

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars allowing service of notices/documents including Annual Report by E-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their E-mail address, so far, are requested to do the same immediately.

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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 realised, 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 materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

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

Corporate Information

BOARD OF DIRECTORS Pankaj R. Patel
Chairman

Anand G. Deo
Managing Director

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

CHIEF FINANCIAL OFFICER Amit B. Jain

COMPANY SECRETARY Dhaval N. Soni

BANKERS Bank of Baroda
Ashram Road Branch,
Ahmedabad

AUDITORS M/s. Manubhai & Co.,
Chartered Accountants

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

**REGISTRAR &
SHARE TRANSFER AGENT** Link Intime India Pvt. Ltd.
211, Sudarshan Complex,
Nr. Mithakhali Underbridge,
Navrangpura,
Ahmedabad-380009

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

Notice

NOTICE is hereby given that **SEVENTEENTH ANNUAL GENERAL MEETING** of the members of **Zydus Wellness Limited** will be held on Thursday, the 30th day of June, 2011 at 10:00 a.m. at J. B. Auditorium, Ahmedabad Management Association [AMA], ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Mukesh M. Patel, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Sharvil P. Patel, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. H. Dhanrajgir, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. Manubhai & Co., (Firm Registration No. 106041W) Chartered Accountants, as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

Place : Ahmedabad.
Date : 5th May, 2011.

Registered Office:

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

Dhaval N. Soni
Company Secretary

Notice (Contd...)

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

However Proxy Form(s) duly stamped, completed and signed, should be deposited at the Registered Office of the Company not later than 48 hours before the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 24th June, 2011 to 30th June, 2011 (both days inclusive).

The dividend, if declared, will be paid on 5th July, 2011 to those members entitled thereto whose names appear in the Register of Members of the Company as on 30th June, 2011. With respect to shares held in dematerialized form in the Depository System, dividend thereon will be paid to the beneficial owners as per the data received from the Depositories.

3. Payment of Dividend through National-ECS (NECS):

- i) Members holding shares in physical form are advised to submit the particulars of their new bank account number after implementation of CBS, along with a photocopy of a cheque pertaining to the concerned account directly to the Company's Registrar and Share Transfer Agents-M/s. Link Intime India Private Limited at 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad-380 009.
- ii) Members holding shares in demat form are advised to furnish the new bank account number after implementation of CBS, along with a photocopy of a cheque pertaining to the concerned account, to your Depository Participant (DP), at your earliest for direct credit of dividend to your bank account.

Please note that if you do not provide your new bank account number allotted after implementation of CBS by your Bank to your DP, then in that case ECS to your old account may be either rejected or returned. The Company will issue demand draft / MICR warrant to such members whose dividend amount is not credited through NECS / ECS.

4. The bank account particulars of the members will be printed on the dividend warrants. In respect of the shares held in physical form, shareholders are requested to send their bank account particulars or any change therein, to the Registrar and Share Transfer Agents at the above address.

Members holding shares in demat form shall provide particulars of their bank account to their Depository Participants. The Company or its Registrar and Share Transfer Agent will not act on any such request received from members for change in their bank particulars. Further, instructions given by members for shares held in physical form would not be applicable to the dividend paid on shares also held in demat form.

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 Investor

Notice (Contd...)

Education and Protection Fund (IEPF), pursuant to section 205A (5) of the Companies Act, 1956 on respective due dates mentioned there against. Kindly note that after such date, the members will loose their rights to claim such dividend.

Accounting Year ended on	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF
31st March, 2004	30th September, 2004	8 %	29th September, 2011
31st March, 2005	29th September, 2005	10 %	28th September, 2012
31st March, 2006	29th September, 2006	10 %	28th September, 2013
31st March, 2007	23rd July, 2007	10 %	22nd July, 2014
31st March, 2008	10th July, 2008	10 %	9th July, 2015
31st March, 2009	28th July, 2009	15 %	27th July, 2016
31st March, 2010	16th July, 2010	30 %	15th July, 2017

- Members holding shares in physical form are requested to intimate Registrar and Share Transfer Agents of the Company viz., M/s. Link Intime India Private Limited, Unit: Zydus Wellness Limited, 211, Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad-380 009 to notify changes, if any, in their registered address along with Pin Code. Members holding shares in electronic form may update such details with their Depository Participant.
- Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, where the equity shares of the Company are listed, additional information pertaining to Directors seeking re-appointment at the Annual General Meeting is attached hereto.

