

Nurture

Nourish

Energise

Zydu Wellness

Annual Report 2011-12



Bringing Wellness
to your Life.



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Safe Harbour Statement

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

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

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

Corporate Information

BOARD OF DIRECTORS Pankaj R. Patel
Chairman

Elkana N. Ezekiel
Managing Director
Appointed w.e.f. 14th February, 2012

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

CHIEF FINANCIAL OFFICER Amit B. Jain

COMPANY SECRETARY Dhaval N. Soni

BANKERS Bank of Baroda
Ashram Road Branch,
Ahmedabad.

BNP Paribas
Ahmedabad Branch,
Ahmedabad.

AUDITORS M/s Manubhai & Co.,
Chartered Accountants

**REGISTERED AND
CORPORATE OFFICE** "Zydus Tower",
Satellite Cross Roads,
Sarkhej-Gandhinagar Highway,
Ahmedabad - 380 015.
www.zyduswellness.in

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

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

Notice

NOTICE is hereby given that **18th ANNUAL GENERAL MEETING** of the members of **Zydus Wellness Limited** will be held on Friday, the 27th day of July, 2012 at 10:00 a.m. at H. T. Parekh Hall, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Ganesh N. Nayak, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pankaj R. Patel, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr. B. M. Hegde, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s Manubhai & Co., [Firm Registration No. 106041W] Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Elkana Nissim Ezekiel, who was appointed by the Board of Directors as an Additional Director on the Board of the Company w.e.f. 14th February, 2012 and who holds office up to the date of this Annual General Meeting of the Company in terms of section 260 of the Companies Act, 1956 [“the Act”] and in respect of whom the Company has received a notice in writing from a member under section 257 of the Act together with a deposit of Rs. 500/- in cash proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company.”

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

“RESOLVED THAT pursuant to the provisions of sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 [“the Act”] [including any statutory modifications or re-enactments thereof, for the time being in force], the Articles of Association of the Company, consent of the members be and is hereby accorded for the appointment of Mr. Elkana N. Ezekiel as Managing Director of the Company for a period of five years with effect from 14th February, 2012 on a remuneration as may be decided by the Board of Directors, which shall be within the overall limits prescribed under the provisions of the Act, out of the profits of the Company of the respective financial year as calculated under the provisions of sections 349 and 350 of the Act and on the terms and conditions, benefits and perquisites, as set out in the draft agreement proposed to be entered between the Company and Mr. Elkana N. Ezekiel with an authority to the Board of Directors to negotiate, finalize and execute on behalf of the Board.”

RESOLVED FURTHER THAT notwithstanding anything to the contrary contained hereinabove, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites shall not exceed the maximum remuneration payable as per

Notice

the limits set out in section II of part II of Schedule XIII of the Act, as the minimum remuneration, unless otherwise determined by the Board of Directors.

RESOLVED FURTHER THAT in case of no profits or profits of the company in any financial year are inadequate, in addition to the above, Managing Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling of minimum remuneration stated hereinabove:

- [a] Contribution to provident fund to the extent not taxable under the Income Tax Act, 1961,
- [b] Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and
- [c] Encashment of leave at the end of the tenure.

LASTLY RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interest of the Company.

By Order of the Board of Directors

Place : Ahmedabad.
Date : 9th May, 2012.

Dhaval N. Soni
Company Secretary

Registered Office:

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

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting ["the meeting"] is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and such proxy need not be a member of the Company.**

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

2. The relative Explanatory Statement pursuant to section 173[2] of the Companies Act, 1956 in respect of the Special Business under item No. 7 & 8 of the Notice is annexed hereto.
3. Brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the annexure of this Notice.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
5. The Company has notified closure of Register of Members and Share Transfer Books from Friday, 20th July, 2012 to Friday, 27th July, 2012 [both days inclusive] for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
6. The dividend, if declared, will be paid on 1st August, 2012 to those members whose names appear on the Company's Register of Members as on 27th July, 2012. In respect of the shares held in dematerialized form, the dividend will be paid to the beneficial owners of the shares as per the details that may be provided by the Depositories for this purpose.

Notice

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

Accounting Year ended on	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unclaimed dividend to IEPF
31st March, 2005	29th September, 2005	10	28th September, 2012
31st March, 2006	29th September, 2006	10	28th September, 2013
31st March, 2007	23rd July, 2007	10	22nd July, 2014
31st March, 2008	10th July, 2008	10	9th July, 2015
31st March, 2009	28th July, 2009	15	27th July, 2016
31st March, 2010	16th July, 2010	30	15th July, 2017
31st March, 2011	30th June, 2011	40	29th June, 2018

REQUEST TO THE MEMBERS:

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

Explanatory Statement pursuant to section 173[2] of the Companies Act, 1956

Pursuant to section 173[2] of the Companies Act, 1956, the following explanatory statement sets out the material facts relating to business mentioned under item Nos. 7 & 8 of the accompanying Notice dated 9th May, 2012.

Item Nos. 7 & 8

Mr. Elkana N. Ezekiel has done BA in Economics from Bombay University and MBA from XLRI, Jamshedpur. Mr. Ezekiel brings with him a vast experience of 25 years in consumer business. Mr. Ezekiel was the Regional Franchise Director [Baby Care]–Asia Pacific Region, at Johnson & Johnson, Singapore, where he was responsible for handling Marketing, brand strategy and business development for the brand for 15 countries including Japan, China, India, Korea, ASEAN and Australia. He was VP–Marketing for the Consumer Division of the Company based in India, between 2001 and 2006. Prior to Johnson & Johnson, he has also worked with Colgate Palmolive and Geoffrey Manners. Prior to his joining, Mr. Ezekiel was the Chief Marketing Officer, Samsung India responsible for developing and executing corporate marketing strategies to achieve sales targets. He was appointed as an Additional Director with effect from 14th February, 2012. His further appointment as Managing Director from the said date shall be subject to approval of shareholders at the ensuing Annual General Meeting.

The appointment of Mr. Ezekiel as Managing Director was in accordance with the relevant provisions of the Companies Act, 1956 [“the Act”] read with schedule XIII of the Act. The appointment was made on a remuneration, which shall be within the overall limits prescribed under the provisions of the Act out of the profits of the Company of the respective year as calculated under the provisions of sections 349 and 350 of the Act, by way of salary, dearness allowance, perquisites, commission and other allowance. Within the overall limits, the Board shall decide the remuneration of the Managing Director for each of the financial year during his tenure based on his performance evaluation.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure as Managing Director, the Company has no profits or has inadequate profits, the Company will pay remuneration by way of salary, perquisites and allowances as specified in the resolution as minimum remuneration to the Managing Director subject to limits prescribed under schedule XIII of the Act or such other limits as may be prescribed by the Central Government from time to time as Minimum Remuneration.

The terms of appointment and remuneration given herein may be fixed, altered, varied and increased from time to time by the Board of Directors, at its sole discretion as they deem fit, so as not to exceed the overall limits as prescribed under the provisions of the Act.

The abstract pursuant to section 302 of the Act was sent to the members of the Company. The copy of such abstract is available for inspection at the Registered Office of the Company during 10:00 a.m. to 1:00 p.m. on any working day up to the date of the Annual General Meeting.

The remuneration payable and the other terms and conditions of the appointment of Mr. Ezekiel as Managing Director is set out in the agreement proposed to be entered into by the Company with him, which will be available for inspection at the Registered Office of the Company during 10:00 a.m. to 1:00 p.m. on any working day up to the date of the Annual General Meeting.

None of the Directors of the Company except the appointee is concerned or interested in this resolution.

The Board recommends the resolution to the members for approval by way of an ordinary resolution for the appointment of Mr. Ezekiel as Managing Director of the Company.

By Order of the Board of Directors

Place : Ahmedabad.
Date : 9th May, 2012.

Dhaval N. Soni
Company Secretary

Registered Office:

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

Annexure to the Notice dated 9th May, 2012

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting
[Pursuant to Clause 49 of the Listing Agreement]

Name of the Director	Mr. Ganesh N. Nayak
Age	57 years
Date of Appointment	27th July, 2006
Brief Resume and nature of expertise in functional areas	Mr. Ganesh Nayak, the Chief Operating Officer and Executive Director of Cadila Healthcare Limited, the holding Company spearheads the domestic and international operations of the group, including its joint ventures and alliances. Mr. Nayak joined the group in 1977. With experience of more than 35 years, he has contributed significantly to the Zydus Cadila's growth over the years. Zydus Cadila has successfully undertaken several expansion plans. With strategic insight and business acumen, Mr. Nayak has played a key role in several M&A deals and alliances. Strategic management skills, long standing expertise in sales and marketing and new insights from the Harvard Business School have catapulted Mr. Nayak to the global league of marketing professionals.
Directorships held in other public Companies [excluding foreign and private Companies]	<ol style="list-style-type: none"> 1. Zydus Animal Health Limited 2. Liva Healthcare Limited 3. Finest Procuring Solutions Limited 4. Biochem Pharmaceutical Industries Limited
Memberships/Chairmanships of Committees of other Public Companies [includes only Audit Committee and Shareholders'/Investors' Grievance Committee]	<p>Member:</p> <p><u>Audit Committee</u></p> <p>Zydus Animal Health Limited</p>
Number of shares held in the Company	5,213

Annexure to the Notice dated 9th May, 2012

Name of the Director	Mr. Pankaj R. Patel
Age	59 years
Date of Appointment on the Board	27th April, 2009
Brief Resume and nature of expertise in functional areas	Mr. Pankaj Patel spearheads Zydus Cadila, one of India's leading pharmaceutical groups. With his experience spanning over 30 years in the Indian pharmaceutical industry, Mr. Patel combines both research and techno-commercial expertise. Mr. Patel has been the guiding force behind the group's fast tracked growth. The group's turnover has crossed the revenues of over Rs. 5300 crores in 2011-12. For his entrepreneurial vision, Mr. Patel was awarded the "Ernst & Young Entrepreneur of the Year Award" in the Life Sciences category in 2009. Mr. Patel is the Chairman and Managing Director of Cadila Healthcare Limited, which was declared as the 'Emerging Company of the Year' by the Economic Times Awards for Corporate Excellence in 2010. Mr. Patel is currently the Chairman of the Federation of Indian Chamber of Commerce & Industry [FICCI], Gujarat State Council and the Executive Chairman and Trustee of the Gujarat Cancer Society and Chairman of the Gujarat Cancer and Research Institute.
Directorships held in other public Companies [excluding foreign and private Companies]	<ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. Dialforhealth India Limited 3. Zydus Pharmaceuticals Limited 4. BAAP Diagnostics Limited 5. Zydus Animal Health Limited 6. Zydus Technologies Limited 7. Torrent Power Limited 8. Vadilal Chemicals Limited 9. Karnavati Club Limited 10. Nirma Limited
Memberships/Chairmanships of Committees of other Public Companies [includes only Audit Committee and Shareholders'/Investors' Grievance Committee]	<p>Chairman</p> <p><u>Audit Committee:</u></p> <ol style="list-style-type: none"> 1. Dialforhealth India Limited 2. Zydus Animal Health Limited <p><u>Shareholders'/Investors' Grievance Committee</u></p> <p>Torrent Power Limited</p> <p>Member:</p> <p><u>Shareholders'/Investors' Grievance Committee</u></p> <p>Cadila Healthcare Limited</p>
Number of shares held in the Company	1,77,160 *

* includes shares held by HUF/Family Trust.

Annexure to the Notice dated 9th May, 2012

Name of the Director	Dr. B. M. Hegde
Age	73 years
Date of Appointment on the Board	29th July, 2009
Brief Resume and nature of expertise in functional areas	<p>Dr. Hegde is Padma Bhushan awardee 2010. He is MBBS, PhD [Hon. Causa], MD, FRCP [London], FRCP [Edinburgh], FRCP [Glasgow], FRCPI [Dublin], FACC [USA] and FAMS.</p> <p>Dr. Hegde is:</p> <ul style="list-style-type: none"> • An affiliate professor of Human Health, University of Northern Colorado since 2002. • Chairman of Bihar State Health Society's Expert Committee, Government of Bihar, Patna. • Former Member of Postgraduate Medical Education Board, Government of India. • Former Chairman, OHIO University's Indian Trust, Bangalore. • Former Chairman, Ganapathi Engineering College Governing Board, Vellore. • Chairman, Bharatiya Vidya Bhavan, Mangalore Kendra. • Editor in Chief, Journal of the Science of Healing Outcomes, Mangalore and Penn. State University, USA. • Former Vice Chancellor, Manipal University, India. • Former Professor of Cardiology [Visiting] London University since 1982. • Former Director-Professor, Principal and Dean of Kasturba Medical College, Mangalore. • Emeritus International Advisor to The Royal College of Physicians of London and Edinburgh. • First Indian examiner for MRCP [UK] examination in the UK from 1988 through 1998. • Former MRCPI examiner in Dublin since 2000 till 2009. • President, World Academy of Authentic Healing Sciences, Mangalore. <p>Dr. Hegde has 45 years of teaching experience to undergraduates and postgraduates. He has been a professor of Medicine since 1973. Dr. Hegde has won Dr. B. C. Roy National Award in the category of an Eminent Medical Teacher, Dr. J. C. Bose Award for Life Sciences Research, PRIDE OF INDIA Award from the Pacific Association of Indians in California and many more.</p>
Directorships held in other public Companies [excluding foreign and private Companies]	<ol style="list-style-type: none"> 1. Manipal Media Network Limited 2. Primacy Industries Limited
Memberships/Chairmanships of Committees of other Public Companies [includes only Audit Committee and Shareholders'/Investors' Grievance Committee]	Nil
Number of shares held in the Company	100

