



August 23, 2023

Listing Department

**Code: 531335**

**BSE LIMITED**

P. J. Towers, Dalal Street,

**Mumbai-400 001**

Listing Department

**Code: ZYDUSWELL**

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

Exchange Plaza, C/1, Block G,

Bandra Kurla Complex,

Bandra (E),

**Mumbai-400 051**

Re: Transcript of 29<sup>th</sup> Annual General Meeting of the Company

Dear Sir / Madam,

Please find enclosed herewith the transcript of 29<sup>th</sup> Annual General Meeting of the Company held on August 3, 2023.

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**

**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



**"29<sup>th</sup> Annual General Meeting"**  
**August 3, 2023**  
**10:00 A.M. IST to 10:47 A.M. IST**

**PARTICIPANTS:**

**Dr. Sharvil P. Patel**  
Chairman

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

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

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

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

**Mr. Akhil A. Monappa**  
Non-Executive and Independent Director

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

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

**Mr. Nandish P. Joshi**  
Company Secretary and Compliance Officer

and

**Shareholders**

**Zydus Wellness Limited**

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## **Welcome Address**

### **Mr. Nandish P. Joshi – Company Secretary**

Dear Shareholders, Good morning to all and welcome to you to the Twenty Ninth Annual General Meeting of Zydus Wellness Limited. I am Nandish Joshi, Company Secretary and I will be assisting the Chairman in conducting this meeting, which is being conducted through Video Conference. As a reminder for the smooth conduct of the AGM all 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.

I now hand over the proceedings to Dr. Sharvil P. Patel, Chairman of Zydus Wellness Limited.

### **Dr. Sharvil P. Patel – Chairman**

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

As allowed by The Ministry of Corporate Affairs and The Securities and Exchange Board of India, the Company is conducting the AGM through Video Conference. 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 offices and homes. We hope that all of you are safe and in good health.

Let me introduce the Board members and the Key Managerial Personnel present with me and joining virtually. Ms. Dharmishtaben N. Raval, Independent Director & Chairperson of the Audit Committee, Mr. Kulin S. Lalbhai, Independent Director & Chairperson of the Nomination and Remuneration Committee, Mr. Ganesh N. Nayak, Non-Executive Director and Chairperson of Stakeholders' / Investors' Relationship Committee, Mr. Srivishnu R. Nandyala, Independent Director, Mr. Akhil A. Monappa, Independent Director, Mr. Ashish P. Bhargava, Nominee

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Director, Mr. Savyasachi Sengupta, Independent Director, Mr. Tarun Arora, CEO and Whole Time Director, Mr. Umesh V. Parikh, Chief Financial Officer and Mr. Nandish Joshi, Company Secretary.

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

The Financial Year 2022-23 started with a positive first half for the year, with the summer portfolio brands Glucon-D and Nycil reporting a strong growth with a revival in sales aided by the continuous marketing support for the brands and timely arrival of the summer season. Summer season portfolio was able to regain pre-covid levels of sales. As a result the Company registered a total income from operations growth of 12.2% on a Year-on-Year basis standing at Rs. 22,548 Million during the Financial Year 2022-23.

The year also witnessed elevated inflation levels, as a result of which consumers down traded and it impacted the overall consumer demand sentiment across industries. The Company also witnessed high inflationary pressure across key inputs due to which the gross margins of the Company contracted during the first three quarters of the Financial Year. However, the appropriate price increases taken across portfolios and inflation getting stabilized for key inputs except for milk in the latter half of the Financial Year, the Company has been able to recover the gross margin to a larger extent during later half of the year. The Company reported a Gross margin at 48.9% on net sales for Financial Year 2022-23. The adjusted Net Profit (before exceptional items), was up 3.4% on a Year-on-Year basis at Rs. 3,204 million.

During the year 2022-23, as a part of the Company's endeavour to mitigate the risk and ensure business continuity in this unprecedented situations; the Company revisited its manufacturing footprint focused on redistributing the manufacturing of the same product in different geographies and have a leaner operations that are closer to the consumers. As a result, during the Financial Year, the Company ceased the operations of one of the manufacturing facilities of Zydus Wellness Products Limited, a wholly owned material subsidiary, situated at Sitarganj. The current and recurring savings in operational costs on account of the cessation of the Sitarganj facility will more than outweigh certain one-time expenditure incurred on account of cessation of the facility.

