

**Zydus
Wellness**

ANNUAL REPORT
2014-15

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naturals

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NUTRITION FOR ADULTS
LIFE

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The Healthier Choice

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Contents

04	Notice
15	Directors' Report and Relevant Annexures
38	Management Discussion & Analysis
43	Corporate Governance Report
58	Auditors' Report
64	Balance Sheet
65	Statement of Profit & Loss
66	Cash Flow Statement
71	Notes to Financial Statements
92	Consolidated Auditors' Report
94	Consolidated Financial Accounts

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	<p>Pankaj R. Patel Chairman [upto 14th July, 2014]</p> <p>Dr. Sharvil P. Patel Chairman [became Chairman w.e.f. 14th July, 2014]</p> <p>Elkana N. Ezekiel Managing Director [upto 14th April, 2015]</p> <p>Tarun G. Arora Whole Time Director [w.e.f. 14th May, 2015]</p>	STATUTORY AUDITOR	M/s. Dhirubhai Shah & Doshi Chartered Accountants
DIRECTORS	<p>H. Dhanrajgir</p> <p>Dr. B. M. Hegde</p> <p>Prof. Indiraben J. Parikh</p> <p>Ganesh N. Nayak</p> <p>Mukesh M. Patel [upto 14th May, 2014]</p>	COST AUDITOR	M/s. Dalwadi & Associates Cost Accountants
CHIEF FINANCIAL OFFICER	Amit B. Jain	SECRETARIAL AUDITOR	M/s. Hitesh Buch & Associates Practicing Company Secretary
COMPANY SECRETARY	Dhaval N. Soni	REGISTERED OFFICE	House No. 6 & 7, Sigma Commerce Zone, Nr. Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad - 380 015. www.zyduswellness.in
BANKERS	<p>Bank of Baroda Ashram Road Branch, Ahmedabad.</p> <p>HDFC Bank Ltd. Navrangpura Branch, Ahmedabad.</p> <p>BNP Paribas Ellisbridge Branch, Ahmedabad.</p>	REGISTRAR & SHARE TRANSFER AGENT	M/s. Link Intime India Private Limited Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, B/h. Shoppers Plaza - II, Off C. G. Road, Ahmedabad-380 009.
		WORKS	7A, 7B & 8, Saket Industrial Estate, Sarkhej Bavla Road, Village: Moraiya, Taluka: Sanand, District: Ahmedabad.

CIN L15201GJ1994PLC023490

Notice

NOTICE is hereby given that the **21st** Annual General Meeting of the members of **Zydus Wellness Limited** will be held on Wednesday, the 29th day of July, 2015 at 10.00 a.m. at J B Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at and the Statement of Profit and Loss of the Company [including consolidated Balance Sheet and Statement of Profit and Loss] for the year ended on 31st March, 2015 together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Dr. Sharvil P. Patel [DIN 00131995], who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. Dhirubhai Shah & Doshi, Chartered Accountants [Firm Registration No. 102511W] as Statutory Auditor of the Company to hold office from the conclusion of 21st Annual General Meeting until the conclusion of 26th Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:**5. To appoint Mr. Tarun Arora as a Director liable to retire by rotation:**

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

“RESOLVED THAT Mr. Tarun Arora [DIN 07185311], who was appointed by the Board of Directors as an Additional Director on the Board of the Company w.e.f. 14th May, 2015 and who holds office up to the date of this Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 [“the Act”] and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act together with a deposit of Rs. 1,00,000/- 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 liable to retire by rotation.”

6. To appoint Mr. Tarun Arora as a Whole-Time Director:

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

“RESOLVED THAT pursuant to the provisions of sections 196 and 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 [“the Act”] [including any statutory modifications or re-enactments thereof, for the time being in force] and the Articles of Association of the Company, consent of the members be and is hereby accorded to appoint Mr. Tarun Arora as a Whole Time Director of the Company for a period of five years with effect from 14th May, 2015 on a remuneration as may be recommended by the Nomination and Remuneration Committee based on his performance evaluation and as approved by the Board of Directors, which shall be within the overall limits prescribed under the provisions of the Act from time to time, out of the profits of the Company of the respective financial year as calculated under the provisions of sections 197 and 198 of the Act in any financial year and on the terms and conditions, benefits and perquisites, as set out in the draft agreement proposed to be entered into between the Company and Mr. Tarun Arora with an authority to the Board of Directors to finalize and execute it.

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 aggregate of the annual remuneration as

Notice

provided above or maximum remuneration payable as per the limits set out in Section II of Part II of Schedule V of the Act, whichever is lower as the Minimum Remuneration, unless otherwise determined by the Nomination and Remuneration Committee and the Board of Directors.

RESOLVED FURTHER THAT in case of no profits or if profits of the company in any financial year is inadequate, in addition to the above, the Whole Time Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on 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 years of service and
- (c) Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT Mr. Tarun Arora shall be liable to retire by rotation and his terms and conditions of the appointment, including remuneration shall be governed as per the Agreement to be entered into for a period of five years.

LASTLY RESOLVED THAT for the purpose of giving effect to this resolution, 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."

7. To approve Commission to Non-Executive Directors:

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

"RESOLVED THAT pursuant to the provisions of sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, Rules made thereunder and Articles of Association of the Company, consent of the Members be and is hereby accorded to the payment of commission for a period of five years commencing from 1st April, 2015 to the Non-Executive Directors of the Company as may be decided by the Board of Directors from time to time, provided that the total commission payable to the Non-Executive Directors per annum shall not exceed 1% of the net profits of the Company, subject to maximum of Rs. 100 lacs in aggregate calculated in accordance with the provisions of section 198 the Act, with an authority to the Board of Directors to determine the manner and proportion in which the amount be distributed among Non-Executive Directors."

8. To ratify remuneration to Cost Auditor:

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

"RESOLVED THAT pursuant to provisions of section 148[3] and other applicable provisions, if any, of the Companies Act, 2013 and the Companies [Cost Records and Audit] Amendment Rules, 2014, the consent of the Members be and is hereby accorded to ratify the remuneration decided by the Board of Directors based on the recommendation of the Audit Committee of Rs. 1.80 lacs to M/s. Dalwadi & Associates, Cost Accountants [Firm Registration No. 000338] appointed by the Board of Directors to conduct the audit of cost records pertaining to product 'Nutralite' manufactured by the Company for the financial year ending on 31st March, 2016."

By order of the Board of Directors

Place : Ahmedabad
Date : 14th May, 2015

Dhaval N. Soni
Company Secretary

Notice

NOTES:

1. The Explanatory Statements, pursuant to provisions of section 102 of the Companies Act, 2013 ["the Act"] and rules made thereunder, in respect of business under item Nos. 5 to 8 of the Notice are annexed hereto.
2. The Register of Members and Share Transfer Books will remain closed from Monday, 20th July, 2015 to Wednesday, 29th July, 2015 [both days inclusive] for the purpose of 21st Annual General Meeting [the meeting] and payment of dividend, if declared at the meeting.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding 50 [fifty] and holding in aggregate not more than ten per cent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any such other person or shareholder.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting i.e. by 10.00 a.m. on Monday, 27th July, 2015. A Proxy form is sent herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority, as applicable.

4. Corporate members intending to send their authorized representatives to attend the meeting pursuant to section 113 of the Act are requested to send the Company a certified copy of Board Resolution / Authorization together with specimen signatures authorizing their representative to attend and vote on their behalf at the meeting.
5. Those members who have not encashed their dividend warrants pertaining to the following financial years are requested to approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund [IEPF] on the respective dates mentioned there against, pursuant to provisions of section 205[C] of the Companies Act, 1956 and provisions of section 125 of the Act, when notified by the Central Government and rules proposed to be prescribed by the Central Government. Members are requested to note that after such dates, the members will lose their rights to claim such dividend, unless the provisions of section 125 of the Act and rules are notified by the Central Government.

Financial Year ended on	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unclaimed dividend to IEPF
31 st March, 2009	28 th July, 2009	15	31 st July, 2016
31 st March, 2010	16 th July, 2010	30	19 th July, 2017
31 st March, 2011	30 th June, 2011	40	3 rd July, 2018
31 st March, 2012	27 th July, 2012	50	31 st July, 2019
31 st March, 2013	23 rd May, 2013	60 @	17 th May, 2020
31 st March, 2014	14 th July, 2014	60	19 th July, 2021

@ Interim Dividend

Notice

Pursuant to the IEPF [Uploading of information regarding unpaid and unclaimed amount lying with Companies] Rules, 2012 [IEPF Rules], the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 20th Annual General Meeting held on 14th July, 2014 on its website-www.zyduswellness.in and also on the website of Ministry of Corporate Affairs-www.mca.gov.in.

6. Members holding shares in demat form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service [NECS], Electronic Clearing Services [ECS] mandates, nominations, power of attorneys, change in address, change of name, email address, contact numbers, etc. to their Depository Participant [DP]. Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agents to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Link Intime India Private Limited, Registrar and Transfer Agents of the Company.
7. Details under clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment/reappointment at the Meeting is annexed to the Notice as **Annexure-A**.
8. Notice of the Meeting of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to the members, whose email ids are registered with the Company and Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Meeting is being sent through permitted mode.
9. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Circulars, etc. from the Company electronically.**

Members may also note that the Notice of the Meeting and the Annual Report will also be available on the Company's website www.zyduswellness.in for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection at any time between 10:00 a.m. to 1:00 p.m. on any working day upto the date of Meeting. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id investor.grievance@zyduswellness.in.

10. Voting through electronic means:

In compliance with provisions of section 108 of the Act and Rule 20 of The Companies [Management and Administration] Rules, 2014 and clause 35B of the Listing Agreement, the Company is providing e-voting facility as an alternative mode of voting which will enable the members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services [India] Limited [CDSL] to facilitate e-voting. The detailed process, instructions and manner for availing e-Voting facility is annexed to the Notice as **Annexure-B**.

11. Mr. Dhirajlal D. Sanghavi, Practicing Company Secretary [Membership No. FCS 3229] has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
12. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
13. Members can opt for only one mode of voting i.e. either by e-voting or poll paper. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Poll Paper shall be treated as invalid.

Notice

14. The e-voting period commences on Saturday, 25th July, 2015 [9:00 a.m.] and ends on Tuesday, 28th July, 2015 [5:00 p.m.]. During this period, Members holding shares either in physical form or demat form, as on 22nd July, 2015 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently or cast vote again.
15. The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on cut-off date. A person, whose names is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail facility of remote e-voting and poll process at the venue of the meeting.
16. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as on cut-off date, may cast vote after following the instructions for e-voting as provided in the Notice convening the Meeting, which is available on the website of the Company and CDSL. However, if you are already registered with CDSL for remote e-voting then you can use your existing User ID and password for casting your vote.
17. The Scrutinizer shall, immediately after the conclusion of voting at the meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman, who shall countersign the same.
18. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.zyduswellness.in and on the website of CDSL www.evotingindia.com immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited [BSE] and National Stock Exchange of India [NSE], where the equity shares of the Company are listed.

REQUEST TO THE MEMBERS:

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

Explanatory Statements pursuant to section 102[1] of the Companies Act, 2013.

The following statements set out all material facts relating to Special Businesses mentioned in the accompanying Notice.

In respect of item No. 5 and 6:

Mr. Tarun Arora, 43 years, is a Bachelor of Science and Post Graduate Diploma in Business Management from IMT, Ghaziabad. He has rich experience of over two decades in which he has handled General Management and Leadership Roles with outstanding business growth for large FMCG companies along with playing a pivotal role in Business Transformation and integration projects. He was Chief Executive, India business in Danone Waters, India prior to joining Zydus. He has also worked with various FMCG companies like Wipro, Bharti Walmart and Godrej. Mr. Arora brings with him expertise and thought leadership in the areas of Brand Development, Go-to-Market strategy and Innovation. He has strong emphasis on people development and building consumer centric Organisation.

Mr. Tarun Arora was appointed on the recommendation of Nomination and Remuneration Committee as an Additional Director and also Whole Time Director with effect from 14th May, 2015, subject to approval of Members at the ensuing Annual General Meeting.

Mr. Tarun Arora was appointed as a Whole Time Director in accordance with the relevant provisions of the Act read with Schedule V of the Act. Mr. Tarun Arora shall be entitled to remuneration by way of salary, dearness allowance, perquisites, commission and other allowances, as may be determined by the Board of Directors, within the overall limits prescribed under the provisions of the Act.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure as a Whole Time 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 Whole Time Director subject to limits as prescribed under Schedule V of the Act or such other limits as may be prescribed by the Central Government from time to time.

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 remuneration payable and the other terms and conditions of the appointment of Mr. Tarun Arora as a Whole Time Director is set out in the Agreement proposed to be entered into by the Company with him, which will be available for inspection by the Members at the Registered Office of the Company at any time between 10.00 a.m. to 1.00 p.m. on any working day up to the date of the Meeting.

Consent of the members is sought for passing Ordinary Resolutions as set out at Item No. 5 & 6 of the Notice for appointment of Mr. Tarun Arora as a Director liable to retire by rotation and the Whole Time Director of the Company.

The Company has received a notice from a member under section 160 of the Act proposing the candidature of Mr. Tarun Arora for the office of a Director of the Company. Mr. Tarun Arora is eligible for appointment as a Director of the Company pursuant to provisions of the Act and is not disqualified from being appointed as a Director in terms of section 164 of the Act. Mr. Tarun Arora has given his consent to act as a Director of the Company.

None of the Directors [save and except the appointee] or Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolutions. Your Directors recommend the passing of resolutions as set out at Item No. 5 & 6 of the Notice for approval by the Members.

In respect of item No. 7:

Looking to the competitive business environment, stringent accounting standards, corporate governance norms and consequent increase in the responsibilities of the Directors, it is proposed that in terms of section 197 of the Act read with Rules made thereunder, the Non-Executive Directors be paid, for each of the five financial years of the Company commencing 1st April, 2015, remuneration by way of Commission not exceeding one percent per annum of the net profits of the Company subject to maximum of Rs. 100 lacs in aggregate computed in accordance with the relevant provisions of the Act. The Board of Directors will determine each year, the specific amount to be paid as commission to the Non-Executive Directors.

Consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for payment of commission to the Non-Executive Directors of the Company.

All the Non-Executive Directors are interested in the proposed resolution. None of the Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution. Your Directors recommend the passing of resolution as set out at Item No. 7 of the Notice for approval by the Members.

In respect of item No. 8:

The Board of Directors on the recommendation of the Audit Committee, appointed M/s. Dalwadi & Associates, Cost Accountants as the Cost Auditors to conduct the audit of cost records of product "Nutralite" for the financial year ending on 31st March, 2016 and fixed remuneration of Rs. 1.80 lacs plus service tax and out of pocket expenses.

As per the provisions of section 148[3] of the Act read with Rule 14 of The Companies [Audit and Auditors] Rules, 2014, the remuneration fixed by the Board of Directors is to be ratified by the Members of the Company.

Accordingly, consent of the Members of the Company is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending on 31st March, 2016.

None of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution. Your Directors recommend the passing of resolution as set out at Item No. 8 of the Notice for approval by the Members.

By order of the Board of Directors

Place : Ahmedabad
Date : 14th May, 2015

Dhaval N. Soni
Company Secretary

Annexure-A to the Notice dated 14th May, 2015

Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting
[Pursuant to clause 49 of the Listing Agreement]

Name of the Director	Dr. Sharvil P. Patel
Age	37 years
Date of Appointment on the Board	27 th April, 2009
Brief Resume and nature of expertise in functional areas	<p>Dr. Sharvil Patel is the Deputy Managing Director of Cadila Healthcare Limited, the parent Company, one of the leading global healthcare providers and the 4th largest pharmaceutical company in India. With a specialization in Chemical and Pharmaceutical Sciences from the University of Sunderland, U. K. and a doctorate also from the same university for his research work in Breast Cancer at John Hopkins, Bayview Medical Centre, USA, Dr. Sharvil Patel combines pharma and research expertise.</p> <p>Young and astute with a natural bias for leading new streams of thoughts and initiatives, Dr. Sharvil Patel is a part of Zydus Executive Board of the parent Company, which oversees the different verticals of the group and spearheads organization-wide initiatives. Combining 'big picture' thinking with a fine eye for details, Dr. Sharvil's leadership inspires people to look at an expansive canvas of thoughts and ideas while focusing on a well-defined implementation roadmap.</p> <p>Dr. Sharvil Patel has also brought in a new dimension to the Company by giving it a much larger positioning in the wellness domain. Under his leadership, the Company is creating novel experiences for the health conscious consumers and has a basket of niche products and iconic brands such as Sugar Free, Everyuth and Nutralite.</p>
Directorships held in other public Companies [excluding foreign and private Companies]	<ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. Zydus Technologies Limited 3. Dialforhealth India Limited
Memberships / Chairmanships of Committees of other Public Companies	<p><u>Audit Committee:</u></p> <p>Chairman</p> <ol style="list-style-type: none"> 1. Dialforhealth India Limited 2. Zydus Technologies Limited <p><u>Stakeholders' Relationship Committee:</u></p> <p>Member</p> <p>Cadila Healthcare Limited</p>
Number of shares held in the Company	533

Annexure-A to the Notice dated 14th May, 2015

Name of the Director	Mr. Tarun G. Arora
Age	43 years
Date of Appointment on the Board	14 th May, 2015
Brief Resume and nature of expertise in functional areas	Mr. Tarun Arora, 43 years, is a Bachelor of Science and Post Graduate Diploma in Business Management from IMT, Ghaziabad. He has rich experience of over two decades in which he has handled General Management and Leadership Roles with outstanding business growth for large FMCG companies along with playing a pivotal role in Business Transformation and integration projects. He was Chief Executive, India business in Danone Waters, India prior to joining Zydus. He has also worked with various FMCG companies like Wipro, Bharti Walmart and Godrej. Mr.Arora brings with him expertise and thought leadership in the areas of Brand Development, Go-to-Market strategy and Innovation. He has strong emphasis on people development and building consumer centric Organisation.
Directorships held in other public Companies [excluding foreign and private Companies]	None
Memberships / Chairmanships of Committees of other Public Companies	None
Number of shares held in the Company	Nil

Annexure-B to the Notice dated 14th May, 2015 - Instructions for e-Voting

The instructions for members for voting electronically are as under:

- (i) The voting period begins on Saturday, 25th July, 2015 from 9:00 a.m. and ends on Tuesday, 28th July, 2015 at 5:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 22nd July, 2015, being the Cut-Off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID,
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for shareholders holding shares in demat as well as physical form)
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN of ZYDUS WELLNESS LIMITED on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

Annexure-B to the Notice dated 14th May, 2015 - Instructions for e-Voting

- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Contact Details:**Mr. Wenceslaus Furtado**

Deputy Manager, CDSL

17th Floor, PJ Towers, Dalal Street, Fort, Mumbai-400 001.

