

# NOURISH NURTURE NURTURE





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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 .  
  
HDFC Bank Ltd.  
Navrangpura Branch,  
Ahmedabad .  
  
BNP Paribas  
Ellisbridge Branch,  
Ahmedabad .

**AUDITORS** M/s Dhirubhai Shah & Doshi,  
Chartered Accountants

**REGISTERED OFFICE** House No. 6 & 7,  
Sigma Commerce Zone,  
Nr. Iscon Temple,  
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.

**CIN L15201GJ1994PLC023490**

## Notice

**Notice** is hereby given that the 20<sup>th</sup> Annual General Meeting of the members of the Company will be held on Monday, the 14<sup>th</sup> day of July, 2014 at 10.00 a.m. at J B Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at and the Statement of Profit and Loss of the Company for the year ended on 31<sup>st</sup> March, 2014 and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Ganesh N. Nayak [DIN 00017481], who retires by rotation and being eligible offers himself for re-appointment.
4. Mr. Pankaj R. Patel, Director of the Company, retiring by rotation has not offered himself for re-appointment. It is proposed not to fill-in the vacancy caused by retirement of Mr. Pankaj R. Patel.
5. To appoint M/s Dhirubhai Shah & Doshi, Chartered Accountants [ICAI Registration No. 102511W] as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to provisions of sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 and the Companies [Appointment and Qualifications of Directors] Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and clause 49 of the Listing Agreement, Mr. H. Dhanrajgir [DIN 00004006], an Independent Director of the Company, who is appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years for a term up to the conclusion of the 25<sup>th</sup> Annual General Meeting in the calendar year 2019.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to provisions of sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 and the Companies [Appointment and Qualifications of Directors] Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and clause 49 of the Listing Agreement, Dr. B. M. Hegde [DIN 00128203], an Independent Director of the Company, who is appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years for a term up to the conclusion of the 25<sup>th</sup> Annual General Meeting in the calendar year 2019.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to provisions of sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 and the Companies [Appointment and Qualifications of Directors] Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and clause 49 of the Listing Agreement, Prof. Indira J. Parikh [DIN 00143801], an Independent Director of the Company, who is appointed as a Director liable to retire by rotation and in respect of whom the Company has received a

## Notice

notice in writing under section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years for a term up to the conclusion of the 25<sup>th</sup> Annual General Meeting in the calendar year 2019.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution:**

“**RESOLVED THAT** pursuant to provisions of section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies [Incorporation] Rules, 2014 [including any statutory modification[s] or re-enactment(s) thereof, for the time being in force], the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts and take such actions as may be necessary, expedient and proper to give effect to this resolution.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to provisions of section 148 and other provisions of the Companies Act, 2013, if any and the Companies [Audit and Auditors] Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the consent of the members be and is hereby accorded to ratify the remuneration decided by the Board of Directors based on the recommendation of the Audit Committee of Rs. 1.65 lacs to M/s. Dalwadi & Associates, Cost Accountants appointed by the Board to conduct the audit of cost records pertaining to consumer products manufactured by the Company for the financial year ending on 31<sup>st</sup> March, 2015.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts and take such actions as may be necessary, expedient and proper to give effect to this resolution.”

**By Order of the Board of Directors**

Place : Ahmedabad.  
Date : 15<sup>th</sup> May, 2014

**Dhaval N. Soni**  
Company Secretary

**REGISTERED OFFICE :**

House No. 6 & 7,  
Sigma Commerce Zone,  
Nr. Iscon Temple,  
Sarkhej-Gandhinagar Highway,  
Ahmedabad - 380 015.  
CIN L15201GJ1994PLC023490

**NOTES:**

1. The Explanatory Statement, pursuant to provisions of section 102 of the Companies Act, 2013 and rules made thereunder, in respect of business under item No. 6 to 10 of the Notice is annexed hereto.
2. The Register of Members and Share Transfer Books will remain closed from 5<sup>th</sup> July, 2014 to 14<sup>th</sup> July, 2014 [both days inclusive] for the purpose of Annual General Meeting [the meeting].
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding 50 [fifty] and holding in aggregate not more than ten per cent of the total share capital of the Company.

## Notice

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

4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send the Company a certified copy of Board Resolution/Authorization authorizing their representative to attend and vote on their behalf at the meeting.
5. 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 the Investor Education and Protection Fund [IEPF] on the respective dates mentioned thereagainst, pursuant to provisions of section 205[C] of the Companies Act, 1956 and provisions of section 125 of the Companies Act, 2013, when notified by the Central Government and rules proposed to be prescribed by the Central Government. Members are requested to note that after such dates, the members will lose their rights to claim such dividend, unless the provisions of section 125 of the Companies Act, 2013 and rules are notified by the Central Government.

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, 2007	23 <sup>rd</sup> July, 2007	10	26 <sup>th</sup> July, 2014
31 <sup>st</sup> March, 2008	10 <sup>th</sup> July, 2008	10	14 <sup>th</sup> July, 2015
31 <sup>st</sup> March, 2009	28 <sup>th</sup> July, 2009	15	31 <sup>st</sup> July, 2016
31 <sup>st</sup> March, 2010	16 <sup>th</sup> July, 2010	30	19 <sup>th</sup> July, 2017
31 <sup>st</sup> March, 2011	30 <sup>th</sup> June, 2011	40	3 <sup>rd</sup> July, 2018
31 <sup>st</sup> March, 2012	27 <sup>th</sup> July, 2012	50	31 <sup>st</sup> July, 2019
31 <sup>st</sup> March, 2013	23 <sup>rd</sup> May, 2013	60 @	17 <sup>th</sup> May, 2020

@ Interim Dividend

Pursuant to the IEPF [Uploading of information regarding unpaid and unclaimed amount lying with Companies] Rules, 2012 [IEPF Rules], the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 19<sup>th</sup> Annual General Meeting held on 7<sup>th</sup> August, 2013 on its website-[www.zyduswellness.in](http://www.zyduswellness.in).

6. Members holding shares in physical form are requested to intimate Registrar and Transfer Agents of the Company viz., M/s. Link Intime India Private Limited [Unit: Zydus Wellness Limited] Unit No. 303, 3<sup>rd</sup> Floor, Shoppers Plaza V, Opp. Municipal Market, C. G. Road, Ahmedabad-380 006, changes, if any, in their registered address along with Pin Code Number. Members holding shares in electronic form shall update such details with their respective Depository Participant.



## Notice

7. Details under clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting are annexed to the Notice as Annexure-A.
8. Notice of the 20<sup>th</sup> Annual General Meeting of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to the members, whose email Ids are registered with the Company and Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 20<sup>th</sup> Annual General Meeting of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
9. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Circulars, etc. from the Company electronically.**

Members may also note that the Notice of the 20<sup>th</sup> Annual General Meeting and the Annual Report will also be available on the Company's website [www.zyduswellness.in](http://www.zyduswellness.in) for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id [investor.grievance@zyduswellness.in](mailto:investor.grievance@zyduswellness.in)

### 10. **Voting through electronic means:**

In compliance with provisions of section 108 of the Companies Act, 2013 and Rule 20 of the Companies [Management and Administration] Rules, 2014, the Company is providing e-voting facility as an alternative mode of voting which will enable the members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services [India] Limited [CDSL] to facilitate e-voting. The detailed process, instructions and manner for availing e-Voting facility is annexed to the Notice as Annexure - B.

### **REQUEST TO THE MEMBERS:**

1. Members desiring any relevant information on the accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance of the date of Annual General Meeting at its Registered Office, so as to enable the company to keep the information ready.
2. Members are requested to bring their copy of the Annual Report to the Meeting.

**Explanatory Statement under section 102[1] of the Companies Act, 2013.**

The following statement sets out all material facts relating to Special Business mentioned in the accompanying Notice.

**In respect of item No. 6**

Mr. H. Dhanrajgir is an Independent Director on the Board of the Company. He was appointed on the Board at its meeting held on 27<sup>th</sup> April, 2009. Mr. Dhanrajgir is a member of Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Dhanrajgir was appointed as a Director liable to retire by rotation. In terms of section 149 and other applicable provisions of the Companies Act, 2013 [hereinafter referred to as Act], which are applicable from 1<sup>st</sup> April, 2014, Mr. Dhanrajgir being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to the conclusion of the 25<sup>th</sup> AGM in the Calendar Year 2019. A notice has been received from a member along with deposit of requisite amount under section 160 of the Act proposing Mr. Dhanrajgir as a candidate for the office of Director of the Company.

Mr. Dhanrajgir is not disqualified from being appointed as Director in terms of section 164 of the Act and has given his consent to act as Director. Section 149 of the Act, *inter alia*, stipulates the criteria of independence should a Company propose to appoint an Independent Director on its Board. As per the provisions of the said section, an Independent Director can hold office for a term up to five consecutive years on the Board of a Company and he shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Mr. Dhanrajgir that he meets with criteria of independence as prescribed both under section 149[6] of the Act and clause 49 of the Listing Agreement. Mr. Dhanrajgir possesses appropriate skills, expertise and knowledge in the field of finance. Brief resume of Mr. Dhanrajgir, nature of his expertise in specific functional areas and names of the Companies in which he holds directorships and memberships / chairmanships of the Board Committees, shareholding and relationships between Directors in ter se, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are annexed to this Notice.

In the opinion of the Board, Mr. Dhanrajgir fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company. Copy of the draft letter of appointment of Mr. Dhanrajgir as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Dhanrajgir as an Independent Director. The Board recommends the resolution in relation to appointment of Mr. Dhanrajgir as an Independent Director, for the approval by the shareholders of the Company.

Save and except Mr. Dhanrajgir, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No. 6.

This explanatory statement may also be regarded as a disclosure under clause 49 of the Listing Agreement with the Stock Exchange.

**In respect of item No. 7**

Dr. B. M. Hegde is an Independent Director on the Board of the Company. He was appointed on the Board at its meeting held on 29<sup>th</sup> July, 2009. Dr. Hegde is a member of Audit Committee of the Board of Directors of the Company.

Dr. Hegde was appointed as a Director liable to retire by rotation. In terms of section 149 and other applicable provisions of the Companies Act, 2013 [hereinafter referred to as Act], which are applicable from 1<sup>st</sup> April, 2014, Dr. Hegde being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to the conclusion of the 25<sup>th</sup> AGM in the Calendar Year 2019. A

**Explanatory Statement under section 102[1] of the Companies Act, 2013.**

notice has been received from a member along with deposit of requisite amount under section 160 of the Act proposing Dr. Hegde as a candidate for the office of Director of the Company.

Dr. Hegde is not disqualified from being appointed as Director in terms of section 164 of the Act and has given his consent to act as Director. Section 149 of the Act, *inter alia*, stipulates the criteria of independence should a Company propose to appoint an Independent Director on its Board. As per the provisions of the said section, an Independent Director can hold office for a term up to five consecutive years on the Board of a Company and he shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Dr. Hegde that he meets with criteria of independence as prescribed both under section 149[6] of the Act and clause 49 of the Listing Agreement. Dr. Hegde possesses appropriate skills, expertise and knowledge in the field of finance. Brief resume of Dr. Hegde, nature of his expertise in specific functional areas and names of the Companies in which he holds directorships and memberships / chairmanships of the Board Committees, shareholding and relationships between Directors *inter se*, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are annexed to this Notice.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Hegde as an Independent Director. The Board recommends the resolution in relation to appointment of Dr. Hegde as an Independent Director, for the approval by the shareholders of the Company.

Save and except Dr. Hegde, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No. 7.

This explanatory statement may also be regarded as a disclosure under clause 49 of the Listing Agreement with the Stock Exchange.

**In respect of item No. 8**

Prof. Indiraben J. Parikh is an Independent Director on the Board of the Company. She was appointed on the Board at its meeting held on 29<sup>th</sup> July, 2009. Prof. Parikh is a member of Audit Committee and Corporate Social Responsibility Committee of the Board of Directors of the Company.

Prof. Parikh was appointed as a Director liable to retire by rotation. In terms of section 149 and other applicable provisions of the Companies Act, 2013 [hereinafter referred to as Act], which are applicable from 1<sup>st</sup> April, 2014, Prof. Parikh being eligible and offering herself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to the conclusion of the 25<sup>th</sup> AGM in the Calendar Year 2019. A notice has been received from a member along with deposit of requisite amount under section 160 of the Act proposing Prof. Parikh as a candidate for the office of Director of the Company.

Prof. Parikh is not disqualified from being appointed as Director in terms of section 164 of the Act and has given her consent to act as Director. Section 149 of the Act, *inter alia*, stipulates the criteria of independence should a Company propose to appoint an Independent Director on its Board. As per the provisions of the said section, an Independent Director can hold office for a term up to five consecutive years on the Board of a Company and she shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Prof. Parikh that she meets with criteria of independence as prescribed both under section 149[6] of the Act and clause 49 of the Listing Agreement. Prof. Parikh possesses appropriate skills, expertise and knowledge in the field of finance. Brief resume of Prof. Parikh, nature of her expertise in specific functional areas and names of the Companies in which she holds directorships and memberships / chairperson of the Board Committees, shareholding and relationships between Directors *inter se*, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are annexed to this Notice.

**Explanatory Statement under section 102[1] of the Companies Act, 2013.**

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Prof. Parikh as an Independent Director. The Board recommends the resolution in relation to appointment of Prof. Parikh as an Independent Director, for the approval by the shareholders of the Company.

Save and except Prof. Parikh, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No. 8.

This explanatory statement may also be regarded as disclosure under clause 49 of the Listing Agreement with the Stock Exchange.