We at Zydus Wellness aim to continuously driving the growth of its core brands to increase the market share of its brands through innovation, leveraging distribution channels, and expanding

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the brand portfolio, which has also enabled to grow the customer base with increased penetrations and expand the category size of the brands in which the Company is a market leader. The Company has over 5 crores consumers as a testament to brands engraved in consumers' daily needs and shopping baskets. Our focused efforts enabled the Company to increase overall penetration of some of its key brands. For example, Complian's Household Penetration grew by 11.4%, Glucon-D's Penetration grew by 32% and Nycil's Penetration grew by 51% as per Kantar World Panel Report as on MAT March 2023.

Distribution and reach is the heart of any consumer enterprise. The financial year also witnessed a significant milestone with the overall availability of our products crossing 25 lakhs stores. The direct reach expansion across sub-channels crossed 6 lakhs stores. We believe that this stronger and more agile distribution network will stand us in good stead in the coming years that will propel the future growth of the organization.

As part of our long-term approach, we will focus on operational excellence, reduce the company's environmental footprint, and promoting ethical and responsible business practices. Our goal is to lead the future by offering the right choices for the consumer that will help them make the right choices for their health and well-being. Convenience and offering unique choices are both opportunities that we would look to build on. We are constantly raising the bar to offer our consumers more. We're continuously strengthening our iconic brands' long-term health, extending our competitiveness in each segment to build our business. We aim to deliver differentiated products and nourish life's moments that consumers can feel good about. We surely believe that we are on course for realising many more possibilities for Zydus Wellness to grow. I look forward to continue this journey with you, our shareholders.

The Twenty Ninth Annual General Meeting of the Company is being convened in accordance with the Notice of the AGM dated May 17, 2023.

We now commence the business of the meeting.

Representations under section 113 of the Companies Act, 2013, for a total of 4,26,95,638 shares aggregating to 67.10% of the total share capital, have been received.

In accordance with the circulars issued by The Ministry of Corporate Affairs and The Securities and Exchange Board of India, the Notice of this AGM along with the Annual Report of the

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Company have 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. Nandish Joshi to brief the members about the voting procedure and take you through the resolutions.

**Mr. Nandish P. Joshi – Company Secretary**

Thank you Sir.

In compliance with the provisions of section 108 of the Companies Act, 2013 and Rules made thereunder, standard 7.2 and 8 of Secretarial Standard-2 on General Meetings issued by The Institute of the Company Secretaries of India, regulation 44 of the Listing Regulations and pursuant to MCA and SEBI Circulars for General Meetings, the Company has provided facility 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 of AGM. The Company had fixed July 28, 2023 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 28, 2023 shall only be allowed to exercise their votes in this Meeting. The remote e-voting period commenced at 9:00 a.m. on July 31, 2023 and closed at 5:00 p.m. on August 2, 2023. 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 August 2, 2023.

I request the members, who have already cast their votes through remote e-voting, not to cast their votes again through e-voting during the 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 from 10.00 a.m. and will be closed 15 minutes post conclusion of the AGM.

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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 votes cast during the AGM.

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

As per the Notice of AGM, there are total eight businesses to be transacted at this meeting out of which four are Ordinary Businesses and four are Special Businesses. The businesses to be transacted are:

1. Adoption of Standalone Audited Financial Statements of the Company for the Year ended on March 31, 2023 and the Reports of the Board of Directors and the Auditors thereon;
2. Adoption of Consolidated Audited Financial Statements of the Company for the Year ended on March 31, 2023 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, 2023;
4. Re-appointment of Dr. Sharvil P. Patel, as a Non-Executive Director, liable to retire by rotation;
5. Re-appointment of Dharmishtaben Raval, as the Independent Director for the second term of 5 (five) consecutive years;
6. Re-appointment of Mr. Srivishnu Nandyala, as the Independent Director for the second term of 5 (five) consecutive years;
7. Appointment of Mr. Akhil Monappa, as the Independent Director for the first term of 5 (five) consecutive years; and
8. Ratification of remuneration payable to Dalwadi & Associates, Cost Auditors.