Email: wenceslausf@cdslindia.com, Tel: 022-22723333/8588

Directors' Report

Your Directors are pleased to present **21st** Annual Report and the audited financial statements for the financial year ended on 31st March, 2015.

Financial Results:

The financial performance of the Company, for the year ended on 31st March, 2015 is summarized below:

[INR Lacs]

Particulars	Standalone		Consolidated	
	For the year ended 31 st March 2015	For the year ended 31 st March 2014	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Sales and Other Income	23,956	21,494	45,831	42,254
Profit before Interest, Depreciation, Exceptional Expenses & Tax [PBIDET]	11,332	9,307	12,751	10,841
Less: Depreciation	455	243	773	465
Profit before Interest, Exceptional Expenses & Tax (PBIET)	10,877	9,064	11,978	10,376
Less: Interest	5	4	13	13
Profit Before Tax [PBT]	10,872	9,060	11,965	10,363
Less: Provision for Tax	-23	-585	850	532
Profit After Tax [PAT]	10,895	9,645	11,115	9,831
Less: Minority Interest	-	-	220	186
Profit attributable to shareholders	10,895	9,645	10,895	9,645
Add: Profit brought forward from the previous year	24,149	18,247	24,149	18,247
Less: Additional depreciation upon revision in useful lives of tangible assets	26	0	26	0
Profit available for appropriation, which is appropriated as follows:	35,018	27,892	35,018	27,892
Proposed Final Dividend	2,344	2,344	2,344	2,344
Corporate Dividend Tax on Dividend	477	399	477	399
Transfer to General Reserve	0	1,000	0	1,000
Balance carried to Balance Sheet	32,197	24,149	32,197	24,149
Total	35,018	27,892	35,018	27,892
Basic and Diluted Earning Per Share (EPS of FV Rs. 10/-) [in Rupees]	27.88	24.69	27.88	24.69

Directors' Report

The Company proposes to retain an amount of Rs. 32,197 lacs in the Statement of Profit and Loss.

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

Results of operations:

During the year under review, the consolidated gross sales grew by 3.1%. On standalone basis, the Company has earned total revenue of Rs. 23,956 lacs. The PBDT increased by 21.8 % to Rs. 11,332 lacs and the Profit Before Tax increased by 20% to Rs. 10,872 lacs. The Profit after Tax has increased to Rs. 10,895 lacs as compared to Rs. 9,645 lacs in the previous year and the EPS has increased from Rs. 24.69 in the previous year to Rs. 27.88. A detailed analysis of performance for the year has been included in the Management Discussion and Analysis, which forms part of the Annual Report.

Dividend:

Your Directors have recommended a dividend of Rs. 6/- [i.e. 60%] per equity share [last year Rs. 6/- per equity share] on 3,90,72,089 equity shares of Rs. 10/- each fully paid-up for the financial year ended on 31st March, 2015, amounting to Rs. 2,821 lacs [inclusive of corporate dividend tax of Rs. 477 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 29th July, 2015. In respect of shares held in dematerialized form, it will be paid to the members whose names are furnished by the National Securities Depository Limited and the Central Depository Services [India] Limited, as beneficial owners. The Dividend Payout ratio for the current year (inclusive of Corporate Dividend Tax) is 25.90 percent on profits.

During the year, the unclaimed dividend pertaining to the dividend for the year ended 31st March, 2007 was transferred to Investor Education and Protection Fund.

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.

Consolidated Financial Statements:

Zydus Wellness, Sikkim [ZWS] is under the majority control of the Company and hence the accounts of ZWS are consolidated with the accounts of the Company in accordance with the provisions of Accounting Standard [AS]–21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, Companies Act, 2013 [“Act”] read with Schedule III of the Act and Rules made thereunder and the Listing Agreement with the Stock Exchanges. The audited Consolidated Financial Statements are provided in this Annual Report.

Though Company does not have any subsidiary Company, in compliance of the provisions of clause 49 of the Listing Agreement, the Company has formed a policy relating to material subsidiaries, which is approved by the Board of Directors and can be accessed on the Company's website at the link: <http://www.zyduswellness.in/investor/Policy%20on%20Material%20Subsidiary-May15.pdf>

Related Party Transactions:

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

Directors' Report

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.zyduswellness.in/investor/Policy%20on%20Related%20Party%20Transactions-May15.pdf>. Disclosures on related party transactions are set out in Note No. 34 to the financial statements.

Directors:

i. Cessation:

Mr. Mukesh M. Patel [DIN-00053892], Director and Mr. Elkana N. Ezekiel [DIN-05201713], Managing Director of the Company have resigned with effect from 14th July, 2014 and 14th April, 2015 respectively.

The Board places on record its appreciation for contributions and guidance provided by Mr. Patel and Mr. Ezekiel during their respective tenure as a Director / Managing Director of the Company.

ii. Retirement by rotation:

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

iii. Appointment of Additional / Whole Time Director:

Mr. Tarun G. Arora was appointed as an Additional Director and Whole Time Director w.e.f. 14th May, 2015, subject to the approval of the Members at the ensuing Annual General Meeting. Mr. Tarun Arora is designated as the Key Managerial Personnel pursuant to the provisions of section 203 of the Act.

iv. Independent Directors:

The Independent Directors have submitted their declarations of independence, as required pursuant to the provisions of section 149(7) of the Act, stating that they meet the criteria of independence as provided in section 149[6].

v. Profile of the Directors seeking appointment / reappointment:

As required under clause 49 of the Listing Agreement, particulars of the Directors retiring by rotation and seeking appointment / reappointment at the ensuing Annual General Meeting is annexed to the notice convening 21st Annual General Meeting.

vi. Chairman:

Upon cessation of Mr. Pankaj R. Patel [DIN-00131852] as the Director of the Company, Dr. Sharvil P. Patel was appointed as the Chairman of the Board and Company w.e.f. 14th July, 2014.

vii. Key Managerial Personnel:

The following persons were designated as Key Managerial Personnel:

1. Mr. Elkana N. Ezekiel, Managing Director, [up to 14th April, 2015]
2. Mr. Tarun G. Arora, Whole Time Director. [w.e.f. 14th May, 2015],
3. Mr. Amit B. Jain, Chief Financial officer and
4. Mr. Dhaval N. Soni, Company Secretary

Directors' Report

viii. Board Evaluation:

Pursuant to the provisions of the Act and Rules made thereunder and as provided under Schedule IV of the Act and clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of itself, the Directors individually as well as the evaluation of its committees. The manner in which the evaluation was carried out is provided in the Corporate Governance Report, which is part of this Annual Report.

ix. Remuneration Policy:

The Board has on the recommendations of Nomination and Remuneration Committee, framed a Policy on selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report, which is part of this Annual Report.

Directors' Responsibility Statement:

In terms of section 134[3][c] of the Act, your Directors state that:

- i. in the preparation of the annual financial statements for the year ended on 31st March, 2015, applicable accounting standards read with requirements set out under schedule III of the Act, have been followed along with proper explanation relating to material departures, if any,
- ii. such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2015 and of the profit of the company for the year ended on that date,
- iii. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities,
- iv. the annual financial statements are prepared on a going concern basis,
- v. proper internal financial controls are in place and that the financial controls are adequate and are operating effectively and
- vi. the systems to ensure compliance with the provisions of all applicable laws are in place and are adequate and operating effectively.

Board Meetings:

A calendar of meetings to be held in a year is decided in advance by the Board and circulated to the Directors. During the year, four Board and four Audit Committee Meetings were convened and held, the details of which are provided in the Corporate Governance Report, forming part of the Directors' Report. The gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Act.

Corporate Governance:

The Company has complied with the Corporate Governance requirements under the Act and as stipulated under clause 49 of the Listing Agreement. A separate section on detailed report on the Corporate Governance practices followed by the Company under the Listing Agreement along with a certificate from M/s. Hitesh Buch & Associates, Practicing Company Secretary, confirming the compliance, is part of the Annual Report.

Directors' Report

Auditors:

i. Statutory Auditor and their Report:

M/s. Dhirubhai Shah & Doshi, Chartered Accountants, [Firm Registration No. 102511W] Statutory Auditor of the Company hold office until the conclusion of the ensuing 21st Annual General Meeting and are eligible for reappointment. Pursuant to provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, the Board proposes to reappoint M/s. Dhirubhai Shah & Doshi, Chartered Accountants as Statutory Auditor of the Company from the conclusion of the ensuing 21st Annual General Meeting till the conclusion of 26th Annual General Meeting. They have furnished a certificate confirming the eligibility under section 141 of the Companies Act, 2013 and Rules made thereunder.

The Board based on the recommendation of Audit Committee, recommends the reappointment of M/s. Dhirubhai Shah & Doshi, Chartered Accountants, as the Statutory Auditor of the Company.

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

ii. Cost Auditor:

Pursuant to the provisions of section 148[3] of the Act read with The Companies [Cost Records and Audit] Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its product "Nutralite" is required to be audited. The Board had, on the recommendation of Audit Committee, appointed M/s. Dalwadi & Associates, Cost Accountants [Firm Registration No. 000338] to audit the cost records of product "Nutralite" for the financial year ended on 31st March, 2016 on a remuneration of Rs. 1.80 lacs. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditor is required to be placed before the Members at a General Meeting for ratification. Accordingly, a resolution to ratify the remuneration payable to M/s. Dalwadi & Associates for the financial year ending on 31st March, 2016 is included at Item No. 8 of the Notice convening 21st Annual General Meeting.

iii. Secretarial Auditor and Secretarial Audit Report:

Pursuant to the provisions of section 204 of the Act and The Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, the Company has appointed M/s. Hitesh Buch & Associates, Practicing Company Secretary to undertake Secretarial Audit for the financial year ended on 31st March, 2015. Secretarial Audit Report is attached to this report as **Annexure-"A"**. The Board has duly reviewed the Secretarial Auditor's Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors as provided under section 134 of the Act.

Corporate Social Responsibility [CSR]:

The Board of Directors of the Company has constituted a Corporate Social Responsibility [CSR] Committee under the Chairmanship of Dr. Sharvil P. Patel. Other members of the Committee are Mr. Ganesh N. Nayak and Prof. Indiraben J. Parikh. CSR Committee has recommended to the Board, a CSR Policy, indicating the activities to be undertaken by the Company, which is approved by the Board. The CSR Policy is posted on the website of the Company.

As part of its initiatives under Corporate Social Responsibility [CSR], the Company has contributed for healthcare, education and research in cancer and for eradicating poverty and malnutrition for the year under review. Other details of the CSR activities as required under section 135 of the Act are given in the CSR Report at **Annexure-"B"**.

Directors' Report

Business Risk Management:

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

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

Internal control systems and its adequacy:

The Company has internal control systems commensurate with the size, scale and complexity of its business operations. The scope and functions of internal auditor are defined and reviewed by the Audit committee. The internal auditor reports to the Chairman of the Audit Committee. Internal Auditors presents their quarterly report to the Audit Committee, highlighting various observations, system and procedure lapses and corrective actions are taken. The internal auditor also assesses opportunities for improvement of business processes, systems and controls, to provide recommendations, which can add value to the organization and it also follows up on the implementation of corrective actions and processes. The Management Auditor also ensures the compliance of the observations of internal and statutory auditors and presents his report to the Audit Committee.

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

i. Vigil Mechanism / Whistle Blower Policy:

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

ii. Zydus Business Conduct Policy:

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

Extract of Annual Return:

The relevant information in prescribed Form No. MGT-9 pertaining to extract of Annual Return is attached to this Report as **Annexure-"C"**.

Constitution of Audit Committee:

The Board has reconstituted the Audit Committee which comprises of Mr. H. Dhanrajgir as the Chairman and Dr. B. M. Hegde, Prof. Indiraben J. Parikh and Mr. Ganesh N. Nayak as the members. More details on the Committee are given in the Corporate Governance Report.

Particulars of Employees:

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

Directors' Report

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

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

General Disclosure:

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

Acknowledgement:

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

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

For and on behalf of the Board

Place : Ahmedabad
Date : 14th May, 2015

Sharvil P. Patel
Chairman

Annexure - A to the Directors' Report**SECRETARIAL AUDIT REPORT**

For the Financial Year Ended 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Zydus Wellness Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company:
 - (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (ii) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (vi) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
 - (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

Annexure - A to the Directors' Report

3. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other general laws and regulations to the Company.
4. The Company has complied with Food Safety and Standards Act, 2006 specifically applicable to the Company.
5. We have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not Applicable for the period under audit) and
 - (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

For, **Hitesh Buch & Associates**
Company Secretaries

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

Place : Ahmedabad
Date : 14th May, 2015

Annexure - A to the Directors' Report

To,
The Members,
Zydus Wellness Limited

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

Management's Responsibility

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

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on our audit.
3. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

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

For, **Hitesh Buch & Associates**
Company Secretaries

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

Place : Ahmedabad
Date : 14th May, 2015

Annexure - B to the Directors' Report

Annual Report on Corporate Social Responsibility [CSR] activities

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

The Company has framed a CSR Policy in compliance with the provisions of section 135 of the Companies Act, 2013 and is placed on the website of the Company. Visit <http://www.zyduswellness.in/investor/CSR%20Policy.pdf> for more details related to our CSR Policy.

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

- i) Swasthya – Health, Safety and Environment,
- ii) Shiksha and Sodh – Education, Knowledge Enhancement and Research, and
- iii) Saath – Social care, concern and outreach in times of emergencies.

The Board of Directors, on the recommendation of CSR Committee approved the CSR spending, apart from others, [1] on providing financial support and other assistance to a Charitable Institution, which runs a hospital to provide healthcare, medical research, public health, medical college and nursing. It also provides financial assistance to marginalized and economically weaker sections of the society for medical treatment at its hospital. [2] financial support to a Non-Government Organization [NGO], which provides mid-day meals to 1.40 mio. school children, which operates on public-private partnership model and gets support from the Government of India, various State Governments and associated organizations.

2. Composition of the CSR Committee:

Dr. Sharvil P. Patel – Chairman
 Mr. Ganesh N. Nayak – Member and
 Prof. Indiraben J. Parikh – Member.

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

Rs. 8,950 lacs.

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

Rs. 179 lacs.

5. Details of CSR spent during the financial year:

- i. Total amount to be spent during the financial year – Rs. 179 lacs
- ii. Amount unspent, if any: Nil

Annexure - B to the Directors' Report

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

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs [1] Local area or other, [2] Specify the state and district where projects or programs were undertaken.	Amount outlay [Budget] Project or Program wise	Amt. spent on the Projects or Programs Sub-heads: [1] Direct expenditure on projects of programs, [2] Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing Agency*
1.	Healthcare and Education	Promoting education and healthcare including preventive healthcare	Ahmedabad	129 lacs	129 lacs	129 lacs	Through implementing Agency.
2.	Akshya Patra Foundation	Malnutrition and hunger eradication	Across India	50 lacs	50 lacs	50 lacs	Through implementing Agency.
	Total			179 lacs	179 lacs	179 lacs	

* The CSR activities are carried out through support to Charitable Institution and Non-Government Organisation.

6. Responsibility Statement:

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place : Ahmedabad
Date : 14th May, 2015

SHARVIL P. PATEL
Chairman of CSR Committee

TARUN G. ARORA
Whole Time Director

Annexure - C to the Directors' Report

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31st March, 2015

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

I. Registration and other details

CIN	L15201GJ1994PLC023490
Registration Date	1 st November, 1994
Name of the Company	Zydus Wellness Limited
Category / Sub-Category of the Company	Public Limited Company having Share Capital
Address of the Registered Office and Contact Details	House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015. Phone No.: 079-2686 8100 www.zyduswellness.in
Whether listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	Link Intime India Private Limited Unit No. 303, 3 rd Floor, Shoppers Plaza V, Opp. Municipal Market, C. G. Road, Ahmedabad-380 009 Phone and Fax No.: 079-2646 5179 Email: ahmedabad@linkintime.co.in

II. Principal Business Activities of the Company

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

Name and Description of main Products	NIC Code of the Product	% to total turnover of the Company
Margarine	1079	100

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

Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Cadila Healthcare Limited Registered Office: Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015.	L24230GJ1995PLC025878	Holding	72.54	2[46]

The Company does not have any subsidiary and associate Companies.

