

Familiarization

A presentation to

Independent Directors

of

Zydus Wellness Limited
(Part -1)

Why this presentation:

Though there is no requirements under the Companies Act, 2013 and Rules made thereunder, clause 49 [II][B][7] of the Listing Agreement provides that “the Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. through various programmes.

Outline of the Presentation:

These presentation covers the following:

- Roles of the Independent Directors,
- Responsibilities of the Independent Directors,
- Nature of Industry in which the Company functions ,
- Brief on Company,
- Company's manufacturing facilities,
- Business model of the Company,
- Disclosures and
- Internal Control System.

Building effective board governance:

Defining Key Board Roles:

- Board Chairman,
- Chief Executive Officers – MD,
- Board Directors – Non-Executive Directors and Independent Directors.

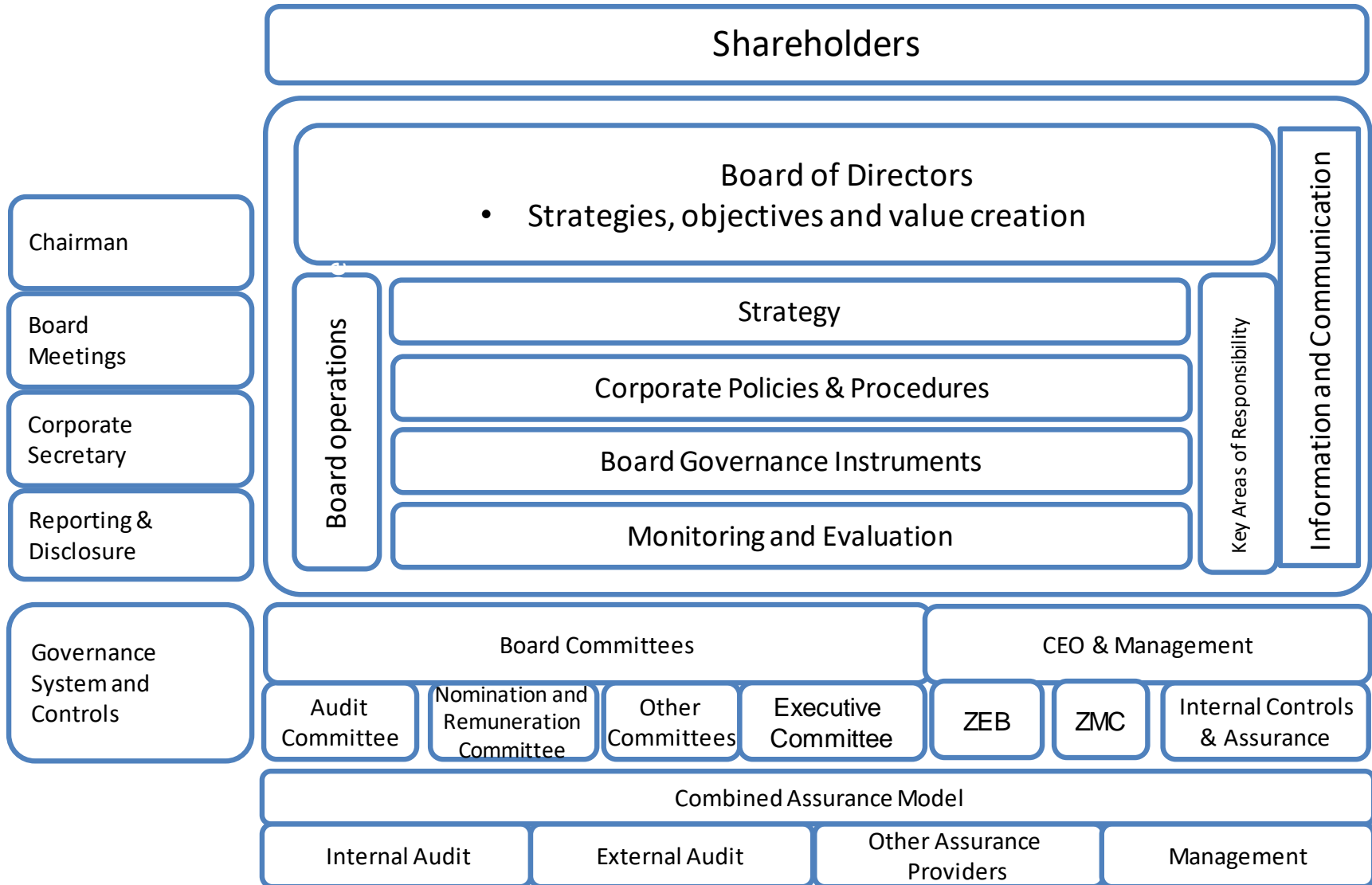
Putting in place Board governance :


- Board committees to support decision process,
- Supporting functions to regulate processes,
- Delegated authorities for management.

