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Free**™



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The Healthier Choice



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naturals



**NOURISH NURTURE ENERGISE**



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## Safe Harbour Statement

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

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

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

## Corporate Information

**BOARD OF DIRECTORS** Dr. Sharvil P. Patel  
**Chairman**

Tarun G. Arora  
**Whole Time Director**

**DIRECTORS** H. Dhanrajgir  
Dr. B. M. Hegde  
Prof. Indiraben J. Parikh  
Ganesh N. Nayak

**CHIEF FINANCIAL OFFICER** Amit B. Jain

**COMPANY SECRETARY** Dhaval N. Soni

**BANKERS** Bank of Baroda  
Ashram Road Branch,  
Ahmedabad.  
HDFC Bank Ltd.  
Navrangpura Branch,  
Ahmedabad.  
BNP Paribas  
Ellisbridge Branch,  
Ahmedabad.

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

**COST AUDITORS** M/s. Dalwadi & Associates  
Cost Accountants

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

**REGISTERED OFFICE** House No. 6 & 7,  
Sigma Commerce Zone,  
Nr. Iscon Temple,  
Sarkhej-Gandhinagar  
Highway,  
Ahmedabad - 380 015.  
[www.zyduswellness.in](http://www.zyduswellness.in)

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

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

**Notice****ZYDUS WELLNESS LIMITED**

[CIN – L15201GJ1994PLC023490]

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

**Notice** is hereby given that the **Twenty Second** Annual General Meeting of the members of the Company will be held on Wednesday, August 3, 2016 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 financial statements [including consolidated financial statements] of the Company for the year ended on March 31, 2016 and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the Interim Dividend of Rs. 6.5/- per share of Rs. 10/- each as a final dividend for the year 2015-2016.
3. To appoint a Director in place of Mr. Ganesh N. Nayak [DIN-00017481], who retires by rotation and being eligible offers himself for reappointment.
4. To ratify the appointment of M/s. Dhirubhai Shah & Doshi, Chartered Accountants [Firm Registration No. 102511W] as Statutory Auditors of the Company, who hold office from the conclusion of Twenty First Annual General Meeting until the conclusion of Twenty Sixth Annual General Meeting and to fix their remuneration.

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

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

**“RESOLVED THAT** pursuant to provisions of section 148[3] and other applicable provisions, if any, of the Companies Act, 2013, and the Companies [Cost Records and Audit] Rules, 2014, [including any statutory modification(s) or re-enactment thereof for the time being in force], the Company hereby ratifies the remuneration of Rs. 2.00 lacs plus applicable service tax and out of pocket expenses at actuals for the financial year ending on March 31, 2017 to M/s. Dalwadi & Associates, Cost Accountants [Firm Registration No. 000338] who were appointed as Cost Auditors to conduct the audit of cost records maintained by the Company pertaining to product ‘Nutralite’ manufactured by the Company for the financial year 2016-2017.”

**By order of the Board of Directors**

**Place :** Ahmedabad**Date :** May 12, 2016

**Dhaval N. Soni**  
**Company Secretary**

**NOTES:**

1. The Explanatory Statement pursuant to provisions of section 102 of the Companies Act, 2013 [“Act”] in respect of business under item No. 5 of the Notice is annexed hereto.
2. The Register of Members and Share Transfer Books shall remain closed from July 25, 2016 [Monday] to August 3, 2016 [Wednesday] [both days inclusive].
3. **A MEMEBR ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as a proxy on behalf of members not exceeding 50 [fifty] and holding in the aggregate not more than ten per cent of the total share capital of the Company. In case a

## Notice

proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company, then such proxy shall not act as a proxy for any other person or member. Proxies in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting i.e. by 10 a.m. on Monday, August 1, 2016. A Proxy form is sent herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority together with specimen signature, as applicable.

4. Corporate members intending to authorise its representatives to attend the Meeting are requested to submit to the Company at its Registered Office, a certified copy of Board Resolution / authorization document authorising 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 Companies Act, 2013, when notified by the Central Government and rules proposed to be prescribed by the Central Government. Members are requested to note that after such date, the members will lose their rights to claim such dividend unless the provisions of section 125 of the Companies Act, 2013 are notified by the Central Government.

Financial Year ended on	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF Account
March 31, 2009	July 28, 2009	15	August 3, 2016
March 31, 2010	July 16, 2010	30	July 22, 2017
March 31, 2011	June 30, 2011	40	July 6, 2018
March 31, 2012	July 27, 2012	50	August 2, 2019
March 31, 2013	May 13, 2013	60 @	May 31, 2020
March 31, 2014	July 14, 2014	60	July 20, 2021
March 31, 2015	July 29, 2015	60	August 4, 2022
March 31, 2016	March 4, 2016	65 @	March 9, 2023

@ Interim Dividend

Pursuant to the IEPF [Uploading of information regarding unpaid and unclaimed amount lying with the Companies] Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the Twenty First Annual General Meeting held on July 29, 2015 on its website – [www.zyduwellness.in](http://www.zyduwellness.in) and on the website of Ministry of Corporate Affairs [www.mca.gov.in](http://www.mca.gov.in)

6. Members holding shares in physical form are requested to intimate Registrar and Transfer Agent of the Company viz., M/s. Link Intime India Private Limited [Unit: Zydu Wellness Limited], Unit No. 303, 3<sup>rd</sup> Floor,



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Shoppers' Plaza V, Off. C G Road, Ahmedabad-380 009, changes, if any, in their registered address along with pin code number and relevant evidences. Members holding shares in electronic form shall update such details with their respective Depository Participant.

7. The information of the Director seeking reappointment at the ensuing Annual General Meeting is provided at **Annexure-A** to this Notice as prescribed under Regulation 36[3] of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015.
8. Notice of the Twenty Second Annual General Meeting of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to the members, whose email Ids are registered with the Company or Depository Participant[s] for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Twenty Second Annual General Meeting of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.
9. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.**

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

### 10. Voting through electronic means:

The business as set out in the Notice may be transacted through electronic voting system. In compliance with provisions of section 108 of the Companies Act, 2013 read with the Companies [Management and Administration] Rules, 2014, Standard 2 of the Secretarial Standards on General Meetings and in compliance with Regulation 44 of the Listing Regulations, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with Central Depository Services (India) Limited (CDSL) to facilitate the members to cast their votes from a place other than venue of the AGM [remote e-voting]. The facility for voting shall be made available at the AGM through polling paper and the members attending the Meeting who have not casted their vote by remote e-voting shall be able to exercise their right at the meeting. Please note that the voting through electronic means is optional for the members.

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

The Notice will be displayed on the website of the Company [www.zyduswellness.in](http://www.zyduswellness.in) and on the website of CDSL.

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

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



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

- i) The remote e-voting period commences at 9:00 a.m. on Sunday, July 31, 2016 and ends at 5:00 p.m. on Tuesday, August 2, 2016. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. July 27, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The members should log on to the remote e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on Shareholders - Login.
- iv) Now Enter your User ID
  - a. For CDSL : 16 digits beneficiary ID,
  - b. For NSDL : 8 Character DP ID followed by 8 digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had earlier logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income tax Department [applicable for both, members holding shares in demat mode and members holding shares in physical mode].
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank details or Date of Birth (DOB) (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the Depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

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

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- xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take a print of the vote cast by clicking on “Click here to print” option on the voting page.
- xvii) If demat account holder has forgotten the login password then he should enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- xviii) Members can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix) Note for Non – Individual Members and Custodians
- Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://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](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance Users would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Contact Details:****Mr. Mehboob Lakhani**

Assistant Manager, CDSL

16<sup>th</sup> Floor, PJ Towers, Dalal Street, Fort, Mumbai-400 001.Email: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com), Tel: 18002005533

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

The Company has appointed Mr. D. D. Sanghavi, Practicing Company Secretary [Membership No. FCS-3229], to act as the Scrutinizer for conducting the voting and remote e-voting process in a fair and transparent manner.

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

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

**REQUEST TO THE MEMBERS:**

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

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

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

**In respect of item No. 5:**

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

On the recommendation of the Audit Committee, the Board of Directors had approved the appointment of M/s Dalwadi & Associates, Cost Accountants [Registration Number 000338] as the Cost Auditors of the Company to conduct audit of cost records of the Company for the financial year 2016-2017, at a remuneration of Rs. 2.00 lacs plus service tax and out of pocket expenses.

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

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

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

**By order of the Board of Directors**

**Place :** Ahmedabad  
**Date :** May 12, 2016

**Dhaval N. Soni**  
**Company Secretary**

## Annexure-A

Details of Director seeking reappointment at the forthcoming Annual General Meeting  
[Pursuant to Regulation 36[3] of the SEBI [Listing Obligations and Disclosure Requirements], Regulations, 2015]

<b>Name of the Director</b>	<b>Mr. Ganesh N. Nayak</b>
Age	61 years
Date of Appointment on the Board	July 27, 2006
Brief resume and nature of expertise in functional areas	Mr. Ganesh Nayak is the Chief Operating Officer and Executive Director of Cadila Healthcare Limited, the holding Company. He spearheads the business of the Zydus Cadila Group, including its Joint Ventures and Alliances. Mr. Nayak joined Zydus Cadila Group in 1977. With experience of more than 39 years, he has contributed significantly to the growth of Zydus Cadila over the years. Zydus Cadila has successfully undertaken several expansion plans during his association. With strategic insight and business acumen, Mr. Nayak has played a key role in several M&A deals and alliances. Strategic management skills, long standing expertise in sales and marketing and new insights from the Harvard Business School have catapulted Mr. Nayak to the global league of marketing professionals.
Relationship between directors inter-se	None
Directorships held in other Listed Companies	None
Memberships / Chairmanships of Committees in Listed Companies	<b>Chairman :</b> <b>Stakeholders' Relationship Committee:</b> Zydus Wellness Limited <b>Member :</b> <b>Audit Committee</b> Zydus Wellness Limited
Shareholding of Non-Executive Director	6,550 Equity Shares

## Directors' Report

Your Directors are pleased to present **Twenty Second** Annual Report and the Financial Statements for the financial year ended March 31, 2016.

### Financial Results:

The financial performance of the Company, for the year ended March 31, 2016 is summarized below:

[INR-Lacs]

Particulars	Standalone		Consolidated	
	For the year ended March 31 2016	For the year ended March 31 2015	For the year ended March 31 2016	For the year ended March 31 2015
Sales and Other Income	23,683	23,956	46,047	45,831
Profit before Interest, Depreciation & Tax [PBIDT]	10,606	11,332	12,217	12,751
<b>Less:</b> Depreciation	355	455	681	773
Profit before Interest & Tax (PBIT)	10,251	10,877	11,536	11,978
<b>Less:</b> Interest	5	5	13	13
<b>Profit Before Tax [PBT]</b>	<b>10,246</b>	<b>10,872</b>	<b>11,523</b>	<b>11,965</b>
<b>Less:</b> Provision for Tax	77	-23	1,156	850
<b>Profit After Tax [PAT]</b>	<b>10,169</b>	<b>10,895</b>	<b>10,367</b>	<b>11,115</b>
<b>Less:</b> Minority Interest	-	-	198	220
<b>Profit attributable to shareholders</b>	<b>10,169</b>	<b>10,895</b>	<b>10,169</b>	<b>10,895</b>
<b>Add:</b> Profit brought forward from the previous year	<b>32,197</b>	<b>24,149</b>	<b>32,197</b>	<b>24,149</b>
<b>Less:</b> Additional depreciation upon revision in useful lives of tangible assets	0	26	0	26
Profit available for appropriation, which is appropriated as follows:	42,366	35,018	42,366	35,018
Interim Dividend	2,540	-	2,540	-
Proposed Final Dividend	0	2,344	0	2,344
Corporate Dividend Tax on Interim / Final Dividend	517	477	517	477
Balance carried to Balance Sheet	39,309	32,197	39,309	32,197
<b>Total</b>	<b>42,366</b>	<b>35,018</b>	<b>42,366</b>	<b>35,018</b>
Earnings Per Share [EPS] [Face Value of Shares of Rs. 10/- each]	<b>26.03</b>	<b>27.88</b>	<b>26.03</b>	<b>27.88</b>

The Company proposes to retain an amount of Rs. 39,309 lacs in the Statement of Profit and Loss.

## Directors' Report

### Results of operations:

During the year under review, the consolidated gross sales revenue grew by 3.20% to Rs. 45,698 lacs from Rs. 44,301 lacs in 2014-15. The profit before tax, on a like-to-like basis, increased by 10.70% y-o-y to Rs. 11,523 lacs. Net profit after tax, on like-to-like basis, increased by 10.40% y-o-y to Rs. 10,169 lacs. The net profit margin, on a like-to-like basis, as a % to total operating income, has increased to 23.70% from 22.20% last year. A detailed analysis of performance for the year has been included in the Management Discussion and Analysis, which forms a part of the Annual Report.

### Interim Dividend:

During the year under review, your Directors had declared and paid an interim dividend of Rs. 6.5/- [65%] per equity share of face value of Rs. 10/- each to the shareholders holding shares in physical form and whose names were listed on the Register of Members of the Company as on March 17, 2016, being the Record Date fixed for the purpose. Those shareholders holding shares in electronic form were paid dividend as per the beneficiary data provided by the Depositories. Your Directors did not recommend final dividend. The dividend payout ratio for the current year [inclusive of corporate dividend tax on dividend distribution] is 30.10%.

During the year, the unclaimed dividend pertaining to the dividend for the year ended March 31, 2008 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/Regulation 34[2][e] of SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015, [hereinafter referred to as Listing Regulations] is presented in a separate section, which forms a part of the 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 and as provided under the provisions of Companies Act, 2013 [hereinafter referred to as "Act"] read with Schedule III of the Act and Rules made thereunder and Listing Agreement/Listing Regulations. The audited Consolidated Financial Statements are provided in the Annual Report.

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

### Related Party Transactions:

All transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company 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.

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' Report

### Directors:

#### i. Retirement by rotation:

In accordance with the provisions of section 152[6] of the Act and in terms of Articles of Association of the Company, Mr. Ganesh N. Nayak, Director [DIN-00017481] will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his reappointment.

#### ii. Declaration of Independence:

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

#### iii. Profile of Director seeking reappointment:

As required under Regulation 36[3] of the Listing Regulations, particulars of the Director seeking reappointment at the ensuing Annual General Meeting is annexed to the notice convening Twenty Second Annual General Meeting.

#### iv. Key Managerial Personnel:

The following persons are the Key Managerial Personnel:

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

There is no change in the Key Managerial Personnel during the year.

#### v. Board Evaluation:

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

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

### Directors' Responsibility Statement:

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

- i. that in preparation of the Financial Statements, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any,
- ii. that such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2016 and of the profit of the Company for the year ended on that date,



## Directors' Report

- iii. that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities,
- iv. that the Financial Statements have been prepared on a going concern basis,
- v. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively and
- vi. that the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### Board Meetings:

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

### Audit Committee:

As provided in section 177[8] of the Act, the information about composition of Audit Committee and other details are given in Corporate Governance Report, forming a part of this report. The Board has accepted the recommendations of Audit Committee. The Audit Committee is comprising of Mr. H. Dhanrajgir, as Chairman and Dr. B. M. Hegde, Prof. Indiraben J Parikh and Mr. Ganesh N. Nayak as members.

### Corporate Governance:

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

### Auditors:

#### i. Statutory Auditors and their Report:

M/s. Dhirubhai Shah & Doshi, Chartered Accountants, [Firm Registration No. 102511W] were appointed as Statutory Auditors from the conclusion of Twenty First Annual General Meeting until the conclusion of Twenty Sixth Annual General Meeting. They have informed to the Company that their appointment, if made, would be within the limits prescribed under section 141 of the Act. They have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the Company. The Board has duly reviewed the Auditor's Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors as provided under section 134 of the Act.