Annexure - C to the Directors' Report
IV. SHAREHOLDING PATTERN [Equity Share Capital Breakup as percentage of total Equity]
i] Category-wise share holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian									
i. Individual / HUF	179292	-	179292	0.46	179292	-	179292	0.46	-
ii. Central Govt.	-	-	-	-	-	-	-	-	-
iii. State Govt.[s]	-	-	-	-	-	-	-	-	-
iv. Bodies Corporate	28164395	0	28164395	72.08	28164395	0	28164395	72.08	-
Sub-Total [A][1]	28343687	0	28343687	72.54	28343687	0	28343687	72.54	-
2. Foreign									
i. NRIs-Individuals	-	-	-	-	-	-	-	-	-
ii. Other-Individuals	-	-	-	-	-	-	-	-	-
iii. Bodies Corporate	-	-	-	-	-	-	-	-	-
iv. Banks / FI	-	-	-	-	-	-	-	-	-
v. Any other	-	-	-	-	-	-	-	-	-
Sub-Total [A][2]	-	-	-	-	-	-	-	-	-
Total shareholding of promoters [A] = [A][1] + [A][2]	28343687	0	28343687	72.54	28343687	0	28343687	72.54	-
B. Public Shareholding									
1. Institutions									
i. Mutual Funds	1045667	559	1046226	2.68	397677	559	398236	1.02	-1.66
ii. Banks / FI	5403	0	5403	0.01	4814	0	4814	0.01	-
iii. Central Govt.	-	-	-	-	-	-	-	-	-
iv. State Govt.[s]	-	-	-	-	-	-	-	-	-
v. Venture Capital Fund	-	-	-	-	-	-	-	-	-
vi. Insurance Companies	2023527	-	2023527	5.18	1672598	-	1672598	4.28	-0.90
vii. FIIs	3072247	46	3072293	7.86	3543776	46	3543822	9.07	1.21
viii. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
ix. Others [specify]	-	-	-	-	-	-	-	-	-
Sub-Total [B][1]	6146844	605	6147449	15.73	5618865	605	5619470	14.38	-1.35
2. Non-Institutions									
i. Bodies Corporate									
a. Indian	939645	4899	944544	2.42	1478038	4553	1482591	3.79	1.37
b. Overseas	-	-	-	-	-	-	-	-	-
ii. Individuals									
a. Individual shareholders holding nominal share capital up to Rs. 1 lac	2548140	297754	2845894	7.28	2300258	284967	2585225	6.62	-0.66
b. Individual shareholders holding nominal share capital above Rs. 1 lac	487628	-	487628	1.25	766601	-	766601	1.96	0.71

Annexure - C to the Directors' Report

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
iii. Others [specify]									
a. Non-Resident Indians	174614	71352	245966	0.63	132657	71252	203909	0.52	-0.11
b. Clearing Member	38695	-	38695	0.10	46816	-	46816	0.12	0.02
c. Trusts	18226	-	18226	0.05	9266	-	9266	0.02	-0.03
d. Foreign Portfolio Investor	-	-	-	-	14524	-	14524	0.04	0.04
Sub-Total [B][2]	4206948	374005	4580953	11.73	4748160	289520	5108932	13.08	1.35
Total Public Shareholding[B] = [B][1]+[B][2]	10353792	374610	10728402	27.46	10367025	290125	10728402	27.46	0
C. Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total [A+B+C]	38697479	374610	39072089	100.00	38710712	361377	39072089	100.00	N. A.

ii] Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	Cadila Healthcare Limited	28163755	72.08	0	28163755	72.08	0	-
2.	Zydus Family Trust	174495	0.45	0	174495	0.45	0	-
3.	Pripan Investment Pvt. Ltd.	640	0.00	0	640	0.00	0	-
4.	Shivani Pankajbhai Patel jointly Pankaj Ramanbhai Patel	533	0.00	0	533	0.00	0	-
5.	Pankaj Ramanbhai Patel Jointly Pritiben Pankajbhai Patel	533	0.00	0	533	0.00	0	-
6.	Pankaj Ramanbhai Patel jointly Pritiben Pankajbhai Patel (R. B. Patel Will Pankaj Trust)	533	0.00	0	533	0.00	0	-
7.	Pankaj Ramanbhai Patel (HUF)	533	0.00	0	533	0.00	0	-
8.	Pankaj Ramanbhai Patel jointly Sharvil Pankajbhai Patel (P. R. Patel Smaller Trust)	533	0.00	0	533	0.00	0	-
9.	Pritiben Pankajbhai Patel jointly Pankaj Ramanbhai Patel	533	0.00	0	533	0.00	0	-
10.	Taraben Ramanbhai Patel jointly Pankaj Ramanbhai Patel	533	0.00	0	533	0.00	0	-
11.	Ramanbhai B. Patel (HUF)	533	0.00	0	533	0.00	0	-
12.	Sharvil Pankajbhai Patel	533	0.00	0	533	0.00	0	-
	Total	28343687	72.54	0	28343687	72.54	0	-

Annexure - C to the Directors' Report
iii] Change in Promoters' Shareholding [Please specify, if there is no change]

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

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

Sr. No.	For each of top ten shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Life Insurance Corporation of India	1730377	4.43	1430377	3.66
2.	Matthews India Fund	1146779	2.94	1670471	4.28
3.	Baring India Private Equity Fund III Listed Investments Limited	767919	1.97	767919	1.97
4.	Reliance Capital Trustee Company Limited	447645	1.15	-	-
5.	Akash Bhansali	-	-	364000	0.93
6.	PPFAS Long Term Value Fund	331359	0.85	357763	0.92
7.	Amansa Capital PTE Limited	346697	0.89	321886	0.82
8.	General Insurance Corporation of India	293150	0.75	288029	0.74
9.	Napean Trading and Investment Company Private Limited	-	-	281140	0.72
10.	Baring India Private Equity Fund II Limited	255958	0.65	255958	0.65
11.	M3 Investment Private Limited	250000	0.64	-	-
12.	Life Insurance Corporation of India	216066	0.55	213413	0.55

Annexure - C to the Directors' Report
v] Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Dr. Sharvil P. Patel, Chairman At the beginning of the year Date wise Increase / Decrease in shareholding At the end of the year	533 533	0.00 0.00	533 533	0.00 0.00
		No change during the year.			
2.	Mr. Elkana N. Ezekiel, Managing Director [KMP] [upto 14th April, 2015] At the beginning of the year Date wise Increase / Decrease in shareholding At the end of the year	79 79	0.00 0.00	79 79	0.00 0.00
		No change during the year			
3.	Mr. Ganesh N. Nayak, Director At the beginning of the year 17 th March, 2015 At the end of the year	5213 [+]1337 6550	0.01 0.00 0.02	5213 [+]1337 6550	0.01 0.00 0.02
4.	Mr. H. Dhanrajgir, Independent Director At the beginning of the year Date wise Increase / Decrease in shareholding At the end of the year	0 0	0 0	0 0	0 0
		No change during the year.			
5.	Dr. B. M. Hegde, Independent Director At the beginning of the year Date wise Increase / Decrease in shareholding At the end of the year	300 300	0.00 0.00	300 300	0.00 0.00
		No change during the year.			
6.	Prof. Indiraben J. Parikh, Independent Director At the beginning of the year Date wise Increase / Decrease in shareholding At the end of the year	0 0	0 0	0 0	0 0
		No change during the year.			
7.	Mr. Amit B. Jain, Chief Financial Officer [KMP] At the beginning of the year Date wise Increase / Decrease in shareholding At the end of the year	0 0	0 0	0 0	0 0
		No change during the year.			
8.	Mr. Dhaval N. Soni, Company Secretary [KMP] At the beginning of the year Date wise Increase / Decrease in shareholding At the end of the year	0 0	0 0	0 0	0 0
		No change during the year.			

Mr. Tarun G. Arora, Whole Time Director [KMP] [w.e.f. 14th May, 2015] does not hold any shares in the Company.

Annexure - C to the Directors' Report
V] INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	Nil			
i. Principal Amount				
ii. Interest due but not paid				
iii. Interest accrued but not due				
Total [i+ii+iii]				
Change in indebtedness during the financial year				
i. Addition				
ii. Reduction				
Net Change				
Indebtedness at the end of the financial year				
i. Principal Amount				
ii. Interest due but not paid				
iii. Interest accrued but not due				
Total [i+ii+iii]				

VI] REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director:

INR-Lacs

Sr. No.	Particulars of Remuneration	Elkana N. Ezekiel Managing Director
1.	Gross Salary	201.26
	a. Salary as per provisions contained in section 17[1] of the Income Tax Act, 1961.	
	b. Value of perquisites u/s 17[2] of the Income Tax Act, 1961.	
	c. Profits in lieu of salary under section 17[3] of Income Tax Act, 1961.	
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission	—
	- as % of profit	
	- others, specify	—
5.	Others, please specify	—
	Total [A]	201.26
	Ceiling as per the Act	549.00

Annexure - C to the Directors' Report
B. Remuneration to other Directors:
1. Independent Directors:

INR-Lacs

Particulars of Remuneration	Name of Directors				Total
	Mukesh M. Patel	H. Dhanrajgir	B. M. Hegde	Indira J. Parikh	
• Fee for attending Board Committee Meetings	0.60	2.20	1.40	2.00	6.20
• Commission	4.00	4.00	4.00	4.00	16.00
• Others, please specify	-	-	-	-	-
Total [B] [1]	4.60	6.20	5.40	6.00	22.20

2. Non-Executive Directors:

INR-Lacs

Particulars of Remuneration	Name of Directors			Total
	Pankaj R. Patel	Sharvil P. Patel	Ganesh N. Nayak	
• Fee for attending Board Committee Meetings	0.20	1.20	2.40	3.80
• Commission	-	-	-	-
• Others, please specify	-	-	-	-
Total [B] [1]	0.20	1.20	2.40	3.80
Total [B] [1] + [B] [2]				26.00

Total Remuneration to the Managing Director, Independent and Non-Executive Directors [being total of A+B] is Rs. 227.26 Lacs, which is within the overall ceiling limits as provided under the provisions of Companies Act, 2013.

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

INR-Lacs

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Amit B. Jain CFO	Dhaival N. Soni CS	
1.	Gross Salary	24.05	9.78	33.83
	a. Salary as per provisions contained in section 17[1] of the Income Tax Act, 1961.	24.05	9.78	33.83
	b. Value of perquisites u/s 17[2] of the Income Tax Act, 1961.	2.22	0.45	2.67
	c. Profits in lieu of salary under section 17[3] of Income Tax Act, 1961.	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	26.27	10.23	36.50

Annexure - C to the Directors' Report
VII] PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty / punishment / compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any [give details]
A. COMPANY Penalty Punishment Compounding			None		
B. DIRECTORS Penalty Punishment Compounding			None		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			None		

Annexure - D to the Directors' Report

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

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

Name of the Director	Ratio of each Director to the median remuneration of the employee.
Dr. Sharvil P. Patel	Not applicable as no Managerial Remuneration was paid.
Mr. H. Dhanrajgir	144.40%
Dr. B. M. Hegde	144.40%
Prof. Indiraben J. Parikh	144.40%
Mr. Ganesh N. Nayak	Not applicable as no Managerial Remuneration was paid.
Mr. Elkana N. Ezekiel	7265.70%
Mr. Tarun G. Arora	Not Applicable as appointed w.e.f. 14 th May, 2015

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

Name of the Director, Chief Financial Officer and the Company Secretary	% increase in the remuneration in the financial year
Dr. Sharvil P. Patel	Not applicable as no Managerial Remuneration was paid.
Mr. H. Dhanrajgir	14.28%
Dr. B. M. Hegde	14.28%
Prof. Indiraben J. Parikh	14.28%
Mr. Ganesh N. Nayak	Not applicable as no Managerial Remuneration was paid.
Mr. Elkana N. Ezekiel	7%
Mr. Tarun G. Arora	Not Applicable as appointed w.e.f. 14 th May, 2015
Mr. Amit B. Jain, Chief Financial Officer	39%
Mr. Dhaval N. Soni, Company Secretary	28%

Annexure - D to the Directors' Report

- c. The percentage increase in the median remuneration of employees in the financial year was 0.80%.
- d. There were 209 permanent employees on the rolls of the Company as on 31st March, 2015.
- e. The profits before tax for the financial year ended on 31st March, 2015 increased by 20%, whereas the average increase in remuneration of employees was 13.40%.
- f. The profits before tax for the financial year ended on 31st March, 2015 increased by 20%, whereas the remuneration of Key Managerial Personnel, viz. [1] the Managing Director was increased by 7%, [2] Chief Financial Officer by 39% and [3] Company Secretary by 28%.
- g. The market capitalization of the Company was Rs. 3,96,738 Lacs as on 31st March, 2015 as against Rs. 1,94,325 Lacs as on 31st March, 2014.

Whereas, Price Earnings Ratio of the Company was 36.40 as on 31st March, 2015 as against 20.10 as at 31st March, 2014.

- h. The Company came out with Initial Public Offer in October, 1995 at a price of Rs. 10/- per share. The market price of the share as on 31st March, 2015 was Rs. 1015.40 on BSE Limited and Rs. 1018.05 on the National Stock Exchange of India Limited. The increase in price is 10054%, apart from the dividend received by the shareholders.
- i. The average annual increase in the salaries of the employees, other than managerial personnel was 13.40%, whereas the average increase in the managerial remuneration was 24.66% for the financial year.
- j. The members have, at the Annual General Meeting of the Company held on 16th July, 2010 approved the payment of commission to the Non-Executive Directors within the ceiling of 1% of the Net Profits of the Company, subject to maximum of Rs. 100 lacs in aggregate, as computed under the applicable provisions of the Act. The said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive Directors.
- i. There was no employee receiving remuneration higher than the highest paid Director during the financial year.
- m. The Company affirms remuneration is as per the Remuneration Policy of the Company.
- n. The statement containing particulars of employees as required under section 197[12] of the Act read with Rule 5[2] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, is provided in a separate annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Annexure - E to the Directors' Report

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

A. Conservation of Energy:	
1. Steps taken or impact on conservation of energy	None
2. Steps taken for utilization of alternate sources of energy	None
3. Capital Investment on energy conservation equipments	Nil
B. Technology absorption:	
1. Efforts made towards technology absorption	Not Applicable
2. Benefits derived	Not Applicable
3. Details of technology imported in last three years	
a. Details of technology imported	Nil
b. Year of import	Not Applicable
c. Whether the technology been fully absorbed	Not Applicable
d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	Not Applicable
4. Expenditure incurred on Research and Development	Rs. 112.05 lacs
C. Foreign exchange earnings and outgo:	
During the year, the foreign exchange earned in terms of actual inflows was Rs. 5.00 lacs, whereas the foreign exchange in terms of actual outflows was Rs. 2.00 lacs.	

For and on behalf of the Board

Place : Ahmedabad.
Date : 14th May, 2015.

Sharvil P. Patel
Chairman

Management Discussion and Analysis 2014-2015

Overview – Year 2014-15

State of the Economy:

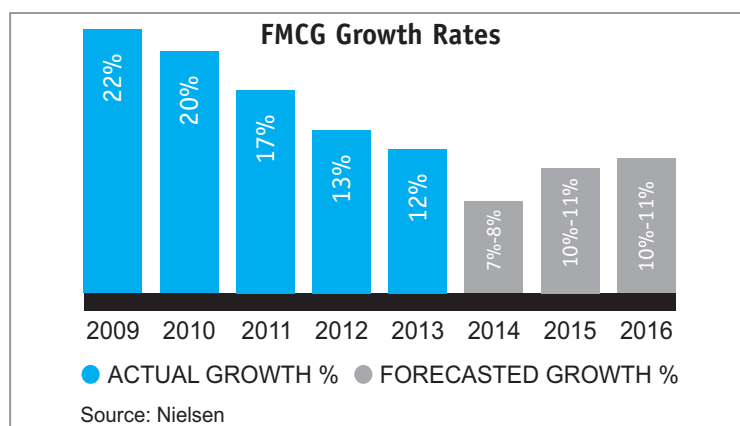
As per the latest Advanced Estimate (AE) of the Central Statistics Office (CSO), growth in India's GDP at factor cost at constant prices was estimated at 7.4 per cent in 2014-15 as compared to 6.9 per cent in 2013-14. During April – February, 2014-15, overall growth in Index of Industrial Production ("IIP") was 2.80 per cent as compared to (-) 0.1 per cent in corresponding period of previous year. The average Wholesale Price Index (WPI) Inflation rate for the last 12 months (April 14 to March 15) was 2% compared to 6% during the corresponding period in 2013-14. (Source: Monthly Economic Report, March 2015 published by the Ministry of Finance, Govt. of India)

The International Monetary Fund released an update to its World Economic Outlook report predicting that India's economy will improve in terms of its annual growth rate by 2016. The IMF estimates predict that India's economy will grow at 6.3 and 6.5 percent respectively over the next two years. This puts India's projected growth in 2016 ahead of the organization's estimates for many other economies, making India the fastest growing major emerging economy in the world.

Industry:

FMCG Growth Rates

The Indian FMCG industry spans over 8 million outlets, reaching out to 1.26 billion people and is worth \$37 billion. Nielsen figures estimate that the market grew by around 7% in 2014, and is set to grow by 10% in 2015 and 12% in 2016.



This year, with a new government, there have been quite a few positive markers for the industry and India's consumer confidence index went back on top of the chart – standing at 126 points in the third-quarter 2014. With these positive signs, Standard & Poor's revised India's outlook from Negative to Stable.

For the FMCG Sector, excise duty was reduced on specific food processing and packaging machinery from 10% to 6% resulting in lower input costs for food manufacturers. Customs duty was reduced on certain industrial grade crude oils for the manufacture of soap chemicals, thereby lowering their input costs. The 2014 fiscal budget had an impact on consumers as well. The increase in tax exemption limits for regular citizens (from Rs. 200,000 to Rs. 250,000) and senior citizens (from Rs. 250,000 to Rs. 300,000) led to an increase in disposable income and therefore discretionary spending.

Management Discussion and Analysis 2014-2015

Food inflation has also been controlled to some extent. Wholesale price index inflation fell to a five-year low of 2.4% in September 2014 and continues to be subdued. Falling crude oil prices have also helped to rein in manufacturing cost and therefore inflation. These factors seem to be contributing to the overall positive economic outlook. The World Bank in its South Asia Economic Focus report has projected India's GDP growth rate to increase to 8% by 2017.