**In respect of item No. 9**

The Articles of Association [hereinafter referred to as "AoA"] of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956. The Companies Act, 1956 is no longer in force.

Consequent upon coming into force of the Companies Act, 2013 several regulations of the existing AoA of the Company require alteration or deletion in several articles. It is expedient to replace the existing AoA by a new set of Articles.

The Company cannot alter its AoA without the approval of members by passing a Special Resolution. The new set of AoA is available for inspection at the Registered Office of the Company on any working day during business hours.

None of the Directors of the Company and Key Managerial Personnel and their relatives have any interest, financially or otherwise, in the proposed resolution. Your Directors recommend the Special Resolution set out at item No. 9 of the Notice for approval by the shareholders.

**In respect of item No. 10**

The Board of Directors after considering the recommendation of Audit Committee, appointed M/s. Dalwadi & Associates, Cost Accountants as the Cost Auditors to carry out the audit of cost records of the Company for the financial year ending on 31<sup>st</sup> March, 2015 and fixed remuneration of Rs. 1.65 lacs plus service tax and out of pocket expenses.

As per the provisions of section 148 of the Companies Act, 2013 read with the Companies [Audit and Auditors] Rules, 2014, the remuneration fixed by the Board of Directors shall be ratified by the members by passing a resolution.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in item No. 10 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending on 31<sup>st</sup> March, 2015.

None of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution. Your Directors recommend the passing of resolution as set out at Item No. 10 of the Notice for approval of the shareholders.

**By Order of the Board of Directors**

Place : Ahmedabad.  
Date : 15<sup>th</sup> May, 2014

**Dhaval N. Soni**  
Company Secretary

## Annexure-A to the Notice dated 15<sup>th</sup> May, 2014

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting  
(Pursuant to clause 49 of the Listing Agreement)

<b>Name of the Director</b>	<b>Ganesh N. Nayak</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	Mr. Ganesh Nayak is the Chief Operating Officer and Executive Director of Cadila Healthcare Limited, the holding Company. He spearheads the domestic and international operations of the Zydus Cadila Group, including its Joint Ventures and Alliances. Mr. Nayak joined the Zydus Cadila Group in 1977. With experience of more than 37 years, he has contributed significantly to the growth of Zydus Cadila over the years. Zydus Cadila has successfully undertaken several expansion plans during his association. With strategic insight and business acumen, Mr. Nayak has played a key role in several M&A deals and alliances. Strategic management skills, long standing expertise in sales and marketing and new insights from the Harvard Business School have catapulted Mr. Nayak to the global league of marketing professionals.
Directorships held in other public Companies [excluding foreign and private Companies]	<ol style="list-style-type: none"> <li>1. Biochem Pharmaceutical Industries Limited and</li> <li>2. Zydus Technologies Limited</li> </ol>
Memberships/Chairmanships of Committees across Public Companies	<p><b>Chairman</b> <b>Shareholders' Grievance Committee:</b> Zydus Wellness Limited</p> <p><b>Member</b> <b>Audit Committee:</b> Zydus Wellness Limited</p>
Number of shares held in the Company	5,213

## Annexure-A to the Notice dated 15<sup>th</sup> May, 2014

<b>Name of the Director</b>	<b>H. Dhanrajgir</b>
Age	77 years
Date of Appointment on the Board	27 <sup>th</sup> April, 2009
Brief Resume and nature of expertise in functional areas	<p>Mr. Dhanrajgir is a B. Tech (Chem. Eng.) from Loughborough University, U.K., M.I. Chem. E (London.), C. Eng (London), AMP (Harvard). He started his career in 1960 at British Oxygen Co. Ltd., London. On his return to India, he worked for Burmah Shell, India as a covenanted officer for five years. He joined Glaxo India Ltd., and held several important positions including that of Managing Director in January 1990. He retired as Executive Vice Chairman in August, 1994. Thereafter, he was appointed as Managing Director of Lupin Laboratories in late 1994 helping the Company in its globalization plans. He joined Kodak India Ltd. as its CEO &amp; Managing Director in October, 1995. He retired after five years term in October, 2000. He was the President of Organization of Pharmaceutical Producers of India (OPPI) from 1992 to 1994, having served as its Vice President for 2 years prior to that. He also served on the General Committee of the Bombay Chamber of Commerce and Industry (BCCI) for two years and was a past Vice Chairman of the Indo-British Business Committee. Mr. Dhanrajgir is a member–Global Advisory Board, Asian Centre for Corporate Governance, Trustee of Breach Candy Hospital Trust and Lintas Employees Welfare Trusts. He is on the Indian Advisory Board of U.S. Pharmacopoeia.</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. HDFC Asset Management Company Limited,</li> <li>3. Neuland Laboratories Limited,</li> <li>4. Emcure Pharmaceuticals Limited,</li> <li>5. Themis Medicare Limited,</li> <li>6. Next Gen Publishing Limited and</li> <li>7. Sami Labs Limited.</li> </ol>
Memberships/Chairmanships of Committees across Public Companies	<p><b>Member of Audit Committee:</b></p> <ol style="list-style-type: none"> <li>1. Cadila Healthcare Limited,</li> <li>2. Zydus Wellness Limited,</li> <li>3. HDFC Asset Management Company Limited,</li> <li>4. Neuland Laboratories Limited,</li> <li>5. Emcure Pharmaceuticals Limited and</li> <li>6. Next Gen Publishing Limited.</li> </ol> <p><b>Member of Shareholders' /Investors' Grievance Committee:</b></p> <ol style="list-style-type: none"> <li>1. Zydus Wellness Limited and</li> <li>2. HDFC Asset Management Company Limited [Customers' Grievance Committee]</li> </ol>
Number of shares held in the Company	Nil

## Annexure-A to the Notice dated 15<sup>th</sup> May, 2014

<b>Name of the Director</b>	<b>B. M. Hegde</b>
Age	76 years
Date of Appointment on the Board	29 <sup>th</sup> July, 2009
Brief Resume and nature of expertise in functional areas	<p>Dr. Hegde is Padma Bhushan awardee 2010. He is MBBS, Ph. D. [Hon. Causa], MD, FRCP [London], FRCP [Edinburgh], FRCP [Glasgow], FRCPI [Dublin], FACC [USA] and FAMS.</p> <p>Dr. Hegde is:</p> <ul style="list-style-type: none"> <li>• An affiliate professor of Human Health, University of Northern Colorado since 2002.</li> <li>• Chairman, Bihar State Health Society's Expert Committee, Govt. of Bihar, Patna.</li> <li>• Former Member of Postgraduate Medical Education Board, Government of India.</li> <li>• Former Chairman, OHIO University's Indian Trust, Bangalore.</li> <li>• Former Chairman, Ganapathi Engineering College Governing Board, Vellore.</li> <li>• Chairman, Bharatiya Vidya Bhavan, Mangalore Kendra.</li> <li>• Editor in Chief, Journal of the Science of Healing Outcomes, Mangalore and Penn. State University, USA.</li> <li>• Former Vice Chancellor, Manipal University, India.</li> <li>• Former Professor of Cardiology [Visiting] London University since 1982.</li> <li>• Former Director-Professor, Principal and Dean of Kasturba Medical College, Mangalore.</li> <li>• Emeritus International Advisor to The Royal College of Physicians of London and Edinburgh.</li> <li>• First Indian examiner for MRCP [UK] examination in the UK from 1988 through 1998.</li> <li>• Former MRCPI examiner in Dublin since 2000 till 2009.</li> <li>• President, World Academy of Authentic Healing Sciences, Mangalore.</li> </ul> <p>Dr. Hegde has 47 years of teaching experience to undergraduates and postgraduates. He has been a professor of Medicine since 1973. Dr. Hegde has won Dr. B. C. Roy National Award in the category of an Eminent Medical Teacher, Dr. J. C. Bose Award for Life Sciences Research, PRIDE OF INDIA Award from the Pacific Association of Indians in California and many more.</p>
Directorships held in other public Companies [excluding foreign and private Companies]	<ol style="list-style-type: none"> <li>1. Primacy Industries Limited and</li> <li>2. Manipal Media Network Limited</li> </ol>
Memberships/Chairmanships of Committees across Public Companies	<b>Member of Audit Committee:</b> Zydus Wellness Limited
Number of shares held in the Company	300

## Annexure-A to the Notice dated 15<sup>th</sup> May, 2014

<b>Name of the Director</b>	<b>Indiraben J. Parikh</b>
Age	71 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 and</li> <li>4. Shashun Pharmaceuticals Limited.</li> </ol>
Memberships/Chairmanships of Committees across Public Companies	<b>Member of Audit Committee:</b> Zydus Wellness Limited
Number of shares held in the Company	Nil



## Annexure-B Instructions for e-Voting

The instructions for members for voting electronically are as under:

### A. In case of members receiving e-mail:

- i. If you are holding shares in Demat form and has logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii. Log on to e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii. Click on “Shareholders” tab to cast your votes.
- iv. Now, select the Electronic Voting Sequence Number [“EVSN”] 140605005 along with “ZYDUS WELLNESS LIMITED” from the drop down menu and click on “SUBMIT”.
- v. Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
USER ID	For NSDL: 8 characters DP ID Followed by 8 digits Client ID For CDSL: 16 digits beneficiary ID	Folio number registered with the Company.
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income tax Department when prompted by the system while e-voting [applicable for both, shareholders holding shares in demat mode and shareholders holding shares in physical mode]	
<b>ANY ONE OF THE FOLLOWING TWO</b>		
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
<b>OR</b>		
Dividend Bank Details	Enter the Dividend Bank details as recorded in your demat account or in the company records for the said demat account or folio.	

\* Member who have not updated their PAN with the Company / Depository Participant are requested to use the default number: <**ZYDUS1234W**> in the PAN field.

- vi. After entering these details appropriately, click on “SUBMIT” tab.
- vii. Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach “Password Creation” menu wherein they are requested to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case [A-Z], one lower case [a-z], one numeric value [0-9] and a special character [@ # \$ % & \*]. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that company opts for e-voting through CSDL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the shareholders holding shares in demat mode for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CSDL platform.
- viii. Click on the relevant EVSN on which you choose to vote.

## Annexure-B Instructions for e-Voting

- ix. On the voting page, you will see Resolution description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies you dissent to the resolution.
  - x. Click on the “Resolutions File Link” if you wish to view all the resolutions.
  - xi. After selecting the resolution you have decided to vote, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - xii. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- B. In case of members receiving the physical copy of Notice of Annual General Meeting [for members whose e-mail IDs are not registered with the Company / Depository Participant [s] or requesting physical copy]:**
- Please follow all steps from Sr. No. [ii] to Sr. No. [xii] above to cast vote.
- C. Institutional shareholders [i.e. other than individuals, HUF, NRI, etc.] are requested to log on to [www.evotingindia.co.in](http://www.evotingindia.co.in) and register themselves, link their account which they wish to vote and then cast their vote. They should upload a scanned copy of the Board Resolution/Authorization in PDF format in the system for the scrutinizer to verify the vote.
  - D. The e-voting period commences on 8<sup>th</sup> July, 2014 [9:00 a.m.] and ends on 10<sup>th</sup> July, 2014 [5:00 p.m.]. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, may cast their vote electronically. The e-Voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - E. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
  - F. Mr. D. D. Sanghavi, practicing Company Secretary [Membership No. FCS 3229; CP No. 5130] [Address: 703/2, Parshwa Tower, 7<sup>th</sup> Floor, S. G. Highway, Next to Packwan-II, Ahmedabad-380 015] has been appointed as the Scrutinizer to scrutinize the e-Voting process.
  - G. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions [“FAQs”] and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### Contact Details:

- |                                       |   |
|---------------------------------------|---|
| <b>Company</b>                        | - Zydus Wellness Limited<br>House No. 6 & 7, Sigma Commerce Zone, Nr. Iscon Temple, S G Highway, Ahmedabad-380 015<br>Email: <a href="mailto:investor.grievance@zyduswellness.in">investor.grievance@zyduswellness.in</a>   |
| <b>Registrar &amp; Transfer Agent</b> | - Link Intime India Private Limited<br>C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup [West], Mumbai-400 078<br>Tel. No. 022-2596 3838<br>Email: <a href="mailto:santosh.jaiswal@linkintime.co.in">santosh.jaiswal@linkintime.co.in</a> ; <a href="mailto:bhaskaran@linkintime.co.in">bhaskaran@linkintime.co.in</a> |
| <b>e-Voting Agency</b>                | - Central Depository Services [India] Limited<br>Email: <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>  |
| <b>Scrutinizer</b>                    | - Mr. D. D. Sanghavi, Practicing Company Secretary<br>Email: <a href="mailto:ddsanghavi@gmail.com">ddsanghavi@gmail.com</a>   |

## Directors' Report

To,  
The Members  
**Zydus Wellness Limited**

Your directors have pleasure in presenting **20<sup>th</sup>** Annual Report of the Company along with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2014. The summarised consolidated financial results are given below:

### Consolidated Financial Highlights:

	[INR Lacs]	
Particulars	2013-14	2012-13
Sales and Other Income	42,254	40,378
Profit before Interest, Depreciation, Exceptional Expenses & Tax [PBIDET]	10,841	11,241
Less: Depreciation	465	450
Profit before Interest, Exceptional Expenses & Tax (PBIET)	10,376	10,791
<b>Less: Interest</b>	13	10
<b>Profit Before Tax [PBT]</b>	<b>10,363</b>	<b>10,781</b>
<b>Less: Provision for Tax</b>	532	878
<b>Profit After Tax [PAT]</b>	<b>9,831</b>	<b>9,903</b>
<b>Less: Minority Interest</b>	186	192
<b>Profit attributable to shareholders</b>	<b>9,645</b>	<b>9,711</b>
<b>Add: Profit brought forward from the previous year</b>	<b>18,247</b>	<b>12,279</b>
Profit available for appropriation, which is appropriated as follows:	<b>27,892</b>	<b>21,990</b>
Interim Dividend	0	2,344
Proposed Dividend	2,344	0
Corporate Dividend Tax on Dividend	399	399
Transfer to General Reserve	1,000	1,000
Balance carried to Balance Sheet	24,149	18,247
<b>Total</b>	<b>27,892</b>	<b>21,990</b>
Basic and Diluted Earning Per Share (EPS of FV Rs. 10/-) [in Rupees]	<b>24.69</b>	<b>24.85</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, 2014, the sales and other income of the Company, on consolidated basis, have increased by 4.6% to Rs. 42,254 lacs compared to Rs. 40,378 lacs in the previous year. Profit before Interest, Exceptional Expenses & Tax was Rs. 10,376 lacs compared to Rs. 10,791 lacs in the previous year. The Profit after Tax was Rs. 9,831 lacs compared to Rs. 9,903 lacs in the previous year.