Annexure to the Notice dated 9th May, 2012

Name of the Director	Mr. Elkana N. Ezekiel
Age	47 years
Date of Appointment on the Board	14th February, 2012
Brief Resume and nature of expertise in functional areas	Mr. Elkana N. Ezekiel has done BA in Economics from Bombay University and MBA from XLRI, Jamshedpur. Mr. Ezekiel brings with him a vast experience of 25 years in consumer business. Mr. Ezekiel was the Regional Franchise Director [Baby Care]–Asia Pacific Region, at Johnson & Johnson, Singapore, where he was responsible for handling marketing, brand strategy and business development for the brand for 15 countries including Japan, China, India, Korea, ASEAN and Australia. He was VP–Marketing for the Consumer Division of the Company based in India, between 2001 and 2006. Prior to Johnson & Johnson, he has also worked with Colgate Palmolive and Geoffrey Manners. Prior to his joining, Mr. Ezekiel was the Chief Marketing Officer, Samsung India responsible for developing and executing corporate marketing strategies to achieve sales targets.
Directorships held in other public Companies [excluding foreign and private Companies]	Nil
Memberships/Chairmanships of Committees of other Public Companies [includes only Audit Committee and Shareholders’/Investors’ Grievance Committee]	Nil
Number of shares held in the Company	79

Directors' Report

To,
The Members
Zydus Wellness Limited

Your directors have pleasure in presenting **18th** Annual Report of the Company along with the Audited Accounts for the financial year ended 31st March, 2012. The summarised financial results are given below:

Standalone & Consolidated Financial Highlights:

[INR Lacs]

Particulars	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Sales and Other Income	26240	34358	34046	34358
Profit before Interest, Depreciation, Exceptional Expenses & Tax [PBIDET]	8102	9161	8625	9161
Less: Depreciation	230	149	386	149
Profit before Interest, Exceptional Expenses & Tax [PBIET]	7872	9012	8239	9012
Less: Interest	11	16	15	16
Profit Before Tax [PBT]	7861	8996	8224	8996
Less: Provision for Tax	1093	3048	1365	3048
Profit After Tax [PAT]	6768	5948	6859	5948
Less: Minority Interest	—	—	91	—
Profit Attributable to Shareholders	6768	5948	6768	5948
Add: Profit brought forward from the previous year	8682	5196	8682	5196
Profit available for appropriation, which is appropriated as follows:	15450	11144	15450	11144
Proposed Dividend	1954	1563	1954	1563
Corporate Dividend Tax on Proposed Dividend	317	254	317	254
Transferred to General Reserve	900	645	900	645
Balance carried to Balance Sheet	12279	8682	12279	8682
Total	15450	11144	15450	11144
Basic and Diluted Earnings Per Share [EPS of FV Rs. 10/-] [in Rupees]				
- Before Exceptional items	17.32	15.22	17.32	15.22
- After Exceptional items	17.32	15.22	17.32	15.22

The consolidated financial highlights include the financials of Zydus Wellness–Sikkim, a partnership firm as its operations were started during the year under review and therefore the current year's figures are not strictly comparable to those of the previous year.

Directors' Report

Performance Review:

The year 2011–2012 was another challenging year for the Indian markets. The continued high level of food inflation along with the firming up of commodity costs has led to an inflationary business environment. Your Company performed creditably in a difficult year maintaining market leaderships in key brands.

The Company earned on consolidated basis total income of Rs. 34,046 lacs during the year. The profit before tax stood at Rs. 8,224 Lacs for the year ended on 31st March, 2012. The profit after tax was up by Rs. 911 lacs due to lower tax burden. As a result the Earning per Share has increased to Rs. 17.32 as compared to Rs. 15.22 in the previous year.

The summary of performance of the business of the Company is provided in the Management Discussion and Analysis Report [MDA] forming part of this Annual Report.

Dividend:

Your Directors are pleased to recommend a dividend of Rs. 5/- per Equity Share of face value of Rs. 10/- each fully paid-up [previous year Rs. 4/- per share] for the financial year ended on 31st March, 2012, amounting to Rs. 2,271 lacs [inclusive of Dividend Distribution Tax of Rs. 317 lacs]. The dividend, if declared by the shareholders at the ensuing Annual General Meeting will be paid to those shareholders, whose names stand registered in the Register of Members as on 27th July, 2012. In respect of shares held in dematerialized form, dividend will be paid to those shareholders whose names are furnished by NSDL & CDSL, as beneficial owners.

The dividend payout ratio for the current year [inclusive of corporate tax on dividend distribution] is 33.55%.

Awards & Recognition:

Mr. Amit B. Jain, Chief Financial Officer, bagged the Business Today–YES BANK Best CFO Award 2012 in the category of Consistent Liquidity Management [Midsize Companies].

Consolidated Financial Statements:

M/s. Zydu Wellness–Sikkim [ZWS], a partnership firm has commenced its commercial production during the year. As ZWS is under the majority control of the Company, the accounts of ZWS are required to be consolidated with the accounts of the Company in accordance with the Accounting Standard AS–21 on Consolidation of Financial Statements issued by the Institute of Chartered Accountants of India. The audited Consolidated Financial Statements are provided in this Annual Report.

Board of Directors:

In accordance with the provisions of the Companies Act, 1956 [“the Act”] read with Articles of Association of the Company, Mr. Ganesh N. Nayak, Mr. Pankaj R. Patel and Dr. B. M. Hegde, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

During the year Mr. Anand G. Deo, Managing Director, resigned from the services of the Company and also ceased to be a Director on the Board of the Company w.e.f. 14th February, 2012. The Board wishes to place on record its appreciation for his valuable contribution during his long association with the Company.

Mr. Elkana N. Ezekiel was appointed as an Additional Director pursuant to section 260 of the Act, w.e.f. 14th February, 2012, who shall hold the office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs. 500/- pursuant to the provisions of section 257 of the Act, proposing his candidature for the office of Director. The Board recommends appointment of Mr. Ezekiel as Director.

Directors' Report

Further, Mr. Ezekiel was appointed as Managing Director of the Company for a period of 5 years from 14th February, 2012, which is subject to approval of the shareholders at the ensuing Annual General Meeting, on the terms and conditions as contained in the draft agreement proposed to be entered into between the Company and the Managing Director. An abstract of notice of memorandum of interest dated 14th February, 2012 was sent to all the shareholders of the Company, as required under section 302 of the Act.

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

Auditors:

M/s Manubhai & Co. [Firm Registration No. 106041W], Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Statutory Auditors have shown their willingness to accept the office on re-appointment.

The Company has received a letter from the Statutory Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under section 224[1B] of the Act and that they are not disqualified for re-appointment within the meaning of section 226 of the Act.

The necessary resolution seeking approval of members for re-appointment of Statutory Auditors has been provided in the Notice convening the Annual General Meeting.

Auditors' Report and Notes to Accounts:

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

Disclosures:

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

Management Discussion and Analysis [MDA]:

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

Directors' Responsibility Statement:

Your Directors affirm that the audited accounts containing the financial statements for the Financial Year 2011–2012 are in conformity with the requirements of the Act. They believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial conditions and results of operations.

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

- [a] the Annual Accounts for the year ended on 31st March, 2012 have been prepared on a going concern basis;
- [b] in preparation of the Annual Accounts, the applicable accounting standards have been followed. Necessary explanations are given for material departures, if any;

Directors' Report

- [c] sound accounting policies have been applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2012 and of the profit of the Company for the year ended on that date and
- [d] proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities.

Corporate Governance:

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

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

Personnel:

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

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

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

Acknowledgement:

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

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

For and on behalf of the Board

Place : Ahmedabad.
Date : 9th May, 2012.

Pankaj R. Patel
Chairman

Annexure - A to the Directors' Report

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

A. Conservation of Energy

a. Energy conservation measures undertaken during the year ended on 31st March, 2012.

Electricity is mainly used along with Diesel Generating Set for manufacturing the Company's products. The Company regularly reviews the power consumption pattern and implements requisite improvements/changes in order to optimize power consumption and thereby achieve cost savings.

Moreover, noise level at various work places is routinely measured. Necessary noise reduction measures were initiated to keep the noise levels within acceptable limits.

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

Modification in refrigeration system from Direct Couple Driven System to Belt Driven System in two ammonia compressor units.

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

The adoption of energy conservation measures indicated above has resulted in awareness amongst the employees. It will have a long term impact leading to savings in energy cost.

Modification in refrigeration system has the following impact :

1. Electrical Energy conservation of 125 kwh/day,
2. Decrease in oil consumption because of less speed of machine,
3. Less preventive and break down maintenance and
4. Decrease in noise generation.

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

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

	Unit of Measure	2011-12	2010-11
A Power and Fuel Consumption:			
1. Electricity:			
[a] Purchased:			
Units	Nos.	1545822	1589864
Total Amount	Lac Rs.	91.13	84.59
Rate/Unit	Rs.	5.89	5.32
[b] Own Generation:			
Through Diesel Generator Set:			
Units	Nos.	1652 units [780 ltr. diesel consumed]	2772 units [1570 ltr. diesel consumed]
Units per ltr. of Diesel Oil		2.10	1.80
Cost/Unit	Rs.	21.20	23.22
2. Others/Internal Generation:			
Solid Fuel [wood]:			
Quantity	Kgs.	528865	508090
Total Cost	Lac Rs.	21.13	19.10
Rate/Unit	Rs.	3.99	3.80

Annexure - A to the Directors' Report

B. Consumption per unit of production:

	Unit of Measure	2011-12	2010-11
Electricity	Kwh/Ton	168.68	153.45
Diesel Oil	Ltr./Ton	45.00	44.00
Solid Fuel [Wood]	Kgs./Ton	50.00	49.00

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

[1] Research & Development [R&D]

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

[2] Technology absorption, adaptation and innovation:

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

[3] Foreign exchange earnings and outgo:

Particulars	INR-Lacs	
	2011-12	2010-11
Earnings	0	0
Outgo:		
1. CIF value of imports	43	551
2. Expenditure in foreign currency	0	1

For and on behalf of the Board

Place : Ahmedabad.
Date : 9th May, 2012.

Pankaj R. Patel
Chairman

Overview–Year 2011–12

State of Economy, Industry and our Business

With recent global developments contributing to a significant rebalancing of portfolios as a result of rapidly changing risk perceptions and appetites, the Indian macroeconomic environment has looked turbulent during the past year. The year started on a note of optimism through impressive growth in exports and high levels of foreign exchange inflows. However as the year progressed, the continued monetary tightening in response to the untamed inflationary pressures, and gradually, high levels of inflation gave way to a slow-down in growth.

As per the latest Advanced Estimates (AE) of Central Statistics Office (CSO), the growth in GDP at factor cost at constant prices was estimated at 6.9 per cent in 2011-12 as compared to the revised growth of 8.4 per cent in 2010-11. Index of Industrial Production (IIP), which is considered to be the growth barometer of Indian industry, is expected to have grown by 3.5% during April – February 2011-12 vs. 8.1% growth during same period last year. The average Wholesale Price Index (WPI) inflation rate for 2011-12 was 8.79% as compared to 9.56% in 2010-11. (Source: Monthly Economic Report, March 2012 as published by the Ministry of Finance, Govt. of India).

From its nascent unstructured beginning in the early 90s, wellness industry in India has rapidly evolved to meet changing lifestyle trends. Customers are developing a holistic perspective on wellness, which is becoming an integral part of the shift from remedial to preventive care. In the recent past, Indians have shown an increased awareness of and concern for health and wellness, as lifestyle related diseases such as obesity, diabetes, hypertension and heart attacks are rapidly growing as an outcome of the stress and pressure of modern living.

The overall wellness market in India is estimated at INR 490 bn, which is estimated to grow at a CAGR of more than 20% to reach INR 875 bn in next 3 years. Some of the key industry trends include:

- Entry of a large number of domestic and international players to tap growth opportunities.
- Product and service diversification by established players to increase market share and maximise revenues, with franchising emerging as a popular option for scaling up.
- Public and private equity investments increasingly sought by the market players to fuel their growth.
- Opportunity for micro-segmentation to develop more targeted value propositions for consumers and commercialization of traditional Indian home remedies.
- While there is a strong optimism about future growth prospects, recovery of investments may spread over a longer horizon than anticipated.

(Source: India Wellness Report, prepared by PWC)

Zydu Wellness has become a significant player in this growing market with its portfolio of health care brands viz. SugarFree, EverYuth, Nutralite and the recently launched Actilife. These brands have been driving and participating in the expanding health and wellness market in this country.

The year gone by has been a challenging one for the Company, with intense competition from large players in various segments affecting business growth. The Company has worked out its own strategic plan to address this challenge in an effective manner, which has resulted in good growth in the last quarter of the year. During the year 2011-12, the Company recorded consolidated gross sales of Rs. 3,446 Mio, a growth of 2.7% and a net profit of Rs. 676 Mio., up by 13.8%. Various initiatives taken by the Company to withstand competition and maintain its leadership position in the participated market segments are enumerated below.

SugarFree–India’s largest selling low calorie sweetener

SugarFree has consolidated its position in the low calorie sugar substitute market with a market share of more than 90% as of March 31, 2012. Both SugarFree Gold, which is an aspartame based sweetener and SugarFree Natura, which is Sucralose based have maintained their top two slots. With dominant market share, SugarFree continues to be the driving force behind overall category growth.

The SugarFree brand consolidated its market share through its multi-product presence with SugarFree Gold, Natura and Herbviva as well as several forms like pellets, sachets, diet sugars and concentrated powders. While there have been new entrants, the strength of the brand’s equity has allowed an expanded market share and an aggressive retail presence. The market for sugar substitutes has grown at 5% driven mainly by the Company’s efforts in expanding the category. Given the low household penetration levels of sugar substitutes, ZWL’s focus will be category development in the year ahead.

EverYuth–Celebrating Youth!

