Zydus Wellness

July 02, 2019

Listing Department
BSE Limited
1st Floor, P.J. Towers, Dalal Street
Mumbai – 400 001

Code: 531 335

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051

Code: ZYDUSWELL

Re: **Annual General Meeting, Annual Report 2018-19 and Intimation of Record Date.**

Dear Sir,

The Twenty Fifth Annual General Meeting ("AGM") of the Company will be held on Wednesday, July 31, 2019 at 10.00 a.m. at J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015.

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations"), we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2018-19 which is being despatched / sent to the members by the permitted mode(s).

Pursuant to Regulation 42 of the SEBI Listing Regulations, the Company has fixed Thursday, July 18, 2019 as the Record Date for determining entitlement of members to final dividend for the financial year ended on March 31, 2019. If the final dividend as recommended by the Board of Directors is approved at the AGM, payment of such dividend will be made on or after August 4, 2019.

Further, the cut-off date to determine the list of shareholders entitled to vote through e-voting and voting at the venue of the AGM is fixed on July 24, 2019.

Please receive the same in order.

Thanking you,

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

DHANRAJ P. DAGAR
COMPANY SECRETARY

ZYDUS WELLNESS LIMITED AHMEDABAD

Encl.: As above

Inflection point

Zydus Wellness

ANNUAL REPORT 2018-19

The year 2018-19 was one of the most decisive in the existence of Zydus Wellness Limited.

During this year, the Company acquired Heinz India Private Limited, a company larger than itself.

This acquisition was among the two largest in India's FMCG space with extensive multi-year implications.

The inflection point represents the beginning of a bigger Zydus Wellness that is expected to graduate the Company into a new league, strengthen respect, catalyse growth and enhance long-term value.

Corporate information

Board of Directors

Dr. Sharvil P. Patel
Chairman

Tarun G. Arora
CEO & Whole-Time Director

Directors

H. Dhanrajgir
(up to March 31, 2019)

Prof. Indiraben J. Parikh
(up to March 31, 2019)

Ganesh N. Nayak

Kulin S. Lalbhai

Savyasachi S. Sengupta
(w.e.f. November 2, 2019)

Ashish Bhargava
(w.e.f. January 30, 2019)

Dharmishtaben N. Raval
(w.e.f. March 11, 2019)

Srivishnu Raju Nandyala
(w.e.f. March 11, 2019)

Chief Financial Officer

Umesh V. Parikh

Company Secretary

Dhaval N. Soni
(up to February 6, 2019)

Dhanraj P. Dagar
(w.e.f. February 6, 2019)

Bankers

Bank of Baroda
Ashram Road Branch
Ahmedabad

HDFC Bank Ltd.
Navrangpura Branch
Ahmedabad

ICICI Bank
JMC House Branch
Ahmedabad

Statutory Auditors

M/s. Dhirubhai Shah & Co. LLP
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 Ltd.,
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

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Forward-looking statement

In this Annual Report we have disclosed forward-looking information 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 'anticipates', 'estimates', '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 realised, 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 materialise, 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.

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things that make Zydus Wellness Ltd. a differentiated growth story

Ethical pedigree

Vision

We bring wellness to your life.

We will create new experiences by our products that will nourish, nurture and energise your life.

We shall lead the way through innovation.

Our DNA

To build new emergent categories with differentiated product propositions.

Philosophy of building products which are good for you.

Rich pedigree

Zydus Wellness Ltd. is one of the leading Indian wellness companies drawn from a strong organizational pedigree. The Company is a part of the Zydus Group, which is one of India's largest research-led pharmaceutical companies.

Business

Zydus Wellness combines the best of healthcare, nutrition and cosmeceutical features to provide quality wellness products. The Company helps people pursue integrated well-being through a widening range of products. The Company is engaged in the development, production, marketing and distribution of differentiated health and wellness products.

Product portfolio

The Company possesses a range of health and wellness products. The Company's product portfolio includes popular brands with differentiated benefits like Sugar Free, Sugarlite, Everyuth, Nycil, Complan, Glucon D, Sampriti Ghee and Nutralite.

Products	Market rank
Sugar Free	1st
Nutralite	1st
Everyuth Peel off	1st
Everyuth Scrub	1st
Nycil	1st
Glucon D	1st
Complan	5th

*Source: Nielsen MAT March 19 (For all products except Nutralite)
As per internal estimates (for Nutralite)

Scale

Zydus Wellness Ltd. manufactures an innovative range of health and wellness products across three manufacturing facilities - one in Gujarat and two in Sikkim. The acquisition of Heinz India Private Ltd. in January 2019 resulted in the addition of two additional manufacturing facilities - one at Aligarh and the other at Sitarganj.

Presence

Headquartered in Ahmedabad, Zydus Wellness enjoys a pan-India marketing presence through a distribution network comprising 1000+ distributors and ~1000 feet-on-street representatives, who facilitate the coverage of more than 8,50,000-plus retail outlets. The Company's distribution competence has been facilitated by an investment in 20 cold chain warehouses and 27 ambient warehouses.

Acquisition

Zydus Wellness acquired Heinz India Private Ltd.'s business for a valuation of $666 million (₹4667 cr including cash and working capital). The acquisition brought into the Company's fold brands with a rich legacy and top-of-the-mind consumer recall like Complan, Glucon D and Nycil, two manufacturing facilities, teams (operations, research, sales, marketing and support) and a network of more than 800 distributors and 20,000 wholesalers in 29 States.

Listing

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

Compliance

The Company was accredited with the ISO 22000 and ISO 14001, GMP certification, validating process and quality consistency.

67.62%
Promoter and Promoter Group share holding, March 31, 2019 (%)

7.06%
Institutional share holding, March 31, 2019 (%)

3.65%
FII share holding, March 31, 2019 (%)

21.67%
Other share holding, March 31, 2019 (%)

7,52,113
Market capitalisation, March 31, 2019 (₹ lakh)

Awards **and recognition**

Sugar Free won Gold at Abby Awards, 2019 (Publishers) for the West Bengal initiative with ABP

2018-19

- The Sikkim plant was presented with the Gold award by the International Research Institute of Manufacturing.
- The Ahmedabad plant (Nutralite) was presented the Silver award by the International Research Institute of Manufacturing at the National Award for Manufacturing Competitiveness 2018.
- The Sikkim plant was presented the Silver award at the India Manufacturing Excellence Award held by Frost and Sullivan.
- The Company was presented the Best SLIM Lead Award for manufacturing facilities in an exercise organised by the Zydus group.
- Won the India Packaging Award for Sugar Free Green Veda pack for Excellence in Packaging Design.
- Won three Inflection Awards for the Best Procurement Team of the Year, 2018.
- Sugar Free won the Gold Award at Abby Awards (Publishers) for the Company's West Bengal initiative with ABP.
- Complan won the Bronze Award at Effies David vs Goliath campaign 'Don't just be tall, Stand Tall', and the Silver Award for the integrated advertising campaign 'Complan Protein Challenge'. Complan was ranked 63rd in India's top-most trusted brands by ET Brand Equity Most Trusted brand and was ranked fourth in the hot beverage category.

Milestones

1988
Launched Sugar Free with Aspartame

1991
Launched the Everyuth skincare range

2005
Introduced Sugar Free Natura with Sucralose

2006
Acquired Carnation Nutra-Analogue Foods Ltd.

2009
Restructured the consumer business of Cadila Healthcare Ltd., renamed Zydus Wellness Ltd.

2011
Inaugurated a manufacturing plant in Sikkim

2017
Commissioned a new production facility in Sikkim

Launched Sugar Free Green with Stevia

2018
Introduced Nutralite Mayonnaise, Sugarlite and Everyuth Tan Removal range

2019
Acquired Heinz India Pvt. Ltd.

Growth in **2018-19**

Our performance in 2018-19 was marked by substantial growth

61.7%
Growth in income from operations

39.2%
EBIDTA growth

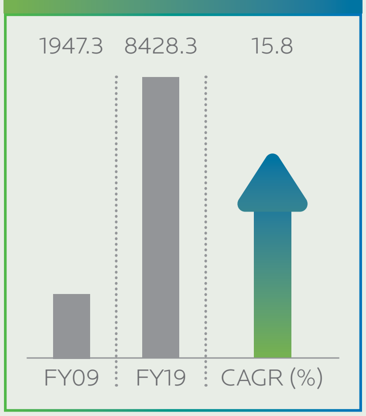
26.3%
Net Profit growth

Our margins are in the top quartile of India's FMCG sector

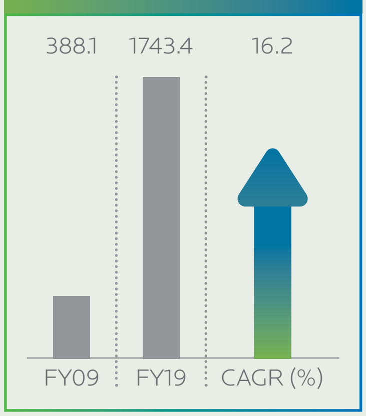
20.7%
Healthy EBIDTA margin

20.1%
Healthy net profit margin

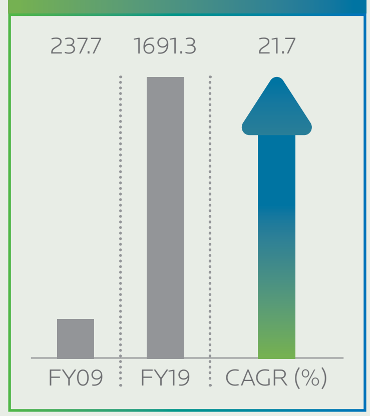
Total Income from Operations*
(₹ million)



EBIDTA*
(₹ million)



Net Profit*
(₹ million)



*FY09 financials are as per IGAAP; FY19 financials as per INDAS and hence not strictly comparable
Includes acquired business results from January 30, 2019 to March 31, 2019

A still from the new advertisement campaign on Sugarlite, launched in 2018

Over the last few years, we have been enhancing the value of our marquee brands and innovating to offer more choices to our consumers. Zydus Wellness is now among the top five companies in India's Nutrition space. This inspires us to aim higher and meet consumers' evolving health and wellness needs.

Dr. Sharvil P. Patel
Chairman

Chairman's **overview**

I am pleased to share that Zydus Wellness Ltd. concluded the most decisive business-strengthening initiative in its existence during 2018-19, the year under review.

Overview

Zydus Wellness acquired Heinz India Pvt Ltd., catapulting it amongst India's leading consumer wellness companies. This represented a rare opportunity to acquire a large consumer wellness business and strengthened our overall value.

We are optimistic that the acquisition – the second largest transaction in India's pure FMCG space – will prove to be a game-changer not just for the Company but also for India's FMCG industry. The acquisition can potentially generate superior economies of scale - procurement, distribution and financial – that could enhance product affordability, availability and accessibility. The acquisition is therefore expected to catalyse India's consumer wellness space.

Value-creation platform

We believe that this acquisition can potentially enhance long-term stakeholder value for various reasons.

The acquisition will add a sizeable quantum of revenues with two of the four brands that we acquired being category growers. The consumer pull generated by these brands is expected to protect our terms of trade leading to negative working capital management and enhanced liquidity. The high liquidity and strong terms of trade are, in turn, expected to initially protect our margins following acquisition and thereafter widen our spread. The enhanced cash flows arising from the larger scale should empower us to draw down the debt related to our acquisition and emerge again as a debt-free company a few years from now.

The combination of larger revenues and higher annual profit generation capability should prepare us for the next round of decisiveness, strengthening our business sustainability. This complementarity of business scalability, profitability, liquidity and sustainability provide us with the optimism that we have created a platform for long-term value-creation for all our stakeholders.

Strengthening our business

The coming together of the two businesses will expand our range of consumer wellness products.

The acquired brands are problem-solving with a scientific rationale for existence and increasing relevance. They represent a strategic fit with our existing portfolio.

Two of the four brands that we have acquired are market leaders in their respective categories. They are largely complementary with negligible overlaps; the overall aggregate is likely to be more than the sum of the constituents.

The acquisition will enhance our presence in existing segments with complementary products.

Two of the four brands that we have acquired are market leaders in their respective categories.

15.8%

11-year CAGR of total Income from Operations growth.

16.2%

11-year CAGR of EBIDTA

21.7%

11-year CAGR of Net Profit

The segments that the products represent are under-penetrated when one takes into account the aspirational India of today, marked by a growing middle-class. The result is that our addressable market will widen, providing us with an early-mover advantage.

One of the biggest benefits arising out of the acquisition will be related to widening and deepening direct distribution coverage. The acquired company touches 1.7 million stores pan-India, enjoys a sizeable presence among grocers and is expanding its reach across the rapidly-drawing modern trade and e-commerce channels.

The acquisition will enhance our scale and employer brand that could help us attract and retain superior talent across varied competencies. This will strengthen our all-roundedness, the basis of our long-term sustainability.

Right business model at the right time

We believe that there is currently a marked trend towards fitness and health. People are becoming increasingly conscious about what they choose to consume and what they should prioritise. The shift is more pronounced as proactive precaution is widely accepted to be better than reactive responsiveness. A larger part of the family's income is being allocated towards value-added health foods that enhance well-being. A larger proportion of people's income is being spent on nutrition as they believe that nutrition gaps in their diet need to be plugged through customised, tested and trusted food fortification products.

At Zydus Wellness, our business is structured around the nutrition preferences and health conscious choices of this burgeoning segment. We believe that our acquisition will not only widen the number of offerings within the nutrition space but also help transform it. Our principal focus will be to customise nutrition products around age groups and desired outcomes. This initiative will help our respective

nutrition categories grow faster and empower us to carve out a larger category share.

We are well placed for growth as our complementing brands represent a scalable and sustainable platform. As the category under-penetration is progressively corrected, the brands will address a scalable sectoral opportunity; besides, the brands possess a top-of-the-mind recall that will strengthen their sustainability.

The Zydus Wellness touch

Our optimism is derived from the distinctive value that our management brings to the acquired and consolidated company. At Zydus Wellness, we possess a credible track record in building category growth and the ability to build products that empower consumers to take a direct control of their wellness.

Our rich scientific and healthcare legacy, category-creating innovation and a pioneering R&D commitment will stand us in good stead. Our go-to-market strategy, reflected in our ability to launch and grow brands around problem-solving attributes, will continue to transform them into category winners.

When combined with deep distribution and manufacturing competencies, this will enhance our ability to provide products just when and where they are needed at the lowest cost.

Overview

The year 2018-19 proved to be a watershed year, which helped us transform and enhance our competitiveness. We have now embarked on a new growth phase. With strong fundamentals, we will continue to make deeper inroads into consumer preferences with brands that can help them achieve their health and wellness goals. Understanding changing consumer needs and expectations will continue to be at the core, as we grow our business. In a dynamic environment, we are confident of our ability to lead with innovation and bringing differentiated approaches into play.

We are at an inflection point that should strengthen our capacity to enhance shareholder value across the long-term.

Dr. Sharvil P. Patel,
Chairman

At Zydus Wellness, we possess a credible track record in building category growth and the ability to build products that empower consumers to take a direct control of their wellness.

How the landmark acquisition **in 2018-19 has transformed our DNA**

We were perceived by prospective employees as a sound national company

We are now a preferred employer being perceived as a company with global potential.

We were a successful company growing in a niche

We have now acquired scale to emerge among the leading consumer health companies in India.

We were a company focused on generating year-on-year growth in profits

We have now acquired the scale and scope to generate long-term stakeholder value.

We were one among a number of companies in India's nutrition space

We have now leapfrogged into the top five of India's large and growing nutrition category.

THE ACQUISITION Strengthening direct market coverage	Prominent brands	Strong terms of trade	Negative working capital	Superior margins
THE ACQUISITION Strengthening consumer value	Superior talent attraction	Deeper nutrition focus	Customised products	Larger scale
THE ACQUISITION Strengthening corporate value	Under-penetrated categories	Complementary products	Two of four acquired category-leading brands	Problem-solving brands
THE ACQUISITION Strengthening direct market coverage	Increased direct distribution	Enhanced chemist-level engagement	Increased retailer wallet share	Wider and deeper presence

We were a company growing faster than the sectoral average

We expect to sustain this momentum for our acquired business as well.

We were a company that manufactured sound products of first-rate quality

We are now being respected for our capability to manufacture a range of customised products.

The acquisition created a larger Indian FMCG player

842.8

Revenues (₹ cr), 2018-19
(incl. acquired business revenue from January 30, 2019 to March 31, 2019)

We were a company focused on market share growth

We are now being respected for our ability to build and 'own' new categories.

We were a company where analysts asked 'Will you be able to sustain your growth?'

We are now positioned as a company likely to grow faster even as it gets larger.

We were a company that focused largely on India with a nominal exports presence

We are now a company positioned to exercise a wider global influence.

Cash surplus → Net worth accretion → Debt repayment → Improved cost structure; higher profitability → Superior credit rating → Enhance shareholder value

Wider product choice → Enhanced affordability → Sustainable offtake growth

Wider product range → Category 'ownership' → Strengthening consumer pull → Accelerated revenue growth

Enhanced reach across grocers / modern trade / e-commerce channels

How Zydus Wellness grew **its existing business**

How we built on our previous successes to launch four new products during the year under review

Even as Zydus Wellness acquired Heinz India Pvt Ltd., the largest acquisition in its existence during the year under review, the Company continued to focus on growing its existing business.

The institutionalization of product ideas validated a maturing of the Company. This resulted in a structured go-to-market approach across four launches, supported by well-rounded teams and increased brand spending.

The result is that the Company ended the year under review with stronger and larger product platforms to deliver sustainable growth. The success of the launches strengthened the Company's organizational stature and helped enhance revenue share from existing trade partners.

Launches

The Company made four launches across three brands during the last financial year, the largest in any single year during the Company's existence.

The launches were made in relatively under-penetrated categories and product segments, validating the Company's position as a provider of differentiated products.

The launches were made in existing categories, strengthening the Company's commitment to build on existing platforms.

The launches were made following a deeper understanding of consumer needs that translated into disruptive product ideas coupled with effective screening filters.

The launches were the result of a collaborative cross-functional engagement that enhanced the Company's creative ferment.

The launches validated the Company's ability to lead a concept to productisation, testing, branding and distribution.

Strategic initiatives

Sales & distribution: The Company widen its direct retail reach and enhanced direct coverage and execution capability at points of sale. The Company sharpened its focus on modern trade and e-commerce channels. The result is that the Company's products are available across 850,000 plus touch-points pan-India. The Company exported Sugar Free Delight Chocolates and Nutralite to new markets like Srilanka, UAE, Bahrain, Qatar and Oman.

Operations: The Company invested in Strategic Lean Integrated Management (SLIM) to enhance machine productivity per person. The Company partnered National Institute of Manufacturing Competitiveness to strengthen its manufacturing process.

Research and development: The Company strengthened its in-house research through selective recruitment to sustain new product development.

Investments: The Company continued to invest in advertisement and sales promotion, increasing its outlay from ₹89.9 cr in 2017-18 to ₹151.8 cr (includes acquired business figures from January 30, 2019 to March 31, 2019).

Outlook

The Company will continue to focus deeper in the categories of its presence. It will evangelise the impact of its products and increase visibility through enhanced brand spending.

Our key new launches in 2018-19

Mayonnaise (Nutralite)

- Launched in the market in April, 2018
- Synergic extension to the Nutralite spreads range
- Niche product addressing a growing QSR segment
- Riding Nutralite's existing brand equity in the spreads space
- Reconciling healthfulness and tastefulness
- Fortified with Vitamin A, D and E

Sugarlite

- Launched in December, 2018
- Positioned as 'Smarter sugar'
- Distinctive innovation in the sugar sector
- Possess 50% lower calories than normal sugar
- Positioned to consumers with 'You don't need to halve your fun'
- Product developed through proprietary research
- Addresses growing concerns about sugar consumption
- Looks and feels like normal sugar

Everyuth Tan Removal Range

- Launched in April, 2018.
- Introduced a breakthrough tan removal range.
- Addresses a largely unmet consumer need for tan removal, which is significant in the 18-24 age group.
- Increasingly relevant for consumers spending a greater time outdoors in India's sunny climate.
- Developed with extensive consumer research.
- Launched a holistic set of products for the entire de-tanning ritual (scrub/ massage cream/ face pack/serum /night cream).
- Enhanced and luxurious sensorial impact (chocolate and cherry smell and feel).
- Addressing different day parts – a complete solution.

everyuth naturals

Highlights, **2018-19**

Profitability*

20.7%
EBIDTA margin

21.6%
Cash profit margin

20.1%
PAT margin

40.10
EPS

7.6%
RoCE (on cash profit)

8.9%
RoE (on cash profit)

Turnover*

61.7%
Revenue from operations grew

Market share performance

Zydus Wellness core product depicted continued leadership

Sugar Free
93.8%
Market share

Everyuth scrub
32.4%
Market share

Everyuth Peel-off mask
84.9%
Market share

Nycil
32.1%
Market share

Glucon D
59.5%
Market share

Complan
6%
Market share

*These numbers include numbers of th acquired business from January 30, 2019 to March 31, 2019".
(Source: As per Nielsen MAT March 2019)

Our robust **business model**

At Zydus Wellness, we have continuously reviewed, adapted and reinforced our business model. This proactive responsiveness in a rapidly-evolving market environment has translated into attractive growth across market cycles.

A positive long-term sectoral context ...

Rising income

The growth of personal incomes will continue to drive aspirations. India's per capita income increased from ₹1,12,835 in 2017-18 to an estimated ₹1,25,397 in 2018-19. Rise in incomes resulted in an increase in aspirational buying. Consumers reflected a higher health-consciousness and this trend is expected to accelerate.

Growing population

India is the second most populous country with a population of 1.35 billion and adding approximately 15 million to its population each year. The country is perpetually growing market for FMCG product providers.

Urbanisation

India is urbanizing faster than any other large country. It has been estimated that by 2019-20, 35% of India's population could be living in urban centres contributing 70-75% of India's GDP.

Growing FMCG

FMCG is the fourth largest sector in the Indian economy. FMCG market reached $52.75 billion in 2017-18 and is expected to grow at a rate of 11-12% in 2019. Macro-economic factors like inflation and GDP growth, rural consumption and a high-base in the second half of 2018 are likely to impact growth. India's household and personal care are the leading segments, accounting for 50% of the overall FMCG market, of which healthcare is at 31% and food and beverages at 19%. The online FMCG market reached $20 billion in 2017 and is expected to reach $45 billion by 2020.

Booming e-commerce

The e-commerce revenue is projected to increase from ~$39 billion to ~$120 billion by 2020. The segment is forecasted to contribute 11% of the overall FMCG sale by 2030 from 0.4% in 2016 and 2018. E-commerce offtake was around 1% of FMCG sales.

Increased consumption

Total consumption expenditure was pegged at $1,824 billion and is projected to reach $3,600 by the end of the year 2020. Increase in consumption has been catalysed by the increased popularity of better brand products, increased income and changing population lifestyles.

GST boon

Goods and Services Tax (GST) proved beneficial for the FMCG industry as many FMCG products such as soap, toothpaste and hair oil now come under the 18% tax bracket against the previous 23-24% bracket. This is expected to transform the logistics of the FMCG sector into a modern and efficient model as all major corporations are remodelling their operations into larger logistics and warehousing.

Government support

The Government of India provided a full tax rebate for an income up to ₹5 lakh ($6,930), which is expected to boost disposable income in the hands of the common people. The Government allowed 100% FDI in food processing and single-brand retail and 51% in multi-brand retail. This would bolster employment and supply chains, and also provide high visibility to FMCG brands in organised retail markets, bolstering consumer spending and encouraging more product launches.

Emerging modern trade

Modern trade has seen a growth over the last few years from one-third of traditional trade in 2015 to 2x at present. The relative growth rate of mordern trade increased vis a vis the traditional trade in the last few years. While there was a consolidation in the organised retail space, new stores continued to drive deeper penetration for the channel. Contribution of the channel to FMCG over the next 5 to 7 years could move from high single digits to teens.

(Source: Economic Times, Live Mint, Equity Master, Financial Express)

... And how Zydus Wellness is competently **placed to capitalise on the positive sectoral context**

Brand

Over the decades, the Company's brand generated distinctive recalls: pioneering (product introduction), quality (high performance), dependable (client centricity) and accessible (grievance reddressal). Five of the Company's seven brands enjoy market leadership in large and growing categories.

Employee oriented

At Zydus Wellness, the competitive advantage of a company lies in its people. The balanced mix of youth and experience helped in catalysing growth.

Omni-channel

The Company has an omni-channel presence across the country as it has a strong presence across general trade, large format retail and e-commerce formats, enhancing convenience and accessibility.

Customer-centric

The Company is focused on creating quality products for the wellness of its customers. It has a credible reputation in addressing the wellness needs of multiple consumer groups.

Widespread network

Zydus Wellness' footprint covers the length and breadth of the country, addressing the needs of the people of India. The Company enjoys a pan-India presence with a robust distribution network comprising 1500+ distributors and ~2000 feet-on-street representatives, who facilitate the coverage of more than 2 million outlets including indirect reach.

Focus

The Company's strong recall as a consumer wellness brand helps generate enquiries leading to revenue growth.

International presence

The Company extended its horizon beyond India by establishing a presence in the Middle East, Africa,South East Asia and SAARC. These areas offer immense potential to grow the existing product portfolio and their extensions.

Five of the seven brands of the Company enjoy market leadership in large and growing categories

How Zydus Wellness **generated positive outcomes**

Revenue growth

Increased total income from operations to ₹842.8 cr in 2018-19 (including revenues from acquired business of Heinz India from January 30, 2018 to March 31, 2019) from ₹521.1 cr during 2017-18

Increased profits

Increased EBIDTA to ₹174.4 cr (including revenues from acquired business of Heinz India from January 30, 2018 to March 31, 2019) from ₹125.3 cr during 2017-18

Wider global footprint

Increased international presence to more than 13 countries

Accelerated launches

Launched products like Sugar Free Green Veda, Sugarlite, Nutralite Mayonnaise Retail in three different flavors and a whole range of tan removal products under the brand Everyuth

Stronger promotion

The Company spent ₹151.8 cr on advertising (including spends from acquired business of Heinz India from January 30, 2018 to March 31, 2019)

The Company markets products through 2 million outlets across the country

The Company launched Sugar Free D'lite Chocolates, a premium priced product in the export market

2 million
Outlets across the country through which the Company markets products

Our **brands**

Sugar Free

- Household name India's first sugar substitute
- 94% market share – undisputed category leadership
- Respected as nutritious and safe (sweetness of sugar with negligible calories)
- Positioned as 'India's largest selling low calorie sweetener'

Glucon D

- Glucose-based beverage available in powder form
- 99.4 % of pure glucose; positioned as an effective energy booster
- Category-leading brand with 98% product recall
- Variants comprise Tangy orange, Regular, Mango punch and Nimbu pani
- 'The Most Trusted Brand' in the Health and Personal Care category (as per the Brand Equity Survey conducted by Economic Times in 2019)

Complan

- Milk-based health food drink
- Trusted brand with 90% brand recall
- High protein content in the low penetration (24%) health food drink category.

Everyuth

- Respected for extensive skin care
- Introduced a range of specialty skincare products (Everyuth Naturals brand addressing women) combining nature's goodness with proven scientific research.
- Established leadership in advanced skincare segments (soap-free face wash, face masks, and skin exfoliators etc.) covering sun protection, pigmentation and acne.
- Positioned around 'Pure Skin, Happy Har Din'

Our **brands**

Nycil

- Heritage brand of 50+ years
- One of the most trusted prickly heat powder brands
- Leader in the prickly heat and cooling powder category
- Established efficacy through the germ fighter formula; protect from sweat, body odour, rashes, itching and heat
- Variants comprise Cool Herbal, Cool Gulabjal, Cool Classic, Cool Chandan, Cool Excel, Classic and Lavender Excel

Nutralite

- Combines taste with wellness.
- Healthy alternative to butter; India's first butter substitute
- Leader in the low-calorie spread category
- Premium cholesterol-free table spread with no hydrogenated fat
- Contains cholesterol fighters like PUFA (poly unsaturated fatty acids) and MUFA (mono unsaturated fatty acids)
- Positioned as 'Aap happy, apki health happy'

Sampriti Ghee

- Quality 100% ghee for cooking
- Addresses a fragmented market with only large two players
- Manufactured in a state-of-the-art production plant in Aligarh (Uttar Pradesh)

Management **Discussion and Analysis**

Indian FMCG sector overview

India is at the cusp of a tremendous opportunity for economic progress and improvement in the general well-being of its citizens. India is one of the world's largest economies as well as one of the fastest-growing countries with a momentum expected to sustain over the next decade. Domestic consumption, which powers 60% of the GDP, is expected to grow into a $6 trillion opportunity by 2030. This consumption growth could be supported by a 1.4 billion strong population that would be younger than in any other major economy. Household savings have historically been high as thrifty and cautious Indian families put away more than a fifth of their incomes for a rainy day. This buffer provided support for domestic consumption expenditure even through challenging cycles in economic activity. The vision of consumption in India is anchored in the growth of the upper-middle income and high-income segments, which could grow from being one in four households today to one in two households by 2030.

The FMCG (Fast Moving Consumer Goods) companies in India are expected to benefit the most from the challenging and exciting implications of the above changes. They will leverage opportunities to shape consumption patterns in terms of categories consumed, brands purchased or ways of accessing products and information. To succeed, however, FMCG companies will need to look beyond Western assumptions and rules of doing business. India's unique combination of preferences, aspirations and prudence calls for innovation specifically for this market. In keeping with this, consumption growth will come from the diversity that our country offers – from the rich and densely populated metro cities and also from the geographically dispersed thousands of developed rural towns whose aspirations have begun to converge with those of urban India. FMCG companies will need to customise offerings to serve these aspirations, while innovating to solve for challenges (such as access to physical and digital infrastructure) that differentially influence consumption choices across the various segments, geographies and demographics of India.

The implementation of GST strengthened the FMCG sector with tax rates on most food items falling between the nil and 5% range and tax rates on hygiene products falling between 12 and 18%. Union Budget 2019-20 initiatives should help increase consumer spending and drive up FMCG products' demand among India's middle-class.

In 2018, the FMCG sector grew 13.8% with the household and personal care products segment accounting for a 50% share, the healthcare products segment accounting for a 31% share and the food and beverages segment accounting for a 19% share. Though there was a marked consumption slowdown in the last quarter that pulled down the annual average, the slowdown was more transitional than structural caused by a protracted winter and a delayed summer, limiting the offtake of summer products such as beverages, talcum powder and personal care products.

The FMCG industry is expected to grow at 11-12% in 2019. The three categories of food, personal care and home care are expected to grow by value at 12-13%, 10-11% and 10-11% respectively in 2019.

The FMCG sector in India is likely to grow steadily, owing to drivers like a large population, rising income, brand consciousness, growing youth population, low per capita consumption, impact of modern trade and a growing population of working women. India's contribution to global consumption is expected to be greater than 2x to 5.8% by 2020.