Ensuring proper oversight and supervision:

- Management reporting and public disclosures,
- Assurance processes and controls.

Board Governance Framework:





Chairman

A leader of the Company:

Primary role:

- Provide overall leadership to the board, lead the management team and reporting to the Board.

Functions :

- Principal link between board and management team,
- Responsible for Board Agenda and work plan,
- Work with board committee Chairpersons,
- Involved in selection and induction of new directors,
- Counsel individual Directors on their performance,
- Participate in discussions with investors, key stakeholders,
- Responsible for performance of management team,
- Formulate Corporate Strategy, annual business plan and budget,
- Responsible for corporate and financial objectives,
- Formulate major corporate policies,
- Ensure continuous improvements in services and products,
- Responsible for Company's long term sustainability,
- Manage relations with investors, major customers and regulators.

Roles of Independent Directors:

- ✓ Independent judgment on Company's strategy, performance, risk management, resources, key appointments and standards of conduct,
- ✓ Objective view in the evaluation of the performance of the Board and Management,
- ✓ Scrutinize the performance of the management in meeting agreed goals and the objectives,
- ✓ Monitor the reporting of the performance,
- ✓ Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible,
- ✓ Safeguard the interests of all stakeholders,
- ✓ Balance the conflicting interest of the stakeholders,
- ✓ Determine the appropriate levels of remuneration of Executive Directors, KMP and Senior Management,
- ✓ Prime role in appointment / removal of ED, KMP and Senior Management,

Responsibilities and Duties :

1/2

- ✓ Induction of an appropriate person as a member on the Board,
- ✓ Update and refresh skills, knowledge and familiarity with the Company regularly,
- ✓ Seek clarifications or amplifications on any matter,
- ✓ Take and follow appropriate professional advice and opinion of outside experts, if necessary,
- ✓ Attend meetings of the Board of Directors and Committees,
- ✓ Participate constructively and actively in the Board / Committees meetings,
- ✓ Strive to attend the general meetings of the Company,
- ✓ Ensure any concerns is minuted, where he / they does/do not agree on any proposal,
- ✓ Keep themselves well informed about the Company and the external environment in which the Company operates,
- ✓ Support fair functioning Board or Committee,
- ✓ Ensure adequate discussions, while approving Related Party Transactions in the interest of the Company,

Responsibilities and Duties :

2/2

- ✓ Ascertain and ensure that the Vigil Mechanism is functional and person uses it is not prejudicially affected,
- Report concerns about unethical behavior, actual or suspected fraud, or Company Code of Conduct or ethical policy,
- Avoid disclosing of any confidential information, commercial secrets, technologies, sales promotion plans or any unpublished price sensitive information unless such disclosures are approved by the Board or required under the law,
- ✓ Abide by the Company's Code of Conduct and
- ✓ Avoid any speculative or insider trading in the securities of the Company.

Industry in which Company functions:

- ✓ Zydus Wellness Limited, a subsidiary of Cadila Healthcare Limited, a flagship Company of Zydus Cadila Group of Companies is engaged in the business of manufacturing, marketing and distribution of Consumer Products. The business of the Company falls under “Consumer Products”.
- ✓ The Company has set up manufacturing facilities in the outskirts of Ahmedabad and its partnership firm has set up a manufacturing facility in Sikkim.
- ✓ The Company has strong marketing and distribution channel. Clearing and Forwarding agents are appointed across India and in most of the States of the Country.

Important milestones:

Sr. No.	Year	Milestones
1.	1994	The Company was incorporated.
2.	2006	Cadila acquired majority stake in Carnation Nutra Analogue Foods Limited [Name Changed to Zydus Wellness Limited w.e.f. 5 th January, 2009]
3.	2009	<ul style="list-style-type: none">• Consumer Products Division of Cadila [SugarFree and EverYuth] was de-merged and transferred to Zydus Wellness, pursuant to Court approval.• Name changed to Zydus Wellness Limited.• Got equity shares listed on National Stock Exchange.
4.	2010	Manufacturing facility in Sikkim was set up by Zydus Wellness–Sikkim, [a partnership firm, in which ZWL holds 98% share.] for SugarFree and EverYuth

Manufacturing facilities of Company and partnership firm:

Sr. No.	Location	Address	Remarks
1.	Moraiya, Taluka Sanand, District Ahmedabad	7A, 7B & 8, Saket Industrial Estate, Sarkhej Bavla Road, Village Moraiya, Taluka Sanand, District Ahmedabad.	ISO 22000:2005 certified for Food Safety Management System and ISO 14001:2004 for Environment Management Safety. Nutralite manufacturing unit.
2.	Sikkim [Zydus Wellness–Sikkim]	Plot No. 26, 27, 28, 30 & 37, Near Mamring Power House, Mamring Block, Namthang Elakha, Mamring, Namachi, South Sikkim.	GMP certifications, ISO 14001, ISO 18001 and ISO 22000 Sugar Free and Every-Yuth manufacturing unit.