The EverYuth range of skin-care products maintained its leadership position in the scrubs and peel-offs category, in the face of high decibel launches from MNC and domestic players. The face wash category continued to experience aggressive competition across the board.

In the first nine months of the fiscal 2011-12, EverYuth lost share in scrub and face wash categories to aggressive new entrants who invested heavily in brand building. In the last quarter, however, EverYuth saw a rapid revival in growth with the launch of new packaging backed by a strong marketing support program which will continue in the coming year. Plans are in place to expand the product portfolio and improve distribution reach with strong advertising and promotional support to bring EverYuth back to a growth trajectory in the coming year. This would bring new vitality to the brand and ensure that the Company capitalizes on the wave of growth being experienced in the personal care space.

Nutralite–‘Health First, Taste Always’

The margarine category has seen multiple launches from low priced competitors with a focus on price conscious customers especially in the institutional segment. Despite this, Nutralite has been able to defend itself against competition through high quality and service levels which complement strong brand equity. In retail, the Company continues to expand its presence. The impact of rising input costs have been partially offset through increase in prices. In the year ahead, the Company expects to continue focusing on expanding awareness of the health benefits of the brand with a view to grow the consumer base.

ActiLife–Nutrition for adults

The Company made its foray in the nutraceutical space by launching ActiLife, a nutritional milk additive for adults. It is formulated based on the guidelines of The National Institute of Nutrition, ICMR for Adults (Men and Women above 18 years of age). Actilife, which was test launched last year, was launched nationwide during this year. Being a new concept, the Company has invested in creating awareness not just through theme advertising but also with large scale consumer contact programs involving education and sampling. The Company will continue focusing on this brand going forward as an additional pillar of growth for the company.

The Company is also looking at line extensions aggressively. All brands in its portfolio have strong equity, high levels of awareness and a ready acceptance in the trade channels. This allows the Company to bring innovative new products to the market and drive growth by leveraging its strong health care heritage.

The Company is well on track for achieving its vision of Rs. 500 crores in revenue by 2013-14 by creating newer experiences through products that nourish, nurture and energise the lives of consumers. With a continued focus on strengthening its existing portfolio through promotion and expansion of reach to a wider consumer base launch of newer ideas within existing categories and exploring newer categories in the wellness domain, the Company is confident of achieving its vision and bringing wellness to the lives of all its stakeholders.

Consolidated Financial Highlights**Operating Incomes****Sales**

The gross sales revenue grew by 2.7% to Rs. 3,446 Mio. in 2011-12. Sales growth was impacted mainly by slower category growth of SugarFree and intense competition in the skincare segment.

Other Incomes

Other incomes, which mainly include interest earned on fixed deposits, grew by 25% to Rs. 90.1 Mio., on account of higher interest rates on fixed deposits.

Operating expenses**Material Cost**

The consumption of materials and finished goods reduced by 0.5% to Rs. 1,166.9 Mio. Total consumption as % to net sales and income from operations reduced to 35.2% from about 35.7% last year.

Personnel Costs

The Personnel cost increased by 12.6% y-o-y to Rs. 206.1 Mio.

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

The manufacturing, selling, distribution and other general administration expenses increased by 3.1% y-y to Rs. 1,169.4 Mio. Overall MSGA as % to net sales and income from operations were at 35.3% compared to 33.7% last year.

Profits and margins

Net profit after tax grew by 13.8% y-y to Rs. 676.8 Mio. from Rs. 594.8 Mio. last year. The net profit margin, as a % to total operating income, increased to 20.4% from 17.7% last year.

Net Worth

The net worth as at 31st March, 2012 stood at Rs. 1,868.6 Mio., up by 31.7% from last year. Retained earnings of Rs. 450 Mio. (Net profit less dividend) contributed to this rise.

The book value per share increased to Rs. 47.8 as at 31st March 2012 from Rs. 36.3 last year. The return on adjusted net worth (RONW = Net Profit excluding exceptional items of tax / Average net worth adjusted for deferred expenses and exceptional items) stood at 41.2% for 2011-12.

Management Discussion and Analysis Report 2011-2012

Fixed Assets and Capital Expenditure

The gross block (including capital work in progress) at the end of 2011-12 was Rs. 1,077.5 Mio. Net capital expenditure during the year 2011-12 was Rs. 103.9 Mio.

Working capital and liquidity

Working capital level at the end of 2011-12 was Rs. 931.9 Mio., an increase of Rs. 461.5 Mio. compared to previous year. Inventory levels increased by Rs. 30.3 Mio. to Rs. 274.1 Mio. vis-à-vis Rs. 243.8 Mio. last year. Average inventory levels of input materials (raw and packing materials) increased to 38 days of consumption from about 30 days last year, while average levels of finished goods inventories reduced to 42 days of cost of goods sold from about 43 days last year. Accounts Receivables balance of Rs. 7.1 Mio. mainly includes sales made in the last week of March-12.

Overall current ratio at the end of the year 2011-12 stood at 2.25 vis-à-vis 1.63 at the end of last year. Excluding cash and bank balances, working capital remained negative, as was in last year, and current ratio stood at 0.48.

Risk Identification, Risk Mitigation and Internal Controls

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

Risk of fluctuations in prices of key inputs

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

Risk of competition and price pressure

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

Management Discussion and Analysis Report 2011-2012

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

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

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

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

Risk Management and Internal Control Systems

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

Corporate Governance Report

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

1. Corporate Governance Philosophy:

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

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

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

2. Board of Directors:

a] Composition of the Board:

The composition of the Board of Directors, with reference to the number of Executive and Non Executive Directors, meets with the requirements of Code of Corporate Governance. As on 31st March, 2012, out of the total strength of the Board of 8 Directors, 7 are Non Executive Directors. The Company has a Non Executive Chairman, who is from the holding Company and the number of Independent Directors are 4, which is half of the total strength of the Board as required by the provisions of the Listing Agreement. All the Independent Directors have confirmed that they meet with the ‘independence’ criteria as mentioned under clause 49 [a] [iii] of the Listing Agreement. The Independent Directors have expert knowledge of finance, taxation, marketing, HR and industry, thus the Board represents a balanced mix of professionals.

Board Meetings/Directors’ Particulars:

During the financial year 2011–12, 4 meetings of the Board of Directors were held on 5th May, 2011, 18th July, 2011, 9th November, 2011 and 6th February, 2012. The Company has complied with the provisions of clause 49 of the Listing Agreement and the requirements under the Companies Act, 1956 for holding a Board Meeting at least once in each quarter and the maximum time gap between two meetings was not more than 4 months.

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

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

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

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

Corporate Governance Report

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

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

Name of the Directors	Category and Position	No. of Board Meeting		Whether attended last AGM	Member [Chairman]* of Board Committees **	Number of other Directorships held
		Held	Attended			
Mr. Pankaj R. Patel	Non Executive Chairman	4	4	Yes	4 [3]	10
Mr. H. Dhanrajgir	Non Executive and Independent	4	3	Yes	9 [1]	7
Mr. Mukesh M. Patel	Non Executive and Independent	4	4	Yes	9 [5]	7
Dr. B. M. Hegde	Non Executive and Independent	4	4	No	1 [0]	2
Prof. Indiraben J. Parikh	Non Executive and Independent	4	3	Yes	1 [0]	3
Mr. Ganesh N. Nayak	Non Executive	4	4	Yes	3 [1]	4
Dr. Sharvil P. Patel ***	Non Executive	4	4	No	2 [0]	6
Mr. Anand G. Deo****	Managing Director	4	4	Yes	0	0
Mr. Elkana N. Ezekiel *****	Managing Director	4	0	No	0	0

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

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

*** Son of Mr. Pankaj R. Patel.

**** Resigned as Managing Director and as a Director w.e.f. 14th February, 2012.

***** Appointed as an Additional Director and Managing Director w.e.f. 14th February, 2012, subject to approval of shareholders at the ensuing Annual General Meeting.

Corporate Governance Report

Review of compliance reports by the Board of Directors:

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

b] Non Executive Directors' Compensation and Disclosures:

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

Apart from the above, there are no material significant related party transactions, pecuniary transaction or relationship between the Company and its Directors except those disclosed in the financial statements for the year ended on 31st March, 2012.

3. Committees of the Board:

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

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

A] Audit Committee:

Composition, Name of Members and Chairman:

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

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

Meetings and Attendance during the year:

During the year, four Audit Committee Meetings were held on 5th May, 2011, 18th July, 2011, 9th November, 2011 and 6th February, 2012. The time gap between two meetings was less than four months.

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

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

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

Corporate Governance Report

The Chairman of the Audit Committee attended the last Annual General Meeting of the Company held on 30th June, 2011 to respond to the queries of the shareholders.

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

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

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

B] Share Transfer Committee:

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

The Share Transfer Committee comprises of the following members:

Mr. Mukesh M. Patel – Chairman

Mr. Ganesh N. Nayak – Member

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

C] Shareholders'/Investors' Grievance Committee:

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

Meetings and Attendance during the year:

During the year, four meetings were held on 5th May, 2011, 18th July, 2011, 9th November, 2011 and 6th February, 2012. The details of attendance of committee members at the meetings are provided in the following table.

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

Corporate Governance Report

The Committee ensures that the shareholders'/investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 50 investor grievances were received and all of them have been resolved. There were no investor grievances remaining unattended and pending as on 31st March, 2012.

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

84,053 Equity Shares remained in the in-transit account with the Depositories as at 31st March, 2012.

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

Mr. Dhaval N. Soni
Company Secretary
Zydus Wellness Limited

Registered Office:

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

dhavalsoni@zyduscadila.com

D] Committee of Directors:

The Committee of Directors was reconstituted on 9th May, 2012. The Committee of Directors comprises of four Directors namely, [1] Mr. Pankaj R. Patel-Chairman, [2] Dr. Sharvil P. Patel, [3] Mr. Mukesh M. Patel and [4] Mr. Elkana N. Ezekiel. The Committee looks after the businesses, which are administrative in nature within Board approved directions and framework. One meeting of the Committee was held during the year. The Company Secretary acts as a secretary to the Committee.

4. CEO/CFO Certification:

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

5. General Body Meetings:

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

Financial Year	Date & Time	Venue
2010-2011	30th June, 2011 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.
2009-2010	16th July, 2010 10:00 a.m.	H. T. Parekh Hall, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.
2008-2009	28th July, 2009 3.00 p.m.	Bhaikaka Bhavan, Near Law Garden, Ellisbridge, Ahmedabad-380006.

Corporate Governance Report

6. Disclosures:

a] Related Party Transactions:

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

b] Remuneration of Directors:

Mr. Anand G. Deo, had resigned as Managing Director as well as Director of the Company w.e.f. 14th February, 2012. Mr. Elkana N. Ezekiel was appointed as an Additional Director and also as the Managing Director on the Board of Directors w.e.f. 14th February, 2012. The remuneration paid to Mr. Deo was within the limits as prescribed under the provisions of the Companies Act, 1956 and as approved by the shareholders at the AGM held on 16th July, 2010. The remuneration paid to Mr. Anand G. Deo and Mr. Elkana N. Ezekiel for the year ended on 31st March, 2012 was as under:

Name	INR-lacs				Service Tenure	Notice Period [months]
	Salary & Allowance	Commission	Perquisites	Retiral Benefits		
Mr. Anand G. Deo	90.39	0	0.51	1.05	From 1st August, 2009 to 14th February, 2012	3
Mr. Elkana N. Ezekiel	17.36	0	0.18	-	5 years from 14th February, 2012	3

Mr. Elkana N. Ezekiel was appointed as an Additional Director and Managing Director of the Company for a period of five years from 14th February, 2012, on remuneration permissible under section 198 and 309, read with Schedule XIII of the Companies Act, 1956. The appointment of Mr. Ezekiel as Managing Director is subject to the approval of shareholders at the ensuing Annual General Meeting scheduled to be held on 27th July, 2012. As per the terms of the draft agreement, the Managing Director can resign from his office by giving three calendar months notice in writing to the Company and the Board may appoint any other person[s] to be Managing Director[s] at any time. If the office of the Managing Director is determined before the expiry of his term of office, the Managing Director shall not be entitled to any compensation for loss of office except the notice period payment.

Non-Executive Directors were paid sitting fees of Rs. 20,000/- per Board and Audit Committee Meeting attended by them. Non-Executive Directors except Mr. Pankaj R. Patel, Dr. Sharvil P. Patel & Mr. Ganesh N. Nayak were paid commission within the limits approved by the shareholders, which did not exceed one per cent per annum of net profits of the Company, subject to maximum of Rs. 10 mio. in aggregate. The commission to these Directors was paid based on the performance of the Company. The Directors are also reimbursed the traveling and out-of-pocket expenses for attending such meetings. The details of commission/sitting fees paid to the Non-Executive Directors for the year 2011-12 are given below:

[INR-lacs]

Name of the Non-Executive Director	Commission	Sitting fees		Total Amount
		Board Meetings	Audit Committee Meetings	
Mr. Pankaj R. Patel	-	0.80	-	0.80
Mr. Mukesh M. Patel	2.50	0.80	0.80	4.10
Mr. H. Dhanrajgir	2.50	0.60	0.60	3.70
Dr. B. M. Hegde	2.50	0.80	0.80	4.10
Prof. Indiraben J. Parikh	2.50	0.60	0.60	3.70
Mr. Ganesh N. Nayak	-	0.80	0.80	1.60
Dr. Sharvil P. Patel	-	0.80	-	0.80

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

c] Directors liable to retire by rotation:

Mr. Ganesh N. Nayak, Mr. Pankaj R. Patel and Dr. B. M. Hegde are liable to retire by rotation at the ensuing Annual General Meeting scheduled to be held on 27th July, 2012 and being eligible have offered themselves for re-appointment. The information as required under clause 49 of the Listing Agreement for the Directors seeking re-appointment at the ensuing Annual General Meeting is annexed to the notice of Annual General Meeting.

