

NOURISH NURTURE NOURISH

Zydus
Wellness



Bringing wellness to your life.

Contents

04	Notice
17	Directors' Report and Relevant Annexures
23	Management Discussion & Analysis
28	Corporate Governance Report
42	Auditors' Report
48	Balance Sheet
49	Statement of Profit & Loss
50	Cash Flow Statement
55	Notes to Financial Statements
76	Consolidated Auditors' Report
78	Consolidated Financial Accounts

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 realized, 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 materialize 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

Elkana N. Ezekiel
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 .

HDFC Bank Ltd.
Navrangpura Branch,
Ahmedabad .

BNP Paribas
Ellisbridge Branch,
Ahmedabad .

AUDITORS M/s Dhirubhai Shah & Doshi,
Chartered Accountants

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
Unit No. 303, 3rd Floor,
Shoppers Plaza V,
Opp. Municipal Market,
B/h. Shoppers Plaza - II,
Off C. G. Road,
Ahmedabad-380 009.

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

CIN L15201GJ1994PLC023490

Notice

Notice is hereby given that the 20th Annual General Meeting of the members of the Company will be held on Monday, the 14th day of July, 2014 at 10.00 a.m. at J B Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at and the Statement of Profit and Loss of the Company for the year ended on 31st March, 2014 and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Ganesh N. Nayak [DIN 00017481], who retires by rotation and being eligible offers himself for re-appointment.
4. Mr. Pankaj R. Patel, Director of the Company, retiring by rotation has not offered himself for re-appointment. It is proposed not to fill-in the vacancy caused by retirement of Mr. Pankaj R. Patel.
5. To appoint M/s Dhirubhai Shah & Doshi, Chartered Accountants [ICAI Registration No. 102511W] as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to provisions of sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 and the Companies [Appointment and Qualifications of Directors] Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and clause 49 of the Listing Agreement, Mr. H. Dhanrajgir [DIN 00004006], an Independent Director of the Company, who is appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years for a term up to the conclusion of the 25th Annual General Meeting in the calendar year 2019.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to provisions of sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 and the Companies [Appointment and Qualifications of Directors] Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and clause 49 of the Listing Agreement, Dr. B. M. Hegde [DIN 00128203], an Independent Director of the Company, who is appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years for a term up to the conclusion of the 25th Annual General Meeting in the calendar year 2019.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to provisions of sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 and the Companies [Appointment and Qualifications of Directors] Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and clause 49 of the Listing Agreement, Prof. Indira J. Parikh [DIN 00143801], an Independent Director of the Company, who is appointed as a Director liable to retire by rotation and in respect of whom the Company has received a

Notice

notice in writing under section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years for a term up to the conclusion of the 25th Annual General Meeting in the calendar year 2019."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

"RESOLVED THAT pursuant to provisions of section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies [Incorporation] Rules, 2014 [including any statutory modification[s] or re-enactment(s) thereof, for the time being in force], the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take such actions as may be necessary, expedient and proper to give effect to this resolution."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to provisions of section 148 and other provisions of the Companies Act, 2013, if any and the Companies [Audit and Auditors] Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the consent of the members be and is hereby accorded to ratify the remuneration decided by the Board of Directors based on the recommendation of the Audit Committee of Rs. 1.65 lacs to M/s. Dalwadi & Associates, Cost Accountants appointed by the Board to conduct the audit of cost records pertaining to consumer products manufactured by the Company for the financial year ending on 31st March, 2015.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take such actions as may be necessary, expedient and proper to give effect to this resolution."

By Order of the Board of Directors

Place : Ahmedabad.
Date : 15th May, 2014

Dhaval N. Soni
Company Secretary

REGISTERED OFFICE :

House No. 6 & 7,
Sigma Commerce Zone,
Nr. Iscon Temple,
Sarkhej-Gandhinagar Highway,
Ahmedabad - 380 015.
CIN L15201GJ1994PLC023490

NOTES:

1. The Explanatory Statement, pursuant to provisions of section 102 of the Companies Act, 2013 and rules made thereunder, in respect of business under item No. 6 to 10 of the Notice is annexed hereto.
2. The Register of Members and Share Transfer Books will remain closed from 5th July, 2014 to 14th July, 2014 [both days inclusive] for the purpose of Annual General Meeting [the meeting].
3. **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 SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding 50 [fifty] and holding in aggregate not more than ten per cent of the total share capital of the Company.

Notice

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority, as applicable.

4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send the Company a certified copy of Board Resolution/Authorization authorizing their representative to attend and vote on their behalf at the meeting.
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 the Investor Education and Protection Fund [IEPF] on the respective dates mentioned thereagainst, pursuant to provisions of section 205[C] of the Companies Act, 1956 and provisions of section 125 of the Companies Act, 2013, when notified by the Central Government and rules proposed to be prescribed by the Central Government. Members are requested to note that after such dates, the members will lose their rights to claim such dividend, unless the provisions of section 125 of the Companies Act, 2013 and rules are notified by the Central Government.