REQUEST TO THE MEMBERS:

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

Annexure to the Notice dated 5th May, 2011

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Mukesh M. Patel
Age	57 years
Date of Appointment	27th July, 2006
Brief Resume and nature of expertise in functional areas	Mr. Mukesh Patel, an eminent Advocate and International Tax Expert has been in legal practice since 1977, with specialization in the fields of Tax Planning, Appellate Matters, International Taxation, Tax and Investment Planning for Non-Resident Indians and Foreign Collaborations. He has been actively involved in Legal Education and Tax Journalism for the past over three decades, as a Visiting Faculty with the Gujarat Law Society and the Indian Institute of Management, Ahmedabad and as a Columnist through his popular weekly columns on Direct Taxes with 'Sandesh', 'Gujarat Samachar', 'The Times of India' and 'Ahmedabad Mirror'. He has also authored a number of acclaimed books on Personal Tax & Investment Planning and Self Development and anchored TV Serials 'Tax Free' and 'Money Magic.' In recognition of his noteworthy contribution and achievements as an Eloquent Speaker, he received 'Fellowship of the World Academy of Speakers' in 1981 and 'Outstanding Speaker of the 20th Century Award' in 2000. Widely traveled around the world, he is an ardent photographer. He has served as the President of the Ahmedabad Management Association, Gujarat Chamber of Commerce and Industry, All Gujarat Federation of Tax Consultants, and several other bodies. Currently, he is the President of Indian Red Cross Society, Ahmedabad and the Indo-Japan Friendship Association, Gujarat. He is also a member of the National Executive Committee of FICCI and a Director on the Board of a number of leading public companies.
Directorships held in other public Companies (excluding foreign and private Companies)	<ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. Sandesh Limited 3. Hitachi Home & Life Solutions (India) Limited 4. BA Research India Limited 5. German Remedies Limited 6. Zydus Pharmaceuticals Limited 7. Desai Brothers Limited 8. Federation of Indian Chambers of Commerce & Industry (FICCI)
Memberships / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Shareholders' / Investors' Grievance Committee.)	<p>Chairman</p> <p><u>Audit Committee:</u></p> <ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. Sandesh Limited 3. Hitachi Home & Life Solutions (India) Limited 4. Desai Brothers Limited <p>Member</p> <p><u>Audit Committee:</u></p> <ol style="list-style-type: none"> 1. BA Research India Limited <p><u>Shareholders' / Investors Grievance Committee:</u></p> <ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. Hitachi Home & Life Solutions (India) Limited
Number of shares held in the Company	213

Annexure to the Notice dated 5th May, 2011 (Contd...)

Name of the Director	Sharvil P. Patel
Age	32 years
Date of Appointment on the Board	28th July, 2009
Brief Resume and nature of expertise in functional areas	Dr. Sharvil Patel is the Deputy Managing Director of Cadila Healthcare Ltd., one of India's leading healthcare companies and a global healthcare provider. With a specialisation in Chemical and Pharmaceutical Sciences from the University of Sunderland, U.K. and a doctorate also from the same university for his research work in Breast Cancer at John Hopkins, Bayview Medical Centre, USA, Dr. Sharvil Patel combines both pharma and research expertise. This enables him to contribute in aligning the business and research goals of the group. The quest for market leadership is already spurring new initiatives and growth. A case in point is the Consumer Products Business, which is spearheaded by Dr. Sharvil Patel. With brands such as Sugar Free-India's largest selling sweetener, Nutralite-a premium table spread and Everyuth-a premium skin care range of products, the division is posting robust growth under his leadership and is exploring new avenues that will consolidate its presence in the fitness and wellness segment. Dr. Sharvil Patel is closely associated with the Yi (Young Indians), a leadership forum initiated by the Confederation of Indian Industry, which integrates young professionals from various walks of life for the developmental initiatives in the areas of economy, education, healthcare and environment.
Directorships held in other public Companies (excluding foreign and private Companies)	<ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. ADI Finechem Limited 3. Zydus Animal Health Limited 4. Zydus Technologies Limited 5. Dialforhealth India Limited 6. Zydus Pharmaceuticals Limited
Memberships / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Shareholders' / Investors' Grievance Committee.)	Member <u>Audit Committee:</u> <ol style="list-style-type: none"> 1. Dialforhealth India Limited
Number of shares held in the Company	533

Annexure to the Notice dated 5th May, 2011 (Contd...)

