



Inflection point



ANNUAL REPORT 2018-19



The year 2018-19 was one of the most decisive in the existence of Zydus Wellness Limited.

During this year, the Company acquired Heinz India Private Limited, a company larger than itself.

This acquisition was among the two largest in India's FMCG space with extensive multi-year implications.

The inflection point represents the beginning of a bigger Zydus Wellness that is expected to graduate the Company into a new league, strengthen respect, catalyse growth and enhance long-term value.

Corporate information

Board of Directors

Dr. Sharvil P. Patel
Chairman

Tarun G. Arora
CEO & Whole-Time Director

Directors

H. Dhanrajgir
(up to March 31, 2019)

Prof. Indiraben J. Parikh
(up to March 31, 2019)

Ganesh N. Nayak

Kulin S. Lalbhai

Savyasachi S. Sengupta
(w.e.f. November 2, 2019)

Ashish Bhargava
(w.e.f. January 30, 2019)

Dharmishtaben N. Raval
(w.e.f. March 11, 2019)

Srivishnu Raju Nandyala
(w.e.f. March 11, 2019)

Chief Financial Officer

Umesh V. Parikh

Company Secretary

Dhaval N. Soni
(up to February 6, 2019)

Dhanraj P. Dagar
(w.e.f. February 6, 2019)

Bankers

Bank of Baroda
Ashram Road Branch
Ahmedabad

HDFC Bank Ltd.
Navrangpura Branch
Ahmedabad

ICICI Bank
JMC House Branch
Ahmedabad

Statutory Auditors

M/s. Dhirubhai Shah & Co. LLP
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
Ltd.,**
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

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Forward-looking statement

In this Annual Report we have disclosed forward-looking information 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 'anticipates', 'estimates', '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.



things that make Zydus Wellness Ltd. a differentiated growth story

Ethical pedigree

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 which are good for you.

➔ Rich pedigree

Zydus Wellness Ltd. is one of the leading Indian wellness companies drawn from a strong organizational pedigree. The Company is a part of the Zydus Group, which is one of India's largest research-led pharmaceutical companies.

➔ Business

Zydus Wellness combines the best of healthcare, nutrition and cosmeceutical features to provide quality wellness products. The Company helps people pursue integrated well-being through a widening range of products. The Company is engaged in the development, production, marketing and distribution of differentiated health and wellness products.

➔ Product portfolio

The Company possesses a range of health and wellness products. The Company's product portfolio includes popular brands with differentiated benefits like Sugar Free, Sugarlite, Everyuth, Nycil, Complian, Glucon D, Sampriti Ghee and Nutralite.

Products	Market rank
Sugar Free	1 st
Nutralite	1 st
Everyuth Peel off	1 st
Everyuth Scrub	1 st
Nycil	1 st
Glucon D	1 st
Complan	5 th

*Source: Nielsen MAT March 19 (For all products except Nutralite)
As per internal estimates (for Nutralite)

➔ Scale

Zydus Wellness Ltd. manufactures an innovative range of health and wellness products across three manufacturing facilities - one in Gujarat and two in Sikkim. The acquisition of Heinz India Private Ltd. in January 2019 resulted in the addition of two additional manufacturing facilities - one at Aligarh and the other at Sitarganj.

➔ Presence

Headquartered in Ahmedabad, Zydus Wellness enjoys a pan-India marketing presence through a distribution network comprising 1000+ distributors and ~1000 feet-on-street representatives, who facilitate the coverage of more than 8,50,000-plus retail outlets. The Company's distribution competence has been facilitated by an investment in 20 cold chain warehouses and 27 ambient warehouses.

➔ Acquisition

Zydus Wellness acquired Heinz India Private Ltd.'s business for a valuation of \$666 million (₹4667 cr including cash and working capital). The acquisition brought into the Company's fold brands with a rich legacy and top-of-the-mind consumer recall like Complian, Glucon D and Nycil, two manufacturing facilities, teams (operations, research, sales, marketing and support) and a network of more than 800 distributors and 20,000 wholesalers in 29 States.

