidated Financial Statements [Contd...]

	INR - Lacs	
	Year ended March 31	
	2013	2012
<b>Note : 22 - Employee Benefits Expense:</b>		
Salaries and wages	2,517	1,928
Contribution to provident and other funds	129	81
Staff welfare expenses	86	52
<b>Total</b>	<b>2,732</b>	<b>2,061</b>
<b>Note : 23 - Other Expenses:</b>		
Consumption of Stores and spare parts	189	145
Power & fuel	254	278
Labour charges	447	298
Rent	194	171
Repairs to Buildings	15	11
Repairs to Plant and Machinery	46	17
Repairs to Others	42	69
Insurance	55	42
Rates and Taxes	34	39
Managing Directors' Remuneration	179	112
Commission to Directors	12	10
Traveling Expenses	275	200
Net Loss on foreign currency transactions and translations	0	23
Commission on sales	840	720
Freight and forwarding on sales	928	896
Advertisements & Sales Promotion expenses	6,980	5,970
Representative Allowances	342	385
Other marketing expenses	2,356	1,673
Bad debts written off	0	5
Directors' fees	9	9
Net Loss on fixed assets	0	8
Donations	178	15
Interest to Others	2	3
Bank commission & charges	8	12
Miscellaneous Expenses	605	595
<b>Total</b>	<b>13,990</b>	<b>11,706</b>

## Notes to the Consolidated Financial Statements [Contd...]

		INR - Lacs		
		Year ended March 31		
		2013	2012	
<b>Note : 24 - Calculation of Earning per Equity Share [EPS]:</b>				
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A	Profit attributable to Shareholders	INR - Lacs	9,711	6,768
B	Basic and weighted average number of Equity Shares outstanding during the year	Numbers	3,90,72,089	3,90,72,089
C	Nominal value of equity share	INR	10	10
D	Basic & Diluted EPS	INR	24.85	17.32
<b>Note : 25 - Segment Information:</b>				
The company operates in one segment only, namely "Consumer Products." During the year, the Company has started exporting its products to other countries. However the value being below threshold limit prescribed under Accounting Standard (AS)-17-" Segment Reporting", the reporting is not required.				
<b>Note : 26 - Related Party Transactions:</b>				
<b>A Name of the Related Parties and Nature of the Related Party Relationship:</b>				
<b>a Holding Company :</b> Cadila Healthcare Limited				
<b>b Fellow Subsidiaries/Concerns:</b>				
	Dialforhealth India Limited		Zydus Pharmaceuticals (USA) Inc. [USA]	
	Dialforhealth Unity Limited		Nesher Pharmaceuticals (USA) LLC [USA]	
	Dialforhealth Greencross Limited		Zydus Healthcare (USA) LLC [USA]	
	German Remedies Limited		Zydus Noveltech Inc. [USA]	
	Zydus Pharmaceuticals Limited		Hercon Pharmaceuticals LLC [USA]	
	Zydus Animal Health Limited		Zydus Healthcare S.A. (Pty) Ltd [South Africa]	
	Liva Healthcare Limited		Simayla Pharmaceuticals (Pty) Ltd [South Africa]	
	Zydus Technologies Limited		Script Management Services (Pty) Ltd [South Africa]	
	Biochem Pharmaceutical Industries Limited		Zydus Nikkho Farmaceutica Ltda. [Brazil]	
	M/s. Zydus Healthcare, a Partnership Firm		Zydus Pharma Japan Co. Ltd. [Japan]	
	Zydus Lanka (Private) Limited [Sri Lanka]		Laboratorios Combix S.L. [Spain]	
	Zydus International Private Limited [Ireland]		Zydus Pharmaceuticals Mexico SA De CV [Mexico]	

**Notes to the Consolidated Financial Statements [Contd...]**

**Note : 26 - Related Party Transactions: [Contd...]**

**b Fellow Subsidiaries/Concerns:**

Zydus Netherlands B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Zydus France, SAS [France]	ZAHL B.V. [the Netherlands]
Etna Biotech S.R.L. [Italy]	Bremer Pharma GmbH [Germany]
ZAHL Europe B.V. [the Netherlands]	

**c Key Management Personnel:**

Mr. Elkana Ezekiel - Managing Director

**B Transactions with Related Parties:**

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

**a Details relating to parties referred to in items 26-A [a & b]**

<u>Nature of transactions</u>	INR - Lacs			
	Holding Company		Fellow Subsidiaries/Concerns	
	Year ended March 31,			
	2013	2012	2013	2012
<b>Purchases:</b>				
<b>Goods:</b>				
Cadila Healthcare Limited	0	5	28	32
Dialforhealth India Limited				
Total	0	5	28	32
<b>Services:</b>				
Cadila Healthcare Limited	22	43		
<b>Sales:</b>				
<b>Goods:</b>				
Cadila Healthcare Limited	41	91		
Zydus Animal Health Limited			7	7
Dialforhealth India Limited			2	0.13
Total	41	91	9	7
<b>Reimbursement of Expenses:</b>				
Cadila Healthcare Limited	10	0		
<b>Dividend Paid:</b>				
Cadila Healthcare Limited	1,372	1,098		
Zydus Animal Health Limited			36	29
Total	1,372	1,098	36	29

