



Cadila Healthcare Limited
Annual Report 2013-14



RESURGE

This is the year of Resurge.

We are **UNLEASHING** our energies.

We are **UNLOCKING** new ideas.

We are **UNIFYING** expertise.

We are **UNEARTHING** new realms.

We are innovating **UNIQUE** therapies.

We are developing an **UNMATCHED** product pipeline.

We, with our '**U-PHORIA**' for life, are creating healthier communities, globally.

We are resurging to optimise value for



'U-PHORIA' is a specially coined term to capture the spirit of resurgence and euphoria of 16000 Zydans from across the globe.

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ZYDUS BIOLOGICS	Survey No. 40P, 23, 25P, 42, 37, Opp. Ramdev Masala, Sarkhej-Bavla N.H.No. 8A, Changodar, Ahmedabad.	
SEZ UNIT	Plot No. 1/1A & 2, PHARMEZ, Sarkhej-Bavla N. H. No. 8A, Village – Matoda, Taluka Sanand, District-Ahmedabad.	
ZYDUS RESEARCH CENTRE	S. No. 396/403, Village Moraiya, Taluka Sanand, District-Ahmedabad.	



Mr. Ramanbhai B. Patel

Founder Chairman, Zydus Cadila
August 19, 1925 – September 19, 2001

It was a call for resurgence and self-sufficiency in drugs and pharmaceuticals in a newly independent India that led to the setting up of the organization in 1952. This guiding spirit and pioneering vision of the late Founder Chairman, Mr. Ramanbhai B. Patel continues to inspire us as we innovate to bridge unmet healthcare needs.



The year of Resurge, is a year of refocussing energies to aim higher and move faster. It's a year dedicated to seeking new levels of excitement through novel ideas and approaches. It's a year of commitment for 16000 Zydans who have dedicated themselves to raise the bar of performance and shine out with their contributions. It's a year full of moments that will strengthen the bond with the stakeholders as we create U-phoria by unleashing value.

It's a call for action, to make every effort count and go the extra mile. Resurge is about challenging ourselves and enabling peak performance and realising our aspirations.



India's largest, fully automated, 11000 litre state-of-the-art monoclonal antibody production facility at Changodar Ahmedabad

Highlights of Operations - 2013-14

Home Markets

India

- Launched Lipaglyn (Saroglitazar), the first New Chemical Entity (NCE), discovered and developed indigenously by an Indian pharmaceutical company.
- Maintained strong leadership positions in the represented markets of cardiology, gynaecology, gastro intestinals and respiratory therapy areas, while in the dermatology segment, gained two positions from 6th rank last year to the 4th rank this year.
- Launched over 75 new products (including over 45 line extensions) in India, of which 19 were first in India.
- Overall, the formulations business in India registered a growth of 6.1%, higher than the overall market growth and posted sales of Rs. 24,644 Mio.

US

- Filed a record 50 ANDAs with the USFDA during the year, taking the cumulative ANDA filings to 227.
- Launched 7 new products in the US market.
- The US business posted sales of Rs. 21,704 Mio., up by 44 %.

Brazil

- Undertook several initiatives in the areas of optimising the cost of operations, inventory management and sales force effectiveness.
- Overall, the Brazil operations posted sales of Rs.2,353 Mio.

Mexico

- Commenced commercial operations in June 2013 with launch of 7 products.
- Posted sales of Rs.109 Mio. in Mexico.

Other Markets and Businesses

Europe

- Consolidated the business in France by restructuring the product portfolio and customer base which helped in improving overall profitability. Growth in Spain was almost in line with the market growth.
- Launched 8 new products in the French generic market, of which, two were Day-1 launches. In Spain, launched 12 new products, including one Day-1 launch.

- Overall, the European business posted sales of Rs. 3,902 Mio. up by 6%.

Emerging Markets

- Launched more than 35 new products in the key markets of Asia Pacific, Africa and Middle East during the year.
- Overall, the Emerging Markets business posted sales of Rs. 3,592 Mio. during the year, up by 15%.

Consumer Wellness

- Sugar Free, India's leading sugar substitute, continued to maintain dominant position with a market share of more than 93%.
- In the EverYuth category, continued thrust on new product launches to consolidate the brand position and minimise the impact of slowdown.
- In the Nutralite category, launched a lower priced variant - 'Nutralite Yummy' in North India.
- Zydus Wellness Ltd. registered sales of Rs. 4,296 Mio. up by 5% and net profit of Rs. 965 Mio.

Animal Health

- Introduced a range of specialty products for companion animals through a separate division 'Petz' to focus on growing pet care needs.
- Launched 11 new products in India.
- On a consolidated basis, animal health business posted sales of Rs. 2,754 Mio., with a growth of 17% during the year.

API

- Filed 10 DMFs with the USFDA, taking the cumulative US DMF filings to 117.
- API business grew by 13% and posted sales of Rs. 3,497 Mio.

JVs & Alliances

- Zydus Hospira JV successfully completed audits from the regulatory authority of Japan and the Korean FDA.
- Zydus Hospira JV also completed successful inspections from the ISO/OHSAS.

New Technologies and NCE

- Initiated Phase III clinical trials for one of the monoclonal antibodies (mAb) and completed Phase I clinical trials for one of the mAbs.
- Received regulatory approval to conduct Phase III clinical trials for one more mAb.
- Received regulatory approval to conduct clinical trials for global development of one of the first generation biosimilars, which is currently being marketed in India.

- On the novel biologics front, completed Phase I clinical trials in India for both PEGEPO and Rabimabs.
- On the NCE front, filed a US-IND for ZYDPLA 1, a novel, next generation orally active, small molecule DPP-4 inhibitor to treat Type 2 Diabetes.
- Development of different vaccines progressed well with ten vaccines in the clinical development phase.

Manufacturing Operations

- Moraiya formulations facility was awarded the 'Gold Award – Pharma Sector, Mega Large Business' by The Economic Times and Frost & Sullivan for achieving operational excellence.

Financial Highlights

- Gross sales revenue was up by 15% y-o-y to Rs. 72 bn from Rs. 62.8 bn last year.
- Earnings before interest, depreciation and tax grew by 7% to Rs. 12,002 Mio. from Rs. 11,251 Mio. last year.
- Net profit was up by 23% to Rs. 8,036 Mio. from Rs. 6,535 Mio. last year.
- Return on net worth stood at 25.6%, an improvement of 2% over the last year.



Chairman's Message

Dear Shareholders,

This was a year when we launched 'Resurge' a call to examine and explore the myriad in which we can catapult Zydus to the next phase of strategic growth. How does a company which has overcome many challenges and successfully remained on the growth path, Resurge and take its growth trajectory to a new level? This is a question we asked ourselves. We also asked ourselves the question: "How have we, as an organisation been able to achieve what we have been able to do together?" The answer was quite simple. The collective spirit of the people who make the organisation, the exciting and the differentiated ideas that they bring to their work, the processes that have enabled us to connect seamlessly, and the shared goals and legacy to achieve the impossible – all of this has scripted our journey of growth and transformation. Resurge is about taking the next leap forward, opening up the space for ideas and thoughts that are game changers, to excite people and pool in their creative energies, inviting the leadership team to go beyond and help their teams achieve more, to emerge bolder and stronger on the achievement canvas and enable an invigorating environment that challenges one's imagination.

All through these years, we at Zydus have been focussed on addressing a dual challenge: to perform in the short term while making some bold, transformative moves to realise future growth opportunities and create long-term shareholder value. Our journey of resurgence which began in 2013 was no different. We stepped up our investments in promising markets and technologies. We boosted our investment in research and development to build long-term, differentiated platforms. We focussed on making our business more efficient, and we began to align our global operating structure to fully leverage the scale of Zydus.

Our goal is to aim higher, move faster and perform better than ever before. Our strategies and the review mechanisms ensure that we remain performance-driven and goal focussed and operations remain sustainable as we accelerate our growth aspirations. The next evolution of the organisation builds on the strong record of achievement. It raises the bar on business health and profitability and puts more emphasis on profitable growth.

As we move ahead our priority will be to

Accelerate our growth agenda

Optimise our go-to-market strategies

Integrate - Collaborate – Value Add

Look at cost optimisation in all that we do

Sharpen our focus on innovation

Bringing High Energy to Operations

Our US business was the key driver of growth. We are currently the 8th largest generic company in the US in terms of prescriptions. The most satisfying moment was when our US subsidiary won the 'Service Level Excellence' award during the year with an overall customer service level exceeding 99%. It was a record achievement with 50 ANDA filings with USFDA and it was the collaborative effort of teams across the organisation which made this happen. In Mexico, where we commenced operations, we have been understanding the market dynamics and hope to lay a strong foundation for the business in the years to come. Globally, we have been able to make inroads and look forward to building on this in the years to come.

Our India formulations witnessed a historic milestone with the launch of Lipaglyn™ Saroglitazar which is the first NCE discovered and developed indigenously by an Indian pharma organisation in September 2013. We maintained leadership positions in cardiology, gynecology, gastrointestinal and respiratory therapy areas in our represented markets. In the dermatology space we improved our ranking from 6th rank last year to 4th rank. As one of the leading players in the market, we will continue to focus on therapy management, portfolio mix and brand building efforts.