(Source: World Economic Forum – Future of consumption in India report – January 2019, Equity Master, IIFL, Live Mint, Bloomberg Quint)

Health and wellness foods sector overview

Consumers in India have become more health-conscious and are keeping a watch on what they are consuming. In response, packaged food manufacturers are continuously reducing the fat, sugar and salt content of their products, while beverage manufacturers are also putting a deeper emphasis on the reduction of sugar and fat, leading to increased sales of better-for-you products. Indians still love to indulge in products for taste, but are increasingly choosing food and beverages that provide functional benefits. There is also a growing preference for products which are naturally healthier but offer the taste and experience of standard food and beverages. Food safety concerns are also strengthening an interest in naturally healthy products, which contain natural ingredients and fewer or no artificial additives or preservatives. Similar concerns about the effect of pesticides on human health are driving organic sales, although the prices of organic products limit sales to higher-income consumers in India.

The increasing availability of health and wellness products and the expansion of distribution will provide consumers more choices. Growing awareness of the benefits of consuming health and wellness products, supplemented by increasing popularity of Ayurveda-based products, is also expected to drive demand. The forecast is that naturally healthy products are set to emerge as one of the most dynamic areas of health and wellness over the coming years, as consumers perceive them to be healthier and less expensive than fortified/functional and better-for-you alternatives.

(Source: Euromonitor – Health & wellness in India – April 2019)

Year 2018-19 for the Company

Zydus Wellness is a strong and emerging player in the health and wellness space in India. The year 2018-19 was successful as the Company completed the acquisition of Heinz India Private Ltd. ("Heinz India"), the subsidiary of Kraft Heinz, on January 30, 2019. Acquisition of iconic brands like Complan, Glucon-D and Nycil was an ideal addition to the Company's portfolio, supporting the Company's aspiration to grow in the consumer wellness space by providing multiple choices to consumers and emerge as one among the leading FMCG companies within India. The planned growth will create enhanced infrastructure and expand the Company's distribution network with a combined strength of 5 manufacturing facilities, 1800 distributors and more than 2 million customer touchpoints. The closure of this acquisition represents a new exciting chapter as the Company embarks on a transformation journey into a leading wellness player.

The focus for the year under review was to drive growth on the back of volume-led initiatives and new product launches in all the segments of its presence. As the year progressed, the Company reported an improvement in the growth of all brands. Key brands, namely Sugar Free, Everyuth Scrub and Everyuth Peel Off, Glucon-D and Nycil maintained leadership positions in their respective categories

Sugar Free – India's largest selling low calorie sweetener

Sugar Free maintained its number one position with a market share of 93.8%

(Source: Nielsen, MAT March 2019).

All variants of Sugar Free (Sugar Free Gold, Sugar Free Natura and Sugar Free Green) continued to lead in their respective segments.

With a constant endeavor to expand the sugar substitutes category, the Company launched exciting innovations during the year like Sugar Free Green Veda which is an Ayurvedic range of sweeteners.

The Company continued to invest in the brand through media campaigns to drive the Sugar Free Thematic TVC and launched a new television campaign, which was about increasing relevance and dialing up safety credentials.

New Innovation - Sugarlite

The Company's R&D pipeline delivered an exciting new innovation during the year - Sugarlite, a 100% natural blended sugar with 50% less calories than normal sugar. This new launch was fully supported by the new television campaign for the product, coupled with branding and sampling drives.

Everyuth – 'Pure Skin, Happy Har Din'

In 2018-19, the Everyuth skin cleansing category witnessed a strong double-digit growth rate across all segments in which the Company operated.

In the Peel Off segment, Everyuth maintained its leadership position with a market share of 84.9%. The Peel Off Mask category as a whole grew by 19.6%.

(Source: Nielsen, MAT March 2019).

In the Scrub segment, Everyuth maintained its number one position with a market share of 32.4%

(Source: Nielsen, MAT March 2019).

The Company continued to support the newly launched segment of Tan removal range of products with various media campaigns, trade and visibility drives through beauty advisors and promoters, establishing the new range on ground. The initial response to these products has been very encouraging.

The Company continued to support all segments through media campaigns and visibility drives conducted through beauty advisors and promoters to establish the new range on the ground to drive category penetration. The e-commerce business has posted growth for the brand though on a small base.

Nutralite – 'Aap happy, apki health happy'

During 2018-19, Nutralite again delivered strong volume growth. The brand was backed by various media and non-media initiatives like advertisement campaigns such as the 'Interactive Recipe Video' with chef Sanjeev Kapoor for Nutralite Mayyonaise and endorsement of 'Chota Bheem', for Mayonnaise to appeal to children.

Moving ahead, the focus is on building the image of Nutralite around its taste and health credentials with more innovations in the pipeline.

Glucon-D

Glucon-D maintained its number one position with a market share of 59.5%

(Source: Nielsen, MAT March 2019).

The Glucose powder category grew by 10.9%. Despite a delayed summer, the brand continued to be competitive with strong market share gain. The Company continued to step up investments in the brand, which would help grow the brand and category.

Complan

In the milk food drink (MFD) category, Complan enjoyed a market share of 6%

(Source: Nielsen, MAT March 2019).

The category grew by 8.9%.

The Company continued to invest in the brand through media to enhance its brand relevance in key markets. It commenced spending on digital and print promotion in West Bengal in addition to television. The Company initiated pilot projects in select areas through medical detailing with investments in the chemist channel.

Nycil

In the Prickly heat powder category, Nycil maintained its number one position with a market share of 32.1%

(Source: Nielsen, MAT March 2018).

The category grew by 10.8%.

Nycil was relaunched with a change in packaging and a new clinically-proven formula, which gives visible results against prickly heat in three days. Two new variants of Cool Aloe and Cool Lime were launched, received a favorable initial response. These initiatives have resulted in a strong market share gain especially with a strong recovery in the key markets.

Go to market - capacity and capability building

To support the growth ambition for new categories and innovations, the Company increased its direct distribution in the grocery channel through 2018-19. The Company also launched an initiative to increase its shelf presence in the Open format stores in 8 leading cities to drive the brand growth impetus.

E-Commerce continued to be a key pillar that registered more than 100% growth. We worked closely with all e-commerce partners across the grocer, fashion, pharmacy and big box formats. Modern trade grew in strong double digits for the 11th straight quarter.

Sales automation, a key initiative identified last year, was driven successfully in 2018-19. Greater than 90% of the turnover now mapped last mile customers. This connect will now be leveraged to drive sales efficiencies and better trade investment ROI.

Building international presence

The Company entered markets like Malaysia and Kuwait to build its international business. The Company enhanced its portfolio with the launch of Everyuth products for the first time in countries like UAE, Bahrain, Qatar & Oman and the launch of Nutralite products in markets like Qatar and Srilanka.

The Company also launched Sugar Free D'lite chocolates in the Middle Eastern countries like Bahrain, Oman and UAE.

The Company plans is to expand its presence in new international markets. The Company would also be expanding the presence of acquired brands to new countries.

Consolidated financial highlights

₹ in million

	2018-19	2017-18
Total Income from Operations	8,428	5,211
EBIDTA	1,744	1,253
EBIDTA Margin %	20.7%	24.0%
Profit Before Tax	1,707	1,497
PBT Margin %	20.2%	29.8%
Net Profit	1,691	1,339
Net Profit Margin %	20.1%	26.6%

a. Pursuant to the definitive agreement entered into by the Company on October 24, 2018 to acquire Heinz India Private Ltd. [HIPL], the Company and its wholly-owned entity, M/s. Zydus Wellness – Sikkim [a partnership firm]- have completed the acquisition of HIPL on January 30, 2019.

b. Pursuant to the Scheme of Amalgamation between the two subsidiaries of the Company viz. ZNL and HIPL, sanctioned by the Ahmedabad bench of Hon'able National Company Law Tribunal [NCLT] vide its order dated May 10, 2019 and effective date being May 24, 2019, HIPL has been merged with ZNL w.e.f. the appointed date of March 1, 2019.

c. The consolidated financial statements for the quarter and a year ended March 31, 2019 include the operations of HIPL from January 30, 2019 with provisional purchase price allocation [PPA] figures. The PPA figures is finalised within the measurement period as provided by IND AS 103. Hence, the figures of the quarter and year ended March 31, 2019 are not comparable with those of the previous periods.

d. Goodwill amounting to ₹3,79,692 lakh arising on the acquisition of HIPL represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of HIPL recognised.

e. The Company has issued Secured Redeemable Non-Convertible Debentures (NCDs) of ₹1,50,000 lakh, which are repayable in three equal yearly installments starting from January 16, 2022. These NCDs are secured by way of charge on specific brands. The asset cover of the said NCDs as on March 31, 2019 exceeds hundred percent of the principal amount of the NCDs. The Company has created Debenture Redemption Reserve of ₹37,500 lakh representing 25% of the value of debentures outstanding out of profits of the Company available for payment of dividend as per the provisions of Companies Act, 2013 and Rules framed thereunder. The Company obtained long term credit rating for issuance of NCDs and was assigned credit ratings of "CRISIL AA+/ Stable" from CRISIL and "CARE AA+/ Stable" from CARE Ltd. There is no change in the ratings of the NCDs by any of the rating agencies during the year.

f. The Government of India has introduced the Goods and Service Tax (GST) with effect from July 01, 2017 which replaces excise duty and various other indirect taxes. As per IND AS 115, (earlier IND AS 18), Revenue from operations for the period from July 01, 2017 to March 2018 is reported net of GST. Revenue from operations for periods upto June 30, 2017 are reported inclusive of excise duty which is now subsumed in GST.

g. In compliance with IND AS 20 on Government Grants, the amount of budgetary support under Goods and Services Tax, in relation to the eligible units under Industrial Promotion Schemes has been recognised as "Other Operating Income". In past periods such credits during excise regime were netted off from the excise cost reported in the Statement of Profit and Loss.

h. Capital Subsidy granted pursuant to Central investment subsidy scheme for investment in Plant and Machinery at Sikkim is accounted in accordance with IND AS-20 "Accounting for Government Grant and Disclosure of Government Assistance".

Profits and margins

The EBIDTA (Earnings before Interest, Depreciation, Taxation and Amortization) grew by 39.2% to ₹1744 million from ₹1253 million, last year. The EBIDTA margin as % to total income from operations stood at 20.7% during year. Net profit grew by 26.3% to ₹1691 million from ₹1339 million, last year. The net profit margin as % to total income from operations stood at 20.1% during the year. The previous year figures are not comparable as the current year include the financial results of acquisition of Heinz India Private Ltd. from January 30, 2019 to March 31, 2019

Net worth and Capital Employed

The total net worth as on March 31, 2019 was ₹33,863 million, higher by 390 % from the previous year. The return on equity (ROE = Net profit /Average equity) stood at 8.3% during the year viz-a-viz 21.5% registered last year.

The total Capital Employed (CE), at the end of the year was ₹48,863 million, higher by 607 % from the previous year. Return on Capital Employed (ROCE = Adjusted earnings before interest net of tax / Average CE) declined to 7.1% during the year viz-a-viz 21.6% registered during the previous year.

The reduction in ROE and ROCE is on account of change in Company's capital structure due to issuance of fresh equity of ₹2,575 cr (including share premium) and also funds borrowed in the form of non-convertible debentures of ₹1,500 cr which were used to fund the acquisition of Heinz India Private Ltd.

Debt

The consolidated debt of the Company as on March 31, 2019 stood at ₹15,693 million, against ₹250 million last year. Debt-equity ratio was 0.46 as on March 31, 2019 as against 0.04 as on March 31, 2018. Increase in debt-equity ratio was on account of a change in the Company's capital structure due to the issuance of fresh equity of ₹2,575 cr (including share premium) and also funds borrowed in the form of non-convertible debentures of ₹1,500 cr, which were used to fund the acquisition of Heinz India Private Ltd.

Fixed Assets and Capital Expenditure

The consolidated gross block (including capital work in progress and intangible assets) at the end of 2018-19 was ₹47,220 million. Capital expenditure in 2018-19 was ₹40.3 million (excluding goodwill and fixed assets of acquired business). Acquisition of the business of Heinz India Pvt. Ltd. led to an increase in fixed assets during the year.

Other key ratios

The Company's Current Ratio (considering current / short term debt, and excl. non-current assets) as on March 31, 2019 stood at 1.3 against 5.2 last year. Debtors Turnover ratio (in days) as on March 31, 2019 stood at 22.7 days as against 4.5 days last year. Inventory Turnover ratio (in days) as on March 31, 2019 stood at 58.1 days as against 23.4 days last year.

The previous year is figures were not comparable as the current year included the financial results of the acquisition of Heinz India Private Ltd. from January 30, 2019 to March 31, 2019

Risk identification, Risk mitigation and Internal controls

The Company's business comprised manufacturing and marketing of consumer wellness products. Its presence in these segments exposed it to various risks explained below.

Risk of fluctuations in prices of key inputs

Prices of key ingredients used in the products manufactured and marketed by the Company remain volatile due to several market-related 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 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 the quality of its products and offering newer products in the wellness segment provide it with an edge over competition. The Company supplies products in retail and institutional segments. Both segments have their own nuances in terms of customer expectations, competition and pricing. However, the Company is focused on increasing its share in all segments through a sound marketing strategy and 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 has procured adequate insurance against the risk of products being recalled from the markets due to quality issues. The Company also faces the risk of litigation from its competitors or customers on claims it makes for values its products offer. The Company always strives to ensure the highest standard of quality for its products and processes, and continuously works on improving upon that quality. It also maintains a high level of accuracy in the area of product claims.

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

Under-penetration of Categories

The Company is continuously investing in the development of its brands and the category it operates in. Some of the categories in which the Company operates are under- penetrated currently which poses one of the risks for the aspiration and growth strategy of the Company. The Company constantly innovates to meet the expectation of all its customers and therefore offers unique product propositions which would help to grow the brands and their respective categories.

A slowdown in the economy could impact the industry

After growing at 7.2% in 2017-18, the Indian economy grew at 6.8% in 2018-19. However, the medium-term outlook appears optimistic as consumption demand is expected to revive.

Impact on business due to risk of shift or delay in seasons

The delay or shift in seasons may impact business of some of our brands like Glucon-D and Nycil which are largely dependent on onset of a good summer season in India. This risk can be mitigated by having flexibility in its supply chain to manage the inventory and by liquidating excess inventory in the subsequent period.

Risk management and Internal Control Systems

The Company established a well-defined process of risk management, wherein the identification, analysis and assessment of the various risks, measuring 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 minimise 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 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.

Human Resources

In recent times the traditional responsibilities of the HR department, such as ensuring equitable benefits and compensation, overseeing employee engagement and retention, enhancing diversity, handling workplace issues among others, have evolved.

At Zydus Wellness, we focus on enhancing employee well-being and potential. The Company provides an invigorating workplace environment, attractive career growth, fair performance management and compensation and operational transparency.

Directors Report

Dear members

Your Directors are pleased to present **Twenty Fifth** Annual Report along with the Standalone & Consolidated Audited Financial Statements of the Company for the Financial Year ended on March 31, 2019.

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 standalone and consolidated financial performance of the Company, for the Financial Year ended on March 31, 2019 are summarized below:

₹ in Lakh

Particulars	Standalone		Consolidated	
	For the year ended on March 31, 2019	For the year ended on March 31, 2018	For the year ended on March 31, 2019	For the year ended on March 31, 2018
Revenue from Operations and other Income	31,516	29,242	88,170	55,620
Profit before Interest, Depreciation, Amortization and Impairment Expenses & Tax (PBIDT)	12,970	13,922	21,323	16,032
Less: Finance Cost	2,993	159	3,009	170
Less: Depreciation, Amortization and Impairment Expenses	261	351	1,251	888
Profit Before Tax (PBT)	**9,716**	**13,412**	**17,063**	**14,974**
Less: Tax Expenses	86	32	(61)	1,323
Profit After Tax (PAT)	**9,630**	**13,380**	**17,124**	**13,651**
Attributable to:				
Owners of the Parent	9,630	13,380	16,914	13,390
Non-Controlling Interests	-	-	210	261
Other Comprehensive Income/(Loss) (net of tax)	43	21	2	11
Total Comprehensive Income	**9,673**	**13,401**	**16,916**	**13,401**
Attributable to:				
Owners of the Parent	9,673	13,401	16,916	13,401
Non-Controlling Interests	-	-	210	261
Opening balance in Retained Earnings	60,739	47,360	60,713	47,323
Amount available for appropriation				
Dividend:				
Final – FY 2017-18	3,126	-	3,126	-
Corporate Dividend Tax (net of CDT Credit)	642	-	642	-
Closing Balance in Retained Earnings	**70,369**	**60,739**	**76,488**	**60,713**
Earnings Per Share (EPS) (Face Value of shares of ₹ 10/- each)	22.83	34.24	40.10	34.27

Results of operations (Consolidated):

During the year under review, the consolidated reveune from operations grew by 61.72% to ₹ 84,282 Lakhs from ₹ 52,114 Lakhs in 2017-18. The profit before tax increased by 13.90% y-o-y to ₹ 17,063 Lakhs. Net profit after tax (before OCI and after Non-Controlling Interest) increased by 26.3% y-o-y to ₹ 16,914 Lakhs. The Net Profit margin, as a % (Percentage) to total operating income during the current year is 20.10%. 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.

Dividend:

During the year under review, your Directors have recommended a dividend of ₹ 5/- (50%) per equity share on 5,76,64,144 Equity shares of ₹ 10/- each fully paid-up for the Financial Year ended on March 31, 2019, amounting to ₹ 3,475.86 Lakhs (inclusive of Dividend Distribution Tax of ₹ 592.65 Lakhs). The dividend, if declared, by the members at the ensuing Twenty Fifth Annual General Meeting (AGM), will be paid to those shareholders, whose names stand registered in the Register of Members on July 31, 2019. In respect of shares held in dematerialized form, it will be paid to the members whose names are furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited, (CDSL) as beneficial owners. The Dividend Payout Ratio for the current year (inclusive of Dividend Distribution Tax) is 31.5% of profits.

During the year, the unclaimed dividend pertaining to the dividend for the financial year ended on March 31, 2011 was transferred to Investor Education and Protection Fund (IEPF).

As per SEBI Notification, 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. The link for the same is http://www.zyduswellness.in/investor/Dividend_Policy-May17.pdf.

Acquisition of Shares of Heinz India Private Limited:

During the year under review, your company had entered into a Share Purchase Agreement jointly with Cadila Healthcare Limited to acquire 100% shareholding of Heinz India Private Limited, (Heinz). The Company along with its wholly owned entity Zydus Wellness – Sikkim, paid a consideration amount of ₹ 4,667.36 Crores (which includes payment towards cash and bank balance of ₹ 125 Crores in Heinz and acquired 100% shareholding of Heinz as under:

Sr. No.	Name of the acquirer	No. of Shares acquired	% of total shares acquired	Consideration paid (₹ in Crores)
1.	Zydus Wellness Limited	70,69,174	67.86 %	3,167.36
2.	Zydus Wellness-Sikkim (converted into a limited liability company in the name of Zydus Nutritions Limited w.e.f. February 28, 2019, a wholly owned subsidiary of the Company)	33,47,826	32.14 %	1,500.00
	Total	1,04,17,000	100.00 %	4,667.36

With the acquisition of Heinz, your Company strengthened its portfolio in consumer wellness products, which includes popular brands like Complan, Glucon-D, Nycil and Sampriti Ghee, along with its two large manufacturing facilities located at Aligarh in Uttar Pradesh and Sitarganj in Uttarakhand.

The acquired brands have a strong market presence and a legacy of over 50 years. Glucon D, first launched in 1933, is the leader in the energy drinks segment in India. Complan, a household brand in the health food drink category, was introduced in India in 1969 as a milk based health food drink. Today, Complan is considered to be one of the strongest brands associated with nutrition and health benefits and has a high spontaneous recall of nearly 90% in India. Launched in 1951, Nycil is the number one prickly heat powder with a pan India presence. Sampriti, premium ghee offers immense opportunities for growth in the large retail segment.

Alteration in the Memorandum of Association (MOA) and the Articles of Association (AOA):

During the year under review, the authorized share capital was increased from ₹ 45,00,00,000/- (Rupees Forty Five Crores only) divided into 4,50,00,000 (Four Crores Fifty Lakh) equity shares of ₹ 10/- (Rupees Ten only) to ₹ 100,00,00,000/- (Rupees One Hundred Crores only) divided into 10,00,00,000 (Ten Crores) equity shares of ₹ 10/- (Rupees Ten only) and consequently, the Capital Clause of the Memorandum of Association was altered.

Further, pursuant to the Share Subscription Agreement entered into between the Company and True North Fund V and True North Fund VI LLP (True North), certain rights were to be given to True North and for which the Articles of Association was altered.

Issue of Equity Shares on the Preferential Basis:

During the year under review, the Company has issued and allotted 1,85,92,055 Equity Shares of face value of ₹ 10/- each at a price of ₹ 1,385/- (including a premium of ₹ 1,375/-) per equity share to the following investors:

Sr. No.	Name of the Investor	No. of Shares
1	Threpsi Care LLP	72,20,216
2	Pioneer Investments Fund	7,22,021
3	Cadila Healthcare Limited	84,83,754
4	Zydus Family Trust	21,66,064
	TOTAL	1,85,92,055

The above shares were issued and allotted by way of preferential issue under Chapter VII of Securities and Exchange Board of India (Issue of Securities and Disclosure Requirements) Regulations, 2018 (**"SEBI ICDR"**) on January 29, 2019. The above equity shares were listed on the Stock Exchanges, where the existing equity shares are listed.

Upon allotment of the above equity shares, the Issued, Subscribed and Paid-up equity share capital of the Company stands increased to ₹ 57,66,41,440/- (Rupees Fifty Seven Crores Sixty Six Lakh Forty One Thousand Four Hundred Forty Only) divided into 5,76,64,144 (Five Crores Seventy Six Lakh Sixty Four Thousand One Hundred Forty Four) equity shares of face value of ₹ 10/- (Rupees Ten Only) each.

Issue of Secured Non-Convertible Debentures ("NCDs"):

During the year under review, your Company raised funds through private placement of 15,000 9.14% Secured, Listed Rated Redeemable Non-Convertible Debentures in 3 (three) tranches, namely Tranche 1, Tranche 2 and Tranche 3, of the face value of ₹ 10 Lakhs each, for ₹ 500 Crores in each tranche, aggregating to ₹ 1,500 Crores, having maturity periods of 3 years, 4 years and 5 years respectively.

The said NCDs carrying interest rate 9.14% (payable semi-annually) were issued and allotted on January 16, 2019 to the identified investors from whom valid online bidding was received and subsequently the NCDs were listed on the Wholesale Debt Market Segment of National Stock Exchange of India Limited (NSE). The Company has entered into Debenture Trustee Agreement(s) for the aforesaid issue of NCDs with Catalyst Trusteeship Limited.

Subsidiary Companies:

During the year under review, your Company has incorporated two wholly owned subsidiaries in the name of Liva Nutritions Limited on December 21, 2018 and Liva Investment Limited on December 24, 2018. Your Company has also invested an amount of ₹ 5,00,000/- and ₹ 25,00,000/- by subscribing to the Memorandum and Articles of Association of Liva Nutritions Limited and Liva Investment Limited, respectively.

The existing group entity M/s. Zydus Wellness, Sikkim (ZWS), a Partnership Firm, which was under the majority control of the Company, was converted into a Public Limited Company in the name of Zydus Nutritions Limited (ZNL) on February 28, 2019 under chapter XXI of the Companies Act, 2013.

During the year under review, a Scheme of Amalgamation of Heinz with ZNL was filed with the Hon'ble National Company Law Tribunal, Bench at Ahmedabad and the same was approved on May 10, 2019 and made effective from May 24, 2019. In view of the same, HIPL got merged into ZNL and ceased to be subsidiary from the Appointed Date i.e. March 1, 2019.

Further, as provided in section 136 of the Act, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available free of cost the Audited Financial Statements of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Financial Statements of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

As provided under section 129(3) of the Act and Rules made thereunder, a statement containing the salient features of the financial statements of its subsidiaries in the format prescribed under the rules is attached to the financial statements.

The policy relating to material subsidiaries as approved by the Board may be accessed on the Company's website at the link: https://zyduswellness.in/investor/Policy%20on%20Material%20Subsidiary%20Adopted.pdfhttps://zyduswellness.in/investor/Policy%20on%20Material%20Subsidiary%20Adopted.pdf

Material changes and commitments, if any, affecting the financial position:

There is no such material change and commitment affecting the financial position of your Company which have occurred between the end of the financial year of your Company to which the financial statements relate and the date of the Report.

Transfer of Shares to Investor Education and Protection Fund (IEPF):

In compliance with the provisions of section 124 of the Companies Act, 2013 and rules made thereunder, the Company has transferred 7656 shares of 200 shareholders whose dividend has remained unclaimed / unpaid for a consecutive period of seven years to IEPF.

Fixed Deposit:

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

Insurance:

The Company's plant, properties, equipment and stocks are adequately insured against all major risks. The Parent Company has taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them, which includes the Directors of the Company also.

Management Discussion and Analysis (MDA):

MDA, for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (**"the Listing Regulations"**), is presented in a separate section, which forms a part of the Annual Report.

Consolidated Financial Statements:

Liva Nutritions Limited, Liva Investment Limited, Zydus Nutritions Limited and Heinz India Private Limited (for a period of January 31, 2019 to February 28, 2019) are the four subsidiaries of the Company and hence the accounts of all the four Companies 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.

Further, 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 www.zyduswellness.in.

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 had issued equity shares to Cadila Healthcare Limited and Zydus Family Trust as per the resolutions passed by the shareholders at the Extra Ordinary General Meeting held on January 4, 2019.

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 www.zyduswellness.in.

Disclosures on related party transactions are set out in Note No. 42 to the financial statements.

Particulars of Loans, Guarantees and Investments:

Details of loans, guarantees and investments covered under section 186 of the Act are given in the notes to the financial statements.

Directors and Key Managerial Personnel:

i. 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, Mr. Ganesh N. Nayak, Non-executive Director (DIN–00017481) will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

ii. Cessation or Change in Directors:

As per the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, a Company cannot appoint or continue to appoint any Director who has attained the age of 75 years unless approval of shareholders is obtained by way of a Special Resolution.

In view of the above, Mr. H. Dhanrajgir (DIN-00004006), 82 years and Prof. Indiraben J. Parikh (DIN-00143801), 75 years have ceased to be the Directors of the Company after March 31, 2019.

Based on the recommendation of Nomination and Remuneration Committee, Mr. Savyasachi S. Sengupta (DIN-05158870), Mr. Srivishnu Raju Nandyala (DIN-00025063) and Ms. Dharmishtaben N. Raval (DIN-02792246) were appointed as the Additional Independent Directors of the Company by the Board of Directors on November 2, 2018, March 11, 2019 and March 11, 2019, respectively.

The Board recommends appointment of the above three directors to the members of the Company at the ensuing Twenty Fifth Annual General Meeting.

Further, pursuant to the provisions of Share Subscription Agreement entered into between True North Fund V LLP and True North Fund VI LLP (True North) and relevant articles of the Articles of Association, Mr. Ashish Bhargava was appointed as a Nominee Director of the Company by the Board of Directors at their meeting held on January 30, 2019 representing True North.

The Nominee Director shall continue to hold directorship as long as True North holds 10% of the equity shares of the Company. Mr. Ashish Bhargava shall not be liable to retire by rotation.

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 the Independent Directors.

iv. Profile of Directors seeking appointment / re-appointment:

As required under regulation 36(3) of the Listing Regulations, particulars of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting are annexed to the notice convening Twenty Fifth Annual General Meeting.

v. Key Managerial Personnel:

The following persons are the Key Managerial Personnel (KMP):

1. Mr. Tarun G. Arora, Chief Executive Officer & Whole Time Director,
2. Mr. Umesh V. Parikh, Chief Financial Officer,
3. Mr. Dhaval N. Soni, Company Secretary (till February 6, 2019); and
4. Mr. Dhanraj P. Dagar, Company Secretary (w.e.f. February 6, 2019).

The Board of Directors at their meeting held on January 30, 2019 changed the designation of Mr. Tarun G. Arora as Chief Executive Officer and Whole Time Director of the Company.

Further, the Board of Directors at their meeting held on February 6, 2019, on the recommendations of the Nomination and Remuneration Committee, appointed Mr. Dhanraj P. Dagar as the Company Secretary & Compliance Officer and Key Managerial Personnel of the Company w.e.f. February 6, 2019.

Mr. Dhaval N. Soni ceased to be the Company Secretary of the Company w.e.f. February 6, 2019.

vi. Board Evaluation:

Pursuant to the provisions of the Act and the 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 the 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. The Remuneration Policy is stated in the Corporate Governance Report, which is a part of this 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, 2019 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 a 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 a part of this report. The Board has accepted the recommendations of Audit Committee.

The Board of Directors of the Company have reconstituted the Audit Committee on May 1, 2019 which now comprises of Ms. Dharmishtaben N. Raval as Chairperson, Mr. Ganesh N. Nayak, Mr. Kulin S. Lalbhai, Mr. Srivishnu Raju Nandyala, Mr. Savyascahi S. Sengupta and Mr. Ashish Bhargava as its members.

Composition of other Committees:

Composition of other Committees and other details on the Committees are given in the Corporate Governance Report, forming a part of this Annual 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 a part of this Report.

Auditors:

i. Statutory Auditors and their Report:

Dhirubhai Shah & Co., LLP, Chartered Accountants, (Firm Registration No. 102511W/W100298) are appointed as Statutory Auditors from the conclusion of Twenty First Annual General Meeting until the conclusion of Twenty Sixth Annual General Meeting. They have 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 Statutory Auditor's Report for the Financial Year ended on March 31, 2019 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' are required to be audited. The Board has, on the recommendation of Audit Committee, appointed Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338) to audit the cost records of the Company for the financial year ending on March 31, 2020 at a remuneration of ₹ 2.60 Lakhs plus applicable taxes and out of pocket expenses at actuals.

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 Dalwadi & Associates, Cost Accountants, by the members is included at item No. 8 of the Notice convening Twenty Fifth Annual General Meeting.

iii. Secretarial Auditors and Secretarial Audit Report:

Pursuant to provisions of section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed Hitesh Buch & Associates, Practicing Company Secretaries, to undertake Secretarial Audit of the Company for the financial year ended on March 31, 2019. The Secretarial Audit Report is attached herewith as **Annexure–"A".**

The Board has reviewed the Secretarial Auditor's Report and 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 its Report as provided under section 134 of the Act.

Compliance of Cost Audit Records:

The Company is required to maintain the Cost Records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and the rules made thereunder and accordingly such accounts and records are made and maintained.

Compliance with Secretarial Standards:

During the year under review, the Company has complied with the applicable Secretarial Standards i.e. SS-1 and SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively, issued by The Institute of Company Secretaries of India.

Business Responsibility Report:

As per regulation 34(2)(f) of the Listing Regulations, a separate section on Business Responsibility Report forms a part of this 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 and was lastly re-constituted on May 1, 2019. The other members of the Committee are Mr. Ganesh N. Nayak and Mr. Savyasachi S. Sengupta. A CSR Policy has been framed and placed on the Company's website:https://zyduswellness.in/investor/CSR%20Policy.pdf. 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.