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

The Members who have exercised their votes 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 e-voting during this meeting 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 casted 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 BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed, so the Members may visit any of the website and go through the same.

I now handover the proceedings to the Chairman.

**Dr. Sharvil P. Patel – Chairman**

Thank you Nandish.

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 efforts to 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 Nandish to call out the names of the speaker shareholders and would request to unmute the speaker and allow their video.

**Mr. Nandish P. Joshi – Company Secretary**

Thank you Sir.

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

Speaker shareholder no. 1 is Mr. Ashok Dhaka. I now request the moderator to unmute Mr. Ashok Daga.

**Mr. Ashok Daga – Shareholder:**

Yes, Good Morning. Yes, you are listening my voice. So I have already sent the queries and the query is as it is. The return on equity is very low and reason for that and steps taken by the Company to improve the same. Target set by Company for current financial year and subsequent years. Point no. 2: Working capital days increased from 35.9 to 65 days, just doubled. What are the causes for such jumps and steps taken by the management for reduction in these days and target set for current and future years? Question no. 3: Company sales increased marginally but expenses increased more fast specifically material cost. Now cost of the materials decreased drastically. So, any impact of such on future profit of the Company. Question no. 4: Stock price declining but index on all time high just like ITC Limited, my management have any plan for investor conclave or gathering in this matter. Question no. 5: Future Capex plan for expansion of productions. Question no. 6: Company have excellent reserve. So how effectively management plans to use these funds in more efficient way to improve earnings of the Company. So, these are the points and questions I have raised.

**Dr. Sharvil P. Patel – Chairman**

Thank you Mr. Daga.

**Mr. Nandish P. Joshi – Company Secretary**

So, I would now invite Mr. Gaurav Rozatkar. Moderator please unmute Mr. Gaurav. So as informed by the moderator he is not present in this meeting so we will now skip to speaker shareholder no. 3 Mr. Yusuf Rangwala. Moderator please unmute Mr. Yusuf.

**Mr. Yusuf Rangwala – Shareholder:**

Sir Good morning, Sir. I am Yusuf Rangwala from Mumbai. Dynamic Chairman. Very good morning, Sir Namaskar Sir Namaskar. Sir How are you Sir? I am very happy with this is 29<sup>th</sup> Annual General meeting. Our secretary Mr. Hiten Sir for phoning me also remember whether you

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whether there is today meeting. There are 10-15 meetings scheduled today. But I left all the meetings as this meeting is very excellent Sir. Our company is a brand ambassador. For example 1, Nycil is a world famous powder. Point no. 2, glucose. Glucose is a world famous Sir. As I mentioned, we are declaring ₹ 5 dividend. That is a very excellent. You have not arranged a factory visit. My humble request Sir, if you can arrange a factory visit so that we can come to know about the production process. Point no. 1: Sir, in which country we export our products? Point no. 2: How many staff are there at present. What is your total number of staff?

Why complan is not available in market. Is production less or supply is less? Complan is available in how many flavours? Chocolate, Strawberry and how many others. Complan is good for growth and height of children. Advertisement also comes in TV. Why advertisement has stopped in TV. You start advertise as soon as possible, so this will help our growth. This is my knowledge only and nothing more to add. Sir, you are dynamic people on the Board Sir. I am very happy to see all the dynamic people are sitting. If possible, I would like to meet you Sir as soon as possible in the month of October. Please arrange small get-together. I want to meet you in your office. Thank you very much. I am thankful to the Company Secretary and he is very hard working. He is just like a shining star. We are having a star with you Sir. Thank you, Sir, very much. Jai Hind. Thank you very much Jai Hind 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 and some portion has been translated from Hindi to English).*

**Mr. Nandish P. Joshi – Company Secretary**

We will now move on to speaker shareholder no. 4 Mr. Om Prakash Kejriwal. I would request the moderator to unmute Mr. Om Prakash.