EPS of the Company was Rs. 24.69 compared to Rs. 24.85 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:

Your Directors are pleased to recommend a dividend of Rs. 6/- [60%] per Equity Share of face value of Rs. 10/- each fully paid-up [previous year Interim Dividend of Rs. 6/- per share] for the financial year ended on 31<sup>st</sup> March, 2014, amounting to Rs. 2,743 lacs [inclusive of Dividend Distribution Tax of Rs. 399 lacs]. The dividend, if declared by the shareholders at the ensuing Annual General Meeting will be paid to those shareholders, whose names stand registered in the Register of Members as on 14<sup>th</sup> July, 2014. In respect of shares held in dematerialized form, dividend will be paid to those shareholders whose names are furnished by the Depositories, as beneficial owners.

The dividend payout ratio for the current year [inclusive of corporate tax on dividend distribution] is 28.43%.

### Consolidated Financial Statements:

Zydus 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:

Mr. Pankaj R. Patel and Mr. Ganesh N. Nayak are retiring by rotation at the ensuing Annual General Meeting. Mr. Patel has expressed his unwillingness for reappointment at the ensuing Annual General Meeting. Mr. Nayak has expressed his willingness for reappointment and being eligible offered himself for reappointment. The Board recommends re-appointment of Mr. Nayak.

As per the provisions of section 149 of the Companies Act, 2013 and rules made thereunder, your Directors are seeking appointment of Mr. H. Dhanrajgir, Dr. B. M. Hegde and Prof. Indiraben J. Parikh as the Independent Directors of the Company for a term of 5 consecutive years and they shall not be liable to retire by rotation. The Board recommends their appointment.

In accordance with clause 49 of the Listing Agreement, brief resume of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting is annexed to the notice.

### Auditors:

Audit Committee and the Board of Directors recommend the appointment of M/s. Dhirubhai Shah & Doshi, [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 21<sup>st</sup> Annual General Meeting to be held in the financial year 2015-2016 and to fix their remuneration.

## Directors' Report

The Company has received a letter from M/s. Dhirubhai Shah & Doshi, Chartered Accountants, to the effect that their reappointment, if made, would be within the prescribed limits under section 139 of the Companies Act, 2013 and rules made thereunder and that the firm is eligible for appointment and is not disqualified for appointment under this Act, the Chartered Accountants Act, 1949 and the rules and regulations made thereunder.

### 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 does 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 2013–2014 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, 2014 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, 2014 and of the profit of the Company for the year ended on that date and
- (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 the 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 a Practising Company Secretary, confirming compliance with the conditions of Corporate Governance, forms part of this report.

## Directors' Report

### Cost Auditors:

The Ministry of Corporate Affairs vide its order No. 52/26/CAB/2010 dated 24<sup>th</sup> January, 2012 mandated the cost audit of all listed Companies. Moreover, company's products viz. Nutralite / Margarine and Mayonnaise are covered under the aforesaid order. For conducting the cost audit for the financial year ended on 31<sup>st</sup> March, 2014, based on the recommendations of Audit Committee, the Board has appointed M/s. Dalwadi & Associates, Cost Accountants and made an application to the Central Government. The Cost Auditor has filed the cost audit reports for the financial year ended on 31<sup>st</sup> March, 2013 within the due date on 4<sup>th</sup> September, 2013.

### Personnel:

The names and other particulars of the employees as set out under section 217(2A) of the Companies Act, 1956 and rules made thereunder are provided in Annexure forming part of the Report. In terms of section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary. None of the employees listed in the said Annexure is related to any Director of 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 : 15<sup>th</sup> May, 2014.

**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:**

The Company has not undertaken any material energy conservation measures. Further, the Company has not made additional investment for reduction in consumption of energy.

**Total energy consumption and energy consumption per unit of production.**

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

	Unit of Measure	2013-14	2012-13
<b>A Power and Fuel Consumption:</b>			
1. Electricity:			
(a) Purchased:			
Units	Nos.	1546692	1619328
Total Amount	Lac Rs.	101.92	102.85
Rate/Unit	Rs.	6.59	6.36
(b) Own Generation:			
Through Diesel Generator Set:			
Units	Nos.	17344 units	9344 units
Total Amount	Lac Rs.	3.47	1.54
Cost/Unit	Rs.	3.06	3.08
2. Others/Internal Generation:			
Solid Fuel (wood):			
Units	Nos.	722975	567330
Total Cost	Lac Rs.	26.69	23.65
Rate/Unit	Rs.	3.69	4.17
<b>B. Consumption per unit of production</b>			
Electricity	Kwh/Ton	163.03	158.90
Diesel Oil	ltr./Ton	38.90	45.00
Solid Fuel [Wood]	Kgs./Ton	76.20	55.60

## Annexure - A to the Directors' Report

### Form B Research & Development

- 1. Specific areas in which R&D activities carried out by the Company:**
  - a. Formulation and development of food, nutrition and nutraceuticals,
  - b. Packaging development and
  - c. Analytical testing of semi-finished and finished products.
- 2. Benefits derived as a result of the above R & D:**
  - a. Innovative products and packaging,
  - b. High quality standards substantiated with clinical studies,
  - c. New technology introduction to gain edge over competition and
  - d. Stability studies to ensure sustainable products throughout its shelf life.
- 3. Future plan of action:**
  - a. New technology and product upgradation for improved performance and
  - b. Improved and innovative packaging for a superior consumer experience.
- 4. Expenditure on R & D:**

	INR-lacs
a. Capital	13.07
b. Recurring	22.79
<b>c. Total</b>	<b>35.86</b>
d. Total R&D expenditure as a percentage of total turnover	0.32%

- 5. Technology absorption, adaptation and innovation:**  
The Company has not imported any technology during last five years.
- 6. Foreign exchange earnings and outgo:**

Particulars	INR-Lacs	
	2013-14	2012-13
Earnings [FOB value of exports]	3	2
Outgo:		
1. CIF value of imports	51	19
2. Expenditure in foreign currency	8	2

For and on behalf of the Board

Place : Ahmedabad.  
Date : 15<sup>th</sup> May, 2014.

**Pankaj R. Patel**  
Chairman



## Overview – Year 2013-14

**State of the Economy:**

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 4.9 per cent in 2013-14 as compared to 4.5 per cent in 2012-13. Index of Industrial Production (“IIP”), which is considered to be the barometer of Indian industrial growth, is expected to have de-grown by 0.1% during April – February 2013-14 vs. 0.9% growth during the same period last year. The average Wholesale Price Index (WPI) inflation rate for the last 12 months (April 13 to March 14) was 5.93% as compared to 7.35% during the corresponding period in 2012-13. (Source: Monthly Economic Report, March 2014 published by the Ministry of Finance, Govt. of India).

**Industry:**

The Indian economy has been fuelled to a large extent by the growth of fast-moving consumer goods (FMCG), which form its fourth-largest sector. Last year has been difficult for Consumer products. On the one hand, food inflation showed no sign of coming down to manageable levels and on the other hand, the Economy as mentioned underperformed. Given these factors, the consumption market has reacted with a discretionary pull-back. In fact, the rate of value growth in the overall FMCG market halved from a double digit high of 18 percent in 2012 to 9 percent at the end of 2013. (Source: Nielsen).

During the last year, Indian consumption has gone through a correction, but with the top-end urban and rural populations continuing to consume and upgrade. Middle urban India is feeling the squeeze from uncertain revenue as well as food and utility inflation. This is expected to get better only with a real improvement in the economy accompanied by positive consumer sentiment. The replacement cycle for the urban middle class is slowing, resulting in a squeeze on discretionary spending, but continuing spending on staples. Rural middle and low-end consumers continue to upgrade (from a much lower base) into packaged consumer goods, but now at a slower pace than previously. (Source: Report on Indian Consumer Sector prepared by UBS Securities).

Persistently high inflation and general economic slowdown is not expected to turnaround in the immediate future. Therefore lower discretionary spending is likely to keep demand for consumer goods tepid. Moreover as most FMCG companies have raised prices earlier, this tool will not be available on concerns of further demand compression. This is likely to fuel increased competition among existing players trying to preserve their respective market shares.

However, economic reforms together with rapid urbanization have brought about big opportunities for investment and growth prospects in India, which is likely to be the world's largest consumer market by 2030, according to a report by global consultancy firm, Deloitte. The country's retail market is projected to touch US\$ 1.3 trillion by 2020, as per Mr. KV Thomas, India's Consumer Affairs Minister.

## Zydus Wellness Ltd. – a niche player in consumer health

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 contributing to and participating in growing the health and wellness market in this country.

The year gone by witnessed a muted performance by the company. During 2013-14, the Company recorded gross sales of Rs. 4,296 Mio, up by 4.8% and a net profit of Rs. 964.5 Mio., down by 0.7% on a consolidated basis. The company took several initiatives during the year which are outlined below:

### Sugar Free – India's largest selling low calorie sweetener

During the year 2013-14, Sugar Free maintained its leadership position in the low calorie sugar substitute market with a market share of 93% (Source: AC Nielsen). Both variants of Sugar Free, the aspartame based Sugar Free Gold and sucralose based Sugar Free Natura, continued to lead in their respective segments.

The sugar substitute category is still a niche category which has been mainly adopted by health seekers and diabetics, and has a low penetration across India. The scope for conversion of a greater number of health conscious individuals besides those necessarily requiring a sugar substitute, such as diabetics, offers huge potential for the brand and the task as a brand leader would be to drive penetration and growth of the category. In this regard, Sugar Free continued to build awareness of the health benefits of low calorie sweeteners as well as engage with consumers through sampling to generate trials. In the last quarter of the financial year, Sugar Free undertook a major multimedia campaign with Sanjeev Kapoor, brand ambassador, to counter competition and re-assure consumers of our leadership position and credibility. The brand continues to offer consumers a large choice through a portfolio of pellets, powders and drops.

### EverYuth – Discover Naturally Beautiful Skin!

The skin cleansing category witnessed a huge slowdown primarily owing to reduced discretionary spending on personal care products arising from high inflation. This trend has impacted all three segments in which EverYuth participates viz. Face Wash, Scrub and Mask.

In the Mask and Scrub segment, EverYuth maintained its leadership position, despite stiff competition, on the back of active engagement with its target audience through a continuous multimedia presence and ground trade and consumer engagement initiatives. In the Facial Mask category, EverYuth launched **"3 in 1 Neem Face Pack"**. This product innovation won the **'Product of the Year-2014'** award in the Face Care category based in an independent survey conducted amongst 18,000 consumers in India undertaken by global research agency AC Nielsen.

In the Peel Off segment the Company drove the category single-handedly and expanded the portfolio through the launch of a new **"Fairness Peel Off"** with Intelligent Target Delivery Whitening Technology, a first in India. This launch was supported with a new multimedia campaign across TV, print and digital and the initial results have been encouraging.

## Management Discussion and Analysis 2013-2014

In Face Wash segment, EverYuth continued to face tough competition from larger brands. To counter this, the Company has launched a new and innovative **“Tulsi Turmeric Face Wash”** at an attractive consumer price appealing to young women seeking high performance products at affordable prices. This innovation will be widely supported with a new multimedia campaign across TV, print and digital and the Company expects to build market share in this highly competitive category through this launch.

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

Nutralite has maintained its leadership position in the margarine category despite strong competition from lower priced regional brands. This was possible due to continuous focus on superior quality and the high standards of customer service.

A new variant of Nutralite called **‘Nutralite Yummy’** was launched in the retail segment in North India, positioned on the platform of “Great Taste at Great Value.” This launch was supported through local media and sampling programs as well as in-store activation. In the Table Spread segment, this innovation was voted **‘Product of the Year-2014’**.

### ActiLife – Nutrition for adults

ActiLife was launched in 2011 as a nutritional milk additive for adults and is being built through highly focused and targeted marketing support.

As Indian consumers are becoming more health conscious, there will be tremendous opportunities for growth in the wellness industry. For the Company, this will translate into continued innovation in products, services, marketing and distribution strategies. In the recent past, the Company has launched innovative new products which will drive growth and strengthen brand equity. The Company is also building a stronger distribution infrastructure with investment in channel partnerships and training for the employees of the Company and its distributors. The internet also provides opportunities for building enduring connections with consumers. Sugar Free, EverYuth and Nutralite brands are active on Facebook® and these communities of consumers are being engaged regularly with exciting product and lifestyle content.