Pursuant to the provisions of section 134(3)(n) of the Act and requirements under the Listing Regulations, the Company has constituted a Risk Management Committee under the Chairmanship of Dr. Sharvil P. Patel and Mr. Savyasachi S. Sengupta, Mr. Kulin S. Lalbhai and Mr. Umesh V. Parikh as the member of the Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report, which forms a part of this Report.

Discussions on risks and concerns are covered in the Management Discussion and Analysis Report, which forms a part of this 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, 2019, 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 behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. Whistle Blower Policy is disclosed on the website of the Company : https://zyduswellness.in/investor/Whistle_Blower_Policy-May19.pdf. As required under SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has amended the Whistle Blower Policy to enable the employees to report instances of leakage of unpublished price sensitive information.

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 ended on March 31, 2019, 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 provided as **Annexure–"C"** and is also available on the website of the Company at www.zyduswellness.in.

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 a 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 statutory and government agencies or bodies for their support and co-operation.

For and on behalf of the Board

Place : Ahmedabad
Date : May 28, 2019

Dr. Sharvil P. Patel
Chairman

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

(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
House No. 6 & 7, Sigma Commerce Zone,
Nr. Iscon Temple, Sarkhej Gandhinagar Road
Satellite Cross Roads, Ahmedabad – 380015

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 March 31, 2019 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 Zydus Wellness Limited (**"the Company"**) for the financial year ended on March 31, 2019 according to the provisions of:

   (i) The Companies Act, 2013 (**"the Act"**) and the rules made thereunder;

   (ii) The Securities Contracts (Regulation) Act, 1956 (**"SCRA"**) and the rules made thereunder;

   (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

   (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;

   (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, 2018;

   (iv) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;

   (v) The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015;

   (vi) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (vii) 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 as the Company is not registered as Registrar and Transfer Agents with SEBI)**

   (viii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable as the Company has not applied for delisting of Equity Shares during the financial year)**

(ix) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable as the Company has not bought back any of the securities during the financial year)**

3. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations as applicable to the Company.

4. The Company has complied with following specific laws applicable to the Company:

   (i) Food Safety and Standards Act, 2006

   (ii) Legal Metrology Act, 2009

5. We have also examined compliance with the applicable clauses of the following:

   (i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and

   (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited pursuant to Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

   During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Adequate notice is 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:

A. The members of the Company passed the following special resolutions at Extra-ordinary General meeting of the Company held on January 4, 2019:

   i. To give loans, guarantee and make investments in excess of limits prescribed under section 186 of the Act for amount upto ₹ 5500 crore

   ii. To borrow funds in excess of limits prescribed under 180(1)(c) of the Act for amount upto ₹ 3000 crore

   iii. To borrow funds by way of issuance of Non-Convertible Debentures upto ₹ 1500 crore

   iv. To create charge on the assets of the Company as prescribed under section 180(1) (a)

   v. To issue equity shares on private placement basis to various entities including the promoter and the holding company.

   vi. To grant approval for material related party transactions with (a) Cadila Healthcare Limited upto ₹ 1,175 crore by way of issue of shares, (b) Zydus Family Trust for Investments upto ₹ 300 crore and (c) Zydus Family Trust for loan upto ₹ 500 crore

B. The Company along with its wholly owned entity acquired 100% shareholding of Heinz India Private Limited

For, Hitesh Buch & Associates
Company Secretaries

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

Place : Ahmedabad
Date : May 28, 2019

Annexure

To,
The Members,
Zydus Wellness Limited
House No. 6 & 7, Sigma Commerce Zone,
Nr. Iscon Temple, Sarkhej Gandhinagar Road
Satellite Cross Roads, Ahmedabad – 380015

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

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

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. 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

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

Place : Ahmedabad
Date : May 28, 2019

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 hospital and medical college. The said institution provides hospital services to the patients. The medical college provides education and facilities to the medical students. The objectives of the institution include, amongst others, to help the marginalized and economically weaker people of the society.

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

   Dr. Sharvil P. Patel – Chairman,
   Mr. Ganesh N. Nayak – Member; and
   Mr. Savyasachi S. Sengupta – Member

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

   ₹ 11,563.21 Lakhs.

4. **Prescribed CSR expenditure (2% of the amount as an item No. 3 above):**

   ₹ 231.26 Lakhs.

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

   i. Total amount to be spent during the financial year:

      Rs. 231.26 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	Dahod, Gujarat
Amount outlay (Budget) Project or Program wise	₹ 231.26 Lakhs
Amt. spent on the Projects or Programs Sub-heads: (1) Direct expenditure on projects of programs, (2) Overheads	₹ 231.26 Lakhs
Cumulative expenditure up to the reporting period	₹ 231.26 Lakhs
Amount spent: Direct or through implementing Agency	Hospital and Medical Collage at Dahod

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

Tarun G. Arora
CEO & Whole Time Director

Place : Ahmedabad
Date : May 28, 2019

Form No. MGT–9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on March 31, 2019
(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-I, Besides Gala Business Center, Nr. St. Xavier's College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad-380006 Phone.: 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 / Services	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	63.55	2(46)
Liva Nutritions Limited Registered Office: House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej–Gandhinagar Highway, Ahmedabad–380015	U15149GJ2018PLC105736	Subsidiary	100	2(87) (ii)
Liva Investment Limited Registered Office: House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej–Gandhinagar Highway, Ahmedabad–380015	U65999GJ2018PLC105763	Subsidiary	100	2(87) (ii)

Name and address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Zydus Nutritions Limited Registered Office: House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej–Gandhinagar Highway, Ahmedabad–380015	U15400GJ2019PLC106866	Subsidiary	98.16	2(87) (ii)
Heinz India Private Limited* Registered Office: House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej–Gandhinagar Highway, Ahmedabad–380015	U15200GJ1994PTC107115	Subsidiary	67.86	2(87)

* Heinz India Private Limited is merged with Zydus Nutiritions Limited, from appointed date March 1, 2019, pursuant to the order of Hon'ble National Company Law Tribunal, Ahmedabad dated May 10, 2019 effective from May 24, 2019.

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	4797	-	4797	0.01	4797	-	4797	0.01	0.00
ii. Promoter Trust	174495	-	174495	0.45	2340559	-	2340559	4.06	+ 3.61
iii. Central Govt.	-	-	-	-	-	-	-	-	-
iv. State Govt.(s)	-	-	-	-	-	-	-	-	-
v. Bodies Corporate	28164395	-	28164395	72.08	36648149	-	36648149	63.55	- 8.53
Sub–Total (A)(1)	**28343687**	**-**	**28343687**	**72.54**	**38993505**	**-**	**38993505**	**67.62**	**- 4.92**
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**	**38993505**	**-**	**38993505**	**67.62**	**- 4.92**
B. Public Shareholding									
1. Institutions									
i. Mutual Funds	1634999	559	1635558	4.19	1822119	559	1822678	3.16	- 1.03
ii. Banks / FI	1515406	-	1515406	3.88	1525603	-	1525603	2.65	- 1.23
iii. Central Govt.	-	-	-	-	-	-	-	-	-
iv. State Govt.(s)	-	-	-	-	-	-	-	-	-
v. Venture Capital Fund	-	-	-	-	-	-	-	-	-

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	
vi. Alternate Investment Fund	-	-	-	-	722021	-	722021	1.25	1.25
vii. Insurance Companies	-	-	-	-					
viii. FIIs / FPIs	2340796	46	2340842	5.99	2104235	46	2104281	3.65	- 2.34
ix. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
x. Others (specify) NBFCs registered with RBI	-	-	-	-	1768	0	1768	0.00	-
Sub–Total (B)(1)	**5491201**	**605**	**5491806**	**14.06**	**6175746**	**605**	**6176351**	**10.71**	**- 3.35**
2. Non–Institutions									
i. Bodies Corporate									
a. Indian	1951779	781	1952560	5.00	8997786	780	8998566	15.61	+ 10.61
b. Overseas	-	-	-	-					
ii. Individuals									
a. Individual shareholders holding nominal share capital up to ₹ 1 Lakh	1921597	192102	2113699	5.41	2222347	167540	2389887	4.14	- 1.27
b. Individual shareholders holding nominal share capital above ₹ 1 Lakh	806038	-	806038	2.06	663938	-	663938	1.15	- 0.91
iii. Others (specify)									
a. Non–Resident Indians	145990	71001	216991	0.55	207770	70576	278346	0.48	- 0.07
b. Clearing Member	10994	-	10994	0.03	19484	0	19484	0.03	-
c. Trusts	317	-	317	-	374	-	374	-	-
d. Hindu Undivided Family	77645	-	77645	0.20	77711	0	77711	0.13	- 0.07
e. Others	58352	-	58352	0.15	65982	-	65982	0.11	- 0.04
Sub–Total (B)(2)	**4972712**	**263884**	**5236596**	**13.40**	**12255392**	**238896**	**12494288**	**21.65**	**+ 8.25**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**10463913**	**264489**	**10728402**	**27.46**	**18431138**	**239501**	**18670639**	**32.38**	**+ 4.92**
C. Shares held by Custodians for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**38807600**	**264489**	**39072089**	**100.00**	**57424643**	**239501**	**57664144**	**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	-	36647509	63.55	-	- 8.53*
2.	Zydus Family Trust	174495	0.45	-	2340559	4.06	-	+ 3.61
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)	1066	-	-	1066	-	-	-
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 (Taraben Patel Family Will Trust)	533	-	-	533	-	-	-
11.	Sharvil Pankajbhai Patel	533	-	-	533	-	-	-
	Total	**28343687**	**72.54**		**38993505**	**67.62**	**-**	**- 4.93**

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
1.	**Cadila Healthcare Limited**				
	At the beginning of the year	28163755	72.08	28163755	72.08
	Date wise Increase / Decrease in Promoters' shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.) Subscribed on January 29, 2019	8483754	14.71	8483754	14.71
	At the end of the year	36647509	63.55	36647509	63.55*
2.	**Zydus Family Trust**				
	At the beginning of the year	174495	0.45	174495	0.45
	Date wise Increase / Decrease in Promoters' shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.) Subscribed on January 29, 2019	2166064	3.75	2166064	3.75
	At the end of the year	2340559	4.06	2340559	4.06

* Due to additional equity share capital raised by the Company, the percentage shareholding of Cadila Healthcare Limited in the Company has decreased from 72.08% to 63.55%.

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.	**Threpsi Care LLP** (Changes in the holdings as per the beneficiary position downloaded from the Depositories.)	At the beginning of the year			0	0
		29.01.2019	7220216	12.52	7220216	12.52
		At the end of the year			7220216	12.52
2.	**Matthews India Fund** (Changes in the holdings as per the beneficiary position downloaded from the Depositories.)	At the beginning of the year			1670471	4.28
		04.05.2018	-28186	-0.07	1642285	4.21
		11.05.2018	-21202	-0.05	1621083	4.16
		01.06.2018	-51596	-0.13	1569487	4.03
		08.06.2018	-1371	0.00	1568116	4.03
		22.06.2018	-19113	-0.05	1549003	3.98
		06.07.2018	-15446	-0.03	1533557	3.94
		14.09.2018	-1896	0.00	1531661	3.94
		21.09.2018	-7485	-0.03	1524176	3.92
		29.09.2018	-11967	-0.05	1512209	3.89
		12.10.2018	-21457	-0.03	1490752	3.84
		19.10.2018	-8185	-0.02	1482567	3.82
		26.10.2018	-28678	-0.07	1453889	3.75
		14.12.2018	12132	0.03	1466021	3.78
		25.01.2019	3264	0.00	1469285	3.78
		22.02.2019	634	0.00	1469919	2.55
		01.03.2019	60432	0.10	1530351	2.65
		08.03.2019	204444	0.35	1734795	3.00
		At the end of the year			1734795	3.00
3.	**Life Insurance Corporation of India** (Changes in the holdings as per the beneficiary position downloaded from the Depositories.)	At the beginning of the year			1734795	3.17
		At the end of the year			1238775	2.15
4.	**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			1167768	2.99
		27.04.2018	4500	0.01	1172268	3.00
		25.05.2018	114	0.00	1172382	3.00
		01.06.2018	1000	0.00	1173382	3.00
		08.06.2018	5990	0.01	1179372	3.01
		15.06.2018	28044	0.07	1207416	3.08
		31.08.2018	5000	0.01	1212416	3.09
		29.09.2018	1432	0.00	1213848	3.09
		02.11.2018	4853	0.01	1218701	3.10
		23.11.2018	691	0.00	1219392	3.10
		30.11.2018	7609	0.01	1227001	3.11
		01.02.2019	2177	0.00	1229178	2.13
		At the end of the year			1229178	2.13
5.	**Prazim Trading and Investment Co. Pvt. Ltd.** Changes in the holdings as per the beneficiary position downloaded from the Depositories.	At the beginning of the year			824004	2.11
		At the end of the year			824004	1.43

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative shareholding	% of total share capital
		Date	Increase / Decrease	% of total share capital		
6.	**Pioneer Investment Fund** (Changes in the holdings as per the beneficiary position downloaded from the Depositories.)	At the beginning of the year			0	0.00
		29.01.2019	722021	1.25	722021	1.25
		At the end of the year			722021	1.25
7.	**Tarish Investment and Trading Co. Pvt. Ltd.** (Changes in the holdings as per the beneficiary position downloaded from the Depositories.)	At the beginning of the year			574917	1.47
		At the end of the year			574917	1.00
8.	**PPFAS Mutual Fund – Parag Parikh Long Term Equity Fund** (Changes in the holdings as per the beneficiary position downloaded from the Depositories.)	At the beginning of the year			386260	0.99
		At the end of the year			386260	0.67
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			273213	0.67
		At the end of the year			273213	0.47
10.	**Rohini Nilekani** (Changes in the holdings as per the beneficiary position downloaded from the Depositories.)	At the beginning of the year			0	0.00
		29.03.2019	200000	0.35	200000	0.35
		At the end of the year			200000	0.35

v) Shareholding of Directors and Key Managerial Personnel:

A. Directors (other than KMP):

Particulars	Dr. Sharvil P. Patel	Ganesh N. Nayak	H. Dhanrajgir	Kulin S. Lalbhai	Prof. Indiraben 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	-	0.011	-	-	-

Particulars	Savyasachi S. Sengupta	Ashish Bhargava	Dharmishtaben N. Raval	Srivishnu Raju Nandyala
At the beginning of the year:				
• Number of Shares	173	-	-	-
• % of total shares held	-	-	-	-
Date wise increase / decrease in shareholding:	-	-	-	-
At the end of the year:				
• Number of Shares	173	-	-	-
• % of total shares held	-	-	-	-

B. Key Managerial Personnel:

Particulars	Tarun G. Arora CEO & Whole Time Director	Umesh V. Parikh Chief Financial Officer	Dhaval N. Soni* Company Secretary	Dhanraj P. Dagar** Company Secretary
At the beginning of the year:				
• Number of Shares	300	6	-	-
• % of total shares held	-	-	-	-
Date wise increase / decrease in shareholding		-	-	-
Purchased on				
June 5, 2018	300			
February 20, 2019	248			
February 26, 2019	152			
At the end of the year:				
• Number of Shares	1000	6	-	-
• % of total shares held	0.0017	-	-	-

* Ceased to be the KMP w.e.f. February 6, 2019

** Appointed as the KMP w.e.f. February 6, 2019

V) Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

₹ in Lakh

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	-	2500	-	2500
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	1	-	1
Total (i+ii+iii)		**-**	**2501**	**-**	**2501**
Change in Indebtedness during the financial year					
Addition		152150	4500	-	156650
Reduction		-	2501	-	2501
-Net Change		**152150**	**1999**	**-**	**154149**
Indebtedness at the end of the financial year					
i)	Principal Amount	152150	4500	-	156650
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	2817	20	-	2837
Total (i+ii+iii)		**154967**	**4520**	**-**	**159487**

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing / Whole Time Director:

₹ in Lakh

Sr. No.	Particulars of Remuneration	Tarun G. Arora, CEO & Whole Time Director
1.	Gross Salary	
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	327.81
	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)	**328.10**
	Ceiling as per the Act	431.00

B. Remuneration to other Directors:

1. Independent / Nominee Directors:

₹ in Lakh

Particulars of Remuneration	Name of Directors							Total
	H. Dhanrajgir	Indiraben J. Parikh	Kulin S. Lalbhai	Savyasachi S. Sengupta	Ashish Bhargava	Srivishnu Raju Nandyala	Dharmishtaben N. Raval	
• Fee for attending Board & Committee Meetings	3.50	8.50	9.00	6.00	2.00	-	-	**29.00**
• Commission	12.50	10.00	10.00	10.00	10.00	10.00	10.00	**72.50**
• Others, please specify	-	-	-	-	-	-	-	**-**
Total (B) (1)	**16.00**	**18.50**	**19.00**	**16.00**	**12.00**	**10.00**	**10.00**	**101.50**

2. Non–Executive Directors:

₹ in Lakh

Particulars of Remuneration	Name of Directors		Total
	Dr. Sharvil P. Patel	Ganesh N. Nayak	
• Fee for attending Board & Committee Meetings	9.50	11.00	**20.50**
• Commission	-	-	**-**
• Others, please specify	-	-	**-**
Total (B) (2)	**9.50**	**11.00**	**20.50**
Total (B)(1) + (B)(2)			**122.00**

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole Time Director

₹ in Lakh

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Umesh V. Parikh Chief Financial Officer	Dhaval N. Soni* Company Secretary	Dhanraj P. Dagar** Company Secretary	
1.	Gross Salary				
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	109.53	13.18	1.73	**124.44**
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	0.22	0.47	-	**0.69**
	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)	**109.75**	**13.65**	**1.73**	**125.13**

* Ceased to be the KMP w.e.f. February 6, 2019

** Appointed as the KMP w.e.f. February 6, 2019

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 28, 2019

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. H. Dhanrajgir	3.10
Prof. Indiraben J. Parikh	4.00
Mr. Kulin S. Lalbhai	3.80
Mr. Savyasachi S. Sengupta	3.20
Mr. Ashish Bhargava	2.10
Mr. Srivishnu Raju Nandyala	2.00
Ms. Dharmishtaben N. Raval	2.00
Mr. Ganesh N. Nayak	Not applicable, as no Managerial Remuneration was paid.
Mr. Tarun G. Arora	66.21

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. H. Dhanrajgir	34.78%
Prof. Indiraben J. Parikh	53.85%
Mr. Kulin S. Lalbhai	80.95%
Mr. Savyasachi Sengupta	N.A. as appointed during the year (w.e.f. November 2, 2018)
Mr. Ashish Bhargava	N.A. as appointed during the year (w.e.f. January 30, 2019)
Mr. Srivishnu Raju Nandyala	N.A. as appointed during the year (w.e.f. March 11, 2019)
Ms. Dharmishtaben N. Raval	N.A. as appointed during the year (w.e.f. March 11, 2019)
Mr. Ganesh N. Nayak	Not applicable, as no Managerial Remuneration was paid.
Mr. Tarun G. Arora	11%
Mr. Umesh V. Parikh, Chief Financial Officer	11%
Mr. Dhaval N. Soni, Company Secretary*	22%
Mr. Dhanraj P. Dagar, Company Secretary**	N.A. as appointed during the year (w.e.f. February 6, 2019)

* Resigned as a Company Secretary (KMP) w.e.f. February 6, 2019.

** Appointed as a Company Secretary (KMP) w.e.f. February 6, 2019.

c. The percentage increase in the median remuneration of employees in the financial year was 6.3%.

d. There were 212 permanent employees on the roll of the Company as on March 31, 2019.

e. The consolidated profits before tax, for the financial year ended on March 31, 2019 increased by 14% and the average increase in remuneration of employees was 10.96%.

f. The consolidated profits before tax for the financial year ended on March 31, 2019 increased by 14% and the remuneration of Key Managerial Personnel, viz. (1) CEO & Whole Time Director (Mr. Tarun G. Arora), (2) Chief Financial Officer (Mr. Umesh V. Parikh) and (3) Company Secretary (Mr. Dhaval N. Soni upto February 06, 2019), increased by 11%, 11% and 22% respectively. Mr. Dhanraj P. Dagar was appointed as the Company Secretary w.e.f. February 6, 2019 and hence the percentage increase is not applicable.

g. The market capitalization of the Company was ₹ 7,52,113 Lakh as on March 31, 2019 as against ₹ 4,58,355 Lakh as on March 31, 2018.

Whereas, consolidated Price Earnings Ratio of the Company was 40.10 as on March 31, 2019 as against 34.27 as on March 31, 2018.

h. The Company came out with Initial Public Offer in October, 1995 at a price of ₹ 10/- per share. The market price of the share as on March 31, 2019 was ₹ 1,298.45 on BSE Limited and ₹ 1,304.30 on the National Stock Exchange of India Limited. The increase in price is 1298%, apart from the dividend received by the shareholders.

i. The average annual increase in the salaries of the employees, other than managerial personnel was 10.95%, whereas the average increase in the managerial remuneration was 11% 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 ₹ 100 Lakh 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	None
3.	Capital Investment on energy conservation equipments	Nil
B.	**Technology absorption:**	
1.	Efforts made towards technology absorption	None
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	₹ 221.00 Lakh

C. Foreign exchange earnings and outgo:

During the year, the foreign exchange earned in terms of actual inflows was ₹ 344.64 Lakh, whereas the foreign exchange in terms of actual outflows was ₹ 200.89 Lakh.

For and on behalf of the Board

Place : Ahmedabad
Date : May 28, 2019

Dr. Sharvil P. Patel
Chairman

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**) as amended from time to time.

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 Chief Executive Officer and Whole-Time Director is accountable for the overall working of the Company. The Board gives strategic directions, lays down the policy guidelines and the Chief Executive Officer and 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 Chief Executive Officer and 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, 2019, your Company's Board comprised of eight Directors, which includes one Executive Director and seven Non-Executive Directors, comprising of four Independent Directors (which also includes one woman Director) and one Nominee Director. All the Non-Executive Directors have considerable experience in their respective fields. Mr. H. Dhanrajgir and Prof. Indiraben J. Parikh, both erstwhile Independent Directors ceased to be Directors of the Company w.e.f. March 31, 2019.

As required under the provisions of section 149(1) of the Companies Act, 2013 (**the Act**) 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, Human Resource, Legal and

Industry. Thus, the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise.

b. Board Skills / Expertise / Competencies:

Zydus Wellness Board is a skill-based board comprising of Directors who collectively have the skills, knowledge and experience to effectively govern and direct the organisation.

The Board of Directors have identified the below mentioned core skills / expertise / competencies in the context of the business and the sector in which the Company is operating, for the Company to function effectively:

- Knowledge and/or expertise in one or more of areas like consumer business, manufacturing, accounts, finance, taxation, banking, HR, IT, marketing, law, business and management.

This criteria is designed to ensure the Board consists of individuals with a balance of skills to oversee the organisation, achieve the strategic goals and direct the organisation's future.

All Directors are expected to possess full set of personal attributes in addition to sound professional knowledge and experience and contribute to the collective industry skills set held by the Board.

The Board as a whole encompasses desirable diversity in aspects such as gender, age and different perspectives.

c. Board Meetings / Directors' particulars:

In compliance with regulation 17 of the Listing Regulations and as required under the Act, 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, seven Board meetings were held on May 24, 2018, August 3, 2018, October 24, 2018, November 2, 2018, December 6, 2018, January 30, 2019 and February 6, 2019.

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 prepares 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 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 meetings is placed for the information to the Board members.

The Board has a 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 and its subsidiaries.
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' services such as non-payment of dividend, delay in transfer of shares, etc.

The Independent Directors play an important role in the deliberations in the 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 serve 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, 2019.

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	7	7	Yes	1 (2)	9
Mr. H. Dhanrajgir[3]	Non-Executive and Independent Director		2	Yes	5(1)	5
Prof. Indiraben J. Parikh[3]	Non-Executive and Independent Woman Director		4	No	5	6
Mr. Kulin Lalbhai	Non-Executive and Independent Director		7	Yes	1	4
Mr. Ashish Bhargava	Nominee Director		2	N.A.	2	1
Ms. Dharmishtaben N. Raval[4]	Non-Executive and Independent Woman Director		0	N.A.	3(1)	7
Mr. Srivishnu Raju Nandyala[4]	Non-Executive and Independent Director		0	N.A.	1 (2)	4
Mr. Savyasachi S. Sengupta[5]	Non-Executive and Independent Director		4	N.A.	1	3
Mr. Ganesh N. Nayak	Non-Executive Director		7	Yes	2 (1)	3
Mr. Tarun G. Arora	CEO & Whole Time Director		7	Yes	1	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 Ceased to be the Directors of the Company w.e.f. March 31, 2019.

4 Appointed as Directors w.e.f. March 11, 2019.

5 Appointed as a Director w.e.f. November 2, 2018.

The following table gives the names of the listed entities where the Directors of the Company are Director and the category of their respective directorship:

Sr. No.	Name of the Director of the Company	Name of the listed companies in which the Directors of the Company is a Director	Category of Directorship in the listed companies
1.	Dr. Sharvil P. Patel	Cadila Healthcare Limited	Managing Director
2.	Mr. Kulin S. Lalbhai	Arvind Limited	Executive Director
		Arvind Smartspaces Limited	Non-Executive Director
		Arvind Fashions Limited	Non-Executive Director
3.	Mr. Ashish Bhargava	None	-
4.	Ms. Dharmishtaben N. Raval	Cadila Healthcare Limited	Independent Director
		NOCIL Limited	Independent Director
		Torrent Power Limited	Independent Director
5.	Mr. Srivishnu Raju Nandyala	Heritage Foods Limited	Independent Director
		Amara Raja Baterries Limited	Independent Director
6.	Mr. Savyasachi S. Sengupta	None	-
7.	Mr. Ganesh N. Nayak	Cadila Healthcare Limited	Executive Director
8.	Mr. Tarun G. Arora	None	-

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.

Further, the Board of Directors have carried out the evaluation of the Independent Directors (IDs), which included the performance of the IDs and fulfilment of the independence criteria as specified in the Listing Regulations and their independence from the management. The Directors who were subject to evaluation did not participate in the proceedings of the meeting.

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,

F) Risk Management Committee,

G) Fund Raising Committee, and

H) 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 Chairman of the respective Committee.

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 / half yearly unaudited / Annual audited financial statements and Limited Review Report / Audit Reports of the Statutory Auditors before recommending for 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,
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, and
17. Utilization of loans and / or advances from / investment by the company in subsidiary in excess of ₹ 100 crore or 10% of asset size of the subsidiary, whichever is lower.

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

The Audit Committee held six meetings during the year under review, on May 24, 2018, August 3, 2018, November 2, 2018, December 6, 2018, January 30, 2019 and February 6, 2019. The time gap between any two meetings was less than 120 days. The composition of the Audit Committee as at March 31, 2019 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. H. Dhanrajgir, Chairman	Non–Executive / Independent	6	2
Prof. Indiraben J. Parikh	Non–Executive / Independent		4
Mr. Kulin S. Lalbhai	Non–Executive / Independent		6
Mr. Ashish Bhargava[2]	Nominee Director		1
Mr. Savyasachi S. Sengupta[1]	Non–Executive / Independent		3
Mr. Ganesh N. Nayak	Non–Executive		6

1. Appointed as a Member of the Committee w.e.f. November 2, 2018

2. Appointed as a Member of the Committee w.e.f. January 30, 2019

Mr. H. Dhanrajgir and Prof. Indiraben J. Parikh ceased to be the Directors of the Company w.e.f. March 31, 2019 and based on the recommendation of Nomination and Remuneration Committee, Mr. Srivishnu Raju Nandyala and Ms. Dharmistaben N. Raval were appointed as the additional Independent Directors of the Company w.e.f. March 11, 2019.

The Directors have reconstituted the Audit Committee and as on May 28, 2019 comprises of the following members:

Name of the Member	Category
Ms. Dharmishtaben N. Raval, Chairperson[1]	Non–Executive / Independent
Mr. Kulin S. Lalbhai	Non–Executive / Independent
Mr. Ashish Bhargava	Nominee Director
Mr. Srivishnu Raju Nandyala[1]	Non–Executive / Independent
Mr. Savyasachi S. Sengupta	Non–Executive / Independent
Mr. Ganesh N. Nayak	Non–Executive

1. Appointed as Members of the Committee w.e.f. May 1, 2019.

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 erstwhile Chairman of the Audit Committee attended the Annual General Meeting of the Company held on August 3, 2018 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 held during the year, except meetings held on October 24, 2018 and December 6, 2018. 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 FMCG 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, 2019, 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 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 Act and regulation 20 of the Listing Regulations, the Board has formed "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, 2019 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. H. Dhanrajgir[1]		2
Mr. Savyasachi S. Sengupta[2]		1
Mr. Tarun G. Arora		4

1. Ceased to be Independent Director & Member w.e.f. March 31, 2019.
2. Appointed as a Member of the Committee w.e.f. February 6, 2019.

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

The Committee ensures that the shareholders' / investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 13 investor grievances were received and all of them have been resolved. There was no investor grievance remaining unattended and pending as on March 31, 2019.

19,484 equity shares remained in the in-transit account with National Securities Depository Limited and Central Depository Services (India) Limited as at March 31, 2019.

III. Number of requests / complaints:

During the year, the Company has resolved investor grievances expeditiously. The Company and / or its Registrar and Share 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	-	5	5	-
Shareholders	-	8	8	-
Shareholder queries / requests:				
Dividend Related,	-	7	7	-
Transfer / Transmission	-	44	44	-
Changes of address / Bank mandates	-	47	47	-

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, Senior Management Personnel (which includes KMP) 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, 2019 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. All members of the Committee are Non-Executive Directors and except Dr. Sharvil P. Patel, Mr. Ganesh N. Nayak and Mr. Ashish Bhargava, other members are Independent Directors.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. H. Dhanrajgir, Chairman[1]	4	1
Dr. Sharvil P. Patel		4
Prof. Indiraben J. Parikh[1]		4
Mr. Kulin S. Lalbhai		4
Mr. Ashish Bhargava[2]		1
Mr. Savyasachi S. Sengupta[3]		2
Mr. Ganesh N. Nayak		4

1. Ceased to be the Members of the Committee w.e.f. March 31, 2019.
2. Appointed as a Member of the Committee w.e.f. January 30, 2019.
3. Appointed as a Member of the Committee w.e.f. December 6, 2018.

Due to cessation of Mr. H. Dhanrajgir, the Nomination and Remuneration Committee of the Company was lastly reconstituted on May 1, 2019 and the composition as on May 28, 2019 is as under:

Name of the Member	Category
Mr. Kulin S. Lalbhai, Chairman	Non–Executive / Independent
Mr. Ashish Bhargava	Nominee Director
Mr. Srivishnu Raju Nandyala	Non–Executive / Independent
Mr. Savyasachi S. Sengupta	Non–Executive / Independent
Mr. Ganesh N. Nayak	Non–Executive

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, 2019:

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 the 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/KMP 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/her, 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 ₹ 50,000/- to each Independent / Non-Executive Director towards each of the Board / Committee meetings attended by them.

ii) An Independent / Nominee 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 / Nominee 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 / Nominee Directors, the Nomination and Remuneration Committee considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Independent/Nominee Directors.

iv) An Independent / Nominee Director is also reimbursed the expenses incurred by him / her for attending the Board and / or Committee 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, 2019.

c. Remuneration to Whole Time Director:

Mr. Tarun G. Arora is the Chief Executive Officer and Whole Time Director on the Board. On the recommendation of the Nomination and Remuneration Committee, the Board decides 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, CEO & Whole Time Director was paid remuneration of ₹ 328.10 Lakhs by way of salary and allowances for the financial year ended on March 31, 2019.