Cost optimisation focus at Zydus has been relentless with each wave of it becoming more successful than the one before. The PRISM programme is well on track and has achieved its targeted savings during the first year of its implementation phase. The scope of PRISM was further expanded during the year to address all indirect spends as well.

Nurturing an Innovation Culture

There are abundant opportunities for innovation waiting to be explored. At every level – strategies, brands, marketplace, therapies, technologies, processes, cost efficiency - there are ideas that can make a significant improvement or a difference. All we need to do is to align those with our overarching goal, add them to our canvas, and back it up every inch of the way with action. The promise of idea becomes a potential reality. The ideas that excite us most are the ones which have the power to transform our world.

Our Research Spectrum



In January 2014, we had an Innovation forum which had 1200 researchers across 19 sites converging to look at differentiated medicines for the future. From APIs to vaccines, biosimilars and niche technologies, we looked at different ideas and concepts that can transform the marketplace. It's only a relentless flow of innovation that can set us apart and position us for success. Having already made brisk headway with our NCE research and launched our own original research product in the market, it has vetted our appetite for more.

Engaging and Nurturing Talent

All through our journey of growth, we have been building a culture whereby people are able to leverage their talent, innovate, explore differentiated paths, engage constructively, collaborate, take appropriate risks and deliver on their commitments. Our aim is to drive higher, more enriching levels of employee engagement. A vibrant learning culture, where all Zydans are given ample opportunities to sharpen, hone and gain new capabilities and skills, has also made us an employer of choice. In 2006, we had taken a decisive step in organisation transformational programme and created a Zydus leadership model. This continues to form the basis of our leadership development programme. The organisation continuously invests in programmes which uniquely trains, supports, and selects people who can drive their business strategy and lead the way by maximising opportunities and contributing to a high performance culture.

Well-Positioned for the Future

We firmly believe the goals that we have set for ourselves are within reach and with the proven capabilities of 16000 Zydans we are in a stronger position to leverage strengths, optimise costs, efficiently target leadership and people resources, to successfully compete in the global marketplace. Thanks in large part to your continuing support and the dedication and hard work of talented people across the organisation, our plans are well on track and moving ahead at an accelerated rate. We remain confident about the company's growth prospects and our ability to deliver significant value to stakeholders in the years ahead.

Pankaj R. Patel
June 2014



Management's Discussion & Analysis - 2013-14

Economy and Industry Overview

Global Economy and Pharmaceutical Industry

The global economy appears to be on the path of revival with high income economies showing signs of firm recovery after years of low growth and/or recession. This recovery in the high-income economies is expected to be a major contributor to the projected acceleration in the global growth. In these countries, the drag on growth from fiscal consolidation and policy uncertainty is easing and private sector recoveries are gaining firmer footing. This likely acceleration in the global growth marks a significant shift from recent years when developing countries alone pushed the global economy forward. In addition to providing a sound basis for global growth, stronger high income growth and import demand are likely to be important drivers of developing countries' exports. Economic activity and business sentiments improved in the developing countries from mid-2013 on the back of strengthening high-income demand and the rebound in China. This positive development though, was partially offset by tighter financial conditions and reduced capital flows. Increase in long-term interest rates in the United States in response to the expectations of the gradual withdrawal of quantitative easing was one of the key factors responsible for this (Source: Global Economic Prospects, January 2014 by World Bank).

The growth registered by the developing countries in 2013 was almost the same as the growth registered by them in 2012. However, some of the regions and/or countries of the developing world displayed significant variation in the growth rates registered in 2013 vis-à-vis 2012. While the countries of the developing Eastern Europe, Central Asia and Sub-Saharan Africa witnessed significant increase in the GDP growth in 2013 vis-à-vis 2012, countries of Middle East and North Africa registered significant decline in GDP growth over the same period (Source: Global Economic Prospects, January 2014 by World Bank).

The global pharmaceutical industry is estimated to have grown by approximately 3% in 2013 and reached a size of over US\$ 975 bn. The growth in 2013 was lower compared to the growth of over 5% registered during the period 2007 to 2012. Healthcare spending in the US, the world's largest pharmaceutical market, as well as in Europe, declined marginally during 2013, while the Japanese pharmaceutical market grew by over 2.5% in 2013. On the other hand, developing markets of Asia, Africa, Australia and Latin America, which are termed as 'pharmerging' markets continued to grow by 10-14% in 2013, driving the overall growth of the global pharmaceutical industry (Source: IMS Health Market Prognosis Report).

Generic drugs continued to increase their share in the overall prescription for pharmaceutical drugs dispensed across the globe, though the growth in 2013 was impacted by relatively lower value of innovator drugs losing their patent protection compared to that in 2012. In the US, generic drugs now account for over 83% of the total prescriptions (Source: IMS Health Market Prognosis Report).

Indian Economy and Pharmaceutical Industry

The Indian economy registered a growth of 4.9% during the financial year 2013-14, marginally better than the growth of 4.5% registered during the financial year 2012-13. However, the growth rate was much lower than the recent growth rates. Among the three sectors of the economy viz. agriculture, industry and services, the industrial sector was the worst performer as it grew by only 0.7% during the year 2013-14, mainly due to the de-growth registered by the manufacturing and mining sectors (Source: Monthly Economic Report, March 2014, as published by the Ministry of Finance, Govt. of India).

Overall inflationary pressure on the economy eased during the year. The average Wholesale Price Index (WPI) inflation rate for 2013-14 was 5.93% as against 7.35% during 2012-13, although it moved from below 5% during the initial part of the year to a peak of 7.52% in November 2013, from which it started a downward trend and fell below 6% in March 2014 (Source: Monthly Economic Report, March 2014, as published by the Ministry of Finance, Govt. of India).

The financial year 2013-14 saw a steep depreciation of the Indian Rupee vis-à-vis global currencies. The exchange rate between the Indian Rupee and the US Dollar, which was at around Rs. 54 in the beginning of the financial year started an upward movement and reached a level of Rs. 68-69 in the month of August. From the month of October, the Indian Rupee started appreciating against the US Dollar but the exchange rate remained more or less in the range of Rs. 60-63 during the rest of the financial year (Source: Monthly Economic Report, March 2014, as published by the Ministry of Finance, Govt. of India).

The year 2013-14 turned out to be one of the worst phases for the Indian pharmaceutical market in the recent past as it grew by a mere 6.1% and reached a size of approximately Rs. 75,600 crores after growing well in excess of 10% during the previous few years (Source: AIOCD-AWACS Report, MAT March 2014). The Government of India notified the new Drug Price Control Order (DPCO) 2013 whereby it expanded the scope of the National List of Essential Medicines (NLEM), covering a larger number of medicines under the list and notified revised prices, mostly downward, for the same. This adversely impacted a large number of companies in the Indian pharmaceutical market as they realised lower prices as notified by the new DPCO 2013 on an increased number of products. The new DPCO, 2013 also adversely affected the volume growth during the year for the products covered under NLEM. During the year, the products covered under the NLEM saw an overall sales decline of approximately 8% whereas those out of the purview of the list grew by around 8.5% (Source: PharmaTrac MAT March 2014).



Home Markets J

India Formulations

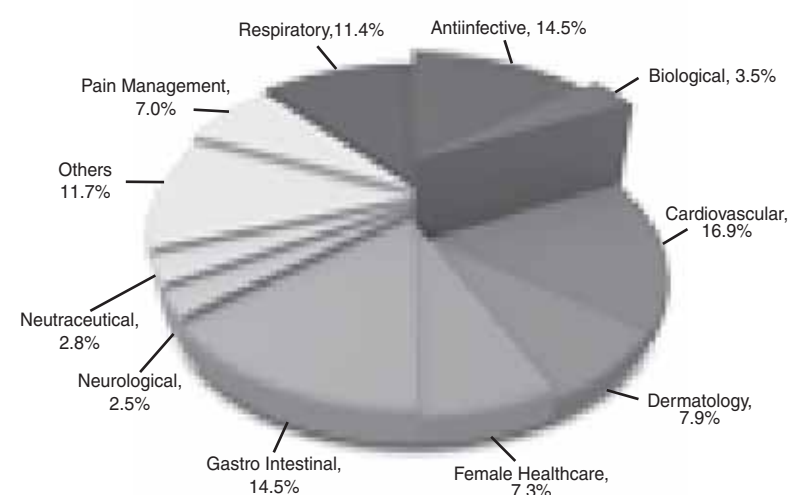
The year 2013-14 was a challenging one for the Company's formulations business in India, currently the largest contributor to the topline. The price reductions imposed by the Government of India on the products covered under NLEM impacted both the volume and the value growth of these products. Despite this, the growth registered by the Company in the India Formulations Business was a little higher than the overall market growth of 6% (Source: AIOCD-AWACS Report, MAT March 2014).

The Company retained its leading positions in the participated market segments of cardiovascular, gastro intestinal, women's healthcare and respiratory therapeutic areas. The Company also gained 2 positions in the dermatology segment, from 6th rank last year to the 4th rank this year. 16 of the Company's brands feature among the top 300 pharmaceutical brands in India (Source: AIOCD-AWACS Report, MAT March 2014).

