Zydus Wellness

Registered Office :
Zydus Wellness Ltd. House NO. 6 & 7,
Sigma Commerce Zone, Nr. Iskon Temple,
S. G. Highway, Ahmedabad - 380015, Gujarat, INDIA.
Tel : +91-79-67775888 (20 Lines) Fax: +91-79-67775811.
www.zyduswellness.in CIN : L15201GJ1994PLC023490

BSE Limited 1st Floor, P.J. Towers Dalal Street Mumbai – 400 001 **Kind Attn.:** Mr. Sanjay Golecha / Mr. Gopalkrishnan Code: 531335	**National Stock Exchange of India Limited** Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai – 400 051 **Kind Attn.:** Famroze Pochara, Asst. Vice President Symbol: ZYDUSWELL
Date: August 16, 2017	
Sub.: Annual Report for the Financial Year 2016-17	

Dear Sir / Madam

In compliance with Regulation 34 of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the Financial Year ended on March 31, 2017 along with Form A.

We request your good office to receive the same in order.

Thanking you,

Yours faithfully,
For, **ZYDUS WELLNESS LIMITED**

DHAVAL N. SONI
COMPANY SECRETARY

Encl.: As above

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FORM A

(For audit report with unmodified opinion)

[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1.	Name of the Company	Zydus Wellness Limited
2.	Annual audited financial statements for the year ended	March 31, 2017 - Consolidated
3.	Type of Audit observation	Un-modified
4.	Frequency of observation	Not Applicable

For, Zydus Wellness Limited

Tarun Arora
Whole-time Director

ZYDUS WELLNESS LIMITED
Zydus Tower
AHMEDABAD

For, Zydus Wellness Limited

Amit B. Jain
Chief Financial Officer

For, Zydus Wellness Limited

Indira J. Parikh

Prof. Indiraben J. Parikh
Chairperson of Audit Committee

DHIRUBHAI SHAH & DOSHI
FRN-102511W
AHMEDABAD
CHARTERED ACCOUNTANTS

For,Dhirubhai Shah & Doshi
Chartered Accountants,
Firm Registration No. 102511W
Statutory Auditors

Kaushik D. Shah
Partner
Membership No 016502

Zydus Wellness

Registered Office :
Zydus Wellness Ltd. House NO. 6 & 7,
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S. G. Highway, Ahmedabad - 380015, Gujarat, INDIA.
Tel : +91-79-67775888 (20 Lines) Fax: +91-79-67775811
www.zyduswellness.in CIN : L15201GJ1994PLC023490

FORM A

(For audit report with unmodified opinion)

[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1.	Name of the Company	Zydus Wellness Limited
2.	Annual audited financial statements for the year ended	March 31, 2017 - Standalone
3.	Type of Audit observation	Un-modified
4.	Frequency of observation	Not Applicable

For, Zydus Wellness Limited

Tarun Arora
Whole-time Director

ZYDUS WELLNESS LIMITED
Zydus Tower
AHMEDABAD

For, Zydus Wellness Limited

Amit B. Jain
Chief Financial Officer

For, Zydus Wellness Limited

Indira T. Parikh

Prof. Indiraben J. Parikh
Chairperson of Audit Committee

DHIRUBHAI SHAH & DOSHI
FRN-102511W
AHMEDABAD
CHARTERED ACCOUNTANTS

For, Dhirubhai Shah & Doshi,
Chartered Accountants,
Firm Registration No. 102511W
Statutory Auditors

Kaushik D. Shah
Partner
Membership No 016502

GOOD FOR YOU.

Zydus Wellness

ZYDUS WELLNESS LTD. ANNUAL REPORT 2016-17








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
Dr. Sharvil P. Patel
Chairman

Tarun G. Arora
Whole-time Director

DIRECTORS
H. Dhanrajgir
Prof. Indiraben J. Parikh
Ganesh Nayak
Kulin S. Lalbhai

CHIEF FINANCIAL OFFICER
Amit B. Jain

COMPANY SECRETARY
Dhaval N. Soni

BANKERS
Bank of Baroda
Ashram Road Branch,
Ahmedabad

HDFC Bank Limited
Navrangpura Branch,
Ahmedabad

BNP Paribas,
Ellisbridge Branch

STATUTORY AUDITORS
M/s. Dhirubhai Shah & Doshi
Chartered Accountants

COST AUDITORS
M/s. Dalwadi & Associates
Cost Accountants

SECRETARIAL AUDITORS
M/s. Hitesh Buch & Associates
Practicing Company Secretaries

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

REGISTRAR & SHARE TRANSFER AGENT
M/s. Link Intime India
Private Limited,
506-508,
Amarnath Business Centre – 1,
Beside Gala Business Centre,
Off C. G. Road, Ellisbridge,
Ahmedabad–380 006

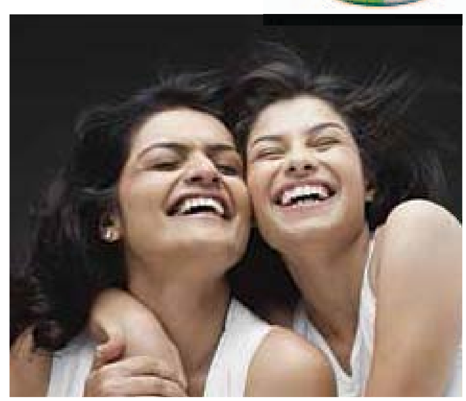
WORKS
7A, 7B & 8,
Saket Industrial Estate,
Sarkhej Bavla Road,
Ahmedabad
Village: Moraiya,
Taluka: Sanand,
District: Ahmedabad

CIN L15201GJ1994PLC023490

Contents


Sugar Free
Natura


everyuth
everyuth
everyuth
everyuth




Sugar Free
Gold

A fundamental premise that whatever we do will enrich the world.

At Zydus Wellness Limited,the Good for You! commitment runs across our business.

A commitment that we will make products for the best holistic consumer experience.

Our brands

Sugar Free

Launched in 1988. More than a brand, Sugar Free is synonymous to the sugar substitute category. It is being offered to the consumers as a smarter choice. A market leader through its two variants 'Sugar Free Gold' and 'Sugar Free Natura'. Sugar Free is a safe and ideal low calorie sugar substitute. To further drive the market and address diverse consumers needs, now Sugar Free is also offering a natural sweet substitute through its range of Sugar Free Green which is made from Stevia.

Nutralite

Nutralite offers a range of premium table spreads which are cholesterol-free, not containing any trans fats. Nutralite enables homemaker to make variety of dishes without needing to worry about health. The premium range is fortified with Omega 3 and Vitamin A, D & E. They are now available in multiple flavours.

Everyuth

Everyuth Naturals is a pioneer of skincare range of products specially meant for the face. Everyuth brand has very strong "naturals" equity in the minds of consumers enabling it to enjoy strong leadership in Scrub and Peel Off segments. It has recently revamped the Face Wash range with relaunch of Tulsi-Turmeric Face Wash.

Sugar Free in hourglass shape pack

Everyuth Scrubs: Pioneers in India

Everyuth Face Wash in sachets

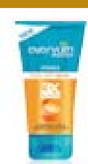
Sugar Free Diet Sugar: Spoonful equivalent

Everyuth Peel-offs: Pioneers in India

Everyuth Hydrogel Scrubs

Sugar Free Sweet Drops : Sweetness in liquid format

Nutralite in microwave-safe tubs Later fortified with O3



Everyuth Golden Glow Peel-off

Sugar Free Green: 100% Natural

Nutralite - New flavoured variants

Better User Experience + Superior Benefits + Accessibility and Convenience

Widening the goodness basket

Growing the Good for You! product basket

At Zydus Wellness, as a consumer-centric brand, we keep enlarging the product basket in line with emerging consumer needs and evolving lifestyles.

In 2016-17, we strengthened our offerings through the following introductions:

- We have introduced Sugar Free Green with Stevia in all major cities across the country.
- We have expanded the Nutralite range with two new flavours (Garlic Oregano and Pudina Coriander).
- We have also launched mayonnaise under the Nutralite umbrella for our institutional customers.
- We re-launched the Tulsi-Turmeric face wash (Everyuth) with superior efficacy leading to an enhanced consumer experience.

At Zydus Wellness, a continuously-rejuvenating product basket helped broad-base revenues in FY17 through innovations. Our intent is to significantly enhance contribution of innovations to the business performance by 2020.

A robust Good for You! launch pipeline

At Zydus Wellness, we are continuously engaged in extending products, improving and revamping packaging and opportunities to serve evolving consumer needs.

The result is a consumer-driven innovation priority that will help formulate differentiated products in relatively competition-insulated spaces to be progressively launched in three to five years. Our R&D's constant endeavor is to integrate latest technology advancements with sharp consumer insights. The innovation program at Zydus Wellness is built on the pillars of consumer centricity, lower turnaround time, global partnerships with reputed technical institutions and nurturing internal talent.

Innovation is good for our consumers.

SUSTAINING OUR GOODNESS PROMISE

What's good for the consumer is good for the brands.

Enhancing 'Goodness' awareness

At Zydus Wellness, we don't just develop, manufacture and market products. We believe in developing nascent sectoral spaces by educating & building awareness for our products, and their benefits.

Over the last few years, we have been working on enhancing awareness and educating consumers through the interplay of diverse promotion platforms and engagements:

- We have re-positioned Sugar Free as a Smarter Sweetness Solution and also got on board Parineeti Chopra, a health and fitness conscious celebrity.
- Celebrity chef Sanjeev Kapoor continues to work with both Sugar Free & Nutralite brands to help build culinary association.
- We introduced on our websites relevant recipes using our health products as ingredients, deepening the relevance of our products in everyday consumer lives and leveraged our robust digital platform to enhance product awareness.
- We have significantly enhanced consumer touch-points by developing the Culinary program for Sugar Free through relevant activations that focused on enhancing consumer engagement and experiences.

The result has been sustained market leadership. Sugar Free has further strengthened its dominant leadership by improving market share to 94.5%. Everyuth retained its leadership in Scrub and Peel Off segments across with 31.6% & 90.3% market shares respectively *(Source : Nielsen, MAT March 2017)* .

What's good for consumers is good for brands.

More than INR 2000 Million investment in various branding and awareness initiatives in the three years ending 2016-17

Widening the goodness basket

22%
Improvement in plant efficiency over the last two years leading to FY17

Strengthening the goodness commitment

Streamlining Our Plant operations

At Zydus Wellness, we believe that consumer value is best enhanced through product integrity. In turn, product integrity is enhanced through an investment in best-in-class manufacturing facilities; practices benchmarked with some of the most stringent health and food standards; practices, processes and systems.

During the last few years, the company invested in the following productivity and quality enhancing initiatives:

SLIM Project: This Strategic Lean Integrated Management exercise improved person-machine productivity.

GEMBA Technique: This discipline enhanced shopfloor efficiency in addressing production and productivity targets.

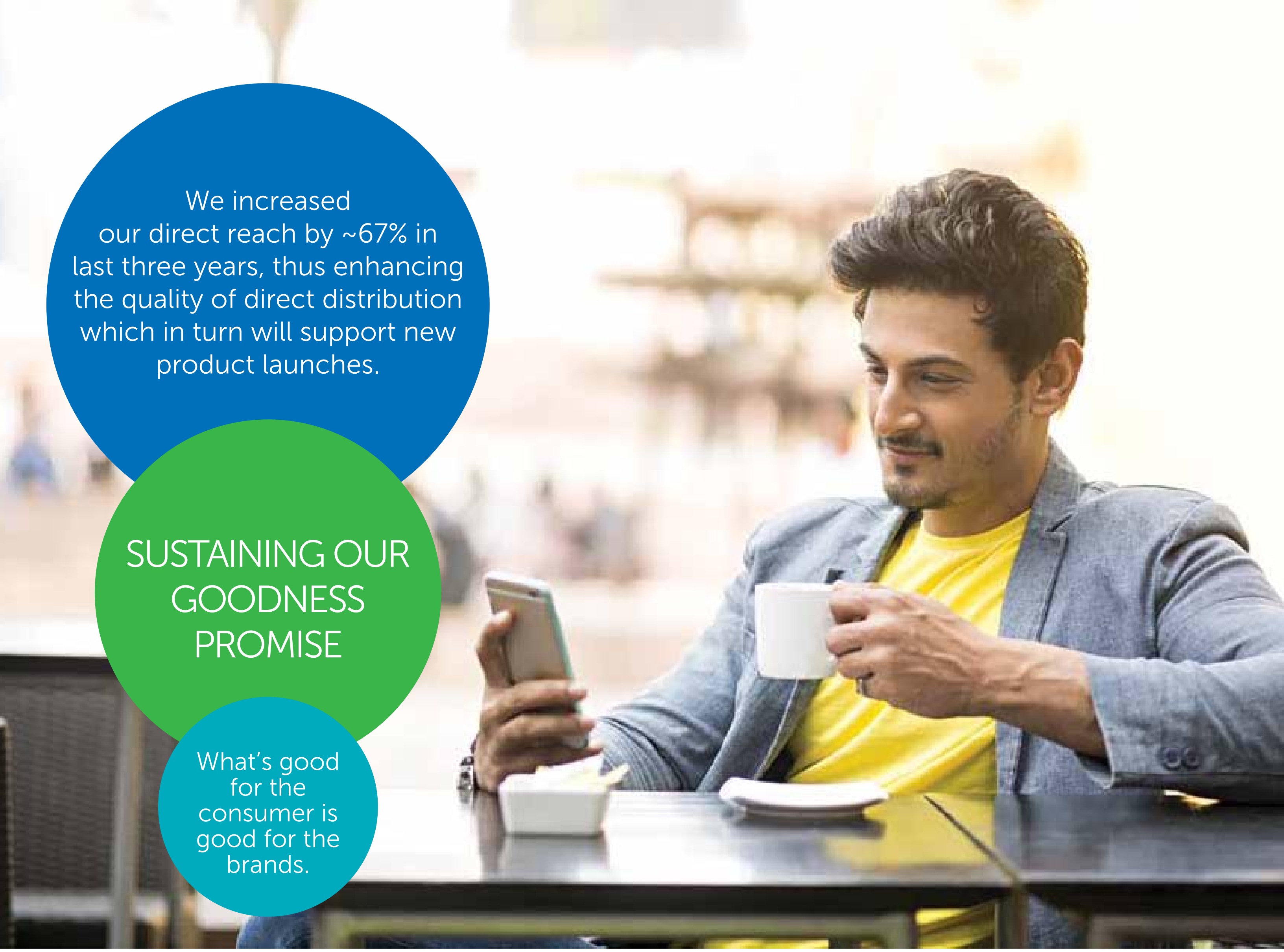
Kaizen: This continuous improvement agenda inspired shop-floor members to contribute to generate nearly 300 improvement suggestions, enhancing operational efficiency.

Quality: We recorded, displayed, monitored and resolved quality deviations through plant-team and management-team discussions, analysis and solutions; more than half the quality issues were permanently resolved.

Alliance: We engaged with National Institute of Manufacturing Competitiveness to identify manufacturing process improvement opportunities.

The result is that we increased output and quality on one hand while optimizing costs on the other, strengthening our overall competitiveness. We have also been recognised with "Best Plant" across Zydus Group for implementing best practices of SLIM (Strategic Lean Integrated Manufacturing).

What's good for competitiveness is good for the business.



Revamping our Go-To-market model

At Zydus Wellness, we have revamped our go-to-market model to be able to distribute products wide and deep on the one hand and disperse products through the right channels in line with evolving market needs on the other hand.

During the last few years, the company revamped its 'go to market' model through various initiatives:

- We realigned our distribution strategy in line with best practices in FMCG industry.
- We strengthened the business models of our primary customers (distributors) by consolidating and allocating a large sales footprint to each, widened their product basket, created a compelling proposition around and a fair return on investment.
- The result is that average throughput per distributor increased 83% in the space of just three years, strengthening their engagement and growing our trade partner family.

Stronger distribution network improves access of product to the consumers.

Vision

We Bring Wellness To Your Life ... We Will Create New Experiences By Our Products That Will Nourish, Nurture And Energize Your Life. We Shall Lead The Way Through Innovation.

DNA

To Build New Emergent Categories With Differentiated Product Propositions. Philosophy Of Building Products That Are "Good For You".

Zydus Wellness Limited. A company that creates market niches with 'good for customer' products. A company enjoying market-leading brands in the health, wellness and skincare spaces.

Background

Zydus Wellness is an integrated consumer company that combines the best of health, wellness and skincare spaces. The result is a basket of wellness products that enrich lives.

Group and Promoters

Zydus Wellness, a subsidiary of Cadila Healthcare Limited is the flagship company of the Zydus Cadila Group. Zydus Cadila is promoted by Mr. Pankaj Patel and family.

Locations

Zydus Wellness is headquartered in Ahmedabad (Gujarat, India). The Company manufactures its range of health and wellness products across three manufacturing facilities – one in Ahmedabad and one in Sikkim (ISO 22000 and ISO 14001 certified, GMP certified) that are marketed pan-India. We have also added one more manufacturing facility at Sikkim. The new production unit of Zydus Wellness - Sikkim, the partnership firm commenced its commercial production during the fourth quarter.

Footprint

Zydus Wellness products are marketed pan-India through a robust distribution network comprising 1000+ distributors and ~1000 feet-on-street representatives, who facilitate coverage of more than 8,00,000 outlets including indirect reach. The Company's distribution capability has been facilitated by a proactive investment in 23 cold chain warehouses and 27 ambient warehouses.

Brands

The Company's flagship brands Sugar Free, Everyuth and Nutralite operating in health, wellness and skin care spaces enjoys visible and market-leading positions.

Listing

The Company's shares are listed on the Bombay Stock Exchange and the National Stock Exchange.

> "At Zydus Wellness, we are optimistic of growing faster even as we grow larger."

Dr. Sharvil Patel
Chairman, Zydus Wellness Ltd.

Dear friends,

At Zydus Wellness, we are optimistic about stepping up the pace of growth.

Optimism

Our optimism is based on a number of positive realities. While India is one of the biggest consumption markets for sugar in the world, the sugar substitute market is highly under-penetrated. With growing consciousness of health & wellness, this category provides a significant opportunity to grow over a substantial period of time. Also, with consistent education and awareness being built about the usage and versatility of sugar substitutes, the depth of consumption also offers significant opportunities in the future.

Similar opportunities exist in every other business space in which we are present; either the penetration of the product within India lags the global average or a subsegment of that product accounts for a negligible share of the product penetration. As a sectoral leader, Zydus Wellness' responsibility is not only to address existing market size but to grow it, in the process accounting for a disproportionately large share of the market expansion. In an India that is passing through unprecedented increase in discretionary incomes on the one hand and enhanced lifestyle aspirations on the other, we believe that the market is at the cusp of unprecedented brand-led growth.

The reality is that Zydus Wellness is at the right place with the right products in the right segments.

Growing the market

Zydus Wellness is not merely waiting for the market to evolve. The company has embarked on a number of initiatives to evolve and enlarge market spaces. In the health products segment, where we possess long-established products like Sugar Free and Nutralite, we are extending their relevance from obesity and diabetes-centricity to mass appeal products through the launch of new products/variants. In the sugar-substitute space, we have drawn out a two-pronged strategy. One, we are focusing on new users by introducing products aligned with customer aspirations. An example of this, is the launch of Sugar Free Green which is targeted at consumers with a preference for natural products, a trend that is growing stronger Pan-India. Two, we are building usage across a range of culinary options through strong experiential marketing marked by tasting sessions for consumers in metros during festivals and regular grocery buying visits. In the butter-substitute space, we have expanded our product offering with new variants which is enabling consumers to experiment with a range of options for their families at home. The Institutional segment also offers a significant opportunity in the future; we have also widened our product basket through the introduction of mayonnaise for institutional customers.

In the skin care space, we have relaunched clinicaly tested Tulsi-Turmeric face wash addressing the largest consumer segment in facial cleansing with first-of-its-kind ingredients combination. Similarly as a market leader in face scrub, our new campaign addresses the myths and barriers amongst the non-users in the segment. We believe, Everyuth with its superior formulation is best equipped to grow the category it operates in.

At Zydus Wellness, we have drawn out a medium-term strategic road map: Organic growth through pillar brands, growing our international presence and addressing inorganic opportunities (within and outside India).

Organic growth: Our team has created a three-year innovation funnel. This comprises the development of launch of differentiated products in each product category of our presence. We also intend to embrace contemporary and conventional consumer communication channels, enhancing our effectiveness.

International presence: We intend to extend our horizon beyond India. We have started to establish our presence in Middle East, Africa and South East Asia. These geographies offer immense potential to grow in our existing product portfolio and their extentions.

Acquisitions: We are analyzing inorganic opportunities in India and outside. We will seek brands and companies with complementary capabilities to enter new product categories and geographies, strengthening our presence in the health, wellness and personal care spaces. We are well-placed to make this happen; we have virtually no debt on our books and we possess net worth of INR 5572 Million as on March 31, 2017.

Overview

At Zydus Wellness, these are exciting times. We have arrived at a critical mass; our brands continue to be market leaders; we will create a new spark in each business category; we expect to climb into new orbits. In doing so, we are confident to sustain profitable growth across the medium-term, enhancing value for our stakeholders.

Our 'Smartness wali Sweetness' campaign featured among the three leading advertisements in national publications (Source: Ipsos Research, Publication - Mint).

Awards and Accreditations

Zydus Wellness consumer and marketing work has been acknowleged by the industry through a host of awards over the past few years.

Presentor	Brand	Award Category	Campaign Title	Type
IAMAI*	Nutralite	Best UGC** Campaign	World's First Healthgram	Silver
Goafest- Creative Abby	Nutralite	Best UGC** Campaign	World's First Healthgram	Bronze

*Internet and Mobile Association of India ** User generated content

Manufacturing Award

In National Award Manufacturing Competitiveness (NAMC) which was conducted by International Research Institute of Manufacturing, our Sikkim plant was bestowed with a Silver medal with a recommendation of a special award.

Highlights, 2016-17

Financial matrix

- 8.6% Income from operations growth (%)
- 8.5% EBIDTA growth (%)
- 5.5% Net Profit growth (%)

Healthy Margins in FMCG space

- 21.4% Healthy EBIDTA margin (%)
- 23.6% Healthy net profit margin (%)
- 21.0% Healthy ROE (%)
- 20.9% Healthy ROCE (%)

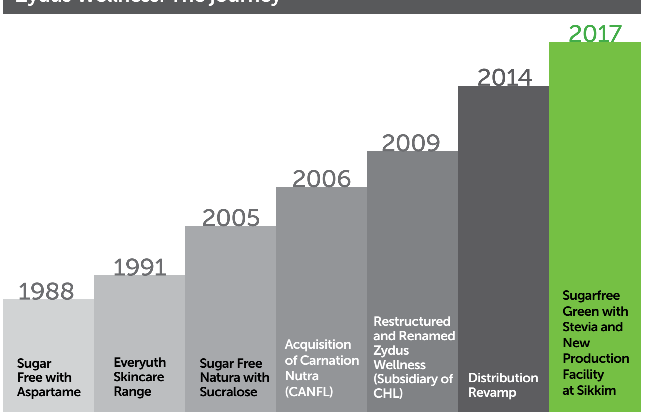
Shareholding pattern, 2016-17

- 72.08% Promoter holding, March 31, 2017 (%)
- 13.80% Institutional holding, March 31, 2017(%)
- 7.80% FII holding, March 31, 2017(%)
- 6.32% Other holding, March 31, 2017(%)

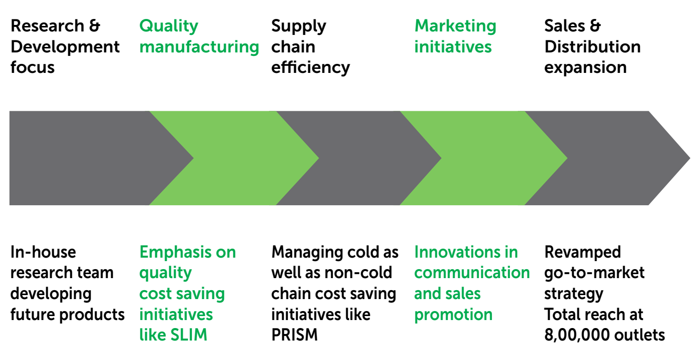
Market Capitalization

- 33,965 Market capitalization, March 31, 2017 (INR Million)

Zydus Wellness: The journey



Zydus Wellness: Straddling the value-chain



Our Competitive Advantages

Product space

- Differentiated product propositions
- Address unmet needs
- Transforming lifestyles

Brands

- Market-leading brands
- Endorsed by business-relevant celebrities
- Growing brand investments (More than INR 2000 Million in three years ending FY17)

Distribution Network

- Expansive; expanding annually across traditional and emerging channels
- Products available across 8,00,000 touch-points pan-India
- Industry leading distribution strength in chemists and cosmetics sub-channels

Financial Strength

- Virtually zero-debt status
- Net cash flow from operations INR 770 Million by end of FY17
- Robust financials to drive growth

11.4
Total Income from operations growth (%) [8-year CAGR]

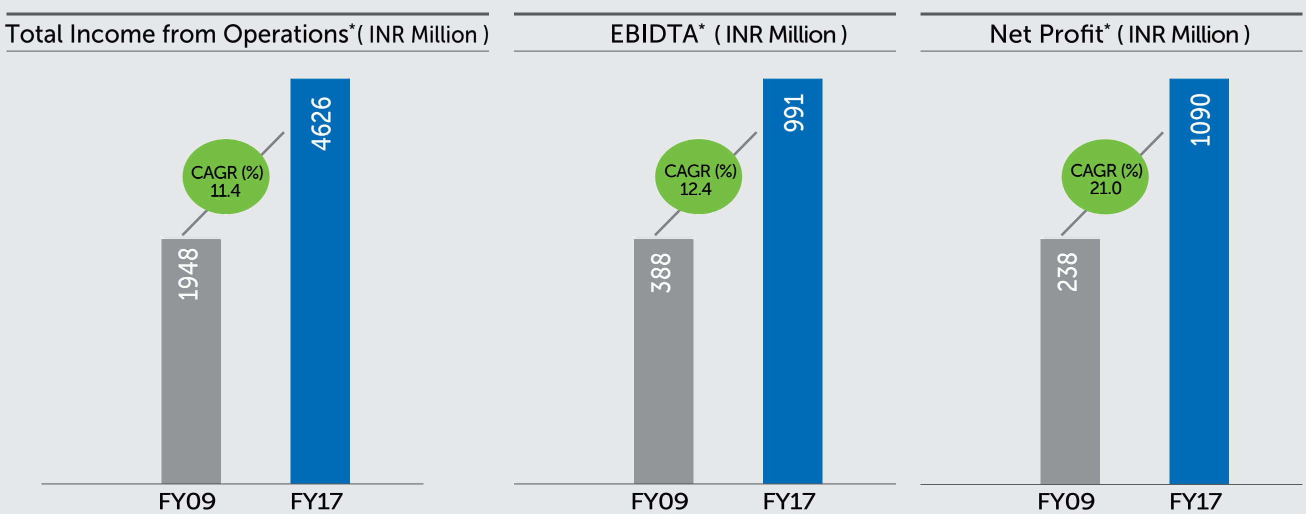
12.4
EBIDTA growth (%) [8-year CAGR]

21.0
Net Profit growth (%) [8-year CAGR]

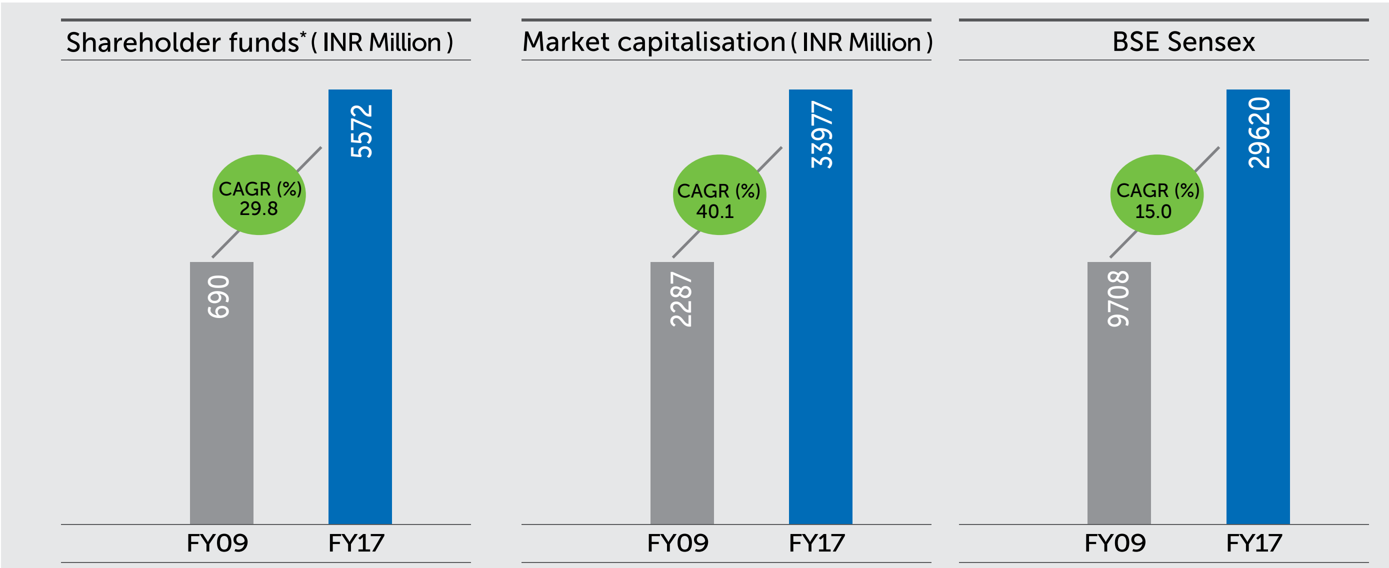
29.8
Shareholders fund growth (%) [8-year CAGR]

Shareholder value-creation

‘Good for you’ products make ‘good-for-you’ investments

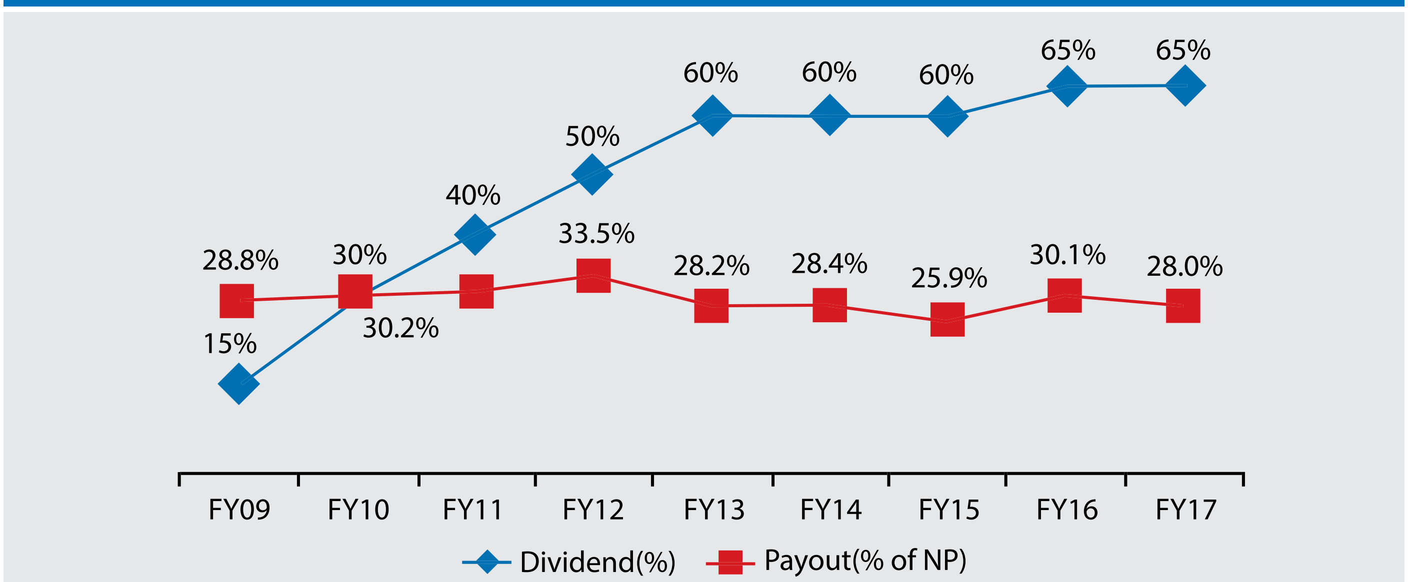


*FY09 financials are as per IGAAP; FY17 financials as per INDAS and hence not comparable



*FY09 financials are as per IGAAP; FY17 financials as per INDAS and hence not comparable

Consistent dividend payout



Three pillars to drive future growth

Organic growth	Geographic expansion	Inorganic growth
Innovation pipeline	SAARC, Middle East and Africa and South East Asia	Focus on health, wellness and skin care
Embrace new communication channels with consumers	Sugar Free, a flagship brand to lead expansion beyond India	Expand business to new consumers, new categories and new geographies
Expand touch points for consumer acquisition	Country specific innovations to adapt to local requirements	Leveraging Balance Sheet strength and parent support

Notice

ZYDUS WELLNESS LIMITED
[CIN–L15201GJ1994PLC023490]
Registered Office: House No. 6 & 7, Sigma Commerce Zone,
Sarkhej–Gandhinagar Highway, Ahmedabad – 380 015
Website: www.zyduswellness.in; Email ID: investor.grievance@zyduswellness.in
Phone No.: 079-67775888; Fax No.: 079-67775811

Notice is hereby given that the **Twenty Third** Annual General Meeting of the members of the Company will be held on Friday, August 11, 2017 at 12.00 noon 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 Financial Statements [including consolidated financial statements] of the Company for the year ended on March 31, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the Interim Dividend of Rs. 6.5 per share of Rs. 10 each as a final dividend for the financial year 2016-2017.
3. To appoint a Director in place of Dr. Sharvil P. Patel [DIN-00131995], who retires by rotation and being eligible offers himself for reappointment.
4. To ratify the appointment of M/s. Dhirubhai Shah & Doshi, Chartered Accountants [Firm Registration No. 102511W] as Statutory Auditors of the Company, who hold office from the conclusion of Twenty First Annual General Meeting until the conclusion of Twenty Sixth Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. **To ratify remuneration to Cost Auditors:**

   To consider and if thought fit, to pass with or without modification[s], the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of section 148[3] and other applicable provisions, if any, of the Companies Act, 2013, and the Companies [Cost Records and Audit] Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force], the Company hereby ratifies the remuneration of Rs. 2.25 Lakhs plus applicable service tax and out of pocket expenses for the financial year ending on March 31, 2018 to M/s. Dalwadi & Associates, Cost Accountants [Firm Registration No. 000338] who were appointed as Cost Auditors to conduct the audit of cost records maintained by the Company pertaining to product 'Nutralite' manufactured by the Company for the financial year 2017–2018."