## Notes to the Consolidated Financial Statements [Contd...]

### Note : 26 - Related Party Transactions: [Contd...]

b Details relating to persons referred to in item 26 - A [c] above :

	INR - Lacs	
	Year ended March 31	
	2013	2012
Remuneration:		
Mr. Anand G. Deo - Managing Director [Upto February 14, 2012]	0	94
Mr. Elkana N. Ezekiel - Managing Director [w.e.f. February 14, 2012]	179	18

### Note : 27

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classifications/ disclosure.

### Signatures to Significant Accounting Policies and Notes 1 to 27 to the Financial Statements

As per our report of even date

For Manubhai & Co.,

Chartered Accountants

Firm Registration Number: 106041W

Jignesh D. Shah

Partner

Membership Number: 100116

Place : Ahmedabad.

Date : May 13, 2013.

For and on behalf of the Board

Pankaj R. Patel

Chairman

Amit B. Jain                      Dhaval N. Soni                      Elkana N. Ezekiel  
Chief Financial Officer      Company Secretary      Managing Director



**Proxy & Attendance Slip****ZYDUS WELLNESS LIMITED**

Registered Office: "Zydus Tower", Satellite Cross Roads,  
Sarkhej-Gandhinagar Highway, Ahmedabad- 380 015

**FORM OF PROXY**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of ZYDUS WELLNESS LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the NINETEENTH ANNUAL GENERAL MEETING of the company scheduled to be held on Wednesday, the 7<sup>th</sup> day of August, 2013 at 10.00 A.M. at J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 and at any adjournment thereof.

Ledger Folio No./Client ID No. \_\_\_\_\_

Signature

No. of shares \_\_\_\_\_

Affix  
revenue  
stamp of  
requisite  
value

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

**IMPORTANT**

1. This form duly completed and signed across the stamp as per the specimen signature registered with the Company should be deposited at the registered office of the Company not less than 48 hrs before the time fixed for the commencement of the meeting.
2. A proxy need not be a member.

**ZYDUS WELLNESS LIMITED**

Registered Office: "Zydus Tower", Satellite Cross Roads,  
Sarkhej-Gandhinagar Highway, Ahmedabad- 380 015

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDERS MAY OBTAIN ADDITIONAL ATTENDANCE SLIP ON REQUEST.

NAME \_\_\_\_\_

REG FOLIO NO./CLIENT ID NO. \_\_\_\_\_

NO OF SHARES HELD \_\_\_\_\_

I hereby record my presence at the Nineteenth Annual General Meeting of the Company on Wednesday, the 7<sup>th</sup> day of August, 2013 at 10.00 A.M. at J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.

\_\_\_\_\_  
Signature of Shareholder/Proxy





Zydus Wellness' Nutralite with Omega-3 won the prestigious 'Product of the Year' 2013 award - an international award spanning 32 countries given to products which have excelled in innovation and in delivering consumer satisfaction. The award was declared after an independent survey conducted amongst 18000 consumers in India undertaken by the global research agency, AC Nielsen. Mr. Ganesh Nayak, COO and Executive Director, Zydus group, is seen receiving the award from Padma Bhushan Shri Nandan Nilekani, Chairman of the Unique Identification Authority of India (UIDAI), of the rank of Union Cabinet Minister.

**Sugar**  
Free

everyuth  
naturals

**Nutralite**  
Healthier than Butter

**ACTI**  
NUTRITION FOR ADULTS  
**LIFE**

BOOK-POST

To,

**Zydus  
Wellness**

If undelivered, please return to:

**Zydus Wellness Limited**

A subsidiary of Cadila Healthcare Ltd.

Regd. Office: Zydus Tower, Satellite Crossroads, Ahmedabad-380 015, Gujarat.



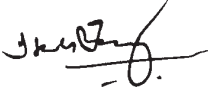
[www.zyduswellness.in](http://www.zyduswellness.in)

# Zydus Wellness

Registered Office:

Zydus Wellness Ltd., Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway,  
Ahmedabad 380015, Gujarat, INDIA. Tel: +91-79-26868100 (20 Lines) Fax: +91-79-26862253  
Website: www.zyduswellness.in

## Form A

1.	Name of the Company	Zydus Wellness Limited
2.	Annual Financial Statement for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit Observation	Un-qualified
4.	Frequency of observation	Not-Applicable
5.	To be signed by:	
	Mr. Elkana N. Ezekiel – Managing Director	
	Mr. Amit B. Jain – Chief Financial Officer	
	Mr. Jignesh D. Shah – Statutory Auditors	
	Mr. Mukesh M. Patel – Chairman of Audit Committee	