Shareholding Pattern of Zydus Wellness Limited:

Issued, Subscribed and Fully paid-up capital
[3,90,72,089 Equity Shares of Rs. 10/- each.]

**Promoters Holding
72.54%**

**Public
27.46%**

1.	Foreign Institutional Investors [FIIs]	8.81%
2.	Bodies Corporate	3.74%
3.	Insurance Companies	4.41%
4.	Mutual Funds	1.44%
5.	NRIs / OCBs	0.55%
6.	Financial Institutions / Banks	0.01%
7.	Public – others	8.50%

Business model of the Company:

- Operations:
 - a. The Company has two main strategic business divisions (i.e. two profit centers) i.e. Consumer Product Division and Nutralite Division. SugarFree, EverYuth and Actilife brands fall under the Consumer Product Division.
 - b. Both the divisions have their own dedicated field force and distributors. The company has hired quality cold rooms in almost all states of the Country for storage and distribution of the brand Nutralite.
- Marketing: The Company has set up a strong marketing and distribution channel for the Indian market. C&F Agents are appointed in almost all states of the Country for smooth clearing, forwarding and handling of finished goods. The Company has a dedicated team of marketing headed by experienced and knowledgeable executives.
- Go to Market Strategy: The company has recently implemented new “Go to Market” model which has:
 - a. Consolidated >3000 distributors to 671 distributors.
 - b. Replaced 136 sales representatives on company / third party roll to 613 full time distributor managed sales representatives, fully and adequately supervised by Company officers.
- R&D: The R&D Centre is carrying out new product, packaging and analytical method development as per consumer research and marketing feedback in health and personal care segments.
- Manufacturing Facility: The Nutralite Manufacturing facility located on the outskirts of Ahmedabad has certifications of ISO 14001 and ISO 22000 and is the only source of supply to the Indian market.
- Zyklus Wellness–Sikkim: The Sikkim manufacturing facility under partnership is taking care of the supplies of SugarFree and EverYuth brands to the Indian and Overseas markets. This facility has the GMP certifications, ISO 14001, ISO 18001 and ISO 22000. The facility enjoys all hilly area benefits and incentives.

Compliance / disclosures:

1/2

- The Company provides regular intimation to the Stock Exchange about various events taking place in the Company, which are material in nature.
- The Company makes all statutory disclosures in its Annual Report and considers the views and observations of all Independent Directors before it is finalized and circulated to the stakeholders.
- The Company has a robust system of compliance mechanism and a detailed compliance report is presented to the Directors.
- The Company provides sufficient information and material as a part of board agenda to take an informed decision.
- The Managing Director and CFO make presentation at every audit/board meeting and the Managing Director also makes presentation at the meeting of shareholders about the Company, its progress and challenges.

Compliance / disclosures:

2/2

- The Audit Committee has appointed independent internal auditors and their reports on observations are presented and discussed at length at every Audit Committee meeting. The audit programs of internal auditors are finalized after taking into consideration the areas proposed by the members of the Audit Committee.
- The Statutory Auditors provide their limited review reports at every quarterly meeting, which gives satisfaction to the Directors about the compliance of accounting standards and principles.
- The Company has robust governance system and the management reviews the businesses and support functions at periodic review meetings.

Internal Control System:

- Organisation-wide SOPs and policies to govern and control various operations
- Strong IT systems – SAP, in-house developed automated workflows
- Regular audit of internal controls and adherence to the SOPs and policies – by external independent auditors (KPC) and internal team (Mgmt. Audit team)
- Rigorous cost controls – budgeting and concurrence systems
- Robust review and monitoring systems for business performance and health of the business –
 - monthly MPRMs, ZEB meetings,
 - Quarterly SBRs, ZMC meetings
 - annual CAM
 - Periodic capex committee meetings
- Risk management – regular review of critical risks, identification of mitigation plans and monitoring of implementation thereof by Risk Management Committee
- Operation of vigil mechanism and whistler blower policy,

Thank You!