#### ii. Cost Auditors:

Pursuant to provisions of section 148[3] of the Act read with 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 the Company for the financial year ending on March 31, 2017 on a remuneration of Rs. 2.00 lacs. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members at a general meeting for ratification. Accordingly, a resolution seeking ratification by members for the remuneration payable to M/s. Dalwadi & Associates is included at item No. 5 of the Notice convening Twenty Second Annual General Meeting.

## Directors' Report

### iii. Secretarial Auditors and Secretarial Audit Report:

Pursuant to provisions of section 204 of the Act and The Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, the Board has appointed M/s. Hitesh Buch & Associates, a firm of Company Secretaries in whole time practice to undertake Secretarial Audit of the Company for the financial year ended on March 31, 2016. The Secretarial Audit Report is attached herewith as **Annexure–“A”**. The Board has duly reviewed the Auditor's Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors as provided under section 134 of the Act.

### Corporate Social Responsibility [CSR]:

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

### Business Risk Management:

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

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

### Internal control system and its adequacy:

The Company has designed and implemented a process driven framework for Internal Financial Controls [IFC] within the meaning of the explanation to section 134[5][e] of the Act. For the year ended on March 31, 2016, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

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

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

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

#### ii. Zydus Business Conduct Policy:

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

## Directors' Report

### Extract of Annual Return:

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

### Composition of Audit Committee:

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, is given in **Annexure–“D”**.

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

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

### General Disclosure:

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

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

### Acknowledgement:

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

**For and on behalf of the Board**

**Place :** Ahmedabad  
**Date :** May 12, 2016

**Sharvil P. Patel**  
**Chairman**

## Annexure - A to the Directors' Report

### SECRETARIAL AUDIT REPORT

For the Financial Year ended on March 31, 2016

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

To,  
The Members of  
**Zydus Wellness Limited**  
House No. 6 & 7, Sigma Commerce Zone,  
Nr. Iskcon Temple,  
Sarkhej Gandhinagar Highway,  
Satellite Cross Roads,  
Ahmedabad-380 015

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Zydus Wellness Limited ("the Company"), for the financial year ended on March 31, 2016 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with regard to disclosures thereunder;
  - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto May 14, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015 (effective from May 15, 2015)
  - (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable during the period)
  - (iv) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014; (Not Applicable during the period)
  - (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable during the period)

## Annexure - A to the Directors' Report

- (vi) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable during the period)
- (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable during the period)
- (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable during the period)
- 3. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other general laws and regulations applicable to the Company.
- 4. The Company has complied with Food Safety and Standards Act, 2006 and Legal Metrology Act, 2009 specifically applicable to the Company.
- 5. We have also examined compliance with the applicable clauses of the following:
  - (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made applicable from July 1, 2015.
  - (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited for period upto November 30, 2015;
  - (iii) The Uniform Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited pursuant to Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 effective from December 1, 2015.

### We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and 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 a 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 :** May 12, 2016

Note : This Report is to be read with our letter of even date which is annexed as **Annexure-1** and form an integral part of this Report.

**Annexure - A to the Directors' Report****Annexure-1**

To,  
The Members of  
**Zydus Wellness Limited**  
House No. 6 & 7, Sigma Commerce Zone,  
Nr. Iskcon Temple,  
Sarkhej Gandhinagar Highway,  
Satellite Cross Roads,  
Ahmedabad – 380 015

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 :** May 12, 2016

## 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 Act and the same is placed on the website of the Company. Visit the web link <http://www.zyduswellness.in/investor/CSR%20Policy.pdf> for more information on the CSR Policy.

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

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

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

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

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

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

**Rs. 9,921 lacs.**

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

**Rs. 198.42 lacs.**

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

- i. Total amount to be spent during the financial year–Rs. 198.42 lacs
- ii. Amount unspent, if any: **Nil**



## Annexure - B to the Directors' Report

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

<b>CSR Project or Activity identified</b>	Healthcare and Education
<b>Sector in which the project is covered</b>	Promoting education and healthcare, including preventive healthcare
<b>Projects or Programs</b> [1] Local area or other, [2] Specify the state and district where projects or programs were undertaken	Ahmedabad, Gujarat
<b>Amount outlay [Budget] Project or Program wise</b>	Rs. 198.42 lacs
<b>Amt. spent on the Projects or Programs</b> Sub-heads: [1] Direct expenditure on projects of programs, [2] Overheads	Rs. 198.42 lacs
<b>Cumulative expenditure up to the reporting period</b>	Rs. 198.42 lacs
<b>Amount spent:Direct or through implementing Agency</b>	Gujarat Cancer Society

### iv. Responsibility Statement:

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

**Place :** Ahmedabad  
**Date :** May 12, 2016

**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 March 31, 2016**

*[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

<b>CIN</b>	L15201GJ1994PLC023490
<b>Registration Date</b>	November 1, 1994
<b>Name of the Company</b>	Zydus Wellness Limited
<b>Category / Sub-Category of the Company</b>	Public Limited Company having Share Capital
<b>Address of the Registered Office and Contact Details</b>	House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015. Phone No.: 079-2686 8100 www.zyduswellness.in
<b>Whether listed Company</b>	Yes
<b>Name, Address and Contact details of Registrar and Transfer Agent</b>	Link Intime India Private Limited Unit No. 303, 3 <sup>rd</sup> 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
Table Margarine	1516	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
<b>Cadila Healthcare Limited</b> Registered Office: Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015.	L24230GJ1995PLC025878	Holding	72.08	2[46]

The Company does not have any subsidiary 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	
<b>A. Promoters</b>									
<b>1. Indian</b>									
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	-
<b>Sub-Total [A][1]</b>	<b>28343687</b>	<b>0</b>	<b>28343687</b>	<b>72.54</b>	<b>28343687</b>	<b>0</b>	<b>28343687</b>	<b>72.54</b>	<b>-</b>
<b>2. Foreign</b>									
i. NRIs-Individuals	-	-	-	-	-	-	-	-	-
ii. Other-Individuals	-	-	-	-	-	-	-	-	-
iii. Bodies Corporate	-	-	-	-	-	-	-	-	-
iv. Banks / FI	-	-	-	-	-	-	-	-	-
v. Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total [A][2]</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of promoters [A] = [A][1] + [A][2]</b>	<b>28343687</b>	<b>0</b>	<b>28343687</b>	<b>72.54</b>	<b>28343687</b>	<b>0</b>	<b>28343687</b>	<b>72.54</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
i. Mutual Funds	397677	559	398236	1.02	411298	559	411857	1.05	0.03
ii. Banks / FI	1677412	0	1677412	4.29	1677434	0	1677434	4.29	-
iii. Central Govt.	-	-	-	-	-	-	-	-	-
iv. State Govt.[s]	-	-	-	-	-	-	-	-	-
v. Venture Capital Fund	-	-	-	-	-	-	-	-	-
vi. Insurance Companies	-	-	-	-	-	-	-	-	-
vii. FIIs	3543776	46	3543822	9.07	2730917	46	2730963	6.99	- 2.08
viii. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
<b>ix. Others [specify]</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sub-Total [B][1]</b>	<b>5618865</b>	<b>605</b>	<b>5619470</b>	<b>14.38</b>	<b>4819649</b>	<b>605</b>	<b>4820254</b>	<b>12.34</b>	<b>- 2.05</b>
<b>2. Non-Institutions</b>									
<b>i. Bodies Corporate</b>									
a. Indian	1478038	4553	1482591	3.79	2108944	4553	2113497	5.41	1.62
b. Overseas	-	-	-	-	-	-	-	-	-
<b>ii. Individuals</b>									
a. Individual shareholders holding nominal share capital up to Rs. 1 lac	2300258	284967	2585225	6.62	2238510	267482	2505992	6.41	- 0.21
b. Individual shareholders holding nominal share capital above Rs. 1 lac	766601	-	766601	1.96	696539	-	696539	1.78	- 0.18

**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	
<b>iii. Others [specify]</b>									
a. Non-Resident									
Indians	132657	71252	203909	0.52	166866	71252	238118	0.61	0.09
b. Clearing Member	46816	-	46816	0.12	18200	0	18200	0.05	- 0.07
c. Trusts	9266	-	9266	0.02	233	0	233	0.00	- 0.02
d. Foreign Portfolio Investor	14524	-	14524	0.04	243120	0	243120	0.62	0.58
e. Hindu Undivided Family	-	-	-	-	92449	0	92449	0.24	0.24
<b>Sub-Total [B][2]</b>	<b>4748160</b>	<b>289520</b>	<b>5108932</b>	<b>13.08</b>	<b>5564861</b>	<b>343287</b>	<b>5908148</b>	<b>15.12</b>	<b>2.05</b>
<b>Total Public Shareholding[B] = [B][1]+[B][2]</b>	<b>10367025</b>	<b>290125</b>	<b>10728402</b>	<b>27.46</b>	<b>10384510</b>	<b>343892</b>	<b>10728402</b>	<b>27.46</b>	<b>-</b>
<b>C. Shares held by Custodians for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total [A+B+C]</b>	<b>38710712</b>	<b>361377</b>	<b>39072089</b>	<b>100.00</b>	<b>38728197</b>	<b>343892</b>	<b>39072089</b>	<b>100.00</b>	<b>N. A.</b>

**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.	Zydu 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	-
	<b>Total</b>	<b>28343687</b>	<b>72.54</b>	<b>0</b>	<b>28343687</b>	<b>72.54</b>	<b>0</b>	<b>-</b>

**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.	Name of the Shareholder	Date wise increase / decrease			Cumulative share holding	% of total share capital
		Date	Increase/ Decrease	% of total share capital		
1.	Matthews India Fund	At the beginning of the year			1670471	4.28
		At the end of the year			1670471	4.28
2.	Life Insurance Corporation of India	At the beginning of the year			1597982	4.09
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	17.04.2015	-751	-0.002	1597231	4.09
		At the end of the year			1597231	4.09
3.	Baring India Private Equity Fund III Listed Investments Limited	At the beginning of the year			767919	1.97
	Changes in the holdings as per the beneficiary position downloaded from the Depositories.	17.07.2015	-3711	-0.01	764208	1.96
		24.07.2015	-3300	-0.01	760908	1.95
		14.08.2015	-112500	-0.29	648408	1.66
		At the end of the year			648408	1.66

**Annexure - C to the Directors' Report**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative share holding	% of total share capital
		Date	Increase/ Decrease	% of total share capital		
4.	Vidya Investment and Trading Company Private Limited  <b>Changes in the holdings as per the beneficiary position downloaded from the Depositories.</b>	<b>At the beginning of the year</b>			<b>0</b>	<b>0.00</b>
		24.04.2015	250979	0.64	250979	0.64
		01.05.2015	45889	0.12	296868	0.76
		08.05.2015	120125	0.31	416993	1.07
		15.05.2015	4719	0.01	421712	1.08
		22.05.2015	21240	0.05	442952	1.13
		29.05.2015	30931	0.08	473883	1.21
		28.08.2015	101034	0.26	574917	1.47
		<b>At the end of the year</b>			<b>574917</b>	<b>1.47</b>
5.	PPFAS Long Term Value Fund  <b>Changes in the holdings as per the beneficiary position downloaded from the Depositories.</b>	<b>At the beginning of the year</b>			<b>357763</b>	<b>0.92</b>
		10.04.2015	-5000	-0.01	352763	0.91
		22.05.2015	5000	0.01	357763	0.92
		28.08.2015	-5000	-0.01	352763	0.91
		18.09.2015	469	0.00	353232	0.91
		25.09.2015	4149	0.01	357381	0.92
		20.11.2015	6588	0.01	363969	0.93
		18.12.2015	130	0.00	364099	0.93
		22.01.2016	819	0.00	364918	0.93
		29.01.2016	100	0.00	365018	0.93
		26.02.2016	552	0.00	365570	0.93
		04.03.2016	825	0.01	366395	0.94
		11.03.2016	5000	0.01	371395	0.95
		<b>At the end of the year</b>			<b>371395</b>	<b>0.95</b>
6.	Akash Bhansali  <b>Changes in the holdings as per the beneficiary position downloaded from the Depositories.</b>	<b>At the beginning of the year</b>			<b>364000</b>	<b>0.93</b>
		25.09.2015	364000	0.93	728000	1.86
		30.09.2015	-364000	-0.93	364000	0.93
		<b>At the end of the year</b>			<b>364000</b>	<b>0.93</b>
7.	General Insurance Corporation of India	<b>At the beginning of the year</b>			<b>288029</b>	<b>0.74</b>
		<b>At the end of the year</b>			<b>288029</b>	<b>0.74</b>
8.	Hasham Investment and Trading Company Private Limited  <b>Changes in the holdings as per the beneficiary position downloaded from the Depositories.</b>	<b>At the beginning of the year</b>			<b>0</b>	<b>0</b>
		01.05.2015	281140	0.72	281140	0.72
		<b>At the end of the year</b>			<b>281140</b>	<b>0.72</b>

**Annexure - C to the Directors' Report**

Sr. No.	Name of the Shareholder	Date wise increase / decrease			Cumulative share holding	% of total share capital
		Date	Increase/ Decrease	% of total share capital		
9.	Regal Investment and Trading Company Private Limited  <b>Changes in the holdings as per the beneficiary position downloaded from the Depositories.</b>	<b>At the beginning of the year</b>			<b>0</b>	<b>0</b>
		29.05.2015	16313	0.04	16313	0.04
		14.08.2015	187097	0.48	203410	0.52
		21.08.2015	5918	0.01	209328	0.53
		16.10.2015	8647	0.02	217975	0.55
		23.10.2015	5680	0.01	223655	0.56
		30.10.2015	8175	0.02	231830	0.58
		<b>At the end of the year</b>			<b>231830</b>	<b>0.58</b>
10.	Catamaran Management Services Private Limited	<b>At the beginning of the year</b>			<b>219382</b>	<b>0.56</b>
		<b>At the end of the year</b>			<b>219382</b>	<b>0.56</b>
11.	Baring India Private Equity Fund II Limited  <b>Changes in the holdings as per the beneficiary position downloaded from the Depositories.</b>	<b>At the beginning of the year</b>			<b>255958</b>	<b>0.65</b>
		17.07.2015	-1237	-0.00	254721	0.65
		24.07.2015	-1000	-0.00	253721	0.65
		14.08.2015	-37500	-0.10	216221	0.55
		<b>At the end of the year</b>			<b>216221</b>	<b>0.55</b>
		<b>At the beginning of the year</b>			<b>321886</b>	<b>0.82</b>
12.	Amansa Holdings Private Limited  <b>Changes in the holdings as per the beneficiary position downloaded from the Depositories.</b>	10.04.2015	-53574	-0.14	268312	0.68
		17.04.2015	-215200	-0.55	53112	0.13
		24.04.2015	-53112	-0.13	0	0
		<b>At the end of the year</b>			<b>0</b>	<b>0</b>
		<b>At the beginning of the year</b>			<b>281140</b>	<b>0.72</b>
		01.05.2015	-281140	-0.72	0	0
13.	Napean Trading and Investment Company Private Limited  <b>Changes in the holdings as per the beneficiary position downloaded from the Depositories.</b>	<b>At the beginning of the year</b>			<b>281140</b>	<b>0.72</b>
		01.05.2015	-281140	-0.72	0	0
		<b>At the end of the year</b>			<b>0</b>	<b>0</b>



**Annexure - C to the Directors' Report**
**v] Shareholding of Directors and Key Managerial Personnel:**
**A. Directors [other than KMP]:**