## Consolidated Financial Highlights

### Operating Incomes

#### Sales

The gross sales revenue grew by 4.8% to Rs. 4,296 Mio. from Rs. 4,099.6 Mio. in 2012-13. Sales growth was muted mainly due to subdued performance of EverYuth and Nutralite brands.

## Management Discussion and Analysis 2013-2014

### Profits and margins

The EBITDA (Earnings before interest, tax, depreciation and amortization excluding non-operating incomes) declined by 7.4% to Rs. 895.2 Mio. The EBITDA margin as % to total operating income has also declined by 270 basis points and now stands at 22.2%. This was mainly on account of lower sales growth and one-off expenses like professional fees paid to develop and implement a new “Go to Market” strategy.

The profit before tax and exceptional items declined by 3.9% y-y to Rs. 1036.3 Mio. PBT margin before exceptional items as % to total operating income has also declined by 210 basis points and now stands at 25.7%.

Net profit after tax declined by 0.7% y-y to Rs. 964.6 Mio. from Rs. 971.1 Mio. last year. The net profit margin, as a % to total operating income, has also declined to 23.9% from 25% last year.

### Net Worth

The net worth as at 31<sup>st</sup> March, 2014 stood at Rs. 3255.6 Mio., up by 26.9% from last year. Retained earnings of Rs. 690.2 Mio. (Net profit less dividend) contributed to this rise.

The book value per share increased to Rs. 83.3 as at 31<sup>st</sup> March 2014 from Rs. 65.7 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 33.1% for 2013-14.

### Fixed Assets and Capital Expenditure

The gross block (including capital work in progress) at the end of 2013-14 was Rs. 1160.7 Mio. Net capital expenditure during the year 2013-14 was Rs. 57.3 Mio, which was mainly incurred for the new corporate office and upgradation of existing manufacturing facilities.

### Risk Identification, Risk Mitigation and Internal Controls

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

#### 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. The Company has put in place effective processes to exercise management and internal controls and compliance of various laws and regulations applicable to the Company.

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, 2014, 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 2013–14, 4 meetings of the Board of Directors were held on 13<sup>th</sup> May, 2013, 7<sup>th</sup> August, 2013, 30<sup>th</sup> October, 2013 and 6<sup>th</sup> February, 2014. The Company has complied with the provisions of clause 49 of the Listing Agreement 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 Zydus Tower, Satellite Cross Roads, 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]	4
Mr. H. Dhanrajgir	Non Executive and Independent	4	4	Yes	8	7
Mr. Mukesh M. Patel	Non Executive and Independent	4	4	Yes	9 [5]	6
Dr. B. M. Hegde	Non Executive and Independent	4	4	Yes	1	2
Prof. Indiraben J. Parikh	Non Executive and Independent	4	3	Yes	1	4
Mr. Ganesh N. Nayak	Non Executive	4	4	Yes	2 [1]	2
Dr. Sharvil P. Patel	Non Executive	4	4	Yes	2	3
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 mean Audit Committee and Shareholders' / Investors' Grievance Committee

## Corporate Governance Report

### 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 their 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, 2014.

### 3. Committees of the Board:

As on 31<sup>st</sup> March, 2014 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, Names 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 13<sup>th</sup> May, 2013, 7<sup>th</sup> August, 2013, 30<sup>th</sup> October, 2013 and 6<sup>th</sup> February, 2014. 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	4
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 7<sup>th</sup> August, 2013 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, 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 attending 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 recommends the suggestions to improve services to the investors.

#### Meetings and Attendance during the year:

During the year, four meetings were held on 13<sup>th</sup> May, 2013, 7<sup>th</sup> August, 2013, 30<sup>th</sup> October, 2013 and 6<sup>th</sup> February, 2014. 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, 20 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, 2014.

## 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.

38,695 Equity Shares remained in the in-transit account with the Depositories as at 31<sup>st</sup> March, 2014.

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

**Mr. Dhaval N. Soni,**

Company Secretary  
Zydus Wellness Limited

**Registered Office:**

House No. 6 & 7, Sigma Commerce Zone, Nr. Iscon Temple, Sarkhej-Gandhinagar Highway,  
Ahmedabad-380 015.

**dhavalsoni@zyduscadila.com**

### D] Remuneration Committee:

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 evaluates the performance, determine and propose remuneration for the Executive Director and any compensation payment within the limits approved by the shareholders and as permissible under the Companies Act, 1956. One meeting of Remuneration Committee was held on 13<sup>th</sup> May, 2013.

### 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. 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
2012-2013	7 <sup>th</sup> August, 2013 10:00 a.m.	J. B. Auditorium, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.
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, 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 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 after considering the recommendation of Remuneration Committee and 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, 2014 was as under:

INR–lacs			
Salary & Allowance	Commission	Perquisites	Retirement Benefits
170.81	-	0.29	12.76

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 and 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. p.a. 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 2013-14 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	3.50	0.80	0.80	5.10
Mr. H. Dhanrajgir	3.50	0.80	0.80	5.10
Dr. B. M. Hegde	3.50	0.80	0.80	5.10
Prof. Indiraben J. Parikh	3.50	0.60	0.60	4.70
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:**

Mr. Pankaj R. Patel and Mr. Ganesh N. Nayak are liable to retire by rotation at the ensuing Annual General Meeting scheduled to be held on 14<sup>th</sup> July, 2014. Mr. Pankaj R. Patel has expressed his unwillingness for reappointment. Mr. Ganesh N. Nayak, being eligible, offered himself for reappointment at the ensuing Annual General Meeting. The information as required under clause 49 of the Listing Agreement for the Directors seeking appointment/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 Senior Officers of the Company, who are expected to have access to unpublished price sensitive information relating to the Company. The Code

## Corporate Governance Report

lays 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 31<sup>st</sup> March, 2014:

Name of the Director	No. of shares held	Details of shares bought/ [sold] during 2013 - 14
Mr. Pankaj R. Patel *	2,665	Nil
Mr. Mukesh M. Patel	426	Nil
Mr. H. Dhanrajgir	0	Nil
Dr. B. M. Hegde	300	100
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 37,518 shareholders as on 31<sup>st</sup> March, 2014. 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 20 <sup>th</sup> AGM	: 14 <sup>th</sup> July, 2014 at 10:00 a.m.
Venue	: J. B. Auditorium, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.
Financial Year	: 1 <sup>st</sup> April, 2013 to 31 <sup>st</sup> March, 2014
Date of Book Closure	: 5 <sup>th</sup> July, 2014 to 14 <sup>th</sup> July, 2014[both days inclusive]
Registered Office	: House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, 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 2014–2015 [tentative]

First quarter Results : Before 14<sup>th</sup> August, 2014  
 Half yearly Results : Before 14<sup>th</sup> November, 2014  
 Third quarter Results : Before 14<sup>th</sup> February, 2015  
 Audited results for the year 2014–15 : Before 30<sup>th</sup> May, 2015

### 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

1<sup>st</sup> 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 2014–15 to both the Stock Exchanges.

#### Stock Code:

Name of the Stock Exchange	Stock Code	Closing Price as on 31 <sup>st</sup> March, 2014 [Rs.]
Bombay Stock Exchange Limited	531335	497.35
National Stock Exchange of India Limited	ZYDUSWELL	496.25

#### ISIN Code:

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

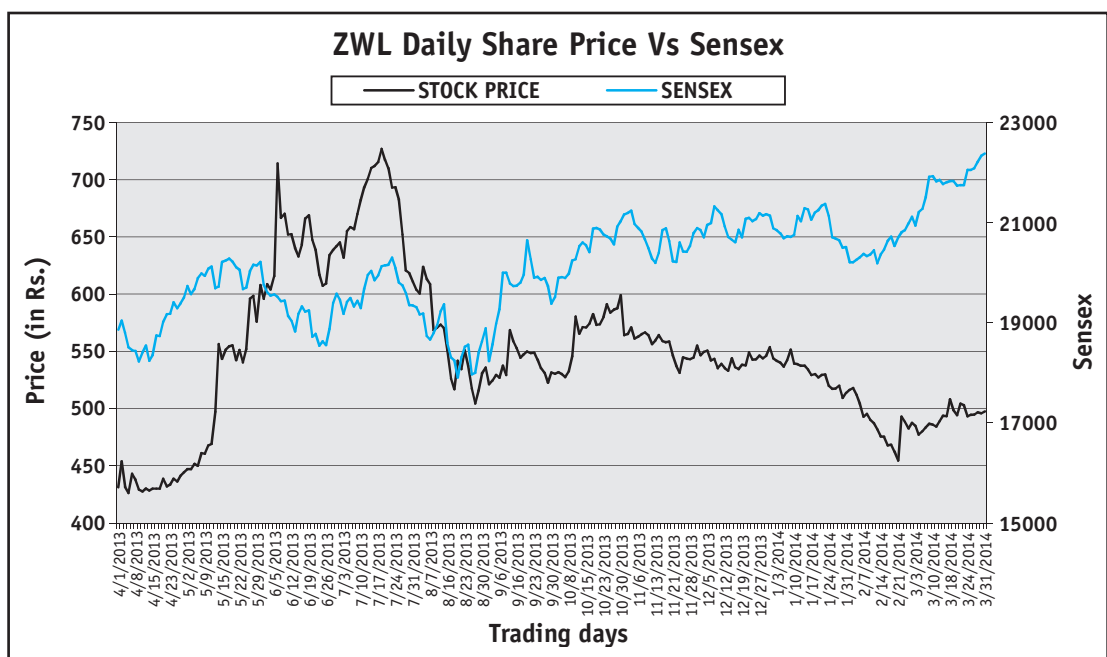
**Corporate Governance Report**

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, 13	19504.18	464.00	420.00	2082.75	460.00	418.50	6223.25
May, 13	19760.30	629.50	442.00	37358.35	629.00	440.00	105165.30
June, 13	19395.81	748.70	597.00	76551.70	755.00	595.10	224258.55
July, 13	19345.70	735.90	598.20	23669.83	736.70	599.00	58707.52
Aug., 13	18619.72	656.20	491.50	20562.20	654.00	490.00	33504.35
Sept., 13	19379.77	588.00	510.00	5174.35	590.00	510.10	13683.70
Oct., 13	21164.52	617.45	525.00	7602.95	617.00	525.20	33673.43
Nov., 13	20791.93	584.00	530.00	5185.30	579.95	529.25	14944.65
Dec., 13	21170.68	562.90	520.00	3916.33	562.00	518.75	23326.33
Jan., 14	20513.85	574.00	506.30	4185.74	570.00	508.05	30895.83
Feb., 14	21120.12	525.00	435.00	21355.74	523.00	435.00	54600.11
March, 14	22386.27	516.45	474.20	6915.95	517.00	472.50	27462.71

Source: Official website of Bombay Stock Exchange Limited–viz. www.bseindia.com and National Stock Exchange of India Limited–viz. www.nseindia.com

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



## Corporate Governance Report

### e) Registrar and Transfer Agent:

For lodgment 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, 3<sup>rd</sup> 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 2013-14, 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, 2014, 99.04 % of the Share Capital of the Company is held by the members in electronic form.

### i) Distribution of Shareholding as on 31<sup>st</sup> March, 2014:

No. of Equity Shares	Shareholders		Shares	
	Numbers	% of Total	Numbers	% of Total
1 to 500	36610	97.58	1984756	5.08
501 to 1000	458	1.22	349717	0.90
1001 to 2000	213	0.57	315659	0.81
2001 to 3000	99	0.26	248863	0.64
3001 to 4000	33	0.09	115134	0.29
4001 to 5000	30	0.08	138933	0.36
5001 to 10000	24	0.06	158168	0.40
10001 & above	51	0.14	35760859	91.52
<b>TOTAL</b>	<b>37518</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, 2014:**

Category	No. of Shares held			% of shareholding
	Physical	Electronic	Total	
Promoter's holding	0	28343687	28343687	72.54
Mutual Funds and UTI	559	1045667	1046226	2.68
Banks, FIs and Insurance Companies	0	2028930	2028930	5.19
Foreign Institutional Investors	46	3072247	3072293	7.86
NRI's / OCBs	71352	174614	245966	0.63
Other Corporate Bodies	4899	978340	983239	2.52
Indian Public	297754	3035768	3333522	8.53
Others (Govt. & other trusts)	0	18226	18226	0.05
<b>TOTAL</b>	<b>374610</b>	<b>38697479</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 Locations:**

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, 2014.

Place : Ahmedabad.  
Date : 15<sup>th</sup> May, 2014

**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, 2014 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, 2014, 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

Place : Ahmedabad.  
Date : 15<sup>th</sup> May, 2014.

**Hitesh Buch**  
**Proprietor**  
**CP No. 8195**

## 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 31<sup>st</sup> March 2014, the statement of profit and loss and the cash flow 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
- (ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (iii) 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 sub-section (3C) of section 211 of the Act and
  - e. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For, **Dhirubhai Shah & Doshi**  
Chartered Accountants  
Firm Registration Number : 102511W

Place : Ahmedabad  
Date : 15<sup>th</sup> May, 2014

**Kaushik D Shah**  
Partner  
Membership Number : 016502

## Annexure to Auditors' Report

The Annexure referred to in our report to the members of Zydus Wellness Limited ('the Company') for the year ended 31<sup>st</sup> March, 2014. 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 inventories 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 records of inventory. As explained to us, there were no material discrepancies noticed on 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 with regard to the sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. (a) Based on the audit procedures applied by us and according to the information and explanations given to us, 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 explanations 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 the 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 explanations 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, Income Tax, 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 31<sup>st</sup> March, 2014 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 31<sup>st</sup> March, 2014, which have not been deposited on account of any dispute, are as follows:

Financial period to which it relates	Act	Nature of Dues	Forum where the dispute is pending	Amount (Rs. In Lacs)
2010-2011	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	192.60
2003-2004 and 2004-2005	Andhra Pradesh Sales Tax Act	Sales Tax	High Court, Andhra Pradesh	4.46
2009-2010			High Court, Andhra Pradesh	28.71
2010-2011 to 2012-2013			Appellant Deputy Commissioner (Commercial Tax)	30.40
2009-2010	KVAT Act, 2003	Sales Tax	Appellant Deputy Commissioner (Commercial Tax)	12.31

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 explanations 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.