There is a lot of scope for growth in the FMCG sector with increase in penetration of brands and also with rising per capita income, which is projected to expand at a CAGR of 7.4 per cent over the period 2013-19, the FMCG sector is expected to witness accelerated growth in times to come.

Zydus Wellness Ltd. – a niche player in consumer health

Zydus Wellness is a niche and significant player in this growing market with its portfolio of brands viz. Sugar Free, Everyuth and Nutralite. These brands have been contributing to and participating in growing health and wellness market in India. The Company's key brands namely, SugarFree, EverYuth Scrub, EverYuth Peel Off and Nutralite have maintained leadership positions in their respective categories during the year 2014-15.

Sugar Free – India's largest selling low calorie sweetener

Sugar Free continues its leadership in the sugar substitute market with a market share of 92.5% (Source: Nielsen, MAT March 2015). Both variants of Sugar Free, viz. Sugar Free Gold and Sugar Free Natura continue to lead their respective segments.

The sugar substitute category is still a niche category adopted by health seekers and diabetics. While the category penetration is still low, it has been growing steadily over the last few years. Increasing awareness and trial amongst health conscious individuals and diabetics offers significant potential for growth of the brand.

Sugar Free, through its Gold variant, has for the first time directly targeted sugar consumption by creating awareness about the fact that sugar creeps in into one's daily consumption almost unnoticed. The Natura range, endorsed by Celebrity Chef Mr. Sanjeev Kapoor, continues to build awareness about its culinary usage. During the year, the Company introduced Stevia, a new variant of Sugar Free in limited markets.

Sugar Free also continues to support "Donate your Calories" initiative in partnership with Akshaya Patra.

Everyuth – Discover Naturally Beautiful Skin!

In 2014, the skin cleansing category continued with a slower growth rate, putting pressure on the Everyuth franchise.

Everyuth maintained its leadership position in the Mask and Scrub segments by driving integrated campaigns across multiple mediums. To drive penetration of Scrub category, the Company launched "**Everyuth Advanced Hydro Active Walnut Apricot Scrub**" that won '**Product of the Year-2015**' award in the Scrub category. The winning product was selected on the basis of an independent survey conducted by Nielsen amongst 7,000 consumers across India. It was the first scrub in India with a revolutionary Hydrogel technology. Hence, unlike ordinary scrubs which leave the skin dry, Everyuth Naturals Advanced Scrub gives the skin superior moisturization for up to 8 hours.

Everyuth continues to face stiff competition in the highly competitive Face Wash category. In keeping with its tradition of launching innovative products and formats, the Company launched a "**Sachet pack of EverYuth**

Management Discussion and Analysis 2014-2015

Tulsi Turmeric face wash", which is a first in India and is intended to provide convenience and better access to the consumer. The range and sachet innovation also won **'Product of the Year-2015'** award in the Face Wash category. The Company also launched **"Everyuth Advanced Refreshing Face Wash"**, which has a unique combination of lemon and green apple extracts along with Nano Vita-C that gives naturally clear, bright and refreshed skin with every wash.

Nutralite – 'Healthier Choice'

Though the overall margarine category declined by 3.5% during the year, Nutralite has gained market share by approximately 330 basis points and maintained its leadership position with a market share of 37.6%. The Company strengthened its margarine product portfolio by introducing Nutralite with Omega 3 benefits. This has further helped build equity of Nutralite amongst health conscious consumers. Nutralite continues to drive category penetration through its consumer engagement programmes.

New "Go-to-Market" Strategy

The Company has completed a major revamp of its entire distribution model. This system was new to the Company and hence took some time to settle down.

Consolidated Financial Highlights

Sales & Income from Operations

The gross sales revenue grew by 3.1% to INR 4,430 Mio. from INR 4,296 Mio. in 2013-14. The year gone by saw a gradual revival in the performance of the Company. After the decline of 6.5% in sales in Q1, sales growth turned positive from the second quarter onwards and the Company registered an overall sales growth of 3.1% for the year.

Total sales and income from operations grew by 6.7 % y-o-y to 4,307 Mio. from INR 4036 Mio. in 2013-14. This includes the credit of additional excise duty received by Zydus Wellness – Sikkim, the partnership firm, pursuant to the order received from the Office of the Commissioner of Customs, Central Excise and Service Tax, of Rs.155 Mio., related to the financial years 2011-12 to 2013-14. Excluding this credit, the total income from operations was higher by 2.9%.

Profits and margins

The EBITDA (Earnings before interest, tax, depreciation and amortization) increased by 11.6% to INR 999 Mio. The EBITDA margin as % of total operating income has increased by 100 basis points and now stands at 23.2%. However, EBITDA, excluding the credit of additional excise duty received for past three financial years, has declined by 5.7% to Rs. 844 Mio. The EBITDA margin as % of total operating income, on a like-to-like basis, has decreased by 90 basis points and now stands at 20.3%. The decline on a like-to-like basis was mainly on account of higher investments in form of advertisements and promotions made in the existing brands.

The profit before tax and exceptional items increased by 15.5% y-y to INR 1197 Mio. PBT margin before exceptional items as % of total operating income has also increased by 210 basis points and now stands at 27.8%. Profit before tax and exceptional items, excluding the credit of additional excise duty received for past three financial years and the impact of increase in depreciation charge due to revision in useful lives of the assets, has increased by 3.1% to 1069 Mio.

Management Discussion and Analysis 2014-2015

Net profit after tax increased by 13.0% y-y to INR 1090 Mio. from Rs. 965 Mio. last year. The net profit margin, as a % to total operating income, has also increased to 25.3% from 23.9% last year. Net profit after tax, excluding the additional excise credit received for past 3 financial years, the impact of increase in depreciation charge due to revision in useful lives of the assets and related tax adjustments, increased by 2.3% to INR 932 Mio.

Net Worth

The net worth as at 31st March, 2015 stood at Rs. 4060 Mio., higher by 24.7 % from last year. Retained earnings of Rs. 807 Mio. (Net profit less dividend) contributed to this rise.

The book value per share increased to Rs. 104 as at 31st March 2015 from Rs.83 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 29.8 % for 2014-15.

Fixed Assets and Capital Expenditure

The gross block (including capital work in progress) at the end of 2014-15 was Rs. 1129 Mio. Capital expenditure during the year 2014-15 was Rs. 31 Mio.

Risk Identification, Risk Mitigation and Internal Controls

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

Risk of fluctuations in prices of key inputs

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

Risk of competition and price pressure

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

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

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

Being in the consumer healthcare and wellness segment, the Company's products and their manufacturing and supply chain processes are required to maintain **high quality standards**. Any deviation from prescribed regulations or any variation in quality from standards laid down by regulatory authorities can lead to actions from these

Management Discussion and Analysis 2014-2015

authorities or litigation from its customers. The Company also faces the risk of litigation from its competitors or customers on claims it makes for values which its products offer. The Company always strives to ensure the highest standard of quality for its products and processes, and continuously works on improving quality. It also maintains a high level of accuracy in the area of product claims.

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

Risk Management and Internal Control Systems

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

Corporate Governance Philosophy:

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

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

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

1. Governance Structure:

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

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

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

The Chairman gives strategic directions, lays down the policy guidelines and ensures the implementation of the decisions of the Board and its committees.

2. Board of Directors:

The Board of Directors reviews the overall business operations at least once in a quarter based on the updates on the Company's performance provided by the Managing / Whole Time Director.

a. Composition of the Board:

The composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirements of Code of Corporate Governance. As on 31st March, 2015, out of the total strength of the Board of 6 Directors, 5 were Non-Executive Directors. The Company has a Non-Executive Chairman, who is from the holding Company and a promoter Director and the number of Independent Directors are 3, which is half of the total strength of the Board as required under clause 49 of the Listing Agreement. The Company has 1 woman Director. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under clause 49[II][B] of the Listing Agreement. The Independent Directors have expert knowledge of finance, corporate laws, marketing, HR and industry, thus the Board represents a balanced mix of professionals.

b. Board Meetings / Directors' Particulars:

During the year under review, 4 meetings of the Board of Directors were held on 15th May, 2014, 14th July, 2014, 5th November, 2014 and 9th February, 2015. The Company has complied with the provisions of the Companies Act, 2013 and clause 49 of the Listing Agreement for holding a Board Meeting at least once in each quarter and the maximum time gap between 2 meetings was not more than 120 days.

Corporate Governance Report

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly / half yearly unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure, compliance with applicable laws and regulations. It also monitors the overall performance of the Company. The Agenda for the board meeting covers items set out as guidelines in clause 49 of the Listing Agreement to the extent the same are applicable and relevant. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

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

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

The draft minutes of the meetings once approved by the Chairman are circulated to all the Directors generally within 15 days after conclusion of the meeting.

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

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 Stakeholders' Relationship Committee] across all companies in which they are Directors. None of the Independent Director serves as an Independent Director in more than 7 listed companies.

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

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

Corporate Governance Report

- 1 Figures in [] indicate the number of Board Committees of which Director is a Chairman, wherever applicable.
- 2 Board Committees mean Audit Committee and Stakeholders' Relationship Committee.
- 3 Ceased to be Director of the Company w.e.f. 14th July, 2014.
- 4 Resigned as the Director of the Company w.e.f. 14th July, 2014.
- 5 Resigned as the Director and Managing Director of the Company w.e.f. 14th April, 2015.
- 6 Appointed as an Additional and Whole Time Director of the Company w.e.f. 14th May, 2015.

c. Familiarization Programme for Independent Directors:

At the time of appointment of Independent Director, a formal letter of appointment is given to him / her, which *inter alia* explains the roles, functions, duties and responsibilities expected from him / her as a Director of the Company. A Director is also explained in detail the compliances required under the Companies Act, 2013 ["Act"] and Rules made thereunder, clause 49 of the Listing Agreement and other relevant regulations and his / her affirmation is taken with respect to the same.

At a separate meeting of the Independent Directors, a presentation was made on the brief details about the Company, nature of the industry in which Company operates, its business model apart from roles and responsibilities of Independent Directors. Familiarization programme is posted on the website of the Company and any member can visit the Company's website and weblink of the same is <http://www.zyduswellness.in/investor/Policy%20on%20Familiarization%20Programme%20for%20Independent%20Directors.pdf>.

d. Board Evaluation:

Pursuant to the provisions of the Act and Rules made thereunder and as provided under Schedule IV of the Act and clause 49 of the Listing Agreement, the Board has carried out the evaluation of its own performance, individual Directors, its Committees, including the Chairman of the Board.

The Board has evaluated the composition of Board, its committees, experience and expertise, performance of specific duties and obligations, governance issues, etc. Performance of individual Directors and the Chairman was also carried out in terms of attendance, contribution at the meetings, circulation of sufficient documents to the Directors, timely availability of the agenda, etc. The Directors expressed their satisfaction with the evaluation process.

3. Committees of the Board:

In order to ensure focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees:

- A. Audit Committee,
- B. Corporate Social Responsibility Committee,
- C. Stakeholders' / Investors' Relationship Committee,
- D. Nomination and Remuneration Committee and
- E. Share Transfer Committee.

The Board has also formed a non-mandatory Committee, namely Committee of Directors.

A. Audit Committee:

I. Terms of Reference:

Audit Committee assists the Board in fulfilling responsibilities of monitoring financial reporting processes; review the Company's established systems of procedures for internal financial controls, governance and reviewing the statutory and internal audits.

The Audit Committee discharges such functions and duties which are generally specified under clause 49 of the Listing Agreement and section 177 of the Act. Some of the important functions performed by the Audit Committee are as under:

1. Oversight of the Company's financial reporting process and disclosure of financial information,

Corporate Governance Report

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

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

During the year, four Audit Committee Meetings were held on 15th May, 2014, 14th July, 2014, 5th November, 2014 and 9th February, 2015. The time gap between two meetings was less than four months. The composition of the Audit Committee and details of attendance of members of the Committee at the meetings are as under:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. H. Dhanrajgir ¹	Non-Executive / Independent	4	4
Dr. B. M. Hegde	Non-Executive / Independent	4	3
Prof. Indiraben J. Parikh	Non-Executive / Independent	4	4
Mr. Ganesh N. Nayak	Non-Executive	4	4
Mr. Mukesh M. Patel ²	Non-Executive	4	2

1 Appointed as the Chairman of the Committee w.e.f. 14th July, 2014.

2 Ceased to be the Member of the Committee w.e.f. 14th July, 2014.

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

The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 14th July, 2014 to respond to the shareholder's queries.

Corporate Governance Report

III. Invitees at the Audit Committee Meetings:

The representative of the Statutory Auditor is regularly invited and he has attended all the Committee meetings during the year. The representative of the Cost Auditor attends the Audit Committee, where the Cost Audit Report is tabled for discussion. The Chairman, Managing/Whole Time Director, Chief Financial Officer, Statutory Auditor, Internal Auditor and Management Auditor are invited to attend and participate in these meetings. The Company Secretary acts as a secretary to the Committee. The Company continues to derive benefit from the deliberations of the Audit Committee meetings as the members are experienced in the areas of finance, accounts, corporate laws and industry. It ensures accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

B] Corporate Social Responsibility [CSR] Committee:

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

The composition of the CSR Committee as at 31st March, 2015 and the details of members' participation at the meetings of the Committee are as under.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Dr. Sharvil P. Patel, Chairman	2	2
Mr. Ganesh N. Nayak	2	2
Prof. Indiraben J. Parikh	2	2

C] Stakeholders' / Investors' Relationship Committee:

In compliance with the provisions of section 178 of the Act and clause 49 of the Listing Agreement, the Company has renamed the existing Investors' Grievance Committee as Stakeholders' / Investors' Relationship Committee.

I. Terms of Reference:

The Committee reviews the redressal of grievances of shareholders relating to transfer of shares, non-receipt of annual reports, non-receipt of dividend or revalidation of expired dividend warrants, recording the change of address, nomination, etc.

II. Composition:

The composition of the Committee and details of attendance of the Committee members at the meetings are given in the following table. The Committee met four times during the year.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Ganesh N. Nayak, Chairman	4	4
Mr. H. Dhanrajgir	4	4
Mr. Elkana N. Ezekiel ¹	4	4
Mr. Tarun G. Arora ²	4	0

1 Ceased to be member w.e.f. 14th April, 2015

2 Became member w.e.f. 14th May, 2015

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.

The Committee ensures that the shareholders'/investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 31 investor grievances were received and all of them have been resolved. There were no investor grievances remaining unattended and pending as on 31st March, 2015.

Corporate Governance Report

46,816 Equity Shares remained in the in-transit account with National Securities Depository Limited and Central Depository Services [India] Limited as at 31st March, 2015.

D] Nomination and Remuneration Committee:

In compliance with the provisions of section 178 of the Act read with Rules made thereunder and clause 49 of the Listing Agreement, the Board has renamed the existing Remuneration Committee as Nomination and Remuneration Committee.

I. Composition:

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

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. H. Dhanrajgir, Chairman	2	2
Dr. Sharvil P. Patel	2	2
Dr. B. M. Hegde	2	2
Prof. Indiraben J. Parikh	2	2
Mr. Ganesh N. Nayak	2	2

The Company Secretary acts as the Secretary to the Committee

II. Terms of reference:

The terms of reference of Nomination and Remuneration Committee *inter alia*, includes the following:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a Director,
2. To recommend to the Board a policy relating to remuneration of the Directors, Key Managerial Personnel and other employees,
3. To formulate criteria for evaluation of Independent Directors and the Board,
4. To devise a policy on board diversity,
5. To review the succession planning of the Board of Directors and Senior Management Employees and
6. To review the performance of the Board of Directors and Senior Management Personnel based on the criteria decided by the Committee.

III. Remuneration Policy:

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

a. Remuneration to Non-Executive Directors:

- i) A Non-Executive Director is paid sitting fees for each meeting of the Board or Committee of the Board attended by him/her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act and the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014.
- ii) A Non-Executive Director is also paid commission on an annual basis, of such sum as may be approved by the Board. The total commission payable to the Non-Executive Directors shall not exceed 1% of the net profit of the Company and subject to the limits approved by the members.
- iii) In determining the quantum of commission payable to Non-Executive Directors, the Board considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Directors. The commission is being recommended on uniform basis to reinforce the principles of collective responsibility of the Board.

Corporate Governance Report

- iv) A Non-Executive Director is also reimbursed the expenses incurred by him for attending the Board and / or Committee of Board meetings.
- v) Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on 31st March, 2015.

b. Remuneration to the Managing Director:

As on 31st March, 2015, Mr. Elkana N. Ezekiel was the Managing Director on the Board. The Board of Directors decides the remuneration of Mr. Elkana N. Ezekiel within the ceiling fixed by shareholders as per the resolution passed at the Annual General Meeting held on 27th July, 2012.

Mr. Elkana N. Ezekiel, Managing Director was paid remuneration of INR 201.26 lacs by way of salary and allowances for the financial year ended on 31st March, 2015.

The Company has entered into agreement with Mr. Elkana N. Ezekiel for his employment for a period of five years. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 months' notice in writing to the other party. Mr. Ezekiel has resigned as the Managing Director, Director and as member of the Committees, in which he was a member w.e.f. 14th April, 2015.

c. Remuneration to Senior Management Employees:

The Managing/Whole Time Director with the help of HR-Head carries out the individual performance review based on the standard appraisal matrix and after taking into account the appraisal score card and other factors like-Key Performance Area v/s initiatives, balance between fixed and variable pay, fixed components and perquisites and retirement benefits, criticality of roles and responsibilities, industry benchmarks and current compensation trends in the market.

