



August 9, 2022

Listing Department

**Code: 531335**

**BSE LIMITED**

P J Towers, Dalal Street, Fort,  
Mumbai-400 001

Listing Department

**Code: ZYDUSWELL**

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

Exchange Plaza, Bandra Kurla Complex,  
Bandra (E),  
Mumbai-400 051

**Re:** Transcript of 28<sup>th</sup> Annual General Meeting of the Company.

Dear Sir / Madam,

Please find enclosed herewith the transcript of 28<sup>th</sup> Annual General Meeting of the Company held on July 29, 2022.

Please find the same in order.

Thanking you,

Yours faithfully,

For, **ZYDUS WELLNESS LIMITED**

**NANDISH P. JOSHI**  
**COMPANY SECRETARY**

**Encl:** As above.

**Zydus Wellness Limited**

(a subsidiary of Zydus Lifesciences Limited)

**Regd. Office:** 'Zydus Corporate Park', Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle,  
S. G. Highway, Ahmedabad – 382481, India.

**Phone No.:** +91-79-71800000; **Website:** [www.zyduswellness.com](http://www.zyduswellness.com)

**CIN:** L15201GJ1994PLC023490



**“28<sup>th</sup> Annual General Meeting”**  
**July 29, 2022**  
**10:00 A.M. IST to 10:30 A.M. IST**

**CORPORATE PARTICIPANTS:**

**Dr. Sharvil P. Patel**  
Chairman

**Mr. Tarun Arora**  
Chief Executive Officer and Whole Time Director

**Mr. Ganesh N. Nayak**  
Non-Executive Director

**Ms. Dharmishtaben N. Raval**  
Non-Executive and Independent Director

**Mr. Kulin S. Lalbhai**  
Non-Executive and Independent Director

**Mr. Sri Vishnu Raju Nandyala**  
Non-Executive and Independent Director

**Mr. Savyasachi S. Sengupta**  
Non-Executive and Independent Director

**Mr. Umesh V. Parikh**  
Chief Financial Officer

**Mr. Dhaval N. Soni**  
Company Secretary of Zydus Lifesciences Limited, Parent company

and

**Shareholders**

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## Welcome Address

### Mr. Dhaval N. Soni – Company Secretary of Zydus Lifesciences Limited, Parent company

Dear Shareholders, Good morning and warm welcome to you all to the Twenty Eighth Annual General Meeting (“AGM”) of Zydus Wellness Limited through Video Conference or Other Audio Visual Means. As a reminder for the smooth conduct of the AGM the members will be on mute mode and audio and video will be enabled when they are invited to speak at the AGM as per the pre-registration.

Please note that, as per the statutory requirements, the proceedings of the AGM will be recorded.

We will wait for one minute to allow the shareholders to join. Thank you. I now hand over the proceedings to Dr. Sharvil P. Patel, Chairman of Zydus Wellness Limited.

### Dr. Sharvil P. Patel – Chairman

Good morning ladies and gentleman. I welcome you all to the Twenty Eighth Annual General Meeting of your Company. Requisite quorum being present, I call the meeting to order.

Due to ongoing Covid-19 pandemic and to maintain social distancing norms, the Company is conducting the AGM through Video Conference / Other Audio Visual Means as allowed by Ministry of Corporate Affairs and SEBI. The AGM is being conducted from the Registered Office of the Company at Ahmedabad. The virtual AGM provides opportunity to all the shareholders to attend the AGM from different locations across the Country and from their homes or offices. We hope that all of you are safe and in good health.

Let me introduce the Board members and Key Managerial Personnel with me. Ms. Dharmishtaben Raval, Independent Director & Chairperson of Audit Committee, Mr. Kulin S. Lalbhai, Independent Director & Chairperson of Nomination and Remuneration Committee, Mr. Ganesh N. Nayak, Non-Executive Director and Chairperson of Stakeholders’ / Investors’ Relationship Committee, Mr. Sri Vishnu Raju Nandyala, Independent Director, Mr. Savyasachi Sengupta, Independent Director, Mr. Tarun Arora, CEO and Whole Time Director, Mr. Umesh Parikh, Chief Financial Officer and Mr. Dhaval N. Soni, Company Secretary of Zydus Lifesciences, the Parent company.

We also take on record the presence of Mr. Mukesh Shah, Partner–Mukesh M. Shah & Co, Chartered Accountants, Statutory Auditors and Mr. Hitesh Buch, Secretarial Auditor and Scrutinizer of the Company, in this AGM.

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The financial year 2021-22 has witnessed certain unforeseen challenges. During the first half of the year, the pandemic induced setbacks impacted sales of summer heavy brands like Glucon-D and Nycil whilst global uncertainty infused economic challenges particularly the rising level of inflation, softened the consumer demand in the second half. To mitigate the inflationary pressures, the Company took calibrated price increases towards the end of third quarter of the financial year across its brands and various cost rationalization measures which helped the company consolidate its gross margin towards the end of the financial year. The company continued to demonstrate unwavering determination and resilience to minimize the impact on normal operations and business.