The Company has entered into an agreement with Mr. Tarun G. Arora, CEO & 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 three months' notice in writing to the other party.

d. Remuneration to Senior Management Employees:

The CEO & 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 / Nominee Directors for the year 2018-19 are given below:

₹ in Lakh

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 Meetings	Other Meetings *	
Dr. Sharvil P. Patel	-	3.50	-	1.50	2.00	-	2.50	**9.50**
Mr. H. Dhanrajgir	12.50	1.00	1.00	-	0.50	1.00	-	**16.00**
Prof. Indiraben J. Parikh	10.00	2.00	2.00	1.00	1.00	-	2.50	**18.50**
Mr. Kulin S. Lalbhai	10.00	3.50	3.00	-	1.00	-	1.50	**19.00**
Mr. Ashish Bhargava	10.00	1.00	0.50	-	0.50	-	-	**12.00**
Ms. Dharmishtaben N. Raval	10.00	-	-	-	-	-	-	**10.00**
Mr. Srivishanu Raju Nandyala	10.00	-	-	-	-	-	-	**10.00**
Mr. Savyasachi S. Sengupta	10.00	2.00	1.50	-	0.50	0.50	1.50	**16.00**
Mr. Ganesh N. Nayak	-	3.50	3.00	1.50	1.00	2.00	-	**11.00**

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

* Other Meetings include Meeting of Committee of Directors, Meeting of Independent Directors and Fund Raising Committee Meetings.

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, 2019 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
Prof. Indiraben J. Parikh		2
Mr. Ganesh N. Nayak		3

During the year, Prof. Indiraben J. Parikh ceased to be the Director of the Company w.e.f. March 31, 2019 and the Corporate Social Responsibility Committee was lastly reconstituted on May 1, 2019 and the constitution as on May 28, 2019 is as under:

Name of the Member	Category
Dr. Sharvil P. Patel, Chairman	Non-Executive
Mr. Savyasachi S. Sengupta	Non-Executive / Independent
Mr. Ganesh N. Nayak	Non-Executive

F. Risk Management Committee:

In compliance of regulation 21 of the Listing Regulations, the Company has constituted a Risk Management Committee and majority of the members of the Committee are Directors. The Company has a well-defined risk management framework to identify, recognize, monitor and mitigate risks as also identify business opportunities. Business risk evaluation and its management is a continuous process within the organization.

The Committee reviewed the risks and extent of exposure and potential impact analysis was carried out by the Management. It was confirmed by the Whole - Time Director and Chief Financial Officer that the mitigation actions are monitored.

The Committee is headed by Dr. Sharvil P. Patel, Chairman, Mr. H. Dhanrajgir, Mr. Kulin S. Lalbhai and

Mr. Umesh V. Parikh are the members of the Committee. The Committee met once during the year.

The Risk Management Committee was lastly reconstituted on May 1, 2019 and the constitution as on May 28, 2019 is as under :

Name of the Member	Category
Dr. Sharvil P. Patel, Chairman	Non-Executive
Mr. Kulin S. Lalbhai	Non-Executive / Independent
Mr. Savyasachi S. Sengupta	Non-Executive / Independent
Mr. Umesh V. Parikh	Chief Financial Officer - Member

The Company Secretary acts as the secretary to the Committee.

G. Fund Raising Committee:

During the year, your Company has constituted a Fund Raising Committee of its Board to take various decisions, including administrative decisions, viz. evaluating various fund raising options, appointment of various intermediaries such as legal counsels, advisors, auditors etc. and finalizing their terms of appointment, negotiating any documents for fund raising activities etc. in connection with the acquisition of shares of Heinz India Private Limited.

The Committee is headed by Dr. Sharvil P. Patel, Chairman, Mr. Tarun G. Arora, Mr. Savyasachi S. Sengupta and Mr. Umesh V. Parikh are the members of the Committee. The Committee met six times during the year on December 31, 2018, January 11, 2019, January 15, 2019, January 16, 2019, January 29, 2019 and February 28, 2019.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Dr. Sharvil P. Patel, Chairman	6	6
Prof. Indiraben J. Parikh[1]		5
Mr. Savyasachi S. Sengupta		3
Mr. Tarun G. Arora		6
Mr. Umesh V. Parikh		6

1. Ceased to be the Member w.e.f. March 31, 2019.

The Company Secretary acts as the secretary to the Committee.

H. 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 the Independent Directors was held on February 6, 2019, *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.

All the Independent Directors except Mr. H. Dhanrajgir attended the meeting.

5 Subsidiary Companies:

Pursuant to the amendment in the definition of "material subsidiary" Zydus Nutritions Limited and Heinz India Private Limited are the only material non-listed Indian Subsidiary Companies. Heinz India Private Limited ceased to be subsidiary w.e.f. March 1, 2019 pursuant to Scheme of Amalgamation with Zydus Nutritions Limited.

The financial statements of subsidiaries, in particular, the investments made by subsidiaries, if any, are reviewed by the Audit Committee. The policy relating to material subsidiaries (as amended), as approved by the Board may be accessed on the Company's website at the link: https://zyduswellness.in/investor/Policy%20on%20Material%20Subsidiary%20Adopted.pdf

The Board Minutes of unlisted Indian subsidiary companies are placed at the Board Meeting of the Company, for information of the Board of Directors.

6. 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 on related party transactions, which includes the clear threshold limits, beyond which a transaction will be considered as a material related party transactions, has been uploaded on the website of the Company : www.zyduwellness.in.

During the year, the Company has paid an amount of ₹ 2,253.10 Lakhs towards dividend declared by the Company, to Cadila healthcare Limited, the promoter of the Company, which was holding 72.08% of the total shareholding of the Company at the time of payment of dividend.

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.

Date : May 28, 2019
Place : Ahmedabad

Tarun G. Arora
CEO & Whole Time Director

C. Prohibition of Insider Trading:

In compliance with the SEBI Regulations on Prevention of Insider Trading as amended, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, designated persons and their immediate relatives, connected persons 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, 2019:

Name of the Director	No. of shares held	Details of shares bought (+) / sold (-) during 2018–19
Dr. Sharvil P. Patel	533	0
Mr. H. Dhanrajgir	0	0
Prof. Indiraben J. Parikh	0	0
Mr. Kulin S. Lalbhai	0	0
Mr. Ashish Bhargava	0	0
Ms. Dharmishtaben N. Raval	0	0
Mr. Srivishnu Raju Nandyala	0	0
Mr. Savyasachi S. Sengupta	173	0
Mr. Ganesh N. Nayak	6,550	0
Mr. Tarun G. Arora	1000	+ 600

D. Whistle Blower Policy:

The Company has a Whistle Blower Policy to deal with any instance of fraud and mismanagement and the policy was amended by the Board of Directors at their meeting held on May 28, 2019 to report instances of leakage of unpublished price sensitive information. 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 all the directors and the senior management personnel, 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 of transaction with Promoter or Promoter Group:

During the year under review, the Company has made allotment of 84,83,754 equity shares to Cadila Healthcare Limited, its Parent Company and 21,66,064 equity shares to Zydus Family Trust on preferential allotment basis.

G. Reason for Resignation of Independent Directors:

During the year under review, no Independent Director has resigned from the Company. However, Mr. H. Dhanrajgir and Prof. Indiraben J. Parikh, who are aged 75 years or more and in view of Listing Regulations, they ceased to be the Independent Directors of the Company w.e.f. March 31, 2019 by virtue of the provisions of Listing Regulations.

H. Credit Ratings:

During the year, your Company has raised funds by issue of 9.14% Secured Rated Redeemable Non-Convertible Debentures of ₹ 1,500 Crores and have obtained the credit ratings from CRISIL AA+ / Stable and CARE AA+; Stable from CRISIL Limited and CARE Ratings Limited, respectively.

I. Disclosure regarding end use of funds:

The Company raised funds by way of private placement of Secured Redeemable Non-Convertible Debentures of face value ₹10,00,000 each (Rupees Ten Lakhs), for an amount of ₹ 1,500 crore (Rupees One Thousand Five Hundred Crores only), in three tranches of ₹ 500 crore (Rupees Five Hundred Crores only) each, in terms of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Companies Act 2013 and other applicable laws.

Further, your Company has also raised the Funds by way of issue and allotment of an aggregate of 1,85,92,055 Equity Shares of face value ₹ 10 each at a price of ₹ 1,385/- (including a premium of ₹ 1,375/-) per equity share, amounting to ₹ 2,574.99 Crores (Rupees Two Thousand Five Hundred Seventy Four Crores Ninety Nine Lakhs Only), by way of preferential issue under Chapter VII of Securities and Exchange Board of India (Issue of Securities and Disclosure Requirements) Regulations, 2018 (**"SEBI ICDR"**) on January 29, 2019.

The entire proceeds of the aforesaid issues aggregating to ₹ 4,074.99 Crores (Rupees Four Thousand Seventy Four Crores Ninety Nine Lakhs Only) were utilised for making payment towards acquiring 100% shares of Heinz India Private Limited in accordance with the Share Purchase Agreement entered into by the Company with Heinz India Private Limited.

J. Non-Disqualification of Directors:

Based on the certificate received from Mr. Hitesh D. Buch, Practicing Company Secretary, we confirm that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the SEBI / Ministry of Corporate Affairs or any such Statutory Authority.

K. Fees paid to the Statutory Auditors:

During the financial year 2018–2019, the Statutory Auditors of the Company and also of its wholly owned subsidiary companies, were paid fees for audit and providing other services as per below details:

Sr. No.	Name of the Company	Name of Statutory Auditors	Fees paid (excl. taxes)		Total
			For Statutory Audit	For providing other services	
1.	Zydus Wellness Limited	Dhirubhai Shah Co. & LLP, Ahmedabad	6,00,000/-	1,98,775/-	**7,98,775/-**
2.	Zydus Nutritions Limited		3,50,000/-	1,25,000/-	**4,75,000/-**
3.	Heinz India Private Limited (For one month from January 30, 2019 to February 28, 2019)	Lovelock & Lewes, Chartered Accountants, Mumbai	4,12,700/-	51,64,000/-	**55,76,700/-**

L. Disclosure regarding re-appointment of Director:

The particulars about the brief resume and other information of the Director seeking re-appointment as required to be disclosed under this section are provided as an annexure to the notice convening the Twenty Fifth Annual General Meeting.

M. Compliance by the Company:

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

N. CEO / CFO Certification:

The requisite certification from the CEO & 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.

O. Unclaimed Shares:

As per the notification issued by the Ministry of Corporate Affairs, 7,656 Equity shares held by 200 shareholders were transferred to IEPF Suspense Account for which the Company has complied with the necessary requirements.

7. Means of Communication:

i) The Company has 36,689 shareholders as on March 31, 2019. 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, Business Responsibility Report and Audited Financial Statements.

ii) The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the CEO & 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 information, 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 website.

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.

8. General Body Meetings:

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

Year	Date and Time	Venue
2017-2018	24th AGM on August 3, 2018 at 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380015.
2016-2017	23rd AGM on August 11, 2017 at 12:00 noon.	
2015-2016	22nd AGM on August 3, 2016 at 10:00 a.m.	

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

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

Sr. No.	Nature of Special Resolution Passed	Relevant provisions	AGM details
1.	To maintain and keep the Statutory Registers at a place other than the Registered office of the Company.	Section 94 of the Act	23rd AGM held on August 11, 2017

III. Extra-Ordinary General Meeting – January 4, 2019:

Sr. No.	Nature of Special Resolution Passed	Relevant provisions	EOGM details
1	To make loan(s) or give guarantee(s) or make investment(s) in excess of the prescribed limit under section 186 of the Companies Act, 2013	Section 186 of the Act	EOGM held on January 4, 2019
2	To borrow funds in excess of the limits prescribed under section 180(1)(c) of the Companies Act, 2013	Section 180(1)(c) of the Act	
3	To borrow funds by way of issuance of Secured Non–Convertible Debentures	Section 42, 71 of the Act	
4	To create charge on the assets of the Company as prescribed under section 180(1)(a) of the Companies Act, 2013	Section 180(1)(a) of the Act	
5	To issue shares on Private Placement basis to True North	Section 23, 42, 62 of the Act	
6	To issue shares on Private Placement basis to Pioneer Investment Fund		
7	To issue shares on Private Placement basis to Cadila Healthcare Limited, promoter and the holding company		
8	To issue shares on Private Placement basis to Zydus Family Trust, a promoter group entity		
9	To approve alterations in the Articles of Association of the Company	Section 14 of the Act	

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

9. General Shareholder Information:

i. Annual General Meeting (AGM):

Date and Time of 25th AGM	July 31, 2019 at 10:00 a.m.
Venue of 25th AGM	J. B. Auditorium, Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015
Financial Year	April 1, 2018 to March 31, 2019
Date of Book Closure	July 19, 2019 to July 31, 2019
Registered Office Address	House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej–Gandhinagar Highway, Ahmedabad–380 015
Dividend Payment Date	On or after August 4, 2019.
Compliance Officer	Mr. Dhanraj P. Dagar, Company Secretary
Website	www.zyduswellness.in

ii. Tentative financial calendar:

First Quarter Results	On or before August 14, 2019
Half Yearly Results	On or before November 14, 2019
Third Quarter Results	On or before February 14, 2020
Audited Results for the year 2019-20	On or before May 30, 2020

iii. Listing of shares and Debt Securities:

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

Listing of Debt Securities:

During the year, your Company raised funds through private placement of 15,000 9.14% Secured Rated Redeemable Non-Convertible Debentures (**the "NCDs"**) of face value of ₹ 10,00,000/- (Rupees Ten Lakhs only) each amounting to ₹ 1500 Crores (One Thousand Five Hundred Crores). The said NCDs are listed on the Wholesale Debt Market Segment of National Stock Exchange of India Limited (NSE).

The Company has entered into Debenture Trustee Agreement(s) for the aforesaid issue of NCDs with Catalyst Trusteeship Limited.

iv. Listing Fees:

The Company has paid annual listing fees for the financial year 2019–20 to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

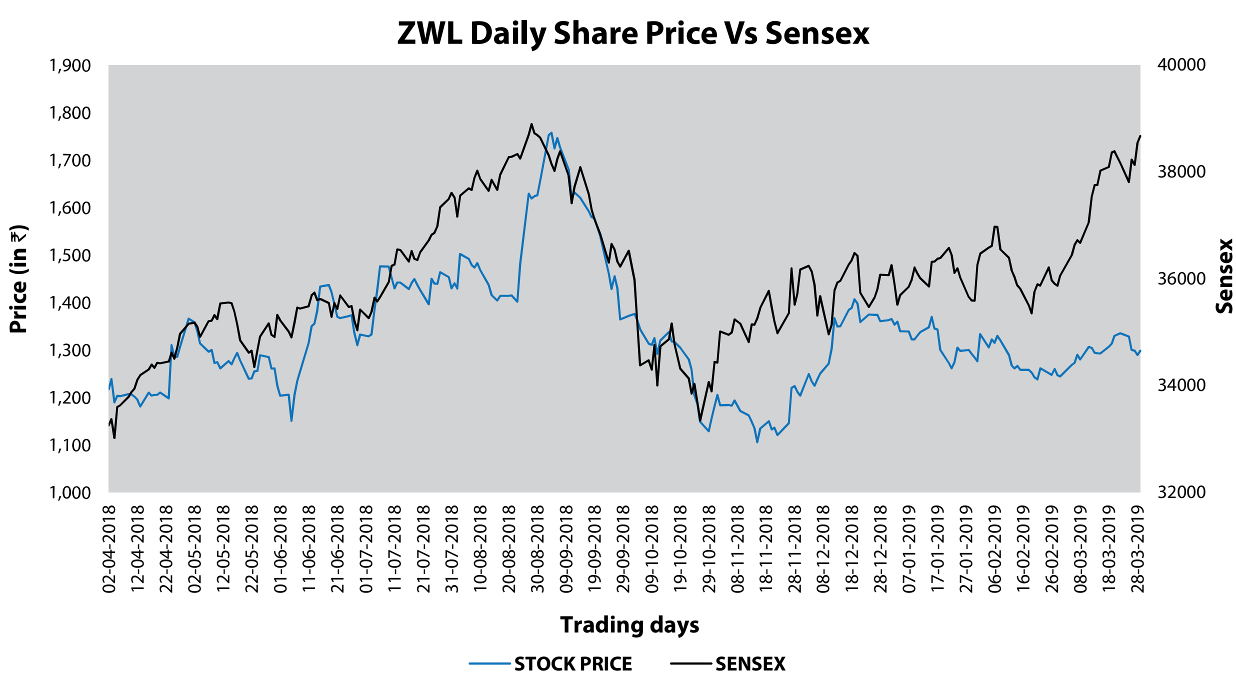
v. Stock Code:

Name of the Stock Exchange	Stock Code	Closing Price as on March 31, 2019 (₹)
BSE Limited	531335	1298.45
National Stock Exchange of India Limited	ZYDUSWELL	1304.30

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., 18	35,160.36	1400.00	1179.00	18860	1398.00	1175.00	10255
May, 18	35,322.38	1391.00	1198.00	1504	1388.00	1188.00	12104
Jun., 18	35,423.48	1480.00	1130.00	2694	1478.95	1127.10	16141
Jul., 18	37,606.58	1509.95	1315.45	1815	1510.00	1308.05	7126
Aug., 18	38,645.07	1705.40	1384.90	6098	1700.40	1377.50	32756
Sept., 18	36,227.14	1830.00	1327.50	3557	1980.00	1327.00	32887
Oct., 18	34,442.05	1421.25	1119.00	1726	1427.00	1116.75	21609
Nov., 18	36,194.30	1246.75	1085.00	2058	1245.00	1087.95	22400
Dec., 18	36,068.33	1430.00	1207.80	1650	1432.00	1204.55	21386
Jan., 19	36,256.69	1375.20	1248.45	491	1379.80	1255.00	4939
Feb., 19	35,867.44	1354.85	1217.35	2826	1355.00	1212.00	14355
Mar., 19	38,672.91	1357.00	1225.00	508	1350.00	1195.25	26936

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 2018-19, 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, 2019:

No. of Equity Shares	No. of Folios	% of total folios	No. of Shares	% of shareholding
1 to 500	35,889	97.8195	17,67,559	3.0653
501 to 1000	389	1.0603	2,93,893	0.5096
1001 to 2000	237	0.646	3,21,643	0.5578
2001 to 3000	61	0.1663	1,46,682	0.2544
3001 to 4000	29	0.079	1,00,760	0.1747
4001 to 5000	15	0.0409	67,365	0.1168
5001 to 10000	26	0.0709	1,78,686	0.3099
10001 & above	43	0.1172	5,47,87,556	95.0115
Grand total	36,689	100.00	5,76,64,144	100.00
Shareholders in Physical Mode	2,739	08.07	2,39,501	0.42
Shareholders in Demat Mode	33,950	92.53	5,74,24,643	99.58
Grand Total	**36,689**	**100.00**	**5,76,64,144**	**100.00**

xii. Shareholding Pattern as at March 31, 2019:

Category	No. of Shares held		Total shares	% of shareholding
	Physical	Electronic		
Promoter's holding	0	3,89,93,505	3,89,93,505	67.62
Mutual Funds	559	18,22,119	18,22,678	3.16
Banks, FIs and Insurance Companies	0	15,25,603	15,25,603	2.65
Alternate Investment Funds	0	7,22,021	7,22,021	1.25
Foreign Institutional Investors / Foreign Portfolio Investor	46	21,04,235	21,04,281	3.65
NRIs / Foreign National	70,576	2,07,770	2,78,346	0.48
Other Corporate Bodies	780	89,97,786	89,98,566	15.61
Indian Public / HUF / Trusts	1,67,540	30,51,604	32,19,144	5.58
Total	**2,39,501**	**5,74,24,643**	**5,76,64,144**	**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 99.58% of the equity shares have been dematerialized. ISIN number for dematerialization of the equity shares of the Company is INE768C01010. The ISIN of the NCDs are as under:

Name of the issuer	ISIN	Issuance date	Maturity date
Zydus Wellness Limited	INE768C07017	16-Jan-2019	14-Jan-2022
	INE768C07025		16-Jan-2023
	INE768C07033		16-Jan-2024

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. Dhanraj P. Dagar,
Company Secretary and Compliance Officer
Tele. Nos. 079 – 26868100 - Extension–336

investor.grievance@zyduswellness.in is a special e-mail ID for investors' 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.

10. 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 2018–2019 do not contain any audit qualification.

iv. The internal auditors report to the Audit Committee.

Whole Time Director (WTD) and the Chief Financial Officer (CFO) 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 (the 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 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
CEO & Whole Time Director

Umesh V. Parikh
Chief Financial Officer

Date : May 28, 2019
Place : Ahmedabad

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, 2019 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the Listing Regulations).

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 Listing Regulations. 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 specified in Regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of schedule V of the Listing Regulations.

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 D. Buch
Proprietor
FCS No.: 3145
CP No. 8195

Place : Ahmedabad
Date : May 28, 2019

Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2019.

Section A General Information about the Company

1.	Corporate Identity Number (CIN) of the Company			L15201GJ1994PLC023490
2.	Name of the Company			Zydus Wellness Limited
3.	Address of the Registered Office of the Company			House No. 6 & 7, Sigma Commerce Zone, Nr. Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad – 380015
4.	Website			www.zyduswellness.in
5.	Email id			dhanraj.dagar@zyduswellness.com
6.	Financial year reported			2018-2019
7.	Sector(s) that the Company is engaged in (industrial activity code-wise):			
	Group	**Class**	**Sub Class**	**Description**
	1517			Manufacturing and marketing of 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 a part of this 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 (₹)	5,766 Lakh
Total turnover (₹)	*15,965 Lakh
Total profit after taxes (₹) (After OCI)	9,673 Lakh

* Net of sales promotions.

Section C Other Details

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 ₹ 231.26 Lakh 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.

The Company is engaged in manufacturing of health and wellness products with subsidiaries in India. As on date, the Company has three subsidiary companies. Name of the subsidiary Companies are provided in the statement of salient features of the subsidiary companies under section 129(3) of the Companies Act, 2013 and Rules made thereunder, which is a part of this Annual Report. Each of the Company's subsidiaries abides by the law of the respective land, where it operates in a responsible manner. The subsidiary companies' Business Responsibility (BR) initiatives are aligned with those of the Company.

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	CEO & Whole Time Director

b) Details of the BR head:

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	Not Applicable
2	Name	Mr. Dhanraj P. Dagar
3	Designation	Company Secretary & Compliance Officer
4	Telephone Number	079 – 268 68 100 Ext. 336
5	E-mail ID	dhanraj.dagar@zyduswellness.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	76	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	76	Yes
Businesses should promote the well-being of all employees.	Building people to build our business	76-77	Yes
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Zydus Srishti	77	Yes
Businesses should respect and promote human rights.	Human Rights	77	Yes
Businesses should respect, protect, and make efforts to restore the environment.	Green Impact	77	Yes
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Policy advocacy	77-78	Yes
Business should support inclusive growth and equitable development.	Zydus Srishti	78	Yes
Business should engage with and provide value to their customers and consumers in a responsible manner.	The Zydus Way of manufacturing and marketing of health and wellness products	78	Yes

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

a) **Details of compliance (Reply in Y/N):**

Sr. No.	Questions	Business Ethics	Product Responsibility	Well-being 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	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	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 WTD / Owner / CEO / appropriate Board Director?	Y	Y[2]	Y[3]	Y	Y	Y	Y	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	Y	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.								
8	Does the Company have in-house structure to implement the policy / policies?	Y	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 an Investors' / Stakeholders' Relationship Committee to redress any grievances of shareholders and investors. The 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 *inter alia* 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: N.A.**

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. The Board of Directors reviews BR performance on an annual basis.

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

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 accredited by the leading agencies in India. The Accreditations were given after a thorough audit of Standard Operating Procedure (**"SOP"**) and protocols. Hence utmost care is taken to ensure that products conform to stringent quality standards and bio-stability of products is also submitted during the periodic audits.

The Company has identified approved vendors for procuring materials and a SOP 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 recycled / reused wherever possible or disposed off 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, women 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, 2019 are provided in the below table:

Sr. No.	Category of Employees	No. of Employees
1.	Management staff	75
2.	Marketing field staff	91
3.	Others	46
4.	**Total**	**212**
5.	Contractual employees	175
6.	Permanent Women employees	5
7.	Permanent employees with disabilities	5

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 skill up-gradation training to improve their skills as may be relevant to the respective functions. 105 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 work's 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 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 the 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 & complies the relevant requirements prescribed under the environmental laws from various statutory bodies. Company's manufacturing facility does consume energy as per the prescribed standards, but also ensures efficient utilization of energy i.e. implementing energy efficient techniques for green environment through various audits. The Company has well designed effluent treatment plant, which treats manufacturing process contaminated waste water & disposes of within the norms prescribed by the Pollution Control Board.

The Company follows all applicable rules & regulations directed by Authorities for Employees' Health and Safety & it is covered at group level. There is a centralized EHS Cell, both at a group level and at the plant level. At a group level, there is a dedicated EHS portal on "Environment Health and Safety". All relevant updated EHS documents, guidelines, polices, SOPs, checklists, etc. are being regularly updated to the employees through this EHS portal and necessary compliance perspective actions are tracked. Further, at regular intervals, EHS Interaction like seminars, group meetings, focused training etc. are organized for awareness amongst the all level of employees.

Principle 7: (Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner):

The Company is a member of the following Chambers:

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. are annouced.

Principle 8: (Businesses should support inclusive growth and equitable development):

The CSR initiatives of the holding Company are spearheaded by Zydus Foundation and the Company also follows the same in line with the holding Company. Zydus Srishti 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. To serve the needs of the patients and bring world-class medical education to the rural interiors of Gujarat, the company has set up the Zydus Medical College and Hospital at Dahod.

The Hospital provides free treatment including OPD, Indoor, all investigations, surgeries, anesthesia, oral medicines, injectables and food for patients. The Zydus Medical College is the first Medical College to be set up in Dahod and the first batch of the MBBS programme commenced in August 2018. 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 labels, which are 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.

Financial Section

Independent Auditors' Report

To the Members of
Zydus Wellness Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Zydus Wellness Limited ("the Company"), which comprises of the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including other comprehensive income), and the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communticated in our report.

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' 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 financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;

   e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2019 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 Auditors' 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, wherever necessary, of pending litigations on its financial position in its financial statements – Refer Note 28 to the standalone 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.

For, **Dhirubhai Shah & Co LLP**
Chartered Accountants
Firm Registration Number: 102511W/W100298

Harish B Patel
Partner
Membership number: 014427

Place: Ahmedabad
Date: May 28, 2019

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2019, 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) As informed to us, the Company has granted unsecured loans to its subsidiary company which is covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

a. In our opinion, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

b. There is an agreed upon repayment schedule of the loan given to the subsidiary. However, as on the balance sheet date the repayment schedule of the loan has not fallen due and hence, reporting under captioned sub clause is not applicable.

c. There is no outstanding balance of principal and interest which is overdue for more than 90 days, hence, reporting under this clause is not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 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, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Service Tax and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, Central Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, Goods and Service Tax and other statutory dues applicable to it were in arrears as at the balance sheet date for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the company examined by us, the following dues of Income Tax and Sales Tax as at March 31, 2019 which have not been deposited by the Company on account of any disputes.

₹ in Lakh

Financial period to which it relates	Act	Nature of Dues	Forum where dispute is pending	Amount
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 Appellate Dy. Commissioner	9.32
2009-10	APVAT Act, 2005	Sales Tax	The Appellate Dy. Commissioner	19.40
2010-11	APVAT Act, 2005	Sales Tax	The Appellate 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)	262.00
2015-16	Income Tax Act, 1961	Disallowance u/s 14A	Commissioner of Income Tax (Appeal)	20.01
2010-11	Income Tax Act, 1961	Disallowance of Additional Depreciation claimed	Commissioner of Income Tax (Appeal)	0.99

(viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans to bank and 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 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, the Company has made preferential allotment of equity shares to its holding company i.e. Cadila Healthcare Limited on private placement basis. The Company has also made preferential allotment of equity shares on private placement basis to three subscribers as given in the table below.

Name of the subscriber for private placement
Threpsi Care LLP
Pioneer Investment Fund
Zydus Family Trust

During the year under audit, the Company has also issued non-convertible debenture to following parties given in the table below.

Name of the allottees of non-convertible debentures
Axis Short Term Fund
UTI - Hybrid Equity Fund
UTI - Retirement Benefit Pension Fund
UTI - Credit Risk Fund
ICICI Prudential Short-Term Plan
ICICI Prudential Equity & Debt Fund
ICICI Prudential Balanced Advantage Fund
ICICI Prudential Savings Fund
ICICI Prudential Floating Interest Fund
ICICI Prudential Fixed Maturity Plan Series
UTI - CCF-Saving Plan
UTI - Unit Linked Insurance Plan
UTI - Medium Term Fund

Also, as per the information and explanation given to us and based on our further examination of the records, the amount so raised have been used for the purpose for which the funds were raised.