6. **To regularize the appointment of Mr. Kulin Lalbhai as an Independent Director:**

   To consider and if thought fit, to pass with or without modification[s], the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the 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 thereof for the time being in force], and Regulation 24 of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015, Mr. Kulin Lalbhai [DIN 052068786], who was appointed as an additional Independent Director by the Board of Directors with effect from November 18, 2016, 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 Director be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years i.e. upto November 18, 2021."

7 **To maintain and keep the statutory registers required to be maintained under Companies Act, 2013 at a place other than the Registered Office of the Company:**

To consider and if thought fit, to pass with or without modification[s], the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of section 94(1) and other applicable provisions of the Companies Act, 2013 read with Rule 5(2) of the Companies [Management and Administration] Rules, 2014, consent of the members of the Company be and is hereby accorded to maintain and keep the Register of Members, Register of Debenture holders, the Index of Members / Debenture holders, if any, other statutory registers required to be maintained under section 88 of the Companies Act, 2013 and copies of annual returns filed under section 92 of the Companies Act, 2013 or any one or more of them, at the office of Company's Registrar and Share Transfer Agent, viz. M/s. Link Intime India Private Limited, 5th Floor, 506 to 508, Amarnath Business Centre – 1, (ABC-1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off C. G. Road, Ellisbridge, Ahmedabad – 380 009 or at such other place as the Board may from time to time decide instead of and/or in addition to the said registers or copy of returns being kept and maintained at the Registered Office of the Company.

RESOLVED FURTHER THAT Board of Directors or any committee thereof be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be required to give effect to the forgoing resolution."

By order of the Board of Directors

Place: Ahmedabad
Date: May 27, 2017

Dhaval N. Soni
Company Secretary

NOTES:

1. The Explanatory Statements pursuant to the provisions of section 102 of the Companies Act, 2013 [the "Act"] in respect of businesses under item Nos. 5, 6 and 7 of the Notice are annexed hereto.

2. The Register of Members and Share Transfer Books shall remain closed from July 31, 2017 [Monday] to August 11, 2017 [Friday] [both days inclusive].

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 a proxy on behalf of members not exceeding 50 [fifty] and holding in the aggregate not more than ten per cent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company, then such proxy shall not act as a proxy for any other person or member. Proxies in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting i.e. by 12.00 Noon on Wednesday, August 9, 2017. A Proxy form is sent herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority together with specimen signature, as applicable.

4. Corporate members intending to authorize its representatives to attend the Meeting are requested to submit to the Company at its Registered Office, a certified copy of the Board Resolution / authorization document 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 the provisions of section 125 of the Companies Act, 2013 and the Rules made thereunder. Members are requested to note that after such date, any unclaimed dividend which has been transferred to the Fund, may apply for refund, under clause (a) of sub-section (3) of section 125 or under proviso to sub-section (3) of section 125, as the case may be, to the authority by making an application in the prescribed Form online available on website www.iepf.gov.in along with fee as may be decided by the IEPF authority.

Financial year ended on	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF Account
March 31, 2010	July 16, 2010	30	July 22, 2017
March 31, 2011	June 30, 2011	40	July 6, 2018
March 31, 2012	July 27, 2012	50	August 2, 2019
March 31, 2013	May 13, 2013	60 @	May 31, 2020
March 31, 2014	July 14, 2014	60	July 20, 2021
March 31, 2015	July 29, 2015	60	August 4, 2022
March 31, 2016	March 4, 2016	65 @	March 9, 2023
March 31, 2017	March 1, 2017	65 @	March 6, 2024

@ Interim Dividend

Pursuant to the IEPF [Uploading of information regarding unpaid and unclaimed amount lying with the Companies] Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the Twenty Second Annual General Meeting held on August 3, 2016 on its website www.zyduswellness.in and on the website of Ministry of Corporate Affairs www.mca.gov.in

6. Members holding shares in physical form are requested to intimate Registrar and Share Transfer Agent of the Company viz., M/s. Link Intime India Private Limited [Unit: Zydus Wellness Limited], 506 – 508, Amarnath Business Centre – 1, Beside Gala Business Centre, Ellisbridge, Off C.G. Road, Ahmedabad–380 006, changes, if any, in their registered address along with pin code number and relevant evidences. Members holding shares in electronic form shall update such details with their respective Depository Participant.

7. The information of the Directors seeking appointment / reappointment at the ensuing Annual General Meeting is provided at Annexure–A to this Notice as prescribed under Regulation 36[3] of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 [the Listing Regulations].

8. Notice of the Twenty Third 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 or 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 Twenty Third Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.

9. Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.

   Members may also note that the Notice of the Twenty Third Annual General Meeting and the Annual Report will also be available on the Company's website www.zyduswellness.in for their download. The physical copies of the 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 members may also send requests to the Company's email id investor.grievance@zyduswellness.in.

10. **Voting through electronic means:**

    The business as set out in the Notice may be transacted through electronic voting system. In compliance with the provisions of section 108 of the Act read with the Companies [Management and Administration] Rules, 2014, Standard 2 of the Secretarial Standards on General Meetings and in compliance with Regulation 44 of the Listing Regulations,

NOTES: [continue)

the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with Central Depository Services (India) Limited [CDSL] to facilitate the members to cast their votes from a place other than venue of the AGM [remote e-voting]. The facility for voting shall be made available at the AGM through polling paper and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting. Please note that the voting through electronic means is optional for the members.

A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date shall be entitled to avail the facility of remote e-voting or voting at the AGM. Persons who are not members as on the cut-off date should treat this notice for information purpose only.

The Notice will be displayed on the website of the Company www.zyduswellness.in and on the website of CDSL.

The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again.

The Members whose names appear in the Register of Members / List of Beneficial Owners prior to commencement of book closure date are entitled to vote on Resolutions set forth in the Notice. Eligible members who have acquired shares after the dispatch of the Annual Report and holding shares as on the cut-off date may approach the Company for issuance of the USER ID and Password for exercising their right to vote by electronic means.

Members are requested to follow the instructions below to cast their vote through e-voting:

(i) The remote e-voting period will commence at 9:00 a.m. on Tuesday, August 8, 2017 and will end at 5:00 p.m. on Thursday, August 10, 2017. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. August 3, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The members should log on to the remote e-voting website www.evotingindia.com.

(iii) Click on Shareholders–Login.

(iv) Now Enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had earlier logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha–numeric PAN issued by Income tax Department [applicable for both, members holding shares in demat mode and members holding shares in physical mode].
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank details or Date of Birth (DOB) (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the Depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach to the Company selection screen. However, members holding shares in demat form will now reach to 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that the respective company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for ZYDUS WELLNESS LIMITED on which you choose to vote.

(xii) 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 that you dissent to the resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.

(xiv) After selecting the resolution you have decided to vote on, 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.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the vote cast by clicking on "Click here to print" option on the voting page.

(xvii) If demat account holder has forgotten the login password then he should enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xviii) Members can also cast their vote using CDSL's mobile app "m-Voting" available for android based mobile phones. The "m-Voting app" can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for non–individual members and custodians.

- Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The compliance users would be able to link the account(s) for which they wish to vote.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) 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.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Contact Details:
Mr. Rakesh Dalvi, Dy. Manager, CDSL
16th Floor, PJ Towers, Dalal Street, Fort,
Mumbai–400 001
Email : helpdesk.evoting@cdslindia.com
Tel: 18002005533

A member can opt for only one mode of voting i.e. either through remote e-voting or voting at the meeting. If a member casts votes by both modes, then voting done through remote e-voting shall prevail.

The Company has appointed Mr. Dilip P. Shah, Practicing Chartered Accountants [Membership No. FCA-030492], to act as the Scrutinizer for conducting the voting and remote e-voting process in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the meeting shall be announced by the Chairman or any other person authorised by him immediately after the results are declared.

The results declared along with the Scrutinizer's report, will be posted on the website of the Company www.zyduswellness.in and on the website of CDSL and will be displayed on the Notice Board of the Company at its Registered Office immediately after the declaration of the results by the Chairman or any other person authorised by him and communicated to the Stock Exchanges.

REQUEST TO THE MEMBERS:

1. Members desiring any relevant information on the accounts at the meeting are requested to write to the Company at least seven days in advance of the date of 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 Statements pursuant to 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. 5:

In accordance with the provisions of section 148 of the Companies Act, 2013 [the "Act"] and the Companies [Audit and Auditors] Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the Company pertaining to product 'Nutralite' manufactured by the Company.

On the recommendation of the Audit Committee, the Board of Directors have approved the appointment of M/s. Dalwadi & Associates, Cost Accountants [Registration Number 000338] as the Cost Auditors to conduct audit of cost records of the Company for the financial year 2017-2018, at a remuneration of Rs. 2.25 Lakhs plus service tax and out of pocket expenses.

M/s. Dalwadi & Associates, Cost Accountants have furnished certificate regarding their eligibility for appointment as Cost Auditors of the Company. As per the provisions of the Act read with the Rules, the remuneration payable to the Cost Auditors shall be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 5 of the Notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 5 of the Notice. Your Directors recommend the passing of this resolution by the members.

In respect of item No. 6:

Pursuant to the provisions of section 161 of the Companies Act, 2013 [hereinafter referred to as the Act], Mr. Kulin Lalbhai was appointed as an Additional Independent Director with effect from November 18, 2016.

Pursuant to the provisions of section 161[1] of the Act, Mr. Kulin Lalbhai holds office upto the date of the ensuing Annual General Meeting of the Company. A notice has been received from a member along with a deposit of requisite amount under section 160 of the Act proposing Mr. Kulin Lalbhai as a candidate for the office of the Director of the Company.

Mr. Kulin Lalbhai is not disqualified from being appointed as a Director in terms of section 164 of the Act and has given his consent to act as an Independent Director. As per the provisions of section 149 of the Act, an Independent Director can hold office for a term upto 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. Kulin Lalbhai that he meets criteria of independence as prescribed under section 149[6] of the Act and Regulation 17 of the Listing Regulations. Mr. Kulin Lalbhai, aged 31 years holds MBA degree from the Harvard Business School and a B. Sc. in Electrical Engineering from the Standford University. Brief resume of Mr. Kulin Lalbhai, nature of his expertise in specific functional areas and names of the Companies in which he holds directorships and memberships / Chairman of the Board / Committee, shareholding and relationships between Directors inter se, as stipulated under Listing Regulations with the stock exchanges are annexed to this notice.

In the opinion of the Board, Mr. Kulin Lalbhai fulfills the conditions as specified in the Act and Rules made thereunder for his appointment as an Independent Director of the Company. A copy of the draft letter of appointment of Mr. Kulin Lalbhai 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.

Keeping in view of his vast experience and knowledge, the Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Kulin Lalbhai as an Independent Director.

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

The Board recommends the passing of resolution as an Ordinary Resolution as set out at Item No. 6 of the Notice.

In respect of Item No. 7:

Under the provisions of the Companies Act, 2013 [the Act] certain documents such as the Register of Members and Index of Members, Register and Index of Debenture holders, register and index of any other security holders, Register of Renewed and Duplicate Shares and copies of all annual returns prepared, together with the copies of certificates and documents required to be annexed thereto under section 92 of the Act, and other related books, are required to be maintained at the registered office of the Company unless a special resolution is passed in a general meeting authorizing the keeping of the register at any other place within the city, town or village in which the registered office is situated.

In the interest of operational and administrative convenience, it is proposed to keep the Register of Members, Register of Debenture holders, the Index of Members / Debenture holders, if any, other statutory Register required to be maintained under section 88 of the Companies Act, 2013 and copies of annual returns filed under section 92 of the Companies Act, 2013 or any one or more of them, at the office of the Company's Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, 5th Floor, 506 to 508, Amarnath Business Centre – 1, (ABC-1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off C. G. Road, Ellisbridge, Ahmedabad – 380 006, a place other than its registered office.

Approval of the members is required under section 94 of the Act for effecting the change in the place at which the Register and Index of Members are to be kept.

The Board recommends the Special Resolution set out under Item No. 7 of the notice for the approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution as set out at Item No. 7 of the Notice.

By order of the Board of Directors

Place: Ahmedabad
Date: May 27, 2017

Dhaval N. Soni
Company Secretary

Annexure–A

Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements)], Regulations, 2015

<table>
<tr><td>Name of the Director</td><td>Dr. Sharvil P. Patel</td></tr>
<tr><td>Age</td><td>39 years</td></tr>
<tr><td>Date of Appointment on the Board</td><td>27th April, 2009</td></tr>
<tr><td>Brief resume and nature of expertise in functional areas</td><td>Dr. Sharvil P. Patel is the Joint Managing Director of Cadila Healthcare Limited, parent Company, which is one of the leading global healthcare providers and the 4th largest pharmaceutical company in India. With a specialisation in Chemical and Pharmaceutical Sciences from the University of Sunderland, U.K., and a Doctorate from the same university for his research work in Breast Cancer at John Hopkins, Bayview Medical Centre, USA, Dr. Sharvil Patel possesses both Pharma and Research expertise.

Young and astute with a natural bias for leading new streams of thoughts and initiatives, Dr. Sharvil P. Patel is a member of the Zydus Executive Board which oversees and reviews the different business verticals of the group and spearheads organization-wide initiatives. Combining 'big picture' thinking with a fine eye for details, Dr. Patel's leadership inspires people to look at an expansive canvas of thoughts and ideas while focusing on a well-defined implementation roadmap.

Dr. Sharvil P. Patel has also brought in a new dimension to the consumer business – giving it a much larger positioning in the wellness domain. He officiates as the Chairman on the Board of Zydus Wellness Limited. The company is creating several novel experiences for the health conscious consumers and has a basket of niche products and iconic brands such as Sugar Free, Everyuth and Nutralite.</td></tr>
<tr><td>Relationship between directors inter-se</td><td>None</td></tr>
<tr><td>Directorships held in other Listed Companies</td><td>Cadila Healthcare Limited</td></tr>
<tr><td>Memberships / Chairmanships of Committees in Listed Companies</td><td>
Zydus Wellness Limited
<table>
<tr><th>Name of the Committee</th><th>Position Held</th></tr>
<tr><td>Nomination and Remuneration Committee</td><td>Member</td></tr>
<tr><td>Share Transfer Committee</td><td>Chairman</td></tr>
<tr><td>CSR Committee</td><td>Chairman</td></tr>
</table>
Cadila Healthcare Limited
<table>
<tr><th>Name of the Committee</th><th>Position Held</th></tr>
<tr><td>Stakeholders' Relationship Committee</td><td>Member</td></tr>
<tr><td>Share Transfer Committee</td><td>Member</td></tr>
<tr><td>CSR Committee</td><td>Member</td></tr>
<tr><td>Risk Management Committee</td><td>Member</td></tr>
</table>
</td></tr>
<tr><td>Shareholding of Non-Executive Director</td><td>533 Equity Shares</td></tr>
</table>

<table>
<tr><td>Name of the Director</td><td>Mr. Kulin Lalbhai</td></tr>
<tr><td>Age</td><td>31 years</td></tr>
<tr><td>Date of Appointment on the Board</td><td>November 18, 2016</td></tr>
<tr><td>Brief resume and nature of expertise in functional areas</td><td>Mr. Kulin Lalbhai, aged 31 years holds MBA degree from the Harvard Business School and B. Sc. in Electrical Engineering from the Standford University.

Mr. Kulin Lalbhai is currently the Executive Director of Arvind Limited, one of the reputed Company in textile industry. He is driving new initiatives in the consumer business of Arvind Group. Mr. Lalbhai also spearheads Arvind's foray into e-commerce space. He plays an active role in the overall corporate strategy for the group with particular focus on B2C businesses.

Prior to the current position in Arvind Limited, Mr. Lalbhai worked with management consulting firm McKinsey & Co., Mumbai.</td></tr>
<tr><td>Relationship between directors inter-se</td><td>None</td></tr>
<tr><td>Directorships held in other Listed Companies</td><td>1. Arvind Limited
2. Arvind Smartspaces Limited</td></tr>
<tr><td>Memberships / Chairmanships of Committees in Listed Companies</td><td>Zydus Wellness Limited<table><tr><th>Name of the Committee</th><th>Position Held</th></tr><tr><td>Audit Committee</td><td>Member</td></tr><tr><td>Nomination and Remuneration Committee</td><td>Member</td></tr></table></td></tr>
<tr><td>Shareholding of Non-Executive Director</td><td>Nil</td></tr>
</table>

Directors Report

Dear members

Your Directors are pleased to present Twenty Third Annual Report and the Financial Statements for the Financial Year ended on March 31, 2017.

Financial Results:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with Rule 7 of the [Companies Accounts] Rules, 2014. The financial statements for the Financial Year ended on March 31, 2017 are the Company's first Ind AS compliant annual financial statements with comparative figures for the year ended on March 31, 2016 also under Ind AS. The date of transition is April 1, 2015.

The disclosure and effects of first time adoption of Ind AS are detailed in Note 43 of the standalone financial statements and Note 43 of the consolidated financial statements.

The standalone and consolidated financial performance of the Company, for the Financial Year ended on March 31, 2017 are summarized below:

[INR-Lakhs]

Particulars	Standalone		Consolidated	
	For the year ended on March 31, 2017	For the year ended on March 31, 2016	For the year ended on March 31, 2017	For the year ended on March 31, 2016
Revenue from Operations and Other Income	**25,245**	23,231	**49,519**	45,844
Profit before Finance Cost, Depreciation, Amortisation and Impairment Expenses & Tax [PBIDT]	**11,297**	10,764	**13,171**	12,375
Less: Finance Cost	**48**	6	**55**	14
Less: Depreciation, Amortisation and Impairment expenses	**370**	355	**716**	681
Profit Before Tax [PBT]	**10,879**	10,403	**12,400**	11,680
Less: Tax Expenses	**(55)**	77	**1,272**	1,156
Profit After Tax [PAT]	**10,934**	10,326	**11,128**	10,524
Attributable to:				
Owners of the Parent	**10,934**	10,326	**10,898**	10,326
Non-Controlling Interests	**-**	-	**230**	198
Other Comprehensive Income / (Loss), Net of Tax	**(15)**	(16)	**21**	(16)
Total Comprehensive Income	**10,919**	10,310	**11,149**	10,508
Attributable to:				
Owners of the Parent	**10,919**	10,310	**10,919**	10,310

Particulars	Standalone		Consolidated	
	For the year ended on March 31, 2017	For the year ended on March 31, 2016	For the year ended on March 31, 2017	For the year ended on March 31, 2016
Non-Controlling Interests	-	-	230	198
Opening balance in Retained Earnings	39,438	35,035	39,482	35,034
Amount available for appropriation				
Dividend:				
Interim - FY 2016-17	2,540	-	2,540	-
Interim - FY 2015-16	-	2,540	-	2,540
Final - FY 2014-15	-	2,344	-	2,344
Corporate Dividend Tax on Interim/Final Dividend	517	994	517	994
Closing Balance in Retained Earnings	47,360	39,483	47,323	39,482
Earnings Per Share [EPS] [Face Value of shares of Rs. 10/- each]	27.99	26.43	27.89	26.43

Results of operations: (Consolidated)

During the year under review, the consolidated sales revenue grew by 8.3% to Rs. 45934 Lakhs from Rs. 42419 Lakhs in 2015-16. The profit before tax increased by 6.2% y-o-y to Rs. 12400 Lakhs. Net profit after tax (before OCI and after Non Controlling Interest) increased by 5.5% y-o-y to Rs.10898 Lakhs. The net profit margin, as a % to total operating income during the current year is 23.6%. A detailed analysis of performance for the year has been included in the Management Discussion and Analysis Report, which forms part of the Annual Report

Interim Dividend:

During the year under review, your Directors have declared and paid an interim dividend of Rs. 6.50 [65%] per equity share of face value of Rs. 10/- each to the shareholders holding shares in physical form and whose names were entered into the Register of Members of the Company as on March 10, 2017, being the Record Date fixed for the purpose. The shareholders holding shares in electronic form were paid dividend as per the beneficiary data provided by the Depositories. Your Directors do not recommend final dividend. The dividend payout ratio for the current year [inclusive of corporate dividend tax on dividend distribution] is 27.96%.

During the year, the unclaimed dividend pertaining to the dividend for the financial year ended on March 31, 2009 was transferred to Investor Education and Protection Fund.

As per Regulation 43A of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 (the Listing Regulations), the top 500 listed companies shall formulate a dividend distribution policy. Accordingly, the Company has formulated a Dividend Distribution Policy, which is approved by the Board of Directors [the Board] and is uploaded on Company's website www.zyduswellness.in.

Transfer of Shares to Investor Education and Protection Fund [IEPF]:

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to IEPF established by the Central Government, after completion of seven years. Further according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends. Further, the corresponding shares will be transferred as per the requirements of the IEPF rules, details of which are provided on our website.

Fixed Deposit:

The Company has not accepted any fixed deposit and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

Management Discussion and Analysis [MDA]:

MDA, for the year under review, as stipulated under Regulation 34[2][e] of SEBI [Listing Obligations and Disclosure Requirements]

Regulations, 2015 [hereinafter referred to as "the Listing Regulations"], is presented in a separate section, which forms a part of the Annual Report.

Consolidated Financial Statements:

M/s. Zydus Wellness, Sikkim [ZWS] is under the majority control of the Company and hence the accounts of ZWS are consolidated with the accounts of the Company in accordance with the provisions of Ind AS-110 on Consolidated Financial Statements issued by the Ministry of Corporate Affairs and as provided under the provisions of the Companies Act, 2013 [hereinafter referred to as "Act"] read with Schedule III of the Act and Rules made thereunder and the Listing Regulations. The audited Consolidated Financial Statements are provided in the Annual Report.

Though the Company does not have any subsidiary Company, in compliance of the provisions of Regulation 16[1][c] of the Listing Regulations, the Company has formed a policy relating to material subsidiaries, which is approved by the Board and may be accessed on the Company's website at the link http://www.zyduswellness.in/investor/Policy%20on%20Material%20Subsidiary-May15.pdf

Related Party Transactions:

All transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company has not entered into any transactions with the related parties which could be considered as material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http://www.zyduswellness.in/investor/Policy%20on%20Related%20Party%20Transactions-May15.pdf.

Disclosures on related party transactions are set out in Note No. 41 to the financial statements.

Directors:

i. **Resignation / Appointment of Independent Directors:**
Dr. B. M. Hegde [DIN–00128203], an Independent Director resigned as a Director of the Company w.e.f. October 11, 2016. Dr. B. M. Hegde also ceased to be the member of the Committees of the Board in which he was a member.

The Board has appointed Mr. Kulin S. Lalbhai [DIN–05206878] as an Additional Independent Director of the Company for a period of five consecutive years from November 18, 2016, subject to the approval of the shareholders. Mr. Kulin S. Lalbhai was appointed as an Additional Independent Director, who shall hold office up to the ensuing Annual General Meeting.

The Board at its meeting held on January 30, 2017 has also appointed Mr. Kulin S. Lalbhai as a member of the Audit Committee and the Nomination and Remuneration Committee.

The terms and conditions of appointment of Mr. Kulin S. Lalbhai are placed on the website of the Company www.zyduswellness.in.

ii. **Retirement by rotation:**
In accordance with the provisions of section 152[6] of the Act and in terms of Articles of Association of the Company, Dr. Sharvil P. Patel, Director [DIN–00131995] will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his reappointment.

iii. **Declaration of Independence:**
The Company has received declarations of independence as stipulated under section 149[7] of the Act and Regulation 16[b] of the Listing Regulations from the Independent Directors confirming that they are not disqualified from continuing as an Independent Director.

iv. **Profile of Directors seeking appointment / reappointment:**
As required under Regulation 36[3] of the Listing Regulations, particulars of the Directors seeking appointment / reappointment at the ensuing Annual General Meeting are annexed to the notice convening Twenty Third Annual General Meeting.

v. **Key Managerial Personnel:**
The following persons are the Key Managerial Personnel [KMP]:

1. Mr. Tarun G. Arora, Whole Time Director,
2. Mr. Amit B. Jain, Chief Financial Officer, and
3. Mr. Dhaval N. Soni, Company Secretary.

There is no change in the KMP during the year.

vi. **Board Evaluation:**
Pursuant to the provisions of the Act and Rules made

thereunder and as provided under Schedule IV of the Act and the Listing Regulations, the Nomination and Remuneration Committee / Board has carried out the annual performance evaluation of itself, the Directors individually as well as the evaluation of its committees. The manner in which the evaluation was carried out is provided in the Corporate Governance Report, which is a part of this Annual Report.

vii. Nomination and Remuneration Policy:

The Board has on the recommendations of the Nomination and Remuneration Committee [NRC], framed a Policy on selection and appointment of Director(s), Senior Management Personnel and their remuneration. During the year, the NRC was reconstituted. The NRC comprises of Mr. Humayun Dhanrajgir, as Chairman, Dr. Sharvil P. Patel, Prof. Indiraben J. Parikh, Mr. Ganesh N. Nayak and Mr. Kulin S. Lalbhai as members.

The Nomination and Remuneration Policy is stated in the Corporate Governance Report, which is a part of this Annual Report.

Directors' Responsibility Statement:

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

i. that in preparation of the Financial Statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any,

ii. that such accounting policies have been selected and 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 March 31, 2017 and of the profit of the Company for the year ended on that date,

iii. that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities,

iv. that the Financial Statements have been prepared on a going concern basis,

v. that proper internal financial controls were in place and that the financial controls were adequate and operating effectively, and

vi. that the systems to ensure compliance with the provisions of all applicable laws were in place and adequate and operating effectively.

Board Meetings:

Information of meetings of the Board of Directors is given in Corporate Governance Report, forming part of this report.

Audit Committee:

As provided in section 177[8] of the Act, the information about composition of Audit Committee and other details are given in Corporate Governance Report forming part of this report. The Board has accepted the recommendations of Audit Committee. During the year, the Audit Committee was reconstituted. The Audit Committee comprises of Mr. Humayun Dhanrajgir, as Chairman, Prof. Indiraben J. Parikh, Mr. Ganesh N. Nayak and Mr. Kulin S. Lalbhai as members.

Composition of other Committees:

Composition of other Committees and other details on the Committees are given in the Corporate Governance Report.

Corporate Governance:

The Company has complied with the Corporate Governance requirements under the Act and as stipulated under the Listing Regulations. A separate section on detailed report on the Corporate Governance practices followed by the Company under the Listing Regulations along with a certificate from a Practicing Company Secretary, confirming the compliance forms part of this Annual Report.

Auditors:

i. Statutory Auditors and their Report:

M/s. Dhirubhai Shah & Doshi, Chartered Accountants, [Firm Registration No. 102511W] were appointed as Statutory Auditors from the conclusion of Twenty First Annual General Meeting until the conclusion of Twenty Sixth Annual General Meeting. They have informed to the Company that their appointment, if made, would be within the limits prescribed under section 141 of the Act. They have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the Company.

The Board has duly reviewed the Auditor's Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board in their Report as provided under section 134 of the Act.

ii. Cost Auditors:

Pursuant to the provisions of section 148[3] of the Act read with Companies [Cost Records and Audit] Amendment Rules, 2014 as amended from time to time, the cost audit records maintained by the Company in respect of its product 'Nutralite' is required to be audited by a Cost Auditor. The Board has, on the recommendation of Audit Committee, appointed M/s. Dalwadi & Associates, Cost Accountants [Firm Registration No. 000338] to audit the cost records of the Company for the financial year ending on March 31, 2018 on a remuneration of Rs. 2.25 Lakhs.

As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members at a general meeting for ratification. Accordingly, a resolution seeking ratification of the remuneration payable to M/s. Dalwadi & Associates by the members is included at Item No. 5 of the Notice convening Twenty Third Annual General Meeting.

iii. Secretarial Auditors and Secretarial Audit Report:

Pursuant to the provisions of section 204 of the Act and the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, the Board has appointed M/s. Hitesh Buch & Associates, a firm of Company Secretaries in whole time practice, to undertake Secretarial Audit of the Company for the financial year ended on March 31, 2017. The Secretarial Audit Report is attached herewith as Annexure–"A". The Board has duly reviewed the Auditor's Report.

The Board is of the opinion that the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board in their Report as provided under section 134 of the Act.

Business Responsibility Report:

As per Regulation 34[2][f] of the Listing Regulations, a separate section on Business Responsibility Report forms part of this Annual Report.

Corporate Social Responsibility [CSR]:

Pursuant to the provisions of section 135 of the Act and Rules made thereunder, the Board has constituted a CSR Committee under the Chairmanship of Dr. Sharvil P. Patel. The other members of the Committee are Mr. Ganesh N. Nayak and Prof. Indiraben J. Parikh. A CSR Policy has been framed and placed on the Company's website. Other details of the CSR activities, as required under section 135 of the Act, are given in the CSR Report as Annexure–"B".

Business Risk Management:

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate them. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks.

Discussions on risks and concerns are covered in the Management Discussion and Analysis Report, which forms part of this Annual Report.

Internal Control System and their adequacy:

The Company has Internal Control Systems, commensurate with the size, scale and complexity of its operations. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliances with operating systems, accounting procedures and policies within the Company. Based on the report of internal audit function, process owner undertake the corrective action in their respective areas and thereby strengthen the internal controls. Significant observations and corrective actions thereon are presented to the Audit Committee from time to time.

Internal Financial Control and their adequacy:

The Company has designed and implemented a process driven framework for Internal Financial Controls [IFC] within the meaning of the explanation to section 134[5][e] of the Act. For the year ended on March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implemented new and / or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

Managing the risks of fraud, corruption and unethical business practices:

i. **Vigil Mechanism / Whistle Blower Policy:**

The Company has established vigil mechanism and framed whistle blower policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct or Ethics Policy. Whistle Blower Policy is disclosed on the website of the Company.

ii. **Zydus Business Conduct Policy:**

The Company has framed "Zydus Business Conduct Policy". Every employee is required to review and sign the policy at the time of joining and an undertaking has to be given for adherence to the Policy. The objective of the Policy is to conduct the business in an honest, transparent and ethical manner. The policy provides for anti-bribery and avoidance of other corruption practices by the employees of the Company.