IV. Details of the commission / sitting fees paid to the Non-Executive Directors for the year 2014 – 2015 are given in the below table:

INR-Lacs

Name of the Non-Executive Director	Commission	Sitting fees					Total
		Board Meeting	Audit Committee Meeting	Corporate Social Responsibility Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	
Mr. Pankaj R. Patel ¹	—	0.20	—	—	—	—	0.20
Mr. Mukesh M. Patel ²	4.00	0.40	0.20	—	—	—	4.60
Mr. H. Dhanrajgir	4.00	0.80	0.80	—	0.20	0.40	6.20
Dr. B. M. Hegde	4.00	0.60	0.60	—	0.20	—	5.40
Prof. Indiraben J. Parikh	4.00	0.80	0.80	0.20	0.20	—	6.00
Mr. Ganesh N. Nayak	—	0.80	0.80	0.20	0.20	0.40	2.40
Dr. Sharvil P. Patel	—	0.80	—	0.20	0.20	—	1.20

1 Ceased to be a Director w.e.f. 14th July, 2014.

2 Resigned as a Director w.e.f. 14th July, 2014.

Corporate Governance Report

V. Stock Option:

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

E] Share Transfer Committee:

I. Terms of reference:

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

II. Composition:

The Share Transfer Committee comprises the following members:

Dr. Sharvil P. Patel–Chairman

Mr. Ganesh N. Nayak, Member

Mr. Elkana N. Ezekiel, Member [up to 14th April, 2015]

Mr. Tarun G. Arora, Member [w.e.f. 14th May, 2015]

The Company Secretary acts as the Secretary to the Committee.

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

The Committee meets on a need basis at least once in a quarter to ensure the regular process of transfer / transmission of shares and issuance of duplicate Share Certificates.

Non – Mandatory Committee–Committee of Directors:

Committee of Directors comprises of three members namely; [1] Dr. Sharvil P. Patel, [2] Mr. Elkana N. Ezekiel [up to 14th April, 2015], [3] Mr. Tarun G. Arora [w.e.f. 14th May, 2015] and [4] Mr. Ganesh N. Nayak. The Committee looks after the businesses, which are administrative in nature and within the overall board approved directions and framework. The Company Secretary acts as the Secretary to the Committee.

4. Independent Directors' Meeting:

During the year under review, a separate meeting of Independent Directors was held on 9th February, 2015, *inter alia*, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole,
2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors,
3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board and that is necessary to effectively and reasonable perform its duties.

All the Independent Directors were present at the meeting.

5. Disclosures:

A. Related Party Transactions:

All transactions entered into with Related parties as defined under the Act and clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of section 188 of the Act. There were no materially significant transactions with related parties during the financial year which were in the conflict of interest of the Company. Suitable disclosures as required by the Accounting Standard [AS 18] have been made in the notes to the Financial Statements.

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

B. Code of Conduct:

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

C. Prohibition of Insider Trading:

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

Corporate Governance Report

Shares held by the Directors as at 31st March, 2015:

Name of the Director	No. of shares held	Details of shares bought[+]/ sold [-] during 2014 - 15
Dr. Sharvil P. Patel	533	Nil
Mr. H. Dhanrajgir	0	Nil
Dr. B. M. Hegde	300	Nil
Prof. Indiraben J. Parikh	0	Nil
Mr. Ganesh N. Nayak	6,550	[+] 1,337 ¹
Mr. Elkana N. Ezekiel ²	79	Nil
Mr. Tarun G. Arora ³	0	N .A.

1 Acquired by way of gift from his son

2 Resigned w.e.f. 14th April, 2015

3 Appointed w.e.f. 14th May, 2015

D. Whistle Blower Policy:

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

E. Management:

i. Management Discussion and Analysis Report:

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

ii. Disclosure of material financial and commercial transactions:

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

F. Disclosure regarding appointment or reappointment of Directors:

The particulars about the brief resume and other information for the Directors seeking appointment / reappointment as required to be disclosed under this section are provided as annexure to the notice convening the 21st Annual General Meeting.

G. Compliance by the Company:

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

H. CEO / CFO Certification:

The requisite certification from the Whole Time Director and Chief Financial Officer required to be given under clause 49 (IX) was placed before the Board of Directors of the Company.

6. Means of Communication:

- The Company has 35,438 shareholders as on 31st March, 2015. The main channel of communication to the shareholders is through Annual Report, which includes *inter alia*, the Directors' Report, Management Discussion and Analysis, Report on Corporate Governance and Audited Financial Results.
- The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Managing/Whole Time Director makes presentation on the performance, operating and financial results of the Company. The Chairman, Managing/Whole Time Director and other Key Managerial Personnel also respond to the specific queries of the shareholders.
- The Company also intimates to the Stock Exchanges all price sensitive matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on such matters, wherever necessary.

Corporate Governance Report

- iv. The quarterly and half yearly results are published in widely circulating national and local dailies - "Business Standard" and "Jansatta", in English and Gujarati respectively. These are not sent individually to the shareholders.
- v. The Company's results and official news releases are displayed on the Company's web-site, www.zyduswellness.in. The Company holds meetings and makes presentations to the institutional investors and analysts. The copies of such presentations and the transcripts of the phone calls are also made available on the Company's web-site.
- vi. The Company files with the Stock Exchanges the updated Investors' Presentation and copy thereof is also posted on the website of the Company. Further, the transcript of post results call are also posted on the Company's website.

7. General Body Meetings:

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

Year	Date and Time	Venue
2013-2014	20 th AGM on 14 th July, 2014 at 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.
2012-2013	19 th AGM on 7 th August, 2013 at 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.
2011-2012	18 th AGM on 27 th July, 2012 at 10.00 a.m.	H. T. Parekh Hall, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.

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

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

Sr. No.	Particulars of Special Resolutions passed	Relevant provisions	AGM details
1.	Alteration in Articles of Association.	Section 14 of Act	20 th AGM held on 14 th July, 2014

III. Postal Ballot:

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

8. General Shareholder Information:

i. Annual General Meeting [AGM]:

Date and Time of 21 st AGM	: 29 th July, 2015 at 10:00 a.m.
Venue of 21 st AGM	: J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.
Financial Year	: 1 st April, 2014 to 31 st March, 2015
Date of Book Closure	: 20 th July, 2015 to 29 th July, 2015
Registered Office Address	: House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015.
Dividend Payment Date	: On or after 3 rd August, 2015
Compliance Officer	: Mr. Dhaval N. Soni, Company Secretary
Website	: www.zyduswellness.in

Corporate Governance Report

ii. Financial Year 2015–2016:

Key financial reporting dates for the financial year 2015–2016 [tentative]

First quarter Results : Before 14th August, 2015

Half yearly Results : Before 14th November, 2015

Third quarter Results : Before 14th February, 2016

Audited results for the year 2015–16 : Before 30th May, 2016

iii. 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.

iv. Listing Fees:

The Company has paid annual listing fees for the financial year 2015–16 to both the Stock Exchanges.

v. Stock Code:

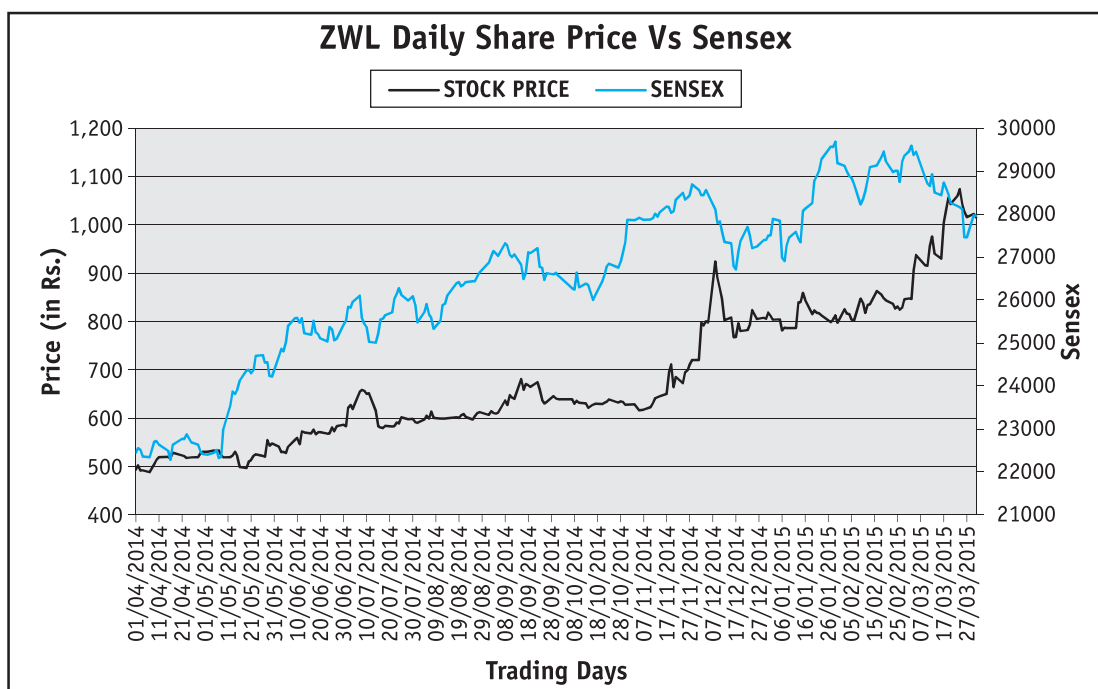
Name of the Stock Exchange	Stock Code	Closing Price as on 31 st March, 2015 [Rs.]	ISIN
Bombay Stock Exchange Limited	531335	1015.40	INE768C01010
National Stock Exchange of India Limited	ZYDUSWELL	1018.05	

vi. Stock Price and BSE Sensex data:

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, 14	22,417.80	545.90	485.10	10,696	546.95	485.00	29,716
May, 14	24,217.34	575.40	490.70	27,186	576.00	490.00	63,381
June, 14	25,413.78	593.90	525.10	16,426	595.20	526.40	28,264
July, 14	25,894.97	676.20	568.00	10,380	678.00	555.25	38,884
Aug., 14	26,638.11	634.00	585.00	5,133	633.70	577.75	16,106
Sept., 14	26,630.51	710.80	604.30	7,595	710.00	603.25	25,608
Oct., 14	27,865.83	653.95	620.00	1,988	652.85	617.10	10,961
Nov., 14	28,693.99	749.00	606.50	9,792	749.00	606.00	47,357
Dec., 14	27,499.42	951.00	700.15	32,086	952.00	705.00	1,08,416
Jan., 15	29,182.95	885.00	774.55	14,511	885.95	770.10	44,483
Feb., 15	29,361.50	882.00	779.00	13,597	882.45	775.50	62,659
March, 15	27,957.49	1,130.30	840.05	26,361	1,128.90	840.25	1,06,308

Corporate Governance Report

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



viii. Registrar and Transfer Agent:

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

Link Intime India Private Limited

Unit No. 303, 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

ix. Share Transfer System:

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

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

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

x. 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 2014-15, 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.

Corporate Governance Report

xi. Distribution of shareholding of Equity Shares as at 31st March, 2015:

No. of Equity Shares	Shareholders		Shares	
	No. of Folios	% of total folios	No. of Shares	% of shareholding
1 to 500	34,644	97.76	18,36,558	4.70
501 to 1000	408	1.15	3,08,773	0.79
1001 to 2000	190	0.54	2,85,504	0.73
2001 to 3000	66	0.19	1,64,955	0.42
3001 to 4000	23	0.06	79,110	0.20
4001 to 5000	27	0.07	1,24,630	0.32
5001 to 10000	34	0.10	2,32,772	0.60
10001 & above	46	0.13	3,60,39,787	92.24
Grand total	35,438	100.00	3,90,72,089	100.00
Shareholders in Physical Mode	4,788	13.51	3,61,377	0.92
Shareholders in Demat Mode	30,650	86.49	3,87,10,712	99.08
Grand Total	35,438	100.00	3,90,72,089	100.00

xii. Shareholding Pattern as at 31st March, 2015:

Category	No. of Shares held		Total Shares	% of shareholding
	Physical	Electronic		
Promoter's holding	0	2,83,43,687	2,83,43,687	72.54
Mutual Funds and UTI	559	3,97,677	3,98,236	1.02
Banks, FIs and Insurance Companies	0	16,77,412	16,77,412	4.29
Foreign Institutional Investors	46	35,43,776	35,43,822	9.07
NRIs / Foreign Portfolio Investors	71,252	1,47,181	2,18,433	0.56
Other Corporate Bodies	4,553	15,24,854	15,29,407	3.91
Indian Public	2,84,967	30,66,859	33,51,826	8.59
Others (Govt. & other trusts)	0	9,266	9,266	0.02
Total	3,61,377	3,87,10,712	3,90,72,089	100.00

xiii. Dematerialisation of Shares and Liquidity:

The Company's equity shares are traded compulsorily in dematerialized form. Approximately 99.08% of the equity shares have been dematerialized.

xvi. Location of the Company's manufacturing plant:

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

xv. Address for correspondence:

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

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

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

Tele. Nos. 079 – 26868100 - Extension-338

e-mail id : 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.

xvi. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

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

xvii. Details of non-compliance:

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

9. Non – mandatory requirements of clause – 49 of the Listing Agreement:

- i. The Company has a Non – Executive Chairman.
- ii. The quarterly / half yearly results are not sent to the shareholders. However, the same are published in the newspapers and also posted on the Company's website.
- iii. The Company's financial statements for the financial year 2014–2015 does not contain any audit qualification.
- iv. The internal auditors report to the Audit Committee.

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, 2015.

Place : Ahmedabad
Date : 14th May, 2015

TARUN G. ARORA
WHOLE TIME 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, 2015 as stipulated in clause 49 of the Listing Agreement of the said Company with the concerned Stock Exchanges in India.

The Compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that in respect of the investor grievances received during the year ended 31st March, 2015, no such investor grievances remained unattended / pending for more than 30 days.

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

For, **Hitesh Buch & Associates**
Company Secretaries

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

Place : Ahmedabad
Date : 14th May, 2015

Independent Auditor's Report

**To the Members of
Zydus Wellness Limited**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Zydus Wellness Limited ('the Company') which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profits and its cash flows for the year ended on that date.

Independent Auditor's Report [Contd...]**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 18 to the financial statements.
 - ii. The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place : Ahmedabad
Date : 14th May, 2015

Kaushik D Shah
Partner
Membership Number : 016502

Annexure to Independent Auditors' Report

Referred to in paragraph 1 under the heading "Report on other legal & regulatory requirements" of our report on even date

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. In our opinion, the programme of verification is reasonable having regard to the size of the company and the nature of its assets. We have been informed that no material discrepancies were noticed on such verification.
- (ii) (a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) As explained to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, we are of the opinion that, the company is maintaining proper records of inventory. No Discrepancy was noticed on verification between physical inventory and inventory as per book records.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act, and therefore, the provisions of clauses (iii)(a) & (iii)(b) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) According to the information and explanation given to us, the Company has not accepted deposits during the financial year under audit and hence said clause would not be applicable.
- (vi) The Central Government has prescribed maintenance of cost records under section 148(1) of the Act. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at 31st March, 2015 for a period of more than six months from the date they become payable.

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

- (b) According to the information and explanations given to us, the particulars of dues of Income Tax and Sales Tax as at 31st March, 2015, which have not been deposited on account of any dispute, are as follows:

Financial period to which it relates	Act	Nature of Dues	Forum where dispute is pending	Amount (Rs. In Lacs)
2010-2011	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	36.98
2011-12	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	156.62
2003-2004 and 2004-2005	Andhra Pradesh Sales Tax Act	Sales Tax	High Court, Andhra Pradesh	4.46
2009-2010	"	"	High Court, Andhra Pradesh	28.71
2010-2011 to 2012-2013	"	"	Appellant Deputy Commissioner (Commercial Tax)	31.83
2009-2010	KVAT Act, 2003	Sales Tax	Appellant Deputy Commissioner (Commercial Tax)	12.31

- (c) In our opinion, company has transferred requisite amount of unclaimed dividend amount to Investor Education and Protection Fund within specified timelines in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) 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.
- (ix) 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.
- (x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

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

- (xi) In our opinion and according to the information and explanation furnished to us, no term loan has been raised during the year. Hence the said clause is not applicable.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

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

Place : Ahmedabad
Date : 14th May, 2015

Kaushik D Shah
Partner
Membership Number : 016502

Standalone Financial Statements

Balance Sheet as at March 31, 2015

Particulars	Note No.	INR - Lacs	
		As at March 31	
		2015	2014
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	3,907	3,907
Reserves and Surplus	2	36,697	28,649
		40,604	32,556
Non-Current Liabilities:			
Deferred Tax Liabilities [Net]	3	160	218
Other Long Term Liabilities	4	21	37
Long Term Provisions	5	24	1
		205	256
Current Liabilities:			
Trade Payables	6	960	1,300
Other Current Liabilities	7	497	457
Short Term Provisions	8	2,832	2,761
		4,289	4,518
Total		45,098	37,330
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	9	2,154	3,022
Intangible Assets	9	2,288	2,291
		4,442	5,313
Non Current Investments	10	245	245
Long Term Loans and Advances	11	611	474
		5,298	6,032
Current Assets:			
Current Investments	12	9,782	14,320
Inventories	13	411	463
Trade Receivables	14	33	23
Cash and Bank Balances	15	29,479	16,393
Short Term Loans and Advances	16	83	84
Other Current Assets	17	12	15
		39,800	31,298
Total		45,098	37,330
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 36		
As per our report of even date		For and on behalf of the Board	
For Dhirubhai Shah & Doshi,			
Chartered Accountants			
Firm Registration Number: 102511W			
Kaushik D. Shah	Amit B. Jain	Dhaval N. Soni	Sharvil P. Patel
Partner	Chief Financial Officer	Company Secretary	Chairman
Membership Number: 016502			
Place : Ahmedabad.			
Date : May 14, 2015.			