As a result the Company registered total income from operations growth of 7.6% (over previous financial year) standing at Rs. 2,00,910 lakhs during FY 2021-22. The adjusted Net Profit (before exceptional items), was up by 23.1 % on a Y-o-Y basis at Rs. 30,887 lakhs.

During the FY 2021-22, the Company inaugurated a new R&D set up at Ahmedabad, which will be a centre for all future innovations that are “Good for You”. The R&D centre is managed by a team of Post Doctorate, PHD’s and technology experts with global experience and fully equipped with latest technology. The company aims to leverage its R&D capability through tie ups with top academic and research institutions in India and globally. This will form the building blocks of the future product innovations with differentiated propositions which the company is intending to launch in coming years. The Company made four new launches during the year towards its innovation journey.

In its endeavour to become leaner and a more efficient organization, the company has commenced various initiatives across its key functions through Transformation 2.0 focused on digitization of processes across the value chain to be future ready through becoming more agile and ride on the digital ways of working. To quote some of the initiatives as below –

- Digitization of the entire logistics via Transport Management Solution that will help us reduce the freight costs and lead to optimization of logistics.
- Implementing Integrated Business Planning (IBP) tool to automate the demand planning, supply planning and sales & operations planning (S&OP).
- Implementing employee friendly Adrenalin HRMS tool.

Zydus Wellness is today one of the leading companies in the FMCG industry and we believe that the next wave of growth for the company has just begun. We create and build brands that offer ‘something more’ that delights the consumers. The Company continues to be the leader in five out of the six categories it operates in. The company has more than 30 million consumers as a testament to its brands that are engraved in consumers daily needs and shopping basket.

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During the Year 2021-22, the Company expanded its international footprint by entering into six new geographies and is now present in more than 25 countries. The Company also incorporated its wholly owned subsidiary in Bangladesh, Zydus Wellness (BD) Private Ltd aimed at serving local consumers at a competitive price. The international business continued to grow at high double digits. The Company aims to build scale in international business by focusing on key regions like SAARC, MEA and SEA, entering new geographies and introduce suitable innovations and extensions catering to the needs of international markets. The Company targets ~8-10% revenue contribution from international markets over the next five years.

Distribution and reach is at the heart of any consumer enterprise. With direct reach of more than 5.5 lakh outlets, the Company aims to cross 1 million mark in next three years. We believe that these investments in a more agile, flexible and faster distribution network will stand us in good stead in the coming years.

We at Zydus Wellness are confident to drive growth and increase the market share of our brands through innovation, leveraging distribution channels and expanding the brand portfolio. This will further strengthen its position as one of the best-performing companies in the FMCG industry. To support the growth ambitions, the company is also proactively looking for bolt-on acquisitions that fit in company's vision and mission. I believe we are on course for realising more possibilities for Zydus Wellness to grow. I look forward to continuing this journey with you, our shareholders.

The Twenty Eighth Annual General Meeting of the Company is being convened in accordance with the Notice of AGM dated May 17, 2022.

**We now commence the business of the meeting:**

Representations under section 113 of the Companies Act, 2013, for a total of 4,14,44,713 shares aggregating to 65.13% of the total share capital, have been received.

In accordance with the MCA and SEBI circulars due to ongoing Covid-19 pandemic, the Notice of this AGM along with the Annual Report of the Company has been emailed to all members and to all others who are entitled to receive the same and I propose that the Notice be taken as read.

As there are no qualifications, observations or comments in the Auditor's Report, the Audit Report is not required to be read at the meeting as provided in section 145 of the Companies Act, 2013.

I would now request Mr. Dhaval N. Soni to brief the members about the voting procedure and take you through the resolutions.

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**Mr. Dhaval N. Soni – Company Secretary of Zydus Lifesciences Limited, Parent company**

Thank you Sir.

Pursuant to regulation 44 of the Listing Regulations, and provisions of section 108 of the Companies Act, 2013 and the Rules made thereunder, the Company has provided facilities to the members to cast their votes through remote e-voting. The detailed procedure and instructions for casting votes by the members through electronic means are prescribed in the Notice. The Company had fixed July 22, 2022 as the Cut-Off Date for deciding the names of the members entitled to cast their votes through remote e-voting as well as during this meeting. The Members holding shares as on July 22, 2022 shall only be allowed to exercise their votes in this Meeting. The remote e-voting period commenced at 9:00 a.m. on Tuesday, July 26, 2022 and closed at 5:00 p.m. on Thursday, July 28, 2022. The Company has availed the e-voting platform of CDSL. The remote e-voting module was blocked and disabled at 5:00 p.m. on July 28, 2022.