**Mr. Om Prakash Kejriwal – Shareholder:**

Thank you. Good morning, Sirji and good morning everybody attending this AGM. Myself Om Prakash Kejriwal, your equity shareholder from Kolkata. Thank you, Sirji for providing me the platform to speak something before you. Thanks to our Secretarial department for helping me in registration as a speaker shareholder. Sirji, this is my first AGM only due to virtual, though I am your very old shareholder. It is just an opportunity for me to join this AGM sitting in Kolkata. If possible, please follow this virtual AGM in next year also so that more and more shareholders could join our AGM in from different parts of the world.

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Sirji wow, what a performance, mind blowing performance. For this, thank you very much to all the Board of Directors and employees for giving such a good result. Sir, on equity of Rs. 63 Crore our revenue is Rs. 2,260 Crore in consolidated account and our Net Profit is Rs. 310 Crore. It means our EPS is Rs. 49 on face value of Rs. 10. In standalone account our EPS is Rs. 10.44 on face value of Rs. 10, five times more in comparison to last year. Net Profit is also five times more. What magic you have done Sir, in standalone account Net Profit is 5%. Please tell something the reason behind this extraordinary increment in Net Profit.

On Page 30 it is mentioned that you have five wholly owned subsidiary Companies, as I understand three in India and two in foreign country. What is the nature of their business, which product they are producing, please tell something about their line of products. Please tell on page 4 and 5 all the products which you have shown is of Zydus Wellness Limited, the main Company. On page 14 Sugar Free tablets is shown. Please tell whether there is any side effect of consuming these tablets? Because my wife has sugar problem and earlier, she used to take Sugar Free tablets and later on she was told that it has some side effects. Please clarify this a little, does it have any side effects if taken regularly.

On Page 5 it is mentioned that you have launched Nutralite DoodhShakti butter and ghee. I am your shareholder as well as your customer. There is a saying that, first use then trust. So, my family is using this product, but it is not available in our local market. We have to buy it online from Flipkart and Amazon. Please make it available in our market. When I was attending the AGM of Red Cap Coleman, I came to know that they introduced the product in the market after using them. Please inform does this methodology also exists in your Company.

On Page 1 you have mentioned our manufacturing facility is in village Moraiya, but we have more manufacturing facilities like in Sikkim, Aligarh, UP etc. Please mention all the manufacturing facilities. Are you planning to take over some more brands in future? Please split our shares in 10:1 ratio so that more and more investor could invest in our Company and more investor means more popular Company. Our peer group companies viz. Hindustan Unilever, Dabur, ITC, Britannia all are of face value of Rs. 1. So please think over it. I will not tell you to issue bonus shares. Sirji one thing I can say that our Company is the cheapest in the share market in FMG segment. My thinking is that if we do good advertisement and marketing, then then we can go very far. Factory visit please, organize some factory visit so that we can see our plant, how it is running. At last sir, please maintain your smile and be cheerful. We are always with you as a longtime visitor. Thank you. Thank you, Sir. *(some portion has been translated from Hindi to English)*.

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**Mr. Nandish P. Joshi – Company Secretary**

Next speaker shareholder no. 5 is Mr. Jaydip Bakshi. I would request the moderator to unmute Mr. Jaydip.

**Mr. Jaydip Bakshi – Shareholder:**

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

Thanks to our Company Secretary Mr. Nandish Joshi, for giving me a platform to express my views and maintaining good relations with the shareholders and to the entire Secretarial department for conducting this video conference in a nice and smooth manner. Sir, your initial presentation explained our Company's present position and also our future prospects also and myself proud to be a part of a leading consumer wellness company. And thanks for the dividend you have passed on to us. Sir I have raised my questions earlier, I don't want to repeat them in paucity of time. But, just want to add a few because this inflation is creating a spoilsport. There was a trend for buying up the lower price products, what did the mindset was shifting to branded ones and our marketing thrust I hope will create much better results in for our products. Sir, companies target for revenue collection from international market in next 3-4 years and what is your response regarding this and any new packaging strategy for value addition and this will increase also our market penetration. And Sir answer steps for supporting our suppliers and vendors the MSME which are the backbone of our industry and also improve our quality also. Sir does nuclear families is opening up in many towns and cities and many urban marketing's are regaining their positions. So how we planning to make our footprint over there and also continue with our government of initiative of Make in India, nothing to add more.