Disclosure as per the Sexual Harassment of Women at Workplace [Prevention, Prohibition and Redressal] Act, 2013:

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

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

During the Financial Year 2016-2017, the Company has not received any complaint of sexual harassment.

Extract of Annual Return:

As per the provisions of section 92[3] of the Act, an extract of the Annual Return in the prescribed Form No. MGT-9 is attached to this Report as Annexure–"C".

Particulars of Employees:

The information required under section 197 of the Act read with Rule 5[1] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, is given in Annexure–"D".

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

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134[3][m] of the Act read with Rule 8[3] of the Companies [Accounts] Rules, 2014, is provided in the Annexure–"E" and forms part of this Report.

General Disclosure:

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

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

Acknowledgement:

Your Directors place on record their sincere appreciation for the continued co-operation and support extended to the Company by the Banks. Your Directors also thank the Trade and Consumers for their patronage to the Company's products. Your Directors also place on record sincere appreciation of the continued hard work put in by the employees at all levels. Your Directors also thank the Company's vendors, investors, business associates, Stock Exchanges, Government of India, State Government and various departments and agencies for their support and co-operation.

For and on behalf of the Board

Place: Ahmedabad
Date: May 27, 2017

Dr. **Sharvil P. Patel**
Chairman

Directors Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Zydus Wellness Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Zydus Wellness Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, according to the provisions of:
   (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
   (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
   (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; and
   (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
   (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with regard to disclosures thereunder;
   (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable during the period)
   (iv) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014; (Not Applicable during the period)
   (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable during the period)
   (vi) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable during the period)
   (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable during the period) and
   (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable during the period).
3. We have relied on the representation made by the Company and its Officers for the systems and mechanism formed by the Company for compliances under other general laws and regulations applicable to the Company.
4. The Company has complied with Food Safety and Standards Act, 2006 and Legal Metrology Act, 2009 which are specifically applicable to the Company.

5. We have also examined compliance with the applicable clauses of the following:
   (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective from 1st July 2015;
   (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited for the period ended on 31st March, 2017; and
   (iii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited pursuant to Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

We further report that;

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and the Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events / actions having a major bearing on the company's affairs.

For, Hitesh Buch & Associates
Company Secretaries

Place : Ahmedabad
Date : May 27, 2017

Hitesh D. Buch
Proprietor
FCS No.: 3145
C P No.: 8195

ANNEXURE–1

To,
The Members,
Zydus Wellness Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on our audit.

3. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

4. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

For, Hitesh Buch & Associates
Company Secretaries

Place : Ahmedabad
Date : May 27, 2017

Hitesh D. Buch
Proprietor
FCS No.: 3145
C P No.: 8195

ANNEXURE–"B" TO THE

Directors Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY [CSR] ACTIVITIES

1. **Brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to a web-link to the CSR Policy and projects or programs.**

   The Company has framed a CSR Policy in compliance with the provisions of section 135 of the Act and the same is placed on the website of the Company. Visit the web link http://www.zyduswellness.in/investor/CSR%20Policy.pdf for more information on the CSR Policy.

   The Company has outlined the following thrust areas in the CSR Policy:

   i) Swasthya–Health, Safety and Environment,

   ii) Shiksha and Sodh–Education, Knowledge Enhancement and Research, and

   iii) Saath–Social care, concern and outreach in times of emergencies.

   The Board of Directors, on the recommendation of CSR Committee, approved the CSR spending, apart from others, on providing financial support for creating additional infrastructure / renovations and other assistance to a Charitable Institution, which runs hospitals and medical college. The said institution provides hospital services to the poor patients and carries out medical research. The medical college provides education and other facilities to the medical students. The objectives of the institution, amongst others, includes, to help and nurse the marginalized and economically weaker section people of the society.

2. **Composition of the CSR Committee:**

   Dr. Sharvil P. Patel – Chairman,

   Mr. Ganesh N. Nayak – Member, and

   Prof. Indiraben J. Parikh – Member.

3. **Average net profits of the Company for the last three financial years:**

   Rs. 10026.67 Lakhs.

4. **Prescribed CSR expenditure [2% of the amount as in item No. 3 above].**

   Rs. 200.53 Lakhs.

5. **Details of CSR spent during the financial year:**

   i. Total amount to be spent during the financial year– Rs. 200.53 Lakhs

   ii. Amount unspent, if any: Nil

   iii. Manner in which the amount spent during the financial year is detailed below:

CSR Project or Activity identified	Healthcare and Education
Sector in which the project is covered	Promoting education and healthcare, including preventive healthcare
Projects or Programs [1] Local area or other, [2] Specify the state and district where projects or programs were undertaken	Ahmedabad, Gujarat
Amount outlay [Budget] Project or Program wise	Rs. 200.53 Lakhs
Amt. spent on the Projects or Programs Sub-heads: [1] Direct expenditure on projects of programs, [2] Overheads	Rs. 200.53 Lakhs
Cumulative expenditure up to the reporting period	Rs. 200.53 Lakhs
Amount spent: Direct or through implementing Agency	Gujarat Cancer Society

a. **Responsibility Statement:**

   The implementation and monitoring of Corporate Social Responsibility [CSR] Policy, is in compliance with CSR objectives and policy of the Company.

Dr. Sharvil P. Patel
Chairman of CSR Committee
Place: Ahmedabad
Date: May 27, 2017

Tarun G. Arora
Whole Time Director

ANNEXURE–"C" TO THE
Directors Report

FORM NO. MGT–9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

CIN	L15201GJ1994PLC023490
Registration date	November 1, 1994
Name of the Company	Zydus Wellness Limited
Category / Sub–Category of the Company	Public Limited Company having share capital
Address of the Registered Office and contact details	House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej–Gandhinagar Highway, Ahmedabad–380 015. Phone No.: +91-79–67775888; www.zyduswellness.in
Whether listed Company	Yes
Name, address and contact details of Registrar and Transfer Agent	Link Intime India Private Limited 506 to 508, 5th Floor, Amarnath Business Center 1, Besides Gala Business Center, Nr. St. Xavier's College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad – 380 006 Phone and Fax No.: 079–2646 5179 Email: ahmedabad@linkintime.co.in

II. Principal Business Activities of the Company

All business activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main Products / Service	NIC Code of the Product / Service	% to total turnover of the Company
Table Margarine	1517	100%

III. Particulars of Holding Company, Subsidiary and Associate Companies:

Name and address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Cadila Healthcare Limited Registered Office: Zydus Tower, Satellite Cross Roads, Sarkhej–Gandhinagar Highway, Ahmedabad–380 015.	L24230GJ1995PLC025878	Holding	72.08	2(46)

The Company does not have any subsidiary or associate company.

IV. SHAREHOLDING PATTERN [Equity Share Capital Breakup as percentage of total Equity]

i] Category–wise share holding

Category of Shareholders		No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.	**Promoters**									
1.	**Indian**									
i.	Individual / HUF	179292	-	179292	0.46	179292	-	179292	0.46	-
ii.	Central Govt.	-	-	-	-	-	-	-	-	-
iii.	State Govt.[s]	-	-	-	-	-	-	-	-	-
iv.	Bodies Corporate	28164395	-	28164395	72.08	28164395	-	28164395	72.08	-
Sub–Total [A][1]		**28343687**	**-**	**28343687**	**72.54**	**28343687**	**-**	**28343687**	**72.54**	**-**
2.	**Foreign**									**-**
i.	NRIs–Individuals	-	-	-	-	-	-	-	-	-
ii.	Other–Individuals	-	-	-	-	-	-	-	-	-
iii.	Bodies Corporate	-	-	-	-	-	-	-	-	-
iv.	Banks / FI	-	-	-	-	-	-	-	-	-
v.	Any other	-	-	-	-	-	-	-	-	-
Sub–Total [A][2]		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of promoters [A] = [A][1] + [A][2]		**28343687**	**-**	**28343687**	**72.54**	**28343687**	**-**	**28343687**	**72.54**	**-**
B.	**Public Shareholding**									
1.	**Institutions**									
i.	Mutual Funds	411298	559	411857	1.05	787965	559	788524	2.02	0.97
ii.	Banks / FI	1677434	-	1677434	4.29	1532355	-	1532355	3.92	(0.37)
iii.	Central Govt.	-	-	-	-	-	-	-	-	-
iv.	State Govt.[s]	-	-	-	-	-	-	-	-	-
v.	Venture Capital Fund	-	-	-	-	-	-	-	-	-
vi.	Insurance Companies	-	-	-	-	-	-	-	-	-
vii.	FIIs / FPIs	2730917	46	2730963	6.99	3070713	46	3070759	7.86	0.87
viiii.	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
ix.	Others [specify]	-	-	-	-	-	-	-	-	-
Sub–Total [B][1]		**4819649**	**605**	**4820254**	**12.34**	**5391033**	**605**	**5391638**	**13.80**	**1.46**
2.	**Non–Institutions**									
i.	**Bodies Corporate**									
a.	Indian	2108944	4553	2113497	5.41	1975666	4500	1980166	5.07	(0.34)
b.	Overseas	-	-	-	-	-	-	-	-	-
ii.	**Individuals**									
a.	Individual shareholders holding nominal share capital up to Rs. 2 Lakhs	2238510	267482	2505992	6.41	2091805	258651	2350456	6.02	(0.39)
b.	Individual shareholders holding nominal share capital above Rs. 2 Lakhs	696539	-	696539	1.78	696539	-	696539	1.78	-

IV. SHAREHOLDING PATTERN [Equity Share Capital Breakup as percentage of total Equity]

i] Category–wise share holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
iii. Others [specify]									
a. Non–Resident Indians	166866	71252	238118	0.61	143019	71146	214165	0.55	(0.06)
b. Clearing Member	18200	-	18200	0.05	13305	-	13305	0.03	(0.02)
c. Trusts	233	-	233	-	358	-	358	-	-
d. Hindu Undivided Family	92449	-	92449	0.24	81775	-	81775	0.21	(0.03)
Sub–Total [B][2]	5564861	343287	5908148	15.12	5002467	334297	5336764	13.66	(1.46)
Total Public Shareholding [B] = [B][1] + [B][2]	10384510	343892	10728402	27.46	10393500	334902	10728402	27.46	-
C. Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total [A+B+C]	38728197	343892	39072089	100.00	38737187	334902	39072089	100.00	-

ii] Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	Cadila Healthcare Limited	28163755	72.08	-	28163755	72.08	-	-
2.	Zydus Family Trust	174495	0.45	-	174495	0.45	-	-
3.	Pripan Investment Pvt. Ltd.	640	-	-	640	-	-	-
4.	Shivani Pankajbhai Patel jointly Pankaj Ramanbhai Patel	533	-	-	533	-	-	-
5.	Pankaj Ramanbhai Patel Jointly Pritiben Pankajbhai Patel	533	-	-	533	-	-	-
6.	Pankaj Ramanbhai Patel jointly Pritiben Pankajbhai Patel [R. B. Patel Will Pankaj Trust]	533	-	-	533	-	-	-
7.	Pankaj Ramanbhai Patel [HUF]	533	-	-	533	-	-	-
8.	Pankaj Ramanbhai Patel jointly Sharvil Pankajbhai Patel [P. R. Patel Smaller Trust]	533	-	-	533	-	-	-
9.	Pritiben Pankajbhai Patel jointly Pankaj Ramanbhai Patel	533	-	-	533	-	-	-
10.	Pankaj Ramanbhai Patel jointly Sharvil Pankajbhai Patel [Taraban Patel Family Will Trust]	-	-	-	533	-	-	-
11.	Ramanbhai B. Patel (HUF)	533	-	-	533	-	-	-
12.	Sharvil Pankajbhai Patel	533	-	-	533	-	-	-
13.	Taraben Ramanbhai Patel jointly Pankaj Ramanbhai Patel	533	-	-	-	-	-	-
	Total	28343687	72.54	-	28343687	72.54	-	-

iii] Change in Promoters' Shareholding [Please specify, if there is no change]

	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	No change during the year			
Date wise Increase / Decrease in Promoters' shareholding during the year specifying the reasons for increase / decrease [e.g. allotment / transfer / bonus / sweat equity, etc.]				
At the end of the year				

iv] Shareholding Pattern of top ten shareholders [other than Directors, Promoters and holders of GDRs and ADRs]:

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / Decrease	% of total share capital		
1.	**Matthews India Fund**	**At the beginning of the year**			**1670471**	**4.28**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the end of the year**			**1670471**	**4.28**
2.	**Life Insurance Corporation of India**	**At the beginning of the year**			**1597231**	**4.09**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	12.08.2016	-150000	-0.39	1447231	3.70
		19.08.2016	-28640	-0.07	1418591	3.63
		26.08.2016	-335	-	1418256	3.63
		30.09.2016	-26590	-0.07	1391666	3.56
		07.10.2016	-22167	-0.05	1369499	3.51
		14.10.2016	-1165	-0.01	1368334	3.50
		21.10.2016	-100478	-0.26	1267856	3.24
		11.11.2016	-1082	-	1266774	3.24
		02.12.2016	-27999	-0.07	1238775	3.17
		At the end of the year			**1238775**	**3.17**
3.	**Prazim Trading and Investment Co. Pvt. Ltd.**	**At the beginning of the year**			-	-
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	30.12.2016	238302	0.61	238302	0.61
		24.03.2017	585702	1.50	824004	2.11
		At the end of the year			**824004**	**2.11**
4.	**Baring India Private Equity Fund III Listed Investments Limited**	**At the beginning of the year**			**648408**	**1.66**
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	**At the end of the year**			**648408**	**1.66**
5.	**Tarish Investment and Trading Co. Pvt. Ltd.**	**At the beginning of the year**			-	-
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	30.12.2016	574917	1.47	574917	1.47
		At the end of the year			574917	1.47

iv] Shareholding Pattern of top ten shareholders [other than Directors, Promoters and holders of GDRs and ADRs]: [continue:]

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / Decrease	% of total share capital		
6.	Reliance Capital Trustee Co. Ltd-A/c Reliance Small Cap Fund Changes in the holdings as per the beneficiary position downloaded from the Depositories.	At the beginning of the year			-	-
		12.08.2016	50000	0.13	50000	0.13
		19.08.2016	100109	0.25	150109	0.38
		21.10.2016	75000	0.20	225109	0.58
		28.10.2016	25000	0.06	250109	0.64
		11.11.2016	6661	0.02	256770	0.66
		18.11.2016	3260	0.01	260030	0.67
		25.11.2016	16350	0.04	276380	0.71
		02.12.2016	28900	0.07	305280	0.78
		27.01.2017	12800	0.03	318080	0.81
		03.02.2017	8400	0.03	326480	0.84
		17.02.2017	3900	0.01	330380	0.85
		24.02.2017	300	-	330680	0.85
		03.03.2017	13750	0.03	344430	0.88
		10.03.2017	11175	0.02	355605	0.91
		17.03.2017	8750	0.02	364355	0.93
		24.03.2017	30775	0.08	395130	1.01
		31.03.2017	13925	0.04	409055	1.05
		At the end of the year			**409055**	**1.05**
7.	Parag Parikh Long Term Value Fund Changes in the holdings as per the beneficiary position downloaded from the Depositories.	At the beginning of the year			**371395**	**0.95**
		30.06.2016	334	-	371729	0.95
		At the end of the year			**371729**	**0.95**
8.	Akash Bhanshali Changes in the holdings as per the beneficiary position downloaded from the Depositories.	At the beginning of the year			**364000**	**0.93**
		At the end of the year			**364000**	**0.93**
9.	General Insurance Corporation of India Changes in the holdings as per the beneficiary position downloaded from the Depositories.	At the beginning of the year			**288029**	**0.74**
		At the end of the year			**288029**	**0.74**
10.	Baring India Private Equity Fund II Limited Changes in the holdings as per the beneficiary position downloaded from the Depositories.	At the beginning of the year			216221	0.55
		At the end of the year			216221	0.55

v] Shareholding of Directors and Key Managerial Personnel:

A. Directors [other than KMP]:

Particulars	Dr. Sharvil P. Patel	Ganesh N. Nayak	Humayun Dhanrajgir	Kulin S. Lalbhai	Prof. Indira J. Parikh
At the beginning of the year:					
• Number of Shares	533	6550	-	-	-
• % of total shares held	-	0.017	-	-	-
Date wise increase / decrease in shareholding:	-	-	-	-	-
At the end of the year:					
• Number of Shares	533	6550	-	-	-
• % of total shares held	-	0.017	-	-	-

B. Key Managerial Personnel:

Particulars	Tarun G. Arora, Whole Time Director	Amit B. Jain, Chief Financial Officer	Dhaval N. Soni, Company Secretary
At the beginning of the year:			
• Number of Shares	200	-	-
• % of total shares held	-	-	-
Date wise increase / decrease in shareholding:	-	-	-
At the end of the year:			
• Number of Shares	200	-	-
• % of total shares held	-	-	-

V] INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment [INR-Lakhs]

Name and Address of the Company	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Change in indebtedness during the financial year				
i. Addition	-	2500	-	2500
ii. Reduction	-	-	-	-
Net Change	**-**	**2500**	**-**	**2500**
Indebtedness at the end of the financial year				
i. Principal Amount	-	2500	-	2500
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	8	-	8
Total [i+ii+iii]	**-**	**2508**	**-**	**2508**

VI] REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing / Whole Time Director:

[INR-Lakhs]

Sr. No.	Particulars of Remuneration	Tarun G. Arora, Whole Time Director
1.	Gross Salary	
	a. Salary as per provisions contained in section 17[1] of the Income Tax Act, 1961.	219.96
	b. Value of perquisites u/s 17[2] of the Income Tax Act, 1961.	0.29
	c. Profits in lieu of salary under section 17[3] of Income Tax Act, 1961.	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	
	- others, specify	
5.	Others, please specify	-
	Total [A]	**220.25**
	Ceiling as per the Act	555.00

B. Remuneration to other Directors:

1. Independent Directors:

[INR-Lakhs]

Sr. No.	Particulars of Remuneration	Name of Directors				Total
		Humayun Dhanrajgir	B. M. Hegde	Indira J. Parikh	Kulin S. Lalbhai	
1.	Fee for attending Board & Committee Meetings	8.00	2.50	7.50	0.50	18.50
2.	Commission	5.00	5.00	5.00	5.00	20.00
3.	Others, please specify	-	-	-	-	-
	Total [B] [1]	**13.00**	**7.50**	**12.50**	**5.50**	**38.50**

2. Non–Executive Directors:

[INR-Lakhs]

Sr. No.	Particulars of Remuneration	Name of Directors		Total
		Dr. Sharvil P. Patel	Ganesh N. Nayak	
1.	Fee for attending Board & Committee Meetings	5.00	8.50	13.50
2.	Commission	-	-	-
3.	Others, please specify	-	-	-
	Total [B] [2]	**5.00**	**8.50**	**13.50**
	Total [B][1] + [B][2]			**52.00**

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole Time Director [INR-Lakhs]

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Amit B. Jain, CFO	Dhaval N. Soni, CS	
1.	a. Salary as per provisions contained in section 17[1] of the Income Tax Act, 1961.	32.46	12.08	44.54
	b. Value of perquisites u/s 17[2] of the Income Tax Act, 1961.	2.40	0.02	2.42
	c. Profits in lieu of salary under section 17[3] of Income Tax Act, 1961.	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total [C]	**34.86**	**12.10**	**46.96**

VII] PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty / punishment / compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any [give details]
A. Company					
Penalty			None		
Punishment					
Compounding					
B. Directors					
Penalty			None		
Punishment					
Compounding					
C. Other officers in default					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board

Place: Ahmedabad
Date: May 27, 2017

Dr. Sharvil P. Patel
Chairman

ANNEXURE–"D" TO THE

Directors Report

Details pertaining to remuneration as required under section 197[12] of the Companies Act, 2013 read with Rule 5[1] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014.

a. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Name of the Director	Ratio of each Director to the median remuneration of the employee
Dr. Sharvil P. Patel	Not applicable as no Managerial Remuneration was paid.
Mr. Humayun Dhanrajgir	111.11%
Dr. B. M. Hegde	111.11%
Prof. Indiraben J. Parikh	111.11%
Mr. Ganesh N. Nayak	Not applicable as no Managerial Remuneration was paid.
Mr. Tarun G. Arora	12%
Mr. Kulin Lalbhai*	Not applicable

** appointed as an Additional Director [Independent] w.e.f. November 18, 2016.*

b. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year:

Name of the Director, Chief Financial Officer and the Company Secretary	% increase in the remuneration in the financial year
Dr. Sharvil P. Patel	Not applicable as no Managerial Remuneration was paid.
Mr. Humayun Dhanrajgir	11.11%
Dr. B. M. Hegde	11.11%
Prof. Indiraben J. Parikh	11.11%
Mr. Ganesh N. Nayak	Not applicable as no Managerial Remuneration was paid.
Mr. Tarun G. Arora	12%
Mr. Kulin Lalbhai*	Not applicable
Mr. Amit B. Jain, Chief Financial Officer	21%
Mr. Dhaval N. Soni, Company Secretary	9%

** appointed as an Additional Director [Independent] w.e.f. November 18, 2016.*

c. The percentage increase in the median remuneration of employees in the financial year was 18.90%.

d. There were 264 permanent employees on the roll of the Company as on March 31, 2017.

e. The profits before tax on a like-to-like basis, for the financial year ended on March 31, 2017 increased by 4.58% and the average increase in remuneration of employees was 11.7%.

f. The profits before tax on a like-to-like basis, for the financial year ended on March 31, 2017 increased by 4.58% and the remuneration of Key Managerial Personnel, viz. [1] Whole Time Director, [2] Chief Financial Officer, and [3] Company Secretary increased by 12%, 21% and 9% respectively.

g. The market capitalization of the Company was Rs. 3,39,654 Lakhs as on March 31, 2017 as against Rs. 2,90,364 Lakhs as on March 31, 2016.

Whereas, Price Earnings Ratio of the Company was 31.06 as on March 31, 2017 as against 28.55 as on March 31, 2016.

h. The Company came out with Initial Public Offer in October, 1995 at a price of Rs. 10/- per share. The market price of the share as on March 31, 2017 was Rs. 869.30 on BSE Limited and Rs. 871.35 on the National Stock Exchange of India Limited. The increase in price is 8693%, apart from the dividend received by the shareholders.

i. The average annual increase in the salaries of the employees, other than managerial personnel was 11.70%, whereas the average increase in the managerial remuneration was 14% for the financial year.

j. The members have, at the Annual General Meeting of the Company held on July 29, 2015 approved the payment of commission to the Independent Directors within the ceiling of 1% of the Net Profits of the Company, subject to maximum of Rs. 100 Lakhs in aggregate, as computed under the applicable provisions of the Act. The said commission is decided each year by the Board of Directors and distributed amongst the Independent Directors.

k. There was no employee receiving remuneration higher than the highest paid Director during the financial year.

l. The Company affirms remuneration is as per the Nomination and Remuneration Policy of the Company.

m. The statement containing particulars of employees as required under section 197[12] of the Act read with Rule 5[2] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, is provided in a separate annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

ANNEXURE–"E" TO THE
Directors Report

Information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as provided under section 134[3][m] of the Companies Act, 2013 read with Rule No. 8 of the Companies [Accounts] Rules, 2014

A. Conservation of Energy:

1.	Steps taken or impact on conservation of energy	None
2.	Steps taken for utilization of alternate sources of energy	Use of Biomass Briquettes instead of Wood as boiler fuel.
3.	Capital Investment on energy conservation equipments	Nil

B. Technology absorption:

1.	Efforts made towards technology absorption	Not Applicable
2.	Benefits derived	Not Applicable
3.	Details of technology imported in last three years	
	a. Details of technology imported	Nil
	b. Year of import	Not Applicable
	c. Whether the technology been fully absorbed	Not Applicable
	d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable
4.	Expenditure incurred on Research and Development	Rs. 109.83 Lakhs

C. Foreign exchange earnings and outgo:

During the year, the foreign exchange in terms of actual outflows was Rs. 36 Lakhs.

For and on behalf of the Board

Place: Ahmedabad
Date: May 27, 2017

Dr. Sharvil P. Patel
Chairman

Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2017.

Section A [General Information about the Company]:

1.	Corporate Identity Number (CIN) of the Company				L15201GJ1994PLC23490
2.	Name of the Company				Zydus Wellness Limited
3.	Address of the Registered Office of the Company				House No. 6 & 7, Sigma Commerce Zone, Sarkhej-Gandhinagar Highway, Ahmedabad – 380 015
4.	Website				www.zyduswellness.in
5.	Email id				dhavalsoni@zyduscadila.com
6.	Financial year reported				2016-17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise):				
	Group	**Class**	**Sub Class**		**Description**
		1517			Manufacturing and Marketing of Margarine and Table Spread.
8.	Key products / Services				The Company manufactures and markets health and wellness products.
9.	Locations where business activity is undertaken by the Company				The Company's business and operations are based at Ahmedabad, where the manufacturing is carried out, details whereof are provided in this annual report. Details of business performance in Indian markets as well as International markets are reported as a part of the Management Discussion and Analysis Report, which forms part of this Annual Report.
10.	Markets served by the Company – Local / State/ National				As a strong player in health and wellness space in India.

Section B [Financial Details of the Company]:

Paid-up Capital (INR)	3,907 Lakhs
Total turnover (INR)	11,477 Lakhs*
Total profit after taxes (INR) [After OCI]	10,919 Lakhs

*Net of sales promotions.

List of activities in which expenditure on CSR has been incurred and total spending as a percentage of profits after tax:

The Company has spent Rs. 200.53 Lakhs towards Corporate Social Responsibility [CSR], being 2% of average net profit for previous three years, computed as prescribed under the Companies Act, 2013 on education and healthcare, including preventive healthcare. Annual Report on CSR activities is attached to the Directors' Report.

The Company is a strong player in health and wellness space in India.

Section C [Other Details]:

Sr. No.	Details	Information
1	Does the Company have any Subsidiary Company/Companies?	No
2	Do the Subsidiary Company / Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company (ies).	Not applicable
3	Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities (less than 30%, 30-60%, more than 60%	No

Section D [BR Information]:

1. **Details of Director / Directors responsible for BR:**

a) Details of the Director / Directors responsible for implementation of the BR Policy / policies:

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	07185311
2	Name	Mr. Tarun G. Arora
3	Designation	Whole Time Director

b) Details of the BR head:

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	Not Applicable
2	Name	Mr. Dhaval N. Soni
3	Designation	Company Secretary and Compliance Officer
4	Telephone Number	079 – 268 68 100
5	E-mail ID	dhavalsoni@zyduscadila.com

2. **Principle-wise (as per NVGs) BR Policy / Policies:**

Alignment to National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)

NVG Principle	Chapter in BR Report	Page No.	Details in Annual Report
Business should conduct and govern themselves with Ethics, Transparency and Accountability.	Corporate Governance Structure	52	Yes
Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Quality Principles and Credo for Value Creation	52	Yes
Businesses should promote the well-being of all employees.	Building people to build our business	52	Yes
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Zydus Shrishti	53	Yes
Businesses should respect and promote human rights.	Human Rights	53	Yes
Businesses should respect, protect, and make efforts to restore the environment.	Green Impact	53	Yes
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Policy advocacy	53	Yes
Business should support inclusive growth and equitable development.	Zydus Shrishti	53-54	Yes
Business should engage with and provide value to their customers and consumers in a responsible manner.	The Zydus Way manufacturing and marketing of consumer products	54	Yes

3. Principle-wise [as per NVGs] BR Policy / Policies:

a) Details of compliance [Reply in Y/N]:

No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for?	Y	Y	Y	Y	Y[1]	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international standards?	The Company is abiding by the various laws and while framing the policies, the Company takes into account the best practices and national standards.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Y	Y[2]	Y[3]	Y	N	Y	N	Y	Y[4]
All statutory policies are approved by the Board of Directors, whereas other policies are signed by the Chairman or the respective business head.										
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
The policies are implemented and being reviewed regularly by the respective business head.										
6	Indicate the link for the policy to be viewed online?	www.zyduswellness.in								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, all the policies are communicated to the employees via internal portal, where each employee has an access and the external stakeholders through Company's website www.zyduswellness.in								

No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Yes, respective Head of the Department attends to any grievances pertaining to their department and address the grievances. The Company has formed a Investors' / Stakeholders' Relationship Committee to redress any grievances of shareholders and investors. Company also has a dedicated Customer Relationship Cell to address customer related grievances.								
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company regularly carries out an independent audit on working of policy on Environment. CSR expenditure is also audited by the Company's statutory auditors.								

1. The Policy is embedded in the Company's Code of Conduct, HR policies and various other HR practices.
2. The Policy is embedded in the Company's Quality and Environmental Policies, which interalia relate to safe and sustainable products.
3. The policies for the wellbeing of employees are for internal circulation to the employees and approved by the Board of Directors.
4. The Company fulfills the requirements by introducing innovative products and services. The Company has a customer complaint redressel system.

b) **If answer to the questions at serial number 1 against any principle, is "No", please explain why:**

In the table under [a] above, the Company does not have policy under Principle 7 with respect to public policy, though the Company understand the principle, but the Company indirectly raises its voice through FICCI, Industry Associations, etc.

4. **Governance related to BR:**

a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year.**

The BR performance of the Company is regularly monitored by the Company and reviewed by the Chairman and respective departmental heads.

b) **Does the Company publish BR or sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The BR Report has become applicable to the Company from this financial year only. The Company shall publish BR Report as a part of Annual Report. The BR Report is posted on the Company's website www.zyduswellness.in

Section E [Principle-wise Performance]:

Principle 1: **[Business should conduct and govern themselves with Ethics, Transparency and Accountability]:**

The Company firmly believes and adheres to transparent, fair and ethical governance practices.

The Board of Directors has approved a Code of Business Conduct and Ethics, which is applicable to all Board Members and employees of the Company. This is reviewed and reported annually. The company also has a Whistle Blower Policy / Vigil Mechanism approved by the Board and is applicable to all employees / Directors of the Company. Further, our major suppliers are also required to agree and to conform to the code of responsible business conduct. The Company has also prescribed a Code of Ethics for its employees, which is very detailed and every employee has to sign and affirm its compliance. Though the Code of Business Conduct and Ethics for Directors and Senior Management Personnel is posted on the Company's website, the internal code of conduct is available on internal portal, which is accessible to all employees.

Details relating to shareholders' complaints are provided in Corporate Governance Report, which is a part of this Annual Report. However, there was no stakeholder complaint in the reporting period with regard to ethics, bribery and corruption.

Principle 2: **[Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle]:**

The Company's manufacturing facility is accredated by the leading agencies in India. The accreditation were given after a thorough audit of standard operating procedures and protocols. Hence utmost care is taken to ensure that products conform to stringent quality standards and stability of products is also submitted during the periodic audits.

The Company has identified approved vendors for procuring materials and a Standard Operating Procedure is in place for sourcing raw materials. This includes sample approvals, performance trials, plant audit and regulatory clearances. Majority procurement of materials is from the approved manufacturers.

The Company procures goods and services from the local and small producers for its manufacturing premises and offices. It improves operational efficiency and helps save on transportation costs, inventory management and helps in risk mitigation.

The waste generated in the Company's manufacturing operations is either reuse/recycled, wherever possible or disposed of safely. Company's manufacturing facility has its own Effluent Treatment Plant, which ensures discharge of waste below the norms prescribed by the pollution control board.

Important raw materials and solvents are recovered and reused. It is a part of operational management.

Principle 3: **[Businesses should promote the well-being of all employees]:**

1. Please indicate the total number of employees and the number of contractual employees, woman employees and permanent employees with disabilities:

   The Company does not discriminate among existing employees or during the process of recruitment on the grounds of religion, race, color, gender and disability. The Company provides equal opportunities to all employees. Key employee data as on March 31, 2017 is provided in the below table.

Sr. No.	Category of Employees	No. of Employees
1	Management staff	69
2	Marketing field staff	127
3	Others	68
4	Total	264
5	Contractual employees	202
6	Permanent Woman employees	4
7	Permanent employees with disabilities	0

2. The Company does not have a recognised employees association. The Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment during the year gone by.