Name of the Director	H. Dhanrajgir
Age	74 years
Date of Appointment on the Board	28th July, 2009
Brief Resume and nature of expertise in functional areas	<p>He is a B. Tech (Chem. Eng.) from Loughborough University, U.K., M.I. Chem. E (London.), C. Eng (London), AMP (Harvard). He started his carrier in 1960 at British Oxygen Co. Ltd., London. On his return to India, he worked for Burmah Shell, India as a covenanted officer for five years. He joined Glaxo India Ltd., and held several important positions including that of Managing Director in January 1990. He retired as Executive Vice Chairman in August, 1994. Thereafter, he was appointed as Managing Director of Lupin Laboratories in late 1994 helping the Company in its globalization plans. He joined Kodak India Ltd as its CEO & Managing Director in October, 1995. He retired after five years term in October, 2000. He was the President of Organisation of Pharmaceutical Producers of India (OPPI) from 1992 to 1994, having served as its Vice President for 2 years prior to that. He also served on the General Committee of the Bombay Chamber of Commerce and Industry (BCCI) for two years and was a past Vice Chairman of the Indo-British Business Committee. He is a member - Global Advisory Board, Asian Centre for Corporate Governance, Trustee of the Dr. P. V. Cherian Artificial Kidney Trust, Trustee of Breach Candy Hospital Trust, Lintas Employees Welfare Trusts. He is on the Indian Advisory Board of U.S. Pharmacopoeia.</p>
Directorships held in other public Companies (excluding foreign and private Companies)	<ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. HDFC Asset Management Company Limited 3. Neuland Laboratories Limited 4. Emcure Pharmaceuticals Limited 5. Themis Medicare Limited 6. Next Gen Publishing Limited 7. Sami Labs Limited
Memberships / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Shareholders' / Investors' Grievance Committee.)	<p>Chairman</p> <p><u>Audit Committee:</u></p> <ol style="list-style-type: none"> 1. Neuland Laboratories Limited <p>Member</p> <p><u>Audit Committee:</u></p> <ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. HDFC Asset Management Company Limited 3. Emcure Pharmaceuticals Limited 4. Themis Medicare Limited 5. Next Gen Publishing Limited
Number of shares held in the Company	Nil

Directors' Report

To,
The Members of
Zydus Wellness Limited

Your directors have pleasure in presenting **SEVENTEENTH** Annual Report of the Company along with the Audited statement of accounts for the year ended 31st March, 2011. The summarised financial results are given below:

Financial Highlights:

For the year ended 31st March	INR - Lacs		Growth (%)
	2011	2010	
Sales and Other Income	34358	27402	25.4
Profit before Interest, Depreciation, Exceptional expenses & Tax (PBIDET)	9161	7319	25.2
Less : Depreciation	149	159	(6.3)
Profit before Interest, Exceptional expenses & Tax (PBIET)	9012	7160	25.9
Less : Interest	16	9	77.8
Expenses incurred on Composite Scheme of Arrangement	0	220	
Profit Before Tax (PBT)	8996	6931	29.8
Less : Provision for Tax	3048	2404	26.8
Profit After Tax (PAT)	5948	4527	31.4
Add : Profit brought forward from the previous year	5196	2491	
Profit available for appropriation, which is appropriated as follows:	11144	7018	
Proposed Dividend	1563	1172	
Corporate Dividend Tax on Proposed Dividend	254	195	
Transferred to General Reserve	645	455	
Balance carried to Balance Sheet	8682	5196	
Total	11144	7018	
Basic and Diluted Earnings per share (EPS of FV Rs. 10/-) [in Rupees]			
- Before Exceptional items	15.22	12.15	
- After Exceptional items	15.22	11.59	