



WELLNESS FOR ALL

ANNUAL REPORT 2017-18



What's Inside

Corporate Overview

Corporate Information	02
Wellness for All	03
Introducing Zydus Wellness Ltd.	04
Our Key Performance Indicators	06
Our Awards and Accolades	07
Message from the Chairman	08
Our Business at a Glance	10
Offering a Differentiated Consumer Experience	12
Creating Value for our Shareholders	14

Statutory Reports

Notice	16
Directors' Report	21
Business Responsibility Report	39
Corporate Governance Report	44
Management Discussion and Analysis	58

Financial Statements

Standalone Financial Statements	62
Consolidated Financial Statements	105

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

Dr. Sharvil P. Patel
Chairman

Tarun G. Arora
Whole-time Director

Directors

H. Dhanrajgir

Prof. Indiraben J. Parikh

Ganesh Nayak

Kulin S. Lalbhai

Chief Financial Officer

Umesh V. Parikh

Company Secretary

Dhaval N. Soni

Bankers

Bank of Baroda

Ashram Road Branch

Ahmedabad

HDFC Bank Limited

Navrangpura Branch

Ahmedabad

BNP Paribas

Ellisbridge Branch

Statutory Auditors

M/s. Dhirubhai Shah & Co.
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

Registrar & Share Transfer Agent

M/s. Link Intime India Private Limited,
506-508, Amarnath Business Centre – 1,
Beside Gala Business Centre,
Off C. G. Road, Ellisbridge,
Ahmedabad 380 006

Works

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

CIN: L15201GJ1994PLC023490

Wellness for All



Wellness is about health consciousness and is an active daily pursuit. It is a commitment towards one's wellbeing – both internal and external. People today aspire to be healthy and happy in a purposeful manner.

Zydus Wellness Ltd. has been the gateway to wellness in India since 1988.

For more than three decades, we have been crafting experiences that nourish, nurture and energise – ultimately, enhancing your quality of life. Our innovative offerings are uniquely designed to transform and uplift your everyday lives.

With Zydus Wellness Ltd., your journey towards a healthier life begins here.

Introducing Zy^{du}s Wellness Ltd.



**At Zy^{du}s Wellness Ltd., we
strive to reimagine wellness
and health in a holistic manner.**

We deliver the best in health and wellness,
enriching millions of lives every day.

We are the creators of industry-leading
niche products that cater to the needs of
different consumer groups.

At the heart of it all, our objective
is to offer our customers a differentiated
wellness experience, making them feel
good from within.



Our Vision

We bring wellness to your life. We will create new experiences by our products that will nourish, nurture and energise your life. We shall lead the way through innovation.

Our DNA

To build new emergent categories with differentiated product propositions. Philosophy of building products that are good for you.



Our Brands



'Pure Skin, Happy Har Din'

Everyuth is a pioneer and a market leader in the facial care products range. It has a comprehensive offering in the skin care segment: Everyuth Face Wash, Everyuth Peel Off, Everyuth Scrub, Everyuth Tan Removal and Everyuth Face Pack.



'Aap happy, apki health happy'

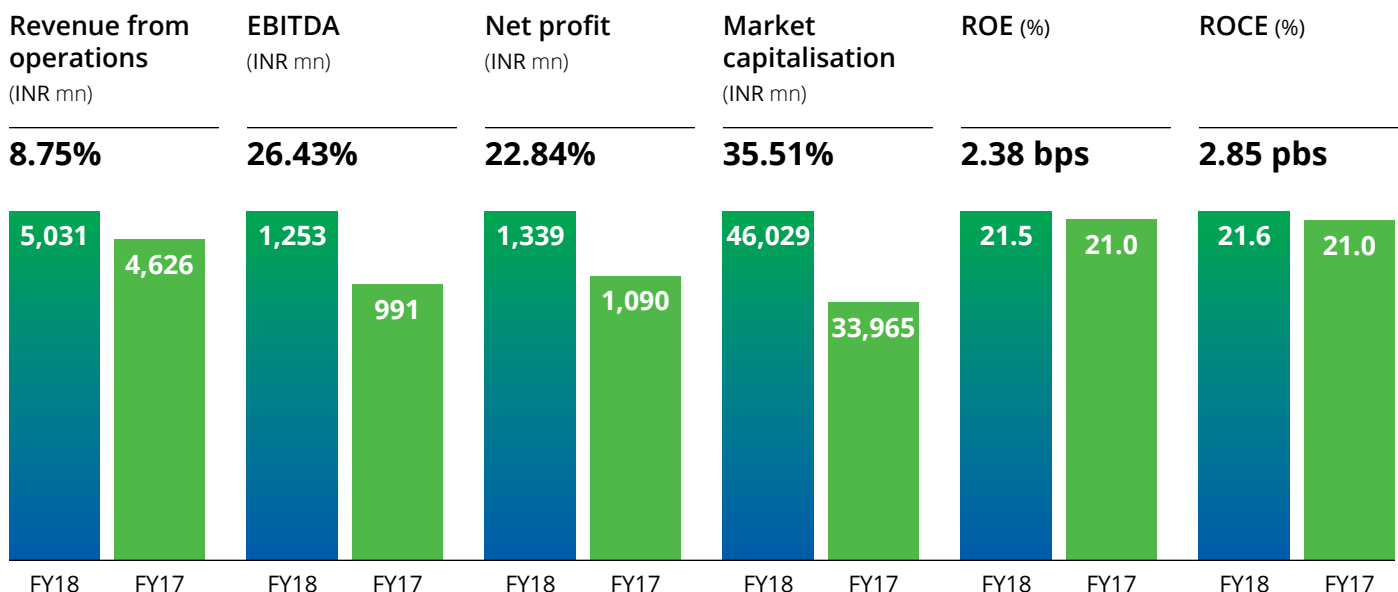
Nutralite offers premium table spreads as a healthier alternative to butter. Its spreads are free from cholesterol as well as trans fats, and enriched with Omega 3 and Vitamin A, D and E – enabling families to make a smarter choice every day. The range now includes Nutralite Retail, Nutralite Institutional and Nutralite Mayonnaise, available in attractive flavours.