The Company continued its drive of adding new products to the existing portfolio and launched more than 75 new products, including line extensions in India during the year. Of these, 19 were first-time launches. This included the launch of Lipaglyn (Saroglitasar), the first New Chemical Entity (NCE), discovered and developed indigenously by an Indian pharmaceutical company.

Overall, the Company's formulations business in India posted sales of Rs. 24,644 Mio. during the year, up by 6.1% from Rs. 23,232 Mio. last year.

The therapeutic area-wise break-up of branded formulations sales in India during FY 2013-14 is given below:



US Formulations

The US remains the world's largest pharmaceutical market accounting for more than 30% of the global market. The Company's operations in the US are spearheaded by its wholly-owned subsidiary Zydus Pharmaceuticals (USA) Inc.

The Company is now ranked 8th amongst the US generic companies based on scripts (Source: IMS), moving two positions from the 10th rank last year.

The Company's business in the US completed yet another year of successful operations and posted sales of Rs. 21,704 Mio., up by 44%. The Company launched 7 new products in the US during the year.

The Company filed a record 50 ANDAs with the USFDA during the year, taking the cumulative ANDA filings to 227.

The Company's continuous endeavour to improve service levels coupled with a focus on quality has helped achieve high levels of customer satisfaction. The Company received the 'Service Level Excellence' award from a large US wholesaler with an overall customer service level exceeding 99%.

Going forward, the Company's focus will continue to be on launching complex, difficult-to-make oral solids and formulations of other dosage forms like injectables, nasals, creams and ointments to further strengthen its position in the US generic market.

Brazil

Brazil, which is the largest pharmaceutical market in Latin America and one of the promising 'pharmerging' markets, has been undergoing the process of consolidation in the recent past. Entry of large distributors, big retail chains buying the smaller ones and the increased competition have posed new challenges for the existing companies. In 2013, the Brazilian pharmaceutical market grew by approximately 3% (Source: IMS Retail Drug Monitor – February 2014).

The overall market scenario and the lack of new product approvals posed several challenges to the Company during the year. Despite this, the Company continued its focus on brand building initiatives with an aspiration to be a leading player in the women's healthcare, respiratory, cardiovascular, diabetes and neuropsychiatry therapy segments. During the year, the Company took several initiatives in the areas of optimising the cost of operations, inventory management and sales force effectiveness.

The Company posted sales of Rs. 2,353 Mio. in Brazil during the year.

Mexico

The Mexican pharmaceutical market, valued at around US\$ 10 bn., is the second largest pharmaceutical market in Latin America after Brazil. The Company is present in the Mexican pharmaceutical market through its subsidiary Zydus Pharmaceuticals Mexico S.A. de C.V.

The Company commenced commercial operations in Mexico in June 2013 and launched 7 products. During the year, the Company posted sales of Rs. 109 Mio. in Mexico.

Going forward, the Company intends to expand its focus on the cardiovascular and the primary care specialty area by aggressively launching new products in the Mexican market.





Other Markets and Businesses J

Europe

The Company is present in the generic market of France through its subsidiary, Zydus France SAS, while in the Spanish generic market, its presence is marked by its subsidiary, Laboratorios Combix S.L. During the year, the French generic market grew by about 6%, reflecting a fall in the Government-led initiatives to increase generic penetration towards the later part of the year. The French generic market is likely to remain challenging as the French government introduces price cuts to keep the healthcare costs down. The Spanish generic market, which is highly competitive, grew by 12% during the year. Going forward, this market is expected to continue strengthening as the fiscal crisis has started to ease.

During the year, the Company consolidated its business in France by restructuring the product portfolio and customer base which helped in improving overall profitability. The Company launched 8 new products in France, including two Day-1 launches. The Spanish business registered growth mostly in line with the market growth rate. The Company launched 12 new products, including one Day-1 launch in the Spanish market during the year. In both these markets, the focus now is on improving the profitability further by increasing the proportion of products supplied from India.

Overall, the Company's business in Europe posted sales of Rs. 3,902 Mio. up by 6% during the year.

Emerging Markets of Asia Pacific, Africa and the Middle East

During the year, the Company continued to strengthen its branded generics business in the key markets of Asia Pacific, Africa and the Middle East. The Company launched over 35 new products in these markets during the year, including several firsts in these markets. The Company posted sales of Rs. 3,592 Mio. in these markets during the year with a growth of 15% over the previous year.

Japan

During the year, the Company decided to discontinue its existing business in Japan, which was operated through its subsidiary Zydus Pharma Japan Co. Ltd.

APIs

The Company's APIs and intermediates' business continued to provide support to the formulations business by providing key input materials in a timely and cost efficient manner for the Indian as well as the developed and emerging markets across the world and also contributed to the launch of new formulations in these markets. The API business also fulfilled the requirements of the external customers by supplying them APIs and intermediates in a timely manner and at the most competitive prices. During the year, the Company filed 10 more DMFs with the USFDA, taking the cumulative filings to 117.

During the year, the Company's API business grew by 13% and posted sales of Rs. 3,497 Mio.

Consumer Wellness

The Company is present in the consumer wellness space through its subsidiary, Zydus Wellness Limited, which has three established brands viz. Sugar Free, a low calorie sugar substitute, EverYuth, a range of skincare products and Nutralite, a cholesterol free table spread.

During the year 2013-14, Sugar Free maintained its leadership position in the low calorie sugar substitute market with a market share of more than 93%, which virtually represents the entire low calorie sugar substitute market in India (Source: AC Nielsen).

The skincare category witnessed a slowdown primarily due to reduced discretionary spending on personal care products by consumers driven by high inflation, which has impacted all the three categories in which EverYuth has a presence viz. face wash, scrub and peel-off. The Company continued its thrust on new product launches with the launch of several variants in the existing categories.

Despite strong competition from lower priced regional brands, Nutralite continued to maintain its leadership position in the margarine category due to the focus on superior quality, high standards of customer service and launch of a lower priced variant of Nutralite called 'Nutralite Yummy' in North India.

During the year, Zydus Wellness Ltd. registered a sales of Rs. 4,296 Mio. up by 5% and a net profit of Rs. 965 Mio. marginally down by 1%.



Animal Health

With a strong presence, the Company ranks amongst the leading companies in India in the animal healthcare space. The Company has the distinction of launching one of the highest number of 'first time in India' products. During the year, the Company introduced a range of specialty products for companion animals through a separate division 'Petz' to focus on growing pet care needs. During the year, the Company launched 11 new products in the animal health market in India. Bremer Pharma GmbH, Germany, a subsidiary of the Company runs the global animal health business, which has a presence in more than 50 markets around the world.

On a consolidated basis, the Company's animal health business posted sales of Rs. 2,754 Mio. with a growth of 17% during the year.

JVs and Alliances

A. Zydus Takeda Healthcare Pvt. Ltd.

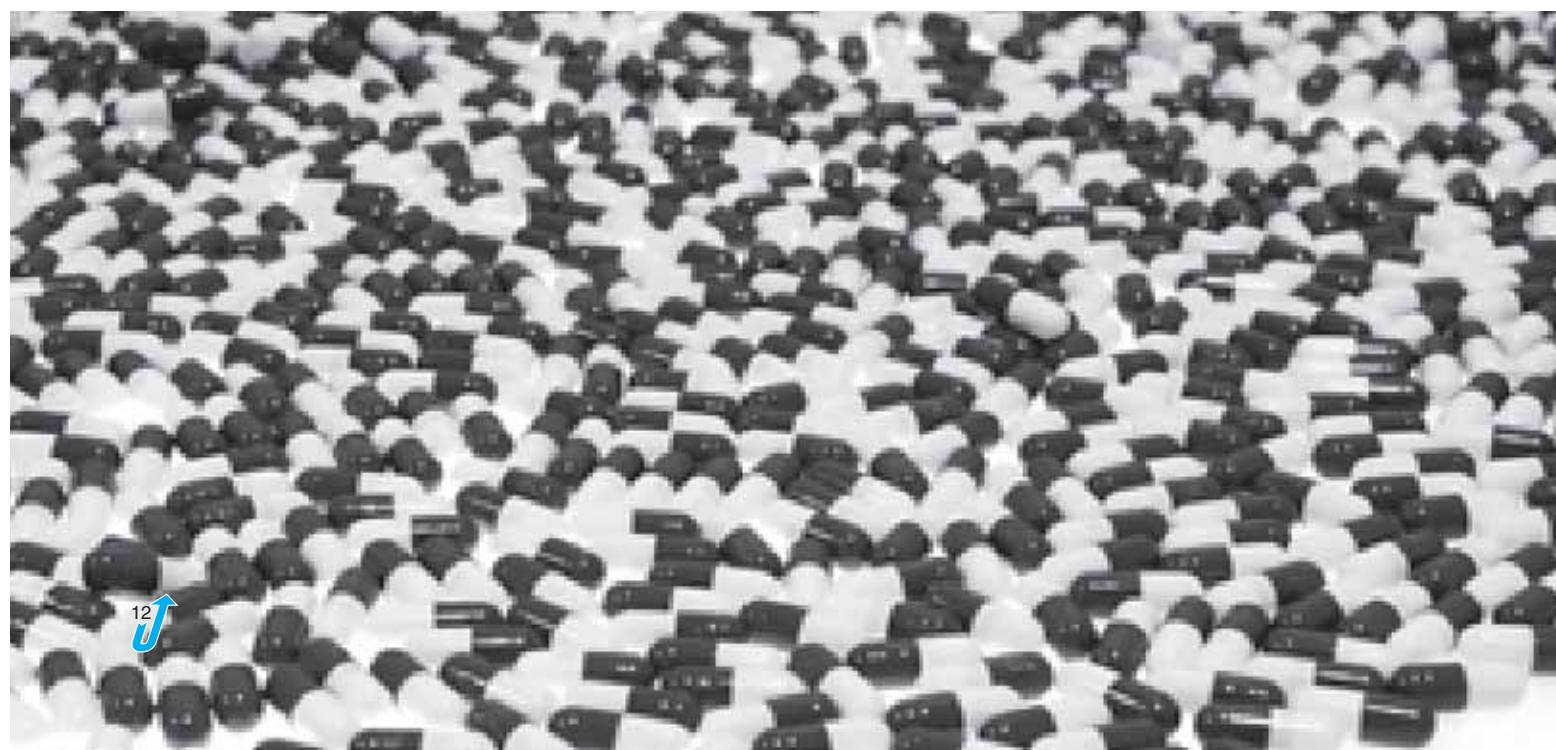
Zydus Takeda Healthcare Pvt. Ltd. (formerly known as Zydus Nycomed Healthcare Pvt. Ltd.) is a 50:50 JV between the Company and Takeda Pharmaceuticals Co. Ltd., Japan. The JV manufactures a gamut of generic APIs covering various therapeutic categories and exports exclusively to the JV partner for its generic portfolio. The APIs being manufactured by the JV include, amongst others, Pantoprazole and its key starting materials, which is the flagship product of the JV.