Particulars	Sharvil P. Patel	Ganesh N. Nayak	H. Dhanrajgir	B. M. Hegde	Indira J. Parikh
At the beginning of the year :					
Number of Shares	533	6550	0	300	0
% of total shares held	-	0.017		-	
Date wise increase / decrease in shareholding:	0	0	0	0	0
At the end of the year:					
Number of Shares	533	6550	0	300	0
% of total shares held	-	0.017		-	

**B. Key Managerial Personnel:**

Particulars	Tarun G. Arora, Whole Time Director	Amit B. Jain, Chief Financial Officer	Dhaval N. Soni, Company Secretary
At the beginning of the year:			
Number of Shares	0	0	0
% of total shares held	-		
Date wise increase / decrease in shareholding:		0	0
Date: March 1, 2016	+ 12		
March 21, 2016	+ 188		
At the end of the year:			
Number of Shares	200	0	0
% of total shares held	-		

**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				
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			0	
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 / Whole Time Director:**

INR-Lacs

Sr. No.	Particulars of Remuneration	Elkana N. Ezekiel, Managing Director [01.04.2015 to 14.04.2015]	Tarun G. Arora, Whole Time Director [14.05.2015 to 31.03.2016]
1.	Gross Salary		
	a. Salary as per provisions contained in section 17[1] of the Income Tax Act, 1961.	48.94	213.56
	b. Value of perquisites u/s 17[2] of the Income Tax Act, 1961.	0.02	0.28
	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	-	-
	<b>Total [A]</b>	<b>48.96</b>	<b>213.84</b>
	Ceiling as per the Act		525.00

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

INR-Lacs

Particulars of Remuneration	Name of Directors			Total
	H. Dhanrajgir	B. M. Hegde	Indira J. Parikh	
• Fee for attending Board Committee Meetings	3.00	1.60	2.40	7.00
• Commission	4.50	4.50	4.50	13.50
• Others, please specify	-	-	-	-
<b>Total [B] [1]</b>	<b>7.50</b>	<b>6.10</b>	<b>6.90</b>	<b>20.50</b>

**2. Non-Executive Directors:**

INR-Lacs

Particulars of Remuneration	Name of Directors		Total
	Sharvil P. Patel	Ganesh N. Nayak	
• Fee for attending Board Committee Meetings	1.60	3.20	4.80
• Commission	-	-	-
• Others, please specify	-	-	-
<b>Total [B] [1]</b>	<b>1.60</b>	<b>3.20</b>	<b>4.80</b>
<b>Total [B] [1] + [B] [2]</b>			<b>25.30</b>

**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	Dhaval N. Soni CS	
1.	Gross Salary			
	a. Salary as per provisions contained in section 17[1] of the Income Tax Act, 1961.	28.08	11.39	39.47
	b. Value of perquisites u/s 17[2] of the Income Tax Act, 1961.	1.75	0.22	1.97
	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	-	-	-
	<b>Total</b>	<b>29.83</b>	<b>11.61</b>	<b>41.44</b>

**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]
<b>A. COMPANY</b> Penalty Punishment Compounding			None		
<b>B. DIRECTORS</b> Penalty Punishment Compounding			None		
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding			None		

For and on behalf of the Board

Place : Ahmedabad  
Date : May 12, 2016

Sharvil P. Patel  
Chairman

## 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	142.41%
Dr. B. M. Hegde	142.41%
Prof. Indiraben J. Parikh	142.41%
Mr. Ganesh N. Nayak	Not applicable as no Managerial Remuneration was paid.
Mr. Tarun G. Arora	Not Applicable as appointed w.e.f. May 14, 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	12.50%
Dr. B. M. Hegde	12.50%
Prof. Indiraben J. Parikh	12.50%
Mr. Ganesh N. Nayak	Not applicable as no Managerial Remuneration was paid.
Mr. Tarun G. Arora	Not applicable
Mr. Amit B. Jain, Chief Financial Officer	16.00%
Mr. Dhaval N. Soni, Company Secretary	18.00%

## Annexure - D to the Directors' Report

- c. The percentage increase in the median remuneration of employees in the financial year was 14.10%.
- d. There were 230 permanent employees on the rolls of the Company as on March 31, 2016.
- e. The profits before tax on a like-to-like basis, for the financial year ended on March 31, 2016 increased by 10.70% and the average increase in remuneration of employees was 13.60%.
- f. The profits before tax on a like-to-like basis, for the financial year ended on March 31, 2016 increased by 10.70% and the remuneration of Key Managerial Personnel, viz. [1] Chief Financial Officer and [2] Company Secretary was increased by 16% and 18% respectively. The Whole Time Director was appointed during the year on May 14, 2015.
- g. The market capitalization of the Company was Rs. 2,90,364 Lacs as on March 31, 2016 as against Rs. 3,96,738 Lacs as on March 31, 2015.  
  
Whereas, Price Earnings Ratio of the Company was 28.55 as on March 31, 2016 as against 36.40 as on March 31, 2015.
- h. The Company came out with Initial Public Offer in October, 1995 at a price of Rs. 10/- per share. The market price of the share as on March 31, 2016 was Rs. 743.15 on BSE Limited and Rs. 729.90 on the National Stock Exchange of India Limited. The increase in price is 7431.50%, apart from the dividend received by the shareholders.
- i. The average annual increase in the salaries of the employees, other than managerial personnel was 13.50%, whereas the average increase in the managerial remuneration was 17.00% for the financial year.
- j. The members have, at the Annual General Meeting of the Company held on July 29, 2015 approved the payment of commission to the 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.
- k. There was no employee receiving remuneration higher than the highest paid Director during the financial year.
- l. The Company affirms remuneration is as per the Nomination and Remuneration Policy of the Company.
- m. The statement containing particulars of employees as required under section 197[12] of the Act read with Rule 5[2] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, is provided in a separate annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

## Annexure - E to the Directors' Report

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

<b>A. Conservation of Energy:</b>	
1. Steps taken or impact on conservation of energy	None
2. Steps taken for utilization of alternate sources of energy	Use of Biomass Briquettes instead of Wood as boiler fuel.
3. Capital Investment on energy conservation equipments	Nil
<b>B. Technology absorption:</b>	
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. 106.74 lacs
<b>C. Foreign exchange earnings and outgo:</b>	
During the year, the foreign exchange in terms of actual outflows was Rs. 13 lacs.	

For and on behalf of the Board

**Place :** Ahmedabad.  
**Date :** May 12, 2016

**Sharvil P. Patel**  
**Chairman**



## Management Discussion and Analysis 2015-16

### Overview – Year 2015-16

#### 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 (2011-12) prices was estimated at 7.6 per cent in 2015-16 as compared to 7.2 per cent in 2014-15. Growth in India's GVA (Gross value added) at constant (2011-12) basic prices for the year 2015-16 was estimated to be 7.3 per cent as compared to the growth of 7.1 per cent in 2014-15. The growth in GVA was mainly contributed by, service sector and manufacturing sector. (Source: *Monthly Economic Report, March 2016 published by the Ministry of Finance, Govt. of India*)

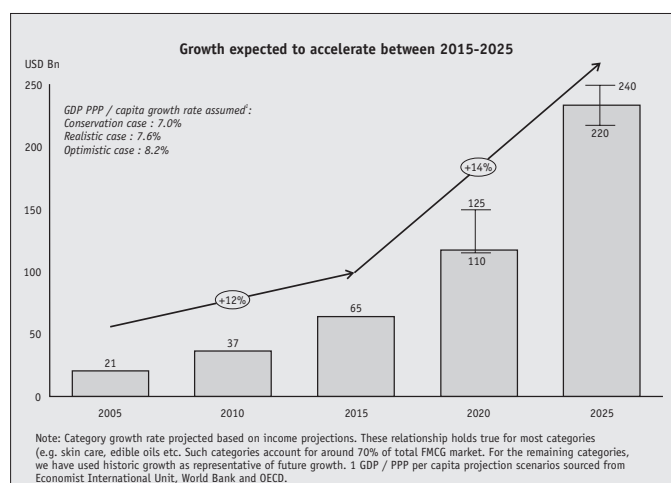
The International Monetary Fund released an update to its World Economic Outlook report predicting that India's economy will continue to improve in terms of its annual growth rate. Growth will continue to be driven by private consumption, which will be benefited from lower energy prices and higher real income. The estimates predict that India's economy will grow by 7.5 % for the next two consecutive years. This will put India's projected growth in 2017 ahead of the estimates for many other economies, making India the fastest growing major emerging economy in the world.

The average Wholesale Price Index (WPI) Inflation rate for the last 12 months (April 15 to March 16) was (-) 2.5% (provisional) as compared to 2% during the corresponding period in 2014-15. It is for the first time since the introduction of the current series of WPI in 2004-05 that the WPI inflation was negative for the year as a whole. (Source: *Monthly Economic Report, March 2016 published by the Ministry of Finance, Govt. of India*)

#### Fast Moving Consumer Goods (FMCG) market

The overall Fast Moving Consumer Goods (FMCG) market in India is estimated to be ~ 180 Billion USD, out of which the branded market is ~ 65 Billion USD (34% of the overall market). The market has grown at 12% between 2005-2015. The sector is expected to grow at a CAGR of ~ 14% over next 10 years. (Source: *Re-imagining FMCG in India, BCG CII report, December 2015*)

This growth would be driven by significant demographic shifts viz. 70% increase in income levels, approximately 100 million youth entering the workforce, increasing nuclearization and approximately 35% of Indians living in urban centers.



(Source: *Re-imagining FMCG in India, BCG CII report, December 2015. To the fullest extent permitted by law (and except to the extent otherwise agreed in a signed writing by BCG), BCG shall have no liability whatsoever to any Third Party, and any and all Third Parties hereby waive any rights and claims they may have at any time against BCG, with regard to the report or extract of the report prepared by BCG or other materials, including the accuracy or completeness thereof.*)

## Management Discussion and Analysis 2015-16

The big expected consequence from the Union Budget 2016-17 for the FMCG sector, is the rise in demand from rural India. This is on the back of reforms that will raise the standard of living among rural citizens. Additionally, the Union Budget proposes increase in the tax rebate ceiling and deduction of additional interest for first time home buyers. All these initiatives are expected to increase disposable income which will eventually impact consumption.

Stable inflation and GDP growth rate, a disciplined Budget and stability in the face of global uncertainty augur well for the FMCG sector. On the other hand, continued investment in infrastructure and rural development will take time to show results, although it will certainly help in lifting the sentiments even in the short term. (Source- Towards an Inclusive and Empowered India- Budget 2016 Nielsen report extract)

### Health & Wellness Foods:

Indian consumers consume health and wellness foods to feel confident and attractive, in addition to the basic benefits of staying disease-free. Work schedules are getting tougher for the average Indian and Indian consumers have been quick to realize that taking care of the family's health is the best way to combat stress and keep up with the pace of modern urban life. While India has been the strongest advocate of home-made and natural health fixes, the modern Indian, armed with product knowledge, is warming up to packaged health and wellness foods.

Indian consumers are increasingly becoming conscious about health and hygiene. There is also a willingness to move to evolved products and brands because of changing lifestyles and rising disposable incomes. Findings from a recent survey by Nielsen show that about 71 percent of Indians take note of the labels of packaged goods containing nutritional information compared to two years ago when only 59 percent of respondents read labels. The key to success for FMCG companies will be the strength of their "go to market strategy" and the ability to drive penetration and consumption for their respective brands.

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

Zydus Wellness is a niche but strong player in the health and wellness space in India. The focus for the year was to revive growth rates on the back of volume led initiatives. As the year progressed, the company has seen an improvement in the growth rates of Sugar Free and a turnaround in the EverYuth Peel Off business. Its portfolio of strong brands viz. Sugar Free, Everyuth and Nutralite have maintained leadership positions in their respective categories during the year 2015-16.

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



\*Range of Sugar Free products

## Management Discussion and Analysis 2015-16

Sugar Free has maintained its leadership position in the sugar substitute category with market share of 93.7 %, which is an increase of 120 basis points over last year (Source: Nielsen, MAT March 2016). Both variants of Sugar Free, viz. Sugar Free Gold and Sugar Free Natura continue to lead in their respective segments.

The sugar substitute category, while being niche, had a moderate increase in growth rate in 2015-16 over the previous year. This was primarily driven by new communication for Sugar Free Gold focusing on excess sugar consumption. Sugar Free also launched influencers program to connect with diabetics in key cities.

Another new area of focus in 2015-16 was in growing the culinary business for Sugar Free. For this Sugar Free ran an All-India “Sugar Free Dessert Challenge” with celebrity chef Sanjeev Kapoor being the final judge. The contest had very good participation by food enthusiasts.



Increasing awareness amongst health conscious individuals and diabetics offer significant potential for growth of the brand.

### Everyuth – Discover Naturally Beautiful Skin!

In 2015-16, skin cleansing category was led by strong growth in Face Wash and Scrub segments.

In **Peel Off segment**, Everyuth had a significant turnaround in 2015-16. During the year, Peel Off segment off-take and internal growth rates have picked up significantly. The brand has restaged its Peel Off packs with new packaging and benefits. The new communication focused on special occasions has helped turnaround the performance of Everyuth and hence overall Peel Off segment. Everyuth Peel Off has maintained its number one position with a market share of 92.1 %, which is an increase of 80 basis points. (Source: Nielsen, MAT March 2016)



*\*Everyuth Peel Off range*



*\*Everyuth scrub range including “Advanced Walnut Scrub”*

In the **Scrub segment**, Everyuth maintained its leadership position with market share of 30.7% (Source: Nielsen, MAT March 2016). Focus in 2015-16 was in establishing the new “Advanced Walnut Scrub” variant with television being the primary medium of building awareness and generating trial.

## Management Discussion and Analysis 2015-16

To address the challenges in the **Face Wash segment**, Everyuth re-launched its Face Wash range with fresh, new and contemporary looking packaging in March '16. This re-launch will be supported by communication across mediums. Focus in 2015-16 was also to further strengthen the Everyuth Tulsi- Turmeric variant in the market.



*\*Everyuth Face wash with new packaging*

### Nutralite – 'Healthier Choice'



To further strengthen the credentials of Nutralite in health and food space, support across different communication mediums was provided throughout the year. This included new TV campaign to communicate functional benefits of the brand. Focus was also on metro cities, which are significant markets for the category, through outdoor and press campaigns supported by distribution drives.

### Go to Market - Capacity & Capability building

The Company saw stabilization of its revamped distribution system in the later part of the year gone by. The attrition of representatives in the field has also stabilized. The company rolled out distribution expansion program named "EnReach" during the year, which has resulted into a significant growth in the direct coverage. Through this program, channel wise thrust was provided to strengthen the brand presence across general trade, modern trade and Hotel/Restaurants/Caterers (HORECA) segments. The company has launched program named "Passion" to enhance the capability of the field force for superior in-market execution.

### Consolidated Financial Highlights

#### Sales & Income from Operations

The gross sales revenue of the Company grew by 3.2% to Rs. 4,570 Mio. from Rs. 4,430 Mio. in 2014-15.

The income from operations of the previous financial year ended 31st March, 2015 included Rs. 155 Mio., related to the additional excise duty credit received by Zydus Wellness – Sikkim – the partnership firm, for the years 2011-12 to 2013-14, pursuant to the order passed by the Office of the Commissioner of Customs, Central Excise and Service Tax for the fixation of special rate of excise duty. Excluding this, the total income from operations of the Company has gone up by 3.4% y-o-y to Rs. 4,295 Mio. from Rs. 4,152 Mio. in 2014-15.

#### Profits and margins

Excluding the impact of excise duty credit received during the previous financial year, the EBITDA (Earnings before interest, tax, depreciation and amortization) increased by 8.0 % to Rs. 912 Mio. The EBITDA margin as % of total operating income has increased by 90 basis points and now stands at 21.2% as compared to 20.3% (on a comparable basis) in 2014-15.