Sir I just want to know regarding the other expenses, some of the things like this power and fuel and this representative allowance, this has gone up and marketing expenses, can we throw some light on them. Nothing to add more continue with this our growth pattern and we remain as an iconic brand in every part of our daily life and wish all the best for Company in future. And Sir continue with this video conference this helps us to contact remain in touch with you and all stay safe Sir. Thank you, Sir, for giving me an opportunity.

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**Mr. Nandish P. Joshi – Company Secretary**

Next and last speaker shareholder no. 6 is Mr. Tejas Shah. I would request the moderator to unmute Mr. Tejas.

**Mr. Tejas Shah – Shareholder:**

Thank you. Dear Chairman Sir and all the Board Members, I am thankful to the management for sending me the link in timely manner for joining AGM. In 2020, when an epidemic like Corona was spread all over the world, our group Company invented in the vaccine and delivered it to the country, the world, which has saved the lives of many people and we will get the blessings of all of them in some or the other way. Sir, what is the reason why we are not seeing any significant improvement in our performance this year?

Second Sir, if the raw material prices have increased, will there be any impact this year? Second, like Patanjali is expanding very aggressively today, so how will it affect us in the coming years? And how do we compact it? What is your plan?

Further, as asked by the fellow shareholder, please clarify whether there is any side effect of Sugar Free. If so, how much. And going forward how it will impact our Company. Further, there are queries related to accounts.

On page no. 188, in property plant and equipment, we have added a new building of Rs. 1,998 Lakhs. Give a detailed bifurcation of where we have purchased and why. On page no. 205, under other expenses we have advertisement and sales promotion expenses of almost Rs. 260 Crores, please provide detailed bifurcation of the same particularly how much we have spent in which media. Also please give details of staff hired and salary paid to them.

On page no. 154, in related party transactions, it is mentioned that we have given inter corporate loan to Zydus Wellness Products, which has become Rs. 8,300 lakhs from Rs. 2,000 Lakhs. Please provide details of purpose of such loan, benefit to our Company and rate of interest. Further, in the same, our loan amount has increased by Rs. 63 Crores, while the interest has decreased by Rs. 1 Crores. I don't understand the reason for this. If the loan has increased, then interest rate should also increase. Please explain.

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Further, in Zydus Wellness Products we have LBT loss of approx. Rs. 135 Crores. Why have we increased the loan in such a big loss making company? In loss making company why we have increased the loan amount. Tomorrow, if we close this company then what is the fate of our investment and loan. Further, this loss making company i.e. Zydus Wellness Products has invested in our other subsidiary company i.e. Zydus Wellness (BD) of Rs. 3 Crores 10 Lakhs. Already, our company is making loss and on the other hand making investment in another company. Please explain, going forward what is the benefit of this investment to our company.

Further, our subsidiary company Zydus Wellness (BD)'s total revenue is 1 Crore 22 Lakh Taka, whereas we have given salary of 1 Crore 12 Lakh Taka. What kind of work is this? Have we kept this company for paying salary only. Please explain the details. I humbly request the Honorable Chairman and all Independent Directors, that as a good Corporate Governance practice we should reduce the quantum of related party transactions. This is my special request. Thank you.  
*(some portion has been translated from Gujarati to English)*

**Mr. Nandish P. Joshi – Company Secretary**

With this we conclude the list of the Shareholders who have pre-registered with the Company as speakers. I now hand over the proceedings to the Chairman.

**Dr. Sharvil P. Patel – Chairman**

Thank you all for the questions from all the shareholders and we will try and make an attempt to answer as many as we can. I will take the larger issues and then let both the CFO and CEO take over certain questions. So, I think one thing that we have faced during the last year has been the inflationary increases to commodity prices, which did affected the first three quarters of the year. But, I am happy to say that going forward with the improvements that we have seen both in easing of this inflation as well as the appropriate back architecture changes and some price increases have allowed us to recoup our losses in gross margin, for majority of our products.