B. Zydus Hospira Oncology Pvt. Ltd.

Zydus Hospira Oncology Pvt. Ltd. (ZHOPL) is a 50:50 contract manufacturing JV between the Company and Hospira Inc., USA. The JV manufactures oncology injectable products to be marketed by both the partners in the respective markets assigned to them. During the year, the JV successfully completed audits from the regulatory authority of Japan and the Korean FDA. The JV has successfully completed inspection from the ISO/OHSAS during the year.

C. Bayer Zydus Pharma Pvt. Ltd.

Bayer Zydus Pharma Pvt. Ltd., a joint venture between the Company and Bayer Schering Pharma AG, markets finished formulations in India. The JV has successfully completed its third year of commercial operations. The JV has a strong portfolio in the therapeutic segments of women's healthcare, metabolic disorders, diagnostic imaging, cardiovascular diseases, anti-diabetic treatments and oncology where it focuses on increasing its market share.



New Technologies and NCE

Biologics

The Company is developing a pipeline of 20 biologics, comprising 17 biosimilars and 3 novel biological products. During the year, the Company initiated Phase III clinical trials for one of the monoclonal antibodies (mAbs). Phase I clinical trial for one of the mAbs was also completed during the year. On the approvals front, the Company received the regulatory approval to conduct Phase III clinical trials for one more mAb during the year.

The Company continued to file dossiers of first generation biosimilars in the emerging markets during the year. The Company moved one step further in the direction of launching biosimilars globally as it received the regulatory approval to conduct clinical trials for the global development of one of the first generation biosimilars, which is currently being marketed in India.

On the novel biologics front, during the year, the Company completed Phase I clinical trials for two products viz. PEGEPO, which is being developed in collaboration with Prolong Pharma, USA and Rabimabs, which is being developed in collaboration with WHO.

During the year, the Company completed commissioning and qualification of a large scale monoclonal antibody manufacturing plant.

NCE Research

The Company's state-of-the-art Zydus Research Centre (ZRC) spearheads the Company's NCE research activities. The Company currently conducts basic new drug discovery research in cardio-metabolic, inflammation, pain and oncology therapeutic areas.

During the year, the Company launched Lipaglyn (Saroglitazar) in India, its first NCE for treating Diabetic Dyslipidemia and Hypertriglyceridemia. It is the first drug discovered and developed indigenously by an Indian pharmaceutical company. Saroglitazar is also the first Glitazar class of drug to be approved in the world.

During the year, the Company filed a US-IND for ZYDPLA 1, a novel, next generation orally active, small molecule DPP-4 inhibitor to treat Type 2 Diabetes.

Vaccines

The development of different vaccines progressed well during the year and the Company now has 10 vaccines in the clinical development phase.

Intellectual Property Rights

The Company's efforts in the development of new molecules, newer delivery systems, processes and technologies have continued. The Company's research and development centres have filed over 115 patents in the US, Europe and other countries during the year, taking the cumulative number of filings to over 1075.

Manufacturing Operations J

The manufacturing capabilities of the Company, both in the areas of formulations and API manufacturing, are important pillars for the growth and success of the Company in the global markets, as these capabilities enable the Company to provide its customers the best quality products at the most competitive prices in a timely manner. The Company has built world-class, vertically integrated manufacturing facilities for APIs and formulations.

During the year, the Moraiya formulations facility of the Company was awarded the 'Gold Award – Pharma Sector, Mega Large Business' by The Economic Times and Frost & Sullivan for achieving operational excellence.

Environment, Health and Safety J

The Company is fully committed and continuously endeavours to achieve environment, health and safety excellence across all the units. The importance of environment, health and safety is continuously stressed upon and extensively promoted as a corporate culture within the organisation.

At present, thirteen units of the Company are accredited with ISO 14001, eleven units are accredited with OHSAS 18001 and two units are accredited with ISO 22000.



Zydans seen presenting a cultural programme at the Company's Annual Day Celebrations held in January 2014

Human Resources and Corporate Social Responsibility J

People play a critical role at Zydus. Our organisational success depends on the high level of skills and professionalism of our people. As a key enabler, HR acts as the catalyst for maximising the value. Team HR has been leading initiatives for organisational change, building organisational capability and strengthening the impact of HR on business outcomes. The year 2013-14 was dedicated to further evolving the Team HR's role as a professional value-added strategic partner to the business. The thrust areas are:

Lead

Strengthening the leadership bandwidth of next gen leaders.

Nurture

Providing opportunities for growth and career aspirations within the organisation through Zydus Talent Management Programme (ZTMP) and broad-based learning and development initiatives

Engage

Bringing in greater connectedness and celebrating diverse cultures

Here are some HR initiatives undertaken during the year:

Keeping pace with the business growth and expansion, the group's focus over the years has been to excel in HR delivery systems and enhance the organisation's 'readiness-to-do-business' quotient. With a variety of positions spread across a large number of unique organisational units within a multi-locational environment, managing our talent becomes a critical role. Team HR helped to ensure that 4000 people were recruited last year to support business expansion of which 38 were strategic positions. We recognise that the successful recruitment of potential employees is critical to maintain a vibrant workforce and we continue to explore ways to improve and leverage our recruitment strategy to reach future talent.

Zydus' transformation and growth through the years is also fundamentally all about its people. To nurture talent from within and strengthen this diverse repository of knowledge and wisdom, a General Management Programme called ADAPT has been launched at the Indian Institute of Management Ahmedabad (IIM-A). The programme aims to hone general management competencies and strengthen capabilities in functional domains. Spread across two years, ADAPT has a mix of lectures, case studies, group discussions and projects rooted to the current business scenario. A team of 60 Zydans is participating in this programme.

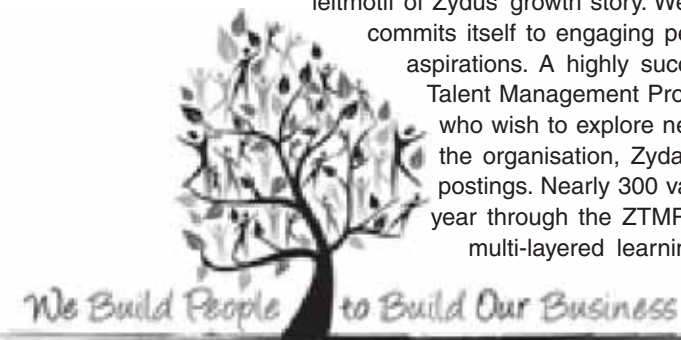


Chairman and Managing Director, Mr. Pankaj R. Patel seen addressing the inaugural session of the ADAPT programme at the IIM-A

Leadership development has been one of the key areas of focus and the organisation has been creating an environment of empowerment and influence. The organisation's leadership pipeline during the year was expanded to 133 members. As a part of an extended leadership development programme, mentoring and coaching continued for these leadership role holders to groom them as potential business leaders.