Familiarization

A presentation to

Independent Directors

of

Zydus Wellness Limited
(Part 2)

Why this presentation ?

Regulation 25(7)-SEBI Listing Regulations, 2015

Mandatory for every listed company to familiarize the Independent Directors through various programmes about the listed Company, including their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. through various programmes.

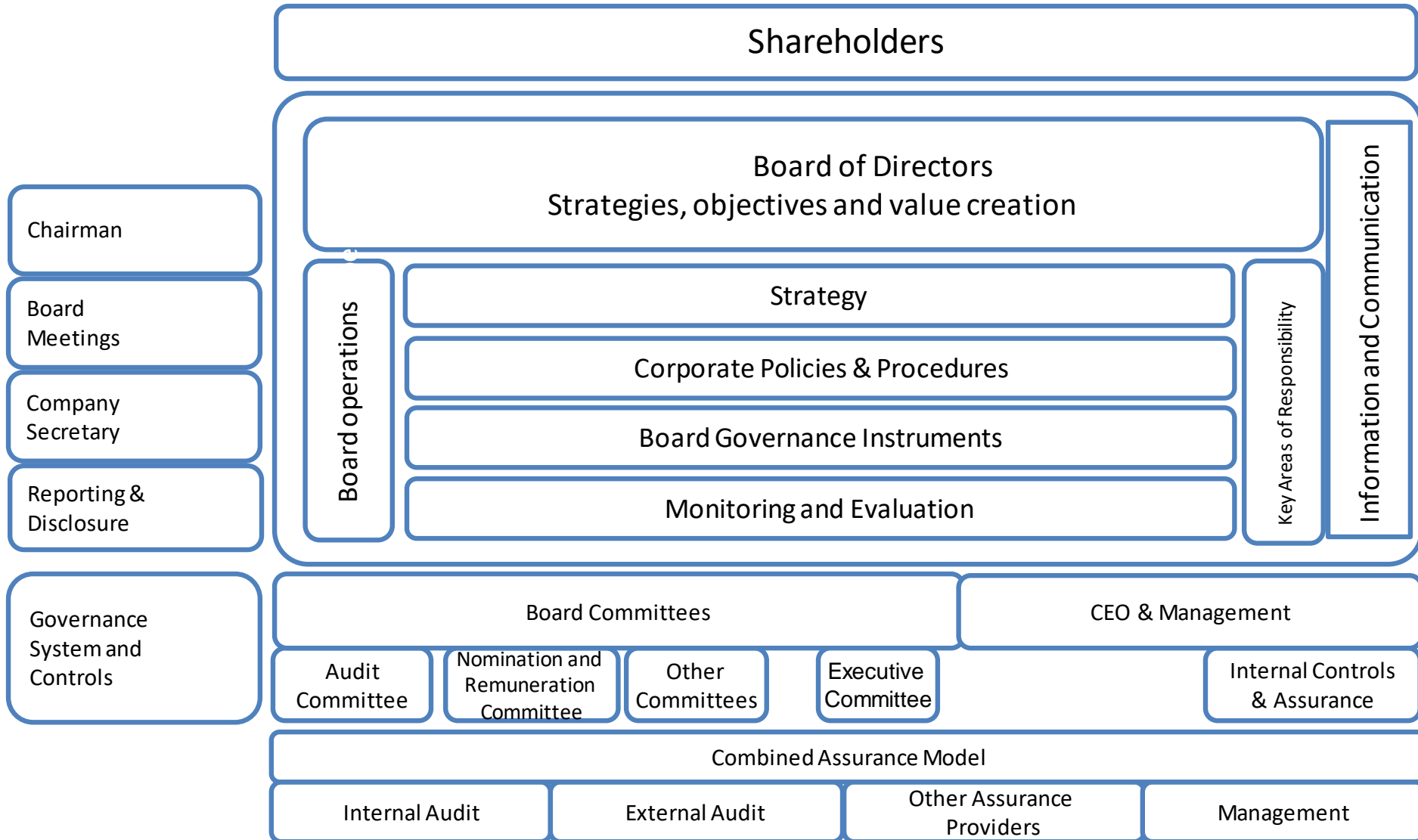
This presentation is further to the presentation made during February, 2015.

Outline of the Presentation

This presentation covers-

- Roles of the Independent Directors,
- Responsibilities of the Independent Directors,
- Nature of industry in which the Company functions,
- Brief details about the Company, its subsidiaries and JVs,
- Company's manufacturing facilities,
- Business model of the Company,
- Disclosures and
- Internal Control System.