## Management Discussion and Analysis 2015-16

The profit before tax and exceptional items, on a like-to-like basis, increased by 10.7% y-o-y to Rs. 1152 Mio. PBT margin before exceptional items, on a like-to-like basis, as % of total operating income has also increased by 170 basis points and now stands at 26.8%.

Net profit after tax, on like-to-like basis, increased by 10.4% y-y to Rs. 1017 Mio. The net profit margin, on a like-to-like basis, as a % to total operating income, has also increased to 23.7% from 22.2% last year.

### Net Worth

The net worth as at 31st March, 2016 stood at Rs. 4772 Mio., higher by 17.5 % from last year. Retained earnings of Rs. 711 Mio. (Net profit less interim dividend) contributed to this rise.

The book value per share increased to Rs. 122 as at 31st March 2016 from Rs. 104 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 22.9 % for 2015-16.

### Fixed Assets and Capital Expenditure

The gross block (including capital work in progress) at the end of 2015-16 was Rs. 1175 Mio. Capital expenditure during the year 2015-16 was Rs. 45 Mio.

### Risk Identification, Risk Mitigation and Internal Controls

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

#### Risk of fluctuations in prices of key inputs

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

#### Risk of competition and price pressure

Though the Company's products enjoy leading positions in their respective categories, the risk of competition from existing players as well as from new entrants remains high. However, the Company's strength in the market place, coupled with its continuous thrust on improving quality of its products and offering newer products in the wellness segment provide it an edge over competition. The Company supplies its products in both retail as well as institutional segments. Both segments have their own nuances in terms of customer expectations, competition and pricing. However, the company is well focused on increasing its share in all segments through sound marketing strategy and a balanced approach.

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

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

## Management Discussion and Analysis 2015-16

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. As mandated by the Companies Act, 2013, the Company has also implemented the Internal Financial Control (IFC) framework to ensure proper internal controls over financial reporting. 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 2015-2016

### Company's Philosophy on Corporate Governance Code:

Zydus Wellness Limited believes in continuous good corporate governance and always strives to improve performance at all levels by adhering to corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of Corporate Governance of clause 49 of the Listing Agreement/SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015. [the Listing Regulations].

### 1. Governance Structure:

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

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

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

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

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

### 2. Board of Directors:

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

#### a. Composition of the Board:

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meet with the requirements of the Code of Corporate Governance. The Board is headed by the Non-Executive Chairman, Dr. Sharvil P. Patel, who is also the promoter Director. As on March 31, 2016, your Company's Board comprised of six Directors; which include one Executive Director and five Non-Executive Directors, including three Independent Directors, who have considerable experience in their respective fields. As required under the provisions of section 149[1] of the Companies Act, 2013 and Rules made thereunder and clause 49 of the Listing Agreement and Regulation 17 of the Listing Regulations, the constitution of Board meets with the requirements stated therein. Non-Executive and Independent Directors have expert knowledge in the fields of finance, HR, legal and industry. Thus the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise.

**b. Board Meetings / Directors' Particulars:**

In compliance with clause 49 of the Listing Agreement / Regulation 17 of the Listing Regulations and as required under the Companies Act, 2013, the Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days. During the year under review, five board meetings were held on May 14, 2015, July 29, 2015, October 21, 2015, February 4, 2016 and March 4, 2016.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly / half yearly unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure, compliance with applicable laws and regulations. It monitors overall performance of the Company. The Agenda for the board meeting covers items set out as guidelines in clause 49 of the Listing Agreement / Regulation 17 of Listing Regulations to the extent the same are applicable and relevant. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

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

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

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

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

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

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



## Corporate Governance Report 2015-2016

The following table provide details of the attendance of the Directors at the Board meetings of the Company and also the number of other Directorships held in Indian Public Limited Companies [other than the Company] and Chairmanship / membership in Board Committees of Public Limited Companies as at March 31, 2016.

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

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

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

### c. Familiarization Programme:

At the time of appointment of an Independent Director, a formal letter of appointment is given to him / her, which inter alia explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. All our Directors are aware and also updated, whenever required, of their role, responsibilities, liabilities and obligations under the provisions of the Companies Act, 2013 and Rules made thereunder, clause 49 of the Listing Agreement / Regulation 25 of the Listing Regulations.

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

### d. Evaluation:

During the year, the Nomination and Remuneration Committee / Board have carried out evaluation of its own performance and the performance of the committees of the Board of Directors, individual Directors and the Chairman of the Board. The Board has evaluated the composition of Board, its committees, experience and expertise, performance of specific duties and obligations, governance matters,

## Corporate Governance Report 2015-2016

etc. Performance of individual Directors and the Board Chairman was also carried out in terms of their respective attendance at Board / Committee meetings, contributions at the meetings, circulation of sufficient documents and information to the Directors, timely availability of the agenda, etc. Directors were satisfied with the evaluation on different criteria.

### 3. Committees of the Board:

The Board currently has the following Committees:

- A) Audit Committee,
- B) Share Transfer Committee,
- C) Investors' / Stakeholders' Relationship Committee,
- D) Nomination and Remuneration Committee,
- E) Corporate Social Responsibility [CSR] Committee and
- F) Committee of Directors.

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

#### A. Audit Committee:

##### I. Terms of Reference:

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible,
2. Reviewing with the management the quarterly / annual unaudited / audited financial statements and Limited Review Report / Audit Reports of the Statutory Auditors before recommending approval by the Board of Directors,
3. Reviewing changes in the accounting policies, major accounting estimates based on exercise of judgment by the management, significant adjustments made in the financial statements, etc.,
4. Review of Management Discussion and Analysis of financial and operational performances,
5. Review of inter-corporate loans and investments, if any,
6. Review of the adequacy and effectiveness of internal financial controls and systems,
7. Review and discuss with the management major financial risk exposures and steps taken to monitor and control them,
8. Overseeing and review the functioning of vigil mechanism [implemented by the Company as Whistle Blower Policy],
9. Review the scope of the Internal Auditors and Audit Plan to ensure reasonable coverage of different areas of operations,
10. Review, discuss and monitor the observations reported by Statutory / Internal Auditors and their compliance,
11. Review and recommend to the Board the appointment / reappointment of the Statutory and Cost Auditors after due consideration of their independence and effectiveness,

## Corporate Governance Report 2015-2016

12. Approving the payment towards additional services rendered by the Statutory Auditors except those enumerated in section 144 of the Companies Act, 2013,
13. Recommending to the Board the remuneration of the Statutory and Cost Auditors,
14. Review of Cost Audit Report submitted by the Cost Auditors,
15. Approval of the appointment, removal and terms of remuneration of Internal Auditors and
16. Approval of the Related Party Transactions and granting omnibus approvals for certain related party transactions, which are in the ordinary course of business and at an arm's length basis.

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

The Audit Committee held four meetings during 2015-16 on May 14, 2015, July 29, 2015, October 21, 2015 and February 4, 2016. The time gap between any two meetings was less than 120 days. The composition of the Audit Committee as at March 31, 2016 and details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. H. Dhanrajgir	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

All the members of the Audit Committee have requisite qualification for appointment on the Committee and possess sound knowledge of accounting practices, financial and internal controls. The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on July 29, 2015 to respond to the shareholder's queries.

### III. Invitees at the Audit Committee Meetings:

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

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

### B. Share Transfer Committee:

#### I. Terms of reference:

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

## II. Composition:

As on March 31, 2016, the Share Transfer Committee comprises of the following members:

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

The Company Secretary acts as the Secretary to the Committee.

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

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

## C. Investors' / Stakeholders' Relationship Committee:

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

### I. Terms of reference:

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

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

### II. Composition:

The composition of the Committee as on March 31, 2016 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. Tarun G. Arora	4	4

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

The Committee ensures that the shareholders' / investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 30 investor grievances were received and all of them have been resolved. Only one investor complaint was pending to be resolved as at March 31, 2016. However, the said complaint was resolved on April 19, 2016.

18,200 equity shares remained in the in-transit account with National Securities Depository Limited and Central Depository Services (India) Limited as at March 31, 2016.

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

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

Particulars	Opening Balance	Received	Resolved	Pending
<b>Complaints:</b>				
SEBI / Stock Exchange	0	3	2	1*
Shareholders	0	27	27	0
<b>Shareholder queries / requests:</b>				
- Dividend Related	0	75	75	0
- Transfer / transmission	0	89	89	0
- Demat / Remat	0	297	297	0
- Changes [address / bank mandates]	0	88	88	0

\* Resolved as on April 19, 2016

**D. Nomination and Remuneration Committee:**

In compliance with the provisions of section 178 of the Companies Act, 2013 and clause 49 of the Listing Agreement / Regulation 19 of the Listing Regulations, the Board has constituted a Nomination and Remuneration Committee [NRC]. The Terms of reference of the said NRC is specified in clause A of Part D of Schedule II of the Listing Regulations which are mentioned hereunder:

**I. Terms of reference:**

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

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

**II. Composition and Meetings:**

The composition of the Committee as on March 31, 2016 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met once during the year. All members of the Committee are Non-Executive Directors and except Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak, other members are Independent Directors.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. H. Dhanrajgir, Chairman	1	1
Dr. Sharvil P. Patel	1	1
Dr. B. M. Hegde	1	1
Prof. Indiraben J. Parikh	1	1
Mr. Ganesh N. Nayak	1	1

The Company Secretary acts as the Secretary to the Committee.

### III. Nomination and Remuneration Policy and details of remuneration paid / payable to the Directors for the year ended March 31, 2016:

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

#### a. Objectives:

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

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

#### b. Remuneration to Non-Executive Directors:

- i) Non-Executive Director is paid sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014. The Board of Directors has approved the payment of sitting fees at Rs. 50,000/- to each Non-Executive Director towards each of the Board / Committee meetings attended by them.
- 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 Nomination and Remuneration Committee considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Non-Executive Directors. The commission is being paid on uniform basis to reinforce the principles of collective responsibility of the Board.
- 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 March 31, 2016.

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### c. Remuneration to Whole Time Director:

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

As per the recommendation of the Nomination and Remuneration Committee, Mr. Tarun G. Arora, Whole Time Director was paid remuneration of Rs. 213 lacs by way of salary and allowances for the financial year ended on March 31, 2016.

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

### d. Remuneration to Senior Management Employees:

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

### e. Details of the commission / sitting fees paid to the Non-Executive Directors for the year 2015-16 are given below:

[Rs. in lacs]

Name of the Non-Executive Director	Commission @	Sitting fees						Total
		Board Meeting	Audit Committee Meeting	CSR Committee Meeting	NRC Meeting	Investors'/ Stakeholders' Relationship Committee	Other Meetings*	
Dr. Sharvil P. Patel	-	1.00	-	0.40	0.20	-	-	<b>1.60</b>
Mr. H. Dhanrajgir	4.50	1.00	0.80	-	0.20	0.80	0.20	<b>7.50</b>
Dr. B. M. Hegde	4.50	0.60	0.60	-	0.20	-	0.20	<b>6.10</b>
Prof. Indiraben J. Parikh	4.50	0.80	0.80	0.40	0.20	-	0.20	<b>6.90</b>
Mr. Ganesh N. Nayak	-	1.00	0.80	0.40	0.20	0.80	-	<b>3.20</b>

@ The Board of Directors, based on the performance of the Company, has decided the payment of Commission to the Non-Executive Directors.

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

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### f. Stock Option:

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

### E. Corporate Social Responsibility [CSR] Committee:

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

The composition of the CSR Committee as at March 31, 2016 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

### F. Committee of Directors:

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

### 4. Independent Directors' Meeting:

During the year under review, a separate meeting of Independent Directors was held on February 4, 2016, *inter alia*, to discuss:

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

All the Independent Directors 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 / Regulation 23 of Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of section 188 of the Act. There were no materially significant transactions with 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 Company has laid down a Code of Conduct for all Board members and Senior Management Personnel. The Code of Conduct is available on the website of the Company [www.zyduswellness.in](http://www.zyduswellness.in). All Board



## Corporate Governance Report 2015-2016

Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review. The declaration of Whole Time Director is given below:

**To the shareholders of Zydus Wellness Limited**

**Sub.: Compliance with Code of Conduct**

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Date : May 12, 2016

Place: Ahmedabad

**Tarun G. Arora**  
**Whole Time Director**

### C. Prohibition of Insider Trading:

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

#### Shares held by the Directors as at March 31, 2016:

Name of the Director	No. of shares held	Details of shares bought[+]/ sold [-] during 2015 - 16
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	Nil
Mr. Tarun G. Arora	200	+ 200

### D. Whistle Blower Policy:

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

### E. Management:

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

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

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

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

### F. Disclosure regarding reappointment of Director:

The particulars about the brief resume and other information for the Director seeking reappointment as required to be disclosed under this section are provided as annexure to the notice convening the Twenty Second 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.

## Corporate Governance Report 2015-2016

### H. CEO / CFO Certification:

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

### I. Unclaimed Shares:

The Company will send reminders to the equity shareholders, whose dividend is unclaimed for a continuous period of last seven years, at the address registered with the Company. The Company receives a number of requests to claim these share certificates from such members and after due diligence, the Company releases the shares to respective shareholders. As on date, the Company has share certificates of only 2.67% of the total shareholders lying undelivered. After sending three reminders to these shareholders, the Company will transfer remaining unclaimed shares to "Unclaimed Suspense Account" as per the procedure prescribed in Schedule VI of the Listing Regulations, 2015. The Board of Directors has already approved the proposal to open "Unclaimed Suspense Account".

## 6. Means of Communication:

- i. The Company has 36,446 shareholders as on March 31, 2016. 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.
- ii. The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Whole Time Director makes presentation on the performance, operating and financial results of the Company. The Chairman, Whole Time Director and other Key Managerial Personnel also respond to the specific queries of the shareholders.
- iii. The Company also intimates to the Stock Exchanges all price sensitive matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on such matters, wherever necessary.
- iv. The quarterly and half yearly results are published in widely circulating national and local dailies such as "Business Standard" and "Jansatta", in English and Gujarati respectively. The results are also posted on the website of the Company [www.zyduswellness.in](http://www.zyduswellness.in) and the same are not sent individually to the shareholders.
- v. The Company holds meetings and makes presentations to the institutional investors and analysts. The copies of such presentations and the transcripts of the phone calls are also made available on the Company's web-site.
- vi. The Company files with the Stock Exchanges the updated Investors' Presentation and copy thereof is also posted on the website of the Company. Information to the Stock Exchanges is now being filed online on NEAPS for NSE and BSE Online Portal for BSE.

## 7. General Body Meetings:

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

Year	Date and Time	Venue
2014-2015	21 <sup>st</sup> AGM on July 29, 2015 at 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.
2013-2014	20 <sup>th</sup> AGM on July 14, 2014 at 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.
2012-2013	19 <sup>th</sup> AGM on August 7, 2013 at 10:00 a.m.	J. B. Auditorium, Ground Floor, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.

## Corporate Governance Report 2015-2016

### 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 <sup>th</sup> AGM held on July 14, 2014

### III. Postal Ballot:

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

### 8. General Shareholder Information:

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

Date and Time of 22 <sup>nd</sup> AGM	: August 3, 2016 at 10:00 a.m.
Venue of 22 <sup>nd</sup> AGM	: J B Auditorium, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015
Financial Year	: April 1, 2015 to March 31, 2016
Date of Book Closure	: July 25, 2016 to August 3, 2016
Registered Office Address	: House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015.
Dividend Payment Date	: No final dividend proposed
Compliance Officer	: Mr. Dhaval N. Soni, Company Secretary
Website	: www.zyduswellness.in

#### ii. Tentative financial calendar:

First Quarter Results	: On or before August 14, 2016
Half Yearly Results	: On or before November 14, 2016
Third Quarter Results	: On or before February 14, 2017
Audited Results for the year 2016-17	: On or before May 30, 2017

#### iii. Listing of Shares:

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

#### iv. Listing Fees:

The Company has paid annual listing fees for the financial year 2016-17 to the above Stock Exchanges.