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

15. According to the information and explanations 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.
16. The Company did not have any term loans outstanding from bank and financial institution during the year under audit.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have prima facie, been used during the year for long-term investments.
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 requirements as per clause 4(xix) of the Order is not applicable.
20. The Company has not raised any money by public issues during the year under audit.
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, **Dhirubhai Shah & Doshi**  
Chartered Accountants  
Firm Registration Number : 102511W

Place : Ahmedabad  
Date : 15<sup>th</sup> May, 2014

**Kaushik D Shah**  
Partner  
Membership Number : 016502



# **Standalone Financial Statements**

**Balance Sheet as at March 31, 2014**

Particulars	Note No.	INR - Lacs	
		As at March 31	
		2014	2013
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	3,907	3,907
Reserves and Surplus	2	28,649	21,747
		<b>32,556</b>	25,654
<b>Non-Current Liabilities:</b>			
Deferred Tax Liabilities [Net]	3	218	219
Other Long Term Liabilities	4	37	37
Long Term Provisions	5	1	2
		<b>256</b>	258
<b>Current Liabilities:</b>			
Trade Payables	6	1,300	1,522
Other Current Liabilities	7	457	348
Short Term Provisions	8	2,761	2,777
		<b>4,518</b>	4,647
<b>Total</b>		<b>37,330</b>	30,559
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Fixed Assets:			
Tangible Assets	9	3,022	2,851
Intangible Assets	9	2,291	2,287
		<b>5,313</b>	5,138
Non Current Investments	10	245	245
Long Term Loans and Advances	11	474	344
		<b>6,032</b>	5,727
<b>Current Assets:</b>			
Current Investments	12	14,320	9,328
Inventories	13	463	674
Trade Receivables	14	23	46
Cash and Bank Balances	15	16,393	14,615
Short Term Loans and Advances	16	84	156
Other Current Assets	17	15	13
		<b>31,298</b>	24,832
<b>Total</b>		<b>37,330</b>	30,559
<b>Significant Accounting Policies</b>	II		
<b>Notes to the Financial Statements</b>	1 to 35		
As per our report of even date For Dhirubhai Shah & Doshi, Chartered Accountants Firm Registration Number: 102511W Kaushik D. Shah Partner Membership Number: 016502 Place : Ahmedabad. Date : 15 <sup>th</sup> May, 2014.		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	

**Statement of Profit & Loss for the Year ended March 31, 2014**

Particulars	Note No.	INR - Lacs	
		Year Ended March 31	
		2014	2013
<b>REVENUE:</b>			
Revenue from Operations:			
Sale of Products [Gross]		<b>11,399</b>	12,085
Less: Excise Duty		<b>213</b>	215
Sale of Products [Net]		<b>11,186</b>	11,870
Other Operating Revenues	20	<b>9,139</b>	9,431
Net Revenue from Operations		<b>20,325</b>	21,301
Other Income	21	<b>1,169</b>	1,389
Total Revenue		<b>21,494</b>	22,690
<b>EXPENSES:</b>			
Cost of Materials Consumed	22	<b>5,177</b>	5,729
Purchases of Stock-in-Trade	23	<b>461</b>	727
Changes in Inventories of Finished Goods, Works-in-Progress and Stock-in-Trade	24	<b>245</b>	(7)
Employee Benefits Expense	25	<b>1,295</b>	1,196
Depreciation, Amortisation and Impairment expenses	9	<b>243</b>	237
Other Expenses	26	<b>5,013</b>	4,880
Total Expenses		<b>12,434</b>	12,762
<b>Profit before Tax</b>		<b>9,060</b>	9,928
Less: Tax Expenses:			
Current Tax		<b>0</b>	169
Deferred Tax	3	<b>(1)</b>	34
Prior year's tax adjustments		<b>(584)</b>	14
		<b>(585)</b>	217
<b>Profit for the year</b>		<b>9,645</b>	9,711
<b>Basic &amp; Diluted Earning per Equity Share [EPS] [in Rupees]</b>	27	<b>24.69</b>	24.85
<b>Significant Accounting Policies</b>	II		
<b>Notes to the Financial Statements</b>	1 to 35		

As per our report of even date

For Dhirubhai Shah & Doshi,  
Chartered Accountants

Firm Registration Number: 102511W

Kaushik D. Shah  
Partner

Membership Number: 016502

Place : Ahmedabad.

Date : 15<sup>th</sup> May, 2014.

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, 2014**

Particulars	INR - Lacs	
	Year ended March 31	
	2014	2013
<b>A Cash flows from operating activities:</b>		
Net profit before taxation and extraordinary items	<b>9,060</b>	9,928
Adjustments for:		
Depreciation, Amortisation and Impairment	<b>243</b>	237
Loss on sale of assets [Net]	<b>1</b>	2
Interest income	<b>(1,168)</b>	(1,363)
Interest expense	<b>4</b>	5
Provisions for employee benefits	<b>(2)</b>	5
Provisions for probable product expiry claims and return of goods	<b>(15)</b>	0
Total	<b>(937)</b>	(1,114)
Operating profit before working capital changes	<b>8,123</b>	8,814
Adjustments for:		
Decrease/[Increase] in trade receivables	<b>41</b>	(32)
Decrease/[Increase] in inventories	<b>210</b>	(69)
Decrease in short term advances	<b>26</b>	99
[Increase]/Decrease in long term advances	<b>(14)</b>	24
Decrease in other current assets	<b>1</b>	15
Decrease in trade payables	<b>(176)</b>	(893)
Increase/[Decrease] in other current liabilities	<b>79</b>	(35)
Increase/[Decrease] in other long term liabilities	<b>0</b>	(22)
Total	<b>167</b>	(913)
Cash generated from operations	<b>8,290</b>	7,901
Direct taxes paid [Net of refunds]	<b>469</b>	(207)
Net cash from operating activities	<b>8,759</b>	7,694

**Cash Flow Statement for the Year ended March 31, 2014 [Contd...]**

Particulars	INR - Lacs	
	Year ended March 31	
	2014	2013
<b><u>B Cash flows from investing activities:</u></b>		
Purchase of fixed assets	(420)	(105)
Proceeds from sale of fixed assets	4	19
Purchase of current investments	(4,992)	(4,803)
Interest received	1,164	1,362
Net cash from investing activities	<u>(4,244)</u>	<u>(3,527)</u>
<b><u>C Cash flows from financing activities:</u></b>		
Interest paid	(4)	(5)
Dividends paid	(2,334)	(1,947)
Tax on dividends paid	(399)	(317)
Net cash used in financing activities	<u>(2,737)</u>	<u>(2,269)</u>
<b>Net increase in cash and cash equivalents</b>	<b>1,778</b>	<b>1,898</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>14,615</b>	<b>12,717</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>16,393</b>	<b>14,615</b>

**Notes to the cash flow statement**

- All figures in brackets are outflows.
- Previous year's figures have been regrouped wherever necessary.
- Cash and cash equivalents at the end [beginning] of the year includes Rs. 37 [Rs. 27] Lacs not available for immediate use.
- Cash and cash equivalents comprise of:

	As at March 31		
	2014	2013	2012
a Cash on Hand	3	3	2
b Balances with Banks	16,390	14,612	12,715
c Total	<u>16,393</u>	<u>14,615</u>	<u>12,717</u>

As per our report of even date

For Dhirubhai Shah & Doshi,  
Chartered Accountants

Firm Registration Number: 102511W

Kaushik D. Shah  
Partner

Membership Number: 016502

Place : Ahmedabad.

Date : 15<sup>th</sup> May, 2014.

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

### I. Company overview:

Zydus Wellness Limited [“the Company”] was incorporated on November 01,1994 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 House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad- 380 015.

### 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 pronouncements issued by the 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 and Stock-in-Trade are determined on Moving Average Method.
- C** Cost of Finished Goods and Works-in-Progress are 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 and 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 comprises 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, capital goods 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	
	2014	2013
<b>Note : 1 - Share Capital:</b>		
<b>Authorised:</b>		
4,50,00,000 [as at March 31, 2013 : 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, 2013 : 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 at 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 Equity Shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of 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	2,81,63,755 72.08%	2,74,43,274 70.24%
D Number of Shares held by holding company: Cadila Healthcare Limited	2,81,63,755	2,74,43,274
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	
	2014	2013
<b>Note : 2 - Reserves and Surplus:</b>		
<b>General Reserves: [*]</b>		
Balance as per last Balance Sheet	3,500	2,500
Add: Transfer from Surplus in statement of Profit and Loss	1,000	1,000
	4,500	3,500
<b>Surplus in statement of Profit and Loss:</b>		
Balance as per last Balance Sheet	18,247	12,279
Add: Profit for the year	9,645	9,711
	27,892	21,990
Less: Appropriations:		
Dividends:		
Interim Dividend	0	2,344
Proposed Dividend	2,344	0
Corporate Dividend Tax on Dividend	399	399
	2,743	2,743
Transfer to General Reserve	1,000	1,000
	3,743	3,743
Balance as at the end of the year	24,149	18,247
<b>Total</b>	<b>28,649</b>	<b>21,747</b>
[*] 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 2012	Charge for the previous year	As at March 31 2013	Charge for the current year	As at March 31 2014
Deferred Tax Liabilities:					
Depreciation	238	8	246	(8)	238
Deferred Tax Assets:					
Retirement benefits	6	(1)	5	(1)	4
Amalgamation Expenses	39	(25)	14	(1)	13
Provision for Expiry	8	0	8	(5)	3
Total	53	(26)	27	(7)	20
Net Deferred Tax Liabilities/ [Assets]	185	34	219	(1)	218

- B The Net Deferred Tax Liabilities of Rs 1 [Previous year : Rs. 34] Lacs for the year has been reversed in the statement of Profit and Loss.

	INR - Lacs	
	As at March 31	
	2014	2013

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

Trade Deposits	22	22
Others	15	15
<b>Total</b>	<b>37</b>	<b>37</b>

**Note : 5 - Long Term Provisions:**

Provision for Employee benefits	1	2
<b>Total</b>	<b>1</b>	<b>2</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					
		2014		2013			
		Med. Leave	Leave Wages	Med. Leave	Leave Wages		
		Gratuity		Gratuity			
<b>B</b>	<b>Change in the present value of the defined benefit obligation:</b>						
	Opening defined benefit obligation	1	76	87	1	62	44
	Interest cost	0	5	6	0	5	3
	Current service cost	0	15	16	0	19	16
	Benefits paid	0	(19)	(21)	0	(16)	(10)
	Actuarial [gains]/ losses on obligation	0	1	(2)	0	6	32
	Transfer of liabilities	0	2	2	0	0	2
	Closing defined benefit obligation	1	80	88	1	76	87
<b>C</b>	<b>Change in the fair value of plan assets:</b>						
	Opening fair value of plan assets	0	91	123	0	83	122
	Expected return on plan assets	0	8	10	0	8	11
	Contributions by employer	0	0	0	0	0	0
	Benefits paid	0	0	(21)	0	0	(10)
	Actuarial gains/[losses]	0	(2)	(3)	0	1	0
	Closing fair value of plan assets	0	97	110	0	91	123
	Total actuarial gains/[losses] to be recognized	0	3	1	0	5	32

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

	INR - Lacs As at March 31					
	2014			2013		
	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	10	0	8	11
Actuarial gains on plan assets	0	(2)	(3)	0	1	0
Actual return on plan assets	0	6	7	0	9	11
<b>E Amount recognised in the balance sheet:</b>						
Liabilities at the end of the year	1	80	88	1	76	87
Fair value of plan assets at the end of the year	0	(97)	(110)	0	(91)	(123)
Difference	1	(17)	(22)	1	(15)	(36)
Unrecognised past service cost	0	0	0	0	0	0
Liabilities/[Assets] recognised in the Balance Sheet	1	(17)	(22)	1	(15)	(36)
<b>F [Incomes]/ Expenses recognised in the Statement of Profit and Loss:</b>						
Current service cost	0	15	16	0	19	16
Interest cost on benefit obligation	0	5	6	0	5	3
Expected return on plan assets	0	(8)	(10)	0	(8)	(11)
Net actuarial [gains]/losses in the year	0	4	0	0	5	32
Net [benefits]/ expenses	0	16	12	0	21	40
<b>G Movement in net liabilities recognised in Balance Sheet:</b>						
Opening net liabilities	2	(17)	(36)	1	(22)	(78)
Expenses as above [P & L Charge]	0	16	12	1	21	40
Employer's contribution	0	0	0	0	0	0
Liability transfer	0	2	2	0	0	2
Benefits paid	0	(19)	0	0	(16)	0
Liabilities/[Assets] recognised in the Balance Sheet	2	(18)	(22)	2	(17)	(36)