Board Governance Framework:



Roles of Independent Directors: (for information)

- ✓ Independently judge Company's strategy, performance, risk management, resources, key appointments and standards of conduct,
- ✓ Objectively evaluate the performance of Board and Management,
- ✓ Scrutinizing performance of management in meeting agreed goals and objectives,
- ✓ Monitoring reporting of performance,
- ✓ Satisfying themselves on integrity of financial information and that financial controls and systems of risk management are robust and defensible,
- ✓ Safeguarding interests of stakeholders,
- ✓ Balancing conflicting interests of stakeholders,
- ✓ Determining appropriate levels of remuneration of Executive Directors and Senior Management,
- ✓ Play prime role in appointment / removal of MD, ED and Senior Management.

Responsibilities and Duties : (for information) 1/2

- ✓ Induct appropriate persons as members on Board,
- ✓ Update and refresh skills, knowledge and familiarity with Company regularly,
- ✓ Seek clarifications or explanations on any matter,
- ✓ Take and follow appropriate professional advice and opinion of outside experts, **if necessary**,
- ✓ Attend meetings of the Board and Committees,
- ✓ Participate constructively and actively in Board / Committees meetings,
- ✓ Strive to attend the general meetings of the Company,
- ✓ Ensure any concerns is minuted, where he / she / they agree / do not agree on any proposal,
- ✓ Keep themselves well informed about the Company and external environment in which Company operates,
- ✓ Support fair functioning of Board or Committee,
- ✓ Ensure adequate discussions, while approving Related Party Transactions (“**RPTs**”) in interest of Company,

Responsibilities and Duties : (for information) 2/2

- ✓ Ascertain and ensure that Vigil Mechanism is functional and person using it, is not prejudicially affected,
- ✓ Report concerns about unethical behavior, actual or suspected fraud, or Company Code of Conduct or ethical policy,
- ✓ Avoid disclosure of any confidential information, commercial secrets, technologies, sales promotion plans or any unpublished price sensitive information unless such disclosures are approved by Board or required under law,
- ✓ Abide by the Company's Code of Conduct and
- ✓ Avoid any speculative or insider trading in securities of Company.

Industry in which Company functions:

- ✓ Established in 1988, Zydus Wellness Limited is a leading consumer wellness company with an Indian heritage and a global footprint. we have seven leading brands in our portfolio, namely Complan, Sugar Free, Glucon-D, Everyuth, Nycil, Sugarlite and Nutralite.
- ✓ we have 5 manufacturing facilities across 4 locations - Aligarh, Sitarganj, Ahmedabad and Sikkim. We also have 8 co-packing facilities in India, Oman and Newzealand. Details of manufacturing facilities are provided in next slides.
- ✓ Our core pillars -manufacturing integrity, supply chain efficiency, and product innovation, form the basis of the legacy we've built over the last few decades. Today the Zydus Wellness business spans over 20 countries and 3 continents.
- ✓ The Company has 3 Indian subsidiaries, 1 overseas subsidiary Companies. Details of each subsidiary company is provided in separate slides.
- ✓ The Company has strong marketing and distribution channel. For sales in Indian market, Clearing and Forwarding agents are appointed across India and in most of the States of the Country.

Corporate restructuring since 2015 (change in capital, merger, acquisition / takeover, etc.):

Sr. No.	Year	Particulars
1.	2015 - 2018	<ul style="list-style-type: none">No Major Changes or Corporate Action taken by the Company between 2015 and 2018.
2.	2019	<ul style="list-style-type: none">The Company Jointly with Cadila Healthcare Limited (Parent Company) acquired 100% shareholding of Heinz India Private Limited (HIPL) for a total consideration of Rs. 4,667.36 Crores.The Company increased its authorized share capital from Rs. 45.00 Crores to Rs. 100.00 Crores.Merged HIPL with Zydus Nutritions Limited and then changed the name of Zydus Wellness Products Limited.

Major financial activities (since 2015)

Sr. No.	Year	Particulars
1.	2019	<ul style="list-style-type: none">To fund HIPL acquisition, ZWL issued shares through pref. issue (Rs. 2,575 crores) and NCDs (Rs. 1,500 crores)
2.	2020	<ul style="list-style-type: none">Raised funds in ZWL-Rs. 350 crores through pref. issue and Rs. 650 crores through QIPBought back NCDs of Rs. 1,500 crores in ZWL

Major compliance activities (since 2015)

Sr. No.	Year	Particulars
1.	2018	<ul style="list-style-type: none">Commenced e-voting facility at the venue of AGM
2.	2020	<ul style="list-style-type: none">Due to Covid pandemic and as permitted by MCA, held Annual General Meetings through Video Conference

Manufacturing facilities in India: (added after 2015)