3. The permanent and contractual employees at the Company's manufacturing site and corporate office are provided training on relevant Environment, Health and Safety aspects. Further all other employees are given soft skills up-gradation training to improve their skills as may be relevant to the respective functions. 127 employees were imparted training for skill development, EHS, etc. from the total strength.

Principle 4: **[Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized]:**

The Company has mapped its internal and external stakeholders. The Company recognizes its employees, business associates, suppliers, vendors, NGOs, communities, shareholders / investors, regulatory authorities and other governmental bodies and intermediaries as our key stakeholders.

The Company has also identified disadvantaged, vulnerable and marginalized stakeholders. The Company works actively to enhance the employability of youth, leading to income generation and economic empowerment in the marginalized section of the communities.

The Company invests in shop floor workers' skill development and upgradation, health check-ups and ensures other quality of life parameters. The Company has processes in place to ensure upholding of the rights of its employees and protect them against any form of discrimination.

Principle 5: **[Businesses should respect and promote human rights]:**

The Company is committed to promote the human rights and is adhered to it in spirit and deed. This extends to all areas of business operations and various stakeholder groups. The Company is also committed to provide equal opportunities at all levels, safe and healthy workplaces and protecting human health and environment. The Company strives to provide a non-discriminatory and harassment-free workplace for all its employees and contractual staff. The Factories Act, 1948 provides the overarching framework for the Company's policy on human rights for the employees working at Company's factory. The Company provides equal opportunities to all its employees to improve their skills and capabilities. The company also has a policy in place to foster a professional, open and trusting workplace and safeguard the interests of its women employees. The Company provides help to its neighboring communities to improve their education, cultural, economic and social well-being.

There were no stakeholder complaints in the reporting period pertaining to human rights.

Principle 6: **[Business should respect, protect and make efforts to restore environment]:**

The Company is committed to protect the environment and has been complying the relevant requirements prescribed under the environmental laws. Though, the Company's manufacturing facility does not consume more energy, the Company has Effluent Treatment Plant, which treats the polluted waste and dispose of such waste within the norms prescribed by the Pollution Control Board. The Company follows all the standards for Employees' Health and Safety as may be prescribed for a group. There is a centralized EHS Cell, both at a group level and at a Plant. The Company harvests the rain water and implements energy efficient techniques towards its contribution for green environment. At a group level, there is a dedicated portal on "Emmplyees' Health and Safety" for stringent monitoring. All documents are required to be posted on the portal and are being vouched from compliance perspective. Various guidelines, SOPs, checklists, etc. are regularly posted for updating the emplyees. Further, at regular intervals, the seminars, group meetings, etc. are organized for awareness amongst the employees.

Principle 7: **[Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner]:**

The Company and group is a member of following Chambers and Associations:

A. Federation of Indian Chambers of Commerce and Industry (FICCI), and

B. Gujarat Chamber of Commerce & Industry,

The Company interacts with Government / Regulatory Authorities on any public policy framework through above institutions. The Company puts forth its views whenever new standards or regulatory developments pertaining to the areas concerning access to the best practices, corporate governance, corporate social responsibility, etc.

Principle 8: **[Businesses should support inclusive growth and equitable development]:**

The Company follows CSR initiatives of the holding Company, that are spearheaded by Ramanbhai Foundation. Zydus Shrishti encourages employee volunteerism and is completely an in-house effort. The team carries out initiatives in the field of education, health and research. The focus through these programs is to develop communities which we are a part of, inclusive education and creating knowledge platforms for the research community.

In line with its policy, the Company has contributed towards education, healthcare and social outreach programs and a majority of its CSR spending in the previous financial year has been in these areas. The Company has contributed to the GCS Medical College, Hospital and Research Centre which has been set up in public private partnership by the Gujarat Cancer Society (GCS) and the Government of Gujarat. GCS has been providing comprehensive cancer care and treatment over the last five decades to the less privileged and economically disadvantaged sections of the society. This makes it one of the most comprehensive and self-sustaining healthcare centers of world class standards. GCS' mission is to provide integratedly cancer care encompassing prevention, diagnosis, prognosis, treatment, education, rehabilitation, clinical research and after-care at one location. A report in the prescribed format on CSR activities carried out by the Company forms a part of this Annual Report.

Principle 9: **[Businesses should engage with and provide value to their customers and consumers in a responsible manner]:**
The Company displays all product information on the product label, which is mandatory and as may be required for the use of the products by the consumers.

The Company never engages in any unfair trading practices, irresponsible advertising or anti-competitive behavior. The Company has various checks and balances to ensure that the business of the Company is done in a fair and responsible manner.

The Company carries out the customer satisfaction survey to measure the satisfaction among its customers.

Corporate Governance Report

Company's Philosophy on Corporate Governance Code:

Zydus Wellness Limited believes in continuous good corporate governance and always strives to improve performance at all levels by adhering to corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of Corporate Governance of SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 [the Listing Regulations].

1. Governance Structure:

Governance structure of the Company comprises of the Board of Directors [the Board] and the Committees of the Board at the top level and the internal governance structure at the operational level. The responsibility of the Board is to determine the overall corporate objectives and give direction and freedom to the management to achieve those objectives within a given framework. The organizational and governance structure enables an environment for value creation through sustainable and profitable growth.

The governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibilities.

The primary role of the Board is to protect the interest and enhance the value for all the stakeholders. It conducts the overall strategic supervision and control by setting policies, reporting mechanism and accountability and decision making process to be followed.

Under the overall supervision and control of the Board, the Whole Time Director is accountable for the overall working of the Company. The Board gives strategic directions, lays down the policy guidelines and the Whole Time Director ensures the implementation of the decisions of the Board and its Committees.

The governance system encourages the entrepreneurship, risk taking and growth orientation with an objective to lead full accountability enabled by appropriate empowerment.

2. Board of Directors:

The Whole Time Director looks after the day-to-day business affairs of the Company, the Board reviews the overall business operations at least once in a quarter based on updates on the Company's performance provided by the Whole Time Director.

a. Composition of the Board:

The Composition of the Board, with reference to the number of Executive and Non-Executive Directors, meets with the requirements of the Code of Corporate Governance. The Board is headed by the Non-Executive Chairman, Dr. Sharvil P. Patel, who is also a promoter Director. As on March 31, 2017, your Company's Board comprised of six Directors, which includes one Executive Director and five Non-Executive Directors, including three Independent Directors, who have considerable experience in their respective fields. As required under the provisions of section 149[1] of the Companies Act, 2013 and Rules made thereunder and Regulation 17 of the Listing Regulations, the constitution of Board meets with the requirements stated therein. Non-Executive and Independent Directors have expert knowledge in the fields of finance, HR, legal and industry. Thus, the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise.

b. Board Meetings / Directors' Particulars:

In compliance with Regulation 17 of the Listing Regulations and as required under the Companies Act, 2013, the Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days. During the year under review, five Board meetings were held on May 12, 2016, August 2, 2016, October 25, 2016, January 30, 2017 and March 1, 2017.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly / half yearly unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure, compliance with applicable laws and regulations. It monitors overall performance of the Company. The Agenda for the board meeting covers items set out as guidelines in Regulation 17 of the Listing Regulations to the extent the same are applicable and relevant. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

The meetings of the Board are scheduled well in advance and usually held in Ahmedabad, where the Registered Office of the Company is situated. The Chief Financial Officer and the Company Secretary in consultation with the Chairman prepare detailed agenda for the meetings. Directors are also free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman.

The draft minutes of the meetings approved by the Chairman are circulated to all the Directors within fifteen days after the conclusion of the meetings. Decisions taken at Board / Committee meetings are communicated to the concerned departments promptly for actions and an Action Taken Report of the status on the decisions taken at the Board / Committee meetings is placed for the information to the Board / Committee members.

The Board has complete access to the information within the Company, which inter alia includes –

1. Annual revenue and capital expenditure plans / budgets,
2. Quarterly financial results and results of operations of the Company,
3. Minutes of the meetings of the Board of Directors and Committees of the Board,
4. Quarterly report on fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems,
5. Substantial non-payment for goods sold or services rendered, if any,
6. Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company, and
7. Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investors' service such as non-payment of dividend, delay in transfer of shares, etc.

The Independent Directors play an important role in the deliberations in Board Meetings and bring with them rich expertise in the field of consumer goods, industry, marketing, accountancy, finance, HR and other laws.

While constituting the Committee of Directors, the requirements that a Director shall not be a member of more than 10 committees and Chairman of more than 5 committees have been ensured and complied with. None of the Independent Directors serves as an Independent Director in more than seven listed companies.

The following table provide details of the attendance of the Directors at the Board meetings of the Company and also the number of other Directorships held in Indian Public Limited Companies [other than the Company] and Chairmanship / membership in Board Committees of Public Limited Companies as at March 31, 2017.

Name of the Directors	Category and Position	No. of Board Meeting		Whether attended last AGM [Yes / No]	Member [Chairman][1] of Other Board Committees [2]	Number of other Directorships held
		Held	Attended			
Dr. Sharvil P. Patel	Non-Executive Chairman	5	5	Yes	3 [2]	4
Mr. Humayun Dhanrajgir	Non-Executive and Independent Director	5	5	Yes	9 [2]	7
Dr. B. M. Hegde[3]	Non-Executive and Independent Director	5	3	Yes	1	2
Prof. Indiraben J. Parikh	Non-Executive and Independent Woman Director	5	4	Yes	7	8
Mr. Ganesh N. Nayak	Non-Executive Director	5	5	Yes	2 [1]	2
Mr. Tarun G. Arora	Whole Time Director	5	5	Yes	-	-
Mr. Kulin Lalbhai [4]	Additional Director [Independent]	5	1	N.A.	2	4

1 Figures in [ ] indicate the number of Board Committees of which a Director is a Chairman.

2 Other Board Committees mean Audit Committee and Stakeholders' Relationship Committee.

3 Resigned as a Director of the Company w.e.f. October 11, 2016

4 Appointed as an Additional Director [Independent] w.e.f. November 18, 2016.

c. **Familiarization Programme:**

At the time of appointment of an Independent Director, a formal letter of appointment is given to him / her, which inter alia explains the role, functions, duties and responsibilities expected from him / her as a Director of the Company. All our Directors are aware and also updated, whenever required, of their role, responsibilities, liabilities and obligations under the provisions of the Companies Act, 2013 and Rules made thereunder and Regulation 25 of the Listing Regulations.

Familiarization programme is posted on the website of the Company and any member can visit the Company's website by clicking the link -http://www.zyduswellness.in/investor/Policy%20on%20Familiarization%20Programme%20for%20Independent%20Directors.pdf.

d. **Evaluation:**

During the year, the Nomination and Remuneration Committee / Board have carried out evaluation of its own performance and the performance of the committees of the Board of Directors, individual Directors and the Chairman of the Board. The Board has evaluated the composition of Board, its committees, experience and expertise, performance of specific duties and obligations, governance matters, etc. Performance of individual Directors and the Board Chairman was also carried out in terms of their respective attendance at Board / Committee meetings, contributions at the meetings, circulation of sufficient documents and information to the Directors, timely availability of the agenda, etc. Directors were satisfied with the evaluation on different criteria.

3. Committees of the Board:

The Board currently has the following Committees:

A) Audit Committee,

B) Share Transfer Committee,

C) Investors' / Stakeholders' Relationship Committee,

D) Nomination and Remuneration Committee,

E) Corporate Social Responsibility [CSR] Committee, and

F) Committee of Directors.

The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of the Board Committees are convened by the respective Committee Chairman.

A. Audit Committee:

I. Terms of Reference:

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible,
2. Reviewing with the management the quarterly / annual unaudited / audited financial statements and Limited Review Report / Audit Reports of the Statutory Auditors before recommending approval by the Board of Directors,
3. Reviewing changes in the accounting policies, major accounting estimates based on exercise of judgment by the management, significant adjustments made in the financial statements, etc.,
4. Review of Management Discussion and Analysis of financial and operational performances,
5. Review of inter-corporate loans and investments, if any,
6. Review of the adequacy and effectiveness of internal financial controls and systems,
7. Review and discuss with the management major financial risk exposures and steps taken to monitor and control them,
8. Overseeing and review the functioning of vigil mechanism [implemented by the Company as Whistle Blower Policy],
9. Review the scope of the Internal Auditors and Audit Plan to ensure reasonable coverage of different areas of operations,
10. Review, discuss and monitor the observations reported by Statutory / Internal Auditors and their compliance,
11. Review and recommend to the Board the appointment / reappointment of the Statutory and Cost Auditors after due consideration of their independence and effectiveness,
12. Approving the payment towards additional services rendered by the Statutory Auditors except those enumerated in section 144 of the Companies Act, 2013,
13. Recommending to the Board the remuneration of the Statutory and Cost Auditors,
14. Review of Cost Audit Report submitted by the Cost Auditors,
15. Approval of the appointment, removal and terms of remuneration of Internal Auditors, and
16. Approval of the Related Party Transactions and granting omnibus approvals for certain related party transactions, which are in the ordinary course of business and at an arm's length basis.

II. Composition, meetings held and attendance at the meetings during the year:

The Audit Committee held four meetings during 2016-17 on May 12, 2016, August 2, 2016, October 25, 2016 and January 30, 2017. The time gap between any two meetings was less than 120 days. The composition of the Audit Committee as at March 31, 2017 and details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. Humayun Dhanrajgir, Chairman	Non–Executive / Independent	4	4
Mr. Kulin Lalbhai*	Non–Executive / Independent	4	0
Prof. Indiraben J. Parikh	Non–Executive / Independent	4	4
Mr. Ganesh N. Nayak	Non–Executive	4	4
Dr. B. M. Hedge**	Non–Executive / Independent	4	2

** Appointed as a member of the Audit Committee w.e.f. January 30, 2017.*

*** Ceased to be a member of the Audit Committee w.e.f. October 11, 2016.*

All the members of the Audit Committee have requisite qualification for appointment on the Committee and possess sound knowledge of accounting practices, financial and internal controls.

The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on August 3, 2016 to respond to the shareholder's queries.

III. Invitees at the Audit Committee Meetings:

The representative of the Statutory Auditors is regularly invited and he has attended all the Audit Committee meetings during the year. The representative of the Cost Auditors attends the Audit Committee meeting, where the Cost Audit Report is tabled for discussion. Whole Time Director, Chief Financial Officer and Management Auditor are invited to attend and participate in these meetings. The Company Secretary acts as a secretary to the Committee.

The Company continues to derive benefit from the deliberations of the Audit Committee meetings as the members are experienced in the areas of finance, HR, corporate laws and industry. It ensures accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

B. Share Transfer Committee:

I. Terms of reference:

The Committee is empowered to perform all the functions of the Board in relation to approval and monitoring of transfers, transmission, dematerialization, rematerialization, issue of duplicate share certificates, splitting and consolidation of shares issued by the Company. The Committee also oversees the functions of the Registrar and Share Transfer Agent. The Board has delegated the powers to approve the transfer of shares to the Committee.

II. Composition:

As on March 31, 2017, the Share Transfer Committee comprises the following members:

1. Dr. Sharvil P. Patel, Chairman
2. Mr. Ganesh N. Nayak, Member, and
3. Mr. Tarun G. Arora, Member.

The Company Secretary acts as the Secretary to the Committee.

III. Meetings held and the attendance of members at the meetings:

The Committee meets on a need basis at least twice in a month to ensure the regular process of transfers / transmission of shares, split, consolidation, demat / remat and issuance of duplicate Share Certificates.

C. Investors' / Stakeholders' Relationship Committee:

In compliance with the provisions of section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, the Board has formed an "Investors' / Stakeholders' Relationship Committee".

I. Terms of reference:

The Investors' / Stakeholders' Relationship Committee reviews the redressal of grievances of stakeholders pertaining to the requests / complaints of the shareholders related to transfer of shares, dematerialization of shares, non-receipt of annual accounts, non-receipt of dividend or revalidation of expired dividend warrants, recording the change of address, nomination, etc.

The role of the Stakeholders' Relationship Committee has been specified in Part D of the Schedule II of the Listing Regulations.

II. Composition:

The composition of the Committee as on March 31, 2017 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met four times during the year.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Ganesh N. Nayak, Chairman	4	4
Mr. Humayun Dhanrajgir	4	4
Mr. Tarun G. Arora	4	4

The Company Secretary acts as the Secretary to the Committee, who is designated as Compliance Officer pursuant to Regulation 6 of the Listing Regulations.

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 was no investor grievance remaining unattended and pending as on March 31, 2017.

13305 equity shares remained in the in-transit account with National Securities Depository Limited and Central Depository Services [India] Limited as at March 31, 2017.

III. **Number of requests / complaints:**

During the year, the Company has resolved investor grievances expeditiously. The Company and / or its Registrar and Transfer Agents have received the following requests / complaints from SEBI / Stock Exchanges and also directly from the shareholders, which were resolved within the time frames laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending
Complaints:				
SEBI / Stock Exchange	1	3	4	0
Shareholders	0	17	17	0
Shareholder queries / requests:				
Dividend Related	36	36	36	-
Transfer / transmission	14	14	14	-
Demat / Remat	32	32	32	-
Changes [address / bank mandates]	21	21	21	-

D. Nomination and Remuneration Committee:

In compliance with the provisions of section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Board has constituted a Nomination and Remuneration Committee [NRC]. The Terms of reference of the said NRC is specified in clause A of Part D of Schedule II of the Listing Regulations which are mentioned hereunder:

I. **Terms of reference:**

The functions of NRC, inter alia, include the following:

1. To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management,
2. To recommend to the Board, the appointment and removal of the Director[s] and evaluation of each Director's performance,
3. To formulate criteria for determining qualifications, positive attributes and independence of a Director,
4. To review on annual basis the compensation to the Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel and recommend to the Board the remuneration and incentive payable to each of them,
5. Ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear and meets appropriate performance benchmarks, and
6. To develop and review the succession plan for the Board.

II. **Composition and Meetings:**

The composition of the Committee as on March 31, 2017 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met twice during the year. All members of the Committee are Non-Executive Directors and except Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak, other members are Independent Directors.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Humayun Dhanrajgir, Chairman	2	2
Dr. Sharvil P. Patel	2	2
Mr. Kulin Lalbhai*	2	0
Prof. Indiraben J. Parikh	2	2
Mr. Ganesh N. Nayak	2	2
Dr. B. M. Hedge**	2	1

** Appointed as the member of NRC w.e.f. January 30, 2017.*

*** Ceased to be a member of the NRC w.e.f. October 11, 2016.*

The Company Secretary acts as the Secretary to the Committee.

III. **Nomination and Remuneration Policy and details of remuneration paid / payable to the Directors for the year ended March 31, 2017:**

The Board of Directors approved the Nomination and Remuneration Policy on the recommendation of Nomination and Remuneration Committee. The salient aspects of the Policy are outlined below:

a. **Objectives:**

1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel,
2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board, and
3. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel.

The Company follows a policy on remuneration of Directors and Senior Management Employees.

b. **Remuneration to the Independent / Non-Executive Directors:**

i) An Independent / Non-Executive Director is paid sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board within the overall limits prescribed under the Companies Act, 2013 and the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014. The Board has approved the payment of sitting fees at Rs. 50,000/- to each Independent / Non-Executive Director towards each of the Board / Committee meetings attended by them.

ii) An Independent Director is also paid commission on an annual basis, of such sum as may be approved by the Board. The total commission payable to the Independent Directors shall not exceed 1% of the net profit of the Company and subject to the limits approved by the members.

iii) In determining the quantum of commission payable to the Independent Directors, the Nomination and Remuneration Committee considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Independent Directors. The commission is being paid on uniform basis to reinforce the principles of collective responsibility of the Board.

iv) An Independent Director is also reimbursed the expenses incurred by him for attending the Board and / or Committee of Board meetings.

v) Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on March 31, 2017.

c. **Remuneration to Whole Time Director:**

Mr. Tarun G. Arora is the Whole Time Director on the Board. On the recommendation of the Nomination and Remuneration Committee, the Board decide and approve the remuneration payable to Mr. Tarun G. Arora within the ceiling fixed by members as per the resolution passed at the Annual General Meeting held on July 29, 2015.

As per the recommendation of the Nomination and Remuneration Committee, Mr. Tarun G. Arora, Whole Time Director was paid remuneration of Rs. 220.25 Lakhs by way of salary and allowances for the financial year ended on March 31, 2017.

The Company has entered into an agreement with Mr. Tarun G. Arora, Whole Time Director for employment for a period of five years. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 months' notice in writing to the other party.

d. **Remuneration to Senior Management Employees:**

The Whole Time Director with the help of HR-Head carry out the individual performance review based on the standard appraisal matrix and after taking into account the appraisal score card and other factors like–Key Performance Area v/s initiatives, balance between fixed and variable pay, fixed components and perquisites and retirement benefits, criticality of roles and responsibilities, industry benchmarks and current compensation trends in the market. Further, any promotion at a senior level management is approved by the Management based on predetermined process after assessing the candidate's capability to shoulder higher responsibility.

e. **Details of the commission / sitting fees paid to the Independent / Non-Executive Directors for the year 2016-17 are given below:**

[INR Lakhs]

Name of the Independent / Non-Executive Directors	Commission @	Sitting fees						Total
		Board Meetings	Audit Committee Meetings	CSR Committee Meetings	NRC Committee Meetings	Investors/ Stakeholders' Relationship Committee Meeting	Other Meetings *	
Dr. Sharvil P. Patel	-	2.50	-	1.50	1.00	-	-	5.00
Mr. Humayun Dhanrajgir	5.00	2.50	2.00	-	1.00	2.00	0.50	13.00
Dr. B. M. Hegde	5.00	1.00	1.00	-	0.50	-	-	7.50
Prof. Indiraben J. Parikh	5.00	2.50	2.00	1.50	1.00	-	0.50	12.50
Mr. Ganesh N. Nayak	-	2.00	2.00	1.50	1.00	2.00	-	8.50
Mr. Kulin Lalbhai	5.00	0.50	-	-	-	-	-	5.50

@ *The Board of Directors, based on the performance of the Company, has decided the payment of Commission to the Independent Directors.*

* *Other Meetings include Meeting of Committee of Directors and Meeting of Independent Directors.*

f. **Stock Option:**

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.

E. Corporate Social Responsibility [CSR] Committee:

The terms of reference of CSR Committee includes, to frame the CSR Policy and review it from time to time to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in schedule VII of the Companies Act, 2013 and Rules made thereunder and to provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

The composition of the CSR Committee as at March 31, 2017 and the details of members' participation at the meetings of the Committee are as under.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Dr. Sharvil P. Patel, Chairman	3	3
Mr. Ganesh N. Nayak	3	3
Prof. Indiraben J. Parikh	3	3

F. Committee of Directors:

Committee of Directors comprises of three members namely; [1] Dr. Sharvil P. Patel, [2] Mr. Tarun G. Arora; and [3] Mr. Ganesh N. Nayak. The Committee looks after the businesses, which are administrative in nature and within the overall board approved directions and framework. The Company Secretary acts as the Secretary to the Committee.

4. Independent Directors' Meeting:

During the year under review, a separate meeting of Independent Directors was held on January 30, 2017, inter alia, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole,

2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors, and

3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board and that is necessary to effectively and reasonably perform its duties.

The Independent Directors were present at the meeting.

5. Disclosures:

A. Related Party Transactions:

All transactions entered into with the Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of section 188 of the Act. There were no materially significant transactions with the related parties during the financial year which were in the conflict of interest of the Company. Suitable disclosures as required by the Accounting Standard [Ind AS 24] have been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company.

B. Code of Conduct:

The Company has laid down a Code of Conduct for all Board members and Senior Management Personnel. The Code of Conduct is available on the website of the Company www.zyduswellness.in. All Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review. The declaration of Whole Time Director is given below:

> To the shareholders of Zydus Wellness Limited
>
> **Sub.:** Compliance with Code of Conduct
>
> I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.
>
> **Place:** Ahmedabad — **Tarun G. Arora**
> **Date:** May 27, 2017 — **Whole Time Director**

C. Prohibition of Insider Trading:

In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Officers and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

Shares held by the Directors as at March 31, 2017:

Name of the Director	No. of shares held	Details of shares bought [+] / sold [-] during 2016–17
Dr. Sharvil P. Patel	533	Nil
Mr. Humayun Dhanrajgir	0	Nil
Prof. Indiraben J. Parikh	0	Nil
Mr. Ganesh N. Nayak	6,550	Nil
Mr. Tarun G. Arora	200	Nil
Mr. Kulin S. Lalbhai	0	Nil

D. Whistle Blower Policy:

The Company has a whistle blower policy to deal with any instance of fraud and mismanagement. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination is done with any person for a genuinely raised concern.

E. Management:

i. **Management Discussion and Analysis Report:**

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Report.

ii. **Disclosure of material financial and commercial transactions:**

As per the disclosures received from senior management, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the year under report.

F. **Disclosure regarding reappointment of Directors:**

The particulars about the brief resume and other information for the Directors seeking reappointment as required to be disclosed under this section are provided as annexure to the notice convening the Twenty Third Annual General Meeting.

G. **Compliance by the Company:**

The Company has complied with all the mandatory requirements of the Listing Agreement with the Stock Exchanges, regulations and guidelines of SEBI. Further, during last three years, no penalties or strictures are imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

H. **CEO / CFO Certification:**

The requisite certification from the Whole Time Director and the Chief Financial Officer required to be given under regulation 17(8) read with Part B of Schedule II of the Listing Regulations, was placed before the Board of Directors of the Company.

I. **Unclaimed Shares:**

As per the notification issued by the Ministry of Corporate Affairs, 972 Equity shareholders holding 57813 equity shares will be transferred to Suspense Account for which the Company has complied with the necessary requirements.

6. Means of Communication:

i) The Company has 34,553 shareholders as on March 31, 2017. The main channel of communication to the shareholders is through Annual Report, which includes inter alia, the Directors' Report, Management Discussion and Analysis, Report on Corporate Governance and Audited Financial Statements.

ii) The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Whole Time Director makes presentation on the performance, operating and financial results of the Company. The Chairman, Whole Time Director and other Key Managerial Personnel also respond to the specific queries of the shareholders.

iii) The Company also intimates to the Stock Exchanges all price sensitive matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on such matters, wherever necessary.

iv) The quarterly and half yearly results are published in widely circulating national and local dailies such as "Financial Express" in English and Gujarati respectively. The results are also posted on the website of the Company www.zyduswellness.in and the same are not sent individually to the shareholders.

v) The Company holds meetings and makes presentations to the institutional investors and analysts. The copies of such presentations and the transcripts of the phone calls are also made available on the Company's web-site.

vi) The Company files with the Stock Exchanges the updated Investors' Presentation and copy thereof is also posted on the website of the Company. Information to the Stock Exchanges is filed online on NEAPS for NSE and BSE Online Portal for BSE.

7. General Body Meetings:

I. **Details of last three Annual General Meetings held are provided hereunder:**

Year	Date and Time	Venue
2015-2016	22nd AGM on August 3, 2016 at 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.
2014-2015	21st AGM on July 29, 2015 at 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.
2013–2014	20th AGM on July 14, 2014 at 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.

II. **Special Resolutions passed in the previous three Annual General Meetings:**

The shareholders of the Company have passed the following special resolutions in the previous three Annual General Meetings.

Sr. No.	Nature of Special Resolution Passed	Relevant provisions	AGM details
1.	Alteration in Articles of Association	Section 14 of the Act	20th AGM held on July 14, 2014

III. **Postal Ballot:**

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

8. General Shareholder Information:

i. **Annual General Meeting [AGM]:**

Date and time of 23rd AGM	August 11, 2017 at 12:00 Noon
Venue of 23rd AGM	J B Auditorium, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015
Financial Year	April 1, 2016 to March 31, 2017
Date of Book Closure	July 31, 2017 to August 11, 2017
Registered Office Address	House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej–Gandhinagar Highway, Ahmedabad–380 015
Dividend Payment Date	No final dividend proposed
Compliance Officer	Mr. Dhaval N. Soni, Company Secretary
Website	www.zyduswellness.in

ii. **Tentative financial calendar:**

First Quarter Results	On or before August 14, 2017
Half Yearly Results	On or before November 14, 2017
Third Quarter Results	On or before February 14, 2018
Audited Results for the year 2017-18	On or before May 30, 2018

iii. **Listing of shares:**

The Equity Shares of the Company are listed on BSE Limited [BSE] and National Stock Exchange of India Limited [NSE].

iv. **Listing Fees:**

The Company has paid annual listing fees for the financial year 2017–18 to the above Stock Exchanges.

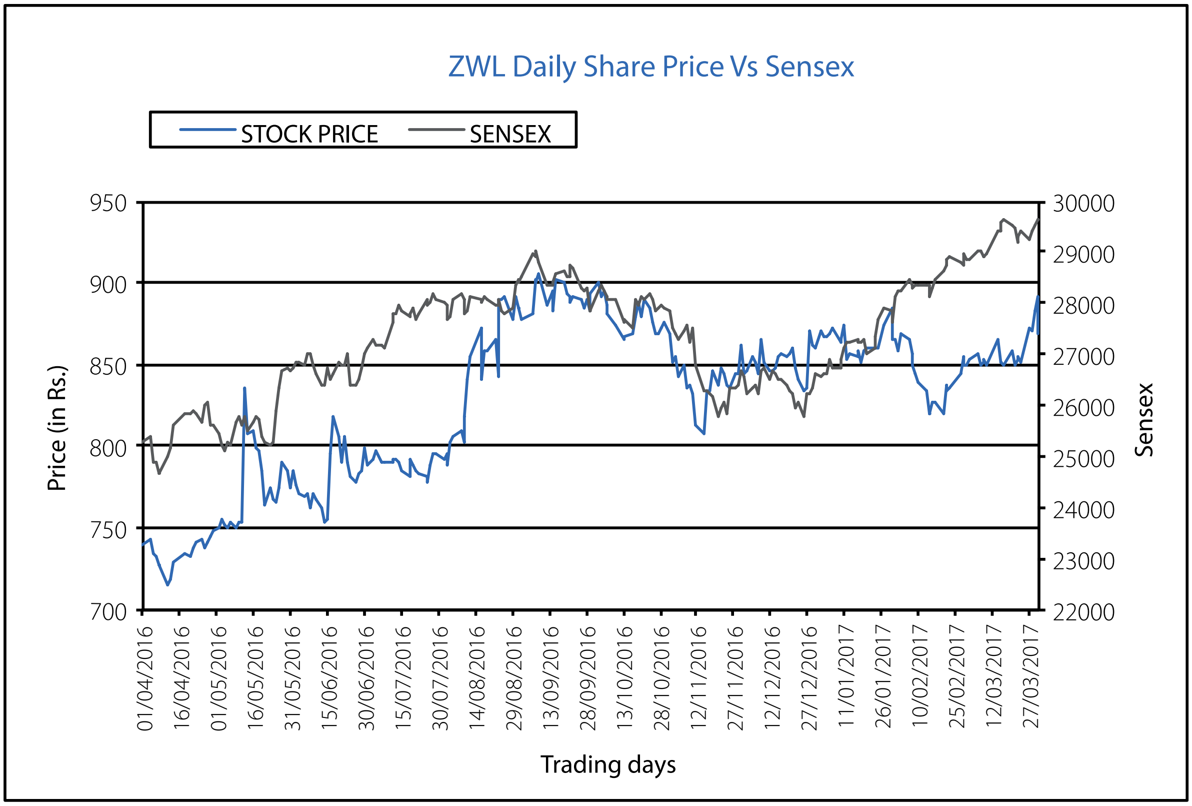
v. **Stock Code:**

Name of the Stock Exchange	Stock Code	Closing Price as on March 31, 2017 [INR]
BSE Limited	531335	869.30
National Stock Exchange of India Limited	ZYDUSWELL	871.35

vi. Stock Price and BSE Sensex data:

Month	BSE Sensex	BSE Limited			National Stock Exchange of India Limited		
		High (Rs.)	Low (Rs.)	Av. Volume (In Nos.)	High (Rs.)	Low (Rs.)	Av. Volume (In Nos.)
Apr., 16	25606.62	768.00	711.50	1444.50	769.50	710.00	5129.17
May, 16	26667.96	848.80	745.00	4947.64	849.55	740.00	24790.41
Jun., 16	26999.72	850.40	751.00	4980.64	852.00	701.00	18457.82
Jul., 16	28051.86	810.00	790.00	863.95	824.00	771.00	5304.60
Aug., 16	28452.17	900.00	806.00	4425.09	920.00	780.20	25469.09
Sept., 16	27865.96	918.00	870.00	1535.65	920.90	866.20	7502.50
Oct., 16	27930.21	917.75	854.85	2747.68	918.80	855.00	13745.05
Nov., 16	26652.81	858.50	777.50	877.00	888.00	762.10	8847.24
Dec., 16	26626.46	926.25	820.00	12124.32	928.00	820.00	31910.91
Jan., 17	27655.96	899.75	845.10	732.90	916.00	845.40	4300.62
Feb., 17	28743.32	889.00	816.00	1064.05	879.95	816.20	4994.26
Mar., 17	29620.50	894.95	845.00	1277.27	898.70	828.70	6552.00

vii. Chart "A" Stock Performance: Zydus Wellness Limited [ZWL]:



viii. **Registrar and Share Transfer Agent:**

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

Link Intime India Private Limited,
506-508, Amarnath Business Centre – 1, (ABC Complex)
Beside Gala Business Centre, Off C. G. Road,
Ellisbridge, Ahmedabad–380 006
E-mail: ahmedabad@linkintime.co.in
Phone: 079–2646 5179; Fax: 079–2646 5179

ix. **Share Transfer System:**

A Committee of Directors has been constituted to approve the transfers, transmission, issue of duplicate shares, etc. The Company's Share Transfer Agent, 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 Regulation 40 (9) of the Listing Regulations, a Company Secretary in Practice has certified due compliance of share transfer formalities on a half yearly basis.

x. **Reconciliation of Share Capital Audit:**

A practicing Company Secretary carried out secretarial audit in each of the quarters in the financial year 2016-17, 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.

xi. **Distribution of shareholding of Equity Shares as at March 31, 2017:**

No. of Equity Shares	No. of Folios	% of total folios	No. of Shares	% of shareholding
1 to 500	33,868	98.0175	17,90,909	4.5836
501 to 1000	373	1.0795	2,79,935	0.7165
1001 to 2000	157	0.4544	2,28,599	0.5851
2001 to 3000	49	0.1418	1,20,853	0.3093
3001 to 4000	24	0.0695	84,602	0.2165
4001 to 5000	21	0.0608	95,649	0.2448
5001 to 10000	20	0.0579	1,42,494	0.3647
10001 & above	41	0.1187	3,63,29,048	92.9795
Grand total	**34,553**	**100.00**	**3,90,72,089**	**100.00**
Shareholders in Physical Mode	4,396	12.72	3,34,902	0.86
Shareholders in Demat Mode	30,157	87.28	3,87,37,187	99.14
Grand Total	**34,553**	**100.00**	**3,90,72,089**	**100.00**

xii. Shareholding Pattern as at March 31, 2017:

Category	No. of Shares held		Total shares	% of shareholding
	Physical	Electronic		
Promoter's holding	0	2,83,43,687	2,83,43,687	72.54
Mutual Funds	559	7,87,965	7,88,524	2.02
Banks, FIs and Insurance Companies	0	15,32,355	15,32,355	3.92
Foreign Institutional Investors / Foreign Portfolio Investor	46	30,70,713	30,70,759	7.86
NRIs / Foreign National	71,146	1,43,019	2,14,165	0.55
Other Corporate Bodies	4,500	19,88,971	19,93,471	5.10
Indian Public / HUF / Trusts	2,58,651	28,70,477	31,29,128	8.01
Total	**3,34,902**	**3,87,37,187**	**3,90,72,089**	**100.00**

xiii. **Dematerialization of Shares and Liquidity:**

The Company's equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialized form. Approximately 99.14% of the equity shares have been dematerialized. ISIN number for dematerialization of the equity shares of the Company is INE768C01010.

xiv. **Location of the Company's manufacturing plant:**

The Company's manufacturing plant is located at 7A, 7B & 8, Saket Industrial Estate, Sarkhej–Bavla Highway, Moraiya, Tal.: Sanand, Dist.: Ahmedabad.

xv. **Address for correspondence:**

Shareholders' correspondence should be addressed to the Company's Registrar and Share Transfer Agent at the address mentioned above.