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

		INR - Lacs As at March 31					
		2014			2013		
		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	<b>9.10%</b>	<b>9.10%</b>	<b>9.10%</b>	8.20%	8.20%	8.20%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations]						
	Expected rate of return on plan Assets	<b>0.00%</b>	<b>9.25%</b>	<b>9.25%</b>	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	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	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 Plan	<b>0.00%</b>	<b>100%</b>	<b>100%</b>	0.00%	100.00%	100.00%

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

	INR - Lacs	
	As at March 31	
	2014	2013
<b>Note : 6 - Trade Payables:</b>		
Micro, Small and Medium Enterprises [*]	19	22
Others	1,281	1,500
<b>Total</b>	<b>1,300</b>	<b>1,522</b>
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at the year end	19	22
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. 0.08 {as at March 31, 2013: Rs. 0.01} 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 [*]	34	24
Advances from Debtors	87	70
Others Payables :		
Provision for Expenses	194	148
Payable to Statutory Authorities	113	91
Others	29	15
	<b>336</b>	<b>254</b>
<b>Total</b>	<b>457</b>	<b>348</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	
	2014	2013
<b>Note : 8 - Short Term Provisions:</b>		
Provision for Employee Benefits	4	6
Others:		
Interim Dividend	0	2,344
Proposed Dividend [Refer Note No. 19]	2,344	0
Corporate Dividend Tax on Dividend	399	399
Provision for taxation	5	5
Provision for claims for product expiry and return of goods [*]	9	23
	<b>2,757</b>	<b>2,771</b>
<b>Total</b>	<b>2,761</b>	<b>2,777</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	23
b Additional provision made during the year	9	23
c Amount used	23	23
d Carrying amount at the end of the year	9	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, 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>
As at March 31, 2013	586	3	508	2,793	25	80	76	<b>4,071</b>
Additions				175	201	11	31	<b>418</b>
Disposals				(7)		(6)		<b>(13)</b>
As at March 31, 2014	586	3	508	2,961	226	85	107	<b>4,476</b>
<b>Depreciation and Impairment:</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>
As at March 31, 2013	0	3	119	1,012	10	16	60	<b>1,220</b>
Depreciation for the year			17	200	14	8	2	<b>241</b>
Impairment for the year								<b>0</b>
Disposals				(6)		(1)		<b>(7)</b>
As at March 31, 2014	0	3	136	1,206	24	23	62	<b>1,454</b>
<b>Net Block:</b>								
As at March 31, 2013	586	0	389	1,781	15	64	16	<b>2,851</b>
As at March 31, 2014	586	0	372	1,755	202	62	45	<b>3,022</b>

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

	Computer Software	Goodwill	Trademarks	Technical Know-how	Commercial Rights	Total
<b>Gross Block:</b>						
As at March 31, 2012		2,282	5	2	10	<b>2,299</b>
Additions						<b>0</b>
Disposals						<b>0</b>
As at March 31, 2013	0	2,282	5	2	10	<b>2,299</b>
Additions	6					<b>6</b>
Disposals						<b>0</b>
As at March 31, 2014	6	2,282	5	2	10	<b>2,305</b>
<b>Amortisation and Impairment:</b>						
As at March 31, 2012			3	1	6	<b>10</b>
Amortization for the year			1		1	<b>2</b>
Impairment for the year						<b>0</b>
Disposals						<b>0</b>
As at March 31, 2013	0	0	4	1	7	<b>12</b>
Amortization for the year	1				1	<b>2</b>
Impairment for the year						<b>0</b>
Disposals						<b>0</b>
As at March 31, 2014	1	0	4	1	8	<b>14</b>
<b>Net Block:</b>						
As at March 31, 2013	0	2,282	1	1	3	<b>2,287</b>
As at March 31, 2014	5	2,282	1	1	2	<b>2,291</b>

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

	INR - Lacs	
	As at March 31	
	2014	2013
<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	14,786	9,608
Total Capital of the Firm	15,036	9,858
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	0	1
Other deposits	69	53
Other Loans and Advances:		
Advance payment of Tax [Net of provision for tax of Rs. 6,017 {as at 31 <sup>st</sup> March, 2013 : Rs. 6,601} Lacs]	346	232
Advances recoverable in cash or in kind or for value to be received	59	58
	405	290
<b>Total</b>	<b>474</b>	<b>344</b>

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

	INR - Lacs	
	As at March 31	
	2014	2013
<b>Note : 12-Current Investment:</b>		
Trade Investment:		
Investment in Current Capital of a Partnership Firm [Refer Note : 10 {*}]	14,320	9,328
<b>Total</b>	14,320	9,328
<b>Note : 13 - Inventories:</b>		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	116	70
Finished Goods	205	359
Stock-in-Trade	76	172
Packing Materials	66	71
Stores & Spares	0	2
<b>Total</b>	463	674
The above includes Goods in transit as under:		
Stock-in-Trade	2	28
Finished Goods	13	25
<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. 0.35 {as at 31 <sup>st</sup> March, 2013: Rs. 0.06} Lacs]	0	0
Others	23	46
<b>Total</b>	23	46

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

	INR - Lacs	
	As at March 31	
	2014	2013
<b>Note : 15 - Cash and Bank Balances:</b>		
Balances with Banks [*]	16,390	14,612
Cash on Hand	3	3
<b>Total</b>	<b>16,393</b>	<b>14,615</b>
[*] A Earmarked balances with banks:		
i Balances in unclaimed dividend accounts	34	24
ii Balances with the Scheduled/ Nationalised banks to the extent held as margin money deposits against guarantees	2	2
B Bank deposits with maturity of more than 12 months	1	1
C Company keeps Fixed Deposits with the Nationalised/ Scheduled Banks, which can be withdrawn by the Company as per its own discretion/ requirement of funds		
<b>Note : 16 - Short Term Loans and Advances:</b>		
[Unsecured, Considered Good]		
Others:		
Balances with Statutory Authorities	27	30
Advances to Suppliers	0	46
Advances recoverable in cash or in kind or for value to be received	57	80
<b>Total</b>	<b>84</b>	<b>156</b>
<b>Note : 17 - Other Current Assets:</b>		
[Unsecured, Considered Good]		
Interest Receivable	6	3
Others	9	10
<b>Total</b>	<b>15</b>	<b>13</b>

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

	INR - Lacs	
	As at March 31	
	2014	2013
<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 In respect of guarantees given by Banks and/or counter guarantees given by the Company	2	2
c Other money for which the company is contingently liable:		
i In respect of Sales Tax matters pending before appellate authorities	88	119
ii In respect of Income Tax matters pending before appellate authorities	193	4
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	23	13
<b>Note : 19 - Dividend proposed to be distributed:</b>		
The Board of Directors, at its meeting held on 15 <sup>th</sup> May, 2014, recommended the final dividend of Rs. 6/- per equity share of Rs. 10/- each.		

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

	INR - Lacs	
	Year ended March 31	
	2014	2013
<b>Note : 20 - Other Operating Revenues:</b>		
Share of Profit from a Partnership Firm	9,105	9,399
Net Gain on foreign currency transactions and translations	0	6
Miscellaneous Income	34	26
<b>Total</b>	<b>9,139</b>	<b>9,431</b>
<b>Note : 21 - Other Income:</b>		
Interest Income [Gross]		
From Fixed Deposits with Banks	1,142	1,362
Others	26	1
	<b>1,168</b>	<b>1,363</b>
Gain on sale of Mutual Fund Investments	1	26
<b>Total</b>	<b>1,169</b>	<b>1,389</b>
<b>Note : 22 - Cost of Materials Consumed:</b>		
Raw Materials [*]:		
Stock at commencement	70	50
Add: Purchases	4,385	4,892
	<b>4,455</b>	<b>4,942</b>
Less: Stock at close	116	70
	<b>4,339</b>	<b>4,872</b>
Packing Materials consumed	838	857
<b>Total</b>	<b>5,177</b>	<b>5,729</b>
[*] Details of Consumption of major items of raw materials are as under:		
Refined Palm Oil	3,119	3,651
Palm Karnal Oil	539	626
Skimmed Milk Powder	198	167

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

	INR - Lacs	
	Year ended March 31	
	2014	2013
<b>Note : 23 - Purchases of Stock-in-Trade:</b>		
Purchases of Stock-in-Trade	461	727
<b>Total</b>	<b>461</b>	<b>727</b>
<b>Note : 24 - Changes in Inventories:</b>		
Stock at commencement:		
Finished Goods	359	200
Stock-in-Trade	172	310
	<b>531</b>	<b>510</b>
Less : Stock at close:		
Finished Goods	205	359
Stock-in-Trade	76	172
	<b>281</b>	<b>531</b>
	<b>250</b>	<b>(21)</b>
Differential Excise Duty on Opening and Closing stock of Finished Goods	(5)	14
<b>Total</b>	<b>245</b>	<b>(7)</b>
<b>Note : 25 - Employee Benefits Expense:</b>		
Salaries and wages	1,202	1,088
Contribution to provident and other funds	60	77
Staff welfare expenses	33	31
<b>Total</b>	<b>1,295</b>	<b>1,196</b>



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

	INR - Lacs	
	Year ended March 31	
	2014	2013
<b>Note : 26 - Other Expenses:</b>		
Consumption of Stores and spare parts	39	35
Power & fuel	130	126
Rent [*]	215	149
Repairs to Buildings	97	5
Repairs to Plant and Machinery	24	27
Repairs to Others	19	32
Insurance	18	19
Rates and Taxes	34	16
Managing Director's Remuneration	184	179
Commission to Directors	14	12
Traveling Expenses	133	121
Legal and Professional Fees	307	102
Commission on sales	383	392
Freight and forwarding on sales	513	551
Advertisements & Sales Promotion	1,042	1,154
Representative Allowances	87	100
Other Marketing Expenses	1,382	1,307
Directors' fees	9	9
Net Loss on disposal of fixed assets [Net of gain of Rs. Nil {Previous year : Rs. 2.26} Lacs]	1	2
Donations [**]	10	175
Interest to Others	1	2
Bank commission & charges	3	3
Miscellaneous Expenses [***]	368	362
<b>Total</b>	<b>5,013</b>	<b>4,880</b>
[*] 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" are:	101	55
[**] Donations include political donation to Bhartiya Janta Party pursuant to section 293A of the Companies Act, 1956.	0	100
[***] Miscellaneous Expenses include payment to the auditors [Including Service Tax]:		
a As Auditor	6	5
b For taxation matters	1	1
c For Other Services [Rs. Nil {Previous year : Rs. 0.19} Lacs]	0	0
d For reimbursement of Expenses [Rs. 0.05 {Previous year : Rs. 0.33} Lacs]	0	0
e Total	7	6

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

		INR - Lacs		
		Year ended March 31		
		2014	2013	
<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	9,645	9,711
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	24.69	24.85
<b>Note : 28 - Value of Imports calculated on CIF basis:</b>				
	Stores & Spares	18	19	
	Capital goods	33	0	
<b>Note : 29 - Expenditure in Foreign Currency:</b>				
	Traveling	1	2	
	Legal and Professional Fees	7	0	
<b>Note : 30 - Earnings in Foreign Exchange:</b>				
	Export of goods calculated on F.O.B. basis	3	2	
<b>Note : 31 - Remittances made on account of dividend in Foreign Currency:</b>				
	Remittances made on account of dividend in foreign currency	INR - Lacs	4	3
	Numbers of Non Resident Shareholders		4	4
	Number of shares held by the Non Resident Shareholders		66,535	66,535
	Year to which dividend relates		2012-13	2011-12

**Notes to the Financial Statements [Contd...]**
**Note: 32 - Raw Materials and Spare Parts consumed:**

	Year ended March 31			
	2014		2013	
	INR - Lacs	% to Total	INR - Lacs	% to Total
<b>Value of Raw Materials Consumed:</b>				
Imported	0	0	0	0
Indigenous	4,339	100	4,872	100
<b>Total</b>	<b>4,339</b>	<b>100</b>	<b>4,872</b>	<b>100</b>
<b>Value of Spare Parts Consumed:</b>				
Imported	18	45	19	55
Indigenous	21	55	16	45
<b>Total</b>	<b>39</b>	<b>100</b>	<b>35</b>	<b>100</b>

**Note : 33 - Segment Information:**

The Company operates in one segment only, namely "Consumer Products." The Company also exports 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]
Liva Pharmaceuticals Limited	Hercon Pharmaceuticals LLC [USA]
Zydus Technologies Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Biochem Pharmaceutical Industries Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
M/s. Zydus Healthcare, a Partnership Firm	Script Management Services (Pty) Ltd [South Africa]
Zydus Lanka (Private) Limited [Sri Lanka]	Zydus France, SAS [France]
Zydus Healthcare Philippines Inc. [Philippines]	Zydus Nikkho Farmaceutica Ltda. [Brazil]

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

Zydus International Private Limited [Ireland]	Zydus Pharma Japan Co. Ltd. [Japan]
Zydus Netherlands B.V. [the Netherlands]	Laboratorios Combix S.L. [Spain]
ZAHL B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
ZAHL Europe B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Bremer Pharma GmbH [Germany]	Etna Biotech S.R.L. [Italy]

**d Key Managerial 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			
	2014	2013	2014	2013
<b>Purchases:</b>				
<b>Goods:</b>				
Dialforhealth India Limited			0	28
<b>Fixed Assets:</b>				
Cadila Healthcare Limited	3	0		
<b>Services:</b>				
Cadila Healthcare Limited	11	17		
<b>Reimbursement of Expenses:</b>				
Cadila Healthcare Limited	1	2		
<b>Sales:</b>				
<b>Goods:</b>				
Cadila Healthcare Limited	1	5		
M/s. Zydus Healthcare, a Partnership Firm			27	0
<b>Reimbursement of Expenses:</b>				
Cadila Healthcare Limited	4	5		
<b>Investments:</b>				
Capital Contribution in a Partnership Firm [Including retained Share of Profit] M/s Zydus Wellness - Sikkim			4,992	4,802
<b>Dividend Paid:</b>				
Cadila Healthcare Limited	1,690	1,408		

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

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

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

	INR - Lacs	
	Year ended March 31	
	2014	2013
Remuneration:		
Mr. Elkana Ezekiel - Managing Director	184	179

### 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 Dhirubhai Shah & Doshi,  
Chartered Accountants

Firm Registration Number: 102511W

Kaushik D. Shah

Partner

Membership Number: 016502

Place : Ahmedabad.