Engaging people and collaborating with diverse teams to achieve organisational goals – this has been the leitmotif of Zydus' growth story. We build people to build our business is the HR philosophy which commits itself to engaging people in a way that brings new dimensions to their growth and aspirations. A highly successful programme that supports this philosophy is the Zydus Talent Management Programme or ZTMP which offers exciting career paths for Zydans who wish to explore new growth opportunities within the group. Enabling 'wings within' the organisation, Zydans were given an opportunity to nominate themselves for new postings. Nearly 300 vacancies across India and global locations were filled during the year through the ZTMP programme. Besides this, the group continued its thrust on a multi-layered learning and development programme to address skill development and capability building across the organisation. In all, 8277 training programmes were organised spread over 99739 training hours during the year.



Team HR has been creating engagement platforms to connect with the Zydan family in myriad ways. Celebrating diversity, respecting local cultures and identities within the broader organisational framework and adding fun to the workplace, the team has been creating touchpoints for people engagement programmes. A team comprising 70 Fun Champs from across the organisation volunteers to drive these special initiatives for Zydans and their families. These Fun Champs play a crucial role in connecting and bringing together every member of the Zydan family - Zydans, Zydan Spouses and Junior Zydans. They create a vibrant environment and add colour to the Zydan world by bringing the Zydan family together to celebrate festivities, conducting interesting games and events, organising movie shows, cookery competitions, workshops like hobby ideas, Vedic Maths, self defense for women, skill and talent exhibitions, painting contests and a host of other engagement activities.



16000 Zydans making a difference



Creating an inspired workplace

When the journey of innovation became more luminous...



CNBC Asia conferred the India Innovator of the Year Award 2013 on Chairman and Managing Director, Mr. Pankaj R. Patel at a glittering awards ceremony held at Mumbai in January 2014

From a pioneering vision to a pioneering breakthrough, the journey of innovation at the group posted a historic milestone with the launch of Lipaglyn, India's first New Chemical Entity to reach the market. Bridging an unmet healthcare need, Lipaglyn, the drug to treat diabetic dyslipidemia, was a novel feat for Indian research and the world of drug discovery. In recognition of this pioneering vision and leadership in innovation, CNBC Asia honoured Chairman and Managing Director, Mr. Pankaj R. Patel with the India Innovator of the Year Award 2013. In his acceptance speech at Mumbai, Mr. Pankaj R. Patel said that the success of Lipaglyn is a tribute to the entire scientific community in India who have kept the spark of innovation alive through its work.

Receiving accolades for its leadership and innovation, the group was amongst the top five companies worldwide nominated for the prestigious FT Arcelor Mittal Boldness in Business Awards 2014 in the Developing Markets category. Jointly sponsored by the Financial Times of UK and Arcelor Mittal, this is a pre-eminent forum for recognising entrepreneurial risk-taking and business innovation which shortlists companies worldwide on the basis of their ability to take bold decisions, and those who have transformed, revolutionised, held their nerve, innovated and worked tirelessly to change the game.



Zydus Srishti, the group's CSR programme has evolved from Zydus' approach to community outreach programmes. It is about creating a meaningful impact in the community in the areas of health – Swasthya, education – Shiksha, research – Shodh and outreach - Saath. Zydus Srishti focusses on these core areas that were close to the Late Founder Chairman, Mr. Ramanbhai B. Patel's heart.

Contributing to the communities that it forms a part of, the group conducts rural healthcare camps at villages close to its manufacturing facilities at Moraiya, Ankleshwar, Dabhasa etc. Each year, Zydans organise themselves into groups to co-ordinate with the doctors, register the patients and update their medical history, assist the doctors and dispense free medicines. During the year, the group organised several general healthcare camps, diagnostic, dental-care, eye-care and paediatric camps. In Dabhasa, free health check up camps were held for the people from the nearby rural areas.



Every year, our specialty divisions run campaigns and create health alerts to educate community members and employees on various disorders and the steps to lead a healthier life. During the year, following were some of the initiatives undertaken –



The cancer burden in developing countries is reaching pandemic proportions. Cancer is one of the leading causes of death in India, with about 2.5 million cancer patients, 1 million new cases added every year and with a chance of the disease rising five-fold by 2025. In keeping with this, the Zydus Oncosciences conducted a nation-wide cancer awareness programme with the support of radio partners. The oncologists addressed the audience on the various cancers that are prevalent and how they can be cured, if detected at the right time. A similar awareness campaign was also conducted on the 'World No Tobacco Day'. During the year, the company in association with the N. K. Dhabhar Cancer Foundation organised a programme called Art Space, which is an initiative that gives hope to cancer survivors. The programme aimed at assisting cancer patients in a number of ways and spread awareness that cancer can be fought with courage and faith.

As a part of the activities in the field of education, the group supports the Zydus School for Excellence which was established as a community initiative of The Ramanbhai Foundation. The school was the brainchild of the Founder Chairman, Late Mr. Ramanbhai Patel, who believed that a school is not just a place where young minds come to learn, but it's an institution where character is built and a fountainhead, where children can constantly seek creative expressions for their endeavours. The school now has two campuses and has more than 1500 young learners and a faculty strength of nearly 140 teachers. During the year, the school conducted the Amogh art exhibition at the Hutheesing Art Gallery which provided a platform for the students of the school to showcase their work of art expressed through paintings. More than 500 students participated in this exhibition and the proceeds of the auctioned paintings were given to charity.



In 2002, Zydus Srishti set up the Shri Ramanbhai B. Patel – AMA (Ahmedabad Management Association) Centre for Excellence in Education in memory of the Founder Chairman Late Mr. Ramanbhai Patel. The Centre which was inaugurated by Dr. A.P.J. Abdul Kalam provides a platform for parents, teachers and students to highlight the critical educational issues of the day. The centre conducts open house discussions, memorial lectures on excellence in education, progressive learning programmes for academicians and knowledge sharing forums, which study the successful learning models across the country. Providing a platform to share thoughts and ideas on various facets of life beyond formal education, Zydus Srishti regularly conducts the Ramanbhai B. Patel Memorial lecture on Excellence in Education. There have been speakers from different genres addressing varied issues and topics. In 2013, Dr. Jagdish N. Sheth, Professor of Marketing and Best-Selling Author Charles H. Kellstadt Chair of Marketing in the Goizueta Business School at Emory University delivered the Memorial lecture.

A teacher can be a catalyst in the process of transformation - in the thoughts and actions of children, thus leading to progress and growth. To recognise and honour the contributions of a teacher to a child's world of learning and the society at large, Zydus Srishti instituted the 'Shreshtha Shikshak Award'. Every year 2000 nomination forms are sent out to schools across Gujarat and teachers from far-flung areas such as Amreli, Porbandar, Junagadh, Jamnagar etc., send in their nominations.

Educational programmes to create livelihood - During the year, there were a number of initiatives that were organised for farmers in the rural areas close to our manufacturing facilities through workshops on efficient vegetable production with less use of pesticides and vocational programmes for the women in the villages like preparing bakery products, workshops on animal husbandry etc. Nearly 500 farmers and their spouses participated in these programmes.



The number of diabetics in the world is estimated to be over 360 million. In 2025 nearly half of the world's diabetic population will be from India, China, Brazil, Russia and Turkey. Research in the field of anti-diabetic therapy seeks to address the problems of hypoglycemia, GI side effects, lactic acidosis, weight gain, CV risks, edema, potential immunogenicity etc., which pose a major challenge in the treatment of diabetes. To promote awareness on diabetes and its related complications, several research symposia and CMEs were held across the country. The interaction platform was to disseminate latest research trends to medical professionals and new approaches to treating this malaise. Several CMEs were conducted across India. Besides this, various diabetic camps and talk shows with experts to create awareness on diabetes were also organised.

As a part of our CSR programme Zydus Srishti, we have always encouraged volunteerism where our people group together, organise themselves to set up medical camps and co-ordinate community outreach programmes. This helps bring in more of awareness and sensitises us to the different needs of the community. It also aligns with our mission to create healthier and happier communities. The Diwali bazaar is in continuation with these initiatives. The thought was to usher in Diwali this year with a difference. The Bazaar inspires an urge to reach out and to give back to the community, support livelihoods, interact with these extremely talented, specially-abled children who are autistic, handicapped and challenged.



Consolidated Financial Highlights* J

* In the consolidated financial statements, the Company's share in income, expenses, assets and liabilities of Joint Ventures (JVs) have been shown at the end of the schedule of such income, expenses, assets and liabilities. However, for financial analysis, the share under each head of income, expense, asset and liability of the JV has been considered for better understanding.

Sales

The gross sales revenue grew by 15% to Rs. 72,083 Mio. in 2013-14 from Rs. 62,848 Mio. last year. The sales growth was driven primarily by the US formulations business, which registered a sales growth of 44%.

Profits and Margins

The EBITD (Earnings before Interest, Depreciation and Tax) grew by 7% to Rs. 12,002 Mio. from Rs. 11,251 Mio. last year. Net profit was up by 23% to Rs. 8,036 Mio. from Rs. 6,535 Mio. last year. Earnings per share also grew in line with the net profit and stood at Rs. 39.25 for the year.

Net Worth

The consolidated net worth increased to Rs. 34,390 Mio. at the end of March 2014, up by 17% from Rs. 29,445 Mio. at the end of March 2013.