Shareholders may also contact the Company Secretary, at the Registered Office of the Company for any assistance.

Mr. Dhaval N. Soni,
Company Secretary and Compliance Officer
Tele. Nos. 079 – 26868100 - Extension–338

investor.grievance@zyduswellness.in is a special e-mail ID for Investor's complaints and other communications.

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

xvi. **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.

xvii. **Details of non–compliance:**

There was no non-compliance during the year and no penalties were imposed or strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority. A Practicing Company Secretary has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Directors' Report and sent the same to all the shareholders of the Company. The certificate shall also be sent to all the concerned Stock Exchanges along with the annual reports filed by the Company.

9. Non-Mandatory requirements of regulation 27 (1) & Part E of Schedule II of the Listing Regulations:

i. The Company has a Non–Executive Chairman.

ii. The quarterly / half yearly results are not sent to the shareholders. However, the same are published in the newspapers and also posted on the Company's website.

iii. The Company's financial statements for the financial year 2016–2017 do not contain any audit qualification.

iv. The internal auditors report to the Audit Committee.

Whole Time Director and Chief Financial Officer Certification

To,
The Board of Directors
Zydus Wellness Limited

Re: Certificate in compliance with Regulation 17[8] of SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 [Listing Regulations]

Dear Sirs / Madam,

In compliance with Regulation 17[8] of the Listing Regulations read with schedule II of part B of the Listing Regulations, we hereby certify that

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee;

(i) significant changes in internal control over financial reporting during the year,

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and

(iii) that there are no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system.

TARUN G. ARORA
Whole Time Director

AMIT B. JAIN
Chief Financial Officer

Place: Ahmedabad
Date: May 27, 2017

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 March 31, 2017 as stipulated in SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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 according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 & part E of Schedule II of the Listing Regulations.

We state that in respect of the investor grievances received during the year ended March 31, 2017, 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 the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, HITESH BUCH & ASSOCIATES
Company Secretaries

Hitesh Buch
Proprietor
FCS No. 3145
CP No. 8195

Place: Ahmedabad
Date: May 27, 2017

Management Discussion and Analysis – 2016-17

Overview, 2016-17

State of the Indian economy

As per the latest Advanced Estimate (AE) of the Central Statistics Office (CSO), growth in India's GDP at constant market prices (2011-12) was estimated at 7.1 per cent in 2016-17, slowing down from 7.9 per cent in the previous financial year. The reason was a sharp slowdown in investment to 1.7 per cent (5.6 per cent in the previous year). This negated the strong 8.7 per cent growth in private consumption (6.1 per cent in 2015-16). Strong growth momentum was seen in other segments as well – government consumption (20.8 per cent), exports (4.5 per cent) and imports (2.3 per cent). Growth in India's GVA (Gross Value Added) at constant (2011-12) basic prices for the year 2016-17 was estimated to be 6.7 per cent, as compared to 7.8 per cent in 2015-16. At the sectoral level, agriculture, industry and services sectors grew at 4.4 per cent, 5.8 per cent and 7.9 per cent respectively in 2016-17. The average Wholesale Price Index (WPI) Inflation rate for 12 months (April 2016 to March 2017) was 3.7 per cent compared to -2.5 per cent during the corresponding period in 2015-16. (Source: Monthly Economic Report, Ministry of Finance, Govt. of India)

Remonetization impact is visible in the latest estimates notwithstanding statistical revisions. The short-term negative impact of remonetization seems to be largely behind the country; a consumption recovery is expected on account of an anticipated normal monsoon and higher rural wages. However, 2017-18 prospects also depend on a successful roll-out of GST as States agreed on 1st July 17 as the roll-out date.

The International Monetary Fund released an update in which India's growth was expected to rebound to 7.2 per cent in 2017-18 and 7.7 per cent in 2018-19.

FAST MOVING CONSUMER GOODS (FMCG) market

The fast moving consumer goods (FMCG) industry has been the bellwether of Indian corporations and the Indian economy for years. The industry remained resilient and delivered consistent business growth. It has successfully addressed almost every Indian's daily needs, created aspirational brands, provided emotional fulfillment, remained at the forefront of innovation, provided best-in-class products at affordable prices and expanded to remotest parts.

The key ingredients of success for some of the leading brands / companies that have increased penetration and outperformed their competitors have been:

- Consumer engagement
- Connecting with consumer/shopper at various touch points
- Range productivity

The Indian FMCG Industry continues to demonstrate attractive potential over the next decade. Various industry sources indicate that a nominal GDP growth rate of roughly 12% over the next three years could signal an FMCG growth rate ranging from a low of 9% to a high of 15% depending on player action. As the Indian FMCG industry looks to reignite consumer growth in an increasingly cluttered environment, the success of brands and companies is likely to be defined by their ability to plan and execute brand penetration and consumption strategies over the long term.

HEALTH & WELLNESS FOODS

Indian consumers consider fortified foods with incremental nutrients like protein, fiber, vitamins, calcium and minerals to be an important purchase consideration. In a survey by Nielsen, when asked what tips the scales in favour of certain packaged foods, respondents picked the promise of all-natural ingredients, high protein and high fiber content. The message in this survey for brands is to spell out auxiliary health benefits rather than merely tagging products as 'healthy'.

Consumers driving the move to fortified foods are conscious about brands and labels on packaged foods. The four distinctive traits that characterize these consumers comprise:

- They are **loyal to trusted brands**; they buy only from producers they trust.

- They **read labels for nutrition content, believe health claims** and follow portion guidance.
- They are **willing to pay a premium** for foods that meet their approval.
- They **monitor food intake and diet**, and are willing to sacrifice taste for health.

(Source: Nielsen report 'India acquires a taste for health and wellness', August 2016)

Zydus Wellness Ltd., an emerging consumer health player

Zydus Wellness is a strong and emerging player in the health and wellness space in India. The focus for the year under review was to revive growth on the back of volume-led initiatives in all segments of presence. As the year progressed, the company reported an improvement in the growth rates of all flagship brands viz. Sugar Free, EverYuth & Nutralite. Its flagship portfolio maintained leadership across respective categories in 2016-17.

Sugar Free – India's largest selling low calorie sweetener

**Range of Sugar Free products*

Sugar Free maintained its leadership position in the sugar substitute category with a market share of 94.5%, an increase of 80 basis points over the previous year (Source: Nielsen, MAT March 2017). Both variants of Sugar Free (Sugar Free Gold and Sugar Free Natura) continued to lead their respective segments.

The sugar substitute category growth improved to 9.3% from 6.0% a year ago, primarily driven by various category-building initiatives like the promotion for culinary stock keeping units with Kheer Bowl and other popular touch-points like festival-linked consumer activations viz.Durga Puja and Christmas.

Another 2016-17 highlight was the launch of new Sugar Free Green towards the end of the financial year. This 100% natural variant, made from Stevia, is expected to drive category growth further. It was launched in table-top and culinary formats to drive the family consumption (including children) of beverages and desserts. Sugar Free Green has immense potential and is likely to grow the sugar substitute category going forward.

** "Sugar Free Green"*

The focus will remain to continue to recruit new users and invest in consumer education as well as continue to engage consumers through various activations. The company also intends to increase investments and efforts in digital space to complement conventional touch points.

Everyuth – 'Pure Skin, Happy Har Din'

**Range of Everyuth products*

In 2016-17, the skin cleansing category was led by improvement in the growth rates of all segments in which the company operates.

In the **Peel Off segment**, Everyuth maintained its leadership position with market share of 90.3% (Source: Nielsen, MAT March

2017). Continued support through various media activities and TV campaign helped drive category penetration.

*Everyuth Peel Off range

In the **Scrub segment**, Everyuth maintained its leadership position with a market share of 31.6% (Source: Nielsen, MAT March 2017). In 2016-17, the Scrub range was re-launched with new packaging and campaign to build on the 'natural' equity and drive category penetration.

*Everyuth scrub range

In the **Face Wash segment**, Everyuth reported growth revival following the re-launch of the Face Wash range with fresh, new and contemporary looking packaging. During the last quarter of the financial year, the 'Tulsi Turmeric' Face wash was re-launched with improved product and packaging. The initiative was supported by a 360-degree awareness building campaign.

*Everyuth Tulsi Turmeric Face wash with new packaging

Going forward, the focus will be on a series of new product launches backed by strong marketing investments across each key segment, reinforcing the Everyuth franchise position ahead of the category.

Nutralite – 'Aap happy, apki health happy'

During 2016-17, Nutralite reported strong volume growth versus subdued category growth rates over the last few years. This growth rate was largely led by the institutional segment. Progress was also seen in the retail segment during the last quarter. The focus was to widen the reach with various regional media campaigns in select cities and on- ground activations to drive trials and strengthen Nutralite credentials. During the last quarter of the financial year, the Nutralite premium range was re-launched with new packaging and improved taste. Two new flavoured variants in the premium range were also launched.

Going forward, a multi-media campaign will further strengthen Nutralite's taste and health credentials while enhancing awareness of new flavours.

More exciting new innovative products will be introduced over the next few quarters.

**Nutralite Premium range*

Go to Market - Capacity and capability building

The company strengthened the distribution system during the last financial year. The company rolled out a program named "EnReach 2.0" to drive the next wave of distribution expansion focused on enhancing quality of direct reach. Through this program, a channel-wise thrust helped strengthen brand presence across the general trade, modern trade and Hotel / Restaurants / Caterers (HORECA) segments. The company is building capacity and capability to support new initiatives including online sales.

The company strengthened its learning and development program 'Passion' for the field force, linking it with classroom and on-the-job training modules, strengthening field force engagement and in-market execution.

Building international presence

To build the international business, the Company entered new markets like Saudi Arabia, Qatar, Oman and Myanmar. Going forward, the company intends to expand to at least five more countries, widening the product portfolio in existing and new geographies.

Consolidated financial highlights

Sales & Income from operations

The total income from operations of the company increased 8.6% y-o-y to Rs. 4,625 Mio. from Rs. 4,260 Mio. in 2015-16.

Profit and margins

The EBITDA (Earnings before interest, tax, depreciation and amortization) increased 8.5% to Rs. 991 Mio from Rs. 913 Mio in 2015-16. EBIDTA margin as% of the total operating income was 21.4% in 2016-17.

The profit before tax and exceptional items increased 6.2% y-o-y to Rs. 1240 Mio. PBT margin before exceptional items as % of total operating income was 26.8%.

Net profit after tax increased 5.5% y-o-y to Rs. 1090 Mio. Net profit margin as a % of the total operating income was 23.6%.

Net worth

The net worth as on 31st March 2017 was Rs. 5572 Mio., higher by 16.4 % from the previous year. Retained earnings of Rs. 784 Mio. (net profit less interim dividend) contributed to this rise.

The Book Value per share increased to Rs. 143 as at 31st March 2017 from Rs. 122 in the previous 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 21.0 % for 2016-17.

Fixed Assets and Capital Expenditure

The gross block (including capital work in progress) at the end of 2016-17 was Rs. 1445 Mio. Capital expenditure in 2016-17 was Rs. 280 Mio. The new production unit of Zydus Wellness-Sikkim, the partnership firm, commenced commercial production in Sikkim during the fourth quarter.

GST transition

On the GST front, the company is gearing up for the new tax regime, working closely with its business partners for a smooth transition.

Risk identification, Risk mitigation and Internal controls

The company's business comprises manufacturing and marketing of consumer wellness products. 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 provide it an edge over competition. The company supplies its products 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 high 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 objectives 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 operations in general and financial controls in particular.

Independent Auditor's Report

To the Members of

Zydus Wellness Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Zydus Wellness Limited ('the Company'), which comprise the balance sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), and the Statement of Cash flows and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs of the Company as at March 31, 2017, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016

("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

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

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

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

   c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 27 to the standalone Ind AS financial statements;

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

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

      iv. The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and the same are in accordance with the books of accounts maintained by the company.

For **DHIRUBHAI SHAH & DOSHI**
Chartered Accountants
Firm's Registration Number: 102511W

KAUSHIK SHAH
Partner
Membership number: 016502

Ahmedabad
May 27, 2017

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2017, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets. In accordance with this program, fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory has been physically verified at reasonable intervals. No material discrepancies were noticed on such verification.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), and therefore, the provisions of clauses (iii)(a), (iii)(b) & (iii)(c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to the loans and investments made.

v. The Company has not accepted any deposits from the public.

vi. The Central Government has prescribed maintenance of cost records under section 148(1) 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.

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

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, value added tax, custom duty, service tax, excise were in arrears, as at March 31, 2017 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 Sales Tax as at March 31, 2017, 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 dispute is pending	Amount (INR-Lakhs)
2003-04	APVAT Act, 2005	Sales tax	High Court of Andhra Pradesh	1.70
2004-05	APVAT Act, 2005	Sales tax	High Court of Andhra Pradesh	2.77
2009-10	APVAT Act, 2005	Sales tax	The Appellete Dy. Commissioner	9.32
2009-10	APVAT Act, 2005	Sales tax	The Appellete Dy. Commissioner	19.40
2010-11	APVAT Act, 2005	Sales tax	The Appellete Dy. Commissioner	20.19
2011-12	APVAT Act, 2005	Sales tax	High Court of Andhra Pradesh	1.44
2012-13	UPVAT Act, 2008	Sales tax	Dy. Commissioner of Commercial Tax	0.73
2009-10	KVAT Act, 2003	Sales tax	Dy. Commissioner (Appeals)	12.31
2009-10	MVAT Act, 2005	Sales tax	Joint Commissioner (Appeals)	341.40
2010-11	MVAT Act, 2005	Sales tax	Joint Commissioner (Appeals)	261.21

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to bank. The company has not borrowed or raised any money from debenture holders.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

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

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

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

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DHIRUBHAI SHAH & DOSHI**
Chartered Accountants
Firm's Registration Number: 102511W

KAUSHIK SHAH
Partner
Membership number: 016502

Ahmedabad
May 27, 2017

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Zydus Wellness Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DHIRUBHAI SHAH & DOSHI**
Chartered Accountants
Firm's Registration Number: 102511W

KAUSHIK SHAH
Partner
Membership number: 016502

Ahmedabad
May 27, 2017

Balance Sheet as at March 31, 2017

INR-Lakhs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS:				
Non-Current Assets:				
Property, Plant and Equipment	3	**1,739**	1,998	2,154
Capital Work-in-Progress		**9**	7	0
Goodwill	4	**2,282**	2,282	2,282
Other Intangible Assets	4	**10**	15	6
Financial Assets:				
Investments	5	**245**	245	245
Loans	6	**36**	45	49
Other Financial Assets	7	**3**	3	3
Other Non-Current Assets	8	**34**	31	32
Asset for Current Tax [Net]	9	**602**	545	528
		4,960	5,171	5,299
Current Assets:				
Inventories	10	**626**	368	411
Financial Assets:				
Investments	11	**25,163**	20,681	9,782
Trade Receivables	12	**46**	27	33
Cash and Cash Equivalents	13	**1,103**	724	600
Bank Balance Other Than Cash and Cash Equivalents	14	**28,375**	22,706	28,881
Loans	15	**131**	65	58
Other Current Assets	16	**69**	34	35
Total		**60,473**	49,776	45,099
EQUITY AND LIABILITIES:				
Equity:				
Equity Share Capital	17	**3,907**	3,907	3,907
Other Equity	18	**51,812**	43,950	39,518
		55,719	47,857	43,425
Liabilities:				
Non-Current Liabilities:				
Financial Liabilities:				
Other Financial Liabilities	19	**54**	42	21
Provisions	20	**15**	11	12
Deferred Tax Liabilities [Net]	21	**68**	122	160
		137	175	193
Current Liabilities:				
Financial Liabilities:				
Borrowings	22	**2,500**	0	0
Trade Payables	23	**1,543**	1,146	960
Other Financial Liabilities	24	**337**	380	325
		4,380	1,526	1,285
Other Current Liabilities	25	**181**	182	173
Provisions	26	**56**	36	23
		4,617	1,744	1,481
Total		**60,473**	49,776	45,099
Significant Accounting Policies	2			
Notes to the Financial Statements	1 to 44			

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
Dated: May 27, 2017

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Tarun G. Arora
Whole Time Director

Statement of Profit and Loss for the year ended March 31, 2017

INR-Lakhs

Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Operations	29	22,790	20,219
Other Income	30	2,455	3,012
Total Income		25,245	23,231
EXPENSES:			
Cost of Materials Consumed	31	7,161	5,860
Purchases of Stock-in-Trade	32	33	36
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	33	(164)	14
Excise duty on sales		271	244
Employee Benefits Expense	34	1,990	1,803
Finance Costs	35	48	6
Depreciation, Amortisation and Impairment expenses	36	370	355
Other Expenses	37	4,657	4,510
Total Expenses		14,366	12,828
Profit before Tax		10,879	10,403
Less: Tax Expense:			
Current Tax		(1)	115
Deferred Tax	21	(54)	(38)
		(55)	77
Profit for the year		10,934	10,326
OTHER COMPREHENSIVE INCOME:	38		
Items that will not be reclassified to profit or loss:			
Re-measurement gains/(losses) on post employment defined benefit plans		(15)	(16)
Income tax effect		0	0
Other Comprehensive Income for the year, **[Net of Tax]**		(15)	(16)
Total Comprehensive Income for the year [Net of Tax]		10,919	10,310
Net profit attributable to:			
Owners		10,934	10,326
Other Comprehensive Income attributable to:			
Owners		(15)	(16)
Total Comprehensive Income attributable to:			
Owners		10,919	10,310
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	39	27.99	26.43
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 44		

As per our report of even date

For and on behalf of the Board

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

Kaushik D. Shah
Partner
Membership Number: 016502

Dr. Sharvil P. Patel
Chairman

Place: Ahmedabad
Dated: May 27, 2017

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Tarun G. Arora
Whole Time Director

Cash Flow Statement for the year ended March 31, 2017

INR-Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
A. Cash flows from operating activities:				
Profit before Tax		10,879		10,403
Adjustments for:				
Depreciation, Impairment and Amortisation expenses	370		355	
Loss on sale of assets [Net]	4		0	
Profit on sale of investments [Net]	(55)		(28)	
Interest income	(2,398)		(2,845)	
Fair value gain on financial instrument at fair value through statement of profit and loss	(2)		(140)	
Interest expenses	48		5	
Bad debts written off	0		0	
Re-measurement of Employees benefits (Net)	1		(6)	
Provisions for probable product expiry claims and return of goods	8		2	
Total		(2,024)		(2,657)
Operating profit before working capital changes		8,855		7,746
Adjustments for:				
[Increase] in trade receivables	(27)		(5)	
[Increase] in Non Current Financial Assets -Deposits	0		0	
[Increase] / Decrease in Other Non Current Assets	(1)		0	
[Increase] / Decrease in inventories	(258)		42	
Decrease in Non Current Financial Assets-Loan	10		0	
[Increase] / Decrease in Current Financial Assets	(66)		7	
Increase in Other Current Assets	(20)		(7)	
Increase / [Decrease] in Other Current Financial Liabilities	(19)		186	
Increase in trade payables	382		27	
Increase in other Non Current Financial Liablities	11		22	
Total		12		272
Cash generated from operations		8,867		8,018
Direct taxes paid [Net of refunds]		(56)		(132)
Net cash from operating activities		8,811		7,886
B. Cash flows from investing activities:				
Purchase of fixed assets	(138)		(211)	
Proceeds from sale of fixed assets	17		0	
[Purchase]/Sale of current investments	(10,898)		(1,482)	
Investment in Mutual Funds (Net)	6,469		(9,248)	
Investment in Fixed Deposit (Net)	(5,070)		6,239	
Interest received	1,802		2,779	
Net cash used in investing activities		(7,818)		(1,923)

Cash Flow Statement for the year ended March 31, 2017

INR-Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
C. Cash flows from financing activities:				
Proceeds from Short Term Borrowings	2,500		0	
Interest paid	(48)		(5)	
Dividends paid	(2,549)		(4,840)	
Tax on dividends paid	(517)		(994)	
Net cash used in financing activities		(614)		(5,839)
Net increase in cash and cash equivalents		379		124
Cash and cash equivalents at the beginning of the year		724		600
Cash and cash equivalents at the end of the year		1,103		724

1 All figures in brackets are outflows.			
2 Previous year's figures have been regrouped wherever necessary.			
3 Cash and cash equivalents comprise of:	As at March 31		As at April 1
	2017	2016	2015
a Cash on Hand	3	3	597
b Balances with Banks	1,100	721	3
c Total	1,103	724	600

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
Dated: May 27, 2017

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Tarun G. Arora
Whole Time Director

Statement of Change in Equity for the year ended March 31, 2017

a Equity Share Capital:

	No. of Shares	INR-Lakhs
Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:		
As at April 1, 2015	3,90,72,089	3,907
As at March 31, 2016	3,90,72,089	3,907
As at March 31, 2017	**3,90,72,089**	**3,907**

b Other Equity:

INR-Lakhs

Particulars	Reserves and Surplus		Items of OCI	Total
	General Reserve	Retained Earnings	FVTOCI Reserve	
As at April 1, 2015	**4,500**	**35,035**	**(17)**	**39,518**
Add: Profit for the year	0	10,326	0	10,326
Add [Less]: Other Comprehensive income	0	0	(16)	(16)
Total Comprehensive Income	**4,500**	**45,361**	**(33)**	**49,828**
Transactions with Owners in their capacity as owners:				
Dividends	0	(4,884)	0	(4,884)
Corporate Dividend Tax on Dividend	0	(994)	0	(994)
As at March 31, 2016	**4,500**	**39,483**	**(33)**	**43,950**
Add: Profit for the year	0	10,934	0	10,934
Add [Less]: Other Comprehensive income	0	0	(15)	(15)
Total Comprehensive Income	**4,500**	**50,417**	**(48)**	**54,869**
Transactions with Owners in their capacity as owners:				
Dividends	0	(2,540)	0	(2,540)
Corporate Dividend Tax on Dividend	0	(517)	0	(517)
As at March 31, 2017	**4,500**	**47,360**	**(48)**	**51,812**

As per our report of even date

For and on behalf of the Board

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

Kaushik D. Shah
Partner
Membership Number: 016502

Dr. Sharvil P. Patel
Chairman

Place: Ahmedabad
Dated: May 27, 2017

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Tarun G. Arora
Whole Time Director

Notes to the Financial Statements for the year ended March 31, 2017

Note: 1 - COMPANY OVERVIEW:

Zydus Wellness Limited ["the Company"] was incorporated on November 1, 1994 and operates as an integrated consumer company with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Company includes brands like Sugar free, Everyuth and Nutralite. The Company's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited [BSE].The registered office of the company is located at House no. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad, Gujarat - 380015. These financial statements were authorised for issue in accordance with a resolution of the directors on May 27, 2017.

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES:

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

1 Basis of preparation:

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

B For all periods up to and including the year ended March 31, 2016, the Company has prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP]. The Company has adopted Ind AS as per Companies [Indian Accounting Standards [Ind AS]] Rules, 2015 as notified under Section 133 of the Companies Act, 2013 for these Financial statements beginning April 1, 2016. As per the principles of Ind AS 101, the transition date to Ind AS is April 1, 2015 and hence the comparatives for the previous year ended March 31, 2016 and balances as on April 1, 2015 have been restated as per the principles of Ind AS, wherever deemed necessary. Reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been summarized in note 43 and note 44.

C The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

i Derivative financial instruments,

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

iii Defined benefit plans.

2 Use of Estimates:

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

Critical estimates and judgments

a Income Taxes:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

b Property, Plant and Equipment:

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

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

c Employee Benefits:

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

d Product warranty and expiry claims:

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

e Impairment of assets and investments:

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

3 Foreign Currency Transactions:

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

A The transactions in foreign currencies are stated at the rates of exchange prevailing on the dates of transactions.

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

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

4 Revenue Recognition:

A Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government and is shown net of returns, trade allowances, rebates, value added taxes and volume discounts.

B Excise duty is a liability of the Company as a manufacturer, which forms part of the cost of production, irrespective of whether the goods are sold or not. Therefore, the recovery of excise duty flows to the Company on its own account and hence revenue includes excise duty.

C Sales tax / Value Added Tax [VAT] is not received by the Company on its own account. Rather, it is tax collected on value added

Notes to the Financial Statements for the year ended March 31, 2017

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

to the Goods by the Company on behalf of the government. Accordingly, it is excluded from revenue.

D The specific recognition criteria described below must also be met before revenue is recognised.

a Sale of Goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The goods are often sold with volume discounts / pricing incentives and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts / MRP, net of discounts. Historical experience is used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

b Service Income:

Service income is recognised as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax, wherever applicable.

c Interest Income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income [OCI], interest income is recorded using the effective interest rate [EIR]. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument [for example, prepayment, extension, call and similar options] but does not consider the expected credit losses.

d Dividend:

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

e Other Income:

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

5 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

b Current tax items are recognised in correlation to the underlying transaction either in P&L, OCI or directly in equity.

B Deferred Tax:

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

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

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

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

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

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

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

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

C MAT Credit Entitlement:

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

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

6 Property, Plant and Equipment:

A Freehold land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost of acquisition / construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received / receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction / assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment. On transition to Ind AS, the Company has elected to continue with the carrying value of all its Property, Plant and Equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

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

C Depreciation on tangible assets is provided on “straight line method” based on the useful lives as prescribed under Schedule

Notes to the Financial Statements for the year ended March 31, 2017

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. However, management reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods.

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

E Depreciation on additions / disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are put to use.

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

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

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

7 Intangible Assets:

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

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

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

D Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated economic life.

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

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

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

8 Research and Development Cost:

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

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

9 Borrowing Costs:

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

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

B Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date, the assets are ready for their intended use.

10 Impairment of Assets:

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

11 Inventories:

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

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

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

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

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

12 Cash and Cash Equivalents:

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

13 Leases:

As a lessee:

The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease. Lease under which the Company assumes potentially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalised at fair value or present value of the minimum lease payment at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expenses on straight line

Notes to the Financial Statements for the year ended March 31, 2017

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

basis in Net Profit in the statement of profit and loss over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate lessor's expected inflationary cost increases.

As a lessor:

Lease income from operating leases where the Company is lessor is recognised in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

14 Provisions, Contingent Liabilities and Contingent Assets:

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

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

15 Provision for Product Expiry Claims:

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

16 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

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

b Defined Benefit Plans:

Gratuity:

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The Liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

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

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

Re-measurements gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

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

ii Net interest expense or income.

c **Defined Contribution Plans - Provident Fund Contribution:**

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

C **Employee Separation Costs:**

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

17 **Dividends :**

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

18 **Excise Duty:**

Excise duty is accounted at a concessional rate as per Notification No. 1/2011-CE without availing CENVAT credit.

19 **Financial Instruments:**

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

Notes to the Financial Statements for the year ended March 31, 2017

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

A Financial assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified as follows:

Investment in mutual funds instruments at fair value through profit or loss [FVTPL]:

FVTPL is for investment in mutual funds instruments. Any such instruments, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Such instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

c Derecognition:

A financial asset is primarily derecognised when:

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

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

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

d Impairment of financial assets:

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

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

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

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

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point c provided

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

above.The application of simplified approach require the company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

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

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

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

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

B Financial liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

Subsequently all financial liabilities are measured as amortised cost except for Loans and borrowings, as described below:

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

c Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of

Notes to the Financial Statements for the year ended March 31, 2017

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

d Embedded derivatives:

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

C Reclassification of financial assets:

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

D Offsetting of financial instruments:

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

20 Fair Value Measurement:

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

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

observable

c Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation [based on the lowest level input that is significant to the fair value measurement as a whole] at the end of each reporting period.

21 Earnings per Share:

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

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

B Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7 "Statement of cash flows" and Ind AS 102 "Share-based payment". These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7 "Statement of cash flows" and IFRS 2 "'Share-based payment", respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and its effect on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the "fair values", but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. This amendment does not apply to the Company.