Sr. No.	Location	Address	Remarks
1.	Nutralite Plant, Ahmedabad	7A, 7B & 8, Saket Industrial Estate, Sarkhej Bavla Road, Ahmedabad, Moariya, Ahmedabad.	Manufacturing of Nutralite Fat Spread, Mayo, Choco Spread, Sugarfree Dlite.
3.	Aligarh, Plant	Zydus Wellness Products Limited Manzurgarhi, P.O. Box No.1 Aligarh - 202 001 U.P	Manufacturing of Sampriti Ghee (Milk Processing), Sugarlite, Glucon D.
2.	Sitarganj, Plant	D-99/100, Siatarganj, sidcul industrial park, Udham Singh Nagar, Udham Singh Nagar, Uttarakhand, 262405	Manufacturing of Complian, Glucon – D.

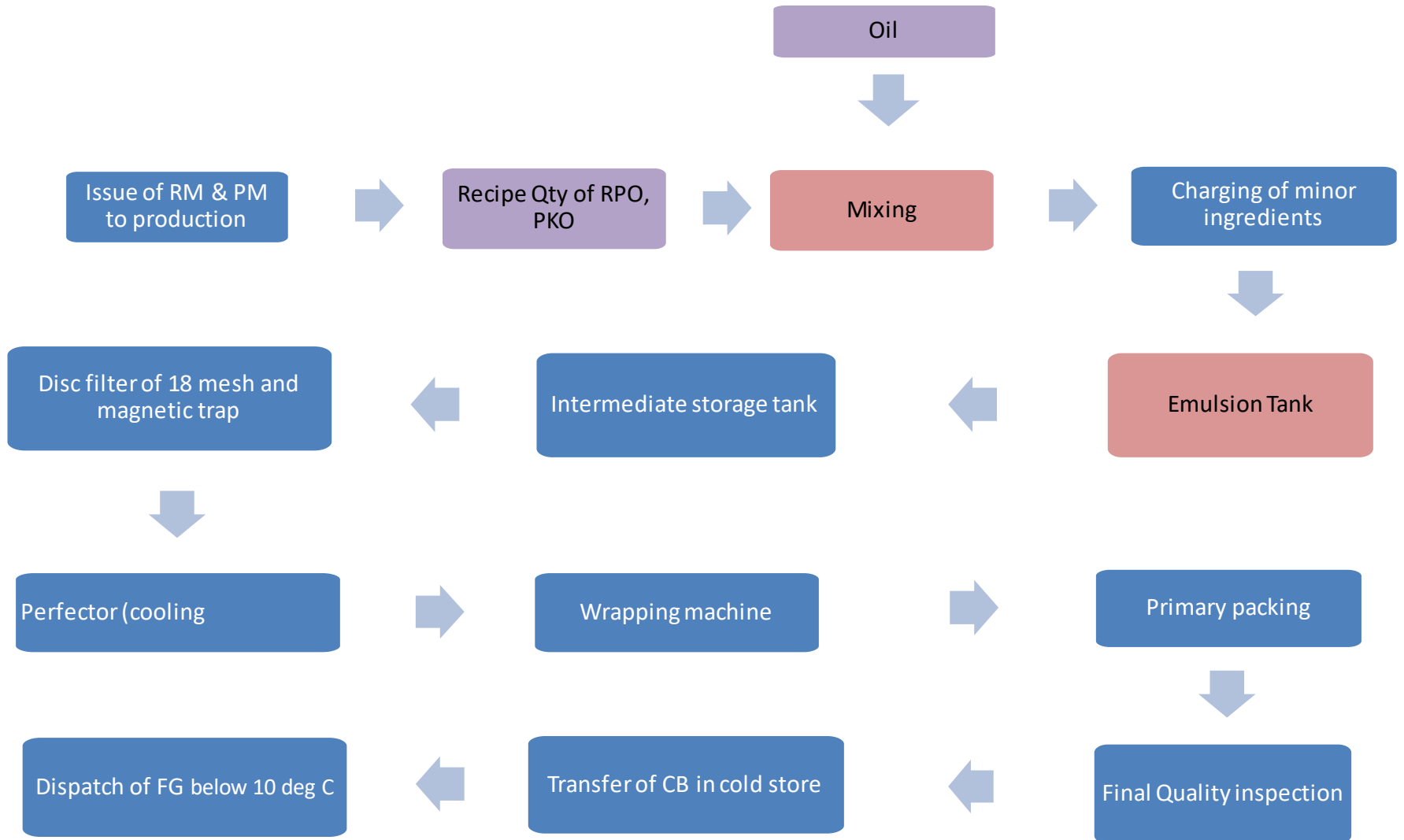
Manufacturing facilities in India: (added after 2015)