With the milk prices still staying significantly high, we still do have a some sort of a deficit there, which we hope going forward we will be able to address in the coming quarters. With related to visits and investor conclave and other aspects of how do we interact with our investors. We continuously between the CEO and CFO and myself do conduct investor meetings. However, hearing the questions we would make sure that we are able to improve on those as we move forward. On the production side, we did simplify our production and reduced our footprint as we

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had planned to do so and that will have a long term benefit for the organization as we move forward in terms of improving our costs and reducing our costs as well as improving our efficiencies. With related to how we spend on a marketing expenses beyond doing some part of different modes like digital e-commerce as well as now the traditional channels, we are also continuously evaluating how do we optimize and do the appropriate spends in terms of reaching the consumers appropriately. I am sure Tarun will cover some part of that.

In related to different areas in specific to Complan availability, Complan has a skewed availability in different regions. We are highly oriented towards the east and North and South. I think over a period of time, we do want to improve our availability for complan as we move forward and improve the also the opportunity in terms of expanding the pack sizes and different types of flavors and products and that is a long-term plan for the organization.

In terms of nature of subsidiaries and businesses, I am sure Umesh will cover many of those. One good thing that we can say that inspite of Covid, weather anomalies and other things most of our brands, we have continued to gain market share and strengthen our presence and one only compliant is one product where we had challenges with the improvement of market share and we are seeing good trajectory as we move forward in terms of improving that. So, inspite of all the challenges that we as a Company we may have faced, I think on the brand side, we have gained market share across all our leading categories. In related to international markets as part of a growth strategy we do want to operationalize our presence in different markets and make our products available as part of that we have opened subsidiaries, so, Bangladesh is one of that subsidies at ZWL Bangladesh which is just incorporated and started operations in that and that is why it is just very early on for us to start building a business there. In terms of the other areas related to more products and more opportunities, in terms of how do we use our funds, one is definitely our current expansion plan is to make sure that most of our brands we do extensions and not launch new products. So, our focus will be on extending opportunities and usage of our current brands that we have. We continuously pursue the loop to look at opportunities to partner or build new brands and that will continue to happen as we move forward. Beyond that, I will request now Umesh and Tarun to pick up the other questions as well please.

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

Sure, thank you Sir. So, I will address the questions related to financials first and then I will hand over to Mr. Tarun Arora for business related questions. So, the first question was regarding the return on equity, why it is low? So, return of equity is hovering around 6% and it optically looks

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lower because of the inclusion of the goodwill in the asset base and goodwill is amounting to 3,920 Crores and without goodwill the return of equity is at 25.8% and Company expects to increase the return on equity to 10% overcoming 3 to 4 years. Regarding your query on the working capital, I just break it into three parts. One is receivable, payable and inventory turnover. So, receivables have increased because the year end credits that we passed on and also there is a structural shift in the channel salience from the general trade to modern trade and e-commerce and because of that general trade is on advance payment term whereas e-commerce and modern trade they are on the credit terms. Therefore, debtor's turnover has increased. In terms of inventory turnover, it's because mainly because of the Sitarganj inventory we did not have access to and because of the legal case that was going on. Now we have access to Sitarganj inventory and that will come down. There was some strategic buildup of the inventory also including SMP and as about the payable, there was a shorter cycle of the high inflated commodity that we have stored and because of that the payables days came down. On the inflationary part, that Sharvil Sir has already addressed, but we have been able to improve our margin towards the end of the financial year.

And next question is about the other expenses. Other expenses mainly increased because of the wage rate hike which was phenomenal wage rate hike in the norther eastern belt of about 60% and Ahmedabad facility also there was a wage rate hike of about 25%. Inflation in the alternate fuel cost and like husk and coal it also increased our manufacturing cost. So, this is about the increase in the other expenses part.