The reserves and surplus increased by Rs. 4,945 Mio. to Rs. 33,366 Mio. at the end of the year 2013-14 from Rs. 28,421 Mio. last year. Book value per share increased to Rs. 168.71 as on 31st March 2014 from Rs. 143.81 last year.

The return on adjusted net worth (RONW = Net profit excluding exceptional items net of tax/Average net worth adjusted for deferred expenses and exceptional items) improved by 2% compared to the previous year and stood at 25.6% for the year.

Debt

The consolidated net debt (adjusted for cash and bank balances) of the Company as on 31st March 2014 stood at Rs. 21,516 Mio. against Rs. 23,398 Mio. last year. Net debt-equity ratio improved to 0.63:1 as on 31st March 2014 as against 0.79:1 as on 31st March 2013.

Fixed Assets and Capital Expenditure

The consolidated gross block (including capital work in progress) at the end of the year was Rs. 55.5 bn up by about Rs. 4.4 bn from Rs. 51.1 bn last year. Net capital expenditure (excluding goodwill, but including capital work in progress) during the year was Rs. 4,661 Mio. The capex during the year was incurred mainly for upgradation and expansion of existing facilities and capacity building in the area of finished dosage formulations and API.

Capital Employed and Operating Efficiency

The total Capital Employed (CE), adjusted for exceptional items and deferred expenses, at the end of the year was Rs. 62.5 bn up from Rs. 59.7 bn at the end of the previous year. The increase in capital employed was mainly due to the increase in the net worth. Return on Capital Employed (ROCE = Adjusted earnings before interest net of tax / Average CE) stood at 14.6% during the year.

Risk Identification, Risk Mitigation and Internal Controls J

The Company is primarily engaged in the business of manufacturing and marketing of pharmaceutical products, both active pharmaceutical ingredients and finished dosage formulations. The Company has a presence in India and several other generic markets across the globe. The Company is also engaged in basic new drug discovery research, several other newer technology products such as transdermals and biosimilars and generic product development activities. The ever changing scenario across the globe poses various risks and challenges to the Company which are explained below.

Risk related to economic and political environment across the world

The Company has operations in more than 15 countries around the world. Each country poses its own challenge in terms of the economic and political conditions of that country. Any adverse political and/or economic development in these countries may affect the operations of the Company in those countries. The Company periodically evaluates the economic and political developments of these countries to identify the risk, if any, arising from such developments.

Risk of competition, price pressure and Government controls on prices

The Company is present in the generics segment of pharmaceutical markets in different countries. Generics market is characterised by the presence of a large number of players who compete with each other continuously to increase their respective market shares. This competition puts constant pressure on the prices which the Company charges to its customers. Apart from this, the governments of different countries apply periodic price cuts on the pharmaceutical products so as to keep the healthcare cost under control. The Company designs the pricing strategy for the different markets considering all these factors and periodically reviews the same to mitigate such risks.

Risk of litigation related to quality of products, intellectual properties and other litigation

Litigation is one of the significant risks in the pharmaceutical industry. Litigation may primarily relate to the quality of the products or the infringement of intellectual property rights.

Stringent regulations and quality standards are prescribed by the regulatory authorities across the globe for the pharmaceutical products and their manufacturing and supply chain processes in order to protect the interests of the patients. Any deviation from the prescribed regulations or any variation in the quality from the prescribed standards may lead to action from the regulatory authorities or litigation from customers.

Competitors and innovator pharmaceutical companies holding patents for products and processes may sue the Company if the Company's products or processes are claimed to be infringing upon their intellectual property rights.

The Company takes out 'Product Liability Insurance' wherever necessary, as a safeguard against claims. It also maintains a constant vigil on the quality standards of shipments, to ensure high quality standards of products, often superior to those required.

Risk of international operations including foreign exchange risk

The Company has operations in more than 15 countries around the world. Major business transactions viz. procurement, payments, sales, collections and funding in these countries are often carried out in the respective currencies of those countries. This exposes the Company to the fluctuations in the rate that may occur in the currencies of these countries vis-à-vis its functional currency viz. Indian Rupee.

Risk of efforts on Research and Development proving to be unproductive

The Pharmaceutical Industry is characterised by the need to invest continuously in research and development activities so as to remain competitive in the market place. The Company invests around 7% of its revenues on research and development activities (both revenue and capital expenditure) every year. This includes investment towards NCE and NDDS research. NCE and NDDS research is characterised by the significant investment and long gestation period coupled with low chance of success. This implies that the drug discovery efforts may turn unproductive at any stage and the money and efforts invested behind such efforts may not fetch any positive result. However, as a global player, this risk is a necessity as the Company aims to be a research-driven pharmaceutical company by 2020.

Risk Management and Internal Control Systems

Though it is not possible to completely eliminate various risks associated with the business of the Company, efforts are made to minimise the impact of such risks on the operations of the Company. For this, the Company has established a well-defined process of risk management which includes identification, analysis and assessment of various risks, measurement of probable impact of such risks, formulation of the risk mitigation strategies and implementation of the same so as to minimise the impact of such risks on the operations of the Company. An enterprise wide risk evaluation and validation process is carried out regularly and the review of the risk management policy is also carried out at regular intervals by the Risk Management Committee and the Board of Directors so as to ensure that the new risks which might have arisen or the impact of the existing risks which might have increased are identified and proper strategy is put in place for mitigating such risks. The Company has also put in place various internal controls for different activities so as to minimise the impact of various risks. Apart from this, a well-defined system of internal audit is in place so as to independently review and strengthen these internal controls. The Audit Committee of the Company regularly reviews the reports of the internal auditors and recommends actions for further improvement of the internal controls.



Business Responsibility Report J

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2014.

Section A [General Information about the Company]:

1. Corporate Identity Number (CIN) of the Company:	L24230GJ1995PLC025878		
2. Name of the Company:	Cadila Healthcare Limited		
3. Address of the Registered Office of the Company:	Zydus Tower, Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad - 380 015		
4. Website:	www.zyduscadila.com		
5. Email id:	upen.shah@zyduscadila.com		
6. Financial year reported:	2013-14		
7. Sector(s) that the Company is engaged in (industrial activity code-wise):			
	Group	Class	Sub Class
	210	2100	21001
	Description		
	Manufacture of medicinal substances used in the manufacture of Drugs and Pharmaceuticals.		
8. Key products / Services:	The Company manufactures and markets a wide range of healthcare products.		
9. Locations where business activity is undertaken by the Company	The Company's businesses and operations are spread across several countries worldwide. The Company's locations of plants are provided in this Annual Report. Details of business performance in India markets as well as international markets are reported as a part of the Management Discussion and Analysis, which forms part of this Annual Report.		
10. Markets served by the Company - Local / State/ National / International	As a global healthcare provider, the Company has a significant presence nationally and globally.		

Section B [Financial Details of the Company]:

Paid-up Capital (INR):	1,024 millions
Total turnover (INR):	40,421 millions
Total profit after taxes (INR):	9,036 millions
Total spending on Corporate Social Responsibility (CSR)	Appx. 1.65% of profits after tax of the year

The details of the CSR activities are given in this Annual Report.

This mission of healthier and happier communities globally has been a part of the group's business ethos and philosophy. This has enabled the Company in creating value across geographies and providing safe and efficacious therapies for several acute and chronic ailments, across the world. Its commitment to research and innovation has made the Company the only Pharma Company from India to launch innovative, research based therapies to bridge unmet healthcare needs. It was the first Indian Pharmaceutical Company to launch its own patented research product in the market to treat diabetic dyslipidemia, a chronic ailment which almost 300 mn worldwide suffer from. Collaborative research projects to develop a vaccine to prevent visceral leishmaniasis, a deadly parasitic disease are also underway. Known as Kala-Azar in India, VL is transmitted by the bite of an infected sand fly. There are over 500,000 new VL cases and 50,000 associated deaths each year. VL is the most severe form of leishmaniasis, affecting vital organs, and, if left untreated, the disease can be fatal. Such disease is the most common in India, Nepal, Bangladesh, Sudan and Brazil. While there are drugs to treat the disease, they are expensive and often toxic. To date, a safe and efficacious vaccine to prevent this disease does not exist.

Firmly committed to research and innovation, the Company believes that it is possible to create and enhance shareholders' value by being growth oriented, making research and innovation the cornerstones and creating healthier communities globally.

Section C [Other Details]:

The Company is a global pharmaceutical Company with subsidiaries in India and across the world. The Company has 30 subsidiary Companies, including 22 subsidiaries outside India. Details of the names of the subsidiaries are provided in the statements under section 212 of the Companies Act, 1956, which is a part of this Annual Report. The subsidiary companies' Business Responsibility initiatives are aligned with those of the Company.