Sr. No.	Location	Address	Remarks
3.	Sikkim – Unit -I	Plot No. 26, 27, 28, 30 & 37, Near Mamrang Power House, Mamrang Block, Namthang Elakha, Namchi, South Sikkim–737 132.	Manufacturing of Everyuth, Sugarfree, Nycil Hand Sanitizer
4.	Sikkim – Unit -II	Unit -2, Plot No. 28P, 30P, 36P, Near Mamrang Power House, Mamrang Block, Namthang Elakha, Namchi, South Sikkim–737 132.	Manufacturing of Everyuth, Sugarfree, Nycil Hand Sanitizer

R & D units in India:

Sr. No.	Location	Address	Remarks
1.	Research Centre	Plot No. R-552,TTC MIDC, Rabale Navi Mumbai-400701 Maharashtra	R & D Centres

Process Flow - Spreads



Manufacturing units in India (added after 2015):



Aligarh



Sikkim

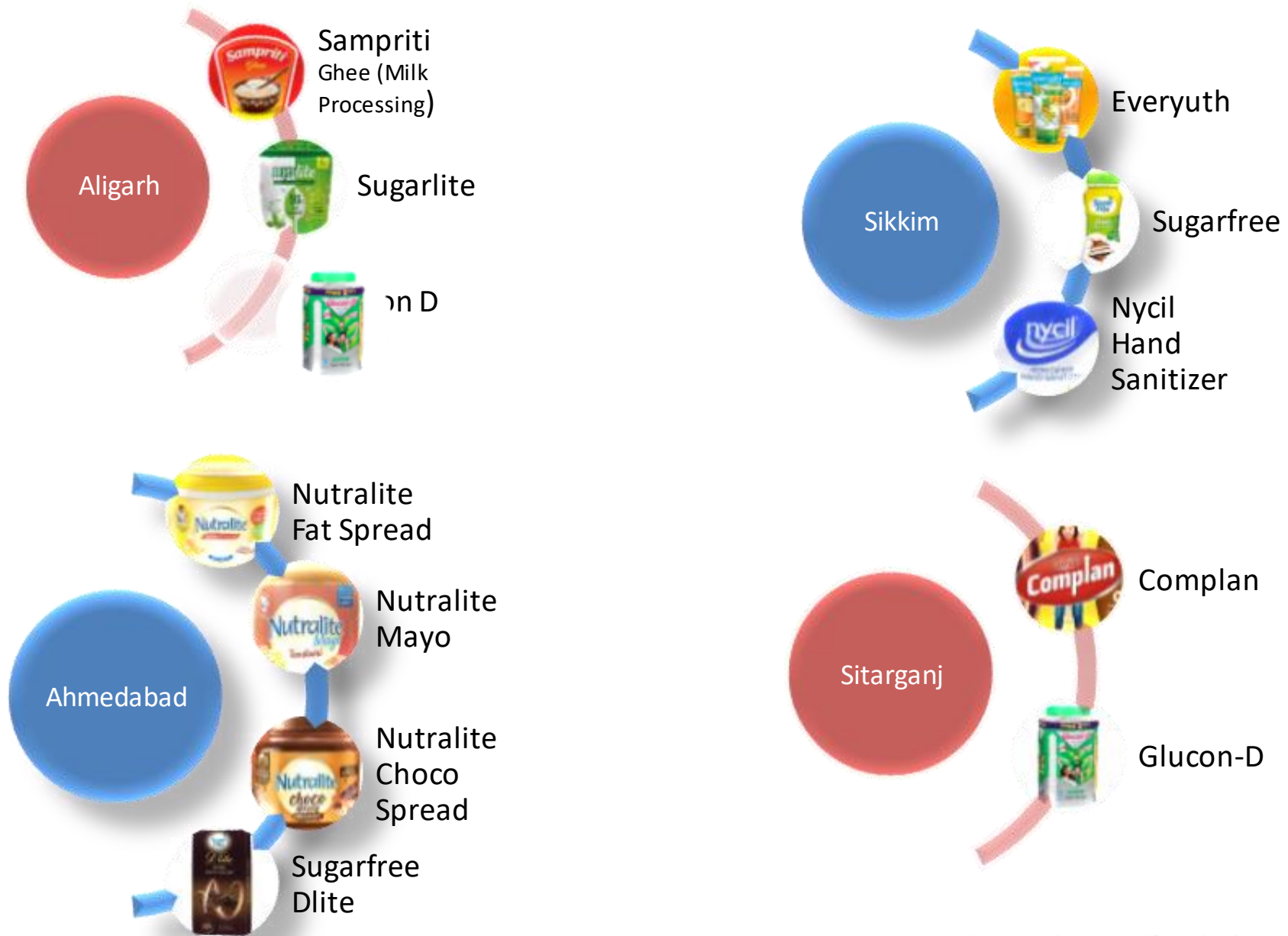


Ahmedabad



Sitarganj

Product Portfolio & Locations



Certifications / Awards – By Location

Aligarh

- FSSC 22K Version 5.0 certified from Bureau Veritas
- National Award for Manufacturing Competitiveness – Silver Medal