(viii) 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 directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

For, **Dhirubhai Shah & Co LLP**
Chartered Accountants
Firm Registration Number: 102511W/W100298

Harish B Patel
Partner
Membership number: 014427

Place: Ahmedabad
Date: May 28, 2019

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, 2019 in conjunction with our audit of the standalone 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 Act.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial 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 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, 2019, 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 & Co LLP**
Chartered Accountants
Firm Registration Number: 102511W/W100298

Harish B Patel
Partner
Membership number: 014427

Place: Ahmedabad
Date: May 28, 2019

Balance Sheet

as at March 31, 2019

₹ in Lakh

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3	1,439	1,554
Capital Work-in-Progress		113	22
Goodwill	4	2,282	2,282
Other Intangible Assets	4	3	6
Financial Assets:			
Investments	5	3,68,952	245
Loans	6	1,12,045	32
Other Financial Assets	7	4	4
Other Non-Current Assets	8	213	40
Asset for Current Tax	9	518	342
		4,85,569	4,527
Current Assets:			
Inventories	10	568	626
Financial Assets:			
Investments	11	-	29,117
Trade Receivables	12	629	104
Cash and Cash Equivalents	13	1,691	1,323
Bank Balance other than Cash and Cash Equivalents	14	2,607	37,897
Loans	15	3,114	30
Other Current Assets	16	1,238	292
Total		4,95,416	73,916
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	17	5,766	3,907
Other Equity	18	3,26,758	65,212
		3,32,524	69,119
Liabilities:			
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	19	1,50,000	-
Other Financial Liabilities	20	57	50
Provisions	21	27	28
Deferred Tax Liabilities (Net)	22	22	30
		1,50,106	108
Current Liabilities:			
Financial Liabilities:			
Borrowings	23	6,650	2,500
Trade Payables			
Due to Micro, Small and Medium Enterprise	24	12	17
Due to other than Micro, Small and Medium Enterprise	24	2,456	1,608
Other Financial Liabilities	25	3,200	327
		12,318	4,452
Other Current Liabilities	26	440	182
Provisions	27	28	55
		12,786	4,689
Total		4,95,416	73,916
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 & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership No. : 014427
Place : Ahmedabad
Date : May 28, 2019

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Statement of Profit & Loss

for the year ended March 31, 2019

₹ in Lakh

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from Operations	30	25,461	26,488
Other Income	31	6,055	2,754
Total Income		31,516	29,242
EXPENSES:			
Cost of Materials Consumed	32	9,450	8,178
Purchases of Stock-in-Trade	33	80	2
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	34	98	(64)
Excise duty on sales		-	73
Employee Benefits Expense	35	3,091	2,648
Finance Costs	36	2,993	159
Depreciation, Amortisation and Impairment expenses	37	261	351
Other Expenses	38	5,827	4,483
Total Expenses		21,800	15,830
Profit before Tax		9,716	13,412
Less: Tax Expense:			
Current Tax	22	94	70
Deferred Tax	22	(8)	(38)
		86	32
Profit for the year		9,630	13,380
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss:			
Re-measurement gains on post employment defined benefit plans (Net of Tax)	39	43	21
Other Comprehensive Income for the year (Net of tax)		43	21
Total Comprehensive Income for the year (Net of Tax)		9,673	13,401
Basic & Diluted Earning per Equity Share (EPS) (in Rupees)	40	22.83	34.24
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 & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership No. : 014427
Place : Ahmedabad
Date : May 28, 2019

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Cash Flow Statement

for the year ended March 31, 2019

₹ in Lakh

	Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
A	Cash flows from operating activities:				
	Profit before Tax		9,716		13,412
	Adjustments for:				
	Depreciation, Impairment and Amortisation expenses	261		351	
	Loss on sale of assets (Net)	-		1	
	Profit on sale of investments (Net)	(1,535)		(217)	
	Interest income	(4,484)		(2,433)	
	Fair value gain on financial instrument at fair value through statement of profit and Loss	105		(104)	
	Interest expenses	2,993		159	
	Dividend Income	(141)		-	
	Re-measurement of Employees benefits (net)	(29)		35	
	Other comprehensive income	43		-	
	Provisions for probable product expiry claims and return of goods	1		(2)	
	Total		(2,786)		(2,210)
	Operating profit before working capital changes		6,930		11,202
	Adjustments for:				
	(Increase)/ Decrease in trade receivables	(502)		(56)	
	Decrease/ (Increase) in other assets	(1,514)		(138)	
	(Increase) / Decrease in inventories	58		(1)	
	(Decrease)/ Increase in other liabilities	3,113		(24)	
	(Decrease)/ Increase in trade payables	803		97	
	Total		1,958		(122)
	Cash generated from operations		8,888		11,080
	Direct taxes paid (Net of refunds)		(270)		190
	Net cash from operating activities		8,618		11,270
B	Cash flows from investing activities:				
	Purchase of property, plant and equipment	(410)		(167)	
	Advances to subsidiaries	(1,12,000)		-	
	Purchase of Non Current Investments in subsidiaries	(3,68,707)		-	
	Proceeds from sale of Property, plant and equipment	-		10	
	Profit from sale of current investments	1,535		217	
	(Decrease) / Increase in investment in partnership firm	14,362		7,800	
	Investment in Mutual Funds (net)	14,650		(11,650)	
	Investment in Fixed Deposit (net)	35,290		(9,935)	
	Interest received	1,995		2,846	
	Dividend	141		-	
	Net cash used in investing activities		(4,13,144)		(10,879)

Cash Flow Statement

for the year ended March 31, 2019

₹ in Lakh

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
C Cash flows from financing activities:				
Current Borrowings (Net)	4,150		-	
Long Term borrowing	1,50,000		-	
Interest paid	(2,993)		(159)	
Dividends paid	(3,121)		(12)	
Tax on dividends paid	(642)		-	
Proceeds from issued of Equity Share Capital	1,859		-	
Proceeds from Share Premium	2,55,641		-	
Net cash used in financing activities		4,04,894		(171)
Net increase in cash and cash equivalents		368		220
Cash and cash equivalents at the beginning of the year		1,323		1,103
Cash and cash equivalents at the end of the year		1,691		1,323

Notes to the Cash Flow Statement

1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".
2 All figures in brackets are outflows.
3 Previous year's figures have been regrouped wherever necessary.
4 Cash and cash equivalents comprise of:

Particulars	As at March 31 2019	As at March 31 2018
a Cash on Hand	2	1
b Balances with Banks	1,689	1,322
Total	1,691	1,323

As per our report of even date

For and on behalf of the Board

For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership No. : 014427
Place : Ahmedabad
Date : May 28, 2019

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Statement of Change in Equity

for the year ended March 31, 2019

A) Equity Share Capital:

Particulars	No. of Shares	₹ in Lakh
Equity Shares of ₹ 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2017	3,90,72,089	3,907
As at March 31, 2018	3,90,72,089	3,907
Add: Shares issued during the year	1,85,92,055	1,859
As at March 31, 2019	5,76,64,144	5,766

B) Other Equity:

₹ in Lakh

Particulars	Securities Premium	Debentures Redemption Reserve	Reserves and Surplus		Items of OCI	Total
			General Reserve	Retained Earnings	FVTOCI Reserve	
As at March 31, 2017	-	-	4,500	47,359	(48)	51,811
Add: Profit for the year	-	-	-	13,380	-	13,380
Add (Less): Other Comprehensive income	-	-	-	-	21	21
Total Comprehensive Income	-	-	4,500	60,739	(27)	65,212
As at March 31, 2018	-	-	4,500	60,739	(27)	65,212
Add: Profit for the year	-	-	-	9,630	-	9,630
Add (Less): Other Comprehensive income	-	-	-	-	43	43
Transfer from Retained Earnings	-	37,500	-	-	-	37,500
Less): Transfer to Debenture Redemption Reserve	-	-	-	(37,500)	-	(37,500)
Add: Addition pursuant to issue of shares	2,55,641	-	-	-	-	2,55,641
Total Comprehensive Income	2,55,641	37,500	4,500	32,869	16	3,30,526
Transactions with Owners in their capacity as owners:						
Dividends	-	-	-	3,126	-	3,126
Corporate Dividend Tax on Dividend	-	-	-	642	-	642
As at March 31, 2019	2,55,641	37,500	4,500	29,101	16	3,26,758

As per our report of even date

For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

Harish B. Patel
Partner
Membership No. : 014427
Place : Ahmedabad
Date : May 28, 2019

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Notes to the Financial Statements

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 passed by Board of Directors at its meeting held on May 28, 2019.

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 Company had 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). Effective from April 1, 2016, 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. The adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

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 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 Company. The charge in respect of periodic depreciation is derived

Notes to the Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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 (₹), 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 The Company has applied Ind AS 115 - Revenue from Contracts with Customers which is effective for an annual period beginning on or after April 1, 2018. The following is the significant accounting policy related to revenue recognition under Ind AS 115.

a Sale of Goods:

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

Notes to the Financial Statements

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 indirect taxes, wherever applicable. For the year ended March 31, 2018, the Company was recognising revenue as per the criteria's provided in Ind AS 18 "Revenue Recognition". Note 2(4) "Significant accounting policies for Revenue Recognising" can be referred in the previous year's Annual report of the Company.

B Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the goods by the Company on behalf of the government. Accordingly, it is excluded from revenue.

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

a Interest Income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that 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 but does not consider the expected credit losses.

b Dividend:

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

c 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:

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

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

c Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax 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.

Notes to the Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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 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 ₹ 10,000/-, the depreciation is provided @ 100%.

Notes to the Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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 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:

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.

Notes to the Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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 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 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 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

Notes to the Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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:

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.

Notes to the Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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

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

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 dividend is 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.

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

Notes to the Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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 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.

Notes to the Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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 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.

Notes to the Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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 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:**

The Ministry of Corporate Affairs has issued Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second

Notes to the Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

Amendment Rules on March 30, 2019, which notified the following standards and amendments to Ind AS applicable effective from April 1, 2019:

Ind AS 116 – Leases:

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard introduces a single lessee accounting model, requiring lessees to recognize right-of-use assets for granted rights of use and corresponding lease liabilities. However, Ind AS 116 contains the option of exercising exemptions for the recognition of short-term leases and those pertaining to low-value assets. The Company will adopt Ind AS 116 effective from April 1, 2019, the Company will apply the standard to its leases, retrospectively, without restating the comparative figures. On the date of transition, the Company will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. On the date of initial application, the Company will recognise a lease liability measured at the present value of the remaining lease payments, using the incremental borrowing rate as of that date and right-of-use asset will be measured at the amount equal to lease liability adjusted for accrual and prepayment. Initial direct costs will not be taken into account in the measurement of the right-of-use asset as of the date of first-time application. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value. The Company is in the process of evaluating the impact of Ind AS 116.

Notes to the Financial Statements

Note: 3 - Property, Plant and Equipment:

₹ in Lakh

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2017	49	3	529	3,205	251	163	139	4,339
Additions	-	-	14	145	-	7	7	173
Disposals	-	-	-	(18)	-	(12)	-	(30)
As at March 31, 2018	49	3	543	3,332	251	158	146	4,482
Additions	-	-	20	94	1	13	15	143
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2019	49	3	563	3,426	252	171	161	4,625
Depreciation and Impairment:								
As at March 31, 2017	-	3	186	2,152	97	55	107	2,600
Depreciation for the year	-	-	18	276	21	19	13	347
Impairment for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	(17)	-	(2)	-	(19)
As at March 31, 2018	-	3	204	2,411	118	72	120	2,928
Depreciation for the year	-	-	18	186	22	19	13	258
Impairment for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2019	-	3	222	2,597	140	91	133	3,186
Net Block:								
As at March 31, 2018	49	-	339	921	133	86	26	1,554
As at March 31, 2019	49	-	341	829	112	80	28	1,439

Note: 4 - Intangible Assets:

₹ in Lakh

Particulars	Goodwill	Other Intangible Assets				
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	Total
Gross Block:						
As at March 31, 2017	2,282	5	19	10	2	36
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2018	2,282	5	19	10	2	36
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2019	2,282	5	19	10	2	36
Amortisation and Impairment:						
As at March 31, 2017	-	5	10	10	1	26
Amortisation for the year	-	-	4	-	-	4
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2018	-	5	14	10	1	30
Amortisation for the year	-	-	3	-	-	3
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2019	-	5	17	10	1	33
Net Block:						
As at March 31, 2018	2,282	-	5	-	1	6
As at March 31, 2019	2,282	-	2	-	1	3

Notes to the Financial Statements

Note: 5 - Non Current Financial Asset - Investments:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in Subsidiaries and Partnership Firm		
Investments in Equity Instruments (Valued at Cost) (*)	3,68,952	-
Investment in the Fixed Capital of a Partnership Firm (**)	-	245
Total	3,68,952	245
(*) Pursuant to the Scheme of Amalgamation between Zydus Nutritions Limited and Heinz India Private Limited, both 100% subsidiary companies, which was sanctioned by the Hon'able National Company Law Tribunal (NCLT) vide its order dated May 10, 2019 and effective date being May 24, 2019, Heinz India Private Limited has been merged with Zydus Nutritions Limited w.e.f. the appointed date being, March 01, 2019. In accordance with the Scheme, Company has received 436,02,665 Equity shares of face value ₹ 10/- each and 436,02,665 7% Optionally Convertible Non-Cumulative Redeemable Preference shares of face value of ₹ 10/- each, both issued at a premium of ₹ 354/- by Zydus Nutritions Limited in exchange of 70,69,174 Equity shares of ₹ 10/- each of Heinz India Private Limited, the allotment of the said shares has occured on May 27, 2019. During the year , Company has made investment in Liva Nutritions Limited having 50,000 shares of ₹ 10 each and in Liva Investment Limited having 2,50,000 shares of ₹ 10 each.		
(**) The Company was a partner in M/s Zydus Wellness - Sikkim, relevant details of which are as under:		
Fixed Capital	-	250
Current Capital	-	15,672
Total Capital of the Firm	-	15,922
Name of Partners and their Profit Sharing Ratio:		
Zydus Wellness Limited	0%	98%
Zydus Wellness Staff Welfare Trust	0%	2%

Note: 6 - Loans:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good unless otherwise stated)		
Security Deposits	45	32
Loan/ Compulsorily Convertible Debentures to Subsidiary Company: Zydus Nutritions Limited(*)	1,12,000	-
Total	1,12,045	32

(*) (1) The Company has given unsecured interest bearing loans to Zydus Nutritions Limited of ₹ 92,000 Lakh . The servicing of repayment of the loans will be made as per terms of loan agreement.

(*) (2) The Company has given Compulsorily Convertible Debentures to Zydus Nutritions Limited at 9.14 % coupon rate. These debentures are compulsorily convertible into equity shares within a period of 10 years.

Notes to the Financial Statements

Note: 7 - Other Financial Assets:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good unless otherwise stated)		
Deposits	4	4
Total	**4**	4

Note: 8 - Other Non-Current Assets:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good unless otherwise stated)		
Capital Advances	175	2
Balances with Statutory Authorities	38	38
Total	**213**	40

Note: 9 - Asset for Current Tax :

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good unless otherwise stated)		
Advance payment of Tax (Net of provision for taxation of ₹ 267 Lakh {as at March 31, 2018: ₹ 258 Lakh})	518	342
Total	**518**	342

Note:10 - Inventories:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(The Inventory is valued at lower of cost and net realisable value)		
Classification of Inventories:		
Raw Materials	158	105
Work-in-progress	-	1
Finished Goods	367	464
Stock-in-Trade	2	2
Others:		
Packing Materials	41	54
Total	**568**	626
The above includes Goods in transit as under:		
Finished Goods	50	47

Notes to the Financial Statements

Note: 11 - Current Financial Assets - Investments:

₹ in Lakh

Particulars	Nos. (*)	As at March 31, 2019	As at March 31, 2018
Investment in Current Capital of a Partnership Firm (*)		-	14,362
Investment in Mutual Funds (Quoted) (Valued at fair value through profit or loss):			
Reliance Liquidity Fund - Direct Plan - Growth	0 (2,15,132.11)	-	5,631
DSP Blackrock Liquidity Fund - Direct Plan - Growth	0 (3,67,105.68)	-	9,124
		-	14,755
Total		-	29,117
A Aggregate amount of quoted investments		-	14,755
Aggregate amount of unquoted investments		-	14,362
B Explanations:			
In "Nos. (*)" figures of previous year are stated in ( ).			

Note: 12 - Trade Receivables:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured Considered good	629	104
Total	629	104

Note: 13 - Cash and Cash Equivalents:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with Banks - in Current Accounts	1,689	1,322
Cash on Hand	2	1
Total	1,691	1,323

Note: 14 - Bank Balance other than Cash and Cash Equivalents:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Earmarked balances with bank for unpaid dividend	71	66
Fixed Deposit with banks (*)	2,536	37,831
Total	2,607	37,897

(*) For details of lien on Fixed Deposits refer Note 23.

Notes to the Financial Statements

Note: 15 - Loans:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	625	30
Interest Receivable	2,489	-
Total	3,114	30

Note: 16 - Other Current Assets:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good)		
Balances with Statutory Authorities	1,180	277
Advances to Suppliers	41	-
Prepaid Expenses	17	15
Total	1,238	292

Note: 17 - Equity Share Capital:

₹ in Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
Authorised:			
	10,00,00,000 (as at March 31, 2018: 4,50,00,000) Equity Shares of ₹ 10/- each	10,000	4,500
Total		10,000	4,500
Issued, Subscribed and Paid-up:			
	5,76,64,144 (as at March 31, 2018: 3,90,72,089)	5,766	3,907
	Equity Shares of ₹ 10/- each fully paid up		
Total		5,766	3,907
A	The Reconcilation in number of Equity Share is as under:		
	Number of shares at the beginning of the year	3,90,72,089	3,90,72,089
	Add: Shares issued during the year	1,85,92,055	-
	Number of shares at the end of the year	5,76,64,144	3,90,72,089
B	The Company has only one class of equity shares having a par value of ₹ 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 and all liabilities.		
C	Details of Shareholder holding more than 5% of aggregate Equity Shares of ₹ 10/- each		
	(as at March 31, 2018: ₹ 10/- each), fully paid:		
	Cadila Healthcare Limited		
	Number of Shares	3,66,47,509	2,81,63,755
	% to total share holding	63.55%	72.08%
	Threpsi Care LLP (True North)		
	Number of Shares	72,20,216	
	% to total share holding	12.52%	
D	Number of Shares held by Holding Company		
	Cadila Healthcare Limited	3,66,47,509	2,81,63,755

Notes to the Financial Statements

Note: 18 - Other Equity:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
General Reserve: (*)		
Balance as per last Balance Sheet	4,500	4,500
Fair Value through Other Comprehensive Income (FVTOCI) Reserve:		
Balance as per last Balance Sheet	(27)	(48)
(Less)/ Add: (Debited)/ Credited during the year	43	21
	16	(27)
Securities Premium(**)		
Balance as per last Balance Sheet	-	-
Add: Addition pursuant to issue of shares	2,55,641	-
Balance as at the end of the year	2,55,641	-
Debentures Redemption Reserves: (***)		
Balance as per last Balance Sheet	-	-
Add: Transfer from Retained Earnings	37,500	-
Balance as at the end of the year	37,500	-
Retained Earnings:		
Balance as per last Balance Sheet	60,739	47,359
Add: Profit for the year	9,630	13,380
	70,369	60,739
Less:		
Dividends	3,126	-
Corporate Dividend Tax on Dividend	642	-
Transfer to Debentures Redemption Reserve	37,500	-
	41,268	-
Balance as at the end of the year	29,101	60,739
Total	3,26,758	65,212

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

(**) Securities premium is created due to premium on issue of shares. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(***) The Company has created Debenture Redemption Reserve as per the provisions of the Companies Act, 2013 and the said reserve has been created out of profits of the company available for payment of dividend.

Notes to the Financial Statements

Note: 19 - Borrowings:

₹ in Lakh

Particulars	Non- Current Portion		Current Portion	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Non Convertible Debentures:(NCDs)				
Secured(*)	1,50,000	-	-	-
Total	1,50,000	-	-	-
(*) Securities and Terms of Repayment for Secured Borrowings:				
(i) 9.14% Secured Redeemable Non Convertible Debentures (with semi-annually interest payout) issued by creating a charge on specific brands of the subsidiary company.				
(ii) The NCDs are repayable in three equal yearly installments starting from January 16, 2022 along with accrued interest for the period.				
(iii) The outstanding amount of NCD as at March 31, 2019 is ₹ 1,50,000 (as at March 31, 2018 : ₹ NIL) Lakh.				

Note: 20 - Other Financial Liabilities:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Deposits	21	21
Others	36	29
Total	57	50

Note: 21 - Provisions:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits	27	28
Total	27	28

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

Notes to the Financial Statements

Note: 21 - Provisions: (contd...)

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.

₹ in Lakh

	Particulars	As at March 31, 2019			As at March 31, 2018		
		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	23	157	188	16	113	182
	Transfer in / (out) Obligation	-	-	24	-	-	-
	Interest cost	2	11	13	1	7	12
	Current service cost	3	28	46	2	22	38
	Benefits paid	-	(42)	(29)	-	(32)	(17)
	Actuarial (gains) / losses on obligation	1	19	(45)	4	47	(27)
	Closing defined benefit obligation	29	173	197	23	157	188
C	**Change in the fair value of plan assets:**						
	Opening fair value of plan assets	-	133	166	-	124	142
	Expected return on plan assets	-	11	13	-	9	10
	Transfer in / (out) Obligation	-	-	24	-	-	-
	Return on planned assets	-	(1)	(1)	-	-	(1)
	Contributions by employer	-	-	44	-	-	31
	Benefits paid	-	-	(29)	-	-	(16)
	Actuarial (losses) / gains	-	-	-	-	-	-
	Closing fair value of plan assets	-	143	217	-	133	166
	Total actuarial (losses) / gains to be recognised	(1)	(20)	43	(4)	(47)	26
D	**Actual return on plan assets:**						
	Expected return on plan assets	-	10	12	-	9	10
	Actuarial (losses) / gains on plan assets	-	-	-	-	-	-
	Actual return on plan assets	-	10	12	-	9	10
E	**Amount recognised in the balance sheet:**						
	Liabilities / (Assets) at the end of the year	29	173	197	23	157	188
	Fair value of plan assets at the end of the year	-	(143)	(217)	-	(133)	(166)
	Difference	29	30	(20)	23	24	22
	Liabilities / (Assets) recognised in the Balance Sheet	29	30	(20)	23	24	22

Notes to the Financial Statements

Note: 21 - Provisions: (contd...)

₹ in Lakh

	Particulars	As at March 31, 2019			As at March 31, 2018		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
F	**Expenses / (Incomes) recognised in the Statement of Profit and Loss:**						
	Current service cost	3	28	46	2	22	38
	Interest cost on benefit obligation	2	11	13	1	7	12
	Expected return on plan assets	-	(11)	(13)	-	(9)	(10)
	Net actuarial (gains) / losses in the year	1	19	-	4	47	-
	Net expenses / (benefits)	6	48	46	7	67	40
	Net actuarial (gains)/ losses in the year	-	-	(43)	-	-	(27)
	Amounts recognized in OCI	-	-	(43)	-	-	(27)
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	23	24	22	16	(10)	40
	Expenses as above (P & L Charge)	6	48	46	7	67	40
	Amount recognised in OCI	-	-	(43)	-	-	(27)
	Contribution to plan assets	-	-	(43)	-	-	(31)
	Benefits Paid	-	(41)	-	-	(33)	-
	Liabilities / (Assets) recognised in the Balance Sheet	29	30	(20)	23	24	22

H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate (*)	7.20%	7.30%
Annual increase in salary cost (#)	12% for next 2 years, 9% thereafter	12% for next 3 years, 10% thereafter

(*) 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:

Particulars	As at March 31, 2019			As at March 31, 2018		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
Insurance plan	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%

Notes to the Financial Statements

Note: 21 - Provisions: (contd...)

J Amount recognised in current and previous four years:

₹ in Lakh

Gratuity:	As at March 31				
	2019	2018	2017	2016	2015
Defined benefit obligation	197	188	182	159	119
Fair value of Plan Assets	217	166	142	143	121
Deficit / (Surplus) in the plan	(20)	22	40	16	(2)
Actuarial Loss / (Gain) on Plan Obligation	(45)	(27)	13	14	16
Actuarial Loss / (Gain) on Plan Assets	-	-	-	-	(2)

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2018-19.

The average duration of defined benefit plan obligation at the end of the year is 23.99 (as at March 31, 2018 : 23.98 year).

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as is as shown below:

A Medical Leave:

₹ in Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(2)	-	(1)	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	-	(2)	1	(1)

B Leave Wages:

₹ in Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(5)	7	(12)	(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	7	(4)	(3)	(12)

C Gratuity:

₹ in Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
Assumption	Discount rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(8)	7	(7)	(12)
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	7	(7)	8	(6)

Notes to the Financial Statements

Note: 21 - Provisions: (contd...)

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

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Within the next 12 months (next annual reporting period)	45	41
Between 2 and 5 years	150	134
Between 5 and 10 years	173	157
Total expected payments	369	332

Note: 22 - Deferred Tax:

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

₹ in Lakh

Particulars	As at April 1, 2017	Charge for the previous year	As at March 31, 2018	Charge for the current year	As at March 31, 2019
Deferred Tax Liabilities:					
Depreciation	103	(33)	70	(21)	49
Deferred Tax Assets:					
Employee benefits	30	5	35	(13)	22
Provision for Expiry and Breakages	5	-	5	-	5
Total	35	5	40	(13)	27
Net Deferred Tax Liabilities	68	(38)	30	(8)	22

B The Net Deferred Tax Expenses of ₹ (8) [Previous Year: ₹ (38)] Lakh for the year has been debited/ credited 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, 2019 and March 31, 2018 are :

Statement of profit and loss:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Profit or loss section:		
Current income tax:		
Current income tax charge	94	70
Deferred tax:		
Relating to origination and reversal of temporary differences	(8)	(38)
Income tax expense reported in the statement of profit or loss	86	32

Notes to the Financial Statements

Note: 22 - Deferred Tax: (contd...)

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Accounting profit before tax	9,716	13,412
At India's statutory income tax rate of 27.82% (As at March 31, 2018: 33.063%)	2,703	4,435
Adjustments in respect of current income tax of previous years	-	(62)
Utilisation of previously unrecognised tax losses	-	(83)
Effect of Non taxable Income	(29)	-
Effect of Special tax deductions	25	(36)
Effect of MAT Credit not accounted for	-	30
Adjustments in respect of income exempt from tax (Share of profit from partnership firm)	(2,627)	(4,253)
Effect of Non-deductible expenses for tax purposes:		
Other non-deductible expenses	8	2
Others	6	-
At the effective income tax rate of 0.89% (31 March 2018: 0.24%)	86	32
Income tax expense reported in the statement of profit and loss	86	32

The Company has not recognised MAT credit of ₹ 92 Lakh (Previous year ₹ 115 Lakh as at March 31, 2018) and it is eligible for set- off upto 15 years from the year in which same arises.

Note: 23 - Current Financial Liabilities -Borrowings:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Loans repayable on Demand:		
Working Capital Loans from Banks (Secured) (*)	2,150	-
Working Capital Loans from Banks (Unsecured) (**)	4,500	2,500
Total	6,650	2,500

(*) Security and Terms of Repayment for Secured Borrowings:

Working Capital Loan which is in the form of overdraft facility is secured by fixed deposits placed by the company with the bank. The value of such Fixed deposits classified under current asset as at March 31, 2019 is ₹ 2380 Lakh (as at March 31, 2018: ₹ NIL). The outstanding amount of loan as at March 31, 2019 is ₹ 2150 Lakh (as at March 31, 2018: ₹ NIL).

(**) Terms of Repayment for Unsecured Borrowings:

Working capital loans which are repayable on demand. The outstanding amount of loan as at March 31, 2019 is ₹ 4,500 (as at March 31, 2018: ₹ 2,500) Lakh.

Notes to the Financial Statements

Note: 24 - Trade Payables:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Due to Micro, Small and Medium Enterprise (*)	12	17
Due to other than Micro, Small and Medium Enterprise	2,456	1,608
Total	2,468	1,625

(*) Disclosure in respect of Micro, Small and Medium Enterprises:

	Particulars	As at March 31, 2019	As at March 31, 2018
A	Principal amount remaining unpaid to any supplier as at year end	12	17
B	Interest due thereon	-	-
C	Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
D	Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
E	Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
F	Amount of further interest remaining due and payable in succeeding years	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.			

Note: 25 - Other Financial Liabilities:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Interest accrued but not due on borrowings	2,837	1
Payable to Employees	292	260
Unpaid Dividends (*)	71	66
Total	3,200	327

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

Note: 26 - Other Current Liabilities:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Advances from customers	68	48
Payable to Statutory Authorities	361	100
Others	11	34
Total	440	182

Notes to the Financial Statements

Note: 27 - Provisions:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits	12	40
Provision for claims for product expiry and return of goods (*)	16	15
Total	28	55

(*) Provision for claims for product expiry and return of goods:

Particulars			As at March 31, 2019	As at March 31, 2018
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	15	16
	ii	Additional provision made during the year	1	-
	iii	Amount used	-	(1)
	iv	Carrying amount at the end of the year	16	15

Note: 28 - Contingent Liabilities and Commitments (to the extent not provided for):

₹ in Lakh

Particulars			As at March 31, 2019	As at March 31, 2018
A	Contingent Liabilities:			
	i	Other money for which the company is contingently liable:		
		In respect of Sales Tax matters pending before appellate authorities	671	670
		In respect of Income tax	21	-
B	Commitments:			
	Estimated amount of contracts remaining to be executed on capital account and not provided for		160	6

Note: 29 - Dividend :

The Board of Directors, at its meeting held on May 28, 2019, recommended the final dividend of ₹ 5 per equity share of ₹ 10/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Notes to the Financial Statements

Note: 30 - Revenue from Operations:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of Products(*)	15,965	13,684
Other Operating Revenues:		
Share of Profit from a Partnership Firm	9,442	12,763
Net Gain on foreign currency transactions and translation	5	-
Miscellaneous Income	49	41
	9,496	12,804
Total	25,461	26,488

(*) The Government of India has introduced the Goods and Service Tax (GST) with effect from July 01, 2017 which replaces excise duty and various other indirect taxes, As per Ind AS 18, Revenue from operations for the period from July 2017 to March 2018 is reported net of GST. Revenue from operations of periods upto June 30, 2017 are reported inclusive of excise duty which is now subsumed in GST.

Note: 31 - Other Income:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	4,484	2,433
Dividend Income:		
Dividend From Subsidary Company	141	-
Net gain on investments measured at FVTPL	-	104
Gain on Sale of Investments	1,430	217
Total	6,055	2,754

Note: 32 - Cost of Materials Consumed:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Raw Materials :		
Stock at commencement	105	159
Add: Purchases	8,362	7,039
	8,467	7,198
Less: Stock at close	158	105
	8,309	7,093
Packing Materials consumed	1,141	1,085
Total	9,450	8,178

Notes to the Financial Statements

Note: 33 - Purchases of Stock-in-Trade:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Purchases of Stock-in-Trade	80	2
Total	80	2

Note: 34 - Changes in Inventories:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Stock at commencement:		
Work-in-progress	1	-
Finished Goods	464	407
Stock-in-Trade	2	4
	467	411
Less: Stock at close:		
Work-in-progress	-	1
Finished Goods	367	464
Stock-in-Trade	2	2
	369	467
	98	(56)
Differential Excise Duty on Opening and Closing stock of Finished Goods	-	(8)
Total	98	(64)

Note: 35 - Employee Benefits Expense:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	2,541	2,146
Contribution to provident and other funds (*)	162	134
Staff welfare expenses	57	65
Whole-time Director's Remuneration	331	303
Total	3,091	2,648
(*) The Company's contribution towards the defined contribution plan	117	95

Notes to the Financial Statements

Note: 36 - Finance Cost:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense (*)	2,989	156
Bank commission & charges	4	3
Total	2,993	159

(*) The break up of interest expense into major heads is given below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
On working capital loans	47	156
On Non Convertible Debentures	2,942	-
Total	2,989	156

Note: 37 - Depreciation, Amortisation and Impairment expenses:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation	258	347
Amortisation	3	4
Total	261	351

Notes to the Financial Statements

Note: 38 - Other Expenses:

₹ in Lakh

	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of Stores and spare parts		51	30
Power & fuel		234	197
Labour Charges		274	232
Rent (*)		262	238
Repairs to Buildings		18	21
Repairs to Plant and Machinery		76	45
Repairs to Others		8	12
Insurance		30	27
Rates and Taxes		7	77
Commission to Directors		73	18
Traveling Expenses		262	208
Legal and Professional Fees		195	238
Commission on sales		581	401
Freight and forwarding on sales		895	768
Advertisement and Sales promotions		1,631	1,028
Representative Allowances		186	149
Other marketing expenses		179	191
Directors' fees		50	30
Net Loss on disposal of Fixed Asset		-	1
Miscellaneous Expenses (**)		816	573
Total		**5,827**	**4,483**
(*)	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:	95	95
(**)	Miscellaneous Expenses include:		
a	Expenditure on Corporate Social Responsibility (CSR) Activities as required u/s 135 of the Companies Act, 2013	231	214
b	Payment to the Statutory Auditors (Excluding Taxes)		
i	- As Auditor	8	8
	- For Other Services	0	0
	Total	8	8
ii	Cost Auditor's Remuneration including fees for other services (Excluding Taxes)	2	2

Notes to the Financial Statements

Note: 39 - Components of Other Comprehensive Income (OCI):

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Re-measurement gains (losses) on defined benefit plans (Net of tax)	43	21
Total	43	21

Note: 40 - Calculation of Earnings per Equity Share (EPS):

Particulars			Year ended March 31, 2019	Year ended March 31, 2018
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A	Profit attributable to Shareholders	₹ in Lakh	9,630	13,380
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	4,21,79,254	3,90,72,089
C	Nominal value of equity share	₹	10	10
D	Basic & Diluted EPS	₹	22.83	34.24

Note: 41 - 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: 42 - Related Party Transactions:

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

a	Holding Company: Cadila Healthcare Limited	
b	Subsidiaries Companies:	
	Liva Investment Limited	
	Liva Nutritions Limited	
	Zydus Nutritions Limited (Formerly a Partnership Firm: M/s. Zydus Wellness - Sikkim)* [Refer Note-42 (g)]	
	Heinz India Private Limited *[Refer Note-42 (g)]	
c	Fellow Subsidiaries/ Concerns:	
	Zydus Noveltech Inc., USA	Hercon Pharmaceutical USA LLC, USA
	Violio Healthcare Limited	Nesher Pharmaceuticals (USA) LLC,USA
	Acme Pharmaceuticals Private Limited	Zydus Healthcare SA Pty Limited, South Africa
	Zydus Technologies Limited	Simayla Pharmaceuticals Pty Limited, South Africa
	Zydus Healthcare Limited	Script Management Services Pty Limited, South Africa
	Dialforhealth India Limited	Etna Biotech SRL, Italy
	Dialforhealth Unity Limited	Zydus France SAS, France

Notes to the Financial Statements

Note: 42 - Related Party Transactions: (contd...)