➔ Listing

The Company's shares are listed on the Bombay Stock Exchange and the National Stock Exchange.

➔ Compliance

The Company was accredited with the ISO 22000 and ISO 14001, GMP certification, validating process and quality consistency.

67.62%

Promoter and Promoter Group share holding, March 31, 2019 (%)

7.06%

Institutional share holding, March 31, 2019 (%)

3.65%

FII share holding, March 31, 2019 (%)

21.67%

Other share holding, March 31, 2019 (%)

7,52,113

Market capitalisation, March 31, 2019 (₹ lakh)

Awards and recognition



Sugar Free won Gold at Abby Awards, 2019 (Publishers) for the West Bengal initiative with ABP

2018-19

- The Sikkim plant was presented with the Gold award by the International Research Institute of Manufacturing.
- The Ahmedabad plant (Nutralite) was presented the Silver award by the International Research Institute of Manufacturing at the National Award for Manufacturing Competitiveness 2018.
- The Sikkim plant was presented the Silver award at the India Manufacturing Excellence Award held by Frost and Sullivan.
- The Company was presented the Best SLIM Lead Award for manufacturing facilities in an exercise organised by the Zydus group.
- Won the India Packaging Award for Sugar Free Green Veda pack for Excellence in Packaging Design.
- Won three Inflection Awards for the Best Procurement Team of the Year, 2018.
- Sugar Free won the Gold Award at Abby Awards (Publishers) for the Company's West Bengal initiative with ABP.
- Complan won the Bronze Award at Effies David vs Goliath campaign 'Don't just be tall, Stand Tall', and the Silver Award for the integrated advertising campaign 'Complan Protein Challenge'. Complan was ranked 63rd in India's top-most trusted brands by ET Brand Equity Most Trusted brand and was ranked fourth in the hot beverage category.

Milestones



Growth in 2018-19

Our performance in 2018-19 was marked by substantial growth

61.7%

Growth in income
from operations

39.2%

EBIDTA growth

26.3%

Net Profit growth

Our margins are in the top quartile of India's FMCG sector

20.7%

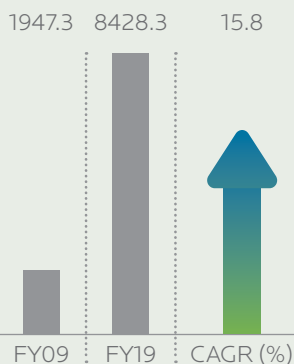
Healthy EBIDTA
margin

20.1%

Healthy net profit
margin

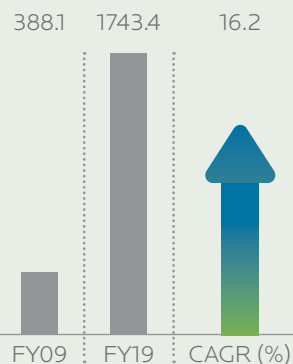
Total Income from Operations*

(₹ million)



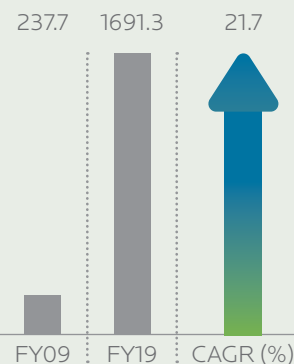
EBIDTA*

(₹ million)



Net Profit*

(₹ million)



*FY09 financials are as per IGAAP; FY19 financials as per INDAS and hence not strictly comparable
Includes acquired business results from January 30, 2019 to March 31, 2019



A still from the new advertisement campaign on Sugarlite, launched in 2018



“ Over the last few years, we have been enhancing the value of our marquee brands and innovating to offer more choices to our consumers. Zydus Wellness is now among the top five companies in India's Nutrition space. This inspires us to aim higher and meet consumers' evolving health and wellness needs. ”

Dr. Sharvil P. Patel
Chairman