- d] There were no cases of non-compliance by the Company. During last three years, no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets.
- e] No treatment different from the Accounting Standards, prescribed by the Institute of Chartered Accountants of India, has been given in the preparation of financial statements.
- f] The Company has complied with all mandatory requirements of clause 49 of the Listing Agreement.

7. Code of Conduct:

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

8. Prohibition of Insider Trading:

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

Corporate Governance Report

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

Shares held by the Directors as at 31st March, 2012:

Name of the Director	No. of shares held	Details of shares bought/ [sold] during 2011 - 12
Mr. Pankaj R. Patel *	2,665	Nil
Mr. Mukesh M. Patel	213	Nil
Mr. H. Dhanrajgir	0	Nil
Dr. B. M. Hegde	100	Nil
Prof. Indiraben J. Parikh	0	Nil
Mr. Ganesh N. Nayak	5,213	Nil
Dr. Sharvil P. Patel	533	Nil
Mr. Elkana N. Ezekiel **	79	Nil

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

** Appointed as an Additional Director and Managing Director w.e.f. 14th February, 2012.

9. Means of communication:

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

The Company has 39,861 shareholders as on 31st March, 2012. The company mainly communicates with its shareholders through annual report, which includes the Directors' Report, Management Discussion and Analysis Report, Report on Corporate Governance and Audited Financial results.

Management Discussion and Analysis Report

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

10. General Shareholders' Information:

a] Annual General Meeting [AGM]:

Date and time of 18th AGM	: 27th July, 2012 at 10:00 a.m.
Venue	: H. T. Parekh Hall, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015.
Financial Year	: 1st April, 2011 to 31st March, 2012
Date of Book Closure	: 20th July, 2012 to 27th July, 2012 [both days inclusive]
Registered Office	: "Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015.

Corporate Governance Report

Compliance Officer : Mr. Dhaval N. Soni, Company Secretary
 Website : www.zyduswellness.in

Postal Ballot

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

b] Financial Calendar:

Key financial reporting dates for the financial year 2012–2013 [tentative]

First quarter Results : Before 14th August, 2012
 Half yearly Results : Before 14th November, 2012
 Third quarter Results : Before 14th February, 2013
 Audited results for the year 2012–13 : Before 30th May, 2013

c] Dividend Payment Date:

The dividend, if any, declared at the ensuing Annual General Meeting will be paid to the members eligible for it on 1st August, 2012.

d] Listing on Stock Exchanges:

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

Name and Address of the Stock Exchanges:

Bombay Stock Exchange Limited

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

National Stock Exchange of India Limited

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

Listing Fees:

The Company has paid annual listing fees for the financial year 2012–13 to both the Stock Exchanges.

Stock Code:

Name of the Stock Exchange	Stock Code No.	Closing Price as on 30th March, 2012* [Rs.]
Bombay Stock Exchange Limited	531335	380.35
National Stock Exchange of India Limited	ZYDUSWELL	380.90

* 31st March, 2012 being Saturday, trading on the Stock Exchanges remained closed.

ISIN Code:

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

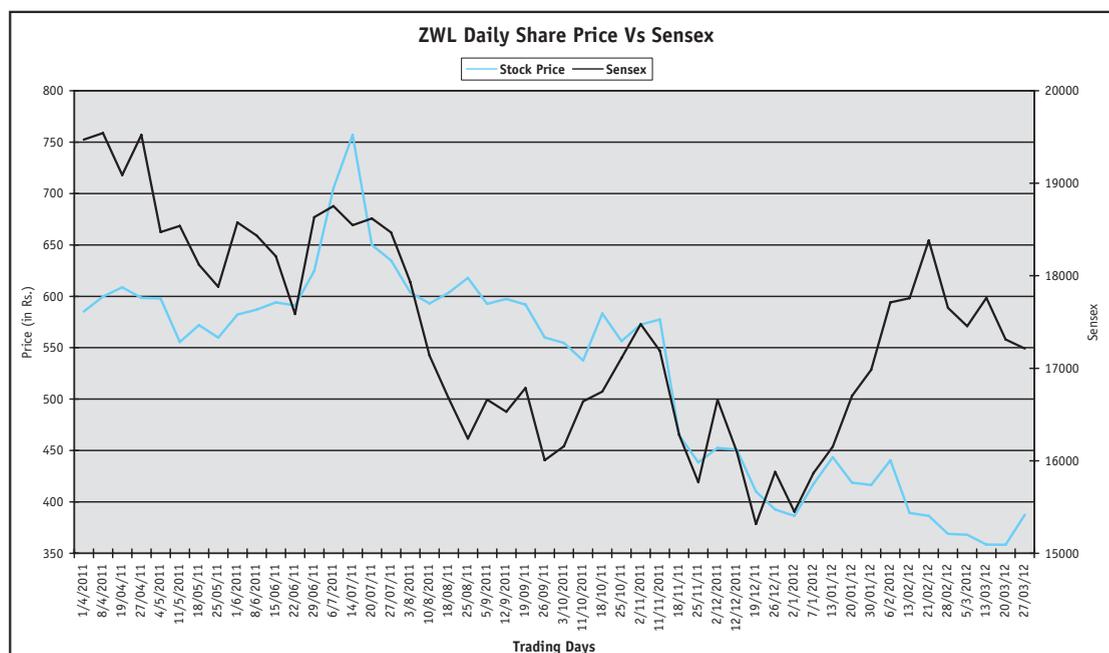
Corporate Governance Report

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

Month	BSE Sensex	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
		High [Rs.]	Low [Rs.]	Av. Volume [in. Nos.]	High [Rs.]	Low [Rs.]	Av. Volume [in. Nos.]
April, 11	19135.96	669.90	575.50	18425	669.35	574.10	39974
May, 11	18503.28	605.00	542.10	3450	617.30	520.00	9375
June, 11	18845.87	627.50	564.10	3084	625.00	567.00	13548
July, 11	18197.20	757.00	606.80	33209	759.80	606.50	90186
Aug., 11	16676.75	632.00	561.00	5223	633.00	540.25	19725
Sept., 11	16453.76	626.10	525.00	4161	623.70	521.05	10425
Oct., 11	17705.01	609.00	506.60	5273	609.30	518.15	16105
Nov., 11	16123.46	598.05	373.00	9113	600.00	373.00	26569
Dec., 11	15454.92	475.00	374.05	1539	530.95	373.00	18493
Jan., 12	17193.55	447.80	379.50	3094	451.00	377.15	8673
Feb., 12	17752.68	445.00	350.15	15888	441.00	351.00	50217
March, 12	17404.20	397.70	330.10	42029	397.60	327.00	96781

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

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



Corporate Governance Report

f] Registrar and Transfer Agent:

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

Link Intime India Private Limited

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

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

g] Share Transfer System:

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

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

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

h] Reconciliation of Share Capital Audit:

The Reconciliation of Share Capital Audit was carried out by Practicing Company Secretary for each of the quarters in the financial year 2011-12, 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.

i] Dematerialisation of Shares and Liquidity:

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

As on 31st March, 2012, 98.93 % of the Share Capital of the Company is held by the members in electronic form.

j] Distribution of Shareholding as on 31st March, 2012:

No. of Equity Shares	Shareholders		Shares	
	Numbers	% of Total	Number	% of Total
1 to 500	39001	97.843	2087708	5.343
501 to 1000	448	1.124	338069	0.865
1001 to 2000	201	0.504	304153	0.778
2001 to 3000	70	0.176	176015	0.450
3001 to 4000	30	0.075	104927	0.269
4001 to 5000	22	0.055	100741	0.258
5001 to 10000	37	0.093	264436	0.677
10001 & above	52	0.130	35696040	91.360
TOTAL	39861	100.00	39072089	100.00

Corporate Governance Report

k] Shareholding Pattern as on 31st March, 2012:

Category	No. of Shares held			% of shareholding
	Physical	Electronic	Total	
Promoter's holding	0	28343687	28343687	72.5420
Mutual Funds and UTI	559	3189868	3190427	8.1655
Banks, FI and Insurance Companies	0	2385939	2385939	6.1065
Foreign Institutional Investors	46	616887	616933	1.5790
NRIs/OCBs	81978	114664	196642	0.5033
Other Corporate Bodies	4954	1113992	1118946	2.8638
Indian Public	330348	2885807	3216155	8.2313
Others [Govt.& other trusts]	0	3360	3360	0.0086
TOTAL	417885	38654204	39072089	100.00

l] 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.

m] Plant Location:

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

n] Address for correspondence:

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

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

e-mail id: dhavalsoni@zyduscadila.com

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

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

Corporate Governance Report

11. Certificate on Corporate Governance:

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

DECLARATION

I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the provisions of the code of conduct for the year ended on 31st March, 2012.

Place : Ahmedabad.
Date : 9th May, 2012.

ELKANA N. EZEKIEL
MANAGING DIRECTOR

Corporate Governance Compliance Certificate

**To
The Members of
Zydus Wellness Limited**

We have examined the compliance of the conditions of Corporate Governance by Zydus Wellness Limited, for the year ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with the concerned Stock Exchanges in India.

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

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

We state that in respect of the investor grievances received during the year ended on 31st March, 2012, no such investor grievances remained unattended/pending for more than 30 days.

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

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

HITESH BUCH
Proprietor
CP No. 8195

Place : Ahmedabad.
Date : 9th May, 2012.

Auditors' Report**To The Members of
Zydus Wellness Limited**

1. We have audited the attached Balance Sheet of Zydus Wellness Limited ('the Company') as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (Order) and related amendments issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of the Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2012;
 - ii. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

[Jignesh D. Shah]
Partner
Membership No. : 100116

Place : Ahmedabad.
Date : May 09, 2012.

Annexure to Auditors' Report

[Referred to paragraph 3 of our report of even date]

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, during the year the fixed assets have been physically verified by the management as per phased programme of verification during the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification as compared to the records maintained by the Company.
 - (c) In our opinion, the Company has not disposed of any substantial part of fixed assets during the year so as to affect going concern status.
2. (a) As explained to us, inventory has been physically verified by the management at regular intervals during the year.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. (i) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly reporting requirement as per clauses (iii) (a) to (iii) (d) of paragraph 4 of order is not applicable to the company for the current year.
 - (ii) The Company has not taken any loans or advances in the nature of loans, secured or unsecured from parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, reporting requirements as per clauses (iii) (e) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) Based on the audit procedures applied by us and according to the information and explanations, the transactions that need to be entered into register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.

Annexure to Auditors' Report [Contd...]

7. The Company has an internal audit system, which in our opinion is commensurate with its size and the nature of its business.
8. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of manufacturing of Table Margarine and Mayonnaise. 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.
9. (a) In our opinion and according to the information and explanation given to us, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Investor Education and Protection Fund, Custom duty, Excise duty, Service tax, Employees' State Insurance, Income Tax, Sales Tax, Professional tax and other statutory dues as may be applicable to the company.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at 31st March, 2012 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, the particulars of dues of Income Tax and Sales Tax as at March 31, 2012, which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount involved [Rs. In Lacs]	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	46.15	2008-09	Commissioner of Income Tax (Appeals)
		118.52	2009-10	
Andhra Pradesh Sales Tax Act	Sales Tax	1.69	2003-04	High Court Andhra Pradesh
		2.77	2004-05	
		7.06	2006-07	
		10.43	2007-08	
		13.72	2008-09	
		19.40	2009-10	

10. The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. The Company has not made any borrowings from any financial institution/banks/issued debentures. Hence, reporting requirement relating to default in repayment of dues is not applicable as per clause 4(xi) of the Order.

Annexure to Auditors' Report [Contd...]

12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society as per the Chit Fund Act, 1982 and other state legislations. Therefore reporting requirements as per clause 4(xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore, reporting requirement as per clause 4(xiv) of the Order is not applicable.
15. According to the information and explanation given to us, the Company has not given any guarantees or provided any security in respect of borrowings taken by others from banks and financial institution.
16. The company did not have any term loans outstanding from bank or financial institution during the current year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, funds raised on short-term basis have, prima facie, not been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year. Therefore reporting requirement as per paragraph 4(xix) of the Order is not applicable.
20. The company has not raised any money by public issues during the year.
21. To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

Place : Ahmedabad.
Date : May 09, 2012.