Notes to the Financial Statements for the year ended March 31, 2017

Note: 3 - PROPERTY, PLANT AND EQUIPMENT:

INR-Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at April 1, 2015*	49	3	520	3,033	227	110	120	4,062
Additions	0	0	9	93	22	59	14	197
Disposals	0	0	0	(4)	0	0	0	(4)
Other adjustments	0	0	0	0	0	0	0	0
As at March 31, 2016	49	3	529	3,122	249	169	134	4,255
Additions	0	0	0	91	2	29	5	127
Disposals	0	0	0	(8)	0	(35)	0	(43)
Other adjustments	0	0	0	0	0	0	0	0
As at March 31, 2017	49	3	529	3,205	251	163	139	4,339
Depreciation and Impairment:								
As at April 1, 2015*	0	3	152	1,583	53	35	82	1,908
Depreciation for the year	0	0	17	286	21	16	12	352
Impairment for the year	0	0	0	0	0	0	0	0
Disposals	0	0	0	(3)	0	0	0	(3)
As at March 31, 2016	0	3	169	1,866	74	51	94	2,257
Depreciation for the year	0	0	17	293	23	19	13	365
Impairment for the year	0	0	0	0	0	0	0	0
Disposals	0	0	0	(7)	0	(15)	0	(22)
As at March 31, 2017	0	3	186	2,152	97	55	107	2,600
Net Block:								
As at April 1, 2015*	49	0	368	1,450	174	75	38	2,154
As at March 31, 2016	49	0	360	1,256	175	118	40	1,998
As at March 31, 2017	49	0	343	1,053	154	108	32	1,739

Notes to the Financial Statements for the year ended March 31, 2017

Note: 4 - INTANGIBLE ASSETS:

INR-Lakhs

	Goodwill		Other Intangible Assets				Total
			Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:							
As at April 1, 2015*	2,282		5	7	10	2	24
Additions	0		0	12	0	0	12
Disposals	0		0	0	0	0	0
Other adjustments	0		0	0	0	0	0
As at March 31, 2016	**2,282**		**5**	**19**	**10**	**2**	**36**
Additions	0		0	0	0	0	0
Disposals	0		0	0	0	0	0
Other adjustments	0		0	0	0	0	0
As at March 31, 2017	**2,282**		**5**	**19**	**10**	**2**	**36**
Amortisation and Impairment:							
As at April 1, 2015*	0		5	3	9	1	18
Amortisation for the year	0		0	2	1	0	3
Impairment for the year	0		0	0	0	0	0
Disposals	0		0	0	0	0	0
As at March 31, 2016	**0**		**5**	**5**	**10**	**1**	**21**
Amortisation for the year	0		0	5	0	0	5
Impairment for the year	0		0	0	0	0	0
Disposals	0		0	0	0	0	0
As at March 31, 2017	**0**		**5**	**10**	**10**	**1**	**26**
Net Block:							
As at April 1, 2015*	**2,282**		**0**	**4**	**1**	**1**	**6**
As at March 31, 2016	**2,282**		**0**	**14**	**0**	**1**	**15**
As at March 31, 2017	**2,282**		**0**	**9**	**0**	**1**	**10**

• Represents deemed cost on the date of transition to ind as, Gross block & accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

Note: 5 - NON CURRENT FINANCIAL ASSET - INVESTMENTS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Long Term Investments:			
Investment in the Fixed Capital of a Partnership Firm [*]	**245**	245	245
Total [Aggregate Book Value of Investments]	**245**	245	245
[*] The Company is a partner in Zydus Wellness - Sikkim, relevant details of which are as under:			
Fixed Capital	**250**	250	250
Current Capital	**23,212**	12,123	10,463
Total Capital of the Firm	**23,462**	12,373	10,713
Name of Partners and their Profit Sharing Ratio:			
Zydus Wellness Limited	**98%**	98%	98%
Zydus Wellness Staff Welfare Trust	**2%**	2%	2%

Notes to the Financial Statements for the year ended March 31, 2017

Note: 6 - LOANS:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good unless otherwise stated]			
Security Deposits	33	38	36
Others:			
Considered good	3	7	13
Total	**36**	45	49

Note: 7 - OTHERS FINANCIAL ASSETS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good unless otherwise stated]			
Deposits	3	3	3
Total	**3**	3	3

Note: 8 - OTHER NON-CURRENT ASSETS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good unless otherwise stated]			
Balances with Statutory Authorities	32	31	31
Capital Advances	2	0	1
Total	**34**	31	32

Note: 9 - ASSET FOR CURRENT TAX [NET]:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good unless otherwise stated]			
Advance payment of Tax [Net of provision for taxation of INR 285 Lakhs {as at March 31, 2016: INR 1214 Lakhs, (as at April 1, 2015: INR 3818 Lakhs)}]	602	545	528
Total	**602**	545	528

Notes to the Financial Statements for the year ended March 31, 2017

Note: 10 - INVENTORIES:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[The Inventory is valued at lower of cost and net realisable value]			
Classification of Inventories:			
Raw Materials	160	86	89
Work-in-progress	0	1	0
Finished Goods	407	226	246
Stock-in-Trade	4	15	9
Others:			
Packing Materials	55	40	67
Total	626	368	411
The above includes Goods in transit as under:			
Finished Goods	27	13	0

Note: 11 - CURRENT FINANCIAL ASSETS - INVESTMENTS:

	Nos. [*]	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investment in Current Capital of a Partnership Firm [*]		22,162	11,265	9,782
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss]:				
ICICI - Liquid - Direct Plan - Growth	1246890.57	3,001	0	0
Axis Liquid Fund-Direct Growth[*]	[301727.19]	0	5,067	0
HDFC Liquid Fund-Direct Growth[*]	[111859.55]	0	3,345	0
Tata Money Market Fund Direct Growth[*]	[42032.91]	0	1,004	0
		3,001	9,416	0
Total		25,163	20,681	9,782
A i Aggregate amount of quoted investments		3,001	9,416	0
ii Market value of quoted investments		3,001	9,416	0
Aggregate amount of unquoted investments		22,162	11,265	9,782
B Explanations:				
In "Nos. [*]" figures of previous year are stated in [ ].				

Note: 12 - TRADE RECEIVABLES:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured Considered good	46	27	33
Total	46	27	33

Notes to the Financial Statements for the year ended March 31, 2017

Note: 13 - CASH AND CASH EQUIVALENTS:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with Banks - in Current Accounts	1,100	721	597
Cash on Hand	3	3	3
Total	1,103	724	600
In accordance with MCA notification G.S.R. 308 (E) dated March 30, 2017 details of Specified Bank Notes [SBN] and Other Denomination Notes [ODN] held and transacted during the period from November 8, 2016 to December 30, 2016 are given below :			
Particulars	Total	SBN	ODN
Closing cash on hand as on November 8, 2016	0.50	0.21	0.29
Permitted receipts	2.92	0.00	2.92
Permitted payments	(2.87)	0.00	(2.87)
Amount deposited in banks	(0.30)	(0.21)	(0.09)
Closing cash on hand as on December 30, 2016	0.25	0.00	0.25

Note: 14 - BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Earmarked balances with bank for :			
Unpaid dividend	78	87	43
Fixed Deposit with banks	28,297	22,619	28,838
Total	28,375	22,706	28,881

Note: 15 - CURRENT FINANCIAL ASSETS :

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good]			
Advances recoverable in cash or in kind or for value to be received	131	65	58
Total	131	65	58

Note: 16 - OTHER CURRENT ASSETS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good]			
Balances with Statutory Authorities	39	23	28
Advances to Suppliers	15	0	0
Prepaid Expenses	15	11	7
Total	69	34	35

Notes to the Financial Statements for the year ended March 31, 2017

Note: 17 - EQUITY SHARE CAPITAL:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised:			
4,50,00,000 [as at March 31, 2016: 4,50,00,000 {as at April 1, 2015: 4,50,00,000}] Equity Shares of INR 10/- each	**4,500**	4,500	4,500
Total	**4,500**	4,500	4,500
Issued, Subscribed and Paid-up:			
3,90,72,089 [as at March 31, 2016: 3,90,72,089 {as at April 1, 2015: 3,90,72,089}] Equity Shares of INR 10/- each fully paid up	**3,907**	3,907	3,907
Total	**3,907**	3,907	3,907
A There is no change in the numbers of equity shares at the beginning and end of the year.			
Number of shares at the beginning and end of the year	**3,90,72,089**	3,90,72,089	3,90,72,089
B The Company has only one class of equity shares having a par value of INR 10/- each per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.			
C Details of Shareholder holding more than 5% of aggregate Equity Shares of INR 10/- each			
[as at March 31, 2016: INR 10/- {as at April 1, 2015: INR 10/-} each], fully paid:			
Cadila Healthcare Limited			
Number of Shares	**2,81,63,755**	2,81,63,755	2,81,63,755
% to total share holding	**72.08%**	72.08%	72.08%
D Number of Shares held by Holding Company			
Cadila Healthcare Limited	**2,81,63,755**	2,81,63,755	2,81,63,755

Notes to the Financial Statements for the year ended March 31, 2017

Note: 18 - OTHER EQUITY:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
General Reserve: [*]			
Balance as per last Balance Sheet	4,500	4,500	4,500
Fair Value through Other Comprehensive Income [FVTOCI] Reserve:			
Balance as per last Balance Sheet	(33)	(17)	0
Add: Adjusted from Retained Earnings on transition to Ind AS	0	0	(17)
[Less]/ Add: [Debited]/ Credited during the year	(15)	(16)	0
	(48)	(33)	(17)
Retained Earnings:			
Balance as per last Balance Sheet	39,483	35,035	24,149
Less: Additional depreciation upon revision in useful lives of tangible assets	0	0	(26)
Add: Adjusted to FVTOCI reserve on transition to Ind AS	0	0	17
Less: Adjusted to reserve on transition to Ind AS	0	0	0
Add: Profit for the year	10,934	10,326	10,895
	50,417	45,361	35,035
Less: Dividends:			
Dividends	2,540	4,884	0
Corporate Dividend Tax on Dividend	517	994	0
	3,057	5,878	0
Balance as at the end of the year	47,360	39,483	35,035
Total	51,812	43,950	39,518
[*] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.			

Note: 19 - OTHER FINANCIAL LIABILITIES:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Deposits	22	6	8
Others	32	36	13
Total	54	42	21

Note: 20 - PROVISIONS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Employee Benefits	15	11	12
Total	15	11	12

Note: 20 - PROVISIONS: (contd.)

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

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

Gratuity [Defined benefit plan]:

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

INR-Lakhs

	As at March 31, 2017			As at March 31, 2016		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B Change in the present value of the defined benefit obligation:						
Opening defined benefit obligation	12	120	159	12	117	119
Interest cost	1	9	13	1	8	9
Current service cost	2	18	27	3	17	24
Benefits paid	0	(45)	(30)	0	(36)	(7)
Actuarial [gains] / losses on obligation	1	11	13	(4)	14	14
Closing defined benefit obligation	16	113	182	12	120	159
C Change in the fair value of plan assets:						
Opening fair value of plan assets	0	114	143	0	106	121
Expected return on plan assets	0	9	11	0	9	11
Adjustment of Opening fund	0	0	0	0	0	0
Return on planned assets	0	0	(2)	0	0	(2)
Contributions by employer	0	0	20	0	0	20
Benefits paid	0	0	(30)	0	0	(7)
Actuarial [losses] /gains	0	1	0	0	(1)	0
Closing fair value of plan assets	0	124	142	0	114	143
Total actuarial [losses] / gains to be recognised	(1)	(10)	(15)	(4)	15	16
D Actual return on plan assets:						
Expected return on plan assets	0	9	9	0	9	9
Actuarial [losses] / gains on plan assets	0	1	0	0	(1)	0

Notes to the Financial Statements for the year ended March 31, 2017

Note: 20 - PROVISIONS: (contd.)

	Actual return on plan assets	0	10	9	0	8	9

INR-Lakhs

		As at March 31, 2017			As at March 31, 2016		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
E	**Amount recognised in the balance sheet:**						
	Liabilities / [Assets] at the end of the year	16	113	182	12	120	159
	Fair value of plan assets at the end of the year	0	(124)	(142)	0	(114)	(143)
	Difference	16	(11)	40	12	6	16
	Liabilities / [Assets] recognised in the Balance Sheet	16	(11)	40	12	6	16
F	**Expenses / [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	2	18	27	3	17	24
	Interest cost on benefit obligation	1	9	13	1	8	9
	Expected return on plan assets	0	(9)	(11)	0	(9)	(11)
	Net actuarial [gains] / losses in the year	1	11	0	(4)	15	0
	Net expenses / [benefits]	4	29	29	0	31	22
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	12	6	16	12	11	(2)
	Expenses as above [P & L Charge]	4	29	29	0	31	22
	Amount recognised in OCI	0	0	15	0	0	16
	Contribution to plan assets	0	0	(20)	0	0	(20)
	Benefits Paid	0	(45)	0	0	(36)	0
	Liabilities / [Assets] recognised in the Balance Sheet	16	(10)	40	12	6	16
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Discount rate [*]	6.95%	7.80%	7.80%
	Annual increase in salary cost [#]	12% for 1st 4 years, 9% thereafter	12% for 1st 5 years, 9% thereafter	7.50% for all years

[*] 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.

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

I	**The categories of plan assets as a % of total plan assets are:**						
	Insurance plan	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%

Note: 20 - PROVISIONS: (contd.)

J Amount recognised in current and previous four years:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at March, 31, 2015	As at March, 31, 2014	As at March, 31, 2013
Gratuity:					
Defined benefit obligation	182	159	119	88	87
Fair value of Plan Assets	142	143	121	110	123
Deficit / [Surplus] in the plan	40	16	(2)	(22)	(36)
Actuarial Loss / [Gain] on Plan Obligation	13	14	16	(2)	32
Actuarial Loss / [Gain] on Plan Assets	0	0	(2)	(3)	0

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2016-17.

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as is as shown below:

A Medical Leave:

	As at March 31, 2017		As at March 31, 2016	
Assumption	Discount rate			
Sensitivity Level - Discount Rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	(2)	0	(1)	0
Assumption	Annual increase in salary cost			
Sensitivity Level- Salary Growth	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	0	(2)	0	(1)

B Leave Wages:

	As at March 31, 2017		As at March 31, 2016	
Assumption	Discount rate			
Sensitivity Level - Discount Rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	(3)	4	(10)	(4)
Assumption	Annual increase in salary cost			
Sensitivity Level- Salary Growth	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	4	(3)	(3)	4

Notes to the Financial Statements for the year ended March 31, 2017

Note: 20 - PROVISIONS: (contd.)

C Gratuity: INR-Lakhs

	As at March 31, 2017		As at March 31, 2016	
Assumption	Discount rate			
Sensitivity Level - Discount Rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	(7)	6	(5)	5
Assumption	Annual increase in salary cost			
Sensitivity Level- Salary Growth	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	6	(6)	4	(5)

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

	As at March 31, 2017	As at March 31, 2016
Within the next 12 months [next annual reporting period]	46	58
Between 2 and 5 years	120	114
Between 5 and 10 years	124	112
Total expected payments	290	284

Note: 21 - DEFERRED TAX:

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

	As at April 1 2015	Charge for the previous year	As at March 31 2016	Charge for the current year	As at March 31 2017
Deferred Tax Liabilities:					
Depreciation	173	(22)	151	(48)	**103**
Deferred Tax Assets:					
Employee benefits	11	15	26	4	**30**
Provision for Expiry and Breakages	2	1	3	2	**5**
Total	13	16	29	6	**35**
Net Deferred Tax Liabilities	160	(38)	122	(54)	**68**

B The Net Deferred Tax Liabilities of INR (54) [Previous Year: INR (38)] Lakhs for the year has been provided in the Statement of Profit and Loss.

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

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are :

Statement of profit and loss:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016
Profit or loss section:		
Current income tax:		
Current income tax charge	(1)	115
Adjustments in respect of current income tax of previous year	0	0
Deferred tax:		
Relating to origination and reversal of temporary differences	(54)	(38)
Income tax expense reported in the statement of profit and loss	(55)	77

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016:

	As at March 31, 2017	As at March 31, 2016
Accounting profit before tax	10,879	10,403
At India's statutory income tax rate of 30.9% (March 31, 2016: 33.063%)	3,362	3,440
Adjustments in respect of current income tax of previous years	(1)	(1)
Utilisation of previously unrecognised tax losses	0	(72)
Effect of Special tax deductions (like CSR)	(47)	(49)
Effect of MAT Credit not accounted for	33	38
Adjustments on accounts of IndAS provisions	44	(52)
Adjustments in respect of income exempt from tax (Share of profit from partnership firm)	(3,490)	(3,200)
Effect of Non-deductible expenses for tax purposes:		
Other non-deductible expenses	5	5
Other	39	(32)
At the effective income tax rate of 27% (March 31, 2016: 0.75%)	(55)	77
Income tax expense reported in the statement of profit and loss	(55)	77

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The Company has tax losses which arose in India of INR 357 Lakhs (March 31, 2016: INR Nil, April 1, 2015 INR 218 Lakhs) that are available for offsetting for eight years against future taxable profits of the companies in which the losses arose. Majority of these losses are allowed to be carry forward for indefinite period.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Company and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Company was able to recognise all unrecognised deferred tax assets, the profit would increase by INR 110 Lakhs and MAT credit not recognised as at March 31, 2017 is INR 78 Lakhs eligible for set-off upto 15 years from the year in which the same arises.

Notes to the Financial Statements for the year ended March 31, 2017

Note: 22 - CURRENT FINANCIAL LIABLITIES -BORROWINGS:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans repayable on Demand:			
Working Capital Loans from Banks [Unsecured] [*]	2,500	0	0
Total	2,500	0	0
[*] Working capital loan which is repayable on demand, is availed at the interest rate of T-bill rate plus 5 bps. The outstanding amount of loan as at March 31, 2017 is INR 2500 (as at March 31, 2016 INR Nil) Lakhs			

Note: 23 - TRADE PAYABLES:

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Micro, Small and Medium Enterprises [*]		14	18	0
Others		1,529	1,128	960
Total		1,543	1,146	960
[*]	Disclosure in respect of Micro, Small and Medium Enterprises:			
A	Principal amount remaining unpaid to any supplier as at year end	0	18	0
B	Interest due thereon	0	0	0
C	Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	0	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 year] but without adding the interest specified under the MSMED Act	0	0	0
E	Amount of interest accrued and remaining unpaid at the end of the accounting year	0	0	0
F	Amount of further interest remaining due and payable in succeeding years	0	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.				

Note: 24 - OTHER FINANCIAL LIABILITIES:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Interest accrued but not due on borrowings	8	0	0
Payable to Employees	251	293	282
Unpaid Dividends [*]	78	87	43
Total	337	380	325
[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.			

Notes to the Financial Statements for the year ended March 31, 2017

Note: 25 - OTHER CURRENT LIABILITIES:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances from customers	46	54	65
Others	4	21	11
Payable to Statutory Authorities	131	107	97
Total	**181**	**182**	173

Note: 26 - PROVISIONS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Employee Benefits	40	27	17
Provision for claims for product expiry and return of goods [*]	16	9	6
Total	56	36	23
[*] 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 retailer. The Company does not expect such claims to be reimbursed by any other party in future.			
b The movement in such provision is stated as under:			
i Carrying amount at the beginning of the year	9	6	9
ii Additional provision made during the year	16	9	6
iii Amount used	9	6	9
iv Carrying amount at the end of the year	16	9	6

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A **Contingent Liabilities:**			
a Claims against the Company not acknowledged as debts	0	20	20
b In respect of guarantees given by Banks and/or counter guarantees given by the Company	1	3	3
c Other money for which the company is contingently liable:			
i In respect of Sales Tax matters pending before appellate authorities	670	680	77
ii In respect of Income Tax matters pending before appellate authorities	0	66	194
B **Commitments:**			
Estimated amount of contracts remaining to be executed on capital account and not provided for	36	15	28

Note: 28 - INTERIM DIVIDEND :

The Board of Directors at its meeting held on March 1, 2017 declared and paid interim dividend of INR 6.50/- per equity share of INR 10/- each.

Notes to the Financial Statements for the year ended March 31, 2017

Note: 29 - REVENUE FROM OPERATIONS:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016
Sale of Products	11,477	10,524
Other Operating Revenues:		
Share of Profit from a Partnership Firm	11,294	9,678
Miscellaneous Income	19	17
	11,313	9,695
Total	22,790	20,219

Note: 30 - OTHER INCOME:

	As at March 31, 2017	As at March 31, 2016
Interest Income on Financial Assets measured at Amortised Cost	2,398	2,843
Gain on Sale of Investments	55	27
Fair value gain on financial instrument at fair value through statement of profit and loss	2	142
Total	2,455	3,012

Note: 31 - COST OF MATERIALS CONSUMED:

	As at March 31, 2017	As at March 31, 2016
Raw Materials :		
Stock at commencement	86	89
Add: Purchases	6,230	4,875
	6,316	4,964
Less: Stock at close	159	86
	6,157	4,878
Packing Materials consumed	1,004	982
Total	7,161	5,860

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

	As at March 31, 2017	As at March 31, 2016
Purchases of Stock-in-Trade	33	36
Total	33	36

Notes to the Financial Statements for the year ended March 31, 2017

Note: 33 - CHANGES IN INVENTORIES:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016
Stock at commencement:		
Work-in-progress	1	0
Finished Goods	226	246
Stock-in-Trade	15	9
	242	255
Less: Stock at close:		
Work-in-progress	0	1
Finished Goods	407	226
Stock-in-Trade	4	15
	411	242
	(169)	13
Differential Excise Duty on Opening and Closing stock of Finished Goods	5	1
Total	(164)	14

Note: 34 - EMPLOYEE BENEFITS EXPENSE:

	As at March 31, 2017	As at March 31, 2016
Salaries and wages	1,824	1,656
Contribution to provident and other funds [*]	102	87
Staff welfare expenses	64	60
Total	1,990	1,803
[*] The company's contribution towards the defined contribution plan	76	67

Note: 35 - FINANCE COST:

	As at March 31, 2017	As at March 31, 2016
Interest expense [*]	46	1
Bank commission & charges	2	5
Total	48	6
[*] The break up of interest expense into major heads is given below:		
On working capital loans	46	0
Total	46	0

Note: 36 - DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES:

	As at March 31, 2017	As at March 31, 2016
Depreciation	365	352
Amortisation	5	3
Total	370	355

Notes to the Financial Statements for the year ended March 31, 2017

Note: 37 - OTHER EXPENSES:

INR-Lakhs

		As at March 31, 2017	As at March 31, 2016
Consumption of Stores and spare parts		24	16
Power & fuel		171	151
Labour Charges		182	152
Rent [*]		258	249
Repairs to Buildings		25	48
Repairs to Plant and Machinery		54	48
Repairs to Others		22	14
Insurance		25	18
Rates and Taxes		98	101
Whole Time Directors' Remuneration		232	262
Commission to Directors		20	14
Traveling Expenses		187	180
Legal and Professional Fees		225	188
Commission on sales		456	421
Freight and forwarding on sales		620	561
Advertisement and Sales promotions		1,011	1,117
Representative Allowances		159	166
Other marketing expenses		262	226
Bad debts written off		0	0
Directors' fees		32	12
Net Loss on disposal of Fixed Asset		4	0
Miscellaneous Expenses [**]		590	566
Total		4,657	4,510
[*] 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 recognised under "Rent Expenses" are:		104	91
[**] Miscellaneous Expenses include:			
a	Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	201	198
b	Payment to the Statutory Auditors [including Service Tax]:		
i	- As Auditor	8	8
	- For Other Services	0	0
	- Total	8	8
ii	Cost Auditor's Remuneration including fees for other services	2	2

Notes to the Financial Statements for the year ended March 31, 2017

Note: 38 - COMPONENTS OF OTHER COMPREHENSIVE INCOME [OCI]:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016
Re-measurement gains [losses] on defined benefit plans	(15)	(16)
Total	(15)	(16)

Note: 39 - CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:

			As at March 31, 2017	As at March 31, 2016
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A	Profit attributable to Shareholders	INR - in Lakhs	10,934	10,326
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	27.99	26.43

Note: 40 - SEGMENT INFORMATION:

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

Note: 41 - 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: Zydus Wellness - Sikkim

c Fellow Subsidiaries/ Concerns:

Dialforhealth India Limited
Dialforhealth Unity Limited
Dialforhealth Greencross Limited
Zydus Healthcare Limited [ZHL]
Liva Pharmaceuticals Limited
Zydus Technologies Limited
Alidac Pharmaceuticals Limited
Alidac Pharmaceuticals (Myanmar) Limited [Myanmar]
Zydus Lanka (Private) Limited [Sri Lanka]
Zydus Healthcare Philippines Inc. [Philippines]
Zydus International Private Limited [Ireland]
Nesher Pharmaceuticals (USA) LLC [USA]
Zydus Healthcare (USA) LLC [USA]
Zydus Noveltech Inc. [USA]
Hercon Pharmaceuticals LLC [USA]
Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Script Management Services (Pty) Ltd [South Africa]
Zydus France, SAS [France]
Zydus Nikkho Pharmaceutica Ltda. [Brazil]
Laboratorios Combix S.L. [Spain]
Zydus Pharmaceuticals Mexico SA De CV [Mexico]

Notes to the Financial Statements for the year ended March 31, 2017

Note: 41 - RELATED PARTY TRANSACTIONS: (contd.)

Zydus Netherlands B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico Services Company SA De C.V. [Mexico]
ZAHL B.V. [the Netherlands]	Etna Biotech S.R.L. [Italy]
ZAHL Europe B.V. [the Netherlands]	Zydus Worldwide DMCC [Dubai]
Bremer Pharma GmbH [Germany]	Zydus Discovery DMCC [Dubai]
Zydus Pharmaceuticals (USA) Inc. [USA]	Sentynl Therapeutics Inc., USA

d Directors:

Dr. Sharvil P. Patel	Chairman
Mr. Ganesh N. Nayak	Non-Executive Director
Prof. Indiraben J. Parikh	Independent Director
Mr. Kulin S. Lalbhai	Independent Director
Mr. Humayun R. Dhanrajgir	Independent Director

e Key Managerial Personnel:

Mr. Tarun G. Arora	Whole Time Director
Mr. Amit B. Jain	Executive Officer [Chief Financial Officer]
Mr. Dhaval N. Soni	Executive Officer [Company Secretary]

f Enterprises significantly influenced by Directors and/or their relatives:

Cadmach Machinery Company Private Limited	Western Ahmedabad Effluent Conveyance Company Private Limited
Zydus Hospitals and Healthcare Research Private Limited	Zandra Infrastructure LLP
Zydus Hospitals (Vadodara) Private Limited	Zydus Hospital LLP
Zydus Hospitals (Rajkot) Private Limited	C. M. C. Machinery
MabS Biotech Private Limited	Cadam Enterprises
Zydus Infrastructure Private Limited	Zandra Herbs and Plantations LLP
Cadila Laboratories Private Limited	
Pripan Investment Private Limited	

Notes to the Financial Statements for the year ended March 31, 2017

B Transactions with Related Parties:

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

a Details relating to parties referred to in Note 41-A [a, b & c]

INR-Lakhs

Nature of Transactions	Holding Company		Partnership Firm/ Fellow Subsidiaries/ Concerns	
	Year ended March 31, 2017	As at March 31, 2016	Year ended March 31, 2017	As at March 31, 2016
Investments:				
Capital Contribution in a Partnership Firm [Including retained Share of Profit]				
Zydus Wellness - Sikkim	0	0	10,896	1,482
Dividend Paid:				
Cadila Healthcare Limited	1,831	3,520	0	0
b Details relating to persons referred to in Note 41-A [e] above:			2017	2016
Remuneration:				
Mr. Tarun G. Arora- Whole Time Director			232	262
Commission and Sitting Fees to Non Executive/ Independent Directors			52	25
Outstanding payable:			39	34

Notes to the Financial Statements for the year ended March 31, 2017

Note: 42 - FINANCIAL INSTRUMENTS:

Financial instruments

(i) Fair values hierarchy:

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

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

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

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

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

INR-Lakhs

	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVTPL				
Mutual fund	3,001	0	0	3,001
Total financial assets	3,001	0	0	3,001

	As at March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVTPL				
Mutual fund	9,416	0	0	9,416
Total financial assets	9,416	0	0	9,416

	As at April 1, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVTPL				
Mutual fund	0	0	0	0
Total financial assets	0	0	0	0

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

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

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

Financial Assets:

The carrying amounts of borrowings, interest accured but not due, investment, trade receivables, trade payables, capital creditors, Security Deposits and cash and cash equivalents are considered to be the same as their fair values.

Financial Liabilities:

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

Notes to the Financial Statements for the year ended March 31, 2017

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

1 Financial risk management

(i) Financial instruments by category:

INR-Lakhs

Particulars	As at March 31, 2017			
Financial assets	FVTPL	FVOCI	Amortised Cost	Total
Investments	0	0	22,407	22,407
Mutual funds	3,001	0	0	3,001
Trade receivables	0	0	46	46
Loans & advances	0	0	134	134
Security deposit	0	0	33	33
Fixed deposit	0	0	28,378	28,378
Cash and cash equivalents	0	0	1,103	1,103
Total	3,001	0	52,101	55,102
Financial liabilities				
Borrowings	0	0	2,500	2,500
Interest accrued but not due on borrowings	0	0	8	8
Payable to Employees	0	0	251	251
Trade payable	0	0	1,543	1,543
Security deposit	0	0	54	54
Unpaid dividend	0	0	78	78
Total	0	0	4,434	4,434

Particulars	As at March 31, 2016			
Financial assets	FVTPL	FVOCI	Amortised Cost	Total
Investments	0	0	11,510	11,510
Mutual funds	9,416	0	0	9,416
Trade receivables	0	0	27	27
Loans & advances	0	0	72	72
Security deposit	0	0	38	38
Fixed deposit	0	0	22,709	22,709
Cash and cash equivalents	0	0	724	724
Total	9,416	0	35,080	44,496
Financial liabilities				
Borrowings	0	0	0	0
Interest accrued but not due on borrowings	0	0	0	0
Payable to Employees	0	0	293	293
Trade payable	0	0	1,146	1,146
Security deposit	0	0	42	42
Unpaid dividend	0	0	87	87
Total	0	0	1,568	1,568

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

INR-Lakhs

Particulars	As at April 1, 2015			
Financial assets	FVTPL	FVOCI	Amortised Cost	Total
Investments	0	0	10,027	10,027
Mutual funds	0	0	0	0
Trade receivables	0	0	33	33
Loans & advances	0	0	71	71
Security deposit	0	0	36	36
Fixed deposit	0	0	28,884	28,884
Cash and cash equivalents	0	0	600	600
Total	0	0	39,651	39,651
Financial liabilities				
Borrowings	0	0	0	0
Interest accrued but not due on borrowings	0	0	0	0
Payable to Employees	0	0	282	282
Trade payable	0	0	960	960
Security deposit	0	0	21	21
Unpaid dividend	0	0	43	43
Total	0	0	1,306	1,306

(ii) Risk Management

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

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

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

A Credit risk

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

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

Trade Receivable: The Company trades with recognized and credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant. Also the company does not enter into sales transaction with customers having credit loss history. There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Adequate expected credit losses are recognized as per the assessments.

Notes to the Financial Statements for the year ended March 31, 2017

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

The history of trade receivables shows an allowance for bad and doubtful debts of INR 0.3 Lakhs as at March 31, 2017. The Company has made allowance of INR Nil [Previous Year- INR Nil], against trade receivables of INR 46 Lakhs [Previous year - INR 27 Lakhs].

B Liquidity risk

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

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

Maturities of financial liabilities :

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

INR-Lakhs

Particulars	As at March 31, 2017				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives					
Borrowings	2,500	0	0	0	2,500
Interest accrued but not due on borrowings	8	0	0	0	8
Trade payable	251	0	0	0	251
Security deposit	0	0	0	54	54
Payable to Employee	1,543	0	0	0	1,543
Unpaid dividend	78	0	0	0	78
Total	4,380	0	0	54	4,434

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

INR-Lakhs

Particulars	As at March 31, 2016				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives					
Borrowings	0	0	0	0	0
Interest accrued but not due on borrowings	0	0	0	0	0
Trade payable	1,146	0	0	0	1,146
Security deposit	0	0	0	42	42
Payable to Employee	293	0	0	0	293
Unpaid dividend	87	0	0	0	87
Total	1,526	0	0	42	1,568

Particulars	As at April 1, 2015				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives					
Borrowings	0	0	0	0	0
Interest accrued but not due on borrowings	0	0	0	0	0
Trade payable	960	0	0	0	960
Security deposit	0	0	0	21	21
Payable to Employee	282	0	0	0	282
Unpaid dividend	43	0	0	0	43
Total	1,285	0	0	21	1,306

C **Foreign currency risk**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The company's operations in foreign currency is insignificant and hence there is no material risk.

a **Foreign currency risk exposure:**

Sensitivity

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Movement in Rate	Impact on PAT	Movement in Rate	Impact on PAT
USD	**4.00%**	4	4.92%	(0.21)
USD	**-4.00%**	(4)	-4.92%	0.21

Notes to the Financial Statements for the year ended March 31, 2017

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

b Interest rate risk

Assets

The company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c Price Risk

(a) Exposure

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

(b) Sensitivity-Mutual Fund

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

INR-Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
	Impact on PAT	Impact on PAT
Mutual Funds [Quoted]		
Increase 2%	60	185
Decrease 2%	(60)	(185)

2 Capital management

The Company' s capital management objectives are

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

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

Loan covenants

The Company has taken loan for working capital requirement and as at March 31, 2017, the ratio of net finance cost to EBITDA was 0.42% (March 31, 2016 0.05%).