I request the members, who have already cast their votes through remote e-voting, not to cast their votes again through e-voting during this AGM. The e-voting facility is available throughout the AGM proceedings by the same login.

The icon for e-voting is available on the screen, which will re-direct you on a separate window to the e-voting portal of CDSL. The e-voting facility has been activated since 10.00 a.m. and will be closed 15 minutes post conclusion of the AGM.

The resolutions prescribed in the Notice of AGM, both the ordinary businesses and the special businesses, shall be passed at this AGM through e-voting and the resolutions shall be declared passed after adding the votes cast by the members through remote e-voting and e-voting cast during this AGM.

Pursuant to provisions of section 109 of the Companies Act, 2013, Mr. Hitesh Buch, Practicing Company Secretary has been appointed as the Scrutinizer to conduct the e-voting process in a fair and transparent manner and submit his report to the Chairman. Mr. Buch is also appointed as the Scrutinizer for remote e-voting.

As per the Notice of the meeting, there are total 5 businesses to be transacted at this meeting – four Ordinary Businesses and one Special Businesses. The businesses to be transacted are as under:

1. Adoption of Standalone Audited Financial Statements of the Company for the Financial Year ended on March 31, 2022 and the Reports of the Board of Directors and the Auditors thereon;

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2. Adoption of Consolidated Audited Financial Statements of the Company for the Financial Year ended on March 31, 2022 and the Report of the Auditors thereon;
3. Declaration of Final Dividend of Rs. 5/- per equity share for the Financial Year ended on March 31, 2022;
4. Re-appointment of Mr. Ganesh N. Nayak, as a Non-Executive Director, liable to retire by rotation and;
5. Ratification of remuneration to the Cost Auditors.

Necessary details about the resolution are provided in the explanatory statement accompanied to the Notice of AGM.

The Members who have exercised their voting rights through remote e-voting are once again requested not to cast their votes during this meeting. If any such member exercises his voting right through e-voting during this meeting, his remote e-voting will not be considered for counting the number of votes as his votes are already considered in remote e-voting.

Once the report of the Scrutinizer is received, the Chairman will declare the decision of the members on the businesses transacted by the members through e-voting during AGM, adding thereto the votes cast by the members through remote e-voting.

The results of the voting together with Consolidated Scrutinizer's Report will be placed on the website of the Company at the earliest but within the statutory time permitted under the Law.

The results of the voting will also be filed with the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed.

Members may visit the website of the Company or the website of the Stock Exchanges.

**Dr. Sharvil P. Patel – Chairman**

Thank you Dhaval.

I now invite the Members who have pre-registered to pose their questions, if any. I request you all not to repeat the same questions as raised by fellow members. We would make every effort and attempt to

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answer all your queries, but if any questions remains unanswered, you may please send in your queries via email to the Company Secretary and we shall revert appropriately.

I would now request Dhaval to call out the names of the speaker shareholders and would request to unmute the speaker and allow their video.

**Mr. Dhaval N. Soni – Company Secretary of Zydus Lifesciences Limited, Parent company**

Thank you Chairman Sir.

We now invite the speaker shareholders in the order of receipt of request.

We have been informed by the Moderator that the first shareholder Mr. Kirti Shah is not present in this AGM.

Hence, we move to the second speaker shareholder Mr. Yusuf Rangwala. Mr. Moderator can you please unmute him.

**Mr. Yusuf Rangwala – Shareholder:**

I thank you Company Secretary. Glucon-D and Nycil are world famous product of the Company. If possible, please arrange factory visit next year. If possible, please arrange sample of Glucon-D and Nycil and new products of the Company. Greetings for upcoming festivals. How many factories does the Company have? Wishing you a very Happy 75<sup>th</sup> Independence Day. May god bless our Company. It is very excellent Company. If possible, please arrange factory visit. Thank you *(As there was audio and video loss at the time when the shareholder was speaking, the transcript is provided only of what could be heard)*.

**Dr. Sharvil P. Patel – Chairman**

Thank you for all the good wishes. I would request our Company Secretary to get in touch with you and may be answer your questions as you may pose them because we were not able to get the clear connection. But, thank you again for all your good wishes.

**Mr. Dhaval N. Soni – Company Secretary of Zydus Lifesciences Limited, Parent company**

Thank you Sir.

Now I invite Mr. Jaydip Bakshi to speak.

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**Mr. Jaydip Bakshi – Shareholder:**

Good Morning Chairman, CFO and Board of Directors, my self Jaydip Bakshi connecting from the city of Kolkata.