#### v. Stock Code:

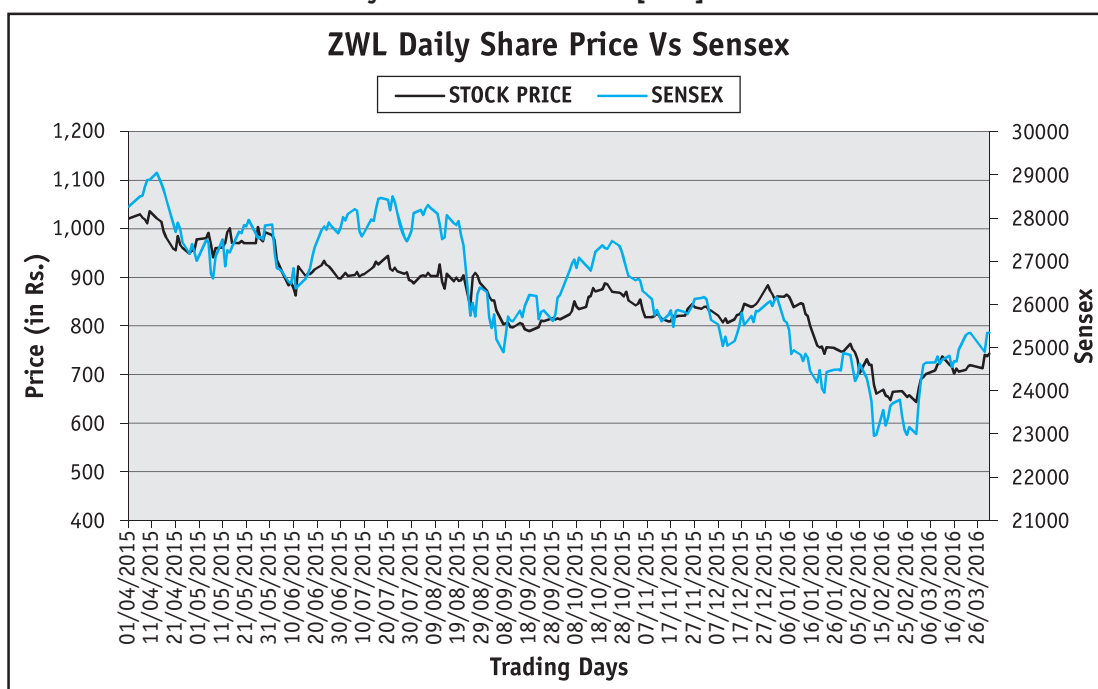
Name of the Stock Exchange	Stock Code	Closing Price as on March 31, 2016 [Rs.]
Bombay Stock Exchange Limited	531335	743.15
National Stock Exchange of India Limited	ZYDUSWELL	729.90

## Corporate Governance Report 2015-2016

### vi. Stock Price and BSE Sensex data:

Month	BSE Sensex	BSE Limited			National Stock Exchange of India Limited		
		High [Rs.]	Low [Rs.]	Av. Volume [in. Nos.]	High [Rs.]	Low [Rs.]	Av. Volume [in. Nos.]
April, 15	27,011.31	1,064.80	914.70	17,583.47	1,067.00	911.15	32,747.68
May, 15	27,828.44	1,036.90	935.00	10,722.20	1,040.00	932.25	17,876.75
June, 15	27,780.83	997.20	855.00	6,877.68	996.95	853.00	23,576.18
July, 15	28,114.56	965.00	880.50	4,741.39	965.00	880.00	16,454.00
Aug., 15	26,283.09	937.55	780.00	10,643.10	941.90	820.00	20,386.10
Sept., 15	26,154.83	875.00	785.00	1,894.30	888.95	786.00	9,020.20
Oct., 15	26,656.83	899.00	812.85	1,628.80	898.20	812.00	8,119.95
Nov., 15	26,145.67	868.00	801.00	2,179.47	868.45	802.60	5,507.84
Dec., 15	26,117.54	900.00	790.00	1,374.32	907.80	785.25	6,867.23
Jan., 16	24,870.69	884.00	734.85	1,380.95	885.00	734.05	5,256.60
Feb., 16	23,002.00	785.00	632.00	1,994.90	807.25	632.25	10,360.76
March, 16	25,341.86	766.00	650.00	899.00	768.70	640.10	5,729.00

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



## Corporate Governance Report 2015-2016

### viii. Registrar and Share Transfer Agent:

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

**Link Intime India Private Limited,**

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

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

### ix. Share Transfer System:

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

### x. Reconciliation of Share Capital Audit:

A practicing Company Secretary carried out secretarial audit in each of the quarters in the financial year 2015-16, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with depositories.

### xi. Distribution of shareholding of Equity Shares as at March 31, 2016:

No. of Equity Shares	No. of Folios	% of total folios	No. of Shares	% of shareholding
1 to 500	35,708	97.97	18,51,658	4.74
501 to 1000	386	1.06	2,94,691	0.75
1001 to 2000	173	0.48	2,55,080	0.65
2001 to 3000	65	0.18	1,59,937	0.41
3001 to 4000	22	0.06	76,920	0.20
4001 to 5000	22	0.06	1,00,253	0.26
5001 to 10000	27	0.07	1,82,372	0.47
10001 & above	43	0.12	3,61,51,178	92.52
<b>Grand total</b>	<b>36,446</b>	<b>100.00</b>	<b>3,90,72,089</b>	<b>100.00</b>
Shareholders in Physical Mode	4,534	12.44	3,43,892	0.88
Shareholders in Demat Mode	31,912	87.56	3,87,28,179	99.12
<b>Grand Total</b>	<b>36,446</b>	<b>100.00</b>	<b>3,90,72,089</b>	<b>100.00</b>

**Corporate Governance Report 2015-2016**
**xii. Shareholding Pattern as at March 31, 2016:**

Category	No. of Shares held		Total Shares	% of shareholding
	Physical	Electronic		
Promoter's holding	0	2,83,43,687	2,83,43,687	72.54
Mutual Funds	559	4,11,298	4,11,857	1.05
Banks, FIs and Insurance Companies	0	16,77,434	16,77,434	4.29
Foreign Institutional Investors / Foreign Portfolio Investor	46	29,74,037	29,74,083	7.62
NRIs / Foreign National	71,252	1,66,866	2,38,118	0.61
Other Corporate Bodies	4,553	21,27,144	21,31,697	5.46
Indian Public / HUF / Trusts	2,67,482	30,27,731	32,95,213	8.43
<b>Total</b>	<b>3,43,892</b>	<b>3,87,28,197</b>	<b>3,90,72,089</b>	<b>100.00</b>

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

The Company's equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialized form. Approximately 99.12% of the equity shares have been dematerialized. ISIN number for dematerialization of the equity shares of the Company is INE768C01010.

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

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

**xv. Address for correspondence:**

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

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

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

investor.grievance@zyduswellness.in is a special e-mail ID created pursuant to amendment in 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. A Practicing Company Secretary has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Directors' Report and sent the same to all the shareholders of the Company. The certificate shall also be sent to all the concerned Stock Exchanges along with the annual reports filed by the Company.

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

- i. The Company has a Non – Executive Chairman.
- ii. The quarterly / half yearly results are not sent to the shareholders. However, the same are published in the newspapers and also posted on the Company's website.
- iii. The Company's financial statements for the financial year 2015-2016 do not contain any audit qualification.
- iv. The internal auditors report to the Audit Committee.

**Whole Time Director [WTD] and Chief Financial Officer [CFO] Certification**

To  
The Board of Directors  
**Zydus Wellness Limited**

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

Dear Sirs,

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

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee;
  - (i) significant changes in internal control over financial reporting during the year,
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
  - (iii) that there are no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system.

Date : May 12, 2016  
Place : Ahmedabad

**TARUN G. ARORA**  
**WHOLE TIME DIRECTOR**

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



**Corporate Governance Compliance Certificate**

**To**  
**The Members of**  
**Zydus Wellness Limited**

We have examined the compliance of the conditions of Corporate Governance by Zydus Wellness Limited, for the year ended on March 31, 2016 as stipulated in clause 49 of the Listing Agreement of the said Company with the concerned Stock Exchanges in India / SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement and Regulations 17 to 27 & part E of Schedule II of the Listing Regulations.

We state that in respect of the investor grievances received during the year ended March 31, 2016, 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 :** May 12, 2016

## **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 31 March 2016, the statement of profit and loss and 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 and presentation 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. 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 31 March 2016 and its profit 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss 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 the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 18 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative 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

**Kaushik Shah**  
Partner  
Membership Number : 016502

Place : Ahmedabad  
Date : May 12, 2016

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets. In accordance with this program, fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified at reasonable intervals. No material discrepancies were noticed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), and therefore, the provisions of clauses (iii)(a), (iii)(b) & (iii)(c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

**Annexure - A to the Auditors' Report [Contd...]**

- (b) According to the information and explanations given to us, there are no material dues of duty of customs which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, duty of excise, service tax and value added tax have not been deposited by the Company on account of disputes:

Financial period to which it relates	Act	Nature of Dues	Forum where dispute is pending	Amount (Rs. In Lacs)
2012-13	Income Tax Act, 1961	Income Tax	CIT Appeals	66.2
2003-04 to 2012-13	APVAT Act, 2005	Sales tax	High Court of Andhra Pradesh	65.03
2009-10	KVAT Act, 2003	Sales tax	Dy. Commissioner (Appeals)	12.31
2009-10	MVAT Act, 2005	Sales tax	Joint Commissioner (Appeals)	341.4
2010-11	"	"	Specified Officer of SEZ	261.21

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

**Annexure - A to the Auditors' Report [Contd...]**

- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Place : Ahmedabad  
Date : May 12, 2016

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

## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Zydus Wellness Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

**Annexure - B to the Auditors' Report [Contd...]****Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Place : Ahmedabad  
Date : May 12, 2016

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



# **Standalone Financial Statements**

**Balance Sheet as at March 31, 2016**

Particulars	Note No.	INR - Lacs	
		As at March 31	
		2016	2015
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	3,907	3,907
Reserves and Surplus	2	43,809	36,697
		47,716	40,604
<b>Non-Current Liabilities:</b>			
Deferred Tax Liabilities [Net]	3	122	160
Other Long Term Liabilities	4	42	21
Long Term Provisions	5	11	12
		175	193
<b>Current Liabilities:</b>			
Trade Payables	6	1,146	960
Other Current Liabilities	7	562	497
Short Term Provisions	8	36	2,844
		1,744	4,301
<b>Total</b>		49,635	45,098
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Fixed Assets:			
Tangible Assets	9	1,998	2,154
Intangible Assets	9	2,297	2,288
Capital Work in Progress		7	0
		4,302	4,442
Non Current Investments	10	245	245
Long Term Loans and Advances	11	621	609
		5,168	5,296
<b>Current Assets:</b>			
Current Investments	12	20,539	9,782
Inventories	13	368	411
Trade Receivables	14	27	33
Cash and Bank Balances	15	23,364	29,479
Short Term Loans and Advances	16	88	85
Other Current Assets	17	81	12
		44,467	39,802
<b>Total</b>		49,635	45,098
<b>Significant Accounting Policies</b>	II		
<b>Notes to the Financial Statements</b>	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		Sharvil P. Patel	
Partner		Chairman	
Membership Number: 016502			
Place : Ahmedabad.		Amit B. Jain	
Date : May 12, 2016.		Dhaval N. Soni	
		Tarun G. Arora	
		Company Secretary Whole Time Director	

**Statement of Profit & Loss for the year ended March 31, 2016**

Particulars	Note No.	INR - Lacs	
		Year ended March 31	
		2016	2015
<b>REVENUE:</b>			
Revenue from Operations:			
Sale of Products [Gross]		<b>11,362</b>	11,338
Less: Excise Duty		<b>244</b>	236
Sale of Products [Net]		<b>11,118</b>	11,102
Other Operating Revenues	20	<b>9,695</b>	10,809
Net Revenue from Operations		<b>20,813</b>	21,911
Other Income	21	<b>2,870</b>	2,045
Total Revenue		<b>23,683</b>	23,956
<b>EXPENSES:</b>			
Cost of Materials Consumed	22	<b>5,860</b>	5,970
Purchases of Stock-in-Trade	23	<b>36</b>	88
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	24	<b>14</b>	26
Employee Benefits Expense	25	<b>1,819</b>	1,578
Depreciation, Amortisation and Impairment expenses	9 & 35	<b>355</b>	455
Other Expenses	26	<b>5,353</b>	4,967
Total Expenses		<b>13,437</b>	13,084
<b>Profit before Tax</b>		<b>10,246</b>	10,872
Less: Tax Expenses:			
Current Tax		<b>116</b>	15
Deferred Tax	3	<b>(38)</b>	(58)
Prior year's tax adjustments		<b>(1)</b>	20
		<b>77</b>	(23)
<b>Profit for the year</b>		<b>10,169</b>	10,895
<b>Basic &amp; Diluted Earning per Equity Share [EPS] [in Rupees]</b>	27	<b>26.03</b>	27.88
<b>Significant Accounting Policies</b>	II		
<b>Notes to the Financial Statements</b>	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 12, 2016.		For and on behalf of the Board      Sharvil P. Patel Chairman  Amit B. Jain Chief Financial Officer  Dhaval N. Soni Company Secretary  Tarun G. Arora Whole Time Director	

**Cash Flow Statement for the year ended March 31, 2016**

Particulars	INR - Lacs	
	Year ended March 31	
	2016	2015
<b>A Cash flows from operating activities:</b>		
Profit before Tax	<b>10,246</b>	10,872
Adjustments for:		
Depreciation, Amortisation and Impairment	<b>355</b>	455
[Profit]/Loss on sale of assets [Net]	<b>0</b>	(69)
Interest income	<b>(2,843)</b>	(1,976)
Interest expenses	<b>5</b>	5
Provisions for employee benefits	<b>10</b>	23
Provisions for probable product expiry claims and return of goods	<b>2</b>	(2)
Total	<b>(2,471)</b>	(1,564)
Operating profit before working capital changes	<b>7,775</b>	9,308
Adjustments for:		
[Increase] in trade receivables	<b>(5)</b>	(32)
Decrease in inventories	<b>42</b>	53
[Increase] in short term advances	<b>(3)</b>	0
Decrease in long term advances	<b>4</b>	47
[Increase]/Decrease in other current assets	<b>(4)</b>	2
Increase/[Decrease] in trade payables	<b>186</b>	(339)
Increase in other current liabilities	<b>27</b>	60
Increase/[Decrease] in other long term liabilities	<b>22</b>	(17)
Total	<b>269</b>	(226)
Cash generated from operations	<b>8,044</b>	9,082
Direct taxes paid [Net of refunds]	<b>(132)</b>	(222)
Net cash from operating activities	<b>7,912</b>	8,860

**Cash Flow Statement for the year ended March 31, 2016 [Contd...]**

Particulars	INR - Lacs	
	Year ended March 31	
	2016	2015
<b>B Cash flows from investing activities:</b>		
Purchase of fixed assets	(210)	(229)
Proceeds from sale of fixed assets	0	678
[Purchase]/Sale of current investments	(1,482)	4,538
Interest received	2,778	1,977
Net cash from investing activities	1,086	6,964
<b>C Cash flows from financing activities:</b>		
Interest paid	(5)	(5)
Dividends paid	(4,840)	(2,334)
Tax on dividends paid	(994)	(399)
Net cash used in financing activities	(5,839)	(2,738)
<b>Net increase in cash and cash equivalents</b>	<b>3,159</b>	<b>13,086</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>29,479</b>	<b>16,393</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>32,638</b>	<b>29,479</b>

**Notes to the Cash Flow Statement**

- All figures in brackets are outflows.
- Previous year's figures have been regrouped wherever necessary.
- Cash and cash equivalents at the end [beginning] of the year includes Rs. 87 [Rs.46] Lacs not available for immediate use.
- Cash and cash equivalents comprise of:

	As at March 31		
	2016	2015	2014
a Cash on Hand	3	3	3
b Balances with Banks	23,361	29,476	16,390
c Investment in Liquid Mutual Funds	9,274	0	0
d Total	32,638	29,479	16,393

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 12, 2016.