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

[Jignesh D. Shah]
Partner
Membership No. : 100116

Balance Sheet as at March 31, 2012

Particulars	Note No.	INR - Lacs	
		Figures as at end of	
		Current Reporting Period	Previous Reporting Period
		March 31	
		2012	2011
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	3,907	3,907
Reserves and Surplus	2	14,779	10,282
		18,686	14,189
Non-Current Liabilities:			
Deferred Tax Liabilities [Net]	3	185	111
Other Long Term Liabilities	4	60	40
Long Term Provisions	5	1	2
		246	153
Current Liabilities:			
Trade Payables	6	2,440	3,471
Other Current Liabilities	7	395	837
Short Term Provisions	8	2,295	1,913
		5,130	6,221
Total		24,062	20,563
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	9	2,988	3,028
Intangible Assets	9	2,289	2,291
Capital work-in-progress		0	31
Intangible Asset under Development		0	0
		5,277	5,350
Non Current Investments	10	245	245
Long Term Loans and Advances	11	249	116
		5,771	5,711
Current Assets:			
Current Investments	12	4,526	3,725
Inventories	13	604	1,750
Trade Receivables	14	36	117
Cash and Bank Balances	15	12,717	8,776
Short Term Loans and Advances	16	381	382
Other Current Assets	17	27	102
		18,291	14,852
Total		24,062	20,563
Significant Accounting Policies			
Notes to the Financial Statements	1 to 34		
As per our report of even date For Manubhai & Co., Chartered Accountants Firm Registration Number: 106041W Jignesh D. Shah Partner Membership Number: 100116 Place : Ahmedabad. Date : May 9, 2012.		For and on behalf of the Board Pankaj R. Patel Chairman Amit B. Jain Chief Financial Officer Dhaval N. Soni Company Secretary Elkana N. Ezekiel Managing Director	

Statement of Profit & Loss for the Year ended March 31, 2012

Particulars	Note No.	INR - Lacs	
		Figures for the	
		Current Reporting Period	Previous Reporting Period
		March 31	
		2012	2011
REVENUE:			
Revenue from Operations:			
Sale of Products [Gross]		20,954	33,550
Less : Excise Duty		118	9
Sale of Products [Net]		20,836	33,541
Sale of Services		0	0
Other Operating Revenues	20	4,523	96
Net Revenue from Operations		25,359	33,637
Other Income	21	881	721
Total Revenue		26,240	34,358
EXPENSES:			
Cost of Materials Consumed	22	5,749	4,985
Purchases of Stock-in-Trade	23	2,366	7,493
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	1,165	(458)
Employee Benefits Expense	25	1,007	1,830
Depreciation and Amortisation expenses	9	230	149
Other Expenses	26	7,862	11,363
Total Expenses		18,379	25,362
Profit before exceptional & extraordinary items and Tax		7,861	8,996
Less: Exceptional Items		0	0
Profit before extraordinary items and Tax		7,861	8,996
Less: Extraordinary Items		0	0
Profit before Tax		7,861	8,996
Less/[Add]: Tax Expense:			
Current Tax		1,019	2,911
Deferred Tax	3	74	113
Prior year's tax adjustments		0	24
		1,093	3,048
Profit for the period from continuing operations		6,768	5,948
Profit/[Loss] from discontinuing operations		0	0
Tax Expense of discontinuing operations		0	0
Profit/[Loss] from discontinuing operations [After Tax]		0	0
Profit for the period		6,768	5,948
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]:	27		
Before Exceptional items		17.32	15.22
After Exceptional items		17.32	15.22
Significant Accounting Policies			
Notes to the Financial Statements	1 to 34		

As per our report of even date
For Manubhai & Co.,
Chartered Accountants
Firm Registration Number: 106041W
Jignesh D. Shah
Partner
Membership Number: 100116
Place : Ahmedabad.
Date : May 9, 2012.

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

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

Cashflow Statement for the Year ended March 31, 2012

Particulars	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
A Cash flows from operating activities:		
Net profit before taxation and extraordinary items	7,861	8,996
Adjustments for:		
Depreciation	230	149
[Profit]/Loss on sale of assets [Net]	8	0
[Profit]/Loss on sale of investments [Net]	(11)	0
Interest income	(865)	(622)
Interest expenses	11	16
Bad debts written off	6	38
Provision for doubtful debts written back	0	(99)
Provisions for employee benefits	(40)	57
Provisions for probable product expiry claims and return of goods	(33)	0
Total	(694)	(461)
Operating profit before working capital changes	7,167	8,535
Adjustments for:		
[Increase]/Decrease in trade receivables	(13)	(18)
[Increase]/Decrease in inventories	1,145	(461)
[Increase]/Decrease in short term advances	1	(84)
[Increase]/Decrease in long term advances	32	846
[Increase]/Decrease in other current assets	76	(40)
Increase/[Decrease] in trade payables	(1,287)	(923)
Increase/[Decrease] in other current liabilities	(359)	(99)
Increase/[Decrease] in other long term liabilities	19	11
Total	(386)	(768)
Cash generated from operations	6,781	7,767
Direct taxes paid [Net of refunds]	(1,185)	(3,290)
Net cash from operating activities	5,596	4,477

Cashflow Statement for the Year ended March 31, 2012 [Contd...]

Particulars	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
<u>B Cash flows from investing activities:</u>		
Purchase of fixed assets	91	(1,678)
Proceeds from sale of fixed assets	2	405
Purchase of Non Current investments	(2,201)	(3,970)
Proceeds from sale of Non Current Investments	1,411	0
Interest received	864	872
Net cash from investing activities	167	(4,371)
<u>C Cash flows from financing activities:</u>		
Interest paid	(11)	(16)
Dividends paid	(1,558)	(1,167)
Tax on dividends paid	(253)	(195)
Net cash used in financing activities	(1,822)	(1,378)
Net increase/(-) decrease in cash and cash equivalents	3,941	(1,272)
Cash and cash equivalents at the beginning of the period	8,776	10,048
Cash and cash equivalents at the end of the period	12,717	8,776

Notes to the cash flow statement

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

As per our report of even date

For Manubhai & Co.,
Chartered Accountants
Firm Registration Number: 106041W

Jignesh D. Shah
Partner

Membership Number: 100116
Place : Ahmedabad.
Date : May 9, 2012.

For and on behalf of the Board

Pankaj R. Patel
Chairman

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Elkana N. Ezekiel
Managing Director

Significant Accounting Policies

1 Basis of Accounting:

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

2 Use of Estimates:

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

3 Fixed Assets and Depreciation:

- A** Fixed Assets are stated at historical cost of acquisition/construction less accumulated depreciation and impairment loss. Cost [Net of Input tax credit received/receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/assets are put to use.
- B** Depreciation is provided on “straight line method” as per Section 205 (2) (b) of the Companies Act, 1956 at the rates prescribed in Schedule XIV thereto.
- C** Depreciation on additions/disposals of the fixed assets during the reporting period is provided on pro-rata basis according to the period during which assets are put to use.
- D** Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated economic life of ten years.
- E** Leasehold land is amortized over the period of the lease.
- F** Goodwill arising on amalgamation is assessed at each balance sheet date for any impairment loss.
- G** Where the actual cost of purchase of an asset is below Rs. 10,000/-, the depreciation is provided @ 100 %.

4 Impairment of Assets:

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

5 Expenditure during the Construction Period:

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

6 Investments:

- A** Long term and strategic investments are stated at cost, less any diminution in the value other than temporary.

Significant Accounting Policies [Contd...]

- B** Current investments are stated at lower of cost and fair value determined on individual investment basis.

7 Inventories:

- A** Raw Materials, 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, Packing Materials, Finished Goods and Stock-in-Trade is determined on Moving Average Method.
- C** Cost of Finished Goods and Works-in-Progress is determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads.

8 Revenue Recognition:

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

9 Foreign Currency Transactions:

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

10 Employee Benefits:

A Defined Contribution Plans:

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

B Defined Benefit Plans:

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

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

C Leave Liability:

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

The liability on account of accumulated leave as on last day of the accounting period is recognised [net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method.

D Employee Separation Costs:

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

11 Taxes on Income:

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

12 Provision for Product Expiry Claims:

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

13 Excise Duty:

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

14 Leases:

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

15 Provisions, Contingent Liabilities and Contingent Assets:

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

Notes to the Financial Statements

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 1 - Share Capital:		
Authorised:		
4,50,00,000 [as at March 31, 2011 : 4,50,00,000] Equity Shares of Rs.10/- each	4,500	4,500
	4,500	4,500
Issued, Subscribed and Paid-up:		
3,90,72,089 [as at March 31, 2011 : 3,90,72,089] Equity Shares of Rs.10/- each fully paid up	3,907	3,907
	3,907	3,907
A There is no change in the numbers of shares at the beginning and at the end of the period. Number of shares at the end of reporting period.	3,90,72,089	3,90,72,089
B The Company has only equity shares. All equity shares carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholders holding more than 5% of equity shares of Rs. 10/- each, fully paid-up:		
Cadila Healthcare Limited		
Number of Shares	2,74,43,274	2,74,43,274
% to total share holding	70.24%	70.24%
Life Insurance Corporation of India		
Number of Shares	20,35,315	19,73,199
% to total share holding	5.21%	5.05%
D Number of Shares held by holding company and its subsidiary company		
a) Cadila Healthcare Limited [Holding company]	2,74,43,274	2,74,43,274
b) Zydus Animal Health Limited [Fellow subsidiary]	7,20,481	7,20,481
E The Company has issued the Equity Shares pursuant to the Composite Scheme of Arrangement between the Company and Cadila Healthcare Limited, Zydus Hospitals and Medical Research Private Limited, their respective shareholders and creditors approved by Hon'ble High Court of Gujarat at Ahmedabad, vide order dated October 23, 2008 in the year 2008-09. The Company has issued 3,34,96,989 equity shares of Rs. 10/- each fully paid-up in the ratio of 04:15.		

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 2 - Reserves and Surplus:		
Other Reserves:		
General Reserves: [*]		
Balance as per last Balance Sheet	1,600	955
Add: Transfer from Surplus in statement of Profit and Loss	900	645
	2,500	1,600
Surplus in statement of Profit and Loss:		
Balance as per last Balance Sheet	8,682	5,196
Add: Profit for the reporting period	6,768	5,948
	15,450	11,144
Less: Appropriations:		
Dividends:		
Proposed Dividend	1,954	1,563
Corporate Dividend Tax on Proposed Dividend	317	254
	2,271	1,817
Transfer to General Reserve	900	645
	3,171	2,462
Balance as at the end of reporting period	12,279	8,682
Total	14,779	10,282
[*] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 1956.		

Notes to the Financial Statements [Contd...]
Note: 3 - Deferred Tax:

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

	INR - Lacs				
	As at March 31, 2010	Charge for the previous reporting period	As at March 31, 2011	Charge for the current reporting period	As at March 31, 2012
Deferred Tax Liabilities:					
Depreciation	167	51	218	20	238
Deferred Tax Assets:					
Retirement Benefits	24	1	25	(19)	6
Amalgamation Expenses	92	(28)	64	(25)	39
Provision for Bad and Doubtful debts	34	(34)			0
Provision for Expiry and Breakages	19	(1)	18	(10)	8
Total	169	(62)	107	(54)	53
Net Deferred Tax Liabilities	(2)	113	111	74	185

- B The Net Deferred Tax Liabilities of Rs. 74 [Previous reporting period : Rs. 113] Lacs for the reporting period has been provided in the statement of Profit and Loss.

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011

Note : 4 - Other Long Term Liabilities:

Trade Deposits	44	35
Others	16	5
Total	60	40

Note : 5 - Long Term Provisions:

Provision for Employee benefits	1	2
Total	1	2

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

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

Gratuity [Defined benefit plan]:

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

INR - Lacs						
Figures as at end of						
Current Reporting Period			Previous Reporting Period			
March 31, 2012			March 31, 2011			
Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity	
B Change in the present value of the defined benefit obligation:						
	2	81	97	1	42	51
Opening defined benefit obligation						
Interest cost	0	7	8	0	4	4
Current service cost	0	9	12	1	28	16
Benefits paid	0	(11)	(8)	0	(7)	(5)
Actuarial [gain]/losses on obligation	0	13	(15)	0	14	31
Liability transfer	(1)	(37)	(50)	0	0	0
Closing defined benefit obligation	1	62	44	2	81	97
C Change in the fair value of plan assets:						
Opening fair value of plan assets	0	48	91	0	45	75
Expected return on plan assets	0	6	9	0	4	8
Contributions by employer	0	28	30	0	7	14
Benefits paid	0	0	(8)	0	(7)	(5)
Actuarial gains/[losses]	0	1	0	0	(1)	(1)
Closing fair value of plan assets	0	82	123	0	48	91
Total actuarial gains/[losses] to be recognized	0	12	(15)	0	15	32

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

	INR - Lacs					
	Figures as at end of					
	Current Reporting Period			Previous Reporting Period		
	March 31, 2012			March 31, 2011		
	Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
D Actual return on plan assets:						
Expected return on plan assets	0	6	9	0	4	8
Actuarial gain/[losses] on plan assets	0	1	0	0	(1)	(1)
Actual return on plan assets	0	7	9	0	3	7
E Amount recognised in the balance sheet:						
[Assets]/Liabilities at the end of the reporting period	1	62	44	(2)	(81)	(97)
Fair value of plan assets at the end of the reporting period	0	(82)	(123)	0	48	91
Difference	1	(21)	(79)	(2)	(33)	(6)
Unrecognised past service cost	0	0	0	0	0	0
[Assets]/Liabilities recognised in the Balance Sheet	1	(21)	(79)	(2)	(33)	(6)
F [Income]/Expenses recognised in the Statement of Profit and Loss:						
Current service cost	0	9	12	1	28	16
Interest cost on benefit obligation	0	7	8	0	4	4
Expected return on plan assets	0	(6)	(9)	0	(4)	(8)
Net actuarial [gains]/losses in the period	0	13	(15)	0	15	32
Net [benefits]/expenses	0	23	(4)	1	43	44
G Movement in net liabilities recognised in Balance Sheet:						
Opening net liability	2	32	6	1	(3)	(24)
Expenses as above [P & L Charge]	0	23	(4)	1	43	44
Employer's contribution	0	(28)	(30)	0	(7)	(14)
Liability transfer	(1)	(37)	(50)	0	0	0
Benefits paid	0	(11)	0	0	0	0
[Assets]/Liabilities recognised in the Balance Sheet	1	(21)	(78)	2	33	6

Notes to the Financial Statements [Contd...]