Statement of Profit & Loss for the year ended March 31, 2015

Particulars	Note No.	INR - Lacs	
		Year ended March 31	
		2015	2014
REVENUE:			
Revenue from Operations:			
Sale of Products [Gross]		11,338	11,399
Less: Excise Duty		236	213
Sale of Products [Net]		11,102	11,186
Other Operating Revenues	20	10,809	9,139
Net Revenue from Operations		21,911	20,325
Other Income	21	2,045	1,169
Total Revenue		23,956	21,494
EXPENSES:			
Cost of Materials Consumed	22	5,970	5,177
Purchases of Stock-in-Trade	23	88	461
Changes in Inventories of Finished goods, Works-in-progress and Stock-in-Trade	24	26	245
Employee Benefits Expense	25	1,578	1,295
Depreciation, Amortisation and Impairment expenses	9 & 35	455	243
Other Expenses	26	4,967	5,013
Total Expenses		13,084	12,434
Profit before Tax		10,872	9,060
Less: Tax Expenses:			
Current Tax		15	0
Deferred Tax	3	(58)	(1)
Prior year's tax adjustments		20	(584)
		(23)	(585)
Profit for the year		10,895	9,645
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	27	27.88	24.69
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 36		
As per our report of even date For Dhirubhai Shah & Doshi, Chartered Accountants Firm Registration Number: 102511W Kaushik D. Shah Partner Membership Number: 016502 Place : Ahmedabad. Date : May 14, 2015.		For and on behalf of the Board Amit B. Jain Dhaval N. Soni Sharvil P. Patel Chief Financial Officer Company Secretary Chairman	

Cash Flow Statement for the year ended March 31, 2015

Particulars	INR - Lacs	
	Year ended March 31	
	2015	2014
A Cash flows from operating activities:		
Profit before Tax	10,872	9,060
Adjustments for:		
Depreciation, Amortisation and Impairment	455	243
[Profit]/Loss on sale of assets [Net]	(69)	1
Interest income	(1,976)	(1,168)
Interest expenses	5	4
Provisions for employee benefits	23	(2)
Provisions for probable product expiry claims and return of goods	(2)	(15)
Total	(1,564)	(937)
Operating profit before working capital changes	9,308	8,123
Adjustments for:		
[Increase]/Decrease in trade receivables	(32)	41
Decrease in inventories	53	210
Decrease in short term advances	1	26
Decrease/[Increase] in long term advances	46	(14)
Decrease in other current assets	2	1
[Decrease] in trade payables	(339)	(176)
Increase in other current liabilities	60	79
[Decrease] in other long term liabilities	(17)	0
Total	(226)	167
Cash generated from operations	9,082	8,290
Direct taxes [paid] Net of refunds	(222)	469
Net cash from operating activities	8,860	8,759

Cash Flow Statement for the year ended March 31, 2015 [Contd...]

Particulars	INR - Lacs	
	Year ended March 31	
	2015	2014
B Cash flows from investing activities:		
Purchase of fixed assets	(229)	(420)
Proceeds from sale of fixed assets	678	4
Sale/[Purchase] of current investments	4,538	(4,992)
Interest received	1,977	1,164
Net cash from/[used in] investing activities	<u>6,964</u>	<u>(4,244)</u>
C Cash flows from financing activities:		
Interest paid	(5)	(4)
Dividends paid	(2,334)	(2,334)
Tax on dividends paid	(399)	(399)
Net cash used in financing activities	<u>(2,738)</u>	<u>(2,737)</u>
Net increase in cash and cash equivalents	13,086	1,778
Cash and cash equivalents at the beginning of the year	16,393	14,615
Cash and cash equivalents at the end of the year	29,479	16,393

Notes to the cash flow statement

- All figures in brackets are outflows.
- Previous year's figures have been regrouped wherever necessary.
- Cash and cash equivalents at the end [beginning] of the year includes Rs. 46 [Rs.37] Lacs not available for immediate use.
- Cash and cash equivalents comprise of:

	As at March 31		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
a Cash on Hand	3	3	3
b Balances with Banks	29,476	16,390	14,612
c Total	<u>29,479</u>	<u>16,393</u>	<u>14,615</u>

As per our report of even date

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

Kaushik D. Shah
Partner

Membership Number: 016502

Place : Ahmedabad.

Date : May 14, 2015.

For and on behalf of the Board

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Sharvil P. Patel
Chairman

Significant Accounting Policies

I. Company overview:

Zydus Wellness Limited [“the Company”] was incorporated on November 1, 1994 and operates as an integrated consumer company with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Company includes brands like Sugar free, Everyuth and Nutralite. The Company's shares are listed on the National Stock Exchange of India Limited [NSE] and Bombay Stock Exchange Limited [BSE].

II 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 under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies [Accounts] Rules, 2014 and other pronouncement issued by the Institute of Chartered Accountants of India [ICAI], to the extent applicable, and with the applicable provisions of the Companies Act, 2013.

2 Use of Estimates:

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

3 Fixed Assets, Depreciation and Amortisation:

- A** Fixed Assets are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are put to use.
- B** Depreciation on tangible assets is provided on “straight line method” based on the useful lives as prescribed under Schedule II of the Companies Act, 2013.
- C** Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life.
- D** Depreciation on additions/ disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are put to use.
- E** Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated economic life of ten years.
- F** Leasehold land is amortized over the period of the lease.
- G** Goodwill arising on acquisition of business is assessed at each balance sheet date for any impairment loss.
- H** Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life of four years as estimated by the management at the time of capitalisation.
- I** 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

Significant Accounting Policies [Contd...]

comparing carrying amount of each asset and/ or cash generating unit to the recoverable amount, being higher of the net selling price or value in use. Value in use is determined from the present value of the estimated future cash flows from the continuing use of the assets.

5 Expenditure during the Construction Period:

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

6 Investments:

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

7 Inventories:

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

8 Revenue Recognition:

- A** Revenue from Sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed on to the buyer.
- B** Service income is recognised as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax, wherever applicable.
- C** Interest income is recognised on time proportionate method.
- D** Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

9 Foreign Currency Transactions:

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

10 Employee Benefits:

A Defined Contribution Plans:

The Company contributes on a defined contribution basis to Employees' Provident Fund towards post employment benefits which is expensed in the year to which it pertains.

B Defined Benefit Plans:

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

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

Significant Accounting Policies [Contd...]
C Leave Liability:

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

D Employee Separation Costs:

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

11 Taxes on Income:

A Tax expense comprises of current and deferred tax.

B Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961.

C Deferred tax reflects the impact of current year timing differences between accounting and taxable income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reviewed at each balance sheet date.

12 Provision for Product Expiry Claims:

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

13 Research and Development Cost:

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

B Capital expenditure on research and development is given the same treatment as Fixed Assets.

14 Excise Duty:

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

15 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.

16 Provisions, Contingent Liabilities and Contingent Assets:

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

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

Notes to the Financial Statements

	INR - Lacs	
	As at March 31	
	2015	2014
Note : 1 - Share Capital:		
Authorised:		
4,50,00,000 [as at March 31, 2014 : 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, 2014 : 3,90,72,089] Equity Shares of Rs.10/- each fully paid up	3,907	3,907
	3,907	3,907
A There is no change in the number of shares as at the beginning and at the end of the year.		
Number of shares at the beginning and at the end of the year.	3,90,72,089	3,90,72,089
B The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholders holding more than 5% of equity shares of Rs. 10/- each, fully paid-up:		
Cadila Healthcare Limited		
Number of Shares	2,81,63,755	2,81,63,755
% to total share holding	72.08%	72.08%
D Number of Shares held by Holding Company:		
Cadila Healthcare Limited	2,81,63,755	2,81,63,755

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	As at March 31	
	2015	2014
Note : 2 - Reserves and Surplus:		
General Reserves: [*]		
Balance as per last Balance Sheet	4,500	3,500
Add: Transfer from Surplus in statement of Profit and Loss	-	1,000
	4,500	4,500
Surplus in statement of Profit and Loss:		
Balance as per last Balance Sheet	24,149	18,247
Less :Additional depreciation upon revision in useful lives of tangible assets [Refer Note-35]	26	0
Add: Profit for the year	10,895	9,645
	35,018	27,892
Less: Appropriations:		
Dividends:		
Proposed Dividend	2,344	2,344
Corporate Dividend Tax on Dividend	477	399
	2,821	2,743
Transfer to General Reserve	0	1,000
	2,821	3,743
Balance as at the end of the year	32,197	24,149
Total	36,697	28,649
[*] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.		

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 2013	Charge for the previous year	As at March 31 2014	Charge for the current year	As at March 31 2015
Deferred Tax Liabilities:					
Depreciation	246	(8)	238	(65)	173
Deferred Tax Assets:					
Retirement benefits	5	(1)	4	7	11
Amalgamation Expenses	14	(1)	13	(13)	0
Provision for Expiry	8	(5)	3	(1)	2
Total	27	(7)	20	(7)	13
Net Deferred Tax Liabilities/ [Assets]	219	(1)	218	(58)	160

- B The Net Deferred Tax Liabilities of Rs. 58 [Previous year : Rs.1] Lacs for the year has been reversed in the statement of Profit and Loss.

		INR - Lacs	
		As at March 31	
		2015	2014

Note : 4 - Other Long Term Liabilities:

Trade Deposits	8	22
Others	13	15
Total	21	37

Note : 5 - Long Term Provisions:

Provision for Employee benefits	24	1
Total	24	1

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

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

Gratuity [Defined benefit plan]:

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

INR - Lacs As at March 31						
2015			2014			
Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity	
B Change in the present value of the defined benefit obligation:						
Opening defined benefit obligation	1	80	88	1	76	87
Interest cost	0	7	8	0	5	6
Current service cost	15	16	18	0	15	16
Benefits paid	0	(12)	(13)	0	(19)	(21)
Actuarial [gains]/ losses on obligation	(4)	26	16	0	1	(2)
Transfer of liabilities	0	0	0	0	2	2
Closing defined benefit obligation	12	117	117	1	80	88
C Change in the fair value of plan assets:						
Opening fair value of plan assets	0	97	110	0	91	123
Expected return on plan assets	0	10	11	0	8	10
Expenses deducted from the Fund			(1)			
Contributions by employer	0	0	14	0	0	0
Benefits paid	0	0	(13)	0	0	(21)
Actuarial gains/ [losses]	0	(1)	(2)	0	(2)	(3)
Closing fair value of plan assets	0	106	119	0	97	110
Total actuarial gains/ [losses] to be recognized	(4)	27	18	0	3	1

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

		INR - Lacs As at March 31					
		2015			2014		
		Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
D	Actual return on plan assets:						
	Expected return on plan assets	0	10	11	0	8	10
	Actuarial gains on plan assets	0	(1)	(2)	0	(2)	(3)
	Actual return on plan assets	0	9	9	0	6	7
E	Amount recognised in the balance sheet:						
	Liabilities at the end of the year	12	117	117	1	80	88
	Fair value of plan assets at the end of the year	0	(106)	(119)	0	(97)	(110)
	Difference	12	11	(2)	1	(17)	(22)
	Liabilities/ [Assets] recognised in the Balance Sheet	12	11	(2)	1	(17)	(22)
F	[Incomes]/ Expenses recognised in the Statement of Profit and Loss:						
	Current service cost	15	16	18	0	15	16
	Interest cost on benefit obligation	0	7	8	0	5	6
	Expected return on plan assets	0	(10)	(11)	0	(8)	(10)
	Net actuarial [gains]/losses in the year	(4)	27	18	0	4	0
	Expenses deducted from the Fund			1			
	Net [benefits]/ expenses	11	40	34	0	16	12
G	Movement in net liabilities recognised in Balance Sheet:						
	Opening net liabilities	2	(18)	(22)	2	(17)	(36)
	Expenses as above [P & L Charge]	11	40	34	0	16	12
	Employer's contribution	0	0	(14)	0	0	0
	Transfer of liabilities	0	0	-	0	2	2
	Benefits paid	0	(12)	0	0	(19)	0
	Liabilities/ [Assets] recognised in the Balance Sheet	13	10	(2)	2	(18)	(22)

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

		INR - Lacs As at March 31					
		2015			2014		
		Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
H	Principal actuarial assumptions as at Balance sheet date:						
	Discount rate	7.80%	7.80%	7.80%	9.10%	9.10%	9.10%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations]						
	Expected rate of return on plan Assets	0.00%	8.75%	8.75%	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 Plan	0.00%	100%	100%	0.00%	100.00%	100.00%
J	Amount for the current and previous four years are as follow:						
	Gratuity	2010-11	2011-12	2012-13	2013-14	2014-15	
	Defined benefit obligation	97	44	87	88	117	
	Fair value of Plan Assets	91	122	123	110	119	
	Surplus/ [Deficit] in the plan	6	(78)	(36)	(22)	(2)	
	Actuarial [Gain]/ loss on Plan Obligation	31	(15)	32	(2)	16	
	Actuarial [Gain]/ loss on Plan Assets	(1)	0	0	(3)	(2)	
	The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2014-15						

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	As at March 31	
	2015	2014
Note : 6 - Trade Payables:		
Micro, Small and Medium Enterprises [*]	0	19
Others	960	1,281
Total	960	1,300
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at the year end [Rs.0.42 Lacs]	0	19
B Interest due thereon	0	0
C Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the year [Rs.0.002 {as at March 31,2014: Rs. 0.08} Lacs]	0	0
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the period] but without adding the interest specified under the MSMED	0	0
E Amount of interest accrued and remaining unpaid at the end of the accounting period	0	0
F Amount of further interest remaining due and payable in succeeding years	0	0
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.		
Note : 7 - Other Current Liabilities:		
Unpaid Dividend [*]	43	34
Advances from Debtors	65	87
Others Payables :		
Provision for Expenses	281	194
Payable to Statutory Authorities	97	113
Others	11	29
	389	336
Total	497	457
[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	As at March 31	
	2015	2014
Note : 8 - Short Term Provisions:		
Provision for Employee Benefits	5	4
Others:		
Proposed Dividend [Refer Note No. 19]	2,344	2,344
Corporate Dividend Tax on Dividend	477	399
Provision for taxation	0	5
Provision for claims for product expiry and return of goods [*]	6	9
	2,827	2,757
Total	2,832	2,761
[*] Provision for claims for product expiry and return of goods:		
A Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect any reimbursement of such claims in future.		
B The movement in such provision is stated as under:		
a Carrying amount at the beginning of the year	9	23
b Additional provision made during the year	6	9
c Amount used	9	23
d Carrying amount at the end of the year	6	9

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

	INR - Lacs							
	Free hold Land	Lease hold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total
Gross Block:								
As at March 31, 2013	586	3	508	2,793	25	80	76	4,071
Additions				175	201	11	31	418
Disposals				(7)		(6)		(13)
As at March 31, 2014	586	3	508	2,961	226	85	107	4,476
Additions	65		12	88	1	31	13	210
Disposals	(602)			(16)		(6)		(624)
As at March 31, 2015	49	3	520	3,033	227	110	120	4,062
Depreciation and Impairment:								
As at March 31, 2013		3	119	1,012	10	16	60	1,220
Depreciation for the year			17	200	14	8	2	241
Impairment for the year								0
Disposals				(6)		(1)		(7)
As at March 31, 2014	0	3	136	1,206	24	23	62	1,454
Adjusted to Retained Earnings [*]				11			8	19
Depreciation for the year[*]			16	382	29	12	12	451
Impairment for the year								0
Disposals				(16)				(16)
As at March 31, 2015	0	3	152	1,583	53	35	82	1,908
Net Block:								
As at March 31, 2014	586	0	372	1,755	202	62	45	3,022
As at March 31, 2015	49	0	368	1,450	174	75	38	2,154

[*] Refer Note- 35

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

	Computer Software	Goodwill	Trademarks	Technical Know-how	Commercial Rights	Total
Gross Block:						
As at March 31, 2013		2,282	5	2	10	2,299
Additions	6					6
Disposals						0
As at March 31, 2014	6	2,282	5	2	10	2,305
Additions	1					1
Disposals						0
As at March 31, 2015	7	2,282	5	2	10	2,306
Amortisation and Impairment:						
As at March 31, 2013			4	1	7	12
Amortisation for the year	1				1	2
Impairment for the year						0
Disposals						0
As at March 31, 2014	1	0	4	1	8	14
Amortisation for the year	2		1		1	4
Impairment for the year						0
Disposals						0
As at March 31, 2015	3	0	5	1	9	18
Net Block:						
As at March 31, 2014	5	2,282	1	1	2	2,291
As at March 31, 2015	4	2,282	0	1	1	2,288

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	As at March 31	
	2015	2014
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	10,463	14,786
Total Capital of the Firm	10,713	15,036
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	1	0
Other deposits	67	69
Other Loans and Advances:		
Advance payment of Tax [Net of provision for tax of Rs. 3,818 {as at 31 st March, 2014 : Rs. 6,017} Lacs]	528	346
Advances recoverable in cash or in kind or for value to be received	15	59
	543	405
Total	611	474
Note : 12-Current Investment:		
Trade Investment:		
Investment in Current Capital of a Partnership Firm [Refer Note : 10 {*} and Note 35{b}]	9,782	14,320
Total	9,782	14,320

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	As at March 31	
	2015	2014
Note : 13 - Inventories:		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	89	116
Finished Goods	246	205
Stock-in-Trade	9	76
Others:		
Packing Materials	67	66
Total	411	463
The above includes Goods in transit as under:		
Stock-in-Trade	0	2
Finished Goods	0	13
Note : 14 - Trade Receivables:		
[Unsecured, Considered good]		
Outstanding for a period exceeding six months from the date they are due for payment [Rs. 0.45 { as at March 31,2014: Rs. 0.35} Lacs]	0	0
Others	33	23
Total	33	23
Note : 15 - Cash and Bank Balances:		
Balances with Banks [*]	29,476	16,390
Cash on Hand	3	3
Total	29,479	16,393
[*] A Earmarked balances with banks:		
i Balances in unclaimed dividend accounts	43	34
ii Balances with the Scheduled/ Nationalised banks to the extent held as margin money deposits against guarantees	3	2
B Bank deposits with maturity of more than 12 months	0	1
C Company keeps Fixed Deposits with the Nationalised/ Scheduled Banks, which can be withdrawn by the Company as per its own discretion/ requirement of funds		

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	As at March 31	
	2015	2014
Note : 16 - Short Term Loans and Advances:		
[Unsecured, Considered Good]		
Others:		
Balances with Statutory Authorities	28	27
Advances recoverable in cash or in kind or for value to be received	55	57
Total	83	84
Note : 17 - Other Current Assets:		
[Unsecured, Considered Good]		
Interest Receivable	5	6
Others	7	9
Total	12	15
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	20
b In respect of guarantees given by Banks and/ or counter guarantees given by the Company	3	2
c Other money for which the Company is contingently liable:		
i In respect of Sales Tax matters pending before appellate authorities	77	88
ii In respect of Income Tax matters pending before appellate authorities	194	193
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	28	23
Note : 19 - Dividend proposed to be distributed:		
The Board of Directors, at its meeting held on May 14, 2015, recommended the final dividend of Rs. 6/- per equity share of Rs. 10/- each.		