Thanks to the Company Secretary, for giving me an opportunity to express my views. Sir, initially congratulations for the growth of 7.6% revenue from operations. Sir, kindly put some colour in these pages in Annual Report. Sir, Nycil a heritage product and a seasonal item. Has the sales gone up this summer? What is the market response of newly launched Doodhshakti pure ghee and the other items launched in international market? How has been the market? Regarding distribution network for smooth functioning are we implementing digitalization? Regarding R & D center it is operating and best of class products for our customers and expenditure plans for our R & D in the coming years. How did we come to know it? Any added products in the pipeline. Kindly adjust for a plant visit, if possible. I hope Sir under your guidance and help of the internal management and the employees come out with much better products, which keep our lives enriched and healthier. Thank you and stay safe Sir *(As there was audio and video loss at the time when the shareholder was speaking, the transcript is provided only of what could be heard)*.

**Mr. Dhaval N. Soni – Company Secretary of Zydus Lifesciences Limited, Parent company**

We move ahead with the fourth and last speaker shareholder Mr. Keshav Garg.

**Mr. Keshav Garg – Shareholder:**

Thank you for this opportunity. So I would like to draw your interest towards a share buy-back. I see that we are sitting on a large cash reserves and we have been giving out hefty dividends. But, during a share buy-back would actually be more beneficial for the shareholders, as a dividend is just a one time payout but share buy-back would actually help in increasing shareholder value. I would like to ask the Management when would you do a share buy-back or would you in future look after doing a share buy-back. My second question is that what are your main strategies for growth in future. As I see that till FY 2019-20 our operating margins were around 22% but we see that post that operating margins have gone down to about 18%. So what is the view of the Management on that and what are our strategies for growth in future.

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**Mr. Tarun Arora – CEO & Whole time Director**

I think Mr. Bakshi and Mr. Garg you have talked about the business part and I will address the business part specifically. Thank you so much for acknowledging the growth I think which was achieved in a very difficult situation in last financial years, especially in the times of wave two of covid. Having said that I think our plans for growth are quite concrete where there is category development opportunity across our brands. Five out of our six brands are leaders in the spaces they operate and therefore our key task is to grow these categories and not just the brands and therefore we will get the growths. For that we are investing behind the brands, we are investing behind R & D which helps us get new products and also improve the quality of our products which are more relevant for today's age and consumer. And third obviously element that provides the growth moment is higher distribution. So we are quite committed to growing our distribution aggressively both directly as well as the newer channels like e-commerce modern trade as they are growing up. So we are quite committed to growing our business at a good double digit levels over next three to five years as we go forward.

There was a specific ask and we couldn't hear everything but, I heard specific asks on how Nutralite Doodh Shakti is doing and how Nycil is doing and what are our plans. I think we have started on a journey of Nutralite Doodh Shakti where we have re-organized a Nutralite brand under dairy and spreads and dairy being under the sub-brand of Doodh Shakti and that's doing very well it is taken off very well, both with the ghee as well as the butter spread that we have launched. I think these will go on for next three to five years before it reaches its fair potential that we expect it to do and we have seen it being taken up both offline as well as online consumers. Similarly, Nycil I think last couple of seasons were hard because of summers being effected due to covid. We do hope in the current financial year we will be able to get better numbers as we move forward. And about our R & D thanks for acknowledging it we have put a significant investment in building a infrastructure, we have a large team as Chairman Sir referred to it and we believe that it will play a very pivotal role in building our portfolio for the future. So that's largely how we intend to grow it.

Our distribution wish list is to take a direct distribution to about a million. So that's largely about the business growth. The last part was on operating margins, which the last speaker had asked. Our operating margins were operating at 22-23% till about 2019 they have come down because after acquisition of Heinz there have been two or three factors which have played out which is been the mix of portfolio which has shifted but our endeavor is as we grow forward as our operating leverage plays out we should see a improvement in our operating margins over next few years and we should be able to get back to a higher operating margins in next three years as we move forward.

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**Mr. Umesh Parikh – Chief Financial Officer**

One of the question was how many factories do you have. So we have currently four factories one is at Aligarh, two at Sikkim and one is at Ahmedabad. There was one question on the share buy-back so on the share buy-back currently we are in the process of repaying our debt and also investing significantly on our manufacturing footprint, so share buy-back would take place but at an appropriate time. Thank you.

**Mr. Dhaval N. Soni – Company Secretary of Zydus Lifesciences Limited, Parent company**

Thank you very much to the Chairman Sir, Mr. Whole Time Director and the CFO for providing the necessary replies to the queries which are raised by the members. I would now request Chairman Sir to proceed with the concluding remarks.

**Dr. Sharvil Patel – Chairman**

Those members who have still not cast their votes may do so through the CDSL e-voting facility available in the same portal. The e-voting shall close in another 15 minutes.

Ladies and Gentleman, the Twenty Eighth Annual General Meeting is now concluded. I thank you all for being with us today. As informed in the beginning of the meeting, the combined voting results will be displayed on the Company's website and communicated to BSE Limited and the National Stock Exchange of India Limited.

Thank you.

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