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

		INR - Lacs					
		Figures as at end of					
		Current Reporting Period			Previous Reporting Period		
		March 31, 2012			March 31, 2011		
		Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
H	Principal actuarial assumptions as at Balance sheet date:						
	Discount rate	8.50%	8.50%	8.50%	8.35%	8.35%	8.35%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms consistent with the currency and terms of the post employment benefit obligations]						
	Expected rate of return on plan Assets	0.00%	9.25%	9.25%	0.00%	9.25%	9.25%
	[The expected rate of return assumed by the Insurance company is generally based on their Investment pattern as stipulated by the Government of India]						
	Annual increase in salary cost	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
	[The estimates of future salary increases considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]						
I	The categories of plan assets as a % of total plan assets are:						
	Insurance Company	0.00%	100%	100%	0.00%	100.00%	100.00%

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 6 - Trade Payables:		
Micro, Small and Medium Enterprises [*]	0	0
Others	2,440	3,471
Total	2,440	3,471
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at the reporting period end.	0	0
B Interest due thereon.	0	0
C Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the reporting period.	0	0
D Amount of interest due and payable for the reporting period of delay in making payment [which have been paid but beyond the appointed day during the period] but without adding the interest specified under the MSMED.	0	0
E Amount of interest accrued and remaining unpaid at the end of the accounting period.	0	0
F Amount of further interest remaining due and payable in succeeding years.	0	0
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.		
Note : 7 - Other Current Liabilities:		
Unpaid Dividends [*]	17	12
Advances from Debtors	91	180
Other Liabilities	287	645
Total	395	837
[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 8 - Short Term Provisions:		
Provision for Employee Benefits	1	40
Others:		
Proposed Dividend [Refer Note No. 19]	1,954	1,563
Corporate Dividend Tax on Proposed Dividend	317	254
Provision for claims for product expiry and return of goods [*]	23	56
	2,294	1,873
Total	2,295	1,913
[*] Provision for claims for product expiry and return of goods:		
A Provision for product expiry claims in respect of products sold during the reporting period is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect any reimbursement of such claims in future.		
B The movement in such provision is stated as under:		
a Carrying amount at the beginning of the reporting period	56	56
b Additional provision made during the reporting period	23	0
c Amount used	56	0
d Carrying amount at the end of the reporting period	23	56

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

	INR - Lacs							Total
	Free hold Land	Lease hold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	
Gross Block:								
As at March 31, 2011	578	3	486	2,622	15	34	77	3,815
Additions	8		19	124		45	1	197
Disposals				(27)				(27)
Other adjustments				3			(3)	0
As at March 31, 2012	586	3	505	2,722	15	79	75	3,985
Depreciation:								
As at March 31, 2011		3	86	630	7	4	57	787
Charge for the period			16	203	2	5	2	228
Disposals				(18)				(18)
Other adjustments								0
As at March 31, 2012	0	3	102	815	9	9	59	997
Net Block:								
As at March 31, 2011	578	0	400	1,992	8	30	20	3,028
As at March 31, 2012	586	0	403	1,907	6	70	16	2,988

B Intangible Assets:

	Goodwill	Brands/ Trademarks	Technical Know-how	Commercial Rights	Total
	Gross Block:				
As at March 31, 2011	2,282	5	2	10	2,299
Additions					0
Disposals					0
Other adjustments					0
As at March 31, 2012	2,282	5	2	10	2,299
Amortisation:					
As at March 31, 2011		2	1	5	8
Charge for the period		1		1	2
Disposals					0
As at March 31, 2012	0	3	1	6	10
Net Block:					
As at March 31, 2011	2,282	3	1	5	2,291
As at March 31, 2012	2,282	2	1	4	2,289

Notes to the Financial Statements [Contd...]
Note: 9-Fixed Assets: [Contd...]
Note:

Break up of additions, disposals and other adjustments for previous reporting period is as under:

	Tangible Assets			Intangible Assets		
	Gross Block	Depreciation	Net Block	Gross Block	Depreciation	Net Block
As at March 31, 2010	2,575	639	1,936	2,299	7	2,292
Additions	1,645	148	1,497		1	(1)
Disposals	405		405			0
Other adjustments			0			0
As at March 31, 2011	3,815	787	3,028	2,299	8	2,291

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011

Note : 10 - Non-Current Investments:

Investment in the Fixed Capital of a Partnership Firm [*]	245	245
	245	245
[*] The Company is a partner in M/s Zydus Wellness- Sikkim, relevant details of which are as under:		
Fixed Capital	250	250
Current Capital	4,613	3,725
Total Capital of the Firm	4,863	3,975
Name of Partners and their Profit Sharing Ratio:		
Zydus Wellness Limited	98 %	98%
Zydus Wellness Staff Welfare Trust	2 %	2%

Note : 11 - Long Term Loans and Advances:

[Unsecured, Considered Good]		
Capital Advances	8	38
Other deposits	28	21
Other Loans and Advances:		
Advance payment of Tax [Net of provision for tax of Rs. 7,751 {as at March 31, 2011: Rs. 6,732} Lacs]	204	38
Advances recoverable in cash or in kind or for value to be received	9	19
	213	57
Total	249	116

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 12-Current Investments:		
Trade Investment:		
Investments in Current Capital of a Partnership Firm	4,526	3,725
Total	4,526	3,725
Note : 13 - Inventories:		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	50	42
Finished Goods	200	158
Stock-in-Trade	310	1,517
Packing Materials	44	33
Total	604	1,750
The above include Goods in Transit as under:		
Stock-in-Trade	71	0
Note : 14 - Trade Receivables:		
[Unsecured, Considered good]		
Outstanding for a period exceeding six months from the date they are due for payment	0	12
Others	36	105
Total	36	117

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 15 - Cash and Bank Balances:		
Balances with Banks	12,715	8,774
Cash on Hand	2	2
Total	12,717	8,776
Earmarked balances with banks:		
A Balances with Banks include balances in unclaimed dividend accounts.	17	12
B Balances with Banks include balances with the Scheduled/ Nationalised banks to the extent held as Margin money deposits against guarantees.	2	2
C Bank deposits with maturity of more than 12 months.	2	2
D Company keeps Fixed deposit with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/requirement of funds.		
Note : 16 - Short Term Loans and Advances:		
[Unsecured, Considered Good]		
Others:		
Advances to Suppliers	77	176
Advances recoverable in cash or in kind or for value to be received	304	206
Total	381	382
Note : 17 - Other Current Assets:		
Interest Receivable	2	1
Insurance claim Receivable	0	40
Prepaid Expenses	25	61
Total	27	102

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011

Note : 18 - Contingent Liabilities and commitment [to the extent not provided for]:

A	Contingent Liabilities:		
	a	Claims against the Company not acknowledged as debts.	20
	b	Other money for which the company is contingently liable:	
	i	In respect of Sales Tax matters pending before appellate authorities.	55
	ii	In respect of Income Tax matters pending before appellate authorities.	61
	c	In respect of guarantees given by Banks and/or counter guarantees given by the Company.	165
	d	The company has imported certain capital equipment at concessional rate of custom duty under "Export Promotion Capital Goods Scheme" of the Central Government. The Company has undertaken an export obligation to the extent of US \$ 30.29 Lacs [equivalent to Rs. 1540 Lacs approx. {Previous Reporting Period US \$ 30.29 Lacs (Equivalent to Rs. 1350 Lacs)}] to be fulfilled during a specified period as applicable from the date of imports.	2
			155
B	Commitments:		
		Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances].	31
			83

Note : 19 - Dividend proposed to be distributed:

The Board of Directors, at its meeting held on May 09, 2012, recommended the final dividend of Rs. 5/- per equity share of Rs. 10/- each.

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 20 - Other Operating Revenue:		
Share of Profit from the Partnership Firm	4,450	0
Miscellaneous Income	73	96
Total	4,523	96
Note : 21 - Other Income:		
Interest Income [Gross]	865	622
Profit on sale of Mutual Fund Investments	11	0
Other Non-operating Income	5	99
Total	881	721
Note : 22 - Cost of Materials Consumed:		
Raw Materials [*]:		
Stock at commencement	42	39
Add: Purchases	4,951	4,284
	4,993	4,323
Less: Stock at close	50	42
	4,943	4,281
Packing Materials consumed	806	704
Total	5,749	4,985
[*] Details of Consumption of major items of raw materials are as under:		
Refined Palm Oil	3,488	3,093
Palm Karnal Oil	769	614
Skimmed Milk Powder	212	169

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 23 - Purchase of Stock-in-Trade:		
Purchase of Stock-in-Trade	2,366	7,493
Total	2,366	7,493
Note : 24 - Changes in Inventories:		
Stock at close:		
Finished Goods	200	158
Stock-in-Trade	310	1,517
	510	1,675
Less: Stock at commencement:		
Finished Goods	158	258
Stock-in-Trade	1,517	959
	1,675	1,217
Total	1,165	(458)
Note : 25 - Employee Benefits Expense:		
Salaries and wages	947	1,749
Contribution to provident and other funds	42	60
Staff welfare expenses	18	21
Total	1,007	1,830

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 26 - Other Expenses:		
Consumption of Stores and spare parts	28	12
Power & fuel	116	106
Rent [*]	136	116
Repairs to Buildings	8	4
Repairs to Plant and Machinery	7	25
Repairs to Others	54	31
Insurance	23	21
Rates and Taxes	39	42
Managing Directors' Remuneration	112	80
Commission to Directors	10	8
Net Loss on foreign currency transactions and translation	9	3
Commission on sales	536	688
Freight and forwarding on sales	703	934
Advertisement & Sales Promotion expenses	3,913	5,916
Seminar, Conference and Exhibition expenses	40	90
Representative Allowances	161	354
Other marketing expenses	1,362	1,812
Bad debts written off	6	39
Directors' fees	9	7
Net Loss on disposal of fixed assets	8	0
Donations	5	290
Interest to Others	3	3
Bank commission & charges	8	13
Miscellaneous Expenses [**]	566	769
Total	7,862	11,363
[*] Rent Expenses: The Company has taken various residential/office premises/godowns under operating lease or leave and license agreement with no restrictions and are renewable/cancellable at the option of either of the parties. There are no sub-leases. The lease payments recognised under "Rent Expenses" is:	46	40
[**] Miscellaneous Expenses include Payment to the auditors as [Including Service Tax]:		
a Auditor	4	3
b For taxation matters	1	1
c For Other Services	0	0
Total	5	4

Notes to the Financial Statements [Contd...]

	INR - Lacs		
	Figures for the		
	Current Reporting Period	Previous Reporting Period	
	March 31		
	2012	2011	
Note : 27 - Calculation of Earnings per Equity Share [EPS]:			
The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
A Profit after tax attributable to Shareholders:			
a Before Exceptional items	INR - Lacs	6,768	5,948
b After Exceptional items	INR - Lacs	6,768	5,948
B Basic and weighted average number of Equity shares outstanding during the period	Numbers	3,90,72,089	3,90,72,089
C Nominal value of equity share	INR	10	10
D Basic & Diluted EPS:			
a Before Exceptional items	INR	17.32	15.22
b After Exceptional items	INR	17.32	15.22
Note : 28 - Value of Imports calculated on CIF basis:			
Stores & Spares		0	4
Capital goods		42	547
Repairs to Machinery		1	0
Note : 29 - Expenditure in Foreign Currency:			
Traveling		0	1
Note : 30 - Remittances made on account of dividend in Foreign currency:			
Remittances made on account of dividend in foreign currency		3	3
Numbers of Non Resident Shareholders		4	4
Numbers of shares held by the Non Resident Shareholders		66,535	66,535
Period to which dividend relates		2010-11	2008-09 and 2009-10

Notes to the Financial Statements [Contd...]

Note: 31 - Raw Materials and Spare parts consumed:

	Current Reporting Period		Previous Reporting Period	
	March 31			
	2012		2011	
	INR - Lacs	% to Total	INR - Lacs	% to Total
Value of Raw Materials Consumed:				
Imported	0	0	0	0
Indigenous	4,943	100	4,281	100
Total	4,943	100	4,281	100
Value of Spare parts Consumed:				
Imported	0	0	4	30
Indigenous	28	100	8	70
Total	28	100	12	100

Note : 32 - Segment Information:

The company operates in one segment only, namely "Consumer Products." The Company has only one plant located in Gujarat and the company sells its products in India. Hence, there is no geographical segment also. Therefore, the segment reporting is not applicable.

Note : 33 - Related Party Transactions:

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

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

Dialforhealth India Limited	Zydus Pharmaceuticals (USA) Inc. [USA]
Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA] [Formerly known as Zynesher Pharmaceuticals (USA) LLC]
Dialforhealth Greencross Limited	Zydus Healthcare (USA) LLC [USA]
German Remedies Limited	Zydus Noveltech Inc. [USA]
Zydus Pharmaceuticals Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Zydus Animal Health Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Liva Healthcare Limited	Script Management Services (Pty) Ltd [South Africa]
Zydus Technologies Limited	Zydus Nikkho Farmaceutica Ltda. [Brazil] [Formerly known as Zydus Healthcare Brasil Ltda]
Biochem Pharmaceutical Industries Limited	Zydus Pharma Japan Co. Ltd. [Japan]
Finest Procuring Solutions Limited	Laboratorios Combix S.L. [Spain]
M/s. Zydus Healthcare, a Partnership Firm	Zydus Pharmaceuticals Mexico SA De CV [Mexico]

Notes to the Financial Statements [Contd...]
Note : 33 - Related Party Transactions: [Contd...]
c Fellow Subsidiaries/Concerns:

Zydu International Private Limited [Ireland]	Zydu Pharmaceuticals Mexico Services Company SA De CV [Mexico]
Zydu Netherlands B.V. [the Netherlands]	ZAHL B.V. [the Netherlands] [Formerly known as RFCL B.V.]
Zydu France, SAS [France]	ZAHL Europe B.V. [the Netherlands] [Formerly known as RFCL Europe B.V.]
Etna Biotech S.R.L. [Italy]	Zydu Lanka (Private) Limited [Sri Lanka]
Bremer Pharma GmbH [Germany]	

d Key Management Personnel:

Mr. Anand G. Deo	- Managing Director [Upto February 14, 2012]
Mr. Elkana N. Ezekiel	- Managing Director [w.e.f. February 14, 2012]

B Transactions with Related Parties:

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

a Details relating to parties referred to in items 33 - A [a, b & c]

<u>Nature of transactions</u>	INR - Lacs			
	Holding Company		Fellow Subsidiaries/ Enterprises in which the Company holds controlling interest	
	Reporting period ended March 31,			
	2012	2011	2012	2011
Purchases:				
Goods:				
Dialforhealth India Limited			32	28
Services:				
Cadila Healthcare Limited	43	10		
Sales:				
Goods:				
Cadila Healthcare Limited	48	60		
Zydu Animal Health Limited			7	12
Liva Healthcare Limited				0.04
Dialforhealth India Limited			0.13	
Total	48	60	7	12
Services:				
M/s. Zydu Wellness - Sikkim			0.00001	
Investments:				
Capital Contribution in the Partnership Firm (Including retained Share of Profit) M/s Zydu Wellness - Sikkim			801	3,970
Dividend Paid:				
Cadila Healthcare Limited	1098	823		
Zydu Animal Health Limited			29	22
Total	1098	823	29	22

Notes to the Financial Statements [Contd...]