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

	Dialforhealth Greencross Limited	Laboratorios Combix S.L., Spain
	Liva Pharmaceuticals Limited	Zydus Nikkho Pharmaceutica Limitada, Brasil
	Alidac Pharmaceuticals Limited	Zydus Pharmaceuticals Mexico SA de CV, Mexico
	Zydus Foundation	Zydus Pharmaceuticals Mexico Services SA de CV, Mexico
	Windlas Healthcare Private Limited	Zydus Worldwide DMCC, Dubai
	Zydus International Private Limited, Ireland	Zydus Discovery DMCC, Dubai
	Zydus Netherlands B. V., the Netherlands	ZAHL Europe B. V., the Netherlands
	Zydus Lanka (Private) Limited, Sri Lanka	Alidac Pharmaceuticals (Myanmar) Limited, Myanmar
	Zydus Healthcare Philippines Inc., Philippines	Sentynl Therapeutics Inc., USA
	ZAHL B. V., the Netherlands	ZyVet Animal Health Inc., USA
	Zydus Pharmaceuticals USA Inc., USA	Violio Pharmaceuticals Limited
	Zydus Healthcare USA LLC, USA	Viona Pharmaceuticals Inc., USA
	Windlas, Inc., USA	US Pharma Windlas LLC, USA
d	Directors	
	Dr. Sharvil P. Patel	Non -Executive Chairman
	Mr. Ganesh N. Nayak	Non-Executive Director
	Prof. Indiraben J. Parikh	Independent Director up to 31.03.2019
	Mr. Kulin S. Lalbhai	Independent Director
	Mr. H. Dhanrajgir	Independent Director up to 31.03.2019
	Mr. Savyasachi S. Sengupta	Independent Director w.e.f 02.11.2018
	Mr. Ashish Bhargava	Nominee Director w.e.f. 30.01.2019
	Mr. Srivishnu Raju Nandyala	Independent Director w.e.f. 11.03.2019
	Ms. Dharmishtaben N. Raval	Independent Director w.e.f. 11.03.2019
e	Key Managerial Personnel:	
	Mr. Tarun G. Arora	Chief Executive Officer & Whole Time Director
	Mr. Umesh V. Parikh	Executive Officer (Chief Financial Officer)
	Mr. Dhaval N. Soni	Executive Officer (Company Secretary) up to 06.02.2019
	Mr. Dhanraj P. Dagar	Executive Officer (Company Secretary) w.e.f. 06.02.2019
f	Post Employment Benefits Plan-	
	Zydus Wellness Limited Employee Group Gratuity Scheme	

g (*):- M/s. Zydus Wellness - Sikkim, a partnership firm, was converted into a company, namely Zydus Nutritions Limited (ZNL), with effect from February 28, 2019, pursuant to which, it became a subsidiary of the company. Pursuant to the Scheme of Amalgamation between two subsidiaries of the company i.e. ZNL and HIPL which was sanctioned by the Hon'able National Company Law Tribunal (NCLT) vide its order dated May 10, 2019 and effective date being May 24, 2019, HIPL has been merged with ZNL w.e.f. the appointed date of March 1, 2019.

Notes to the Financial Statements

Note: 42 - 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 42-A (a, b & c) ₹ in Lakh

Nature of Transactions	Value of the Transactions					
	Post Employment Benefits Plan		Holding Company		Partnership Firm/ Fellow Subsidiaries/ Concerns	
	Year ended March 31					
	2019	2018	2019	2018	2019	2018
Investments:						
M/s Zydus Wellness - Sikkim	-	-	-	-	-	(7,800)
Liva Investment Limited	-	-	-	-	25	-
Liva Nutritions Limited	-	-	-	-	5	-
Zydus Nutritions Limited	-	-	-	-	3,68,922	-
Total	-	-	-	-	3,68,952	(7,800)
Issue of Equity Shares						
Cadila Healthcare Limited	-	-	1,17,500	-	-	-
Inter Corporate Loans / Compulsory Convertible Debentures given:						
Zydus Nutritions Limited	-	-	-	-	1,12,000	-
Reimbursement of Expenses:						
Cadila Healthcare Limited	-	-	7	5	-	-
Interest Income:						
Zydus Nutritions Limited	-	-	-	-	2,522	-
Dividend Received:						
Heinz India Private Limited	-	-	-	-	141	-
Contributions during the year (includes Employee's share and contribution)						
Zydus Wellness Limited Employee Group Gratuity Scheme	44	31	-	-	-	-
Dividend Paid:						
Cadila Healthcare Limited	-	-	2,253	-	-	-
Outstanding Receivable:						
Zydus Nutritions Limited	-	-	-	-	1,14,948	-

b Details relating to persons referred to in Note 42-A (e) above: ₹ in Lakh

		2019	2018
Remuneration:			
(i)	Salaries and other employee benefits to Whole time directors and other executive officers	453	377
(ii)	Commission and Sitting Fees to Non Executive/ Independent Directors	122	48
	Outstanding payable to above (i) and (ii)	91	52

Notes to the Financial Statements

Note: 43 - 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:

₹ in Lakh

Particulars	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVTPL				
Mutual fund	-	-	-	-
Total financial assets	-	-	-	-
Financial Liabilities	-	-	-	-

₹ in Lakh

Particulars	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVTPL				
Mutual fund	14,755	-	-	14,755
Total financial assets	14,755	-	-	14,755
Financial Liabilities	-	-	-	-

(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

Note: 43 - Financial instruments: (contd...)

1 Financial risk management

(i) Financial instruments by category:

₹ in Lakh

Particulars	As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets				
Investments	-	-	-	-
Mutual funds	-	-	-	-
Trade receivables	-	-	629	**629**
Loans & advances	-	-	3,114	**3,114**
Security deposit	-	-	45	**45**
Fixed deposit	-	-	2,611	**2,611**
Cash and cash equivalents	-	-	1,691	**1,691**
Total	-	-	8,090	**8,090**
Financial liabilities				
Borrowings	-	-	1,56,650	**1,56,650**
Interest accrued but not due on borrowings	-	-	2837	**2,837**
Payable to Employees	-	-	292	**292**
Trade payable	-	-	2,468	**2,468**
Security deposit	-	-	57	**57**
Unpaid dividend	-	-	71	**71**
Total	-	-	1,62,375	**1,62,375**

₹ in Lakh

Particulars	As at March 31, 2018			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets				
Investments	-	-	14,607	14,607
Mutual funds	14,755	-	-	14,755
Trade receivables	-	-	104	104
Loans & advances	-	-	30	30
Security deposit	-	-	32	32
Fixed deposit	-	-	37,901	37,901
Cash and cash equivalents	-	-	1,323	1,323
Total	14,755	-	53,997	68,752
Financial liabilities				
Borrowings	-	-	2,500	2,500
Interest accrued but not due on borrowings	-	-	1	1
Payable to Employees	-	-	260	260
Trade payable	-	-	1,625	1,625
Security deposit	-	-	50	50
Unpaid dividend	-	-	66	66
Total	-	-	4,502	4,502

Notes to the Financial Statements

Note: 43 - Financial instruments: (contd...)

(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.

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

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.

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

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.

The history of trade receivables shows an allowance for bad and doubtful debts of ₹ NIL (Nil as at March 31, 2018). The Company has made allowance of ₹ Nil (Previous Year- ₹ Nil), against trade receivables of ₹ 629 Lakh (Previous year - ₹ 104 Lakh).

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.

Notes to the Financial Statements

Note: 43 - Financial instruments: (contd...)

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.

₹ in Lakh

Particulars	As at March 31, 2019				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives / Financial Liabilities					
Borrowings (including interest)	9,487	-	-	1,50,000	1,59,487
Trade payable	2,468	-	-	-	2,468
Security deposit	-	-	-	57	57
Payable to Employee	292	-	-	-	292
Unpaid dividend	71	-	-	-	71
Total	12,318	-	-	1,50,057	1,62,375

₹ in Lakh

Particulars	As at March 31, 2018				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives / Financial Liabilities					
Borrowings (including interest)	2,501	-	-	-	2,501
Trade payable	1,625	-	-	-	1,625
Security deposit	-	-	-	50	50
Payable to Employee	260	-	-	-	260
Unpaid dividend	66	-	-	-	66
Total	4,452	-	-	50	4,502

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.

₹ in Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
	Movement in Rate	Impact on PAT	Movement in Rate	Impact on PAT
USD	7.00%	1.02	4.00%	1
USD	(7.00%)	(1.02)	(4.00%)	(1)
GBP	5.00%	0.26	4.00%	0
GBP	(5.00%)	(0.26)	(4.00%)	0

Notes to the Financial Statements

Note: 43 - Financial instruments: (contd...)

b Interest rate risk

Liabilities*:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2019, the Companyis exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in Fixed Deposits are at fixed interest rates.

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

₹ in Lakh

Particulars	Movement in Rate	As at March 31, 2019	As at March 31, 2018
Interest rates	+0.50%	(22)	(8)
Interest rates	-0.50%	22	8

* Holding all other variables constant

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.

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
	Impact on PAT	Impact on PAT
Mutual Funds (Quoted)		
Increase 2%	-	293
Decrease 2%	-	(293)

(*) Holding all other variables constant.

Notes to the Financial Statements

Note: 43 - Financial instruments: (contd...)

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
- 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.

Loan covenants

The Company has taken loan for working capital requirement and Long Term borrowings and as at March 31, 2019, the ratio of financial indebtness net of cash and cash equivalents to the Shareholder's Fund is 0.46 [March 31, 2018 (-0.74)] and Interest Service Coverage Ratio is 4.25 (March 31, 2018 : 85.19).

Note: 44

Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

Signatures to Significant Accounting Policies and Notes 1 to 44 to the Financial Statements

As per our report of even date

For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

Harish B. Patel
Partner
Membership No. : 014427
Place : Ahmedabad
Date : May 28, 2019

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Independent Auditors' Report

To the Members of
Zydus Wellness Limited

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Zydus Wellness Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprises of the consolidated balance sheet as at March 31, 2019, and the consolidated statement of Profit and Loss (including other comprehensive income), and the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidatedstate of affairs of the Group as at March 31, 2019, and its consolidated profit, total consolidated comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Response to Key Audit Matter
A. Business Combination and Goodwill owing to acquisition of Heinz India Pvt. Ltd. Pursuant to the definitive agreements entered into by the Company on October 24, 2018 to acquire Heinz India Private Limited (HIPL), the Company along with its wholly-owned entity, M/s. Zydus Wellness – Sikkim (a partnership firm) have completed the acquisition of HIPL on January 30, 2019. In view of this, the operations of HIPL have been consolidated with that of the Group's Consolidated Financial Statements. Business Combinations are accounted for as per Ind AS 103. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. Goodwill amounting to ₹ 3,79,692 Lakh arising on the acquisition of HIPL represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. We have reported this as a key audit matter because the accounting of business combination requires the exercise of significant management judgement and estimation, also the value of investment made by the Company is significant.	**Principal Audit Procedures** Our procedures included, amongst others, the following: (i) Ensured that the accounting of business combination are in line with the Accounting Standard requirements; (ii) Assessed the independent valuation expert's methods, competency and objectivity; (iii) We obtained the signed agreements and contracts relating to the acquisition, and identified the pertinent terms relevant to the accounting for the transaction. (iv) Ensured that accounting principles on Consolidation have been correctly applied including accounting of Goodwill. Based on the above procedures performed, we noted that the Management's assessment of accounting of value of Investments and Goodwill are in consonance with the Accounting Norms and are aligned with the Accounting Standard norms.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, respective company's management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless respective company's management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Respective company's Board of Directors are also responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Holding Company management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on other Legal and Regulatory requirements

1. **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 Group 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 cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account maintained by the Group;

    d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;

    e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of Holding Company and its subsidiary is disqualified as on March 31, 2019 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 Holding Company and its subsidiaries, 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 29 to the consolidated 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 Group.

For, **Dhirubhai Shah & Co LLP**
Chartered Accountants
Firm Registration Number: 102511W/W100298

Harish B Patel
Partner
Membership number: 014427

Place: Ahmedabad
Date: May 28, 2019

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")

We have audited the internal financial controls over financial reporting of Zydus Wellness Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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 Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial 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 consolidated 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 Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

Group'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 Holding Company and its subsidiaries 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, 2019, based on the internal control over financial reporting criteria established by the Group 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 & Co LLP**
Chartered Accountants
Firm Registration Number: 102511W/W100298

Harish B Patel
Partner
Membership number: 014427

Place: Ahmedabad
Date: May 28, 2019

Consolidated Balance Sheet

as at March 31, 2019

₹ in Lakh

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS:			
Non-Current Assets:			
Property, plant and equipment	3	20,742	8,090
Capital work-in-progress		1,031	24
Goodwill	4	3,81,974	2,282
Other intangible assets	4	54,026	16
Financial assets:			
Loans	5	4,099	74
Other financial assets	6	64	60
Other non-current assets	7	529	233
Deferred tax asset(net)	8	10,299	7,410
Asset for Current Tax	9	3,289	-
		4,76,053	18,189
Current Assets:			
Inventories	10	23,307	3,506
Financial assets:			
Investments	11	4,610	14,755
Trade receivables	12	9,604	875
Cash and cash equivalents	13	13,815	2,959
Bank balance other than cash and cash equivalents	14	2,614	38,413
Loans	15	279	61
Other current assets	16	15,570	4,135
		69,799	64,704
Total		5,45,852	82,893
EQUITY AND LIABILITIES:			
Equity:			
Equity share capital	17	5,766	3,907
Other equity	18	3,32,862	65,212
Non controlling interests		-	1,316
		3,38,628	70,435
Liabilities:			
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	19	1,50,000	-
Other Financial Liabilities	20	63	57
Provisions	21	2,283	77
Other non current liabilities	22	252	125
Deferred tax liabilities (net)	8	-	30
		1,52,598	289
Current Liabilities:			
Financial liabilities:			
Borrowings	23	6,925	2,500
Trade payables			
Due to Micro, Small and Medium Enterprise	24	989	133
Due to other than Micro, Small and Medium Enterprise	24	38,820	7,732
Other financial liabilities	25	3,880	564
Other current liabilities	26	3,507	922
Provisions	27	229	130
Current tax liabilities (net)	28	276	188
		54,626	12,169
Total		5,45,852	82,893
Significant accounting policies	2		
Notes to the Consolidated financial statements	1 to 48		

As per our report of even date

For and on behalf of the Board

For **Dhirubhai Shah & Co LLP**
Chartered Accountants
Firm Registration Number: 102511W/W100298

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership No. : 014427
Place : Ahmedabad
Date : May 28, 2019

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Consolidated Statement of Profit & Loss

for the year ended March 31, 2019

₹ in Lakh

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from Operations	31	84,282	52,114
Other Income	32	3,888	3,506
Total Income		88,170	55,620
EXPENSES:			
Cost of materials consumed	33	29,263	16,018
Purchases of stock-in-trade	34	3,002	10
Changes in inventories of finished goods, work-in-Progress and stock-in-trade	35	(2,428)	61
Excise duty on sales	36	-	852
Employee benefits expense	37	8,560	5,664
Finance costs	38	3,009	170
Depreciation, amortisation and impairment expenses	39	1,251	888
Other expenses	40	28,450	16,983
Total Expenses		71,107	40,646
Profit before Tax		17,063	14,974
Less: Tax Expense:			
Current Tax	8	3,109	3,071
Deferred Tax	8	(3,170)	(1,748)
		(61)	1,323
Profit for the year		17,124	13,651
Other Comprehensive Income	41		
Items that will not be reclassified to profit or loss:			
Re-measurement gains on post employment defined benefit plans (net of tax)		2	11
Other Comprehensive Income for the year (Net of tax)		2	11
Total Comprehensive Income for the year (Net of Tax)		17,126	13,662
Net profit attributable to:			
Owners of the parent		16,914	13,390
Non-controlling interests		210	261
Other Comprehensive Income attributable to:			
Owners of the parent		2	11
Non-controlling interests		-	-
Total Comprehensive Income attributable to:			
Owners of the parent		16,916	13,401
Non-controlling interests		210	261
Basic & diluted earning per equity share (EPS) (in Rupees)	42	40.10	34.27
Significant accounting policies	2		
Notes to the Consolidated financial statements	1 to 48		

As per our report of even date

For **Dhirubhai Shah & Co LLP**
Chartered Accountants
Firm Registration Number: 102511W/W100298

Harish B. Patel
Partner
Membership No. : 014427
Place : Ahmedabad
Date : May 28, 2019

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Consolidated Cash Flow Statement

for the year ended March 31, 2019

₹ in Lakh

	Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
A	Cash flows from operating activities:				
	Profit before Tax		17,063		14,974
	Adjustments for:				
	Depreciation, Impairment and Amortisation expenses	1,251		888	
	[Profit]/Loss on sale of assets [Net]	-		2	
	Profit on sale of investments [Net]	(1,842)		-	
	Interest income	(2,039)		(3,060)	
	Fair value gain on financial instrument at fair value through statement of profit and Loss	(7)		(104)	
	Interest expenses	3,009		170	
	Profit elimination of acquired business	(1,139)		-	
	Bad debts written off	-		4	
	Re-measurement of Employees benefits (net)	2,312		11	
	Other comprehensive income	2		-	
	Provisions for probable product expiry claims and return of goods	(7)		(2)	
	Total		1,540		(2,091)
	Operating profit before working capital changes		18,603		12,883
	Adjustments for:				
	[Increase] in trade receivables	(703)		(479)	
	[Increase] in other assets	(3,877)		(4619)	
	[Increase] in inventories	24		(322)	
	Increase in trade payables	3,040		1,029	
	[Decrease]/ Increase in other liabilities	5,466		(414)	
	Change in Non-Controlling Interest	(1,316)		-	
	Total		2,634		(4,805)
	Cash generated from operations		21,237		8,078
	Direct taxes paid (Net of refunds)		(6,299)		(1,172)
	Net cash from operating activities		14,938		6,906
B	Cash flows from investing activities:				
	Purchase of property, plant and equipment	(1,707)		(788)	
	Purchase of non current investment in subsidiary [Net of Cash and Cash Equivalents of acquired subsidiary]	(4,64,292)		-	
	Proceeds from sale of Property, plant and equipment	1		11	
	Profit on Sales of Mutual Fund- Fair Value	7		104	
	Profit from sale of current investments	1,842		-	
	Proceeds from sale of Current Investments	10,146		-	
	Investment in Mutual Funds (net)	-		(11,754)	
	Investment in Fixed Deposit (net)	35,799		3,456	
	Interest received	2,039		3,059	
	Dividend	-			
	Net cash used in investing activities		(4,16,165)		(5,912)

Consolidated Cash Flow Statement

for the year ended March 31, 2019

₹ in Lakh

	Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
C	Cash flows from financing activities:				
	Current Borrowings [Net]	4,425		-	
	Long Term borrowing	1,50,000		-	
	Interest paid	(3,009)		-	
	Dividends paid	(3,121)		(170)	
	Proceeds from issued of Equity Share Capital	1,859		(12)	
	Proceeds from Share Premium	2,55,641		-	
	Tax on dividends paid	(642)		-	
	Net cash used in financing activities		4,05,153		(182)
	Net increase in cash and cash equivalents		3,926		812
	Cash and cash equivalents at the beginning of the year		2,959		2,147
	Cash and cash equivalents of the acquired subsidiaries		6,930		-
	Cash and cash equivalents at the end of the year		13,815		2,959

1. The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".
2. All figures in brackets are outflows.
3. Previous year's figures have been regrouped wherever necessary.
4. Cash and cash equivalents comprise of:

		As at March 31	
		2019	2018
a	Cash on Hand	4	2
b	Balances with Banks	13,811	2,957
	Total	13,815	2,959

As per our report of even date

For **Dhirubhai Shah & Co LLP**
Chartered Accountants
Firm Registration Number: 102511W/W100298

Harish B. Patel
Partner
Membership No. : 014427
Place : Ahmedabad
Date : May 28, 2019

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Statement of Change in Consolidated Equity

for the year ended March 31, 2019

A) Equity Share Capital:

Particulars	No. of Shares	₹ in Lakh
Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2017	3,90,72,089	3,907
As at March 31, 2018	3,90,72,089	3,907
Add: Shares issued during the year	1,85,92,055	1,859
As at March 31, 2019	**5,76,64,144**	**5,766**

B) Other Equity:

Particulars	Securities Premium	Debentures Redemption Reserve	Reserves and Surplus		Items of OCI	Total
			General Reserve	Retained Earnings	FVTOCI Reserve	
As at March 31, 2017	-	-	4,500	47,323	(12)	**51,811**
Add: Profit for the year	-	-	-	13,390	-	**13,390**
Add (Less): Other Comprehensive income	-	-	-	-	11	**11**
Total Comprehensive Income	-	-	4,500	60,713	(1)	**65,212**
As at March 31, 2018	-	-	4,500	60,713	(1)	**65,212**
Add: Profit for the year	-	-	-	16,914	-	**16,914**
Less: Profit elimination of acquired business	-	-	-	(1,139)	-	**(1,139)**
Add (Less): Other Comprehensive income	-	-	-	-	2	**2**
Transfer from Retained Earnings	-	37,500	-		-	**37,500**
Less): Transfer to Debenture Redemption Reserve	-	-	-	(37,500)	-	**(37,500)**
Add: Addition pursuant to issue of shares	2,55,641	-	-		-	**2,55,641**
Total Comprehensive Income	2,55,641	37,500	4,500	38,988	1	**3,36,630**
Transactions with Owners in their capacity as owners:						
Dividends	-	-	-	3,126	-	**3,126**
Corporate Dividend Tax on Dividend	-	-	-	642	-	**642**
As at March 31, 2019	**2,55,641**	**37,500**	**4,500**	**35,220**	**1**	**3,32,862**

As per our report of even date

For Dhirubhai Shah & Co LLP
Chartered Accountants
Firm Registration Number: 102511W/W100298

Harish B. Patel
Partner
Membership No. : 014427
Place : Ahmedabad
Date : May 28, 2019

For and on behalf of the Board

Dr. Sharvil P. Patel
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Whole Time Director

Notes to the Consolidated Financial Statements

Note: 1 - Group Overview:

The consolidated financial statements comprise financial statements of Zydus Wellness Limited ("the Parent") and its Subsidiaries (collectively, "the Group") for the year ended March 31, 2019. 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, Nutralite, Complan, Glucon D ,Nycil and Sampriti Ghee . 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 passed by Board Directors at its meeting held on May 28, 2019.

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 had 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). Effective from April 1, 2016, 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. The adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

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 subsidiaries as at March 31, 2019. 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 and

c The ability to use its power over the investee to affect its returns and

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a The contractual arrangement with the other vote holders of the investee.

b Rights arising from other contractual arrangements.

c The Group's voting rights and potential voting rights.

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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.

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.

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.

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

4 Foreign Currency Transactions:

The Group's consolidated financial statements are presented in Indian Rupees (₹), 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 The Group has applied Ind AS 115 - Revenue from Contracts with Customers which is effective for an annual period beginning on or after April 1, 2018. The following is the significant accounting policy related to revenue recognition under Ind AS 115.

a Sale of Goods:

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

b Service Income:

Service income is recognised as per the terms of contracts with the customers when the related services are performed as per the stage of completion or on the achievement of agreed milestones and are net of indirect taxes, wherever applicable. For the year ended March 31, 2018, the Group was recognising revenue as per the criteria's provided in Ind AS 18 "Revenue Recognition". Note 2(5) "Significant accounting policies for Revenue Recognising" can be referred in the previous year's Annual report of the Group.

B Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the goods by the Group on behalf of the government. Accordingly, it is excluded from revenue.

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

a Interest Income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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.

b Dividend:

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

c 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 favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. However, in accordance with the exemption as per Ind AS 101, for such loans that existed on April 1, 2015 the 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.

B Deferred Tax:

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

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

c Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax 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.

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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 Group 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 Group 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 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, plan and equipment.

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

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

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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 ₹ 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 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 derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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.

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.

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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 Business combinations and Goodwill:

A Business combinations are accounted for using the acquisition method.

B At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values.For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

C When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation inaccordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

D When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

E Goodwill is initially measured at the excess of the aggregate of the acquistion cost and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate of acquisition cost, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

F A cash generating unit to which Goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any Goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for Goodwill is recognised in Statement of Profit and Loss.

G If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as Capital Reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as Capital Reserve, without routing the same through OCI.

H If the initial accounting for a business combination is incomplete by the end of the reporting period

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

I Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ National Company Law Tribunal (NCLT), the business combination is accounted for as per the accounting treatment sanctioned in the Scheme. Goodwill arising on such business combination is amortised over the period, as provided in the Scheme, as approved by the Hon'ble High Court or NCLT.

15 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 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 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.

16 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.

17 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 expenses 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.

18 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

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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.

19 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.

20 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 ay 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:

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

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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.

21 Dividends :

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

22 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 availed on inputs, capital goods and eligible services.

23 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 Derecognition:

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

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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 derecognised.

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:

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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. 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 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 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 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 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

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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.

24 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 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.

25 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.

26 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.

Notes to the Consolidated Financial Statements

Note: 2 - Significant Accounting Policies: (contd...)

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:

The Ministry of Corporate Affairs has issued Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules on March 30, 2019, which notified the following standards and amendments to Ind AS applicable effective from April 1, 2019:

Ind AS 116 – Leases:

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard introduces a single lessee accounting model, requiring lessees to recognize right-of-use assets for granted rights of use and corresponding lease liabilities. However, Ind AS 116 contains the option of exercising exemptions for the recognition of short-term leases and those pertaining to low-value assets. The Group will adopt Ind AS 116 effective from April 1, 2019, the Group will apply the standard to its leases, retrospectively, without restating the comparative figures. On the date of transition, the Group will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. On the date of initial application, the Group will recognise a lease liability measured at the present value of the remaining lease payments , using the incremental borrowing rate as of that date and right-of-use asset will be measured at the amount equal to lease liability adjusted for accrual and prepayment. Initial direct costs will not be taken into account in the measurement of the right-of-use asset as of the date of first-time application. In accordance with the standard, the Group will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value. The Group is in the process of evaluating the impact of Ind AS 116.

Notes to the Consolidated Financial Statements

Note: 3 - Property, Plant and Equipment:

₹ in Lakh

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2017	49	570	3,195	7,589	277	224	199	12,103
Additions	-	-	290	652	27	35	31	1,035
Disposals	-	-	-	(23)	-	(15)	-	(38)
As at March 31, 2018	49	570	3,485	8,218	304	244	230	13,100
Acquired Subsidiaries	4,288	1,037	5,910	9,759	273	81	-	21,348
Additions	-	-	66	320	40	13	23	462
Disposals	-	-	-	(1)	-	-	-	(1)
As at March 31, 2019	4,337	1,607	9,461	18,296	617	338	253	34,909
Depreciation and Impairment:								
As at March 31,2017	-	43	407	3,368	112	80	149	4,159
Depreciation for the year	-	6	108	687	25	28	23	877
Impairment for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	(22)	-	(4)	-	(26)
As at March 31, 2018	-	49	515	4,033	137	104	172	5,010
Acquired Subsidiaries	-	37	1,059	6,633	173	26	-	7,928
Depreciation for the year	-	6	160	972	37	32	22	1,229
Impairment for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2019	-	92	1,734	11,638	347	162	194	14,167
Net Block:								
As at March 31, 2018	49	521	2,970	4,185	167	140	58	8,090
As at March 31, 2019	4,337	1,515	7,727	6,658	270	176	59	20,742

Notes to the Consolidated Financial Statements

Note: 4 - Intangible Assets:

₹ in Lakh

Particulars	Goodwill	Other Intangible Assets				Total
		Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	
Gross Block:						
As at March 31, 2017	2,282	5	43	10	2	60
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2018	2,282	5	43	10	2	60
Acquired Subsidiaries	-	53,868	355	-	-	54,223
Additions	3,79,692	-	8	-	-	8
Disposals	-	-	-	-	-	-
As at March 31, 2019	3,81,974	53,873	406	10	2	54,291
Amortisation and Impairment:						
As at March 31,2017	-	5	17	10	1	33
Amortisation for the year	-	-	11	-	-	11
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2018	-	5	28	10	1	44
Acquired Subsidiaries	-	-	199	-	-	199
Amortisation for the year	-	-	22	-	-	22
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2019	-	5	250	10	1	265
Net Block:						
As at March 31, 2018	2,282	-	15	-	1	16
As at March 31, 2019	3,81,974	53,868	156	-	1	54,026

Note: For details of assets pledged as security refer Note 19.