Amit B. Jain  
Chief Financial Officer

Dhaval N. Soni  
Company Secretary

Sharvil P. Patel  
Chairman

Tarun G. Arora  
Whole Time Director

## 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 BSE 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 [Act] read with Rule 7 of the Companies [Accounts] Rules, 2014 and other pronouncements issued by the Institute of Chartered Accountants of India [ICAI], to the extent applicable, and with the applicable provisions of the Act.

#### 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** Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognised separately as independent items and are depreciated over their estimated economic useful lives.
- C** Depreciation on tangible assets is provided on “straight line method” based on the useful lives as prescribed under Schedule II of the Act.
- D** Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life.
- E** Depreciation on additions/ disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are put to use.
- F** Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated economic life of ten years.
- G** Leasehold land is amortized over the period of the lease.
- H** Goodwill arising on acquisition of business is assessed at each balance sheet date for any impairment loss.
- I** 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.
- J** Where the actual cost of purchase of an asset is below Rs. 10,000/-, the depreciation is provided @ 100 %.

**Significant Accounting Policies [Contd...]**
**4 Impairment of Assets:**

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

**5 Expenditure during the Construction Period:**

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

**6 Investments:**

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

**7 Inventories:**

- A** Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Work-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 a 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	
	2016	2015
<b>Note : 1 - Share Capital:</b>		
<b>Authorised:</b>		
4,50,00,000 [as at March 31, 2015 : 4,50,00,000] Equity Shares of Rs.10/- each	4,500	4,500
	4,500	4,500
<b>Issued, Subscribed and Paid-up:</b>		
3,90,72,089 [as at March 31, 2015 : 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	
	2016	2015
<b>Note : 2 - Reserves and Surplus:</b>		
<b>General Reserves:</b>		
Balance as per last Balance Sheet	4,500	4,500
<b>Surplus in statement of Profit and Loss:</b>		
Balance as per last Balance Sheet	32,197	24,149
Less :Additional depreciation upon revision in useful lives of tangible assets [Refer Note-35]	0	26
Add: Profit for the year	10,169	10,895
	42,366	35,018
Less: Appropriations:		
Dividends:		
Interim Dividend [ Note -19]	2,540	0
Proposed Dividend	0	2,344
Corporate Dividend Tax on Dividend	517	477
	3,057	2,821
Balance as at the end of the year	39,309	32,197
<b>Total</b>	<b>43,809</b>	<b>36,697</b>

**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 2014	Charge for the previous year	As at March 31 2015	Charge for the current year	As at March 31 2016
Deferred Tax Liabilities:					
Depreciation	238	(65)	173	(22)	151
Deferred Tax Assets:					
Retirement benefits	4	7	11	15	26
Amalgamation Expenses	13	(13)	0	0	0
Provision for Expiry	3	(1)	2	1	3
Total	20	(7)	13	16	29
Net Deferred Tax Liabilities/ [Assets]	218	(58)	160	(38)	122

- B The Net Deferred Tax Liabilities of Rs. 38 [Previous year : Rs.58] Lacs for the year has been reversed in the statement of Profit and Loss.

		INR - Lacs	
		As at March 31	
		2016	2015

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

Trade Deposits	6	8
Others	36	13
<b>Total</b>	<b>42</b>	<b>21</b>

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

Provision for Employee benefits	11	12
<b>Total</b>	<b>11</b>	<b>12</b>

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

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

**Gratuity [Defined benefit plan]:**

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

INR - Lacs As at March 31						
	2016			2015		
	Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
<b>B Change in the present value of the defined benefit obligation:</b>						
Opening defined benefit obligation	12	117	119	1	80	90
Interest cost	1	8	9	0	7	8
Current service cost	3	17	24	15	16	18
Benefits paid	0	(36)	(7)	0	(12)	(13)
Actuarial [gains]/ losses on obligation	(4)	14	14	(4)	26	16
Closing defined benefit obligation	12	120	159	12	117	119
<b>C Change in the fair value of plan assets:</b>						
Opening fair value of plan assets	0	106	121	0	97	111
Expected return on plan assets	0	9	11	0	10	11
Expenses deducted from the Fund	0	0	(2)	0	0	(1)
Contributions by employer	0	0	20	0	0	15
Benefits paid	0	0	(7)	0	0	(13)
Actuarial gains/ [losses]	0	(1)	0	0	(1)	(2)
Closing fair value of plan assets	0	114	143	0	106	121
Total actuarial gains/ [losses] to be recognized	(4)	15	14	(4)	27	18

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

		INR - Lacs As at March 31					
		2016			2015		
		Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
<b>D</b>	<b>Actual return on plan assets:</b>						
	Expected return on plan assets	0	9	11	0	10	11
	Actuarial gains on plan assets	0	(1)	0	0	(1)	(2)
	Actual return on plan assets	0	8	11	0	9	9
<b>E</b>	<b>Amount recognised in the balance sheet:</b>						
	Liabilities at the end of the year	12	120	159	12	117	119
	Fair value of plan assets at the end of the year	0	(114)	(143)	0	(106)	(121)
	Difference	12	6	16	12	11	(2)
	Liabilities/ [Assets] recognised in the Balance Sheet	12	6	16	12	11	(2)
<b>F</b>	<b>[Incomes]/ Expenses recognised in the Statement of Profit and Loss:</b>						
	Current service cost	3	17	24	15	16	18
	Interest cost on benefit obligation	1	8	9	0	7	8
	Expected return on plan assets	0	(9)	(11)	0	(10)	(11)
	Net actuarial [gains]/losses in the year	(4)	15	14	(4)	27	18
	Expenses deducted from the Fund	0	0	2	0	0	1
	Net [benefits]/ expenses	0	31	38	11	40	34
<b>G</b>	<b>Movement in net liabilities recognised in Balance Sheet:</b>						
	Opening net liabilities	12	11	(2)	1	(17)	(21)
	Expenses as above [P & L Charge]	0	31	38	11	40	34
	Employer's contribution	0	0	(20)	0	0	(15)
	Benefits paid	0	(36)	0	0	(12)	0
	Liabilities/ [Assets] recognised in the Balance Sheet	12	6	16	12	11	(2)

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

		INR - Lacs As at March 31					
		2016			2015		
		Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
<b>H</b>	<b>Principal actuarial assumptions as at Balance sheet date:</b>						
	Discount rate	7.90%	7.90%	7.90%	7.80%	7.80%	7.80%
	[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%	7.90%	7.90%	0.00%	8.75%	8.75%
	[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	12% for 1st 5 years, 9% thereafter			7.50% for all years		
	[The estimates of future salary increases considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]						
<b>I</b>	<b>The categories of plan assets as a % of total plan assets are:</b>						
	Insurance Plan	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
<b>J</b>	<b>Amount for the current and previous four years are as follows:</b>						
		As at March 31					
	<b>Gratuity</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	
	Defined benefit obligation	159	119	88	87	44	
	Fair value of Plan Assets	143	121	110	123	122	
	Surplus/ [Deficit] in the plan	16	(2)	(22)	(36)	(78)	
	Actuarial [Gain]/ loss on Plan Obligation	14	16	(2)	32	(15)	
	Actuarial [Gain]/ loss on Plan Assets	0	(2)	(3)	0	0	
The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2015-16.							

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

	INR - Lacs	
	As at March 31	
	2016	2015
<b>Note : 6 - Trade Payables:</b>		
Micro, Small and Medium Enterprises [*]	18	0
Others	1,128	960
<b>Total</b>	<b>1,146</b>	<b>960</b>
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at the year end [as at March 31, 2015: Rs. 0.42 Lacs]	18	0
B Interest due thereon	0	0
C Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the year [as at March 31, 2015: Rs. 0.002 Lacs]	0	0
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the period] but without adding the interest specified under the MSMED	0	0
E Amount of interest accrued and remaining unpaid at the end of the accounting period	0	0
F Amount of further interest remaining due and payable in succeeding years	0	0
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.		
<b>Note : 7 - Other Current Liabilities:</b>		
Unpaid Dividend [*]	87	43
Advances from Debtors	54	65
Other Payables :		
Provision for Expenses	293	281
Payable to Statutory Authorities	107	97
Others	21	11
	<b>421</b>	<b>389</b>
<b>Total</b>	<b>562</b>	<b>497</b>
[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		

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

	INR - Lacs	
	As at March 31	
	2016	2015
<b>Note : 8 - Short Term Provisions:</b>		
Provision for Employee Benefits	27	17
Others:		
Proposed Dividend	0	2,344
Corporate Dividend Tax on Dividend	0	477
Provision for taxation [as at March 31, 2015: Rs. 0.28 Lacs]	0	0
Provision for claims for product expiry and return of goods [*]	9	6
	9	2,827
<b>Total</b>	<b>36</b>	<b>2,844</b>
[*] Provision for claims for product expiry and return of goods:		
A Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.		
B The movement in such provision is stated as under:		
a Carrying amount at the beginning of the year	6	9
b Additional provision made during the year	9	6
c Amount used	6	9
d Carrying amount at the end of the year	9	6



**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, 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
Additions			9	93	22	59	14	197
Disposals				(4)				(4)
As at March 31, 2016	49	3	529	3,122	249	169	134	4,255
Depreciation and Impairment:								
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
Depreciation for the year			17	286	21	16	12	352
Impairment for the year								0
Disposals				(3)				(3)
As at March 31, 2016	0	3	169	1,866	74	51	94	2,257
Net Block:								
As at March 31, 2015	49	0	368	1,450	174	75	38	2,154
As at March 31, 2016	49	0	360	1,256	175	118	40	1,998

[\*] Refer Note- 35

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

	Goodwill	Trademarks	Computer Software	Commercial Rights	Technical Know-how	Total
<b>Gross Block:</b>						
As at March 31, 2014	2,282	5	6	10	2	<b>2,305</b>
Additions			1			<b>1</b>
Disposals						<b>0</b>
As at March 31, 2015	2,282	5	7	10	2	<b>2,306</b>
Additions			12			<b>12</b>
Disposals						<b>0</b>
As at March 31, 2016	2,282	5	19	10	2	<b>2,318</b>
<b>Amortisation and Impairment:</b>						
As at March 31, 2014	0	4	1	8	1	<b>14</b>
Amortisation for the year		1	2	1		<b>4</b>
Impairment for the year						<b>0</b>
Disposals						<b>0</b>
As at March 31, 2015	0	5	3	9	1	<b>18</b>
Amortisation for the year			2	1		<b>3</b>
Impairment for the year						<b>0</b>
Disposals						<b>0</b>
As at March 31, 2016	0	5	5	10	1	<b>21</b>
<b>Net Block:</b>						
As at March 31, 2015	2,282	0	4	1	1	<b>2,288</b>
As at March 31, 2016	2,282	0	14	0	1	<b>2,297</b>

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

		INR - Lacs	
		As at March 31	
		2016	2015
<b>Note : 10 - Non-Current Investments:</b>			
Investment in the Fixed Capital of a Partnership Firm [*]		245	245
		245	245
[*] The Company is a partner in M/s Zydu Wellness- Sikkim, relevant details of which are as under:			
Fixed Capital		250	250
Current Capital		12,124	10,463
Total Capital of the Firm		12,374	10,713
Name of Partners and their Profit Sharing Ratio:			
Zydu Wellness Limited		98%	98%
Zydu Wellness Staff Welfare Trust		2%	2%
<b>Note : 11 - Long Term Loans and Advances:</b>			
[Unsecured, Considered Good]			
Capital Advances		0	1
Other deposits		69	67
Other Loans and Advances:			
Advance payment of Tax [Net of provision for tax of Rs. 1,214 {as at March 31, 2015: Rs.3,818} Lacs]		545	528
Advances recoverable in cash or in kind or for value to be received		7	13
		552	541
<b>Total</b>		621	609
<b>Note : 12-Current Investments:</b>			
		Nos.[*]	
Trade Investment:			
Investment in Current Capital of a Partnership Firm [Refer Note:10[*] and Note 35(b)]		11,265	9,782
Investment in Mutual Funds [Quoted]			
[Valued at cost]:			
Axis Liquid Fund-Direct Growth[*]		301727.19 [0]	4,954
HDFC Liquid Fund-Direct Growth[*]		111859.553 [0]	3,320
Tata Money Market Fund Direct Growth[*]		42032.919[0]	1,000
		9,274	0
<b>Total</b>		20,539	9,782
<b>A</b>			
a i Aggregate amount of quoted investments		9,274	0
ii Market value of quoted investments		9,416	0
b Aggregate amount of unquoted investments		11,265	9,782
<b>B</b>			
Explanations:			
a In "Nos.[*]" figures of previous year.			
[*] Considered as cash and cash equivalents for Cash Flow Statement			

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

	INR - Lacs	
	As at March 31	
	2016	2015
<b>Note : 13 - Inventories:</b>		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	86	89
Work-in-progress	1	0
Finished Goods	226	246
Stock-in-Trade	15	9
Others:		
Packing Materials	40	67
<b>Total</b>	<b>368</b>	<b>411</b>
The above includes Goods in transit as under:		
Finished Goods	13	0
<b>Note : 14 - Trade Receivables:</b>		
[Unsecured, Considered good]		
Outstanding for a period exceeding six months from the date they are due for payment [Rs. 0.37 { as at March 31,2015: Rs. 0.45} Lacs]	0	0
Others	27	33
<b>Total</b>	<b>27</b>	<b>33</b>
<b>Note : 15 - Cash and Bank Balances:</b>		
Balances with Banks [*]	23,361	29,476
Cash on Hand	3	3
<b>Total</b>	<b>23,364</b>	<b>29,479</b>
[*] A Earmarked balances with banks:		
i Balances in unclaimed dividend accounts	87	43
ii Balances with the Scheduled/ Nationalised banks to the extent held as margin money deposits against guarantees	3	3
B Bank deposits with maturity of more than 12 months	0	0
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	
	2016	2015
<b>Note : 16 - Short Term Loans and Advances:</b>		
[Unsecured, Considered Good]		
Others:		
Balances with Statutory Authorities	23	28
Advances recoverable in cash or in kind or for value to be received	65	57
<b>Total</b>	<b>88</b>	<b>85</b>
<b>Note : 17 - Other Current Assets:</b>		
[Unsecured, Considered Good]		
Interest Receivable	70	5
Others	11	7
<b>Total</b>	<b>81</b>	<b>12</b>
<b>Note : 18 - Contingent Liabilities and Commitment [to the extent not provided for]:</b>		
A Contingent Liabilities:		
a Claims against the Company not acknowledged as debts	20	20
b In respect of guarantees given by Banks and/ or counter guarantees given by the Company	3	3
c Other money for which the Company is contingently liable:		
i In respect of Sales Tax matters pending before appellate authorities [Net of Advances of Rs. 16 {Previous year: Rs.12} Lacs]	680	77
ii In respect of Income Tax matters pending before appellate authorities [Net of Advances of Rs. 13 {Previous year: Rs.156} Lacs]	66	194
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances of Rs. Nil { Previous year: Rs.1} Lac]	15	28
<b>Note : 19 - Interim Dividend:</b>		
The Board of Directors, at its meeting held on March 4, 2016, declared Interim Dividend of Rs. 6.5/- per equity share of Rs. 10/- each.		