Note : 33 - Related Party Transactions: [Contd...]

b Details relating to persons referred to in item 33 - A [d] above :

	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Remuneration:		
Mr. Anand G. Deo - Managing Director [Upto February 14, 2012]	94	80
Mr. Elkana N. Ezekiel - Managing Director [w.e.f. February 14, 2012]	18	0

Note : 34

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous reporting period's figures have been regrouped/reclassified wherever necessary to correspond with the current reporting period's classifications/disclosure.

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

As per our report of even date

For Manubhai & Co.,
Chartered Accountants
Firm Registration Number: 106041W

Jignesh D. Shah
Partner
Membership Number: 100116
Place : Ahmedabad.
Date : May 9, 2012.

For and on behalf of the Board

Pankaj R. Patel
Chairman

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

Consolidated Auditors' Report

To The Board of Directors, Zydus Wellness Limited

1. We have audited the attached consolidated Balance Sheet of Zydus Wellness Limited ('the Group') as at 31st March, 2012, the consolidated statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006.
4. In our opinion and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

[Jignesh D. Shah]
Partner
Membership No. : 100116

Place : Ahmedabad.
Date : May 09, 2012.

Consolidated Balance Sheet as at March 31, 2012

Particulars	Note No.	INR - Lacs	
		Figures as at end of	
		Current Reporting Period	Previous Reporting Period
		March 31	
		2012	2011
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	3,907	3,907
Reserves and Surplus	2	14,779	10,282
		18,686	14,189
Minority Interest		93	5
Non-Current Liabilities:			
Deferred Tax Liabilities [Net]	3	451	111
Other Long Term Liabilities	4	60	40
Long Term Provisions	5	2	2
		513	153
Current Liabilities:			
Trade Payables	6	4,186	4,182
Other Current Liabilities	7	930	1,464
Short Term Provisions	8	2,317	1,915
		7,433	7,561
Total		26,725	21,908
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	9	7,320	3,577
Intangible Assets	9	2,289	2,291
Capital work-in-progress		0	3,070
Intangible Asset under Development		0	0
		9,609	8,938
Long Term Loans and Advances	10	364	705
		9,973	9,643
Current Assets:			
Inventories	11	2,741	2,438
Trade Receivables	12	71	117
Cash and Bank Balances	13	13,151	8,979
Short Term Loans and Advances	14	741	627
Other Current Assets	15	48	104
		16,752	12,265
Total		26,725	21,908
Significant Accounting Policies			
Notes to the Financial Statements	1 to 27		
As per our report of even date For Manubhai & Co., Chartered Accountants Firm Registration Number: 106041W Jignesh D. Shah Partner Membership Number: 100116 Place : Ahmedabad. Date : May 9, 2012.		For and on behalf of the Board Pankaj R. Patel Chairman Amit B. Jain Chief Financial Officer Dhaval N. Soni Company Secretary Elkana N. Ezekiel Managing Director	

Consolidated Statement of Profit & Loss for the Year ended March 31, 2012

Particulars	Note No.	INR - Lacs	
		Figures for the	
		Current Reporting Period	Previous Reporting Period
		March 31	
		2012	2011
REVENUE:			
Revenue from Operations:			
Sale of Products [Gross]		34,464	33,550
Less: Excise Duty		1,445	9
Sale of Products [Net]		33,019	33,541
Sale of Services		0	0
Other Operating Revenues	17	126	96
Net Revenue from Operations		33,145	33,637
Other Income	18	901	721
Total Revenue		34,046	34,358
EXPENSES:			
Cost of Materials Consumed	19	9,414	4,985
Purchases of Stock-in-Trade	20	2,366	7,493
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	(111)	(458)
Employee Benefits Expense	22	2,061	1,830
Depreciation and Amortisation expenses	9	386	149
Other Expenses	23	11,706	11,363
Total Expenses		25,822	25,362
Profit before exceptional & extraordinary items and Tax		8,224	8,996
Less: Exceptional Items		0	0
Profit before extraordinary items and Tax		8,224	8,996
Less: Extraordinary Items		0	0
Profit before Tax		8,224	8,996
Less/[Add]: Tax Expense:			
Current Tax		1,025	2,911
Deferred Tax	3	340	113
Prior year's tax adjustments		0	24
		1,365	3,048
Profit for the period from continuing operations		6,859	5,948
Profit/[Loss] from discontinuing operations		0	0
Tax Expense of discontinuing operations		0	0
Profit/[Loss] from discontinuing operations [After Tax]		0	0
Profit for the period		6,859	5,948
Less: Profit transferred to Minority Interest		91	0
Net Profit for the period		6,768	5,948
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]:	24		
Before Exceptional items		17.32	15.22
After Exceptional items		17.32	15.22
Significant Accounting Policies			
Notes to the Financial Statements	1 to 27		

As per our report of even date

For Manubhai & Co.,

Chartered Accountants

Firm Registration Number: 106041W

Jignesh D. Shah

Partner

Membership Number: 100116

Place : Ahmedabad.

Date : May 9, 2012.

For and on behalf of the Board

Pankaj R. Patel

Chairman

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Elkana N. Ezekiel
Managing Director

Consolidated Cashflow Statement for the Year ended March 31, 2012

Particulars	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
A Cash flows from operating activities:		
Net profit before taxation and extraordinary items	8,224	8,996
Adjustments for:		
Depreciation	386	149
[Profit]/Loss on sale of assets [Net]	8	0
[Profit]/Loss on sale of investments [Net]	(11)	0
Interest income	(885)	(622)
Interest expenses	15	16
Bad debts written off	6	38
Provision for doubtful debts written back	0	(99)
Provisions for employee benefits	(21)	59
Provisions for probable product expiry claims and return of goods	(32)	0
Total	(534)	(459)
Operating profit before working capital changes	7,690	8,537
Adjustments for:		
[Increase]/Decrease in trade receivables	53	(17)
[Increase]/Decrease in inventories	(304)	(1,149)
[Increase]/Decrease in short term advances	(114)	(330)
[Increase]/Decrease in long term advances	507	256
[Increase]/Decrease in other current assets	64	(41)
Increase/[Decrease] in trade payables	(252)	(211)
Increase/[Decrease] in other current liabilities	(551)	527
Increase/[Decrease] in other long term liabilities	19	11
Total	(578)	(954)
Cash generated from operations	7,112	7,583
Direct taxes paid [Net of refunds]	(1,191)	(3,293)
Net cash from operating activities	5,921	4,290

Consolidated Cashflow Statement for the Year ended March 31, 2012 [Contd...]

Particulars	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
B Cash flows from investing activities:		
Purchase of fixed assets	(832)	(5,272)
Proceeds from sale of fixed assets	24	405
Purchase of Non Current investments	(1,400)	0
Proceeds from sale of Non Current Investments	1,411	0
Interest received	877	881
	<hr/>	<hr/>
Net cash from investing activities	80	(3,986)
C Cash flows from financing activities:		
Change in Minority Interest	(3)	5
Interest paid	(15)	(16)
Dividends paid	(1,558)	(1,167)
Tax on dividends paid	(253)	(195)
	<hr/>	<hr/>
Net cash used in financing activities	(1,829)	(1,373)
Net increase/(-) decrease in cash and cash equivalents	4,172	(1,069)
Cash and cash equivalents at the beginning of the period	8,979	10,048
Cash and cash equivalents at the end of the period	13,151	8,979

Notes to the cash flow statement

- All figures in brackets are outflows.
- Previous reporting period's figures have been regrouped wherever necessary.

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

Jignesh D. Shah
Partner
Membership Number: 100116
Place : Ahmedabad.
Date : May 9, 2012.

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

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

Significant Accounting Policies**1 Basis of Accounting:**

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

2 Basis of consolidation:

The Consolidated Financial Statements [CFS] relate to Zydus Wellness Limited and its Associate Concern.

The CFS have been prepared on the following basis:

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

3 Accounting policies and Notes on Accounts of the financial statements of the Parent Company and its Associate Concern are set out in their respective financial statements. However, the Company has disclosed such notes and details which represents the needed disclosure to serve as a guide for better understanding of the Group’s position.**4** Audited CFS as at March 31, 2012 comprise the financial statements of Zydus Wellness Limited [ZWL], India and its Associate Concern, Zydus Wellness-Sikkim, in which ZWL holds 98%.

Notes to the Consolidated Financial Statements

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 1 - Share Capital:		
Authorised:		
4,50,00,000 [as at March 31, 2011 : 4,50,00,000] Equity Shares of Rs.10/- each	4,500	4,500
	4,500	4,500
Issued, Subscribed and Paid-up:		
3,90,72,089 [as at March 31, 2011 : 3,90,72,089] Equity Shares of Rs.10/- each fully paid up	3,907	3,907
Total	3,907	3,907
A There is no change in the numbers of shares at the beginning and at the end of the reporting period. Number of shares at the end of reporting period.	3,90,72,089	3,90,72,089
B The Company has only equity shares. All equity shares carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholders holding more than 5% of equity shares of Rs. 10/- each, fully paid-up:		
Cadila Healthcare Limited		
Number of Shares	2,74,43,274	2,74,43,274
% to total share holding	70.24%	70.24%
Life Insurance Corporation of India		
Number of Shares	20,35,315	19,73,199
% to total share holding	5.21%	5.05%
D Number of Shares held by holding company and its subsidiary company		
a) Cadila Healthcare Limited [Holding company]	2,74,43,274	2,74,43,274
b) Zydus Animal Health Limited [Fellow subsidiary]	7,20,481	7,20,481
E The Company has issued the Equity Shares pursuant to the Composite Scheme of Arrangement between the Company and Cadila Healthcare Limited, Zydus Hospitals and Medical Research Private Limited, their respective shareholders and creditors approved by Hon'ble High Court of Gujarat at Ahmedabad, vide order dated October 23, 2008 in the year 2008-09. The Company has issued 3,34,96,989 equity shares of Rs. 10/- each fully paid-up in the ratio of 04:15.		

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

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 2 - Reserves and Surplus:		
Other Reserves:		
General Reserves:		
Balance as per last Balance Sheet	1,600	955
Add: Transfer from Surplus in statement of Profit and Loss	900	645
	2,500	1,600
Surplus in statement of Profit and Loss:		
Balance as per last Balance Sheet	8,682	5,196
Add: Profit for the reporting period	6,768	5,948
	15,450	11,144
Less: Appropriations:		
Dividends:		
Proposed Dividend	1,954	1,563
Corporate Dividend Tax on Proposed Dividend	317	254
Transfer to General Reserve	900	645
	3,171	2,462
Balance as at the end of reporting period	12,279	8,682
Total	14,779	10,282
Note : 3 - Deferred Tax:		
A	Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under:	
	Deferred Tax Liabilities:	
	Depreciation	516
	Retirement benefits	18
	Amalgamation Expenses	39
	Provision for Expiry and Breakages	8
	Total	65
	Deferred Tax Assets:	
	Retirement benefits	18
	Amalgamation Expenses	39
	Provision for Expiry and Breakages	8
	Total	65
	Net Deferred Tax Liabilities	451
B	The Deferred Tax Liabilities/[Assets] for the period provided in the Statement of Profit and Loss.	340

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

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 4 - Other Long Term Liabilities:		
Trade Deposits	44	35
Others	16	5
Total	60	40
Note : 5 - Long Term Provisions:		
Provision for retirement benefits	2	2
Total	2	2
Note : 6 - Trade Payables:		
Micro, Small and Medium Enterprises	0	0
Others	4,186	4,182
Total	4,186	4,182
Note : 7 - Other Current Liabilities:		
Unpaid Dividends	17	12
Advances from Debtors	192	180
Others	721	1,272
Total	930	1,464
Note : 8 - Short Term Provisions:		
Provision for Employee Benefits	21	42
Others:		
Proposed dividend	1,954	1,563
Corporate Dividend Tax on proposed dividend	317	254
Provision for taxation [Net of advance payment of tax]	1	0
Provision for claims for product expiry and return of goods	24	56
	2,296	1,873
Total	2,317	1,915

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

	INR - Lacs							Total
	Free hold Land	Lease hold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	
Gross Block:								
As at March 31, 2011	578	524	486	2,638	20	41	81	4,368
Additions	8	46	1,151	2,839	15	70	29	4,158
Disposals				(49)				(49)
Other adjustments				3			(3)	0
As at March 31, 2012	586	570	1,637	5,431	35	111	107	8,477
Depreciation:								
As at March 31, 2011		7	86	630	7	4	57	791
Charge for the period		6	49	308	7	7	7	384
Disposals				(18)				(18)
Other adjustments								(0)
As at March 31, 2012	0	13	135	920	14	11	64	1,157
Net Block:								
As at March 31, 2011	578	517	400	2,008	13	37	24	3,577
As at March 31, 2012	586	557	1,502	4,511	21	100	43	7,320