Date : 15<sup>th</sup> May, 2014.

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 the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Zydus Wellness Limited ("the Company"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2014, the 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 Company 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 Consolidated 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 Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated 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 Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 Consolidated 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:

- i. in the case of consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
- ii. in the case of consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. in the case of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For, **Dhirubhai Shah & Doshi**  
Chartered Accountants  
Firm Registration Number : 102511W

**Kaushik D Shah**  
Partner  
Membership Number : 016502

Place : Ahmedabad  
Date : 15<sup>th</sup> May, 2014

**Consolidated  
Financial  
Statements**

**Consolidated Balance Sheet as at March 31, 2014**

Particulars	Note No.	INR - Lacs	
		As at March 31	
		2014	2013
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	3,907	3,907
Reserves and Surplus	2	28,649	21,747
		<b>32,556</b>	25,654
<b>Minority Interest</b>		471	285
<b>Non-Current Liabilities:</b>			
Deferred Tax Liabilities [Net]	3	490	388
Other Long Term Liabilities	4	38	38
Long Term Provisions	5	37	42
		<b>565</b>	468
<b>Current Liabilities:</b>			
Trade Payables	6	4,975	4,624
Other Current Liabilities	7	1,134	884
Short Term Provisions	8	2,785	2,997
		<b>8,894</b>	8,505
<b>Total</b>		<b>42,486</b>	34,912
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Fixed Assets:			
Tangible Assets	9	7,250	7,139
Intangible Assets	9	2,291	2,287
Capital work-in-progress		3	0
		<b>9,544</b>	9,426
Long Term Loans and Advances	10	2,599	1,345
		<b>12,143</b>	10,771
<b>Current Assets:</b>			
Current Investments	11	500	0
Inventories	12	2,794	4,086
Trade Receivables	13	264	145
Cash and Bank Balances	14	26,283	19,079
Short Term Loans and Advances	15	466	798
Other Current Assets	16	36	33
		<b>30,343</b>	24,141
<b>Total</b>		<b>42,486</b>	34,912
<b>Significant Accounting Policies</b>	I		
<b>Notes to the Financial Statements</b>	1 to 28		
As per our report of even date For Dhirubhai Shah & Doshi, Chartered Accountants Firm Registration Number: 102511W Kaushik D. Shah Partner Membership Number: 016502 Place : Ahmedabad. Date : 15 <sup>th</sup> May, 2014.		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	



**Consolidated Statement of Profit & Loss for the Year ended March 31, 2014**

Particulars	Note No.	INR - Lacs	
		Year Ended March 31	
		2014	2013
<b>REVENUE:</b>			
Revenue from Operations:			
Sale of Products [Gross]		<b>42,960</b>	40,996
Less: Excise Duty		<b>2,687</b>	2,287
Sale of Products [Net]		<b>40,273</b>	38,709
Other Operating Revenues	18	<b>91</b>	90
Net Revenue from Operations		<b>40,364</b>	38,799
Other Income	19	<b>1,890</b>	1,579
Total Revenue		<b>42,254</b>	40,378
<b>EXPENSES:</b>			
Cost of Materials Consumed	20	<b>10,677</b>	11,905
Purchases of Stock-in-Trade	21	<b>534</b>	1,474
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	<b>1,182</b>	(959)
Employee Benefits Expense	23	<b>3,065</b>	2,732
Depreciation, Amortisation and Impairment expenses	9	<b>465</b>	450
Other Expenses	24	<b>15,968</b>	13,995
Total Expenses		<b>31,891</b>	29,597
<b>Profit before Tax</b>		<b>10,363</b>	10,781
Less/ [Add]: Tax Expenses:			
Current Tax		<b>967</b>	927
Deferred Tax	3	<b>101</b>	(63)
Prior year's tax adjustments		<b>(536)</b>	14
		<b>532</b>	878
<b>Profit for the year</b>		<b>9,831</b>	9,903
Less: Profit transferred to Minority Interest		<b>186</b>	192
<b>Net Profit for the year</b>		<b>9,645</b>	9,711
<b>Basic &amp; Diluted Earning per Equity Share [EPS] [in Rupees]</b>	25	<b>24.69</b>	24.85
<b>Significant Accounting Policies</b>	I		
<b>Notes to the Financial Statements</b>	1 to 28		

As per our report of even date

For Dhirubhai Shah & Doshi,  
Chartered Accountants

Firm Registration Number: 102511W

Kaushik D. Shah  
Partner

Membership Number: 016502

Place : Ahmedabad.

Date : 15<sup>th</sup> May, 2014.

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

**Consolidated Cash Flow Statement for the Year ended March 31, 2014**

Particulars	INR - Lacs	
	Year ended March 31	
	2014	2013
<b>A Cash flows from operating activities:</b>		
Net profit before taxation and extraordinary items	<b>10,363</b>	10,781
Adjustments for:		
Depreciation, Amortisation and Impairment	<b>465</b>	450
Loss on sale of assets [Net]	<b>1</b>	0
Interest income	<b>(1,884)</b>	(1,553)
Interest expenses	<b>13</b>	10
Bad debts written off	<b>1</b>	0
Provisions for employee benefits	<b>(5)</b>	25
Provisions for probable product expiry claims and return of goods	<b>(12)</b>	23
Total	<b>(1,421)</b>	(1,045)
Operating profit before working capital changes	<b>8,942</b>	9,736
Adjustments for:		
Increase in trade receivables	<b>(42)</b>	(117)
Decrease/[Increase] in inventories	<b>1,291</b>	(1,344)
Decrease/[Increase] in short term advances	<b>259</b>	(178)
Increase in long term advances	<b>(1,187)</b>	(1,139)
[Increase]/Decrease in other current assets	<b>(1)</b>	34
Increase in trade payables	<b>426</b>	462
Increase/[Decrease] in other current liabilities	<b>160</b>	(26)
Increase/[Decrease] in other long term liabilities	<b>0</b>	(22)
Total	<b>906</b>	(2,330)
Cash generated from operations	<b>9,848</b>	7,406
Direct taxes paid [Net of refunds]	<b>(739)</b>	(539)
Net cash from operating activities	<b>9,109</b>	6,867

**Consolidated Cash Flow Statement for the Year ended March 31, 2014 [Contd...]**

Particulars	INR - Lacs	
	Year ended March 31	
	2014	2013
<b>B Cash flows from investing activities:</b>		
Purchase of fixed assets	(546)	(225)
Proceeds from sale of fixed assets	4	25
Interest received	1,883	1,535
Net cash from investing activities	<u>1,341</u>	<u>1,335</u>
<b>C Cash flows from financing activities:</b>		
Interest paid	(13)	(10)
Dividends paid	(2,334)	(1,947)
Tax on dividends paid	(399)	(317)
Net cash used in financing activities	<u>(2,746)</u>	<u>(2,274)</u>
<b>Net increase in cash and cash equivalents</b>	<b>7,704</b>	<b>5,928</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>19,079</b>	<b>13,151</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>26,783</b>	<b>19,079</b>

**Notes to the cash flow statement**

- All figures in brackets are outflows.
- Previous year's figures have been regrouped wherever necessary.
- Cash and cash equivalents comprise of:

	As at March 31		
	2014	2013	2012
a Cash on Hand	4	4	3
b Balances with Banks	26,279	19,075	13,148
c Investment in Liquid Mutual Funds	500	0	0
d Total	<u>26,783</u>	<u>19,079</u>	<u>13,151</u>

As per our report of even date

For Dhirubhai Shah & Doshi,  
Chartered Accountants

Firm Registration Number: 102511W

Kaushik D. Shah  
Partner

Membership Number: 016502

Place : Ahmedabad.

Date : 15<sup>th</sup> May, 2014.

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

## 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 pronouncements 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 represent the needed disclosure to serve as a guide for better understanding of the Group’s position.

4 Audited CFS as at March 31, 2014 comprise the financial statements of Zydus Wellness Limited [ZWL] 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	
	2014	2013
<b>Note : 1 - Share Capital:</b>		
<b>Authorised:</b>		
4,50,00,000 [as at March 31, 2013 : 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, 2013 : 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 at 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 Equity Shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of 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	2,81,63,755 72.08%	2,74,43,274 70.24%
D Number of Shares held by holding company: Cadila Healthcare Limited	2,81,63,755	2,74,43,274
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	
	2014	2013
<b>Note : 2 - Reserves and Surplus:</b>		
<b>General Reserves:</b>		
Balance as per last Balance Sheet	3,500	2,500
Add: Transfer from Surplus in Statement of Profit and Loss	1,000	1,000
	<b>4,500</b>	3,500
<b>Surplus in Statement of Profit and Loss:</b>		
Balance as per last Balance Sheet	18,247	12,279
Add: Profit for the year	9,645	9,711
	<b>27,892</b>	21,990
Less: Appropriations:		
Dividends:		
Interim Dividend	0	2,344
Proposed Dividend	2,344	0
Corporate Dividend Tax on Dividend	399	399
Transfer to General Reserve	1,000	1,000
	<b>3,743</b>	3,743
Balance as at the end of the year	<b>24,149</b>	18,247
<b>Total</b>	<b>28,649</b>	21,747
<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	535	448
Deferred Tax Assets:		
Retirement benefits	21	30
Amalgamation Expenses	13	15
Provision for Expiry	11	15
Total	<b>45</b>	60
Net Deferred Tax Liabilities	<b>490</b>	388
B The Net Deferred Tax Liabilities/[Assets] for the year provided in the Statement of Profit and Loss.	<b>101</b>	(63)

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

	INR - Lacs	
	As at March 31	
	2014	2013
<b>Note : 4 - Other Long Term Liabilities:</b>		
Trade Deposits	22	22
Others	16	16
<b>Total</b>	<b>38</b>	<b>38</b>
<b>Note : 5 - Long Term Provisions:</b>		
Provision for employee benefits	37	42
<b>Total</b>	<b>37</b>	<b>42</b>
<b>Note : 6 - Trade Payables:</b>		
Others	4,975	4,624
<b>Total</b>	<b>4,975</b>	<b>4,624</b>
<b>Note : 7 - Other Current Liabilities:</b>		
Unpaid Dividend	34	24
Advances from Debtors	227	149
Other Payables :		
Provision for Expenses	338	282
Payable to Statutory Authorities	485	381
Others	50	48
	<b>873</b>	<b>711</b>
<b>Total</b>	<b>1,134</b>	<b>884</b>
<b>Note : 8 - Short Term Provisions:</b>		
Provision for Employee Benefits	7	7
Others:		
Interim Dividend	0	2,344
Proposed Dividend	2,344	0
Corporate Dividend Tax on Dividend	399	399
Provision for taxation [Net of advance payment of tax]	0	200
Provision for claims for product expiry and return of goods	35	47
	<b>2,778</b>	<b>2,990</b>
<b>Total</b>	<b>2,785</b>	<b>2,997</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, 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>
As at March 31, 2013	586	570	1,648	5,653	47	116	112	<b>8,732</b>
Additions			8	318	203	11	40	<b>580</b>
Disposals				(7)		(6)		<b>(13)</b>
As at March 31, 2014	586	570	1,656	5,964	250	121	152	<b>9,299</b>
<b>Depreciation and Impairment:</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>
As at March 31, 2013	0	19	190	1,279	17	21	67	<b>1,593</b>
Depreciation for the year		6	55	372	15	11	4	<b>463</b>
Impairment for the year								<b>0</b>
Disposals				(6)		(1)		<b>(7)</b>
As at March 31, 2014	0	25	245	1,645	32	31	71	<b>2,049</b>
<b>Net Block:</b>								
As at March 31, 2013	586	551	1,458	4,374	30	95	45	<b>7,139</b>
As at March 31, 2014	586	545	1,411	4,319	218	90	81	<b>7,250</b>



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

	Computer Software	Goodwill	Trademarks	Technical Know-how	Commercial Rights	Total
<b>Gross Block:</b>						
As at March 31, 2012		2,282	5	2	10	2,299
Additions						0
Disposals						0
As at March 31, 2013	0	2,282	5	2	10	2,299
Additions	6					6
Disposals						0
As at March 31, 2014	6	2,282	5	2	10	2,305
<b>Amortisation and Impairment:</b>						
As at March 31, 2012			3	1	6	10
Amortization for the year			1		1	2
Impairment for the year						0
Disposals						0
As at March 31, 2013	0	0	4	1	7	12
Amortization for the year	1				1	2
Impairment for the year						0
Disposals						0
As at March 31, 2014	1	0	4	1	8	14
<b>Net Block:</b>						
As at March 31, 2013	0	2,282	1	1	3	2,287
As at March 31, 2014	5	2,282	1	1	2	2,291