Note: 43 - FIRST TIME ADOPTION OF IND AS:

The accounting policies set out in the note here have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 [the Company's date of transition].

In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies [Accounting Standards] Rules, 2006 [as amended] and other relevant provisions of the Act [Indian GAAP]. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following notes.

Exemptions and exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Indian GAAP to Ind AS.

A Deemed cost:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying values.

B Leases:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts / arrangements.

C Designation of previously recognised financial instruments:

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments [other than investment in subsidiary].

D Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP [after adjustments to reflect any difference in accounting policies], unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Company made estimates in accordance with Ind AS at the date of transition as these were not required under Indian GAAP.

E Classification and measurement of financial assets:

As per the requirement of Ind AS 101, the Company has assessed the classification of financial assets on the basis of facts and circumstances that existed at the date of transition to Ind AS.

F De-recognisition of financial assets and liabilities:

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition

Notes to the Financial Statements for the year ended March 31, 2017

Note: 43 - FIRST TIME ADOPTION OF IND AS: (contd.)

requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets or financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

Note: 44 - RECONCILIATION WITH INDIAN GAAP [IGAAP]:

INR-Lakhs

	Particulars		As at March 31, 2016	As at April 1, 2015
A	**Reconciliation of equity:**			
1	Equity as per IGAAP		43,809	36,697
2	Add [Less]: Adjustments:			
a	Fair Valuation adjustments for financial assets	1	142	0
b	Proposed Dividend including Corporate Dividend Tax	2	0	2,821
c	Other adjustments		(0.51)	(0.37)
d	Total		141	2,820
3	**Equity as per Ind AS**		43,950	39,517
B	**Reconciliation of Net Profit for the year ended March 31, 2016:**			
1	Net profit as per IGAAP		10,169	10,895
2	Add [Less]: Adjustments in statement of profit and loss			
a	Fair Valuation adjustments for financial assets	1	142	0
b	Actuarial loss on employee defined benefit plan recognised in OCI	3	16	(17)
c	Other adjustments		(0.82)	(0.36)
d	**Total**		157	(17)
3	**Net profit before OCI as per Ind AS**		10,326	10,878
4	**Add [Less]: Adjustments in OCI**			
	Actuarial loss on defined benefit plan transferred from statement of profit and loss	3	(16)	17
5	**Total Comprehensive Income as per Ind AS**		10,310	10,895

1 **Fair Valuation adjustments for financial assets and Fair valuation of investments in Mutual Funds**

Under IGAAP, security deposit given to landloard for operating lease are shown at transaction price. Under Ind AS, such transactions are discounted to their present value using incremental borrowing rate applicable to the borrower entity. The difference between the carrying value of the security deposit and its present value is accounted as deffered rental expenditure grouped under loans & advances. The unwinding of discount from the date of security deposit to the transition date is shown as rental expense and recognised in "Retained earnings". Under previous GAAP, investment in mutual funds, being current investments, were accounted at the lower of cost or fair value. Under Ind AS, mutual funds are not equity instruments and the cash flows do not represent solely payments for principal and interest and hence are to be accounted at fair value through profit and loss.

2 **Proposed Dividend including Corporate Dividend Tax:**

Under previous GAAP, dividend on equity shares recommended by the Board of Directors after end of the reporting period but before the date of approval of financial statements was considered as an adjusting event and consequently, provision for proposed dividend was recognised as a liability in the financial statements in the reporting period relating to which dividend was proposed. Under Ind AS, such dividend is recognised in the reporting period in which the same is approved by the members in a general meeting. Consequently, the impact of INR 2,821 Lakhs has been recognised in retained earnings at the transition date.

3 **Actuarial loss on defined benefit plan:**

Notes to the Financial Statements for the year ended March 31, 2017

Note: 44 - RECONCILIATION WITH INDIAN GAAP [IGAAP]: (contd.)

Under previous GAAP, remeasurement of defined benefit plans (gratuity), arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss. Under Ind AS, such remeasurement (excluding the net interest expenses on the net defined benefit liability) of defined benefit plans is recognised in OCI. Consequently, the related tax effect of the same is also recognised in OCI. For the year ended March 31, 2016, remeasurement of gratuity liability resulted in a actuarial loss of INR 16 Lakhs which has now been reduced from employee benefits expense in the Statement of Profit and Loss and recognised separately in OCI. The above changes do not affect Equity as at date of transition to Ind AS and as at March 31, 2016.

Others:

Sale of goods:

Under The IGAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses.

Other comprehensive income:

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as other comprehensive income include remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments and corresponding tax impact thereon. The concept of other comprehensive income did not exist under previous GAAP.

Statement of cash flows:

The transition from IGAAP to Ind AS has not had a material impact on the statement of cash flows.

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
Dated: May 27, 2017

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Tarun G. Arora
Whole Time Director

Consolidated Financial Statements

Independent Auditor's Report

To the Members of
Zydus Wellness Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS Financial Statements of Zydus Wellness Limited ("the Company") and Zydus Wellness-Sikkim, a partnership firm (the Company & firm are collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of cash flows and the Consolidated Statement of Changes in Equity for the year ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows, and consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 including the Ind AS, of the consolidated state of affairs of the group, as at March 31, 2017, and their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books;

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;

   f. With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The group has disclosed the impact of pending litigations on its consolidated financial position in its financial statements – Refer Note 26 to the consolidated Ind AS financial statements;

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

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

      iv. The group had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and the same are in accordance with the books of accounts maintained by the company.

For **DHIRUBHAI SHAH & DOSHI**
Chartered Accountants
Firm's Registration Number: 102511W

KAUSHIK SHAH
Partner
Membership number: 016502

Ahmedabad
May 27, 2017

Annexure - A to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Zydus Wellness Limited ("the Company") and of the entity M/s. Zydus Wellness Sikkim, a Partnership Firm, as of that date (the Company & firm are collectively referred to as "the Group").

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **DHIRUBHAI SHAH & DOSHI**
Chartered Accountants
Firm's Registration Number: 102511W

KAUSHIK SHAH
Partner
Membership number: 016502

Ahmedabad
May 27, 2017

Consolidated Balance Sheet as at March 31, 2017

INR-Lakhs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS:				
Non-Current Assets:				
Property, Plant and Equipment	3	**7,944**	5,899	6,151
Capital Work-in-Progress		**13**	19	24
Goodwill	4	**2,282**	2,282	2,282
Other Intangible Assets	4	**27**	26	7
Financial Assets:				
Loans	5	**70**	77	57
Others	6	**57**	18	18
Other Non-Current Assets	7	**503**	57	125
Asset for Current Tax [Net]	8	**6,164**	5,104	3,629
		17,060	13,482	12,293
Current Assets:				
Inventories	9	**3,188**	2,400	2,599
Financial Assets:				
Investments	10	**3,001**	9,416	0
Trade Receivables	11	**404**	276	148
Cash and Cash Equivalents	12	**2,147**	2,278	1,922
Bank Balance Other Than Cash and Cash Equivalents	13	**41,869**	28,175	31,978
Loans	14	**162**	110	113
Other Current Assets	15	**851**	640	1,737
		51,622	43,295	38,497
Total		**68,682**	56,777	50,790
EQUITY AND LIABILITIES:				
Equity:				
Equity Share Capital	16	**3,907**	3,907	3,907
Other Equity	17	**52,868**	44,813	40,203
		56,775	48,720	44,110
Liabilities:				
Non-Current Liabilities:				
Financial Liabilities:				
Other Financial Liabilities	18	**55**	44	21
Provisions	19	**74**	58	43
Deferred Tax Liabilities [Net]	20	**433**	406	458
		562	508	522
Current Liabilities:				
Financial Liabilities:				
Borrowings	21	**2,500**	0	0
Trade Payables	22	**6,650**	6,320	5,025
Other Financial Liabilities	23	**554**	486	401
Other Current Liabilities	24	**1509**	624	670
Provisions	25	**132**	119	62
		11,345	7,549	6,158
Total		**68,682**	56,777	50,790
Significant Accounting Policies	2			
Notes to the Consolidated Financial Statements	1 to 45			

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
Dated: May 27, 2017

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Tarun G. Arora
Whole Time Director

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

INR-Lakhs

Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Operations	28	46,255	42,602
Other Income	29	3,264	3,242
Total Income		49,519	45,844
EXPENSES:			
Cost of Materials Consumed	30	13,598	11,886
Purchases of Stock-in-Trade	31	51	121
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	32	(392)	65
Excise duty on sales		3,198	2,934
Employee Benefits Expense	33	4,546	3,937
Finance Costs	34	55	14
Depreciation, Amortisation and Impairment expenses	35	716	681
Other Expenses	36	15,347	14,526
Total Expenses		37,119	34,164
Profit before Tax		12,400	11,680
Less: Tax Expense:			
Current Tax	20	1,245	1,208
Deferred Tax	20	27	(52)
		1,272	1,156
Profit for the year		11,128	10,524
OTHER COMPREHENSIVE INCOME:	37		
Items that will not be reclassified to profit or loss:			
Re-measurement gains/(losses) on post employment defined benefit plans		21	(16)
Income tax effect		0	0
Other Comprehensive Income for the year, net of tax		21	(16)
Total Comprehensive Income for the year [Net of Tax]		11,149	10,508
Net profit attributable to:			
Owners of the Parent		10,898	10,326
Non-Controlling Interests		230	198
Other Comprehensive Income attributable to:			
Owners of the Parent		21	(16)
Non-Controlling Interests		0	0
Total Comprehensive Income attributable to:			
Owners of the Parent		10,919	10,310
Non-Controlling Interests		230	198
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	38	27.89	26.43
Significant Accounting Policies	2		
Notes to the Consolidated Financial Statements	1 to 45		

As per our report of even date

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

For and on behalf of the Board

Kaushik D. Shah
Partner
Membership Number: 016502

Dr. Sharvil P. Patel
Chairman

Place: Ahmedabad
Dated: May 27, 2017

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Tarun G. Arora
Whole Time Director

Consolidated Cash Flow Statement for the year ended March 31, 2017

INR-Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
A. Cash flows from operating activities:				
Profit before Tax		12,400		11,680
Adjustments for:				
Depreciation, Amortisation and Impairment	716		681	
[Profit] / Loss on sale of assets [Net]	18		0	
Interest income	(3,139)		(3,060)	
Fair value gain on financial instrument at fair value through statement of profit and loss	(3)		(142)	
Re-measurement of Employees benefits (net)	30		32	
Interest expenses	55		13	
Bad debts written off	1		0	
Provisions for probable product expiry claims and return of goods	19		21	
Total		(2,303)		(2,455)
Operating profit before working capital changes		10,097		9,225
Adjustments for:				
Increase in trade receivables	(66)		(184)	
[Increase] / Decrease in inventories	(788)		199	
[Increase] / Decrease in other current assets	(75)		1,140	
Increase in Current Financial Assets-Loan	(52)		(7)	
Increase in Non Current Financial Assets-Loan	(1,438)		(1,285)	
[Increase] / Decrease in Non Current Financial Assets-Others	(39)		0	
Increase in other non current assets	(93)		(6)	
Increase in trade payables	192		1,267	
Increase in other current liabilities	839		50	
Increase in other Non Current Financial Liablities	11		23	
Change in Non-Controlling Interest	(38)		(20)	
Total		(1,547)		1,177
Cash generated from operations		8,550		10,402
Direct taxes paid [Net of refunds]		(855)		(1,416)
Net cash from operating activities		7,695		8,986
B. Cash flows from investing activities:				
Purchase of fixed assets	(3,084)		(374)	
Proceeds from sale of fixed assets	17		2	
Investment in Fixed Deposit (net)	(13,694)		3,803	
Investment in Mutual Funds (net)	6,415		(9,274)	
Interest received	3,141		3,060	
Net cash used in investing activities		(7,205)		(2,783)

Consolidated Cash Flow Statement for the year ended March 31, 2017

INR-Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
C. Cash flows from financing activities:				
Proceeds from Short Term Borrowings	2,500		0	
Interest paid	(55)		(13)	
Dividends paid	(2,549)		(4,840)	
Tax on dividends paid	(517)		(994)	
Net cash used in financing activities		(621)		(5,847)
Net (Decrease) / Increase in cash and cash equivalents		(131)		356
Cash and cash equivalents at the beginning of the year		2,278		1,922
Cash and cash equivalents at the end of the year		2,147		2,278

1. All figures in brackets are outflows.			
2. Previous year's figures have been regrouped wherever necessary.			
3. Cash and cash equivalents comprise of:	As at March 31		As at April 1
	2017	2016	2015
a. Cash on Hand	3	3	5
b. Balances with Banks	2,144	2,275	1,917
c. Total	2,147	2,278	1,922

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
Dated: May 27, 2017

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Tarun G. Arora
Whole Time Director

Statement of Change in Consolidated Equity for the year ended March 31, 2017

a Equity Share Capital:

	No. of Shares	INR-Lakhs
Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:		
As at April 1, 2015	3,90,72,089	3,907
As at March 31, 2016	3,90,72,089	3,907
As at March 31, 2017	**3,90,72,089**	**3,907**

b Other Equity: INR-Lakhs

Particulars	Reserves and Surplus		Items of OCI	Non Controlling Interests	Total
	General Reserve	Retained Earnings	FVTOCI Reserve		
As at April 1, 2015	**4,500**	**35,034**	**(17)**	**686**	**40,203**
Add: Profit for the year	0	10,326	0	178	10,504
Add [Less]: Other Comprehensive income	0	0	(16)	0	(16)
Total Comprehensive Income	**4,500**	**45,360**	**(33)**	**864**	**50,691**
Transactions with Owners in their capacity as owners:					
Dividends	0	(4,884)	0	0	(4,884)
Corporate Dividend Tax on Dividend	0	(994)	0	0	(994)
As at March 31, 2016	**4,500**	**39,482**	**(33)**	**864**	**44,813**
Add: Profit for the year	0	10,898	0	0	10,898
Add [Less]: Other Comprehensive income	0	0	21	193	214
Total Comprehensive Income	**4,500**	**50,380**	**(12)**	**1,057**	**55,925**
Transactions with Owners in their capacity as owners:					
Dividends	0	(2,540)	0	0	(2,540)
Corporate Dividend Tax on Dividend	0	(517)	0	0	(517)
As at March 31, 2017	**4,500**	**47,323**	**(12)**	**1,057**	**52,868**

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
Dated: May 27, 2017

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Tarun G. Arora
Whole Time Director

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 1 - Group Overview:

The consolidated financial statements comprise financial statements of Zydus Wellness Limited ["the Parent"] and its partnership firm [collectively, "the Group"] for the year ended March 31, 2017. The Group operates as an integrated consumer Group with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Group includes brands like Sugar free, Everyuth and Nutralite. The Parent's shares are listed on the National Stock Exchange of India Limited [NSE] and BSE Limited. The registered office of the Parent is located at House no. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad, Gujarat - 380015. These financial statements were authorised for issue in accordance with a resolution of the directors on May 27, 2017.

Note: 2 - Significant Accounting Policies:

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

1 Basis of preparation:

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

B For all periods up to and including the year ended March 31, 2016, the Group has prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP]. The group has adopted Ind AS as per Companies [Indian Accounting Standards [Ind AS]] Rules, 2015 as notified under section 133 of the Companies Act, 2013 for these financial statements beginning April 1, 2016. As per the principles of Ind AS 101, the transition date to Ind AS is April 1, 2015 and hence the comparatives for the previous year ended March 31, 2016 and balances as on April 1, 2015 have been restated as per the principles of Ind AS, wherever deemed necessary. Reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been summarized in note 43 and note 44.

C The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

i Derivative financial instruments

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

iii Defined benefit plans

2 Basis of consolidation:

A The consolidated financial statements comprise the financial statements of the Parent and its partnership firm as at March 31, 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a Power over the investee [i.e. existing rights that give it the current ability to direct the relevant activities of the investee]

b Exposure, or rights, to variable returns from its involvement with the investee,

c The ability to use its power over the investee to affect its returns, and

d The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

B Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

C The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Group, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary.

3 Use of Estimates:

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

Critical estimates and judgments

a Income Taxes:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

b Property, plant and equipment:

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

c Employee Benefits:

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

d Product warranty and expiry claims:

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

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

e Impairment of assets and investments:

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

4 Foreign Currency Transactions:

The Group's consolidated financial statements are presented in Indian Rupees [INR], which is the functional currency of the Parent Company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

A The transactions in foreign currencies are translated into functional currency by the Groups' entities at their respective functional currency rates of exchange prevailing on the dates of transactions.

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

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

5 Revenue Recognition:

A Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government and is shown net of returns, trade allowances, rebates, value added taxes and volume discounts.

B Excise duty is a liability of the Group as a manufacturer, which forms part of the cost of production, irrespective of whether the goods are sold or not. Therefore, the recovery of excise duty flows to the Group on its own account and hence revenue includes excise duty.

C Sales tax / Value Added Tax [VAT] is not received by the Group on its own account. Rather, it is tax collected on behalf of the government on value added to the Goods by the Group. Accordingly, it is excluded from revenue.

D The specific recognition criteria described below must also be met before revenue is recognised.

a Sale of Goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The goods are often sold with volume discounts / pricing incentives and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts / MRP, net of discounts. Historical experience is used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Group.

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

b Service Income:

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

c Interest Income:

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

d Dividend:

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

e Other Income:

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

6 Government Grants:

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

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

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

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

7 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

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

b Current tax items are recognised in correlation to the underlying transaction either in Statement of Profit and Loss, OCI or directly in equity.

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

B Deferred Tax:

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

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

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

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

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

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

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

C MAT / AMT Credit Entitlement:

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

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

8 Property, Plant and Equipment:

A Freehold land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost of acquisition / construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received / receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction / assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment. On transition to Ind AS, the Group has elected to continue with the carrying value of all its Property, Plant and Equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

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

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

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

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

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

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

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

9 Intangible Assets:

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

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

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

D Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated economic life.

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

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

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

10 Research and Development Cost:

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

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

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

11 Borrowing Costs:

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

B Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date the assets are ready for their intended use.

12 Expenditure during the Construction Period:

The expenditure incidental to the expansion/ new projects are allocated to Property, Plant and Equipment in the year of commencement of the commercial production.

13 Impairment of Assets:

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

14 Inventories:

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

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

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

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

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

15 Cash and Cash Equivalents:

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

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

16 Leases:

As a lessee:

The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease. Lease under which the Group assumes potentially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalised at fair value or present value of the minimum lease payment at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on straight line basis in Net Profit in the statement of profit and loss over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate lessor's expected inflationary cost increases.

As a lessor:

Lease income from operating leases where the Group is lessor is recognised in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

17 Provisions, Contingent Liabilities and Contingent Assets:

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

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

18 Provision for Product Expiry Claims:

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

19 Employee Benefits:

A Short term obligations:

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

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months period after the end of the period in which the employees render the related service. They are therefore, measured at the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

projected unit credit method, as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in statement of profit and loss.

b Defined Benefit Plans:

Gratuity:

The Group operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The Liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

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

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

Re-measurements gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

i Service costs comprising current service costs, past service costs, gains and losses on curtailments and non routine settlements.

ii Net interest expense or income.

c Defined Contribution Plans - Provident Fund Contribution:

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

C Employee Separation Costs:

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

20 Dividends :

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

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

21 Excise Duty:

Excise duty is accounted at a concessional rate as per Notification No. 1/2011-CE without availing CENVAT credit in Zydus Wellness Limited, whereas in the Partnership Firm same is accounted net of recredit benefits and CENVAT is availed on inputs, capital goods and eligible services.

22 Financial Instruments:

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

A Financial assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified as follows:

Investment in mutual funds instruments at fair value through profit or loss [FVTPL]:

FVTPL is for investment in mutual funds instruments. Any such instruments, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.Such instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

c De-recognition:

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

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

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

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

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

d Impairment of financial assets:

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

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

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

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

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

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

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

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

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet, which reduces the net carrying amount. Until the asset meets write off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

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

B Financial liabilities:

a Initial recognition and measurement:

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

b Subsequent measurement:

Subsequently all financial liabilities are measured as amortised cost except for Loans and borrowings, as described below:

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

c De-recognition:

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

d Embedded derivatives:

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

C Reclassification of financial assets:

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

D Offsetting of financial instruments:

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

23 Fair Value Measurement:

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

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

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

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

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

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

24 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group.

25 Earnings per Share:

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

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

B Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7 "Statement of cash flows" and Ind AS 102 "Share-based payment". These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7 "Statement of cash flows" and IFRS 2 "Share-based payment", respectively. The amendments are applicable to the Group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and its effect on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined

Note: 2 - SIGNIFICANT ACCOUNTING POLICIES: (contd.)

on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the "fair values", but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirely. The cash payment to the tax authority is treated as if it was part of an equity settlement. This amendment does not apply to the Group.

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 3 - PROPERTY, PLANT AND EQUIPMENT:

INR-Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at April 1, 2015*	49	570	1,679	6,110	253	150	167	8,978
Additions	0	0	36	289	22	65	15	427
Disposals	0	0	0	(5)	0	0	0	(5)
Other adjustments	0	0	0	0	0	0	0	0
As at March 31, 2016	**49**	**570**	**1,715**	**6,394**	**275**	**215**	**182**	**9,400**
Additions	0	0	1,480	1,240	2	44	17	2,783
Disposals	0	0	0	(45)	0	(35)	0	(80)
Other adjustments	0	0	0	0	0	0	0	0
As at March 31, 2017	**49**	**570**	**3,195**	**7,589**	**277**	**224**	**199**	**12,103**
Depreciation and Impairment:								
As at April 1, 2015*	0	31	297	2,281	65	48	105	2,827
Depreciation for the year	0	6	53	550	23	21	25	678
Impairment for the year	0	0	0	0	0	0	0	0
Disposals	0	0	0	(4)	0	0	0	(4)
As at March 31, 2016	**0**	**37**	**350**	**2,827**	**88**	**69**	**130**	**3,501**
Depreciation for the year	0	6	57	572	24	26	19	704
Impairment for the year	0	0	0	0	0	0	0	0
Disposals	0	0	0	(31)	0	(15)	0	(46)
As at March 31, 2017	**0**	**43**	**407**	**3,368**	**112**	**80**	**149**	**4,159**
Net Block:								
As at April 1, 2015*	49	539	1,382	3,829	188	102	62	6,151
As at March 31, 2016	49	533	1,365	3,567	187	146	52	5,899
As at March 31, 2017	49	527	2,788	4,221	165	144	50	7,944

*Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

Note: 4 - INTANGIBLE ASSETS:

	Goodwill	Other Intangible Assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at April 1, 2015*	2,282	5	8	10	2	25
Additions	0	0	22	0	0	22
Disposals	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
As at March 31, 2016	2,282	5	30	10	2	47
Additions	0	0	13	0	0	13
Disposals	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
As at March 31, 2017	2,282	5	43	10	2	60
Amortisation and Impairment:						
As at April 1, 2015*	0	5	3	9	1	18
Amortisation for the year	0	0	2	1	0	3
Impairment for the year	0	0	0	0	0	0
Disposals	0	0	0	0	0	0

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 4 - INTANGIBLE ASSETS: (contd.)

INR-Lakhs

	Goodwill	Other Intangible Assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
As at March 31, 2016	0	5	5	10	1	21
Amortisation for the year	0	0	12	0	0	12
Impairment for the year	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
As at March 31, 2017	0	5	17	10	1	33
Net Block:						
As at April 1, 2015*	2,282	0	5	1	1	7
As at March 31, 2016	2,282	0	25	0	1	26
As at March 31, 2017	2,282	0	26	0	1	27

*Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

Note: 5 - LOANS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good unless otherwise stated]			
Security Deposits	67	70	43
Others:			
Considered good	3	7	14
Total	70	77	57

Note: 6 - OTHER FINANCIAL ASSETS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good unless otherwise stated]			
Deposits	57	18	18
Total	57	18	18

Note: 7 - OTHER NON-CURRENT ASSETS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good unless otherwise stated]			
Balances with Statutory Authorities	145	53	47
Capital Advances	358	4	78
Total	503	57	125

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 8 - ASSET FOR CURRENT TAX [NET]:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good unless otherwise stated]			
Advance payment of Tax [Net of provision for taxation]	99	488	281
Alternative Minimum Tax Credit Entitlement	6,065	4,616	3,348
Total	6,164	5,104	3,629

Note: 9 - INVENTORIES:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[The Inventory is valued at lower of cost and net realisable value]			
Classification of Inventories:			
Raw Materials	779	564	703
Work-in-progress	33	45	27
Finished Goods	1,877	1,278	1,257
Stock-in-Trade	16	35	35
Others:			
Packing Materials	483	478	577
Total	3,188	2,400	2,599

Note: 10 - CURRENT FINANCIAL ASSETS - INVESTMENTS:

	Nos. [*]	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss]:				
ICICI - Liquid - Direct Plan - Growth	1246890.57	3,001	0	0
Axis Liquid Fund-Direct Growth[*]	[301727.19]	0	5,067	0
HDFC Liquid Fund-Direct Growth[*]	[111859.55]	0	3,345	0
Tata Money Market Fund Direct Growth[*]	[42032.91]	0	1,004	0
Total		3,001	9,416	0
A i Aggregate amount of quoted investments		3,001	9,416	0
ii Market value of quoted investments		3,001	9,416	0
B Explanations:				
In "Nos. [*]" figures of previous year are stated in [ ].				

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 11 - TRADE RECEIVABLES:

INR-Lakhs

	As at March 31, 2017	As at March,31, 2016	As at April 1, 2015
Unsecured - Considered good:	404	276	148
Total	404	276	148

Note: 12 - CASH AND CASH EQUIVALENTS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with Banks - in Current Accounts	2,144	2,275	1,917
Cash on Hand	3	3	5
Total	2,147	2,278	1,922
In accordance with MCA notification G.S.R. 308 (E) dated March 30, 2017 details of Specified Bank Notes [SBN] and Other Denomination Notes [ODN] held and transacted during the period from November 8, 2016 to December 30, 2016 are given below:			
Particulars	Total	SBN	ODN
Closing cash on hand as on November 8, 2016	1.68	0.83	0.85
Permitted receipts	5.82	0	5.82
Permitted payments	(5.51)	0	(5.51)
Amount deposited in banks	(0.92)	(0.83)	(0.09)
Closing cash on hand as on December 30, 2016	1.07	0	1.07

Note: 13 - BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Earmarked balances with bank for :			
Unpaid dividend	78	87	43
Fixed Deposit with banks	41,791	28,088	31,935
Total	41,869	28,175	31,978

Note: 14 - OTHER CURRENT FINANCIAL ASSETS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good]			
Others	162	110	113
Total	162	110	113

Note: 15 - OTHER CURRENT ASSETS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
[Unsecured, Considered Good]			
Balances with Statutory Authorities	563	559	1,705
Advances to Suppliers	186	49	17
Other Receivable	55	0	0
Export Incentive Receivable	12	0	0
Prepaid Expenses	35	32	15
Total	851	640	1,737

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 16 - EQUITY SHARE CAPITAL:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised:			
4,50,00,000 [as at March 31, 2016: 4,50,00,000 {as at April 1, 2015: 4,50,00,000}] Equity Shares of INR 10/- each	**4,500**	4,500	4,500
	4,500	4,500	4,500
Issued, Subscribed and Paid-up:			
3,90,72,089 [as at March 31, 2016: 3,90,72,089 {as at April 1, 2015: 3,90,72,089}] Equity Shares of INR 10/- each fully paid up	**3,907**	3,907	3,907
Total	**3,907**	3,907	3,907
A There is no change in the numbers of equity shares at the beginning and end of the year			
Number of shares at the beginning and end of the year	**3,90,72,089**	3,90,72,089	3,90,72,089
B The Group has only one class of equity shares having a par value of INR 10/- each 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 Group, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.			
C Details of Shareholder holding more than 5% of aggregate Equity Shares of INR 10/- each			
[as at March 31, 2016: INR 10/- {as at April 1, 2015: INR 10/-} each], fully paid:			
Cadila Healthcare Limited			
Number of Shares	**2,81,63,755**	2,81,63,755	2,81,63,755
% to total share holding	**72.08%**	72.08%	72.08%
D Number of Shares held by Holding Company			
Cadila Healthcare Limited	**2,81,63,755**	2,81,63,755	2,81,63,755

Note: 17 - OTHER EQUITY:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
General Reserve: [*]			
Balance as per last Balance Sheet	**4,500**	4,500	4,500
Non Controlling Interest:			
Balance as per last Balance Sheet	**864**	686	686
Add/ [Less]: Credited/ [Debited] during the year	**193**	178	0
	1,057	864	686
Fair Value through Other Comprehensive Income [FVTOCI] Reserve:			
Balance as per last Balance Sheet	**(33)**	(17)	0
Add: Adjusted from Retained Earnings on transition to Ind AS	**0**	0	(17)
[Less]/ Add: [Debited]/ Credited during the year	**21**	(16)	0
	(12)	(33)	(17)
Retained Earnings:			
Balance as per last Balance Sheet	**39,482**	35,034	24,149
Less: Additional depreciation upon revision in useful lives of tangible assets	**0**	0	(26)
Add: Adjusted to FVTOCI reserve on transition to Ind AS	**0**	0	17
Less: Adjusted to reserve on transition to Ind AS	**0**	0	(1)
Add: Profit for the year	**10,898**	10,326	10,895
	50,380	45,360	35,034
Less: Dividends:			
Dividends	2,540	4,884	0
Corporate Dividend Tax on Dividend	517	994	0
	3,057	**5,878**	**0**
Balance as at the end of the year	**47,323**	**39,482**	**35,034**
Total	**52,868**	**44,813**	**40,203**
[*] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.			

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 18 - OTHER FINANCIAL LIABILITIES:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Deposits	21	6	8
Others	34	38	13
Total	55	44	21

Note: 19 - PROVISIONS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Employee Benefits	74	58	43
Total	74	58	43

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 Group are entitled to leave as per the leave policy of the Group. The liability on account of accumulated leave as on last day of the accounting year is recognised [net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method.

Gratuity [Defined benefit plan]:

The Group 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.

Note: 19 - PROVISIONS: (contd.)

INR-Lakhs

		As at March 31, 2017			As at March 31, 2016		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B	**Change in the present value of the defined benefit obligation:**						
	Opening defined benefit obligation	26	201	250	21	177	191
	Interest cost	2	14	19	2	12	14
	Current service cost	3	36	46	6	34	40
	Benefits paid	0	(61)	(34)	0	(56)	(21)
	Actuarial [gains] / losses on obligation	2	18	(24)	(3)	34	26
	Closing defined benefit obligation	33	208	257	26	201	250
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	0	143	217	0	133	194
	Expected return on plan assets	0	11	16	0	11	18
	Adjustment of Opening fund	0	0	0	0	0	0
	Expenses deducted from the fund	0	0	(2)	0	0	(2)
	Contributions by employer	0	0	46	0	0	32
	Benefits paid	0	0	(34)	0	0	(21)
	Actuarial [losses] /gains	0	1	(1)	0	(1)	(4)
	Closing fair value of plan assets	0	155	242	0	143	217
	Total actuarial [losses] / gains to be recognised	(2)	(17)	(23)	3	(35)	(30)
D	**Actual return on plan assets:**						
	Expected return on plan assets	0	11	16	0	11	18
	Actuarial [losses] / gains on plan assets	0	1	(1)	0	(1)	(4)
	Actual return on plan assets	0	12	15	0	10	14
E	**Amount recognised in the balance sheet:**						
	Liabilities / [Assets] at the end of the year	33	208	257	26	201	250
	Fair value of plan assets at the end of the year	0	(155)	(242)	0	(143)	(217)
	Liabilities / [Assets] recognised in the Balance Sheet	33	53	15	26	58	33

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 19 - PROVISIONS: (contd.)