Then coming to the question on the subsidiaries. So, currently we have subsidiaries in Bangladesh that we recently started and the inter company loans that you see is on account of working capital loan that we exchange between the Companies. And at a consolidated level the interest impact is nullified. So therefore, the interest income which you see in the consolidated balance sheet is on the external loan and external borrowing and the interest income which you see is from the fund deployed by the Company.

Why Zydus Wellness Bangladesh is currently incurring losses because we have recently started, and we will be able to scale up our business going forward in the Bangladesh subsidiary. We have just made it operational and therefore currently because of the early stage, we are seeing some little amount of losses there.

Apart from that there was a question on the R&D building. So, we have invested in the state-of-the-art R&D facility at Ahmedabad and therefore you have seen the increase in the land and

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building part. I think most of the financial questions are addressed. Apart from that if you have any questions, please feel free to ask. I will now hand over to Mr. Tarun Arora for business related questions.

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

Thank you Umesh and I think Dr. Sharvil has covered a large part of questions. I will focus first of all for our products, and I think we have heard some very good things from Shareholders. Of course, we do hear this from our consumers as well. There are about 50 million consumers who consume regularly, experience our products and we are very proud of some of the iconic brands we have. And therefore I will start with the first one which is quite often close to the heart of our business which is Sugar Free. We have had this brand for overall several decades and we strongly believe. We offer to consumers, products that are safe for their consumption and we ourselves are happy to consume. There have been certain reports, we have taken account of those, but I can assure you that within the recommended dose as has been prescribed, there is no safety concerns and we ourselves also consume it.

We do understand there have been perceptions which have been created and we will come to advice and work on educating consumers accordingly to build on this. I can assure you if you have any concerns, you can still within our portfolio choose natural based Sugar Free Green if you may. But please be assured that we sell this as a responsible Company, and we are quite ourselves confident that we will be meeting the consumers' expectations on this.

Similarly on Nutralite DoodhShakti, thank you so much for trying this product and we ourselves very happy with these product experience that we have got very good feedback. As the local distribution takes time to build and there is also a regional distribution which is more linked to the typical dairy sector and therefore you will find this products take some time in East region where you were talking from Calcutta. There is some resistance because there are some locally stronger press, but our effort is to make it available.

However, what is really helped us make it available nationally very easily is the emergence of online trade and therefore we do sell our products online and that's how you've been able to access. So, thank you very much and we will continue our efforts on expanding our offline and online distribution to make our products available to more and more consumers and same applies for Complian, which we were pointed out, we have about five and half Lakh outlets which

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store and sell Complian. That's already an increase of almost 15-20% over last four years. We do believe that our journey is still on, and we will continue to expand our availability on that.

Within that there was a question on expanding more variance. I think we have some of the most of the variants are as per the consumer needs. We test with consumers if they like it, then only we make those available. And the other question was are all products in ZWL. So, we have a structure where ZWPL is the main distribution subsidiary, and all our products reach out to consumers. But finally, it's all consolidated at Zydus Wellness Limited. So, the impact of all our businesses combined at Zydus Wellness Limited level and that's how we make it available.

There was some questions about our wish list for international business over next three to four years. International business has been growing and high single digits, sorry high double digits over the last few years and we believe that we will continue our journey to grow the international business ahead of our India business and can be organically about 8 to 10% of our business in the coming years and therefore, we will continue to invest and build on this. We have a strong capability and two of our subsidiaries like someone mentioned the Zydus Wellness Bangladesh and Zydus Wellness International DMCC based out Dubai cater to market needs that are there.

**Dr. Sharvil Patel – Chairman**

Thank you. We have tried and answered most of the questions. If there are still questions that we feel the shareholders have not answered, then please write to Nandish, our Company Secretary and we will take them forward. I request Nandish to take over the proceeding.

**Mr. Nandish P. Joshi – Company Secretary**

Thank you, Sir, for providing the necessary replies to the queries raised by the Members. I would now request Chairman to proceed with the concluding remarks.

**Dr. Sharvil Patel – Chairman**

Thank you. 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 Ninth 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

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results will be displayed on the website of the Company and communicated to the BSE Limited and the National Stock Exchange of India Limited.

Thank you.

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