Section D [BR Information]:

1. Details of Director / Directors responsible for BR:

a) Details of the Director / Directors responsible for implementation of the BR Policy / policies:

DIN Number : 00131852
Name : Pankaj R. Patel
Designation : Chairman and Managing Director

b) Details of the BR head:

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	Not Applicable
2.	Name	Mr. Upen H. Shah
3.	Designation	Company Secretary and Compliance Officer
4.	Telephone Number	079 - 268 68 100
5.	E-mail ID	upen.shah@zyduscadila.com

2. Principle-wise (as per NVGs) BR Policy / policies:

Alignment to National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)

NVG Principle	Chapter in BR Report	Page No.	Details in Annual Report
Business should conduct and govern themselves with Ethics, Transparency and Accountability.	Corporate Governance Structure	26	Yes
Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Quality Principles and Credo for Value Creation	26	Yes
Businesses should promote the well-being of all employees.	Building people to build our business	15, 26	Yes
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	Zydus Srishti	17, 27	Yes
Businesses should respect and promote human rights.	Human Rights	27	Yes
Businesses should respect, protect, and make efforts to restore the environment.	Environment, Health & Safety	14, 27	Yes
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Policy advocacy	28	Yes
Business should support inclusive growth and equitable development.	Zydus Srishti	17, 28	Yes
Business should engage with and provide value to their customers and consumers in a responsible manner.	The Zydus Way of manufacturing and marketing of healthcare products	08, 28	Yes

3. Principle-wise [as per NVGs] BR Policy / policies:

Sr. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for?	Y	Y	Y	Y	Y ¹	Y	-	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international standards?	The Company is abiding by the various laws and while framing the policies, the Company takes into account the best practices.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Y	N ²	N ³	N	N	Y	N	N ⁴	N ⁵
	All statutory policies are approved by the Board of Directors, whereas other policies are signed by the Chairman and Managing Director or the respective business / unit head.									
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
	The policies are implemented and being reviewed regularly by the respective business / unit head.									
6	Indicate the link for the policy to be viewed online?	www.zyduscadila.com http://zydusehs								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	All the policies are communicated to the relevant stakeholders. The Directors and Senior Management Personnel are required to affirm to the Code of Conduct and business ethics annually. Policies on Employees are available on internal portal								

Sr. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance Redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Respective business / unit head attend to any grievances pertaining to their department and address the grievances. The Company has formed a Shareholders' and Investors' Grievance Committee to redress any grievances of shareholders and investors.								
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company regularly carries out an independent audit on working of policy on Environment.								

1. The Policy is embedded in the Company's Code of Conduct, HR policies and various other HR practices.
2. The Policy is embedded in the Company's Quality and Environmental Policies, which interalia relate to safe and sustainable products.
3. The policies for the wellbeing of employees are for internal circulation to the employees and approved by the Managing Director.
4. The Board has constituted a CSR Committee to frame a CSR Policy, which will be approved by the Board of Directors.
5. The Company fulfills the requirements by introducing innovative products and services. The Company has a customer complaint redressal system.

4. Governance related to BR:

The Company has a well-defined governance structure to review different aspects of Business Responsibility. A four tier structure starts with a monthly performance review meeting which is chaired by the concerned Business Unit / Functional Head. Zydus Management Committee [ZMC] Meeting – a conclave of all business functional heads is held every quarter. Zydus Executive Board [ZEB] comprising Chairman and Managing Director, Deputy Managing Director and Executive Director meets once every month for strategic reviews. Site Business Reviews is held at global and Indian locations every quarter. The Board of Directors of the Company also meets every quarter to review financial and business performance of the company and all important strategic decisions. Annual Organisational Development Meetings (AOM) and the Chairman's Annual Meeting [CAM] are held once a year to discuss and set the agenda for broad-based organisational development and goal setting.

Strategic Guidance	By the Board of Directors
Strategic Goal setting and decision making	By the Zydus Executive Board
Strategic Management	By the Zydus Management Committee
Operational Reviews and Executive management	By Business / Functional Heads

While the policies and guidelines under the NVGs are being followed in the Company, they are being compiled and made available as a part of the Business Responsibility Report in the Annual Report of 2013-14. This will now be published annually and placed on the company's website.

Section E [Principle-wise Performance]:

Principle 1 : [Business should conduct and govern themselves with Ethics, Transparency and Accountability]:

The Board of Directors has approved a Code of Business Conduct and Ethics, which is applicable to all Board Members and employees of the Company. This is reported and reviewed annually. The Company also has a Whistle Blower Policy approved by the Board and is applicable to all employees of the Company. Further, our major suppliers are also required to agree to conform to the code of responsible business conduct.

The Company received 33 complaints from the investors / shareholders and no complaint remained unresolved / unattended by the end of the year. However, there was no stakeholder complaint in the reporting period with regard to ethics, bribery and corruption.

Principle 2: [Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle]:

All our manufacturing facilities are approved by the leading regulatory agencies of US, Brazil, U.K., India, etc. The approvals are given after a thorough audit of standard operating procedures and protocols. Hence utmost care is taken to ensure that products conform to stringent quality standards and bio-stability of products is also submitted during the periodic audits. All these manufacturing plants also have received environment audit certifications from ISO and OHSAS.

The Company produces large number of formulations and APIs at various manufacturing sites and therefore ascertaining per unit of product consumption of energy, water and raw material, etc. is not possible.

The Company has identified the approved vendors for procuring materials and a Standard Operating Procedure is in place for sourcing raw materials. This includes sample approvals, performance trials, plant audit and regulatory clearances. Majority procurement of materials is from the approved manufacturers.

The Company procures goods and services from the local and small producers for its manufacturing premises and offices. It improves operational efficiency and helps save on transportation costs, inventory management and risk mitigation. Adequate guidance and counselling are also provided to them about system and procedures for regulated markets.

Important raw materials and solvents are recovered and recycled. It is part of the operational management. Full-fledged Solvent Recovery Plant at our API manufacturing sites recovers solvents generated during the process of manufacturing. The Company reuses appx. 50% of solvents generated in the manufacturing process.

Principle 3: [Businesses should promote the well-being of all employees]:

1. Please indicate the total number of employees and the number of contractual employees, woman employees and permanent employees with disabilities:

Sr. No.	Category of Employees	No. of Employees
1.	Management staff	4,647
2.	Marketing field staff	5,963
3.	Others	1,617
	Total	12,227
4.	Contractual employees	2,450
5.	Permanent women employees	682
6.	Permanent employees with disabilities	31

2. The Company has a recognised employees association and 8.2% of our permanent employees are members of this association. The Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year.

3. What percentage of your above mentioned employees were given safety and skill up-gradation training in the last year?

The permanent and contractual employees at the Company's manufacturing site, Research and Development Centre and other corporate offices are provided training on relevant Environment, Health and Safety aspects. Further, all other employees are given soft skill up-gradation training to improve their skills as may be relevant to the respective functions.

Principle 4: [Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised]:

The Company has mapped its internal and external stakeholders. We recognise employees, business associates, joint venture partners, suppliers, vendors, NGOs, communities, shareholders / investors, regulatory authorities and other governmental bodies and intermediaries as our key stakeholders.

The Company has also identified disadvantaged, vulnerable and marginalized stakeholders. The Senior Management of the Company also devotes its time and resources to various agencies involved in the education and health arena. The Company works actively to enhance the employability of youth, leading to income generation and economic empowerment in the marginalised section of the communities.

Nearly 80% of all the shop floor workers in our manufacturing premises are from the economically disadvantaged groups and local communities. The company invests in their skill development and upgradation, health check-ups and ensures other quality of life parameters. We have processes in place to ensure upholding of the rights of our employees and protect them against any form of discrimination.

Principle 5: [Businesses should respect and promote human rights]:

The Company is committed to the promotion of human rights and this adhered to in spirit and deed. This extends to all areas of business operations and various stakeholder groups. The Company is also committed to provide equal opportunities at all levels, safe and healthy workplaces and protecting human health and environment. The Company provides equal opportunities to all its employees to improve their skills and capabilities. The Company also has a policy in place to foster a professional, open and trusting workplace and safeguard the interests of its women employees. The Company provides help to its neighbouring communities to improve their education, cultural, economic and social well-being. There were no stakeholder complaints in the reporting period pertaining to human rights.

Principle 6: [Business should respect, protect, and make efforts to restore environment]:

All units of the Company have taken steps for curbing the carbon foot print by accrediting for ISO 140064. [http://zydusehs]. The Company has a mechanism to identify and assess potential environmental risks in its plants or projects. The Company carries out regular environment audits and files reports with the relevant authorities. Environment Statements, Consolidated Consents and Authorisations and Environment Control Compliance reports, as applicable are being filed regularly.

The Company has undertaking Membrane Bio Reactor based Effluent Treatment Plant, Soil Bio Technologies based Effluent Treatment Plant, Solvent Recovery Plant to recover spent solvent, Bio Gas Plant for treatment of the canteen waste, rain water harvesting system to harvest the rooftop rain water, Modular Plant to treat and recycle the floor waste water and general awareness campaign initiatives for clean technology, energy efficiency and renewable energy, etc. The emissions / waste generated by the Company are within the permissible limits given by CPCB and respective SPCB. There were no show cause / legal notices pending as at the end of the financial year.

Principle 7: [Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner]:

The Company is a member of following Chambers and Associations:

- A. The Indian Drug Manufacturers Association,
- B. Federation of Indian Chambers of Commerce and Industry (FICCI),
- C. Gujarat Chamber of Commerce & Industry,
- D. Indian Pharmaceutical Alliance,
- E. Pharmexcil, Hyderabad.