B Intangible Assets:

	Goodwill	Brands/ Trademarks	Technical Know-how	Commercial Rights	Total
	Gross Block:				
As at March 31, 2011	2,282	5	2	10	2,299
Additions					0
Disposals					0
Other adjustments					0
As at March 31, 2012	2,282	5	2	10	2,299
Amortisation:					
As at March 31, 2011		2	1	5	8
Charge for the period		1		1	2
Disposals					0
As at March 31, 2012	0	3	1	6	10
Net Block:					
As at March 31, 2011	2,282	3	1	5	2,291
As at March 31, 2012	2,282	2	1	4	2,289

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

Note: Break up of additions, disposals and other adjustments for previous reporting period is as under:

	Tangible Assets			Intangible Assets		
	Gross Block	Depreciation	Net Block	Gross Block	Depreciation	Net Block
As at March 31, 2010	2,575	639	1,936	2,299	7	2,292
Additions	2,198	152	2,046		1	(1)
Disposals	405		405			0
Other adjustments			0			0
As at March 31, 2011	4,368	791	3,577	2,299	8	2,291

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011

Note : 10 - Long Term Loans and Advances:

[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	97	606
Other Deposits	54	43
Other Loans and Advances:		
Advance payment of Tax [Net of Provision for taxation]	204	38
Other advances recoverable in cash or in kind or for value to be received	9	18
	213	56
Total	364	705

Note : 11 - Inventories:

Classification of Inventories:		
Raw Materials	657	558
Finished Goods	1,197	158
Stock-in-Trade	310	1,517
Work-in-Progress	56	0
Packing Materials	521	205
Total	2,741	2,438

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

	INR - Lacs	
	Figures as at end of	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 12 - Trade Receivables:		
[Unsecured, Considered good]		
Outstanding for a period exceeding six months from the date they are due for payment	0	12
Others	71	105
Total	71	117
Note : 13 - Cash and Bank Balances:		
Balances with Banks	13,148	8,975
Cash on Hand	3	4
Total	13,151	8,979
Note : 14 - Short Term Loans and Advances:		
[Unsecured, Considered Good]		
Others:		
Balances with Custom/Central Excise/Sales Tax Authorities	106	157
Advances to Suppliers	116	223
Advances recoverable in cash or in kind or for value to be received	519	247
Total	741	627
Note : 15 - Other Current Assets:		
Interest Receivable	10	3
Insurance claim Receivables	8	40
Prepaid Expenses	30	61
Total	48	104

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

		INR - Lacs	
		Figures as at end of	
		Current Reporting Period	Previous Reporting Period
		March 31	
		2012	2011
Note : 16 - Contingent Liabilities and commitment [to the extent not provided for]:			
A	Contingent Liabilities:		
a	In respect of claims against the Companies not acknowledged as debts.	20	20
b	Other money for which the company is contingently liable:		
i	In respect of Sales Tax matters pending before appellate authorities.	55	61
ii	In respect of Income Tax matters pending before appellate authorities.	165	119
c	In respect of guarantees given by Banks and/or counter guarantees given by the Companies.	221	2
d	In respect of custom duty liability which may arise out of non fulfillment of export obligation against import of machinery under EPCG scheme.	155	155
B	Commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances].	105	703
		INR - Lacs	
		Figures for the	
		Current Reporting Period	Previous Reporting Period
		March 31	
		2012	2011
Note : 17 - Other Operating Revenue:			
	Miscellaneous Income	126	96
	Total	126	96
Note : 18 - Other Income:			
	Interest Income [Gross]	885	622
	Profit on sale of Mutual Fund Investments	11	0
	Other Non-operating Income	5	99
	Total	901	721

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

	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 19 - Cost of Materials Consumed:		
Raw Materials:		
Stock at commencement	558	39
Add : Purchases	6,961	4,800
	7,519	4,839
Less : Stock at close	657	558
	6,862	4,281
Packing Materials consumed	2,552	704
Total	9,414	4,985
Note : 20 - Purchase of Stock-in-Trade:		
Purchase of Stock-in-Trade	2,366	7,493
Total	2,366	7,493
Note : 21 - Changes in Inventories:		
Stock at close:		
Work-in-Progress	56	0
Finished Goods	1,197	158
Stock-in-Trade	310	1,517
	1,563	1,675
Less: Stock at commencement:		
Finished Goods	158	258
Stock-in-Trade	1,517	959
	1,675	1,217
	112	(458)
Differential Excise Duty on Opening and Closing stock of Finished Goods	(223)	0
Total	(111)	(458)

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

	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Note : 22 - Employee Benefits Expense:		
Salaries and wages	1,928	1,749
Contribution to provident and other funds	81	60
Staff welfare expenses	52	21
Total	2,061	1,830
Note : 23 - Other Expenses:		
Consumption of Stores and spare parts	145	12
Power & fuel	278	106
Rent	171	116
Repairs to Buildings	11	4
Repairs to Plant and Machinery	17	25
Repairs to Others	69	31
Insurance	42	21
Rates and Taxes	69	42
Managing Directors' Remuneration	112	80
Commission to Directors	10	8
Net Loss on foreign currency transactions and translation	23	3
Commission on sales	720	688
Freight and forwarding on sales	896	934
Advertisement & Sales Promotion expenses	5,970	5,916
Seminar, Conference and Exhibition	51	90
Representative Allowances	385	354
Other marketing expenses	1,622	1,812
Bad debts written off	5	39
Directors' fees	9	7
Net Loss on fixed assets	8	0
Donations	15	290
Interest to Others	3	3
Bank commission & charges	12	13
Miscellaneous Expenses	1,063	769
Total	11,706	11,363

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

	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011

Note : 24 - Calculation of Earnings per Equity Share [EPS]:

The numerators and denominators used to calculate the basic and diluted EPS are as follows:					
A	Profit attributable to Shareholders:				
	a	Before Exceptional items	INR - Lacs	6,768	5,948
	b	After Exceptional items	INR - Lacs	6,768	5,948
B	Basic and weighted average number of Equity shares outstanding during the period		Numbers	3,90,72,089	3,90,72,089
C	Nominal value of equity share		INR	10	10
D	Basic & Diluted EPS:				
	a	Before Exceptional items	INR	17.32	15.22
	b	After Exceptional items	INR	17.32	15.22

Note : 25 - Segment Information:

The company operates in one segment only, namely "Consumer Products". The company sells its products in India, hence there is no geographical segment also. Therefore, the segment reporting is not applicable.

Note : 26 - Related Party Transactions:

A	Name of the Related Party and Nature of the Related Party Relationship:	
a	Holding Company : Cadila Healthcare Limited	
b	Fellow Subsidiaries/Concerns:	
	Dialforhealth India Limited	Zydus Pharmaceuticals (USA) Inc. [USA]
	Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA] [Formerly known as Zynesher Pharmaceuticals (USA) LLC]
	Dialforhealth Greencross Limited	Zydus Healthcare (USA) LLC [USA]
	German Remedies Limited	Zydus Noveltech Inc. [USA]
	Zydus Pharmaceuticals Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
	Zydus Animal Health Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
	Liva Healthcare Limited	Script Management Services (Pty) Ltd [South Africa]
	Zydus Technologies Limited	Zydus Nikkho Farmaceutica Ltda. [Brazil] [Formerly known as Zydus Healthcare Brasil Ltda]
	Biochem Pharmaceutical Industries Limited	Zydus Pharma Japan Co. Ltd. [Japan]
	Finest Procuring Solutions Limited	Laboratorios Combix S.L. [Spain]

Notes to the Consolidated Financial Statements [Contd...]
Note : 26 - Related Party Transactions: [Contd...]
b Fellow Subsidiaries/Concerns:

M/s. Zydus Healthcare, a Partnership Firm	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Zydus International Private Limited [Ireland]	Zydus Pharmaceuticals Mexico Services Company SA De CV [Mexico]
Zydus Netherlands B.V. [the Netherlands]	ZAHL B.V. [the Netherlands] [Formerly known as RFCL B.V.]
Zydus France, SAS [France]	ZAHL Europe B.V. [the Netherlands] [Formerly known as RFCL Europe B.V.]
Etna Biotech S.R.L. [Italy]	Zydus Lanka (Private) Limited [Sri Lanka]
Bremer Pharma GmbH [Germany]	

c Key Management Personnel:

Mr. Anand G. Deo	- Managing Director [Upto February 14, 2012]
Mr. Elkana N. Ezekiel	- Managing Director [w.e.f. February 14, 2012]

B Transactions with Related Parties:

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

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

<u>Nature of transactions</u>	[INR - Lacs]			
	Holding Company		Fellow Subsidiaries/Enterprises in which the Company holds controlling interest	
	Reporting period ended March 31,			
	2012	2011	2012	2011
Purchases:				
Goods:				
Dialforhealth India Limited			32	28
Cadila Healthcare Limited	5			
Total	5	0	32	28
Services:				
Cadila Healthcare Limited	43	10		
Total	48	10	32	28
Sales:				
Goods:				
Cadila Healthcare Limited	91	60		
Zydus Animal Health Limited			7	12
Liva Healthcare Limited				0.04
Dialforhealth India Limited			0.13	
Total	91	60	7	12
Dividend Paid:				
Cadila Healthcare Limited	1098	823		
Zydus Animal Health Limited			29	22
Total	1098	823	29	22

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

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

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

	INR - Lacs	
	Figures for the	
	Current Reporting Period	Previous Reporting Period
	March 31	
	2012	2011
Remuneration:		
Mr. Anand G. Deo - Managing Director [Upto February 14, 2012]	94	80
Mr. Elkana N. Ezekiel - Managing Director [w.e.f. February 14, 2012]	18	0

Note : 27

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous reporting period's figures have been regrouped/reclassified wherever necessary to correspond with the current reporting period's classifications/disclosure.

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

As per our report of even date

For Manubhai & Co.,

Chartered Accountants

Firm Registration Number: 106041W

Jignesh D. Shah

Partner

Membership Number: 100116

Place : Ahmedabad.

Date : May 9, 2012.

For and on behalf of the Board

Pankaj R. Patel

Chairman

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Elkana N. Ezekiel
Managing Director

Proxy & Attendance Slip**ZYDUS WELLNESS LIMITED**

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

FORM OF PROXY

I/We _____ of _____ being a member/members of ZYDUS WELLNESS LIMITED hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the EIGHTEENTH ANNUAL GENERAL MEETING of the company scheduled to be held on Friday, the 27th day of July 2012 at 10.00 A.M. at H. T. Parekh Hall, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 and at any adjournment thereof.

Ledger Folio No./Client ID No. _____

No. of shares _____

Signed this _____ day of _____ 2012

Signature

Affix revenue stamp of requisite value
--

IMPORTANT

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

ZYDUS WELLNESS LIMITED

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

ATTENDANCE SLIP

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

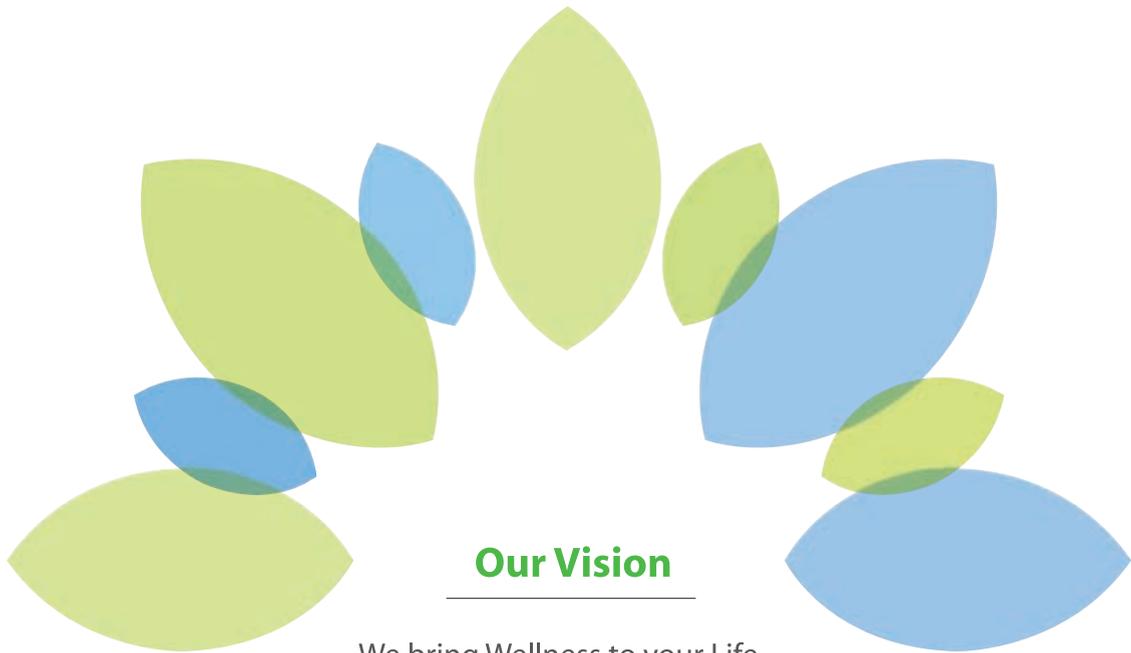
NAME _____

REG FOLIO NO./CLIENT ID NO. _____

NO OF SHARES HELD _____

I hereby record my presence at the Eighteenth Annual General Meeting of the Company on Friday, the 27th day of July 2012 at 10.00 A.M. at H. T. Parekh Hall, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.

Signature of Shareholder/Proxy



Our 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
and be a Rs.500 crore company by 2013.

Zydus
Wellness

BOOK-POST

To,

**Zydus
Wellness**

If undelivered, please return to:

Zydus Wellness Limited

A subsidiary of Cadila Healthcare Ltd.

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

www.zyduswellness.in