Note: 5 - Loans:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good unless otherwise stated)		
Security Deposits	4,099	74
Total	4,099	74

Note: 6 - Other Financial Assets:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good unless otherwise stated)		
Fixed Deposits	64	60
Total	64	60

Notes to the Consolidated Financial Statements

Note: 7 - Other Non-Current Assets:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good unless otherwise stated)		
Capital Advances	315	81
Balances with Statutory Authorities	214	152
Total	529	233

Note: 8 - Deferred tax:

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

₹ in Lakh

Particulars	As at April 1 2017	Charge for the previous year	As at March 31 2018	Acquired Subsidiaries	Charge for the current year	As at March 31 2019
Deferred Tax Liabilities:						
Depreciation	541	(142)	399	2,764	(1,916)	1,248
Others	-	-	-	3	(3)	-
Total	541	(142)	399	2,767	(1,919)	1,248
Deferred Tax Assets:						
Employee benefits	84	(7)	77	14	10	101
Provision for Expiry and Breakages	24	-	24	-	(2)	22
Provision for Bad and Doubtful Debts	-	-	-	205	-	205
Provision for GST	-	-	-	222	59	281
Provision for Vat Liability	-	-	-	34	-	34
Disallowance under sec 40(a)(ia)	-	-	-	439	(46)	393
Rent Equalisation	-	-	-	3	(3)	-
Total	108	(7)	101	917	18	1,036
MAT Credit Entitlement	6,065	1,613	7,678	1,600	1,233	10,511
Net Deferred Tax Liabilities	5,631	1,748	7,380	(250)	3,170	(10,299)

B The Net Deferred Tax Expenses of ₹ (3,170) [Previous Year: ₹ (1,748)] Lakh for the year has been debited / Credited 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, 2019 and March 31, 2018 are :

Statement of profit and loss:

₹ in Lakh

Particulars	Year ended March 31, 2019	As at March 31, 2018
Profit and loss section:		
Current income tax:		
Current income tax charge	3,109	3,071
Deferred tax:		
Relating to origination and reversal of temporary differences	(3,170)	(1,748)
Income tax expense reported in the statement of profit and loss	(61)	1,323

Notes to the Consolidated Financial Statements

Note: 8 - Deferred tax: (contd...)

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate :

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Profit before tax	17,063	14,974
At India's statutory income tax rate	5,962	5,183
Adjustments in respect of current income tax of previous years	11	(62)
Utilisation of previously unrecognised tax losses	-	(83)
Effect of Non taxable Income	-	(39)
Effect of Special tax deductions	11	(36)
Effect of Special tax deductions (80IE)	(2,857)	(4,531)
Effect of MAT Credit not accounted for	893	1,089
Effect of Unrecognised DTA/DTL	(3,517)	(224)
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	28	16
Others	(592)	10
At the effective income tax rate of (-0.35%) (March 31, 2018: 8.84%)	(61)	1,323
Income tax expense reported in the statement of profit and loss	(61)	1,323

MAT credit of ₹ 4,991 Lakh that are available for set off against future tax liabilities have not been recognised and the same will be eligible for set off upto fifteen years from the year in which the same arises.

Note: 9 - Asset for Current Tax :

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good unless otherwise stated)		
Advance payment of Tax (Net of provision for taxation)	3,289	-
Total	3,289	-

Notes to the Consolidated Financial Statements

Note:10 - Inventories:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(The Inventory is valued at lower of cost and net realisable value)		
Classification of Inventories:		
Raw Materials	**3,179**	1,385
Work-in-progress	**6,796**	47
Finished Goods	**10,003**	1,475
Stock-in-Trade	**1,102**	12
Others:		
Store and Spares	**770**	-
Packing Materials	**1,457**	587
Total	**23,307**	3,506

Note: 11 - Current Financial Assets - Investments:

₹ in Lakh

Particulars	Nos. (*)	As at March 31, 2019	As at March 31, 2018
Investment in Mutual Funds (Quoted) (Valued at fair value through profit or loss):			
Kotak Liquid Direct Plan Growth	1,21,805 (0)	**4,610**	-
Reliance Liquidity Fund - Direct Plan - Growth	0 (2,15,132.11)	**-**	5,631
DSP Blackrock Liquidity Fund - Direct Plan - Growth	0 (3,67,105.68)	**-**	9,124
Total		**4,610**	14,755
A Aggregate amount of quoted investments		**4,610**	14,755
B Explanations:			
In "Nos. (*)" figures of previous year are stated in ( ).			

Note: 12 - Trade Receivables:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured - Considered good:	9,604	875
Total	**9,604**	875

Notes to the Consolidated Financial Statements

Note: 13 - Cash and Cash Equivalents:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with Banks - in Current Accounts	13,811	2,957
Cash on Hand	4	2
Total	13,815	2,959

Note: 14 - Bank balance other than cash and cash equivalents:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Earmarked balances with bank for Unpaid dividend	71	66
Fixed Deposit with banks (*)	2,543	38,347
Total	2,614	38,413

(*) For details of lien on Fixed Deposits refer Note 23.

Note: 15 - Loans:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	279	61
Total	279	61

Note: 16 - Other Current Assets:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good)		
Balances with Statutory Authorities	14,363	3,679
Advances to Suppliers	70	373
Other Receivables	859	30
Export Incentive Receivables	12	12
Prepaid Expenses	266	41
Total	15,570	4,135

Notes to the Consolidated Financial Statements

Note: 17 - Equity Share Capital:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised:		
10,00,00,000 (as at March 31, 2018: 4,50,00,000) Equity Shares of ₹ 10/- each	10,000	4,500
Total	10,000	4,500
Issued, Subscribed and Paid-up:		
5,76,64,144 (as at March 31, 2018: 3,90,72,089)	5,766	3,907
Equity Shares of ₹ 10/- each fully paid up		
Total	5,766	3,907
A The Reconcilation in number of Equity Share is as under:		
Number of shares at the beginning of the year	3,90,72,089	3,90,72,089
Add: Shares issued during the year	1,85,92,055	-
Number of shares at the end of the year	5,76,64,144	3,90,72,089
B The Parent has only one class of equity shares having a par value of ₹ 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 Parent Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts and all liabilities.		
C Details of Shareholder holding more than 5% of aggregate Equity Shares of ₹ 10/- each		
(as at March 31, 2018: ₹ 10/- each), fully paid:		
Cadila Healthcare Limited		
Number of Shares	3,66,47,509	2,81,63,755
% to total share holding	63.55%	72.08%
Threpsi Care LLP (True North)		
Number of Shares	72,20,216	-
% to total share holding	12.52%	-
D Number of Shares held by Holding Company		
Cadila Healthcare Limited	3,66,47,509	2,81,63,755

Notes to the Consolidated Financial Statements

Note: 18 - Other Equity:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
General reserve: (*)		
Balance as per last Balance Sheet	4,500	4,500
	4,500	4,500
Fair value through other comprehensive income (FVTOCI) Reserve:		
Balance as per last balance sheet	(1)	(12)
(Less)/ Add: (Debited)/ Credited during the year	2	11
	1	(1)
Debentures Redemption Reserves: (**)		
Balance as per last Balance Sheet	-	-
Add: Transfer from Retained Earnings	37,500	-
Balance as at the end of the year	37,500	-
Securities Premium(***)		
Balance as per last Balance Sheet	-	-
(Less)/ Add: (Debited)/ Credited during the year	2,55,641	-
Balance as at the end of the year	2,55,641	-
Retained Earnings:		
Balance as per last balance sheet	60,713	47,323
Add: Profit for the year	16,914	13,390
Less: Profit elimination of acquired business	1,139	-
	76,488	60,713
Less:		
Dividends	3,126	-
Corporate Dividend Tax on Dividend	642	-
Transfer to Debentures Redemption Reserve	37,500	-
	41,268	-
Balance as at the end of the year	35,220	60,713
Total	3,32,862	65,212

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

(**) The Group has created Debenture Redemption Reserve as per the provisions of Companies Act, 2013 and the captioned reserve has been created out of profits of the company available for payment of dividend.

(***) Securities premium is created due to premium on issue of shares. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Notes to the Consolidated Financial Statements

Note: 19 - Borrowings:

₹ in Lakh

Particulars		Non- Current Portion		Current Portion	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Non Convertible Debentures:(NCDs)					
	Secured(*)	1,50,000	-	-	-
Total		1,50,000	-	-	-
(*)	Securities and Terms of Repayment for Secured Borrowings:				
(i)	9.14% Secured Redeemable Non Convertible Debentures (with semi-annually interest pay-out) issued by creating a charge on specific brands of the Subsidairy Company.				
(ii)	The NCDs are repayable in three equal yearly installments starting from January 16, 2022 along with accrued interest for the period.				
(iii)	The outstanding amount of NCD as at March 31, 2019 is ₹ 1,50,000 (as at March 31, 2018 : ₹ NIL) Lakh.				

Note: 20 - Other Financial Liabilities:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Deposits	21	21
Others	42	36
Total	63	57

Note: 21 - Provisions:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits	949	77
Provision for Vat accural	1,334	-
Total	2,283	77

Notes to the Consolidated Financial Statements

Note: 21 - 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 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.

₹ in Lakh

	Particulars	As at March 31, 2019			As at March 31, 2018		
		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	43	238	290	34	208	257
	Transfer in/(out) obligation	5	767	1,797	-	-	-
	Interest cost	2	18	25	3	13	17
	Current service cost	3	40	61	5	42	60
	Benefits paid	-	(53)	(30)	-	(62)	(29)
	Actuarial (gains) / losses on obligation	(3)	38	(2)	1	37	(15)
	Closing defined benefit obligation	50	1,048	2,141	43	238	290
C	Change in the fair value of plan assets:						
	Opening fair value of plan assets	-	166	279	-	155	242
	Transfer in/(out) plan assets	-	2	1,632	-	-	-
	Expected return on plan assets	-	11	24	-	11	18
	Adjustment of Opening fund	-	-	-	-	-	-
	Expenses deducted from the fund	-	-	0	-	-	-
	Contributions by employer	-	-	44	-	-	48
	Benefits paid	-	-	(30)	-	-	(28)
	Actuarial (losses) / gains	-	-	(4)	-	-	(1)
	Closing fair value of plan assets	-	179	1,945	-	166	279
	Total actuarial (losses) / gains to be recognised	3	(38)	2	(1)	(37)	14

Notes to the Consolidated Financial Statements

Note: 21 - Provisions: (contd...)

₹ in Lakh

	Particulars	As at March 31, 2019			As at March 31, 2018		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
D	**Actual return on plan assets:**						
	Expected return on plan assets	-	11	24	-	11	18
	Actuarial (losses) / gains on plan assets	-	-	(4)	-	-	-
	Actual return on plan assets	-	11	20	-	11	18
E	**Amount recognised in the balance sheet:**						
	Liabilities / (Assets) at the end of the year	50	1,048	2,141	43	238	290
	Fair value of plan assets at the end of the year	-	(179)	(1,945)	-	(166)	(279)
	Liabilities / (Assets) recognised in the Balance Sheet	50	869	196	43	72	11
F	**Expenses / (Incomes) recognised in the Statement of Profit and Loss:**						
	Current service cost	3	40	61	5	42	60
	Interest cost on benefit obligation	2	18	25	3	13	17
	Expected return on plan assets	-	(11)	(24)	-	(11)	(18)
	Net actuarial (gains) / losses in the year	(3)	38	-	1	37	-
	Net expenses / (benefits)	2	85	62	9	81	59
	Net actuarial (gains)/ losses in the year	-	-	2	-	-	(14)
	Amounts recognized in OCI	-	-	2	-	-	(14)
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	43	72	11	33	53	15
	Transfer in/(out) obligation	5	765	165	-	-	-
	Expenses as above (P & L Charge)	2	85	62	9	81	58
	Contribution to Plan assets	-	-	(43)	-	-	(48)
	Amount recognised in OCI	-	-	2	-	-	(14)
	Benefits Paid	-	(53)	(1)	1	(62)	-
	Liabilities / (Assets) recognised in the Balance Sheet	50	869	196	43	72	11

Notes to the Consolidated Financial Statements

Note: 21 - Provisions: (contd...)

H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate (*)	7.20%	7.30%
Annual increase in salary cost (#)	12% for next 2 years, 9% thereafter	12% for 1st 3 years, 10% thereafter

(*) 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:

Particulars	As at March 31, 2019			As at March 31, 2018		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
Insurance plan	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%

J Amount recognised in current and previous four years:

₹ in Lakh

Gratuity:	As at March 31				
	2019	2018	2017	2016	2015
Defined benefit obligation	2,141	290	257	231	184
Fair value of Plan Assets	1,945	279	242	216	184
Deficit / (Surplus) in the plan	196	12	15	15	-
Actuarial Loss / (Gain) on Plan Obligation	(2)	(15)	(24)	15	(18)
Actuarial Loss / (Gain) on Plan Assets	(4)	(1)	(1)	-	(2)

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2018-19.

The average duration of defined benefit plan obligation at the end of the year is 23.99 (as at March 31, 2018 : 23.98 year).

Note: 21 - Provisions: (contd...)

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as is as shown below:

A Medical Leave:

₹ in Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
Assumption	Discount rate			
Sensitivity Level	0.5 % increase	0.5 % decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(3)	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	1	(3)	2	(1)

B Leave Wages:

₹ in Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
Assumption	Discount rate			
Sensitivity Level	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease
Impact on defined benefit obligation	(10)	8	(13)	0
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	7	10	(0)	(13)

C Gratuity:

₹ in Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
Assumption	Discount rate			
Sensitivity Level	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease
Impact on defined benefit obligation	(11)	13	(9)	(8)
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	12	(10)	12	(8)

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

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Within the next 12 months (next annual reporting period)	356	79
Between 2 and 5 years	1,520	222
Between 5 and 10 years	1,533	220
Total expected payments	3,409	521

Notes to the Consolidated Financial Statements

Note: 22-Other non current liabilities:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Grant	252	125
Total	252	125

Note: 23 - Current Financial Liabilities -Borrowings:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Loans repayable on Demand:		
Working Capital Loans from Banks (Secured) (*)	2,150	-
Working Capital loans from banks (Unsecured) (**)	4,500	2,500
Loans from Intercorporate (Unsecured) (***)	275	-
Total	6,925	2,500

(*) Security and Terms of Repayment for Secured Borrowings:

Working Capital Loans which are in the form of overdraft facility is secured by fixed deposits placed by the Group with the bank. The value of such Fixed deposits classified under current assets as at March 31, 2019 is ₹ 2,380 Lakh (as at March 31, 2018: ₹ NIL). The outstanding amount of loan as at March 31, 2019 is ₹ 2,150 Lakh (as at March 31, 2018: ₹ NIL).

(**) Terms of Repayment for Unsecured Borrowings:

Working Capital Loans which are repayable on demand. The outstanding amount of loan as at March 31, 2019 is ₹ 4,500 (as at March 31, 2018: ₹ 2,500) Lakh.

(***) Terms of Repayment for Unsecured Borrowings:

Intercorporate interest loan having tenure of one year.

Note: 24 - Trade Payables:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Due to Micro, Small and Medium Enterprise (*)	989	133
Due to other than Micro, Small and Medium Enterprise	38,820	7,732
Total	39,809	7,865

Notes to the Consolidated Financial Statements

Note: 25 - Other Financial Liabilities:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Interest accrued but not due on borrowings	2,840	1
Payable to employees	969	497
Unpaid dividends	71	66
Total	3,880	564

Note: 26 - Other Current Liabilities:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Payable to statutory authorities	2,337	416
Deferred revenue	54	28
Advances from customers	783	219
Others	333	259
Total	3,507	922

Note: 27 - Provisions:

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits	166	60
Provision for claims for product expiry and return of goods (*)	63	70
Total	229	130

(*) Provision for claims for product expiry and return of goods:

₹ in Lakh

Particulars			As at March 31, 2019	As at March 31, 2018
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	70	70
	ii	Additional provision made during the year	(7)	-
	iii	Amount used	-	-
	iv	Carrying amount at the end of the year	63	70

Notes to the Consolidated Financial Statements

Note: 28 - Current tax liabilities (net):

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Current tax provision (Net of advance tax payment)	276	188
Total	**276**	**188**

Note: 29 - Contingent Liabilities and Commitments (to the extent not provided for):

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
A Contingent liabilities:		
a Other money for which the Group is contingently liable:		
i In respect of Sales Tax matters pending before appellate authorities	6,045	742
ii In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	1,337	43
iii In respect of Income tax	13,452	-
iv Stamp Duty	1,863	-
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	671	118

Note: 30 - Dividends proposed to be distributed:

The Board of Directors, at its meeting held on May 28, 2019, recommended the final dividend of ₹ 5/- per equity share of ₹ 10/- each. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Notes to the Consolidated Financial Statements

Note: 31 - Revenue from Operations:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products(*)	80,821	49,202
Other operating revenues:		
Net gain on foreign currency transactions and translation	44	12
Miscellaneous income (**)	3,417	2,900
Total	84,282	52,114

(*) The Government of India has introduced the Goods and Service Tax (GST) with effect from July 01,2017 which replaces excise duty and various other indirect taxes, As per Ind AS 18, Revenue from operations for the period from July 2017 to March 2018 is reported net of GST. Revenue from operations of periods upto June 30, 2017 are reported inclusive of excise duty which is now subsumed in GST.

(**) Miscellaneous income includes, (1) Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized and disclosed as Deferred Grant as non-current liability in the balance sheet and transferred to the Statement of profit and loss on a systematic and rational basis over the useful lives of the related assets. (2) credit of excise duty of ₹ 1,799 Lakh received by Zydus Wellness– Sikkim, the partnership firm, pursuant to the order passed by the Office of the Commissioner of Customs, Central Excise and Service Tax on the fixation of special rate of excise duty under Notification no 20/2007-CE dated April 25,2007 amended by Notification No. 20/2008-CE dated March 27,2008 & Notification No.38/2008 - CE dated June 10,2008.

Note: 32 - Other Income:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Finance Income:		
Interest income on financial assets measured at amortised cost	2,039	3,059
Net gain on investments measured at FVTPL	7	104
Gain on sale of investments	1,842	343
Total	3,888	3,506

Note: 33 - Cost of Materials Consumed:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Raw Materials :		
Stock at commencement	1,385	779
Add: Acquired subsidiaries	5,827	-
Add: Purchases	17,037	11,831
	24,249	12,610
Less: Stock at close	3,179	1,385
	21,070	11,225
Packing Materials consumed	8,193	4,793
Total	29,263	16,018

Notes to the Consolidated Financial Statements

Note: 34 - Purchases of Stock-in-Trade:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Purchases of stock-in-trade	3,002	10
Total	3,002	10

Note: 35 - Changes in Inventories:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Stock at commencement:		
Work-in-progress	47	33
Finished goods	1,475	1,877
Stock-in-trade	12	16
Add: Acquired subsidiaries		
Work-in-progress	5,936	-
Finished goods	6,718	-
Stock-in-trade	1,285	-
	15,473	1,926
Less: Stock at close:		
Work-in-progress	6,796	47
Finished Goods	10,003	1,475
Stock-in-Trade	1,102	12
	17,901	1,534
	(2,428)	392
Differential excise duty/ gst on opening and closing stock of finished goods	-	(331)
Total	(2,428)	61

Note: 36 - Excise duty

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Excise duty	-	852
Total	-	852

Notes to the Consolidated Financial Statements

Note: 37 - Employee Benefits Expense:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	7,645	4,981
Contribution to provident and other funds	380	236
Staff welfare expenses	204	144
Whole-time Director's Remuneration	331	303
Total	8,560	5,664

Note: 38 - Finance Cost:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense (*)	2,992	157
Bank commission & charges	17	13
Total	3,009	170

(*) The break up of interest expense into major heads is given below:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
On working capital loans	171	156
On Non Convertible Debentures	2,817	-
Others	4	1
Total	2,992	157

Note: 39 - Depreciation, Amortisation and Impairment expenses:

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation	1,229	877
Amortisation	22	11
Total	1,251	888

Notes to the Consolidated Financial Statements

Note: 40 - Other Expenses:

₹ in Lakh

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores and spare parts		182	203
Power & fuel		960	515
Labour charges		975	958
Rent (*)		461	306
Repairs to buildings		70	40
Repairs to plant and machinery		298	90
Repairs to others		96	36
Insurance		124	89
Rates and taxes		350	212
Commission to directors		73	18
Traveling expenses		740	524
Legal and professional fees		1,532	403
Net Loss on foreign currency transactions and translation		44	-
Commission on sales		1,265	988
Freight and forwarding on sales		2,470	1,184
Advertisement and sales promotions		15,176	8,983
Representative allowances		543	524
Seminar and Conference		2	-
Other marketing expenses		1,170	836
Provision for doubtful debts		-	4
Directors' fees		50	30
Net Loss on disposal of fixed assets		-	2
Donations		55	73
Miscellaneous expenses (**)		1,814	965
Total		28,450	16,983
(*)	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:	280	161
(**)	Miscellaneous Expenses include:		
a	Expenditure on Corporate Social Responsibility (CSR) Activities as required u/s 135 of the Companies Act, 2013.	228	214
b	Payment to the Statutory Auditors (excluding Taxes):		
i	- As Auditor	17	12
	- For Other Services	52	-
	- **Total**	69	12
ii	Cost Auditor's Remuneration including fees for other services	2	2

Notes to the Consolidated Financial Statements

Note: 41 - Components of Other Comprehensive Income (OCI):

₹ in Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Re-measurement gains (losses) on defined benefit plans(Net of Tax)	2	11
Total	2	11

Note: 42 - Calculation of Earnings per Equity Share (EPS):

Particulars			Year ended March 31, 2019	Year ended March 31, 2018
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A	Profit attributable to Shareholders	₹ in Lakh	16,914	13,390
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	4,21,79,254	3,90,72,089
C	Nominal value of equity share	₹	10	10
D	Basic & Diluted EPS	₹	40.10	34.27

Note: 43 - 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 as prescribed under Ind AS provisions of "Segment Reporting", the reporting is not required.

Note: 44 - Related Party Transactions:

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

a	Holding Company: Cadila Healthcare Limited	
b	Subsidiaries Companies:	
	Liva Investment Limited	
	Liva Nutritions Limited	
	Zydus Nutritions Limited (Formerly a Partnership Firm: M/s. Zydus Wellness - Sikkim) * [Refer Note-44 (g)]	
	Heinz India Private Limited *[Refer Note-44 (g)]	
c	Fellow Subsidiaries/ Concerns:	
	Zydus Noveltech Inc., USA	Hercon Pharmaceutical USA LLC, USA
	Violio Healthcare Limited	Nesher Pharmaceuticals (USA) LLC,USA
	Acme Pharmaceuticals Private Limited	Zydus Healthcare SA Pty Limited, South Africa
	Zydus Technologies Limited	Simayla Pharmaceuticals Pty Limited, South Africa
	Zydus Healthcare Limited	Script Management Services Pty Limited, South Africa
	Dialforhealth India Limited	Etna Biotech SRL, Italy
	Dialforhealth Unity Limited	Zydus France SAS, France

Notes to the Consolidated Financial Statements

Note: 44 - Related Party Transactions: (Contd...)

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

	Dialforhealth Greencross Limited	Laboratorios Combix S.L., Spain
	Liva Pharmaceuticals Limited	Zydus Nikkho Pharmaceutica Limitada, Brasil
	Alidac Pharmaceuticals Limited	Zydus Pharmaceuticals Mexico SA de CV, Mexico
	Zydus Foundation	Zydus Pharmaceuticals Mexico Services SA de CV, Mexico
	Windlas Healthcare Private Limited	Zydus Worldwide DMCC, Dubai
	Zydus International Private Limited, Ireland	Zydus Discovery DMCC, Dubai
	Zydus Netherlands B. V., the Netherlands	ZAHL Europe B. V., the Netherlands
	Zydus Lanka (Private) Limited, Sri Lanka	Alidac Pharmaceuticals (Myanmar) Limited, Myanmar
	Zydus Healthcare Philippines Inc., Philippines	Sentynl Therapeutics Inc., USA
	ZAHL B. V., the Netherlands	ZyVet Animal Health Inc., USA
	Zydus Pharmaceuticals USA Inc., USA	Violio Pharmaceuticals Limited
	Zydus Healthcare USA LLC, USA	Viona Pharmaceuticals Inc., USA
	Windlas, Inc., USA	US Pharma Windlas LLC, USA
d	Director	
	Dr. Sharvil P. Patel	Non -Executive Chairman
	Mr. Ganesh N. Nayak	Non-Executive Director
	Prof. Indiraben J. Parikh	Independent Director up to 31.03.2019
	Mr. Kulin S. Lalbhai	Independent Director
	Mr. H. Dhanrajgir	Independent Director up to 31.03.2019
	Mr. Savyasachi S. Sengupta	Independent Director w.e.f. 02.11.2018
	Mr. Ashish Bhargava	Nominee Director w.e.f. 30.01.2019
	Mr. Srivishnu Raju Nandyala	Independent Director w.e.f. 11.03.2019
	Ms. Dharmishtaben N. Raval	Independent Director w.e.f. 11.03.2019
e	Key Managerial Personnel:	
	Mr. Tarun G. Arora	Chief Executive Officer & Whole Time Director
	Mr. Umesh V. Parikh	Executive Officer (Chief Financial Officer)
	Mr. Dhaval N. Soni	Executive Officer (Company Secretary) up to 06.02.2019
	Mr. Dhanraj P. Dagar	Executive Officer (Company Secretary) w.e.f. 06.02.2019
f	Post Employment Benefits Plan:	
	Zydus Wellness Limited Employee Group Gratuity Scheme	Zydus Wellness Sikkim Employee Group Gratuity Scheme
	Heinz India Private Limited Provident Fund (w.e.f. January 30, 2019)	Heinz India Private Limited Employee Provident Fund (w.e.f. January 30, 2019)

g (*):- M/s. Zydus Wellness - Sikkim, a partnership firm, was converted into a company, namely Zydus Nutritions Limited (ZNL), with effect from February 28, 2019, pursuant to which, it became a subsidiary of the company. Pursuant to the Scheme of Amalgamation between two subsidiaries of the company i.e. ZNL and HIPL which was sanctioned by the Hon'able National Company Law Tribunal (NCLT) vide its order dated May 10, 2019 and effective date being May 24, 2019, HIPL has been merged with ZNL w.e.f. the appointed date of March 1, 2019.

Notes to the Consolidated Financial Statements

Note: 44 - 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 44-A (a, b & c) ₹ in Lakh

Nature of Transactions	Value of the Transactions					
	Fellow Subsidiaries		Holding Company		Post Employment Benefits Plan	
	For the year ended March 31					
	2019	2018	2019	2018	2019	2018
Purchases:						
Fixed Assets:						
Cadila Healthcare Limited	-	-	-	45	-	-
Sales:						
Zydus Healthcare Limited	42	75	-	-	-	-
Zydus Healthcare S.A. (Pty) Ltd (South Africa)	-	99	-	-	-	-
Service Income:						
Zydus Healthcare Limited	4	-	-	-	-	-
Cadila Healthcare Limited	-	-	6	-	-	-
Issue of Equity Shares						
Cadila Healthcare Limited			1,17,500		-	-
Borrowings:						
Zydus Healthcare Limited	275	-	-	-	-	-
Interest Expenses:						
Zydus Healthcare Limited	4	-	-	-	-	-
Reimbursement of Expenses:						
Cadila Healthcare Limited	-	-	16	20	-	-
Zydus Healthcare S.A. (Pty) Ltd (South Africa)	117	-	-	-	-	-
Services Availed:						
Cadila HealthCare Limited	-	-	-	5	-	-
Contributions during the year (includes Employee's share and contribution)						
Zydus Wellness Limited Employee Group Gratuity Scheme	-	-	-	-	44	31
Zydus Wellness Sikkim Employee Group Gratuity Scheme	-	-	-	-	27	17
Heinz India Private Limited Provident Fund (w.e.f. January 30, 2019)	-	-	-	-	73	-
Heinz India Private Limited Employee Provident Fund (w.e.f. January 30, 2019)	-	-	-	-	54	-
Dividend Paid						
Cadila Healthcare Limited	-	-	2,253	-	-	-
Outstanding Payable:						
Zydus Healthcare Limited	278	-	-	-	-	-
Zydus Healthcare S.A. (Pty) Ltd (South Africa)	117	-	-	-	-	-
Outstanding Receivable:						
Zydus Healthcare Limited	5	-	-	-	-	-

Notes to the Consolidated Financial Statements

Note: 44 - Related Party Transactions: (Contd...)

Details relating to persons referred to in Note 44-A (e) above:

₹ in Lakh

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
Remuneration:			
(i)	Salaries and other employee benefits to Whole time directors and other executive officers	453	377
(ii)	Commission and Sitting Fees:	122	48
	Outstanding payable to above (i) and (ii)	91	70

Note: 45 - 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:

₹ in Lakh

Particulars	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVTPL				
Mutual fund	4,610	-	-	4,610
Total financial assets	4,610	-	-	4,610
Financial Liabilities	-	-	-	-

₹ in Lakh

Particulars	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVTPL				
Mutual fund	14,755	-	-	14,755
Total financial assets	14,755	-	-	14,755
Financial Liabilities	-	-	-	-

Notes to the Consolidated Financial Statements

Note: 45 - 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.

1 Financial risk management

(i) Financial instruments by category:

₹ in Lakh

Particulars	As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets				
Mutual funds	4,610	-	-	4,610
Trade receivables	-	-	9,604	9,604
Loans & advances	-	-	279	279
Security deposit	-	-	4,099	4,099
Fixed deposit	-	-	2,678	2,678
Cash and Cash equivalents	-	-	13,815	13,815
Total	4,610	-	30,475	35,085
Financial liabilities				
Borrowings	-	-	1,56,925	1,56,925
Interest accrued but not due on borrowings	-	-	2,840	2,840
Payable to Employees	-	-	969	969
Trade payable	-	-	39,809	39,809
Security deposit	-	-	63	63
Unpaid dividend	-	-	71	71
Total	-	-	2,00,676	2,00,676

Notes to the Consolidated Financial Statements

Note: 45 - Financial instruments: (Contd...)

₹ in Lakh

Particulars	As at March 31, 2018			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets				
Mutual funds	14,755	-	-	14,755
Trade receivables	-	-	875	875
Loans & advances	-	-	61	61
Security deposit	-	-	74	74
Fixed deposit	-	-	38,473	38,473
Cash and Cash equivalents	-	-	2,959	2,959
Total	14,755	-	42,442	57,197
Financial liabilities				
Borrowings	-	-	2,500	2,500
Interest accrued but not due on borrowings	-	-	1	1
Payable to Employees	-	-	497	497
Trade payable	-	-	7,865	7,865
Security deposit	-	-	57	57
Unpaid dividend	-	-	66	66
Total	-	-	10,986	10,986

(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 co-ordination 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.

The history of trade receivables shows an allowance for bad and doubtful debts of ₹ Nil (As at March 31, 2018- ₹ Nil). The Group has made allowance of ₹ Nil (As at March 31, 2018- ₹ Nil), against trade receivables of ₹ 9,604 Lakh (As at March 31, 2018 - ₹ 875 Lakh).

Note: 45 - Financial instruments: (Contd...)

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.