INR-Lakhs

		As at March 31, 2017			As at March 31, 2016		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
	Current service cost	3	36	46	6	34	40
	Interest cost on benefit obligation	2	14	19	2	12	14
	Expected return on plan assets	0	(11)	(16)	0	(11)	(18)
	Net actuarial [gains] / losses in the year	2	17	0	(3)	35	0
	Net expenses / [benefits]	7	57	49	5	70	36
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	26	58	33	21	44	(3)
	Expenses as above [P & L Charge]	7	57	49	5	70	36
	Contribution to plan assets	0	0	(46)	0	0	0
	Amount recognised in OCI	0	0	(23)	0	0	0
	Benefit paid	0	(61)	0	0	(56)	0
	Liabilities / [Assets] recognised in the Balance Sheet	33	54	14	26	58	33

H	**Principal actuarial assumptions for defined benefit plan and long term employment plan:**			
	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Discount rate [*]	6.95%	7.80%	7.80%
	Annual increase in salary cost [#]	12% for 1st 4 years, 9% thereafter	12% for 1st 5 years, 9% thereafter	7.50% for all years

[*]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.

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

I	**The categories of plan assets as a % of total plan assets are:**						
	Insurance plan	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%

Note: 19 - PROVISIONS: (contd.)

J Amount recognised in current and previous four years:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Gratuity:					
Defined benefit obligation	257	250	191	153	144
Fair value of Plan Assets	242	217	194	173	172
Deficit / [Surplus] in the plan	15	33	(3)	(20)	(28)
Actuarial Loss / [Gain] on Plan Obligation	(24)	26	17	0	36
Actuarial Loss / [Gain] on Plan Assets	(1)	(4)	(2)	(3)	0

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2016-17.

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as is as shown below:

A Medical Leave:

	As at March 31, 2017		As at March 31, 2016	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	(2)	1	(1)	2
Assumption	Annual increase in salary cost			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	1	(2)	1	(1)

B Leave Wages:

	As at March 31, 2017		As at March 31, 2016	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	(5)	6	(12)	(1)
Assumption	Annual increase in salary cost			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	6	(5)	(1)	2

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 19 - PROVISIONS: (contd.)

C **Gratuity:**

	As at March 31, 2017		As at March 31, 2016	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	(9)	8	(9)	6
Assumption	Annual increase in salary cost			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation [INR-Lakhs]	8	(9)	6	(9)

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

	As at March 31, 2017	As at March 31, 2016
Within the next 12 months [next annual reporting period]	83	93
Between 2 and 5 years	207	199
Between 5 and 10 years	189	194
Total expected payments	479	486

Note: 20 - DEFERRED TAX:

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

	As at April 1 2015	Charge for the previous year	As at March 31 2016	Charge for the current year	As at March 31, 2017
Deferred Tax Liabilities:					
Depreciation	496	0	496	45	541
Deferred Tax Assets:					
Employee benefits	29	45	74	10	84
Provision for Expiry and Breakages	9	7	16	8	24
Total	38	52	90	18	108
Net Deferred Tax Liabilities	458	(52)	406	27	433

B The Net Deferred Tax Liabilities/(Assets) of INR 27 [Previous Year: INR (52)] Lakhs for the year has been provided in the Statement of Profit and Loss.

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

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are :

Statement of profit and loss:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016
Profit or loss section:		
Current income tax:		
Current income tax charge	1,245	1,208
Adjustments in respect of current income tax of previous year	0	0
Deferred tax:		
Relating to origination and reversal of temporary differences	27	(52)
Income tax expense reported in the statement of profit and loss	1,272	1,156

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016:

	As at March 31, 2017	As at March 31, 2016
Accounting profit before tax	12,400	11,680
At India's statutory income tax rate	4,307	4,037
Adjustments in respect of current income tax of previous years	5	13
Utilisation of previously unrecognised tax losses	0	(72)
Effect of Special tax deductions (like CSR)	(47)	(49)
Effect of Special tax deductions (like 80IE)	(4,079)	(3,728)
Effect of MAT/AMT Credit not accounted for	992	1,037
Adjustments on accounts of Ind AS provisions	43	(58)
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	7	6
Others	44	(30)
At the effective income tax rate of 10.26% (March 31, 2016: 9.90%)	1,272	1,156
Income tax expense reported in the statement of profit and loss	1,272	1,156

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The Group has tax losses which arose in India of INR357 Lakhs (March 31, 2016: INR Nil , April 1, 2015 INR 218 Lakhs) that are available for offsetting for eight years against future taxable profits of the Group in which the losses arose. Majority of these losses are allowed to be carry forward for indefinite period.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group eligible for set off upto 15 years from the year in which the same arises, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the profit would increase by INR 110 Lakhs and MAT credit not recognised as at March 31, 2017 is INR 78 Lakhs in Zydus Wellness Limited and AMT credit not recognized as at March 31, 2017 is INR 3760 Lakhs in Zydus Wellness Sikkim.

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 21 - CURRENT FINANCIAL LIABLITIES -BORROWINGS:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans repayable on Demand:			
Working Capital Loans from Banks [Unsecured] [*]	2,500	0	0
Total	2,500	0	0
[*]Working capital loan which is repayable on demand, is availed at the interest rate of T-bill rate plus 5 bps. The outstanding amount of loan as at March 31, 2017 is INR 2500 [as at March 31, 2016: INR NIL] Lakhs.			

Note: 22 - TRADE PAYABLES:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Payables	6,650	6,320	5,025
Total	6,650	6,320	5,025

Note: 23 - OTHER FINANCIAL LIABILITIES:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Interest accrued but not due on borrowings	8	0	0
Payable to Employees	468	399	358
Unpaid Dividends	78	87	43
Total	554	486	401

Note: 24 - OTHER CURRENT LIABILITIES:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Payable to Statutory Authorities	564	432	400
Advances from Customers	224	162	216
Others	721	30	54
Total	1,509	624	670

Note: 25 - PROVISIONS:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Employee Benefits	62	68	32
Provision for claims for product expiry and return of goods [*]	70	51	30
Total	132	119	62
[*] 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 retailer.The Group does not expect such claims to be reimbursed by any other party in future.			
b The movement in such provision is stated as under:			
i Carrying amount at the beginning of the year	51	30	35
ii Additional provision made during the year	70	51	30
iii Amount used	51	30	35
iv Carrying amount at the end of the year	70	51	30

Note: 26 - CONTINGENT LIABILITIES AND COMMITMENTS [TO THE EXTENT NOT PROVIDED FOR]:

INR-Lakhs

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A	**Contingent Liabilities:**			
a	Claims against the Company not acknowledged as debts	0	20	20
b	In respect of guarantees given by Banks and/or counter guarantees given by the Company	258	18	17
c	Other money for which the company is contingently liable:			
	i In respect of Sales Tax matters pending before appellate authorities	2,094	2,036	77
	ii In respect of Income Tax matters pending before appellate authorities	0	66	194
	iii In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	320	41	0
	iv In respect of custom duty liablity under EPCG scheme	8	0	0
	v Letters of Credit for Imports	0	16	0
B	**Commitments:**			
	Estimated amount of contracts remaining to be executed on capital account and not provided for	423	43	148

Note: 27 - INTERIM DIVIDEND :

The Board of Directors at its meeting held on March 1, 2017 declared and paid intrim dividend of INR 6.50/- per equity share of INR 10/- each.

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 28 - REVENUE FROM OPERATIONS:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016
Sale of Products	45,934	42,419
Other Operating Revenues:		
Net Gains on foreign currency transactions and translation	19	3
Miscellaneous Income	302	180
Total	46,255	42,602

Note: 29 - OTHER INCOME:

	As at March 31, 2017	As at March 31, 2016
Interest Income on Financial Assets measured at Amortised Cost	3,139	3,060
Gain on Sale of Investments	122	40
Fair value gain on financial instrument at fair value through statement of profit and loss	3	142
Total	3,264	3,242

Note: 30 - COST OF MATERIALS CONSUMED:

	As at March 31, 2017	As at March 31, 2016
Raw Materials :		
Stock at commencement	564	703
Add: Purchases	9,753	7,761
	10,317	8,464
Less: Stock at close	779	564
	9,538	7,900
Packing Materials consumed	4,060	3,986
Total	13,598	11,886

Note: 31 - PURCHASES OF STOCK-IN-TRADE:

	As at March 31, 2017	As at March 31, 2016
Purchases of Stock-in-Trade	51	121
Total	51	121

Note: 32 - CHANGES IN INVENTORIES:

	As at March 31, 2017	As at March 31, 2016
Stock at commencement:		
Work-in-progress	45	27
Finished Goods	1,278	1,257
Stock-in-Trade	35	35
	1,358	1,319
Less: Stock at close:		
Work-in-progress	33	45
Finished Goods	1,877	1,278
Stock-in-Trade	16	35
	1,926	1,358
	(568)	(39)
Differential Excise Duty on Opening and Closing stock of Finished Goods	176	104
Total	(392)	65

Note: 33 - EMPLOYEE BENEFITS EXPENSE:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016
Salaries and wages	4,222	3,634
Contribution to provident and other funds	189	172
Staff welfare expenses	135	131
Total	4,546	3,937

Note: 34 - FINANCE COST:

	As at March 31, 2017	As at March 31, 2016
Interest expense [*]	46	2
Bank commission & charges	9	12
Total	55	14
[*] The break up of interest expense into major heads is given below:		
On working capital loans	45	0
Others	10	14
Total	55	14

Note: 35 - DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES:

	As at March 31, 2017	As at March 31, 2016
Depreciation	704	678
Amortisation	12	3
Total	716	681

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 36 - OTHER EXPENSES:

INR-Lakhs

		As at March 31, 2017	As at March 31, 2016
Consumption of Stores and spare parts		197	198
Power & fuel		402	343
Labour Charges		714	691
Rent [*]		324	311
Repairs to Buildings		47	65
Repairs to Plant and Machinery		114	105
Repairs to Others		36	20
Insurance		83	58
Rates and Taxes		393	404
Whole Time Directors' Remuneration		232	262
Commission to Directors		20	14
Traveling Expenses		445	380
Legal and Professional Fees		313	478
Commission on sales		1,070	966
Freight and forwarding on sales		1,022	945
Advertisement and Sales promotions		7,664	6,918
Representative Allowances		480	558
Other marketing expenses		768	887
Bad debts written off		1	0
Directors' fees		32	12
Net Loss on disposal of Fixed Asset		18	0
Donation		5	0
Miscellaneous Expenses [**]		967	911
Total		15347	14526
[*] The Group 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 recognised under "Rent Expenses" are:		171	153
[**] Miscellaneous Expenses include:			
a	Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013.	201	198
b	Payment to the Statutory Auditors [including Service Tax]:		
i	- As Auditor	12	12
	- For Other Services	0	0
	- Total	12	12
ii	Cost Auditor's Remuneration including fees for other services	2	2

Note: 37 - COMPONENTS OF OTHER COMPREHENSIVE INCOME [OCI]:

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016
Re-measurement gains [losses] on defined benefit plans	21	(16)
Total	21	(16)

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

			As at March 31, 2017	As at March 31, 2016
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A	Profit attributable to Shareholders	INR - in Lakhs	10,898	10,326
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	27.89	26.43

Note: 39 - SEGMENT INFORMATION:

The Chief Operating Decision Maker [CODM] reviews the group as a single "Consumer" segment. The group operates in one segment only, namely "Consumer Products". The Group also exports its products to other countries. However the value being below threshold limit "Segment Reporting", is not required.

Note: 40 - 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
Dialforhealth Unity Limited
Dialforhealth Greencross Limited
Zydus Healthcare Limited [ZHL]
Liva Pharmaceuticals Limited
Zydus Technologies Limited
Alidac Pharmaceuticals Limited
Alidac Pharmaceuticals (Myanmar) Limited [Myanmar]
Zydus Lanka (Private) Limited [Sri Lanka]
Zydus Healthcare Philippines Inc. [Philippines]
Zydus International Private Limited [Ireland]
Zydus Netherlands B.V. [the Netherlands]
ZAHL B.V. [the Netherlands]
Nesher Pharmaceuticals (USA) LLC [USA]
Zydus Healthcare (USA) LLC [USA]
Zydus Noveltech Inc. [USA]
Hercon Pharmaceuticals LLC [USA]
Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Script Management Services (Pty) Ltd [South Africa]
Zydus France, SAS [France]
Zydus Nikkho Pharmaceutica Ltda. [Brazil]
Laboratorios Combix S.L. [Spain]
Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Zydus Pharmaceuticals Mexico Services Company SA De C.V. [Mexico]
Etna Biotech S.R.L. [Italy]

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 40 - RELATED PARTY TRANSACTIONS: (contd.)

ZAHL Europe B.V. [the Netherlands]

Bremer Pharma GmbH [Germany]

Zydus Pharmaceuticals (USA) Inc. [USA]

Zydus Worldwide DMCC [Dubai]

Zydus Discovery DMCC [Dubai]

Sentynl Therapeutics Inc., USA

d Directors:

Dr. Sharvil P. Patel	Chairman
Mr. Ganesh N. Nayak	Non-Executive Director
Prof. Indiraben J. Parikh	Independent Director
Mr. Kulin S. Lalbhai	Independent Director
Mr. Humayun R. Dhanrajgir	Independent Director

e Key Managerial Personnel:

Mr. Tarun G. Arora	Whole Time Director
Mr. Amit B. Jain	Executive Officer [Chief Financial Officer]
Mr. Dhaval N. Soni	Executive Officer [Company Secretary]

f Enterprises significantly influenced by Directors and/or their relatives:

Cadmach Machinery Company Private Limited

Zydus Hospitals and Healthcare Research Private Limited

Zydus Hospitals (Vadodara) Private Limited

Zydus Hospitals (Rajkot) Private Limited

MabS Biotech Private Limited

Zydus Infrastructure Private Limited

Cadila Laboratories Private Limited

Pripan Investment Private Limited

Western Ahmedabad Effluent Conveyance Company Private Limited

Zandra Infrastructure LLP

Zydus Hospital LLP

C. M. C. Machinery

Cadam Enterprises

Zandra Herbs and Plantations LLP

Note: 40 - RELATED PARTY TRANSACTIONS: (contd.)

B Transactions with Related Parties:

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

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

	Value of the Transactions [INR - Lakhs]			
	Holding Company		Fellow Subsidiaries	
Nature of Transactions	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Services:				
Cadila Healthcare Limited	**6**	3	**0**	0
Dividend Paid:				
Cadila Healthcare Limited	**1,831**	3,520	**0**	0
Details relating to persons referred to in Note 40-A [e] above:			**2017**	2016
Remuneration:				
Mr. Tarun G. Arora- Whole Time Director			**232**	262
Commission and Sitting Fees:			**52**	25
Outstanding remuneration payable:			**39**	34

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 41 - DISCLOSURES AS REQUIRED BY IND ACCOUNTING STANDARD (IND AS) 112 DISCLOSURE OF INTEREST IN OTHER ENTITIES:

Material Non-Controlling Interests

INR-Lakhs

Name of Partnership Firm	Principal place of business/Country of incorporation/ Registration	Proportion of interest held by Non-Controlling Entities as at March 31, 2017	Proportion of interest held by Non-Controlling Entities as at March 31, 2016	Proportion of interest held by Non-Controlling Entities as at April 1, 2015
Zydus Wellness Sikkim	INDIA	2%	2%	2%

Summarised Statement of Profit and Loss:

	Zydus Wellness Sikkim INR - Lakhs	
	2016-17	2015-16
Post tax profit/(loss)	11,487	9,893
Other Comprehensive Income	36	(16)
Total Comprehensive Income	11,523	9,877
Attributable to non-controlling interest	230	198

Summarised Balance Sheet:

	Zydus Wellness Sikkim INR - Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current Assets	18,270	9,955	8,479
Non-Current Assets	12,846	8,612	7,488
Current Liabilities	7,229	5,863	4,926
Non-Current Liabilities	425	331	328
Total Equity	23,462	12,373	10,713
Attributable to:			
Equity Holders of Parent	22,993	12,126	10,499
Non-Controlling Interest	469	247	214

Note: 42 - FINANCIAL INSTRUMENTS:

Financial instruments

(i) **Fair values hierarchy:**

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

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

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

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

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

INR-Lakhs

	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVTPL				
Mutual fund	3,001	0	0	3,001
Total financial assets	3,001	0	0	3,001

	As at March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVTPL				
Mutual fund	9,416	0	0	9,416
Total financial assets	9,416	0	0	9,416

	As at April 1, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVTPL				
Mutual fund	0	0	0	0
Total financial assets	0	0	0	0

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

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

Financial assets:

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

Financial Liabilities:

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

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

1 Financial risk management

(i) Financial instruments by category:

INR-Lakhs

	As at March 31, 2017			
Financial assets	FVTPL	FVOCI	Amortised Cost	Total
Mutual funds	3,001	0	0	3,001
Trade receivables	0	0	404	404
Loans & advances	0	0	162	162
Security deposit	0	0	70	70
Fixed deposit	0	0	41,926	41,926
Cash and cash equivalents	0	0	2,147	2,147
Total	3,001	0	44,709	47,710
Financial liabilities				
Borrowings	0	0	2,500	2,500
Interest accured but not due on borrowings	0	0	8	8
Payable to Employees	0	0	468	468
Trade Payables	0	0	6,650	6,650
Security deposit	0	0	55	55
Unpaid dividend	0	0	78	78
Total	0	0	9,759	9,759

	As at March 31, 2016			
Financial assets	FVTPL	FVOCI	Amortised Cost	Total
Mutual funds	9,416	0	0	9,416
Trade receivables	0	0	276	276
Loans & advances	0	0	110	110
Security deposit	0	0	77	77
Fixed deposit	0	0	28,193	28,193
Cash and cash equivalents	0	0	2,278	2,278
Total	9,416	0	30,934	40,350
Financial liabilities				
Borrowings	0	0	0	0
Interest accured but not due on borrowings	0	0	0	0
Payable to Employees	0	0	399	399
Trade Payables	0	0	6,320	6,320
Security deposit	0	0	44	44
Unpaid dividend	0	0	87	87
Total	0	0	6,850	6,850

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

INR-Lakhs

	As at April 1, 2015			
Financial assets	FVTPL	FVOCI	Amortised Cost	Total
Mutual funds	0	0	0	0
Trade receivables	0	0	148	148
Loans & advances	0	0	113	113
Security deposit	0	0	57	57
Fixed deposit	0	0	31,996	31,996
Cash and cash equivalents	0	0	1,922	1,922
Total	0	0	34,236	34,236
Financial liabilities				
Borrowings	0	0	0	0
Interest accured but not due on borrowings	0	0	0	0
Payable to Employees	0	0	358	358
Trade Payables	0	0	5,025	5,025
Security deposit	0	0	21	21
Unpaid dividend	0	0	43	43
Total	0	0	5,447	5,447

(ii) Risk Management:

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

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

A Credit risk:

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

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

Trade Receivable: The Group trades with recognized and credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. There are no significant credit risks with related parties of the Group. The Group is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Group's large customer base. Adequate expected credit losses are recognized as per the assessments.

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

The history of trade receivables shows an allowance for bad and doubtful debts of INR 0.57 Lakhs as at March 31, 2017. The Group has made allowance of INR Nil [Previous Year- INR Nil], against trade receivables of INR 404 Lakhs [Previous year - INR 276 Lakhs].

B Liquidity risk

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

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

Maturities of financial liabilities :

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within12 months equal their carrying balances as the impact of discounting is not significant.

INR-Lakhs

Particulars	As at March 31, 2017				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives					
Borrowings	2,500	0	0	0	2,500
Interest accrued but not due on borrowings	8	0	0	0	8
Trade payable	6,650	0	0	0	6,650
Security deposit	0	0	0	55	55
Payable to Employee	468	0	0	0	468
Unpaid dividend	78	0	0	0	78
Total	9,704	0	0	55	9,759

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

INR-Lakhs

Particulars	As at March 31, 2016				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives					
Borrowings	0	0	0	0	0
Interest accrued but not due on borrowings	0	0	0	0	0
Trade payable	6,320	0	0	0	6,320
Security deposit	0	0	0	44	44
Payable to Employee	399	0	0	0	399
Unpaid dividend	87	0	0	0	87
Total	6,806	0	0	44	6,850

Particulars	As at April 1, 2015				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives					
Borrowings	0	0	0	0	0
Interest accrued but not due on borrowings	0	0	0	0	0
Trade payable	5,025	0	0	0	5,025
Security deposit	0	0	0	21	21
Payable to Employee	358	0	0	0	358
Unpaid dividend	43	0	0	0	43
Total	5,426	0	0	21	5,447

C Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Euro and GBP. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group's operations in foreign currency is insignificant and hence there is no material risk.

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

a Foreign currency risk exposure:

The Group's exposure to foreign currency risk at the end of the reporting period expressed as follows:

Sensitivity

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

	As at March 31, 2017		As at March 31, 2016	
	Movement in Rate	Impact on PAT	Movement in Rate	Impact on PAT
USD	4.00%	4.02	4.92%	2.07
USD	-4.00%	(4.02)	-4.92%	(2.07)
EUR	8.00%	(0.09)	11.86%	0
EUR	-8.00%	0.09	-11.86%	0
Others	5.00%	0	5.00%	0
Others	-5.00%	0	-5.00%	0

b Interest rate risk

Assets

The Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c Price Risk

(a) Exposure

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

Note: 42 - FINANCIAL INSTRUMENTS: (contd.)

(b) Sensitivity- Mutual Fund

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

INR-Lakhs

	As at March 31, 2017	As at March 31, 2016
	Impact on PAT	Impact on PAT
Mutual Funds [Quoted]		
Increase 2%	60	185
Decrease 2%	(60)	(185)

2 **Capital management**

The Group' s capital management objectives are

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

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group has sufficient Cash and Cash Equivalents and Short term Fixed Deposit available against the debt and not exposed to any long term debts.

The Group has taken loan for working capital requirement and as at March 31, 2017, the ratio of net finance cost to EBITDA was 0.42% (March 31, 2016 0.11%).

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 43 - FIRST TIME ADOPTION OF IND AS:

The accounting policies set out in the note here have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 [the Group's date of transition].

In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies [Accounting Standards] Rules, 2006 [as amended] and other relevant provisions of the Act [Indian GAAP]. An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following notes.

Exemptions and exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Indian GAAP to Ind AS.

A Deemed cost:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying values.

B Leases:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has elected to apply this exemption for such contracts / arrangements to be not material. The Group has elected to apply this exemption for such contracts / arrangements.

C Designation of previously recognised financial instruments:

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Group has elected to apply this exemption for its investment in equity investments [other than investment in subsidiary].

D Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP [after adjustments to reflect any difference in accounting policies], unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Group made estimates in accordance with Ind AS at the date of transition as these were not required under Indian GAAP.

E Classification and measurement of financial assets:

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Note: 43 - FIRST TIME ADOPTION OF IND AS: (contd.)

F **De-recognisition of financial assets and liabilities:**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets or financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Group has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

Note: 44 - RECONCILIATION WITH INDIAN GAAP [IGAAP]:

INR-Lakhs

			As at March 31, 2016	As at April 1, 2015
A	**Reconciliation of equity:**			
1	**Equity as per IGAAP**		43,809	36,697
2	**Add [Less]: Adjustments:**			
a	Fair Valuation adjustments for financial assets	1	142	0
b	Proposed Dividend including Corporate Dividend Tax	2	0	2,821
c	Other adjustments		(0.69)	(0.56)
d	Total		141	2,820
3	**Equity as per Ind AS**		43,950	39,517
B	**Reconciliation of Net Profit for the year ended March 31, 2016:**			
1	Net profit as per IGAAP		10,169	10,895
2	Add [Less]: Adjustments in statement of profit and loss			
a	Fair Valuation adjustments for financial assets	1	142	0
b	Actuarial loss on employee defined benefit plan recognised in OCI	3	16	(17)
c	Other adjustments		(0.13)	0
d	**Total**		157	(17)
3	**Net profit before OCI as per Ind AS**		10,326	10,878
4	**Add [Less]: Adjustments in OCI**			
	Actuarial loss on defined benefit plan transferred from statement of profit and loss	3	(16)	17
5	**Total Comprehensive Income as per Ind AS**		10,310	10,895

1 **Fair Valuation adjustments for financial assets and Fair valuation of investments in Mutual Funds**

Under IGAAP, security deposit given to landloard for operating lease are shown at transaction price. Under Ind AS, such transactions are discounted to their present value using incremental borrowing rate applicable to the borrower entity. The difference between the carrying value of the security deposit and its present value is accounted as deffered rental expenditure grouped under loans & advances. The unwinding of discount from the date of security deposit to the transition date is shown as rental expense and recognised in "Retained earnings". Under previous GAAP, investment in mutual funds, being current investments, were accounted at the lower of cost or fair value. Under Ind AS, mutual funds are not equity instruments and the cash flows do not represent solely payments for principal and interest and hence are to be accounted at fair value through profit and loss.

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 44 - RECONCILIATION WITH INDIAN GAAP [IGAAP]: (contd.)

2 Proposed Dividend including Corporate Dividend Tax:

Under previous GAAP, dividend on equity shares recommended by the Board of Directors after end of the reporting period but before the date of approval of financial statements was considered as an adjusting event and consequently, provision for proposed dividend was recognised as a liability in the financial statements in the reporting period relating to which dividend was proposed. Under Ind AS, such dividend is recognised in the reporting period in which the same is approved by the members in a general meeting. Consequently, the impact of INR 2,821 Lakhs has been recognised in retained earnings at the transition date.

3 Actuarial loss on defined benefit plan:

Under previous GAAP, remeasurement of defined benefit plans (gratuity), arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss.Under Ind AS, such remeasurement (excluding the net interest expenses on the net defined benefit liability) of defined benefit plans is recognised in OCI. Consequently, the related tax effect of the same is also recognised in OCI. For the year ended March 31, 2016, remeasurement of gratuity liability resulted in a actuarial loss of INR 16 Lakhs which has now been reduced from employee benefits expense in the Statement of Profit and Loss and recognised separately in OCI. The above changes do not affect Equity as at date of transition to Ind AS and as at March 31, 2016.

Others:

Sale of goods:

Under The IGAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses.

Other comprehensive income:

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as other comprehensive income' include remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments and corresponding tax impact thereon. The concept of other comprehensive income did not exist under previous GAAP.

Statement of cash flows:

The transition from IGAAP to Ind AS has not had a material impact on the statement of cash flows.

Consolidated notes to the Financial Statements for the year ended March 31, 2017

Note: 45 - GROUP INFORMATION:

Consolidated Financial Statements as at March 31, 2017 comprise the Financial Statements [FS] of Zydus Wellness Limited and its' partnership firm, which are as under:

Name	Principal activities	Country of incorporation/ Registration	Status of FS as at March 31, 2017	% of Share of Interest		
				March 31, 2017	March 31, 2016	April 1, 2015
Zydus Wellness Sikkim - Partnership Firm	Consumer Health and Wellness	India	Audited	98.00	98.00	98.00

As per our report of even date

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

For and on behalf of the Board

Kaushik D. Shah
Partner
Membership Number: 016502

Dr. Sharvil P. Patel
Chairman

Place: Ahmedabad
Dated: May 27, 2017

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Tarun G. Arora
Whole Time Director

ZYDUS WELLNESS LIMITED

ATTENDANCE SLIP

[CIN:L15201GJ1994PLC023490]
Registered 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 79 6777 5888, Fax +91 79 6777 5811

TWENTY THIRD ANNUAL GENERAL MEETING

2017

I/We hereby record my/our presence at the **Twenty Third Annual General Meeting** of the Company at J B Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 on Friday, August 11, 2017 at 12.00 Noon.

Member's Folio / DPID-Client ID No.	Member's/Proxy's Signature	Member's/Proxy's Signature

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 the financial year 2016–2017 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 the Financial Year 2016–2017 and Notice of the AGM along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email address is not registered or who have requested for a hard copy.

ZYDUS WELLNESS LIMITED

[CIN:L15201GJ1994PLC023490]
Registered 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
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FORM NO. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):			
Registered Address:			
Email-Id:			
Folio No./Client ID:		DP ID:	

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

1. Name: .... Address:..
   E-mail Id: .... Signature.., or failing him/her;

2. Name: .... Address:..
   E-mail Id: .... Signature.., or failing him/her;

3. Name: .... Address:..
   E-mail Id: .... Signature.., or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Twenty Third Annual General Meeting** of the Company, to be held on Friday, August 11, 2017 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:

ROUTE MAP OF THE AGM VENUE

Resolution No.	Particulars of Resolution	Optional	
	Ordinary Business	For	Against
1	To adopt the Financial Statements [including consolidated Financial Statements] for the year ended on March 31, 2017.		
2	To confirm the interim dividend declared and paid as final dividend.		
3	To reappoint Dr. Sharvil P. Patel, Director retiring by rotation.		
4	To ratify appointment of Statutory Auditors and fix their remuneration.		
	Special Business		
5	To ratify remuneration to Cost Auditors.		
6	To regularize the appointment of Mr. Kulin Lalbhai as an Independent Director		
7	To maintain and keep the statutory registers at a place other than the registered office of the company		

Signed this................................ day of................. 2017

Signature of member :..

Affix Revenue Stamp not Less than ₹ 0.15

Signature of Proxy holder(s) ....

Notes:

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 Twenty Third 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.

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Snapshots from our brand campaigns

Zydus Wellness Ltd. House No. 6 & 7, Sigma Commerce Zone, Nr. Iscon Temple, S.G. Highway, Ahmedabad 380 015. India.
Phone : +91-79-67775888 (20 Lines), www.zyduswellness.in
CIN : L15201GJ1994PLC023490

Zydus Wellness

Registered Office :
Zydus Wellness Ltd. House NO. 6 & 7,
Sigma Commerce Zone, Nr. Iskon Temple,
S. G. Highway, Ahmedabad - 380015, Gujarat, INDIA
Tel : +91-79-67775888 (20 Lines) Fax: +91-79-67775811
www.zyduswellness.in CIN : L15201GJ1994PLC023490

FORM A

(For audit report with unmodified opinion)

[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1.	Name of the Company	Zydus Wellness Limited
2.	Annual audited financial statements for the year ended	March 31, 2017 - Consolidated
3.	Type of Audit observation	Un-modified
4.	Frequency of observation	Not Applicable

For, Zydus Wellness Limited

Tarun Arora
Whole-time Director

ZYDUS WELLNESS LIMITED
Zydus Tower
AHMEDABAD

For, Zydus Wellness Limited

Amit B. Jain
Chief Financial Officer

For, Zydus Wellness Limited

Indira J. Parikh

Prof. Indiraben J. Parikh
Chairperson of Audit Committee

DHIRUBHAI SHAH & DOSHI
FRN-102511W
AHMEDABAD
CHARTERED ACCOUNTANTS

For, Dhirubhai Shah & Doshi
Chartered Accountants,
Firm Registration No. 102511W
Statutory Auditors

Kaushik D. Shah
Partner
Membership No 016502

Zydus Wellness

Registered Office :
Zydus Wellness Ltd. House NO. 6 & 7,
Sigma Commerce Zone, Nr. Iskon Temple,
S. G. Highway, Ahmedabad - 380015, Gujarat, INDIA.
Tel : +91-79-67775888 (20 Lines) Fax: +91-79-67775811.
www.zyduswellness.in CIN : L15201GJ1994PLC023490

FORM A

(For audit report with unmodified opinion)

[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1.	Name of the Company	Zydus Wellness Limited
2.	Annual audited financial statements for the year ended	March 31, 2017 - Standalone
3.	Type of Audit observation	Un-modified
4.	Frequency of observation	Not Applicable

For, Zydus Wellness Limited

Tarun Arora
Whole-time Director

ZYDUS WELLNESS LIMITED
Zydus Tower
AHMEDABAD

For, Zydus Wellness Limited

Amit B. Jain
Chief Financial Officer

For, Zydus Wellness Limited

Indira T. Parikh

Prof. Indiraben J. Parikh
Chairperson of Audit Committee

DHIRUBHAI SHAH & DOSHI
FRN-102511W
AHMEDABAD
CHARTERED ACCOUNTANTS

For, Dhirubhai Shah & Doshi,
Chartered Accountants,
Firm Registration No. 102511W
Statutory Auditors

Kaushik D. Shah
Partner
Membership No 016502