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Year ended March 31	
	2015	2014
Note : 20 - Other Operating Revenues:		
Share of Profit from a Partnership Firm	10,790	9,105
Miscellaneous Income	19	34
Total	10,809	9,139
Note : 21 - Other Income:		
Interest Income [Gross]		
From Fixed Deposits with Banks	1,483	1,142
From Others	493	26
	1,976	1,168
Net Gain on sale of Mutual Fund Investments	0	1
Net Gain on sale of Assets	69	0
Total	2,045	1,169
Note : 22 - Cost of Materials Consumed:		
Raw Materials [*]:		
Stock at commencement	116	70
Add: Purchases	4,955	4,385
	5,071	4,455
Less: Stock at close	89	116
	4,982	4,339
Packing Materials consumed	988	838
Total	5,970	5,177
[*] Details of Consumption of major items of raw materials are as under:		
Refined Palm Oil	3,513	3,119
Palm Karnal Oil	737	539
Skimmed Milk Powder	244	198

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Year ended March 31	
	2015	2014
Note : 23 - Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	88	461
Total	88	461
Note : 24 - Changes in Inventories:		
Stock at commencement:		
Finished Goods	205	359
Stock-in-Trade	76	172
	281	531
Less : Stock at close:		
Finished Goods	246	205
Stock-in-Trade	9	76
	255	281
	26	250
Differential Excise Duty on Opening and Closing stock of Finished Goods	0	(5)
Total	26	245
Note : 25 - Employee Benefits Expense:		
Salaries and wages	1,454	1,202
Contribution to provident and other funds	87	60
Staff welfare expenses	37	33
Total	1,578	1,295

Notes to the Financial Statements [Contd...]

	INR - Lacs	
	Year ended March 31	
	2015	2014
Note : 26 - Other Expenses:		
Consumption of Stores and spare parts	61	39
Power & fuel	151	130
Labour Charges	129	103
Rent [*]	223	215
Repairs to Buildings	30	97
Repairs to Plant and Machinery	30	24
Repairs to Others	35	19
Insurance	19	18
Rates and Taxes	17	34
Managing Director's Remuneration	201	184
Commission to Directors	16	14
Traveling Expenses	171	133
Legal and Professional Fees	141	307
Commission on sales	395	383
Freight and forwarding on sales	551	513
Advertisements & Sales Promotion	968	1,042
Representative Allowances	127	87
Other Marketing Expenses	1,185	1,382
Directors' fees	11	9
Net Loss on disposal of fixed assets	0	1
Donations	1	10
Interest to Others	1	1
Bank commission & charges	4	3
Corporate Social Responsibility [CSR] Expenditure [As required u/s 135 of the Companies Act, 2013]	179	0
Miscellaneous Expenses [**]	321	265
Total	4,967	5,013
[*] The Company has taken various residential/ office premises/ godowns under operating lease or leave and license agreement with no restrictions and are renewable/ cancellable at the option of either of the parties. There are no sub-leases. The lease payments recognised under "Rent Expenses" are:		
	85	101
[**] Miscellaneous Expenses include payment to the auditors [Including Service Tax]:		
Payment to the Statutory Auditors		
i a As Auditor	6	6
b For taxation matters	1	1
c For Other Services [Rs.0.08 {Previous year : Rs. Nil} Lacs]	0	0
d For reimbursement of Expenses [Rs. 0.08 {Previous year: Rs.0.05} Lacs]	0	0
e Total	7	7
ii Cost Auditor's Remuneration including fees for other services	2	2

Notes to the Financial Statements [Contd...]

		INR - Lacs	
		Year ended March 31	
		2015	2014
Note : 27 - Calculation of Earning per Equity Share [EPS]:			
The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
A	Profit attributable to Shareholders INR - Lacs	10,895	9,645
B	Basic and weighted average number of Equity shares outstanding during the year Numbers	39,072,089	39,072,089
C	Nominal value of equity share INR	10	10
D	Basic & Diluted EPS INR	27.88	24.69
Note : 28 - Value of Imports calculated on CIF basis:			
Stores & Spares		41	18
Capital goods		4	33
Note : 29 - Expenditure in Foreign Currency:			
Traveling		2	1
Legal and Professional Fees		0	7
Note : 30 - Earnings in Foreign Exchange:			
Export of goods calculated on F.O.B. basis		5	3
Note : 31 - Remittances made on account of dividend in Foreign Currency:			
Remittances made on account of dividend in foreign currency	INR - Lacs	4	4
Numbers of Non Resident Shareholders		4	4
Number of shares held by the Non Resident Shareholders		66,535	66,535
Year to which dividend relates		2013-14	2012-13

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

	Year ended March 31			
	2015		2014	
	INR - Lacs	% to Total	INR - Lacs	% to Total
Value of Raw Materials Consumed:				
Imported	0	0	0	0
Indigenous	4,982	100	4,339	100
Total	4,982	100	4,339	100
Value of Spare Parts Consumed:				
Imported	41	67	18	45
Indigenous	20	33	21	55
Total	61	100	39	100

Note : 33 - Segment Information:

The Company operates in one segment only, namely "Consumer Products." The Company also exports its products to other countries. However the value being below threshold limit prescribed under Accounting Standard [AS] 17-"Segment Reporting", the reporting is not required.

Note : 34 - Related Party Transactions:
A Name of the Related Parties and Nature of the Related Party Relationship:

a Holding Company: Cadila Healthcare Limited

b Partnership Firm: M/s. Zydus Wellness - Sikkim

c Fellow Subsidiaries/Concerns:

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

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

Zydus International Private Limited [Ireland]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Zydus Netherlands B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
ZAHL B.V. [the Netherlands]	ZAHL Europe B.V. [the Netherlands]
Etna Biotech S.R.L. [Italy]	Bremer Pharma GmbH [Germany]
Zydus Worldwide DMCC [Dubai]	Zydus Pharmaceuticals (USA) Inc. [USA]
Zydus Discovery DMCC [Dubai]	

d Key Managerial Personnel:

Mr. Elkana Ezekiel - Managing Director [Resigned w.e.f 14th April, 2015]
Mr. Tarun Arora - Whole Time Director [Appointed w.e.f. 14th May, 2015]

B Transactions with Related Parties:

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

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

INR - Lacs			
Holding Company		Partnership Firms/ Fellow Subsidiaries/ Concerns	
Year ended March 31			
2015	2014	2015	2014
0	3	3	27
0	11		
0	1		
0	1		
672	0		
0	4	(4,538)	4,992
1,690	1,690		

Notes to the Financial Statements [Contd...]
Note : 34 - Related Party Transactions: [Contd...]

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

	INR - Lacs	
	Year ended March 31	
	2015	2014
Remuneration:		
Mr. Elkana Ezekiel - Managing Director	201	184

Note : 35

- a** Effective from April 1, 2014, the Company has started providing depreciation on tangible assets on "straight line method" over the revised remaining useful lives of the tangible assets in alignment with useful lives prescribed in Schedule II to the Companies Act, 2013.

Consequently, the depreciation charge for the year ended March 31, 2015 is higher by Rs. 196 Lacs. Further, an amount of Rs. 19 Lacs has been recognised in the opening balance of retained earnings which relate to the carrying amount of tangible assets whose revised remaining useful life was Nil as at April 1, 2014.

- b** Additionally, an amount of Rs. 7 Lacs has been recognised in the opening balance of retained earnings, which relate to the carrying amount of tangible assets of Zydus Wellness-Sikkim (the firm), whose revised remaining useful life was Nil as on April 1, 2014 and which has been adjusted against the current capital of the Company in the firm.

Note : 36

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

Signatures to Significant Accounting Policies and Notes 1 to 36 to the Financial Statements

As per our report of even date

For Dhirubhai Shah & Doshi,

Chartered Accountants

Firm Registration Number: 102511W

Kaushik D. Shah

Partner

Membership Number: 016502

Place : Ahmedabad.

Date : May 14, 2015.

For and on behalf of the Board

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Sharvil P. Patel
Chairman

Consolidated Independent Auditors' Report

**To the Members of
Zydus Wellness Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of “ZYDUS WELLNESS LIMITED” (hereinafter referred to as “the Company”) and “ZYDUS WELLNESS – SIKKIM”, a partnership firm (the Company and firm collectively referred to as “the Group”), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors/Partners of the company/partnership firm included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

Consolidated Independent Auditors' Report [Contd...]

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Company as on 31st March, 2015 none of the directors of the Company are disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164[2] of the Act. Zydus Wellness – Sikkim, being a Partnership Firm, section 164[2] of the Act shall not apply.
- (f) In respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 17 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. The said particulars are not applicable in case of Zydus Wellness Sikkim, being a Partnership Firm.

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

Kaushik D Shah
Partner
Membership Number : 016502

Place : Ahmedabad
Date : 14th May, 2015

Consolidated Financial Statements

Consolidated Balance Sheet as at March 31, 2015

Particulars	Note No.	INR - Lacs	
		As at March 31	
		2015	2014
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	3,907	3,907
Reserves and Surplus	2	36,697	28,649
		40,604	32,556
Minority Interest		686	471
Non-Current Liabilities:			
Deferred Tax Liabilities [Net]	3	458	490
Other Long Term Liabilities	4	21	38
Long Term Provisions	5	67	37
		546	565
Current Liabilities:			
Trade Payables	6	5,025	4,975
Other Current Liabilities	7	1,071	1,134
Short Term Provisions	8	2,859	2,785
		8,955	8,894
Total		50,791	42,486
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	9	6,151	7,250
Intangible Assets	9	2,289	2,291
Capital work-in-progress		24	3
		8,464	9,544
Long Term Loans and Advances	10	3,816	2,599
		12,280	12,143
Current Assets:			
Current Investments	11	0	500
Inventories	12	2,599	2,794
Trade Receivables	13	147	264
Cash and Bank Balances	14	33,903	26,283
Short Term Loans and Advances	15	1,829	466
Other Current Assets	16	33	36
		38,511	30,343
Total		50,791	42,486
Significant Accounting Policies	I		
Notes to the Financial Statements	1 to 29		
As per our report of even date		For and on behalf of the Board	
For Dhirubhai Shah & Doshi,			
Chartered Accountants			
Firm Registration Number: 102511W			
Kaushik D. Shah		Amit B. Jain	
Partner		Chief Financial Officer	
Membership Number: 016502		Dhaval N. Soni	
Place : Ahmedabad.		Company Secretary	
Date : May 14, 2015.		Sharvil P. Patel	
		Chairman	

Consolidated Statement of Profit & Loss for the year ended March 31, 2015

Particulars	Note No.	INR - Lacs	
		Year ended March 31	
		2015	2014
REVENUE:			
Revenue from Operations:			
Sale of Products [Gross]		44,301	42,960
Less: Excise Duty [Net of additional excise duty re-credit of Rs. 655 Lacs pertaining to the F.Y. 2013-14]		2,225 *	2,687
Sale of Products [Net]		42,076	40,273
Other Operating Revenues	18	996	91
Net Revenue from Operations		43,072	40,364
Other Income	19	2,759	1,890
Total Revenue		45,831	42,254
EXPENSES:			
Cost of Materials Consumed	20	12,326	10,677
Purchases of Stock-in-Trade	21	181	534
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	22	14	1,182
Employee Benefits Expense	23	3,324	3,065
Depreciation, Amortisation and Impairment expenses	9 & 28	773	465
Other Expenses	24	17,248	15,968
Total Expenses		33,866	31,891
Profit before Tax		11,965	10,363
Less/ [Add]: Tax Expenses:			
Current Tax		853	967
Deferred Tax	3	(32)	101
Prior year's tax adjustments		29	(536)
		850	532
Profit for the year		11,115	9,831
Less: Profit transferred to Minority Interest		220	186
Net Profit for the year		10,895	9,645
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	25	27.88	24.69
Significant Accounting Policies	I		
Notes to the Financial Statements	1 to 29		
* Net of additional excise duty re-credit of Rs. 655 Lacs pertaining to the F.Y. 2013-14 received by Zydu Wellness-Sikkim (the firm) pursuant to the order of the Office of the Commissioner of Customs, Central Excise and Service Tax.			
As per our report of even date		For and on behalf of the Board	
For Dhirubhai Shah & Doshi, Chartered Accountants Firm Registration Number: 102511W			
Kaushik D. Shah Partner Membership Number: 016502 Place : Ahmedabad. Date : May 14, 2015.		Amit B. Jain Chief Financial Officer Dhaval N. Soni Company Secretary Sharvil P. Patel Chairman	

Consolidated Cash Flow Statement for the year ended March 31, 2015

Particulars	INR - Lacs	
	Year ended March 31	
	2015	2014
A Cash flows from operating activities:		
Net profit before taxation and extraordinary items	11,965	10,363
Adjustments for:		
Depreciation, Amortisation and Impairment	773	465
[Profit]/Loss on sale of assets [Net]	(69)	1
Interest income	(2,673)	(1,884)
Interest expenses	13	13
Bad debts written off	41	1
Provisions for employee benefits	32	(5)
Provisions for probable product expiry claims and return of goods	(5)	(12)
Total	(1,888)	(1,421)
Operating profit before working capital changes	10,077	8,942
Adjustments for:		
Decrease/[Increase] in trade receivables	65	(42)
Decrease in inventories	195	1,291
[Increase]/Decrease in short term advances	(1,358)	259
[Increase] in long term advances	(969)	(1,187)
Decrease/ [Increase] in other current assets	4	(1)
Increase in trade payables	44	426
[Decrease]/ Increase in other current liabilities	(57)	160
[Decrease] in other long term liabilities	(17)	0
Total	(2,093)	906
Cash generated from operations	7,984	9,848
Direct taxes paid [Net of refunds]	(1,055)	(739)
Net cash from operating activities	6,929	9,109

Consolidated Cash Flow Statement for the year ended March 31, 2015[Contd...]

Particulars	INR - Lacs	
	Year ended March 31	
	2015	2014
B Cash flows from investing activities:		
Purchase of fixed assets	(415)	(546)
Proceeds from sale of fixed assets	682	4
Interest received	2,670	1,883
Net cash from investing activities	2,937	1,341
C Cash flows from financing activities:		
Interest paid	(13)	(13)
Dividends paid	(2,334)	(2,334)
Tax on dividends paid	(399)	(399)
Net cash used in financing activities	(2,746)	(2,746)
Net increase in cash and cash equivalents	7,120	7,704
Cash and cash equivalents at the beginning of the year	26,783	19,079
Cash and cash equivalents at the end of the year	33,903	26,783

Notes to the cash flow statement

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

	As at March 31		
	2015	2014	2013
a Cash on Hand	5	4	4
b Balances with Banks	33,898	26,279	19,075
c Investment in Liquid Mutual Funds	0	500	0
d Total	33,903	26,783	19,079

As per our report of even date

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

Kaushik D. Shah
Partner

Membership Number: 016502
Place : Ahmedabad.
Date : May 14, 2015.

For and on behalf of the Board

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Sharvil P. Patel
Chairman

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 under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies [Accounts] Rules, 2014 and other pronouncement issued by the Institute of Chartered Accountants of India [ICAI], to the extent applicable, and with the applicable provisions of the Companies Act, 2013.

2 Basis of consolidation:

The Consolidated Financial Statements [CFS] relate to Zydus Wellness Limited and its Partnership Firm. [Referred as a “Group” for the purpose of Consolidation]

The CFS have been prepared on the following basis:

- a The financial statements of the parent Company and its Partnership Firm have been consolidated on a line by line basis by adding together the book values of the items like assets, liabilities, income and expenses.
 - b CFS are prepared after fully eliminating intra group balances, intra group transactions and unrealised profits from the intra group transactions.
- 3 Accounting policies and Notes on Accounts of the financial statements of the Parent Company and its Partnership Firm are set out in their respective financial statements. However, the Company has disclosed such notes and details which represent the needed disclosure to serve as a guide for better understanding of the Group’s position.
 - 4 Audited CFS as at March 31, 2015 comprise the financial statements of Zydus Wellness Limited [ZWL] and its Partnership Firm, Zydus Wellness - Sikkim (the Firm), in which ZWL holds 98% share.