₹ in Lakh

Particulars	As at March 31, 2019				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives / Financial Liabilities					
Borrowings (including interest)	9,765	-	-	1,50,000	1,59,765
Trade payable	39,809	-	-	-	39,809
Security deposit	-	-	-	63	63
Payable to Employee	969	-	-	-	969
Unpaid dividend	71	-	-	-	71
Total	50,614	-	-	1,50,063	2,00,677

₹ in Lakh

Particulars	As at March 31, 2018				
	< 1 year	1-2 years	2-3 years	> 3 years	Total
Non-derivatives / Financial Liabilities					
Borrowings (including interest)	2,501	-	-	-	2,501
Trade payable	7,865	-	-	-	7,865
Security deposit	-	-	-	57	57
Payable to Employee	497	-	-	-	497
Unpaid dividend	66	-	-	-	66
Total	10,929	-	-	57	10,986

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.

Notes to the Consolidated Financial Statements

Note: 45 - Financial instruments: (Contd...)

a **Foreign currency risk exposure:**

The Groups 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.

₹ in Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
	Movement in Rate	Impact on PAT	Movement in Rate	Impact on PAT
USD	7.00%	8	4.00%	14
USD	(7.00%)	(8)	(4.00%)	(14)
EUR	7.00%	16	7.00%	0
EUR	(7.00%)	(16)	(7.00%)	0
Others	5.00%	(0)	5.00%	(1)
Others	(5.00%)	0	(5.00%)	1

b **Interest rate risk:**

Liabilities: (*)

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2019, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in Fixed Deposits are at fixed interest rates.

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

₹ in Lakh

Particulars	Movement in Rate	As at March 31, 2019	As at March 31, 2018
Interest rates	+0.50%	(23)	(8)
Interest rates	-0.50%	23	8

* Holding all other variables constant

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: 45 - 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.

₹ in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
	Impact on PAT	Impact on PAT
Mutual Funds (Quoted)		
Increase 2%	92	293
Decrease 2%	(92)	(293)

(*) Holding all other variables constant.

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.

Loan covenants

The Group has taken loan for working capital requirement and Long Term borrowings and as at March 31, 2019, the ratio of financial indebtness net of cash and cash equivalents to the Shareholder's Fund is 0.40 [March 31, 2018 (-0.78)] and Interest Service Coverage Ratio is 6.67 (March 31, 2018 : 89.31).

Notes to the Consolidated Financial Statements

Note: 46 - Business Combination and Goodwill:

Pursuant to the definitive agreement entered into by the Company on October 24, 2018 to acquire Heinz India Private Limited (HIPL), The Company along with it's wholly-owned entity, M/s. Zydus Wellness – Sikkim [a partnership firm] have completed the acquisition of 100% shares of HIPL on January 30, 2019.

The acquisition provides immense opportunity to broaden the Group's portfolio and invest in brands and products that the Group believes are most relevant to health-conscious consumers.Acquired brands and products will significantly enhance the operating scale and widden the marketing network. The Goodwill recognised under the business combination represents these benefits along with synergatic benefits estimated by the Group.

The entire purchase consideration is settled by way of Cash. The total cost of acquisition amounted to ₹ 4,71,222 Lakh.

The assets and liabilities recognized as a result of the acquisition are as follows:

Particulars	₹ Lakh
Inventories	19,880
Trade Receivables, Cash and Other Current Asset	8,320
Cash and cash equivalents	6,930
Property, Plant and Equipment	13,250
Capital work in progress	770
Other intangible assets	54,020
Other Assets	21,520
Total Assets	**1,24,690**
Current Liabilities	(30,900)
Non-Current Liabilities	(2,260)
Total Liabilities	**(33,160)**
Net Identifiable assets acquired	91,530
Goodwill	3,79,692
Total Acquistion cost	**4,71,222**

The fair value of trade and other receivables acquired as part of the business combination amounted to ₹ 8,320 Lakh.

The above value of trade and other receivables is the same as the contractual amount of such receivables. The excess of the acquisition cost paid over the fair value of assets acquired has been attributed to Goodwill and it is not expected to be deductible for tax purpose at the Consolidated level.

From the date of acquisition, HIPL has contributed revenue of ₹ 27,819 Lakh and profit after tax of ₹ 6,110 Lakh to the Group. If the business combination had taken place at the beginning of the year, revenue would have been ₹ 1,15,178 Lakh and profit after tax would have been ₹ 11,764 Lakh.

Initial recognition and measurement of the assets and liabilities on the acquisition date are determined on the basis of available facts and information. Considering that the acquisition was completed shortly before the end of the reporting period, such provisional amounts are subject to change within the measurement period as provided by Ind AS 103. In view of this acquisition, the figures of year ended March 31, 2019 are not comparable with the figures of previous periods.

Notes to the Consolidated Financial Statements

Note: 47 - Group Information :

Consolidated Financial Statements as at March 31, 2019 comprise the Financial Statements (FS) of Zydus Wellness Limited and its subsidiaries, which are as under:

Name	Principal activities	Country of incorporation	Status of FS at March 31, 2019	% Share of Interest As at	
				March 31, 2019	March 31, 2018
Liva Investment Limited	Investment	India	Audited	**100.00**	NA
Liva Nutritions Limited	Consumer Health & Wellness	India	Audited	**100.00**	NA
Heinz India Private Limited (* Merged with Zydus Nutritions Limited w.e.f. May 24, 2019)	Consumer Health & Wellness	India	Audited	**100.00**	NA
Zydus Wellness Sikkim [Refer Note 44 A (g)]	Consumer Health & Wellness	India	Audited	**100.00**	NA
Zydus Nutritions Limited (Earstwhile known as "Zydus Wellness Sikkim - Partnership Firm")	Consumer Health & Wellness	India	Audited	**100.00**	98.00

Note: 48

The consolidated financial statements for the year ended March 31, 2019 include the operations of HIPL from January 30, 2019 . Hence, the figures of year ended March 31, 2019 are not comparable with those of previous year. Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

Signatures to Significant Accounting Policies and Notes 1 to 48 to the Financial Statements

As per our report of even date

For and on behalf of the Board

For **Dhirubhai Shah & Co LLP**
Chartered Accountants
Firm Registration Number: 102511W/W100298

Dr. Sharvil P. Patel
Chairman

Harish B. Patel
Partner
Membership No. : 014427
Place : Ahmedabad
Date : May 28, 2019

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Statement containing the salient features of the financial statements of Subsidiaries/ Associates/ Joint Ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

Part: "A" - Subdidiaries:

Sr. No.	Name of the Subsidiary	Reporting year ended	Reporting Currency	Exchange Rate	₹ in Lakh										
					Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiaries	Turnover & Other income from Operations*	Profit/ (Loss) before Taxation*	Provision for Taxation	Profit/ (Loss) after taxation	Proposed Dividend	% of shareholding
1	Zydus Nutritions Limited	March 31, 2019	₹	1.00	12,723	3,57,573	5,29,874	1,59,579	4,610	22,207	1,142	(2,035)	3,176	-	98.16%
2	Liva Nutritions Limited	March 31, 2019	₹	1.00	5	(23)	260	278	-	(17)	(23)	-	(23)	-	100.00%
3	Liva Investment Limited	March 31, 2019	₹	1.00	25	(5)	20	-	-	-	(5)	-	(5)	-	100.00%
4	Heinz India Private Limited	February 28, 2019	₹	1.00	-	-	-	-	-	11,962	2,029	656	1,373	-	100.00%

(^) The Group has acquired Heinz India Private Limited as a wholly owned subsidiary in India on January 30, 2019 and the same has been merged with Zydus Nutritions Limited with an appointed date of March 01, 2019 persuant to order of NCLT dated May 10, 2019 with effective date of May 24, 2019 .

For and on behalf of the Board

Umesh V. Parikh
Chief Financial Officer

Dhanraj P. Dagar
Company Secretary

Tarun G. Arora
Whole Time Director

Dr. Sharvil P. Patel
Chairman

Place : Ahmedabad
Date : May 28, 2019

Notice

ZYDUS WELLNESS LIMITED
(CIN–L15201GJ1994PLC023490)
Registered Office: House No. 6 & 7, Sigma Commerce Zone,
Nr. Iscon Temple, 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 Fifth** Annual General Meeting of the members of the Company will be held on Wednesday, July 31, 2019 at 10.00 a.m. at J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015, 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, 2019 and the Reports of the Board of Directors and Auditors thereon.

2. To declare dividend on equity shares for the Financial Year 2018-2019.

3. To appoint a Director in place of Mr. Ganesh N. Nayak (DIN-00017481), who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

4. To appoint Mr. Savyasachi S. Sengupta (DIN-05158870) as an Independent Director of the Company:

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 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Savyasachi S. Sengupta (DIN-05158870), who was appointed as an Additional Director and also as an Independent Director by the Board of Directors with effect from November 2, 2018 and who holds the said office pursuant to the provisions of section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting 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 1, 2023."

5. To appoint Ms. Dharmishtaben N. Raval (DIN-02792246) as an Independent Director of the Company:

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 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Dharmishtaben N. Raval (DIN-02792246), who was appointed as an Additional Director and also as an Independent Director by the Board of Directors with effect from March 11, 2019 and who holds the said office pursuant to the provisions of section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting 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 her 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 March 10, 2024."

6. To appoint Mr. Srivishnu Raju Nandyala (DIN-00025063) as an Independent Director of the Company:

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 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Srivishnu Raju Nandyala (DIN-00025063), who was appointed as an Additional Director and also as an Independent Director by the Board of Directors with effect from March 11, 2019 and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting 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 March 10, 2024."

7. To approve Commission to Non-Executive Directors:

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 197, 198 and all other applicable provisions if any, of the Companies Act, 2013, Rules made thereunder and Articles of Association of the Company, consent of the Members be and is hereby accorded to the payment of commission for a period of five years commencing from April 1, 2019 to the Non-Executive Directors of the Company as may be decided by the Board of Directors from time to time, provided that the total commission payable to the Non-Executive Directors per annum shall not exceed 1% of the net profits of the Company, subject to maximum of ₹ 150 Lakhs in aggregate calculated in accordance with the provisions of section 198 the Act, with an authority to the Board of Directors to determine the manner and proportion in which the amount be distributed among Non-Executive Directors."

8. 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 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 ₹ 2.60 Lakhs plus applicable taxes and out of pocket expenses at actuals for the financial year ending on March 31, 2020 to 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 2019–2020."

9. Change of 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 12 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, the Registered Office of the Company be shifted from its present address at House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej–Gandhinagar Highway, Ahmedabad–380 015 to Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej – Gandhinagar Highway, Ahmedabad–382481, which is outside the local limits of the city, but within the same state falling under the jurisdiction of Registrar of Companies, Gujarat.

RESOLVED FURTHER THAT Mr. Tarun G. Arora, CEO & Whole Time Director, Mr. Umesh V. Parikh, Chief Financial Officer and Mr. Dhanraj P. Dagar, Company Secretary, be and are hereby severally authorized to file necessary forms and documents, as may be required and do all such acts, deeds and things as may be deemed fit and proper for shifting of registered office of the Company."

By order of the Board of Directors

Place : Ahmedabad
Date : May 28, 2019

Dhanraj P. Dagar
Company Secretary

NOTES:

1. The Explanatory Statement pursuant to provisions of section 102 of the Companies Act, 2013 ("the Act") in respect of business under Item No. 4 to 9 of the Notice is annexed hereto.

2. The Register of Members and Share Transfer Books shall remain closed from July 19, 2019 (Friday) to July 31, 2019 (Wednesday) (both days inclusive).

3. **A MEMEBR 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 10% 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 10:00 a.m. on Monday, July 29, 2019. A Proxy form is sent herewith. Proxy Form submitted on behalf 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 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 there against, pursuant to 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 shall have been transferred to the Fund, may apply for refund, under sub-section (4) 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 available online 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, 2012	July 27, 2012	50	September 29, 2019
March 31, 2013	May 13, 2013	@ 60	July 16, 2020
March 31, 2014	July 14, 2014	60	September 16, 2021
March 31, 2015	July 29, 2015	60	October 1, 2022
March 31, 2016	March 4, 2016	@ 65	May 7, 2023
March 31, 2017	March 1, 2017	@ 65	May 4, 2024
March 31, 2018	August 3, 2018	80	October 7, 2025

@ Interim Dividend

In compliance with the provisions of section 124(6) of the Companies Act, 2013 ("the Act") read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016 dated September 5, 2016 and as amended from time to time (hereinafter referred to as "the said Rules"), the Company has transferred 7656 Equity Shares of ₹10/- each of 200 shareholders whose dividend remained unclaimed or unpaid for a consecutive period of seven years or more and whose period of seven years completed during the period from September 1, 2018 to September 31, 2018, to Investor Education and Protection Fund (IEPF) authority constituted by the Ministry of Corporate Affairs, on October 27, 2018.

Any shareholder who wishes to claim their shares or unclaimed dividend may apply to the authority by making an application in the prescribed form available online on website www.iepf.gov.in along with the prescribed documents and fees.

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 Fourth Annual General Meeting held on August 3, 2018 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 Transfer Agent of the Company viz., M/s. Link Intime India Private Limited (Unit: Zydus Wellness Limited), 506-508, Amarnath Business Centre-I,

Beside Gala Business Centre, Navrangpura, Off CG Road, Ahmedabad-380006, 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 / re-appointment 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 as amended from time to time (the Listing Regulations).

8. Notice of the Twenty Fifth 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 to their registered Email IDs, 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 Fifth 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 by the permitted mode.

9. SEBI vide its circular dated June 8, 2018 amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to which requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form. Members holding the shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode.

10. SEBI vide its circular dated April 20, 2018, directed all the listed companies to record the Income Tax PAN and Bank Account Details of all their shareholders holding shares in physical form. All those shareholders who are yet to update their details with the Company are requested to do so at the earliest.

11. **Members who have not registered their e-mail addresses 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 Fifth Annual General Meeting and the Annual Report will be available on the Company's website www.zyduswellness.in for 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.

12. **Voting through electronic means:**

    The businesses as set out in the Notice may be transacted through electronic voting system. In compliance with provisions of section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, standard 8 of the Secretarial Standards on General Meetings and in compliance with regulation 44 of the Listing Regulations, 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 also be made available at the AGM through electronic voting 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 Wednesday, July 24, 2019 (cut-off date) shall be entitled to avail the facility of remote e-voting or e-voting at the venue of 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 www.evotingindia.com.

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 as on cut-off 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/Depository Participant 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 voting period begins on Sunday, July 28, 2019 at 9:00 a.m. and ends on Tuesday, July 30, 2019 at 5:00 p.m. The e-voting module shall be disabled by CDSL for voting thereafter. During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically.

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

(iii) Click on Shareholders.

Now Enter your User ID

For CDSL: 16 digits beneficiary ID,

For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

(iv) 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 logged on to www.evotingindia.com and voted on an earlier voting of any company, 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 both Demat and Physical Form
PAN	Enter your 10 digit alpha–numeric PAN issued by Income tax Department (applicable for all the members holding shares in demat/physical form).
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank details or Date of Birth (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 the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the members holding shares in demat form for voting for resolutions of any other company on which they are eligible to vote, provided that 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, 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) Shareholders can also use mobile app "m-voting" for e-voting. m-voting app is available on Apple, Android and Windows based mobile. Shareholders may log in to m-voting using their e-voting credentials to vote for the Company resolution(s).

(xix) Note for Non–Individual Shareholders and Custodians

- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians 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, user would be able to link the account(s) for which they wish to vote on.
- 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:
Name: Mr. Rakesh Dalvi
Deputy Manager, CDSL
Address: P J Towers, Dalal Street,
Fort, Mumbai–400001
Email id: 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. Hitesh Buch, Practicing Company Secretary (Membership No. 3145), 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 result 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.

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

Explanatory Statements pursuant to section 102(1) of the Companies Act, 2013:

The following statements set out all material facts relating to Special Business mentioned in the Notice of Meeting dated May 28, 2019.

In respect of Item No. 4: Appointment of Mr. Savyasachi S. Sengupta as an Independent Director of the Company.

Pursuant to the provisions of section 161 of the Companies Act, 2013 (hereinafter referred to as the Act), the Directors of the Company appointed Mr. Savyasachi S. Sengupta as an Additional Director with effect from November 2, 2018.

Pursuant to provisions of section 161(1) of the Act, Mr. Sengupta holds office upto the date of the ensuing Annual General Meeting of the Company.

Mr. Sengupta 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 of the Company. 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. Sengupta that he meets criteria of independence as prescribed under section 149(6) of the Act and regulation 17 of the Listing Regulations. Mr. Sengupta, aged 67 years holds bachelor's degree in science from St. Xaviers College, Gujarat and a post graduate diploma in Management from Indian Institute of Management, Ahmedabad. Brief resume of Mr. Sengupta, nature of his expertise in specific functional areas and names of the Companies in which he holds directorships and memberships / Chairmanship of the Board / Membership of Committee, shareholding and relationships between Directors *inter se*, as stipulated under the Listing Regulations are annexed to this notice.

In the opinion of the Board, Mr. Sengupta fulfills the conditions 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. Sengupta 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 his vast experience and knowledge, the Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Sengupta as an Independent Director.

Save and except Mr. Sengupta, 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. 4 of the Notice.

The Board recommends the passing of resolution as an Ordinary Resolution as set out at item No. 4 of the Notice.

In respect of Item No. 5: Appointment of Ms. Dharmishtaben N. Raval as an Independent Director of the Company.

Pursuant to the provisions of section 161 of the Companies Act, 2013 (hereinafter referred to as the Act), the Directors of the Company appointed Ms. Dharmishtaben N. Raval as an Additional Director with effect from March 11, 2019.

Pursuant to provisions of section 161(1) of the Act, Ms. Dharmishtaben N. Raval holds office upto the date of the ensuing Annual General Meeting of the Company.

Ms. Dharmishtaben N. Raval is not disqualified from being appointed as a Director in terms of section 164 of the Act and has given her consent to act as an Independent Director of the Company. 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 she shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Ms. Dharmishtaben N. Raval that she meets criteria of independence as prescribed under section 149(6) of the Act and Regulation 17 of the Listing

Regulations. Ms. Dharmishtaben N. Raval, aged 63 years holds bachelor's degree in science and master in Legislative Laws. Brief resume of Ms. Dharmishtaben N. Raval, nature of her expertise in specific functional areas and names of the Companies in which she holds directorships and memberships / Chairmanship of the Board / Membership of Committee, shareholding and relationships between Directors *inter se*, as stipulated under the Listing Regulations are annexed to this notice.

In the opinion of the Board, Ms. Dharmishtaben N. Raval fulfills the conditions specified in the Act and Rules made thereunder for her appointment as an Independent Director of the Company. A copy of the draft letter of appointment of Ms. Dharmishtaben N. Raval 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 her vast experience and knowledge, the Board considers that her association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Dharmishtaben N. Raval as an Independent Director.

Save and except Ms. Dharmishtaben N. Raval, 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. 5 of the Notice.

The Board recommends the passing of resolution as an Ordinary Resolution as set out at item No. 5 of the Notice.

In respect of Item No. 6: Appointment of Mr. Srivishnu Raju Nandyala as an Independent Director of the Company.

Pursuant to the provisions of section 161 of the Companies Act, 2013 (hereinafter referred to as the Act), the Directors of the Company appointed Mr. Srivishnu Raju Nandyala as an Additional Director with effect from March 11, 2019.

Pursuant to provisions of section 161(1) of the Act, Mr. Srivishnu Raju Nandyala holds office upto the date of the ensuing Annual General Meeting of the Company.

Mr. Srivishnu Raju Nandyala 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 of the Company. 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. Srivishnu Raju Nandyala that he meets criteria of independence as prescribed under section 149(6) of the Act and Regulation 17 of the Listing Regulations. Mr. Srivishnu Raju Nandyala, aged 46 years holds bachelor's degree in Engineering from Osmania University. Brief resume of Mr. Srivishnu Raju Nandyala, nature of his expertise in specific functional areas and names of the Companies in which he holds directorships and memberships / Chairmanship of the Board / Membership of Committee, shareholding and relationships between Directors *inter se*, as stipulated under the Listing Regulations are annexed to this notice.

In the opinion of the Board, Mr. Srivishnu Raju Nandyala fulfills the conditions 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. Srivishnu Raju Nandyala 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 his vast experience and knowledge, the Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Srivishnu Raju Nandyala as an Independent Director.

Save and except Mr. Srivishnu Raju Nandyala, 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: To approve Commission to Non-Executive Directors

Looking to the competitive business environment, stringent accounting standards, corporate governance norms and consequent increase in the responsibilities of the Directors, it is proposed that in terms of section 197 of the Act read with Rules made thereunder, the Non–Executive Directors be paid, for each of the five financial years of the Company commencing April 1, 2020, remuneration by way of Commission not exceeding one percent per annum of the net profits of the Company subject to maximum of ₹ 150 Lakhs in aggregate computed in accordance with the relevant provisions of the Act. The Board of Directors will determine each year, the specific amount to be paid as commission to the Non-Executive Directors.

Consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for payment of commission to the Non–Executive Directors of the Company.

All the Non–Executive Directors are interested in the proposed resolution. None of the Key Managerial Personnel or their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed resolution. Your Directors recommend the passing of resolution as set out at Item No. 7 of the Notice for approval by the Members.

In respect of Item No. 8: Ratification of remuneration to Cost Auditors

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 Dalwadi & Associates, Cost Accountants (Registration Number 000338) as the Cost Auditors of the Company to conduct audit of cost records of the Company for the financial year 2019-2020, at a remuneration of ₹ 2.60 Lakhs plus applicable taxes and out of pocket expenses at actuals.

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 at Item No. 8 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 at Item No. 8 of the Notice. Your Directors recommend the passing of this resolution by the members.

In respect of Item No. 9: Change of Registered Office of the Company

As per provisions of section 12 of the Companies Act, 2013 read with the relevant Rules, for shifting of Registered office of the Company outside the local limits of any city or town requires approval of the members by way of Special Resolution.

The Company's existing Registered Office is located at House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej – Gandhinagar Highway, Ahmedabad - 380015, which is within the local limits of Ahmedabad. The Company has set up new office premises in the name of Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, Sarkhej – Gandhinagar Highway, Ahmedabad–382481. The new office is most likely to be ready in near future and all employees will be shifted to the new office.

In view of the same, the Board recommends the Special Resolution as set out at Item No. 9 of this Notice for the approval of the members of the Company.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives is in any way, concerned or interested, financially or otherwise, in the said resolution.

By order of the Board of Directors

Place : Ahmedabad
Date : May 28, 2019

Dhanraj P. Dagar
Company Secretary

Annexure–A

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting
((Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015)

Name of the Director	**Mr. Ganesh N. Nayak**
Age	64 years
Date of Appointment on the Board	July 27, 2006
Brief resume and nature of expertise in functional areas	Mr. Ganesh Nayak is the Chief Operating Officer and Executive Director of Cadila Healthcare Limited, the holding Company. He spearheads the business of the Zydus Cadila Group, including its Joint Ventures and Alliances. Mr. Nayak joined Zydus Cadila Group in 1977. With experience of more than 42 years, he has contributed significantly to the growth of Zydus Cadila over the years. Zydus Cadila has successfully undertaken several expansion plans during his association. With strategic insight and business acumen, Mr. Nayak has played a key role in several M&A deals and alliances. Strategic management skills, long standing expertise in sales and marketing and new insights from the Harvard Business School have catapulted Mr. Nayak to the global league of marketing professionals.
Relationship between directors inter-se	None
Directorships held in other Listed Companies	Cadila Healthcare Limited
Memberships / Chairmanships of Committees in Listed Companies	**Chairman:** **Stakeholders' Relationship Committee:** Zydus Wellness Limited **Member:** **Audit Committee** Zydus Wellness Limited
Shareholding of Non - Executive Director	6,550 Equity Shares

Name of the Director	Mr. Savyasachi S. Sengupta
Age	67 years
Date of appointment on the Board	November 2, 2018
Brief resume and nature of expertise in functional areas	Mr. Sengupta is an Independent Director of our Company. He holds a bachelor's degree of Science in Statistics and Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He has rich experience in pharmaceutical industry and has worked in reputed companies like Alembic Pharma, Nicholas Piramal and German Remedies Limited. At present, he is practicing as a Management Consultant.
Relationship between directors inter-se	None
Directorships held in other Listed Companies	None
Memberships / Chairmanships of Committees in Listed Companies	**Chairman:** **Nil** **Member:** **Audit Committee** Zydus Wellness Limited
Shareholding of Non - Executive Director	173 Equity Shares

Name of the Director	Mr. Srivishnu Raju Nandyala
Age	46 years
Date of appointment on the Board	March 11, 2019
Brief resume and nature of expertise in functional areas	Mr. Srivishnu Raju Nandyala is the Chairman and CEO of Exciga group. Exciga group is a group of Investment Companies that invests in the Financial Markets and Real Estate with zero debt and no outside money. Mr. Srivishnu Raju Nandyala was in the past a Promoter Director in Raasi Cements and Raasi Ceramics. He is an Independent Director in Amara Raja Batteries Limited and Heritage Foods Limited. He has a bachelor's degree in Engineering from Osmania University and the Owner President Management Program from Harvard Business School. He is an avid fitness and adventure enthusiast and has cycled 9 countries across Europe a distance of 1250 kms approximately.
Relationship between directors inter-se	None
Directorships held in other Listed Companies	1. Heritage Foods Limited 2. Amara Raja Batteries Limited
Memberships / Chairmanships of Committees in Listed Companies	**Chairman:** **Audit Committee:** Heritage Foods Limited **Member:** **Audit Committee** 1. Amara Raja Batteries Limited 2. Zydus Wellness Limited
Shareholding of Non - Executive Director	Nil

Name of the Director	Ms. Dharmishtaben N. Raval
Age	63 years
Date of appointment on the Board	March 11, 2019
Brief resume and nature of expertise in functional areas	Ms. Dharmishtaben N. Raval an eminent lawyer, is a science graduate and master in Legislative Laws. She enrolled as an Advocate of the Gujarat Bar Association since 1980. She had worked extensively with late Mr. Kirit N. Raval, former Solicitor General of India. She had exposure in the matters of various laws, such as Service Laws, Banking Laws, Financial Institutions, Company Law, Labour Laws and Income Tax Laws. She had also worked as an Executive Director - Legal in SEBI till May, 2003 and since then she started her practice as an Advocate at Gujarat High Court. She was a Senior Standing Counsel for the Central Government for the Gujarat High Court till June, 2004. At present, she is the Secretary of the Indian Law Institute of Gujarat State Unit. She is also on the Executive Committee of NSDL and in Advisory Committee of SEWA Bank. She is the Chairperson of Ace Commodity Exchange and a member of advisory committee of SEBI – Mutual Funds. She was appointed as a member of the advisory committee on "Fostering Fair Trade and Competition in downstream Petroleum & Natural Gas Sector" by Petroleum and Natural Gas Regulatory Board. She had represented the matters before Gujarat High Court on behalf of many reputed clients like, Colgate, Shell Gas, Welcome Group Hotels, Kodak India, Saurashtra Cement and SEBI. She is empanelled as Panel Advocates with institutions like – UTI, SBI, Dena Bank, GPCB and IRDA. She is associated with Raval & Raval, Advocates.
Relationship between Directors inter-se	None
Memberships / Chairmanships of Committees in Listed Companies	**Other Directorships:** 1. Cadila Healthcare Limited 2. Torrent Power Limited 3. NOCIL Limited **Committees**: **Audit Committee:** **Chairman:** 1. Zydus Wellness Limited **Member:** 1. Cadila Healthcare Limited 2. Torrent Power Limited
Shareholding of Non–Executive Director	Nil

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

ATTENDANCE SLIP

TWENTY FIFTH ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the **Twenty Fifth Annual General Meeting** of the Company at J. B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 on Wednesday, July 31, 2019 at 10:00 a.m.

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

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 2018–2019 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 2018–2019 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.

ROUTE MAP OF AGM VENUE

Zydus Wellness

ZYDUS WELLNESS LIMITED

(CIN–L15201GJ1994PLC023490)
Registered Office: House No. 6 & 7, Sigma Commerce Zone,
Nr. Iscon Temple, Sarkhej–Gandhinagar Highway, Ahmedabad – 380 015
Website: www.zyduswellness.in; **Email ID:** investor.grievance@zyduswellness.in
Phone No.: 079-67775888; Fax No.: 079-67775811

PROXY FORM

Name of the member(s):	
Registered address:	
E-mail Id:	
Folio / DP ID-Client ID No.	

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

Name:……………………………………………………………………… Address:………………………………………………………………

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

Name:……………………………………………………………………… Address:………………………………………………………………

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

Name:……………………………………………………………………… Address:………………………………………………………………

E-mail ID:………………………………………………………………… Signature:………………………………….

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Twenty Fifth Annual General Meeting** of the Company, to be held on Wednesday, July 31, 2019 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:

Resolution No.	Particulars of Resolution	Optional	
		For	Against
	Ordinary Business		
1.	To adopt the Financial Statements (including consolidated Financial Statements) for the year ended on March 31, 2019.		
2.	To declare dividend on the equity shares for the Financial Year 2018-2019		
3.	To re-appoint Mr. Ganesh N. Nayak (DIN - 00017481), Director retiring by rotation.		
	Special Business		
4.	To appoint Mr. Savyasachi S. Sengupta (DIN - 05158870) as an Independent Director of the Company		
5.	To appoint Ms. Dharmishta N. Raval (DIN - 02792246) as an Independent Director of the Company		
6.	To appoint Mr. Srivishnu Raju Nandyala (DIN - 00025063) as an Independent Director of the Company		
7.	To approve Commission to Non-Executive Directors		
8.	To ratify remuneration to Cost Auditors.		
9.	Change of Registered Office of the Company		

Signed this ………….. day of …………………………. 2019

Signature of member ………………………………………

Signature of Proxy holder(s) …………………………………

Affix Revenue Stamp not Less than ₹ 0.15

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Twenty Fifth 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.

NOTES:

NOTES:

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NOTES:


sugarlite
100% Sweetness,
50% Less Calories
everyuth naturals
pure&light
This SUMMER, Say Goodbye to TAN.
TAN REMOVAL FACE PACK
TAN REMOVAL SCRUB
Complan
LESS PROTEIN WON'T DO!
everyuth naturals
Complan
2X FASTER GROWTH
Glucon-D
Zydus Wellness
Sugar Free
Natura
Zero Calorie Sugar Substitute*
smartness waali sweetness
Make healthy food your child's best friend.
WITH HEALTHIER* AND DELICIOUS NUTRALITE MAYO
100% VEG
Meets 30% of daily requirement of Vitamins A,D & E
Nutralite
nycil
INSTANT GERM KILL NOW IN
Glucon-D
Instant Energy
Sirf Pani Nahi,
GLUCON-D WALA PANI
Sugar Free
Green
100% Natural 0%* Sugar
everyuth
GOLDEN GLOW PEEL-OFF
15 MINUTES* AND YOU'RE GOOD TO GLOW
nycil
INSTANT GERM KILL &
3 DAY VISIBLE RESULTS

Zydus Wellness Ltd.

House No. 6 & 7, Sigma Commerce Zone, Nr. Iscon Temple,
S.G. Highway, Ahmedabad – 380 015, India.

Phone No.: +91-79-67775888 (20 Lines) | Website: www.zyduswellness.in

CIN: L15201GJ1994PLC023490

Ganapati, A'bad