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

	INR - Lacs	
	Year ended March 31	
	2016	2015
<b>Note : 20 - Other Operating Revenues:</b>		
Share of Profit from a Partnership Firm	9,678	10,790
Miscellaneous Income	17	19
<b>Total</b>	<b>9,695</b>	<b>10,809</b>
<b>Note : 21 - Other Income:</b>		
Interest Income [Gross]		
From Fixed Deposits with Banks	2,745	1,483
Others	98	493
	<b>2,843</b>	<b>1,976</b>
Net Gain on sale of Mutual Fund Investments	27	0
Net Gain on sale of Assets	0	69
<b>Total</b>	<b>2,870</b>	<b>2,045</b>
<b>Note : 22 - Cost of Materials Consumed:</b>		
Raw Materials [*]:		
Stock at commencement	89	116
Add: Purchases	4,875	4,955
	<b>4,964</b>	<b>5,071</b>
Less: Stock at close	86	89
	<b>4,878</b>	<b>4,982</b>
Packing Materials consumed	982	988
<b>Total</b>	<b>5,860</b>	<b>5,970</b>
[*] Details of Consumption of major items of raw materials are as under:		
Refined Palm Oil	3,463	3,513
Palm Karnal Oil	734	737
Skimmed Milk Powder	186	244

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

	INR - Lacs	
	Year ended March 31	
	2016	2015
<b>Note : 23 - Purchases of Stock-in-Trade:</b>		
Purchases of Stock-in-Trade	36	88
<b>Total</b>	36	88
<b>Note : 24 - Changes in Inventories:</b>		
Stock at commencement:		
Work-in-progress	0	0
Finished Goods	246	205
Stock-in-Trade	9	76
	255	281
Less : Stock at close:		
Work-in-progress	1	0
Finished Goods	226	246
Stock-in-Trade	15	9
	242	255
	13	26
Differential Excise Duty on Opening and Closing stock of Finished Goods	1	0
<b>Total</b>	14	26
<b>Note : 25 - Employee Benefits Expense:</b>		
Salaries and wages	1,656	1,454
Contribution to provident and other funds [*]	103	87
Staff welfare expenses	60	37
<b>Total</b>	1,819	1,578
[*] The Company's contribution towards the defined contribution plan	67	57

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

	INR - Lacs	
	Year ended March 31	
	2016	2015
<b>Note : 26 - Other Expenses:</b>		
Consumption of Stores and spare parts	16	61
Power & fuel	151	151
Labour Charges	152	129
Rent [*]	249	223
Repairs to Buildings	48	30
Repairs to Plant and Machinery	48	30
Repairs to Others	14	35
Insurance	18	19
Rates and Taxes	15	17
Director's Remuneration	262	201
Commission to Directors	14	16
Traveling Expenses	180	171
Legal and Professional Fees	188	141
Commission on sales	421	395
Freight and forwarding on sales	561	551
Advertisements & Sales Promotion	1,955	968
Representative Allowances	166	127
Other Marketing Expenses	312	1,185
Directors' fees	12	11
Net Loss on disposal of fixed assets [Rs. 0.04 { as at March 31,2015: Rs. 0} Lacs]	0	0
Donations	0	1
Interest to Others	0	1
Bank commission & charges	5	4
Corporate Social Responsibility [CSR] Expenditure [As required u/s 135 of the Companies Act, 2013]	198	179
Miscellaneous Expenses [**]	368	321
<b>Total</b>	<b>5,353</b>	<b>4,967</b>
[*] The Company has taken various residential/ office premises/ godowns under operating lease or leave and license agreement with no restrictions and are renewable/ cancellable at the option of either of the parties. There are no sub-leases. The lease payments recognised under "Rent Expenses" are:		
	91	85
[**] Miscellaneous Expenses include payment to the auditors [Including Service Tax]:		
Payment to the Statutory Auditors		
i a As Auditor	8	7
b For Other Services [Rs.0.03 {Previous year : Rs. 0.08} Lacs]	0	0
c For reimbursement of Expenses [Rs. 0.05 {Previous year: Rs.0.08} Lacs]	0	0
d Total	8	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	
		2016	2015
<b>Note : 27 - Calculation of Earning per Equity Share [EPS]:</b>			
The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
A	Profit attributable to Shareholders INR - Lacs	10,169	10,895
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	26.03	27.88
<b>Note : 28 - Value of Imports calculated on CIF basis:</b>			
Stores & Spares		0	41
Capital goods		0	4
<b>Note : 29 - Expenditure in Foreign Currency:</b>			
Traveling		2	2
Legal and Professional Fees		11	0
<b>Note : 30 - Earnings in Foreign Exchange:</b>			
Export of goods calculated on F.O.B. basis		0	6
<b>Note : 31 - Remittances made on account of dividend in Foreign Currency:</b>			
Remittances made on account of dividend in foreign currency	INR - Lacs	9	4
Numbers of Non Resident Shareholders		5	4
Number of shares held by the Non Resident Shareholders		69,535	66,535
Year to which dividend relates		2014-15 & 2015-16	2013-14

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

	Year ended March 31			
	2016		2015	
	INR - Lacs	% to Total	INR - Lacs	% to Total
<b>Value of Raw Materials Consumed:</b>				
Imported	0	0	0	0
Indigenous	4,878	100	4,982	100
<b>Total</b>	<b>4,878</b>	<b>100</b>	<b>4,982</b>	<b>100</b>
<b>Value of Spare Parts Consumed:</b>				
Imported	0	0	41	67
Indigenous	16	100	20	33
<b>Total</b>	<b>16</b>	<b>100</b>	<b>61</b>	<b>100</b>

**Note : 33 - Segment Information:**

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

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

**a Holding Company:** Cadila Healthcare Limited

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

**c Fellow Subsidiaries/Concerns:**

Dialforhealth India Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Dialforhealth Unity Limited	Zydus Healthcare (USA) LLC [USA]
Dialforhealth Greencross Limited	Zydus Noveltech Inc. [USA]
German Remedies Limited [GRL] [*]	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]
Alidac Pharmaceuticals Limited	Zydus France, SAS [France]
M/s. Zydus Healthcare, a Partnership Firm [*]	Zydus Nikkho Farmaceutica Ltda. [Brazil]

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

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]
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 [Upto April 14, 2015 ]

Mr. Tarun G. Arora - Whole Time Director [From May 14, 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**
**Sales:**
**Goods:**

M/s. Zydus Healthcare,  
a Partnership Firm

**Fixed Assets:**

Cadila Healthcare Limited

**Investments:**

Capital Contribution in a  
Partnership Firm [Including  
retained Share of Profit]

M/s Zydus Wellness - Sikkim

**Dividend Paid:**

Cadila Healthcare Limited

INR - Lacs			
Holding Company		Partnership Firms/ Fellow Subsidiaries/ Concerns	
Year ended March 31			
2016	2015	2016	2015
		0	3
0	672		
		1,482	(4,538)
3,520	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	
	2016	2015
Remuneration:		
Mr. Elkana Ezekiel - Managing Director [Upto April 14, 2015 ]	49	201
Mr. Tarun G. Arora- Whole Time Director [From May 14, 2015]	213	0

[\*] M/s. Zydus Healthcare, a Partnership Firm was converted into a public limited company, namely Zydus Healthcare Limited [ZHL] w.e.f. February 2, 2016. Pursuant to the Scheme of Amalgamation between ZHL and GRL, ZHL has been amalgamated with GRL w.e.f. February 2, 2016.

**Note : 35**

- a** Effective from April 1, 2014, the Company had 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 was higher by Rs. 196 Lacs. Further, an amount of Rs. 19 Lacs had 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 had 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 had 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 and on behalf of the Board

For Dhirubhai Shah & Doshi,

Chartered Accountants

Firm Registration Number: 102511W

Kaushik D. Shah

Sharvil P. Patel

Partner

Chairman

Membership Number: 016502

Place : Ahmedabad.

Amit B. Jain

Dhaval N. Soni

Tarun G. Arora

Date : May 12, 2016.

Chief Financial Officer

Company Secretary

Whole Time Director

## **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 ("the Company") and Zydus Wellness-Sikkim, a partnership firm (the Company and firm are collectively referred to as "the Group"), comprising of the consolidated balance sheet as at 31 March 2016, 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 the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated 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 the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the 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. 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.

We believe that the audit evidence obtained by us 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 Company, as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**Consolidated Independent Auditors' Report [Contd...]****Report on Other Legal and Regulatory Requirements**

As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated 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.
- (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 31 March 2016 taken on record by the Board of Directors of the Company, none of the Directors of the Company are disqualified as on 31 March 2016 from being appointed as a Director of the company in terms of sub-section 2 of section 164 of the Act. Zydus Wellness-Sikkim being a partnership firm, section 164(2) of the Act shall not be applicable.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The 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; and
  - 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

Place : Ahmedabad  
Date : May 12, 2016

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

## **Annexure - A to the Auditors' Report**

### **Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Zydus Wellness Limited ("the Company") and of the entity M/s. Zydus Wellness Sikkim, a Partnership Firm, as of that date (the Company and the partnership firm are collectively referred to as "the Group").

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

**Annexure - A to the Auditors' Report [Contd...]****Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Place : Ahmedabad  
Date : May 12, 2016

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



# **Consolidated Financial Statements**

**Consolidated Balance Sheet as at March 31, 2016**

Particulars	Note No.	INR - Lacs	
		As at March 31	
		2016	2015
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	3,907	3,907
Reserves and Surplus	2	43,809	36,697
		47,716	40,604
<b>Minority Interest</b>		864	686
<b>Non-Current Liabilities:</b>			
Deferred Tax Liabilities [Net]	3	406	458
Other Long Term Liabilities	4	43	21
Long Term Provisions	5	58	43
		507	522
<b>Current Liabilities:</b>			
Trade Payables	6	6,321	5,025
Other Current Liabilities	7	1,108	1,071
Short Term Provisions	8	119	2,883
		7,548	8,979
<b>Total</b>		56,635	50,791
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Fixed Assets:			
Tangible Assets	9	5,899	6,151
Intangible Assets	9	2,308	2,289
Capital work-in-progress		19	24
		8,226	8,464
Long Term Loans and Advances	10	5,238	3,813
		13,464	12,277
<b>Current Assets:</b>			
Current Investments	11	9,274	0
Inventories	12	2,400	2,599
Trade Receivables	13	276	147
Cash and Bank Balances	14	30,353	33,903
Short Term Loans and Advances	15	718	1,832
Other Current Assets	16	150	33
		43,171	38,514
<b>Total</b>		56,635	50,791
<b>Significant Accounting Policies</b>	I		
<b>Notes to the Financial Statements</b>	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		Sharvil P. Patel	
Partner		Chairman	
Membership Number: 016502			
Place : Ahmedabad.		Amit B. Jain	
Date : May 12, 2016.		Dhaval N. Soni	
		Tarun G. Arora	
		Company Secretary Whole Time Director	

**Consolidated Statement of Profit & Loss for the year ended March 31, 2016**

Particulars	Note No.	INR - Lacs	
		Year ended March 31	
		2016	2015
<b>REVENUE:</b>			
Revenue from Operations:			
Sale of Products [Gross]		<b>45,698</b>	44,301
Less: Excise Duty		<b>2,934</b>	2,225*
Sale of Products [Net]		<b>42,764</b>	42,076
Other Operating Revenues	18	<b>183</b>	996
Net Revenue from Operations		<b>42,947</b>	43,072
Other Income	19	<b>3,100</b>	2,759
Total Revenue		<b>46,047</b>	45,831
<b>EXPENSES:</b>			
Cost of Materials Consumed	20	<b>11,886</b>	12,326
Purchases of Stock-in-Trade	21	<b>121</b>	181
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	22	<b>65</b>	14
Employee Benefits Expense	23	<b>3,953</b>	3,421
Depreciation, Amortisation and Impairment expenses	9 & 28	<b>681</b>	773
Other Expenses	24	<b>17,818</b>	17,151
Total Expenses		<b>34,524</b>	33,866
<b>Profit before Tax</b>		<b>11,523</b>	11,965
Less/ [Add]: Tax Expenses:			
Current Tax		<b>1,201</b>	853
Deferred Tax	3	<b>(52)</b>	(32)
Prior year's tax adjustments		<b>7</b>	29
		<b>1,156</b>	850
<b>Profit for the year</b>		<b>10,367</b>	11,115
Less: Profit transferred to Minority Interest		<b>198</b>	220
<b>Net Profit for the year</b>		<b>10,169</b>	10,895
<b>Basic &amp; Diluted Earning per Equity Share [EPS] [in Rupees]</b>	25	<b>26.03</b>	27.88
<b>Significant Accounting Policies</b>	I		
<b>Notes to the Financial Statements</b>	1 to 29		
* Net of additional excise duty re-credit of Rs. 655 Lacs pertaining to the F.Y. 2013-14 received by Zydus 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		Sharvil P. Patel Chairman	
Place : Ahmedabad.		Amit B. Jain	
Date : May 12, 2016.		Dhaval N. Soni	
		Tarun G. Arora	
		Company Secretary Whole Time Director	

**Consolidated Cash Flow Statement for the year ended March 31, 2016**

Particulars	INR - Lacs	
	Year ended March 31	
	2016	2015
<b>A Cash flows from operating activities:</b>		
Profit before Tax	<b>11,523</b>	11,965
Adjustments for:		
Depreciation, Amortisation and Impairment	<b>681</b>	773
[Profit]/Loss on sale of assets [Net]	<b>0</b>	(69)
Interest income	<b>(3,060)</b>	(2,673)
Interest expenses	<b>13</b>	13
Bad debts written off	<b>0</b>	41
Provisions for employee benefits	<b>51</b>	32
Provisions for probable product expiry claims and return of goods	<b>21</b>	(5)
Total	<b>(2,294)</b>	(1,888)
Operating profit before working capital changes	<b>9,229</b>	10,077
Adjustments for:		
[Increase]/Decrease in trade receivables	<b>(184)</b>	65
Decrease in inventories	<b>199</b>	195
Decrease/[Increase] in short term advances	<b>1,147</b>	(1,361)
Increase in long term advances	<b>(1,292)</b>	(966)
[Increase]/Decrease in other current assets	<b>(14)</b>	4
Increase in trade payables	<b>1,264</b>	44
Increase/[Decrease] in other current liabilities	<b>50</b>	(57)
Increase/[Decrease] in other long term liabilities	<b>23</b>	(17)
Change in Minority Interest	<b>(20)</b>	(5)
Total	<b>1,173</b>	(2,098)
Cash generated from operations	<b>10,402</b>	7,979
Direct taxes paid [Net of refunds]	<b>(1,416)</b>	(1,055)
Net cash from operating activities	<b>8,986</b>	6,924

**Consolidated Cash Flow Statement for the year ended March 31, 2016[Contd...]**

Particulars	INR - Lacs	
	Year ended March 31	
	2016	2015
<b>B Cash flows from investing activities:</b>		
Purchase of fixed assets	(374)	(410)
Proceeds from sale of fixed assets	2	682
Interest received	2,957	2,670
	<hr/>	<hr/>
Net cash from investing activities	2,585	2,942
<b>C Cash flows from financing activities:</b>		
Interest paid	(13)	(13)
Dividends paid	(4,840)	(2,334)
Tax on dividends paid	(994)	(399)
	<hr/>	<hr/>
Net cash used in financing activities	(5,847)	(2,746)
<b>Net increase in cash and cash equivalents</b>	<b>5,724</b>	<b>7,120</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>33,903</b>	<b>26,783</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>39,627</b>	<b>33,903</b>

**Notes to the Cash Flow Statement**

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

	As at March 31		
	2016	2015	2014
a Cash on Hand	3	5	4
b Balances with Banks	30,350	33,898	26,279
c Investment in Liquid Mutual Funds	9,274	0	500
	<hr/>	<hr/>	<hr/>
d Total	39,627	33,903	26,783

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 12, 2016.