Financial Year ended on	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unclaimed dividend to IEPF
31 st March, 2007	23 rd July, 2007	10	26 th July, 2014
31 st March, 2008	10 th July, 2008	10	14 th July, 2015
31 st March, 2009	28 th July, 2009	15	31 st July, 2016
31 st March, 2010	16 th July, 2010	30	19 th July, 2017
31 st March, 2011	30 th June, 2011	40	3 rd July, 2018
31 st March, 2012	27 th July, 2012	50	31 st July, 2019
31 st March, 2013	23 rd May, 2013	60 @	17 th May, 2020

@ Interim Dividend

Pursuant to the IEPF [Uploading of information regarding unpaid and unclaimed amount lying with Companies] Rules, 2012 [IEPF Rules], the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 19th Annual General Meeting held on 7th August, 2013 on its website-www.zyduswellness.in.

6. Members holding shares in physical form are requested to intimate Registrar and Transfer Agents of the Company viz., M/s. Link Intime India Private Limited [Unit: Zydus Wellness Limited] Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, C. G. Road, Ahmedabad-380 006, changes, if any, in their registered address along with Pin Code Number. Members holding shares in electronic form shall update such details with their respective Depository Participant.

Notice

7. Details under clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting are annexed to the Notice as Annexure-A.
8. Notice of the 20th Annual General Meeting of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to the members, whose email Ids are registered with the Company and Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 20th Annual General Meeting of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
9. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Circulars, etc. from the Company electronically.**

Members may also note that the Notice of the 20th Annual General Meeting and the Annual Report will also be available on the Company's website www.zyduswellness.in for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id investor.grievance@zyduswellness.in

10. Voting through electronic means:

In compliance with provisions of section 108 of the Companies Act, 2013 and Rule 20 of the Companies [Management and Administration] Rules, 2014, the Company is providing e-voting facility as an alternative mode of voting which will enable the members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services [India] Limited [CDSL] to facilitate e-voting. The detailed process, instructions and manner for availing e-Voting facility is annexed to the Notice as Annexure - B.

REQUEST TO THE MEMBERS:

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

Explanatory Statement under section 102[1] of the Companies Act, 2013.

The following statement sets out all material facts relating to Special Business mentioned in the accompanying Notice.

In respect of item No. 6

Mr. H. Dhanrajgir is an Independent Director on the Board of the Company. He was appointed on the Board at its meeting held on 27th April, 2009. Mr. Dhanrajgir is a member of Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Dhanrajgir was appointed as a Director liable to retire by rotation. In terms of section 149 and other applicable provisions of the Companies Act, 2013 [hereinafter referred to as Act], which are applicable from 1st April, 2014, Mr. Dhanrajgir being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to the conclusion of the 25th AGM in the Calendar Year 2019. A notice has been received from a member along with deposit of requisite amount under section 160 of the Act proposing Mr. Dhanrajgir as a candidate for the office of Director of the Company.

Mr. Dhanrajgir is not disqualified from being appointed as Director in terms of section 164 of the Act and has given his consent to act as Director. Section 149 of the Act, *inter alia*, stipulates the criteria of independence should a Company propose to appoint an Independent Director on its Board. As per the provisions of the said section, an Independent Director can hold office for a term up to five consecutive years on the Board of a Company and he shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Mr. Dhanrajgir that he meets with criteria of independence as prescribed both under section 149[6] of the Act and clause 49 of the Listing Agreement. Mr. Dhanrajgir possesses appropriate skills, expertise and knowledge in the field of finance. Brief resume of Mr. Dhanrajgir, nature of his expertise in specific functional areas and names of the Companies in which he holds directorships and memberships / chairmanships of the Board Committees, shareholding and relationships between Directors in ter se, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are annexed to this Notice.

In the opinion of the Board, Mr. Dhanrajgir fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company. Copy of the draft letter of appointment of Mr. Dhanrajgir as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Dhanrajgir as an Independent Director. The Board recommends the resolution in relation to appointment of Mr. Dhanrajgir as an Independent Director, for the approval by the shareholders of the Company.

Save and except Mr. Dhanrajgir, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No. 6.

This explanatory statement may also be regarded as a disclosure under clause 49 of the Listing Agreement with the Stock Exchange.

In respect of item No. 7

Dr. B. M. Hegde is an Independent Director on the Board of the Company. He was appointed on the Board at its meeting held on 29th July, 2009. Dr. Hegde is a member of Audit Committee of the Board of Directors of the Company.

Dr. Hegde was appointed as a Director liable to retire by rotation. In terms of section 149 and other applicable provisions of the Companies Act, 2013 [hereinafter referred to as Act], which are applicable from 1st April, 2014, Dr. Hegde being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to the conclusion of the 25th AGM in the Calendar Year 2019. A