Ahmedabad

- FSSC 22K Version 5.0 certified from Bureau Veritas
- National Award for Manufacturing Competitiveness – Gold Medal

Sikkim

- ISO 22000:2005
- ISO 22716
- GMP Certificate for cosmetics
- National Award for Manufacturing Competitiveness – Gold Medal

Sitarganj

- FSSC 22K Version 5.0 certified from Bureau Veritas
- National Award for Manufacturing Competitiveness – Silver Medal

Shareholding Pattern of Zydus Wellness Limited:

Issued, Subscribed and Fully paid-up capital
[6,36,32,144 Equity Shares of Re. 10/- each.]

Promoters Holding
64.82%

Public
35.18%

1.	Foreign Portfolio Investors [FPIs]	1.60%
2.	Alternate Investment Funds	13.62%
3.	Insurance Companies	1.04%
4.	Mutual Funds	9.09%
5.	NRIs / OCBs	0.42%
6.	Financial Institutions / Banks	2.43%
7.	Public – others	6.98%

Indian subsidiary Companies (added after 2015): 1/3

Sr. No.	Name of the Indian Subsidiary	Nature of activity
1.	Zydus Wellness Products Limited, Ahmedabad (ZWPL)	WOS of Zydus Wellness Limited (ZWL). ZWPL is engaged in the business of manufacturing and marketing of consumer products.
2.	Liva Nutritions Limited, Ahmedabad (LNL)	WOS of ZWL. At present, LNL does not carry any business activities.
3.	Liva Investment Limited, Ahmedabad (LIL)	WOS of ZWL. At present, LIL does not carry any business activities.

Overseas subsidiary Companies: (added after 2015)

Sr. No.	Name of the Foreign Subsidiary	Nature of activity
1.	Zydus Wellness International DMCC, Dubai	WOS of ZWL, engaged in trading of consumer products in UAE.

Business model of the Company:

- Operations:
 - a. The Company has two main strategic business divisions (i.e. two profit centers) i.e. Consumer Product Division and Nutralite Division. SugarFree, EverYuth and Actilife brands fall under the Consumer Product Division.
 - b. Both the divisions have their own dedicated field force and distributors. The company has hired quality cold rooms in almost all states of the Country for storage and distribution of the brand Nutralite.
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Compliance / disclosures:

1/2

- The Company provides regular intimation to the Stock Exchanges about various events taking place in the Company, which are material in nature.
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- The Company has robust system of compliance and a detailed compliance report is presented to the Directors.
- The Company provides sufficient information and material as a part of board agenda to take an informed decision.
- The Managing Director and the CFO make presentations at every audit/board meeting and the Managing Director also makes presentation at the meeting of shareholders about the Company, its progress and challenges.

Compliance / disclosures: 2/2

- The Audit Committee has appointed firm of independent internal auditors and their reports on observations are presented and discussed at length at every Audit Committee meeting. The audit programs of internal auditors are finalized after taking into consideration the areas proposed by the members of the Audit Committee and Board
- The Statutory Auditors provide their limited review reports at every quarterly meeting, which give satisfaction to the Directors about the compliance of accounting principles, standards and guidelines.
- The Company has robust governance system and the management reviews the businesses and supportive functions at periodic review meetings.

Internal Control System:

- Organisation-wide SOPs and policies to govern and control various operations
- Strong IT systems-SAP, in-house developed automated workflows
- Regular audit of internal controls and adherence to the SOPs and policies-by external independent auditors (E&Y) and internal team (Mgmt. Audit team)
- Rigorous cost controls-budgeting and concurrence systems
- Robust review and monitoring systems for business performance and health of the business-
 - monthly MPRMs, one to one meetings
 - Half Yearly Review meetings
 - annual CAM
 - Periodic capex committee meetings
- Risk management-regular review of critical risks, identification of mitigation plans and monitoring of implementation thereof by Risk Management Committee
- Operation of vigil mechanism and whistler blower policy

Thank You!