Amit B. Jain  
Chief Financial Officer

Dhaval N. Soni  
Company Secretary

For and on behalf of the Board

Sharvil P. Patel  
Chairman

Tarun G. Arora  
Whole Time Director

## Significant Accounting Policies

### 1 Basis of Accounting:

The financial statements are prepared under the historical cost convention on the “Accrual Concept” of accountancy in accordance with the accounting principles generally accepted in India and they comply with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 [Act] read with Rule 7 of the Companies [Accounts] Rules, 2014 and other pronouncements issued by the Institute of Chartered Accountants of India [ICAI], to the extent applicable, and with the applicable provisions of the Act.

### 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 required disclosures to serve as a guide for better understanding of the Group’s position.

### 4 Audited CFS as at March 31, 2016 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	
	2016	2015
<b>Note : 1 - Share Capital:</b>		
<b>Authorised:</b>		
4,50,00,000 [as at March 31, 2015 : 4,50,00,000] Equity Shares of Rs.10/- each	4,500	4,500
	4,500	4,500
<b>Issued, Subscribed and Paid-up:</b>		
3,90,72,089 [as at March 31, 2015 : 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	
		2016	2015
<b>Note : 2 - Reserves and Surplus:</b>			
<b>General Reserve:</b>			
Balance as per last Balance Sheet		4,500	4,500
<b>Surplus in Statement of Profit and Loss:</b>			
Balance as per last Balance Sheet		32,197	24,149
Less: Additional depreciation upon revision in useful lives of tangible assets [Refer Note-28]		0	26
Add: Profit for the year		10,169	10,895
		42,366	35,018
Less: Appropriations:			
Dividends:			
Interim Dividend		2,540	0
Proposed Dividend		0	2,344
Corporate Dividend Tax on Dividend		517	477
		3,057	2,821
Balance as at the end of the year		39,309	32,197
<b>Total</b>		<b>43,809</b>	<b>36,697</b>
<b>Note : 3 - Deferred Tax:</b>			
A	Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under:		
	Deferred Tax Liabilities:		
	Depreciation	496	496
	Deferred Tax Assets:		
	Retirement benefits	74	29
	Provision for Expiry	16	9
	Total	90	38
	Net Deferred Tax Liabilities	406	458
B	The Net Deferred Tax [Assets]/ Liabilities for the year provided in the Statement of Profit and Loss.	(52)	(32)



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

	INR - Lacs	
	As at March 31	
	2016	2015
<b>Note : 4 - Other Long Term Liabilities:</b>		
Trade Deposits	6	8
Others	37	13
<b>Total</b>	<b>43</b>	<b>21</b>
<b>Note : 5 - Long Term Provisions:</b>		
Provision for employee benefits	58	43
<b>Total</b>	<b>58</b>	<b>43</b>
<b>Note : 6 - Trade Payables:</b>		
Others	6,321	5,025
<b>Total</b>	<b>6,321</b>	<b>5,025</b>
<b>Note : 7 - Other Current Liabilities:</b>		
Unpaid Dividend	87	43
Advances from Debtors	161	216
Other Payables :		
Provision for Expenses	399	358
Payable to Statutory Authorities	432	400
Others	29	54
	<b>860</b>	<b>812</b>
<b>Total</b>	<b>1,108</b>	<b>1,071</b>
<b>Note : 8 - Short Term Provisions:</b>		
Provision for Employee Benefits	68	32
Others:		
Proposed Dividend	0	2,344
Corporate Dividend Tax on Dividend	0	477
Provision for claims for product expiry and return of goods	51	30
	<b>51</b>	<b>2,851</b>
<b>Total</b>	<b>119</b>	<b>2,883</b>

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

	INR - Lacs							Total
	Free hold Land	Lease hold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	
Gross Block:								
As at March 31, 2014	586	570	1,656	5,964	250	121	152	<b>9,299</b>
Additions	65		23	168	3	35	15	<b>309</b>
Disposals	(602)			(22)		(6)		<b>(630)</b>
As at March 31, 2015	49	570	1,679	6,110	253	150	167	<b>8,978</b>
Additions			36	289	22	65	15	<b>427</b>
Disposals				(5)				<b>(5)</b>
Other adjustments								<b>0</b>
As at March 31, 2016	49	570	1,715	6,394	275	215	182	<b>9,400</b>
Depreciation and Impairment:								
As at March 31, 2014	0	25	245	1,645	32	31	71	<b>2,049</b>
Adjusted to Retained Earnings [*]				18			8	<b>26</b>
Depreciation for the year[*]		6	52	635	33	17	26	<b>769</b>
Impairment for the year								<b>0</b>
Disposals				(17)				<b>(17)</b>
As at March 31, 2015	0	31	297	2,281	65	48	105	<b>2,827</b>
Depreciation for the year		6	53	550	23	21	25	<b>678</b>
Impairment for the year								<b>0</b>
Disposals				(4)				<b>(4)</b>
As at March 31, 2016	0	37	350	2,827	88	69	130	<b>3,501</b>
Net Block:								
As at March 31, 2015	49	539	1,382	3,829	188	102	62	<b>6,151</b>
As at March 31, 2016	49	533	1,365	3,567	187	146	52	<b>5,899</b>

[\*] Refer Note- 28

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

	Goodwill	Trademarks	Computer Software	Commercial Rights	Technical Know-how	Total
Gross Block:						
As at March 31, 2014	2,282	5	6	10	2	2,305
Additions			2			2
Disposals						0
As at March 31, 2015	2,282	5	8	10	2	2,307
Additions			22			22
Disposals						0
As at March 31, 2016	2,282	5	30	10	2	2,329
Amortisation and Impairment:						
As at March 31, 2014	0	4	1	8	1	14
Amortisation for the year		1	2	1		4
Impairment for the year						0
Disposals						0
As at March 31, 2015	0	5	3	9	1	18
Amortisation for the year			2	1		3
Impairment for the year						0
Disposals						0
As at March 31, 2016	0	5	5	10	1	21
Net Block:						
As at March 31, 2015	2,282	0	5	1	1	2,289
As at March 31, 2016	2,282	0	25	0	1	2,308

INR - Lacs	
As at March 31	
2016	2015

**Note : 10 - Long Term Loans and Advances:**

[Unsecured, Considered Good]		
Capital Advances	4	78
Other Deposits	123	92
Other Loans and Advances:		
Advance payment of Tax [Net of Provision for taxation]	488	281
Alternate Minimum Tax Credit Entitlement	4,616	3,348
Other advances recoverable in cash or in kind or for value to be received	7	14
	5,111	3,643
<b>Total</b>	<b>5,238</b>	<b>3,813</b>

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

	INR - Lacs	
	As at March 31	
	2016	2015
<b>Note : 11 - Current Investment</b>		
Investment in Mutual Funds [*]	9,274	0
<b>Total</b>	9,274	0
[*] Considered as cash and cash equivalents for Cash Flow Statement		
<b>Note : 12 - Inventories:</b>		
Classification of Inventories:		
Raw Materials	564	703
Work-in-Progress	45	27
Finished Goods	1,278	1,257
Stock-in-Trade	35	35
Other:		
Packing Materials	478	577
<b>Total</b>	2,400	2,599
<b>Note : 13 - Trade Receivables:</b>		
[Unsecured, Considered good]		
Outstanding for a period exceeding six months from the date they are due for payment	11	7
Others	265	140
<b>Total</b>	276	147
<b>Note : 14 - Cash and Bank Balances:</b>		
Balances with Banks	30,350	33,898
Cash on Hand	3	5
<b>Total</b>	30,353	33,903
<b>Note : 15 - Short Term Loans and Advances:</b>		
[Unsecured, Considered Good]		
Balances with Statutory Authorities	559	1,705
Advances to Suppliers	49	17
Advances recoverable in cash or in kind or for value to be received	110	110
<b>Total</b>	718	1,832

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

		INR - Lacs	
		As at March 31	
		2016	2015
<b>Note : 16 - Other Current Assets:</b>			
[Unsecured, Considered Good]			
Interest Receivable		118	15
Others		32	18
<b>Total</b>		<b>150</b>	<b>33</b>
<b>Note : 17 - Contingent Liabilities and Commitment [to the extent not provided for]:</b>			
A	Contingent Liabilities:		
a	Claims against the Company not acknowledged as debts	20	20
b	In respect of guarantees given by Banks and/ or counter guarantees given by the Company	18	17
c	Other money for which the Company is contingently liable:		
i	In respect of Sales Tax matters pending before appellate authorities	2,036	77
ii	In respect of Income Tax matters pending before appellate authorities	66	194
iii	In respect of demand raised by the Central Excise, State Excise & Service Tax Authority	41	0
d	Letters of Credit for imports	16	0
B	Commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	43	148
		INR - Lacs	
		Year ended March 31	
		2016	2015
<b>Note : 18 - Other Operating Revenues:</b>			
Net Gain on foreign currency transactions and translations		3	7
Additional Excise duty re-credit [*]		0	898
Miscellaneous Income		180	91
<b>Total</b>		<b>183</b>	<b>996</b>
[*] Additional Excise duty re-credit :			
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 Years 2011-12 and 2012-13.			
<b>Note : 19 - Other Income:</b>			
Interest Income [Gross]			
From Fixed Deposits with Banks		2,960	2,176
Others		100	497
		<b>3,060</b>	<b>2,673</b>
Net gain on sale of Mutual Fund Investments		40	17
Net gain on sale of Assets		0	69
<b>Total</b>		<b>3,100</b>	<b>2,759</b>

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

	INR - Lacs	
	Year ended March 31	
	2016	2015
<b>Note : 20 - Cost of Materials Consumed:</b>		
Raw Materials:		
Stock at commencement	703	810
Add : Purchases	7,761	8,031
	8,464	8,841
Less : Stock at close	564	703
	7,900	8,138
Packing Materials consumed	3,986	4,188
<b>Total</b>	<b>11,886</b>	<b>12,326</b>
<b>Note : 21 - Purchases of Stock-in-Trade:</b>		
Purchases of Stock-in-Trade	121	181
<b>Total</b>	<b>121</b>	<b>181</b>
<b>Note : 22 - Changes in Inventories:</b>		
Stock at commencement:		
Work-in-progress	27	79
Finished Goods	1,257	1,289
Stock-in-Trade	35	112
	1,319	1,480
Less: Stock at close:		
Work-in-progress	45	27
Finished Goods	1,278	1,257
Stock-in-Trade	35	35
	1,358	1,319
	(39)	161
Differential Excise Duty on Opening and Closing stock of Finished Goods	104	(147)
<b>Total</b>	<b>65</b>	<b>14</b>

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

	INR - Lacs	
	Year ended March 31	
	2016	2015
<b>Note : 23 - Employee Benefits Expense:</b>		
Salaries and wages	3,634	3,168
Contribution to provident and other funds	188	150
Staff welfare expenses	131	103
<b>Total</b>	<b>3,953</b>	<b>3,421</b>
<b>Note : 24 - Other Expenses:</b>		
Consumption of Stores and spare parts	198	218
Power & fuel	343	358
Labour charges	691	603
Rent	311	288
Repairs to Buildings	65	43
Repairs to Plant and Machinery	105	93
Repairs to Others	20	42
Insurance	58	74
Rates and Taxes	63	63
Director's Remuneration	262	201
Commission to Directors	14	16
Traveling Expenses	380	469
Legal and Professional Fees	478	671
Commission on sales	965	901
Freight and forwarding on sales	945	910
Advertisements & Sales Promotion expenses	10,197	8,995
Representative Allowances	558	413
Other marketing expenses	1,227	1,976
Bad debts written off	0	41
Directors' fees	12	11
Donations	0	1
Interest to Others	1	3
Bank commission & charges	12	10
Corporate Social Responsibility [CSR] Expenditure [As required u/s 135 of the Companies Act, 2013]	198	179
Miscellaneous Expenses	715	572
<b>Total</b>	<b>17,818</b>	<b>17,151</b>

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

			INR - Lacs	
			Year ended March 31	
			2016	2015
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	10,169	10,895
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	26.03	27.88
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 [GRL] [*]		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]		
Alidac Pharmaceuticals 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]		



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

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]	

**c Key Managerial Personnel:**

Mr. Elkana Ezekiel - Managing Director [Upto April 14, 2015 ]  
Mr. Tarun G. Arora- Whole Time Director [From May 14, 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]**
**Nature of transactions**

INR - Lacs			
Holding Company		Fellow Subsidiaries/ Concerns	
Year ended March 31			
2016	2015	2016	2015
		0	1
0	672		
0	26	0	13
0	26	0	13
3	3		
3,520	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	
	2016	2015
Remuneration:		
Mr. Elkana Ezekiel - Managing Director [Upto April 14, 2015 ]	49	201
Mr. Tarun G. Arora- Whole Time Director [From May 14, 2015]	213	0

[\*] M/s. Zydus Healthcare, a Partnership Firm was converted into a public limited company, namely Zydus Healthcare Limited [ZHL] w.e.f. February 2, 2016. Pursuant to the Scheme of Amalgamation between ZHL and GRL, ZHL has been amalgamated with GRL w.e.f. February 2, 2016.

**Note : 28**

Effective from April 1, 2014, the Company had 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 was higher by Rs. 279 Lacs. Further, an amount of Rs. 26 Lacs had 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 12, 2016.

For and on behalf of the Board

Sharvil P. Patel

Chairman

Amit B. Jain  
Chief Financial Officer

Dhaval N. Soni  
Company Secretary

Tarun G. Arora  
Whole Time Director

[illegible]

## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

**Attendance Slip & Proxy Form**
**ZYDUS WELLNESS LIMITED**
**ATTENDANCE SLIP**

[CIN:L15201GJ1994PLC023490]

Regd. Office: House No. 6 &amp; 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

**TWENTY SECOND ANNUAL GENERAL MEETING**

2016

I/We hereby record my/our presence at the Twenty Second Annual General Meeting of the Company at J B Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 on Wednesday, August 3, 2016 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 &amp; 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 failing him / her;

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

E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing 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 Twenty Second Annual General Meeting of the Company, to be held on Wednesday, August 3, 2016 at J B Auditorium, Ahmedabad Management Association, ATIRA Campus, 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 2015–2016 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 2015–2016 and Notice of the AGM along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email address is not registered or who have requested for a hard copy.

Resolution No.	Particulars of Resolution	Optional	
		For	Against
	<b>Ordinary Business</b>		
1.	To adopt the Financial Statements [including consolidated Financial Statements] for the year ended on March 31, 2016.		
2.	To confirm the interim dividend declared and paid as final dividend.		
3.	To reappoint Mr. Ganesh N. Nayak, Director retiring by rotation.		
4.	To ratify appointment of Statutory Auditors and fix their remuneration.		
	<b>Special Business</b>		
5.	To ratify remuneration to Cost Auditors.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

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

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

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**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Twenty Second 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.



Nearly 2500 participants from across the country sent in their entries for the Sugar Free Dessert Challenge, which was conducted during the year.





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

CIN L15201GJ1994PLC023490