'Smartness Waali Sweetness'

Sugar Free, the flagship brand of Zydus Wellness Ltd. and an artificial sweetener, today, is a household name. The market-leading brand addresses diverse consumer needs, through its variants Sugar Free Gold, Sugar Free Natura and Sugar Free Green.

Our Key Performance Indicators



Three Decades of Wellness

1980s & 1990s

1988

Launched Sugar Free with Aspartame

1991

Launched the Everyuth skincare range

2000s

2005

Introduced Sugar Free Natura with Sucralose

2006

Acquired Carnation Nutra (CANFL)

2009

Restructured the Consumer division of Cadila Healthcare Ltd. and it was renamed as Zydus Wellness Ltd.

Our Awards and Accolades

The financial year 2017-18 saw Zydus Wellness Ltd. garner the following awards and accolades.

The recognition we received, from within the Zydus Group and outside, underscores the Company's competitive performance.

- Our Sikkim plant received the Gold Award at the National Award for Manufacturing Competitiveness (NAMC), conducted by International Research Institute of Manufacturing.
- Our flagship brand Sugar Free won the 'Best Integration of Brand and Movie' award at the Prime Time Awards 2017 for its association with the Bollywood film, 'Chef'.
- We were adjudged the 'Best Team – Diamond Team' for the second consecutive year and our Sikkim plant was the first runner-up for the second year in a row at the SLIM (Strategic Lean Integrated Manufacturing) Awards, conducted internally across the Zydus Group.



National Gold Award for Manufacturing Competitiveness



Best Integration of Brand and Movie

2010s

2011

Inaugurated the manufacturing plant in Sikkim

2017

Commissioned the new production facility in Sikkim

Launched Sugar Free Green with Stevia

2018

Introduced Nutralite Mayonnaise in three appealing flavours: vegetable, cheese garlic and achari

Message from the Chairman

Dear Friends,

The financial year 2017-2018 was a special one. It marked the completion of our three-decade journey and the beginning of a promising new decade of wellness.

We started out in a small way as a part of a healthcare organisation, offering consumers alternatives for a healthier lifestyle with India's first aspartame-based sugar substitute, Sugar Free. Zydus Wellness has since evolved into a large business and offers a lot more enriching experiences across the wellness spectrum.

Exploring ways to improve customer experiences

At every step of the way, we grew with the customer at the heart of our explorations. To start with, we kept it simple, asking ourselves if there was a simpler, healthier alternative that we can offer as a choice to the health and fitness conscious consumer. Next, we asked ourselves, can we bring in a culture of innovation that combines newness with wellness? Above all, we looked at how we can improve access to these niche products and grow our reach. In pursuit of this, we have a highly dedicated and creative team that aims to create diverse experiences for the customer. This has guided our journey of growth for over 30 years and keeps us focussed on innovating and bringing a difference in people's lives with wellness.

This journey of three decades has witnessed several shifts in consumer habits, tastes and preferences. Our responses to the new marketplace has seen several pioneering initiatives. Each has been backed by our commitment to offer our best and broaden the spectrum of customers' choices. As we enter a new decade, our resolve deepens, and our vision is unwavering

Building on the momentum

We live in exciting times where we are witnessing an unprecedented convergence of new communication channels, digital commerce and service. These platforms are fully interconnected and increasingly influencing consumers' behaviours. We believe that we are well-positioned to take advantage of the opportunities afforded to us by the rapid advance of global digital techniques that are revolutionising how consumers experience and interact with brands.

Our endeavour is to help shape these experiences in newer, unexplored ways. We are also enhancing our ability to reach our consumers seamlessly and globally, taking these experiences to their doorstep. A wonderful example of this was 'The Sweet Breakup' campaign. Within just six months of launching this initiative, we had wonderful feedback on the fun and novel experience that we were able to offer our consumers across all metros in India.

As we step into a new decade...

As we look to expand our brand portfolio and market presence across geographies, we know that enhancing the brand experience will remain the key to our growth and success. We will therefore, reinforce the unique, consumer experiences each of our brands offer to our customers. We shall continue to focus on and drive growth that is well-balanced and robust across both established and emerging segments.

What encourages us are the innumerable opportunities to broaden the base of our offerings. While doing this,

we are committed to the highest quality standards and are constantly upgrading our infrastructure. We are also chiselling away to get those best ideas that deliver value to the customer.

This fast-evolving environment requires the best creative thinkers. Innovative ideas come from everywhere and everyone in our organisation. We have been focussing on creating a workplace that encourages continuous learning and inventiveness. This is critical to our ability to anticipate and create trends, embrace change and swiftly adapt to the shifting needs and demands of our customers.

We remain focussed on our customers, our partners-in-progress, our employees, our communities and you, our shareowners. I am confident that the strategies we have put in place will continue to drive growth in the years to come, enabling us to achieve our goals and meet the high expectations that we all have set for ourselves. This confidence is borne of the fact that our strong team focusses its efforts on the very things that matter most to our success: creating newer experiences, delighting consumers and serving our customers.

We have a simple, clear strategy that we have been executing. As a team we are absolutely committed to continuing the successes made over the three decades and driving profitable growth in future. I am grateful to you for your confidence in our business and your support. Together, we are Zydus Wellness.

Dr. Sharvil P. Patel