Notes to the Consolidated Financial Statements

	INR - Lacs	
	As at March 31	
	2015	2014
Note : 1 - Share Capital:		
Authorised:		
4,50,00,000 [as at March 31, 2014 : 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, 2014 : 3,90,72,089] Equity Shares of Rs.10/- each fully paid up	3,907	3,907
	3,907	3,907
A There is no change in the number of shares as at the beginning and at the end of the year.		
Number of shares at the beginning and at the end of the year.	3,90,72,089	3,90,72,089
B The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholders holding more than 5% of equity shares of Rs. 10/- each, fully paid-up:		
Cadila Healthcare Limited		
Number of Shares	2,81,63,755	2,81,63,755
% to total share holding	72.08%	72.08%
D Number of Shares held by Holding Company:		
Cadila Healthcare Limited	2,81,63,755	2,81,63,755

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

		INR - Lacs	
		As at March 31	
		2015	2014
Note : 2 - Reserves and Surplus:			
General Reserve:			
Balance as per last Balance Sheet	4,500	3,500	
Add: Transfer from Surplus in Statement of Profit and Loss	-	1,000	
	4,500	4,500	
Surplus in Statement of Profit and Loss:			
Balance as per last Balance Sheet	24,149	18,247	
Less: Additional depreciation upon revision in useful lives of tangible assets [Refer Note-28]	26	0	
Add: Profit for the year	10,895	9,645	
	35,018	27,892	
Less: Appropriations:			
Dividends:			
Proposed Dividend	2,344	2,344	
Corporate Dividend Tax on Dividend	477	399	
Transfer to General Reserve	-	1,000	
	2,821	3,743	
Balance as at the end of the year	32,197	24,149	
Total	36,697	28,649	
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	496	535
	Deferred Tax Assets:		
	Retirement benefits	29	21
	Amalgamation Expenses	0	13
	Provision for Expiry	9	11
	Total	38	45
	Net Deferred Tax Liabilities	458	490
B	The Net Deferred Tax [Assets]/ Liabilities for the year provided in the Statement of Profit and Loss.	(32)	101

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

	INR - Lacs	
	As at March 31	
	2015	2014
Note : 4 - Other Long Term Liabilities:		
Trade Deposits	8	22
Others	13	16
Total	21	38
Note : 5 - Long Term Provisions:		
Provision for employee benefits	67	37
Total	67	37
Note : 6 - Trade Payables:		
Others	5,025	4,975
Total	5,025	4,975
Note : 7 - Other Current Liabilities:		
Unpaid Dividend	43	34
Advances from Debtors	216	227
Other Payables :		
Provision for Expenses	358	338
Payable to Statutory Authorities	400	485
Others	54	50
	812	873
Total	1,071	1,134
Note : 8 - Short Term Provisions:		
Provision for Employee Benefits	8	7
Others:		
Proposed Dividend	2,344	2,344
Corporate Dividend Tax on Dividend	477	399
Provision for claims for product expiry and return of goods	30	35
	2,851	2,778
Total	2,859	2,785

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

	INR - Lacs							Total
	Free hold Land	Lease hold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	
Gross Block:								
As at March 31, 2013	586	570	1,648	5,653	47	116	112	8,732
Additions			8	318	203	11	40	580
Disposals				(7)		(6)		(13)
As at March 31, 2014	586	570	1,656	5,964	250	121	152	9,299
Additions	65		23	168	3	35	15	309
Disposals	(602)			(22)		(6)		(630)
Other adjustments								0
As at March 31, 2015	49	570	1,679	6,110	253	150	167	8,978
Depreciation and Impairment:								
As at March 31, 2013		19	190	1,279	17	21	67	1,593
Depreciation for the year		6	55	372	15	11	4	463
Impairment for the year								0
Disposals				(6)		(1)		(7)
As at March 31, 2014	0	25	245	1,645	32	31	71	2,049
Adjusted to Retained Earnings [*]				18			8	26
Depreciation for the year[*]		6	52	635	33	17	26	769
Impairment for the year								0
Disposals				(17)				(17)
As at March 31, 2015	0	31	297	2,281	65	48	105	2,827
Net Block:								
As at March 31, 2014	586	545	1,411	4,319	218	90	81	7,250
As at March 31, 2015	49	539	1,382	3,829	188	102	62	6,151

[*] Refer Note- 28

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

	Computer Software	Goodwill	Trademarks	Technical Know-how	Commercial Rights	Total
Gross Block:						
As at March 31, 2013		2,282	5	2	10	2,299
Additions	6					6
Disposals						0
As at March 31, 2014	6	2,282	5	2	10	2,305
Additions	2					2
Disposals						0
As at March 31, 2015	8	2,282	5	2	10	2,307
Amortisation and Impairment:						
As at March 31, 2013			4	1	7	12
Amortisation for the year	1				1	2
Impairment for the year						0
Disposals						0
As at March 31, 2014	1	0	4	1	8	14
Amortisation for the year	2		1		1	4
Impairment for the year						0
Disposals						0
As at March 31, 2015	3	0	5	1	9	18
Net Block:						
As at March 31, 2014	5	2,282	1	1	2	2,291
As at March 31, 2015	5	2,282	0	1	1	2,289

	INR - Lacs	
	As at March 31	
	2015	2014

Note : 10 - Long Term Loans and Advances:

[Unsecured, Considered Good]		
Capital Advances	78	3
Other Deposits	92	95
Other Loans and Advances:		
Advance payment of Tax [Net of Provision for taxation]	281	109
Alternate Minimum Tax Credit Entitlement	3,348	2,329
Other advances recoverable in cash or in kind or for value to be received	17	63
	3,646	2,501
Total	3,816	2,599

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

	INR - Lacs	
	As at March 31	
	2015	2014
Note : 11 - Current Investment		
Investment in Mutual Funds [*]	0	500
Total	0	500
[*] Considered as cash and cash equivalents for Cash Flow Statement		
Note : 12 - Inventories:		
Classification of Inventories:		
Raw Materials	703	810
Works-in-Progress	27	79
Finished Goods	1,257	1,289
Stock-in-Trade	35	112
Other:		
Packing Materials	577	504
Total	2,599	2,794
Note : 13 - Trade Receivables:		
[Unsecured, Considered good]		
Outstanding for a period exceeding six months from the date they are due for payment	7	8
Others	140	256
Total	147	264
Note : 14 - Cash and Bank Balances:		
Balances with Banks	33,898	26,279
Cash on Hand	5	4
Total	33,903	26,283
Note : 15 - Short Term Loans and Advances:		
[Unsecured, Considered Good]		
Others:		
Balances with Statutory Authorities	1,705	220
Advances to Suppliers	17	11
Advances recoverable in cash or in kind or for value to be received	107	235
Total	1,829	466

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

	INR - Lacs	
	As at March 31	
	2015	2014
Note : 16 - Other Current Assets:		
[Unsecured, Considered Good]		
Interest Receivable	15	13
Others	18	23
Total	33	36
Note : 17 - Contingent Liabilities and Commitment [to the extent not provided for]:		
A Contingent Liabilities:		
a Claims against the Company not acknowledged as debts	20	20
b In respect of guarantees given by Banks and/ or counter guarantees given by the Company	17	29
c Other money for which the Company is contingently liable:		
i In respect of Sales Tax matters pending before appellate authorities	77	88
ii In respect of Income Tax matters pending before appellate authorities	194	193
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	148	27
	INR - Lacs	
	Year ended March 31	
	2015	2014
Note : 18 - Other Operating Revenues:		
Net Gain on foreign currency transactions and translations	7	0
Miscellaneous Income	91	91
Additional Excise duty re-credit [*]	898	0
Total	996	91
[*] It refers to the additional excise duty re-credit received by the firm pursuant to the order of the Office of the Commissioner of Customs, Central Excise and Service Tax pertaining to the Financial year 2011-12 and 2012-13.		
Note : 19 - Other Income:		
Interest Income [Gross]		
From Fixed Deposits with Banks	2,176	1,858
Others	497	26
	2,673	1,884
Net gain on sale of Mutual Fund Investments	17	6
Net gain on sale of Assets	69	0
Total	2,759	1,890

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

	INR - Lacs	
	Year ended March 31	
	2015	2014
Note : 20 - Cost of Materials Consumed:		
Raw Materials:		
Stock at commencement	810	827
Add : Purchases	8,031	7,287
	8,841	8,114
Less : Stock at close	703	810
	8,138	7,304
Packing Materials consumed	4,188	3,373
Total	12,326	10,677
Note : 21 - Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	181	534
Total	181	534
Note : 22 - Changes in Inventories:		
Stock at commencement:		
Works-in-progress	79	70
Finished Goods	1,289	2,028
Stock-in-Trade	112	667
	1,480	2,765
Less: Stock at close:		
Works-in-progress	27	79
Finished Goods	1,257	1,289
Stock-in-Trade	35	112
	1,319	1,480
	161	1,285
Differential Excise Duty on Opening and Closing stock of Finished Goods	(147)	(103)
Total	14	1,182

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

	INR - Lacs	
	Year ended March 31	
	2015	2014
Note : 23 - Employee Benefits Expense:		
Salaries and wages	3,071	2,859
Contribution to provident and other funds	150	119
Staff welfare expenses	103	87
Total	3,324	3,065
Note : 24 - Other Expenses:		
Consumption of Stores and spare parts	218	191
Power & fuel	358	326
Labour charges	700	614
Rent	288	284
Repairs to Buildings	43	128
Repairs to Plant and Machinery	93	67
Repairs to Others	42	27
Insurance	74	64
Rates and Taxes	63	85
Managing Director's Remuneration	201	184
Commission to Directors	16	14
Traveling Expenses	469	396
Legal and Professional Fees	671	723
Net Loss on foreign currency transactions and translations	0	29
Commission on sales	901	870
Freight and forwarding on sales	910	834
Advertisements & Sales Promotion expenses	8,995	8,229
Representative Allowances	413	311
Other marketing expenses	1,976	1,805
Bad debts written off	41	1
Directors' fees	11	9
Net Loss on fixed assets	0	1
Donations	1	135
Interest to Others	3	3
Bank commission & charges	10	10
Corporate Social Responsibility [CSR] Expenditure [As required u/s 135 of the Companies Act, 2013]	179	0
Miscellaneous Expenses	572	628
Total	17,248	15,968

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

			INR - Lacs	
			Year ended March 31	
			2015	2014
Note : 25 - Calculation of Earning per Equity Share [EPS]:				
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A	Profit attributable to Shareholders	INR - Lacs	10,895	9,645
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	39,072,089	39,072,089
C	Nominal value of equity share	INR	10	10
D	Basic & Diluted EPS	INR	27.88	24.69
Note : 26 - Segment Information:				
The Company operates in one segment only, namely “Consumer Products.” The Company also exports its products to other countries. However the value being below threshold limit prescribed under Accounting Standard [AS]-17-“Segment Reporting”, the reporting is not required.				
Note : 27 - Related Party Transactions:				
A Name of the Related Parties and Nature of the Related Party Relationship:				
a Holding Company : Cadila Healthcare Limited				
b Fellow Subsidiaries/Concerns:				
Dialforhealth India Limited		Nesher Pharmaceuticals (USA) LLC [USA]		
Dialforhealth Unity Limited		Zydus Healthcare (USA) LLC [USA]		
Dialforhealth Greencross Limited		Zydus Noveltech Inc. [USA]		
German Remedies Limited		Hercon Pharmaceuticals LLC [USA]		
Liva Pharmaceuticals Limited		Zydus Healthcare S.A. (Pty) Ltd [South Africa]		
Zydus Technologies Limited		Simayla Pharmaceuticals (Pty) Ltd [South Africa]		
Biochem Pharmaceutical Industries Limited		Script Management Services (Pty) Ltd [South Africa]		
Zydus BSV Pharma Private Limited		Zydus France, SAS [France]		
M/s. Zydus Healthcare, a Partnership Firm		Zydus Nikkho Farmaceutica Ltda. [Brazil]		
Zydus Lanka (Private) Limited [Sri Lanka]		Zydus Pharma Japan Co. Ltd. [Japan]		
Zydus Healthcare Philippines Inc. [Philippines]		Laboratorios Combix S.L. [Spain]		
Zydus International Private Limited [Ireland]		Zydus Pharmaceuticals Mexico SA De CV [Mexico]		
Zydus Netherlands B.V. [the Netherlands]		Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]		

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

ZAHL B.V. [the Netherlands]	Etna Biotech S.R.L. [Italy]
ZAHL Europe B.V. [the Netherlands]	Zydus Worldwide DMCC [Dubai]
Bremer Pharma GmbH [Germany]	Zydus Discovery DMCC [Dubai]
Zydus Pharmaceuticals (USA) Inc. [USA]	

c Key Managerial Personnel:

Mr. Elkana Ezekiel - Managing Director [Resigned w.e.f 14th April, 2015]
Mr. Tarun Arora - Whole Time Director [Appointed w.e.f. 14th May, 2015]

B Transactions with Related Parties:

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

a Details relating to parties referred to in items 27-A [a & b]

<u>Nature of transactions</u>	INR - Lacs			
	Holding Company		Fellow Subsidiaries/ Concerns	
	Year ended March 31			
	2015	2014	2015	2014
Purchases:				
Fixed Assets:				
Cadila Healthcare Limited	0	3		
Goods:				
M/s. Zydus Healthcare, a Partnership Firm			1	0
Services:				
Cadila Healthcare Limited	0	12		
Reimbursement of Expenses:				
Cadila Healthcare Limited	0	2		
Sales:				
Fixed Assets:				
Cadila Healthcare Limited	672	0		
Goods:				
Cadila Healthcare Limited	26	23		
M/s. Zydus Healthcare, a Partnership Firm			13	32
Biochem Pharmaceutical Industries Limited			0	6
Total	26	23	13	38
Services:				
Cadila Healthcare Limited	3	1		
Reimbursement of Expenses:				
Cadila Healthcare Limited	0	4		
Dividend Paid:				
Cadila Healthcare Limited	1,690	1,690		

Notes to the Consolidated Financial Statements [Contd...]
Note : 27 - Related Party Transactions: [Contd...]

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

	INR - Lacs	
	Year ended March 31	
	2015	2014
Remuneration:		
Mr. Elkana Ezekiel - Managing Director	201	184

Note : 28

Effective from April 1, 2014, the Company has started providing depreciation on tangible assets on "straight line method" over the revised remaining useful lives of the tangible assets in alignment with useful lives prescribed in Schedule II to the Companies Act, 2013. Consequently, the depreciation charge for the year ended March 31, 2015 is higher by Rs. 279 Lacs. Further, an amount of Rs. 26 Lacs has been recognised in the opening balance of retained earnings which relate to the carrying amount of tangible assets whose revised remaining useful life was Nil as at April 1, 2014.

Note : 29

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

Signatures to Significant Accounting Policies and Notes 1 to 29 to the Financial Statements

As per our report of even date

For Dhirubhai Shah & Doshi,

Chartered Accountants

Firm Registration Number: 102511W

Kaushik D. Shah

Partner

Membership Number: 016502

Place : Ahmedabad.

Date : May 14, 2015.

For and on behalf of the Board

Amit B. Jain
Chief Financial Officer

Dhaval N. Soni
Company Secretary

Sharvil P. Patel
Chairman

Attendance Slip & Proxy Form

ZYDUS WELLNESS LIMITED

ATTENDANCE SLIP

[CIN:L15201GJ1994PLC023490]

Regd. Office: House No. 6 & 7, Sigma Commerce Zone, Nr. Iscon Temple,

Sarkhej-Gandhinagar Highway, Ahmedabad-380 015

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

Phone: +91 6777 5888 Fax +91 6777 5811

21st ANNUAL GENERAL MEETING

2015

I/We hereby record my/our presence at the 21st Annual General Meeting of the Company at J B Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 on Wednesday, 29th July, 2015 at 10:00 a.m.

Member's Folio/DP ID-Client ID No.

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

ZYDUS WELLNESS LIMITED

PROXY FORM

[CIN:L15201GJ1994PLC023490]

Regd. Office: House No. 6 & 7, Sigma Commerce Zone, Nr. Iscon Temple,

Sarkhej-Gandhinagar Highway, Ahmedabad-380 015

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

Phone: +91 6777 5888 Fax +91 6777 5811

Name of the member (s) :

Registered address :

E-mail Id :

Folio / DP ID-Client ID No.:

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

(1) Name: _____ Address: _____

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

(2) Name: _____ Address: _____

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

(3) Name: _____ Address: _____

E-mail ID: _____ Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on Wednesday, 29th July, 2015 at J B Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 and at any adjournment thereof in respect of such resolutions as are indicated below:

Attendance Slip & Proxy Form

Note:

1. Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Electronic copy of the Annual Report for 2015 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2014–2015 and Notice of the AGM along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email address is not registered or have requested for a hard copy.

Resolution No.	Particulars of Resolution	Optional	
		For	Against
	Ordinary Business		
1.	To adopt the Financial Statements for the year ended on 31 st March, 2015.		
2.	To declare dividend on Equity Shares.		
3.	To reappoint Dr. Sharvil P. Patel, Director retiring by rotation.		
4.	To appoint Statutory Auditor.		
	Special Business		
5.	To appoint Mr. Tarun Arora as a Director liable to retire by rotation.		
6.	To appoint Mr. Tarun Arora as a Whole Time Director.		
7.	To approve payment of Commission to the Non-Executive Directors.		
8.	To ratify remuneration to Cost Auditor.		

Signed this _____ day of _____ 2015

Signature of shareholder _____

Signature of Proxy holder(s) _____

Affix
Revenue
Stamp not
Less than
Re 0.15

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 21st Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

CHAMPIONS ONCE AGAIN

Two of our products have won 'Product of the Year' in their respective categories and we're very proud of everyone who made it possible, for the second time in a row. The Product of the Year is an internationally recognized certification that celebrates and rewards the best innovations in consumer products and services. This year*, the prestigious title has been awarded to Everyuth Naturals Advanced Walnut Apricot Scrub and Everyuth Naturals Advanced Tulsi Turmeric Face Wash tube and sachet.



*March 2015

**Survey of over 7000 people by Nielsen

To,



If undelivered, please return to:

Zydus Wellness Limited

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

www.zyduswellness.in

CIN L15201GJ1994PLC023490