	INR - Lacs	
	As at March 31	
	2014	2013
<b>Note : 10 - Long Term Loans and Advances:</b>		
[Unsecured, Considered Good]		
Capital Advances	3	43
Other Deposits	95	89
Other Loans and Advances:		
Advance payment of Tax [Net of Provision for taxation]	109	0
Alternate Minimum Tax Credit Entitlement	2,329	1,153
Other advances recoverable in cash or in kind or for value to be received	63	60
	2,501	1,213
<b>Total</b>	<b>2,599</b>	<b>1,345</b>

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

	INR - Lacs	
	As at March 31	
	2014	2013
<b>Note : 11 - Current Investment</b>		
Investment in Mutual Funds [*]	500	0
<b>Total</b>	<b>500</b>	<b>0</b>
[*] Considered as cash and cash equivalents for Cash Flow Statement		
<b>Note : 12 - Inventories:</b>		
Classification of Inventories:		
Raw Materials	810	827
Finished Goods	1,289	2,028
Stock-in-Trade	112	667
Works-in-Progress	79	70
Packing Materials	504	485
Stores and Spares	0	9
<b>Total</b>	<b>2,794</b>	<b>4,086</b>
<b>Note : 13 - Trade Receivables:</b>		
[Unsecured, Considered Good]		
Outstanding for a period exceeding six months from the date they are due for payment [as at 31 <sup>st</sup> March, 2013 : Rs. 0.06 Lacs]	8	0
Others	256	145
<b>Total</b>	<b>264</b>	<b>145</b>
<b>Note : 14 - Cash and Bank Balances:</b>		
Balances with Banks	26,279	19,075
Cash on Hand	4	4
<b>Total</b>	<b>26,283</b>	<b>19,079</b>
<b>Note : 15 - Short Term Loans and Advances:</b>		
[Unsecured, Considered Good]		
Others:		
Balances with Statutory Authorities	220	317
Advances to Suppliers	11	85
Advances recoverable in cash or in kind or for value to be received	235	396
<b>Total</b>	<b>466</b>	<b>798</b>



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

	INR - Lacs	
	Year ended March 31	
	2014	2013
<b>Note : 20 - Cost of Materials Consumed:</b>		
Raw Materials:		
Stock at commencement	827	656
Add : Purchases	7,287	8,316
	8,114	8,972
Less : Stock at close	810	827
	7,304	8,145
Packing Materials consumed	3,373	3,760
<b>Total</b>	<b>10,677</b>	<b>11,905</b>
<b>Note : 21 - Purchases of Stock-in-Trade:</b>		
Purchases of Stock-in-Trade	534	1,474
<b>Total</b>	<b>534</b>	<b>1,474</b>
<b>Note : 22 - Changes in Inventories:</b>		
Stock at commencement:		
Works-in-Progress	70	56
Finished Goods	2,028	1,197
Stock-in-Trade	667	310
	2,765	1,563
Less : Stock at close:		
Works-in-Progress	79	70
Finished Goods	1,289	2,028
Stock-in-Trade	112	667
	1,480	2,765
Differential Excise Duty on Opening and Closing stock of Finished Goods	1,285	(1,202)
	(103)	243
<b>Total</b>	<b>1,182</b>	<b>(959)</b>

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

	INR - Lacs	
	Year ended March 31	
	2014	2013
<b>Note : 23 - Employee Benefits Expense:</b>		
Salaries and wages	2,859	2,517
Contribution to provident and other funds	119	129
Staff welfare expenses	87	86
<b>Total</b>	<b>3,065</b>	<b>2,732</b>
<b>Note : 24 - Other Expenses:</b>		
Consumption of Stores and spare parts	191	189
Power & fuel	326	254
Labour charges	614	447
Rent	284	194
Repairs to Buildings	128	15
Repairs to Plant and Machinery	67	46
Repairs to Others	27	42
Insurance	64	55
Rates and Taxes	85	39
Managing Director's Remuneration	184	179
Commission to Directors	14	12
Traveling Expenses	396	275
Legal and Professional Fees	723	171
Net Loss on foreign currency transactions and translations	29	0
Commission on sales	870	840
Freight and forwarding on sales	834	928
Advertisements & Sales Promotion expenses	8,229	7,759
Representative Allowances	311	342
Other marketing expenses	1,805	1,577
Bad debts written off	1	0
Directors' fees	9	9
Net Loss on fixed assets	1	0
Donations	135	178
Interest to Others	3	2
Bank commission & charges	10	8
Miscellaneous Expenses	628	434
<b>Total</b>	<b>15,968</b>	<b>13,995</b>

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

		INR - Lacs	
		Year ended March 31	
		2014	2013
<b>Note : 25 - 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	9,645
B	Basic and weighted average number of Equity Shares outstanding during the year	Numbers	3,90,72,089
C	Nominal value of equity share	INR	10
D	Basic & Diluted EPS	INR	24.69
<b>Note : 26 - Segment Information:</b>			
The Company operates in one segment only, namely "Consumer Products." The Company also exports 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 : 27 - 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]
	Liva Pharmaceuticals Limited		Hercon Pharmaceuticals LLC [USA]
	Zydus Technologies Limited		Zydus Healthcare S.A. (Pty) Ltd [South Africa]
	Biochem Pharmaceutical Industries Limited		Simayla Pharmaceuticals (Pty) Ltd [South Africa]
	M/s. Zydus Healthcare, a Partnership Firm		Script Management Services (Pty) Ltd [South Africa]
	Zydus Lanka (Private) Limited [Sri Lanka]		Zydus France, SAS [France]
	Zydus Healthcare Philippines Inc. [Philippines]		Zydus Nikkho Farmaceutica Ltda. [Brazil]
	Zydus International Private Limited [Ireland]		Zydus Pharma Japan Co. Ltd. [Japan]
	Zydus Netherlands B.V. [the Netherlands]		Laboratorios Combix S.L. [Spain]

**Notes to the Consolidated Financial Statements [Contd...]**
**Note : 27 - Related Party Transactions: [Contd...]**
**b Fellow Subsidiaries/Concerns:**

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

**c Key Managerial 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 27-A [a & b]**

<u>Nature of transactions</u>	INR - Lacs			
	Holding Company		Fellow Subsidiaries/ Concerns	
	Year ended March 31			
	2014	2013	2014	2013
<b>Purchases:</b>				
<b>Goods:</b>				
Dialforhealth India Limited			0	28
<b>Fixed Assets:</b>				
Cadila Healthcare Limited	3	0		
<b>Services:</b>				
Cadila Healthcare Limited	12	19		
<b>Reimbursement of Expenses:</b>				
Cadila Healthcare Limited	2	3		
<b>Sales:</b>				
<b>Goods:</b>				
Cadila Healthcare Limited	23	48		
M/s. Zydus Healthcare, a Partnership Firm			32	0
Biochem Pharmaceutical Industries Limited			6	0
Dialforhealth India Limited			0	2
Total	23	48	38	2
<b>Reimbursement of Expenses:</b>				
Cadila Healthcare Limited	4	10		
<b>Dividend Paid:</b>				
Cadila Healthcare Limited	1,690	1,408		

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

**Note : 27 - Related Party Transactions: [Contd...]**

**b** Details relating to person referred to in item 27 - A [c] above :

	INR - Lacs	
	Year ended March 31	
	2014	2013
Remuneration:		
Mr. Elkana Ezekiel - Managing Director	<b>184</b>	179

**Note : 28**

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 28 to the Financial Statements**

As per our report of even date

For Dhirubhai Shah & Doshi,  
Chartered Accountants

Firm Registration Number: 102511W

Kaushik D. Shah  
Partner

Membership Number: 016502

Place : Ahmedabad.

Date : 15<sup>th</sup> May, 2014.

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



**Attendance Slip & Proxy Form**

**ZYDUS WELLNESS LIMITED**

**ATTENDANCE SLIP**

[CIN:L15201GJ1994PLC023490]

Regd. Office: House No. 6 & 7, Sigma Commerce Zone, Nr. Iscon Temple,  
Sarkhej-Gandhinagar Highway, Ahmedabad-380 015

Email: investor.grievance@zyduswellness.in Website: www.zyduswellness.in

Phone: +91 6777 5888 Fax +91 6777 5811

**20<sup>th</sup> ANNUAL GENERAL MEETING**

I/We hereby record my/our presence at the 20<sup>th</sup> Annual General Meeting of the Company at J B Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 on Monday, 14<sup>th</sup> July, 2014 at 10:00 a.m.

\_\_\_\_\_ Member's Folio/DP ID-Client ID No.      \_\_\_\_\_ Member's/Proxy's name in Block Letters      \_\_\_\_\_ Member's/Proxy's Signature



**ZYDUS WELLNESS LIMITED**

**PROXY FORM**

[CIN:L15201GJ1994PLC023490]

Regd. Office: House No. 6 & 7, Sigma Commerce Zone, Nr. Iscon Temple,  
Sarkhej-Gandhinagar Highway, Ahmedabad-380 015

Email: investor.grievance@zyduswellness.in Website: www.zyduswellness.in

Phone: +91 6777 5888 Fax +91 6777 5811

Name of the member (s) :

Registered address :

E-mail Id :

Folio / DP ID-Client ID No.:

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

(1) Name: \_\_\_\_\_ Address: \_\_\_\_\_

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

(2) Name: \_\_\_\_\_ Address: \_\_\_\_\_

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

(3) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20<sup>th</sup> Annual General Meeting of the Company, to be held on Monday, 14<sup>th</sup> July, 2014 at J B Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 and at any adjournment thereof in respect of such resolutions as are indicated below:

## Attendance Slip & Proxy Form

**Note:**

1. Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Electronic copy of the Annual Report for 2014 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2014 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email address is not registered or have requested for a hard copy.



Resolution No.	Particulars of Resolution	Optional	
		For	Against
	<b>Ordinary Business</b>		
1.	Adoption of Financial Statement for the year ended on 31 <sup>st</sup> March, 2014.		
2.	Declaration of Dividend.		
3.	Re-appointment of Mr. Ganesh N. Nayak, Director retiring by rotation.		
4.	Unwillingness of Mr. Pankaj R. Patel for appointment as Director.		
5.	Appointment of Statutory Auditors.		
	<b>Special Business</b>		
6.	Appointment of Mr. H. Dhanrajgir as an Independent Director.		
7.	Appointment of Dr. B. M. Hegde as an Independent Director.		
8.	Appointment of Prof. Indiraben J. Parikh, as an Independent Director.		
9.	Alteration in Articles of Association by adopting a new set of Articles.		
10.	Ratification of remuneration to Cost Auditors.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp not  
Less than  
Re 0.15

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 20<sup>th</sup> Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

**SANJEEV KAPOOR**  
RECOMMENDS

**THE HEALTHIER CHOICE ALWAYS**

**Nutralite**  
Healthier than Butter

Practical Table Spread

**HEALTH FIRST**

**CHOLESTEROL FREE**

NO TRANS FATS  
WITH VITAMIN A, D & E  
WITH MILK & COCOA  
WITH SWEETENED BUTTER  
WITH HYDROGENATED FATS

Cholesterol Free • No Trans Fat • Contains Vitamin A, D & E

DISCOVER NATURALLY BEAUTIFUL SKIN

**everyuth naturals** born to play

**9 OUT OF 10**  
INDIANS CHOOSE SUGAR FREE.\*

Are you going to join them?

Switch to Sugar Free, India's most loved low calorie sweetener. Available in packets, powder and liquid drops. 9% sugar is 90% less. It is formulated to suit the Indian palate to the tee. Make the smarter choice and cut down on those unwanted calories.

**Sugar Free**  
Low Calorie Sugar Substitute

\*Based on a survey conducted by Nielsen in India. The survey was conducted among 1000 Indian consumers aged 18-35 years. The survey was conducted in 10 major cities in India. The survey was conducted in 10 major cities in India. The survey was conducted in 10 major cities in India.

WHEN ORDINARY IS NOT ENOUGH.  
**GET 4X FAIRNESS.**

**EverYuth MENZ**  
WHITENING CREAM

born to play

**Sugar Free**

**everyuth naturals**

**ACTI LIFE**  
NUTRITION FOR ADULTS

**Nutralite**  
Healthier than Butter

To,



If undelivered, please return to:

**Zydus Wellness Limited**

A subsidiary of Cadila Healthcare Ltd.

Regd. Office: Zydus Wellness Ltd., House No. 6 & 7, Sigma Commerce Zone,  
Nr. Iskon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad - 380 015, Gujarat, India.

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

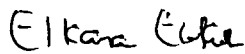
CIN No. L15201GJ1994PLC023490

Date: 15<sup>th</sup> May, 2014

**FORM A**  
**[Pursuant to clause 31[a] of the Listing Agreement]**

1.	Name of the Company	Zydus Wellness Limited
2.	Annual financial statement for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit Observation	Un-qualified
4.	Frequency of observation	Not Applicable

For, ZYDUS WELLNESS LIMITED



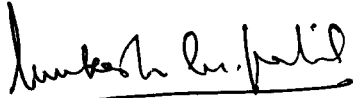
**ELKANA N. EZEKIEL**  
**MANAGING DIRECTOR**

For, ZYDUS WELLNESS LIMITED



**AMIT B. JAIN**  
**CHIEF FINANCIAL OFFICER**

For, ZYDUS WELLNESS LIMITED



**MUKESH M. PATEL**  
**CHAIRMAN OF AUDIT COMMITTEE**

For, DHIRUBHAI SHAH & DOSHI  
Chartered Accountants  
Firm Registration No. 102511W



**KAUSHIK D. SHAH**  
**PARTNER**  
**MEMBERSHIP NO. 016502**