The Company interacts with Government / Regulatory Authorities on public policy framework through apex industry institutions, like Indian Pharmaceutical Alliance, Federation of Indian Chambers of Commerce and Industry, the Indian Drug Manufacturers Association, Pharmexcil and Gujarat Chamber of Commerce and Industry.

Principle 8: [Businesses should support inclusive growth and equitable development]:

The Company's CSR initiatives are spearheaded by the Ramanbhai Foundation. Zydus Shrishti encourages employee volunteerism and is completely an in-house effort. The team carries out initiatives in the field of education, health and research. The focus through these programs is to develop communities which we are a part of, inclusive education and creating knowledge platforms for the research community. A detailed report on this is included in this Annual Report.

Principle 9: [Businesses should engage with and provide value to their customers and consumers in a responsible manner]:

All the customer complaints that were received in the reporting period have been resolved and there are no pending complaints or consumer cases pending as on the end of the financial year. There are no material cases filed as at the end of financial year 2013-14.

The Company displays all product information on the product label, which is mandatory as may be required for the use of the products by the consumers.

The Company carries out the consumer survey / satisfaction to measure the satisfaction among its consumers. A full-fledged Pharmacovigilance cell has been set to track, review and act on any adverse event complaints. Post marketing surveillance is also carried out by the marketing team to track and monitor the efficacy and safety of the products.

Financial Section

2013-14

Directors' Report

Directors' Report:

Your Directors are pleased to present the 19th Annual Report and the audited accounts for the financial year ended on March 31, 2014.

Financial Results:

The financial performance of the Company, for the year ended on March 31, 2014 is summarised below:

(INR-Millions)		
Particulars	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Sales and Other Income	43,507	35,803
Profit before Interest, Finance Charges, Depreciation, Amortisation and Impairment and Tax (PBITD)	11,156	7,592
Less: Depreciation, Amortisation and Impairment	1,274	1,168
Profit before Interest and Finance Charges and Tax (PBIT)	9,882	6,424
Less: Interest and Finance Charges	425	1,110
Profit before Tax [PBT]	9,457	5,314
Less: Provision for Tax	421	328
Profit after Tax [PAT]	9,036	4,986
Add: Profit brought forward from the previous year	11,896	10,094
Profit available for appropriation, which is appropriated as follows:	20,932	15,080
Interim Dividend	-	1,536
Proposed Final Dividend	1,843	-
Corporate Dividend Tax on Proposed Final Dividend / Interim Dividend [Net of CDT Credit]	273	198
Transferred to Debenture Redemption Reserve	450	450
Transferred to General Reserve	1,000	1,000
Balance carried to Balance Sheet	17,366	11,896
Total	20,932	15,080
Earnings Per Share [EPS] [Face Value of shares of Rs.5/- each] [in Rupees]	44.13	24.35

Results of operations:

During the year under review, the consolidated gross sales grew by 14.69%. On standalone basis, the Company has achieved gross sales of Rs. 35,873 millions, showing a growth of 20.46% as compared to the previous year. The PBITD was increased by 46.94% to Rs. 11,156 millions and the Profit before Tax increased by 77.96% to Rs. 9,457 millions. The Profit after Tax has increased to Rs. 9,036 millions as compared to Rs. 4,986 millions in the previous year and the EPS has increased from Rs. 24.35 in the previous year to Rs. 44.13. A detailed analysis of performance for the year has been included in the Management Discussion and Analysis, which forms part of the Annual Report.

Dividend:

Your Directors have recommended a dividend of Rs. 9/- [180%] per equity share [last year interim dividend of Rs. 7.50 per equity share] on 204,748,520 equity shares of Rs. 5/- each fully paid-up for the financial year ended on March 31, 2014, amounting to Rs. 2,116 millions [inclusive of corporate dividend tax [net of CDT credit] of Rs. 273 millions]. The dividend, if declared by the shareholders at the ensuing Annual General Meeting will be paid to those shareholders, whose names stand registered in the Register of Members on July 30, 2014. In respect of shares held in dematerialised form, it will be paid to the members whose names are furnished by the National Securities Depository Limited and the Central Depository Services [India] Limited, as beneficial owners. The Dividend Payout ratio for the current year (inclusive of Corporate Dividend Tax) is 23.42% on Profits after Tax.

Management Discussion and Analysis (MDA):

MDA, for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section, which forms part of the Annual Report.

Consolidated Financial Statements:

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates and Accounting Standard AS-27 on Financial Reporting of Interest in Joint Ventures and as provided under the Listing Agreement with the Stock Exchanges, the audited Consolidated Financial Statements are provided in the Annual Report, which show the financial resources, assets, liabilities, income, profits and other details of the Company, its associate companies and its subsidiaries after elimination of minority interest, as a single entity.

Subsidiary Companies:

In accordance with the General Circular No. 51/12/2007-CL-III dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. As required under the Circular, the Board of Directors at its meeting held on May 16, 2014 passed a resolution giving consent for not attaching these documents with the Balance Sheet of the Company.

The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company, who may be interested in obtaining the same. The Annual Accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary Company. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

During the year as a part of long term strategic planning, the Company has decided to discontinue operations of its wholly owned subsidiary Company in Japan market. The Company's subsidiary Company in Japan namely Zydus Pharma Japan Company Limited may be wound up after necessary formalities as per the regulations applicable to the subsidiary Company. The accounts of this subsidiary Company are therefore not prepared on a going concern basis.

The statement containing the list of subsidiaries along with brief financial details of the subsidiaries is given in this Annual Report separately.

Directors:

The Board of Directors at their meeting held on May 16, 2014 appointed Ms. Dharmishtaben N. Rawal as an Additional Director and she shall hold office till the ensuing Annual General Meeting of the Company and she has expressed her willingness to be appointed as an Independent Director.

As per the provisions of section 149 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, your Directors are seeking appointment of Mr. H. Dhanrajgir, Mr. Nitin Raojibhai Desai and Ms. Dharmishtaben N. Rawal as independent Directors on the Board for a period of consecutive five years and they shall not be liable to retire by rotation.

Mr. Apurva S. Diwanji, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment. The Board recommends the reappointment of Mr. Apurva S. Diwanji as Director liable to retire by rotation.

Brief profile of all Independent Directors proposed to be appointed at the ensuing Annual General Meeting for a period of five consecutive years and Mr. Apurva S. Diwanji, Director retiring by rotation and seeking reappointment, as required under clause 49 of the Listing Agreement, is annexed to the notice convening the 19th Annual General Meeting, which forms part of this Annual Report.

Directors' Report

Disclosures:

There have been no material changes and commitments, which may affect the financial position of the Company between the end of the financial year and the date of this report.

Directors' Responsibility Statement:

Pursuant to the requirements under section 217 (2AA) of the Companies Act, 1956 and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby state that:

- (a) The Annual Accounts for the year ended March 31, 2014 are prepared on going concern basis;
- (b) In preparation of the Annual Accounts, all the applicable accounting standards have been followed. Necessary explanations are given for material departures, if any;
- (c) Sound accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date and
- (d) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities.

Corporate Governance:

A detailed report on the Corporate Governance together with a certificate from the statutory auditors, confirming the compliance of conditions of Corporate Governance stipulated under clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

Corporate Social Responsibility [CSR]:

In compliance of the provisions of section 135 of the Companies Act, 2013, the Board of Directors has formed a CSR Committee comprising three Directors. Ms. Dharmishtaben N. Rawal, an Independent Director is one of the members of the Committee.

Auditors:

M/s. Mukesh M. Shah & Co., Chartered Accountants, (Firm Registration No. 106625W) Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. As per the provisions of section 139 of the Companies Act, 2013 [the Act] and rules made thereunder, as M/s Mukesh M. Shah & Co., Chartered Accountants have provided their services for more than 10 years; the Company shall comply with the said provisions within a period of three years. Accordingly, M/s Mukesh M. Shah & Co., Chartered Accountants shall hold office from the conclusion of the 19th Annual General Meeting till the conclusion of the 20th Annual General Meeting.

The Company has received a letter from M/s Mukesh M. Shah & Co., Chartered Accountants to the effect that their reappointment, if made, would be within the prescribed limits under section 139 of the Act and rules made thereunder and that the firm is eligible for appointment and is not disqualified for appointment under the Act, the Chartered Accountants Act, 1949 and the rules and regulations made thereunder.

The Audit Committee and the Board of Directors recommend the reappointment of M/s Mukesh M. Shah & Co., Chartered Accountants, as the Statutory Auditors of the Company.

Auditors' Report and Notes on Accounts:

The Board has duly reviewed the Statutory Auditor's Report on the Accounts. The observations and comments, appearing in the Auditor's Report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors under section 217[3] of the Companies Act, 1956.

Cost Auditors:

The Ministry of Corporate Affairs vide General Circular No. 15/2011 dated April 11, 2011 mandated the cost audit for the Pharmaceutical Products. For conducting the cost audit for the financial year ended March 31, 2014, based on the recommendation of Audit Committee, the Board has appointed M/s Dalwadi & Associates, Cost Accountants and made an application to the Central Government in accordance with MCA Circular dated April 11, 2011. The Cost Auditor has filed the cost audit reports for the financial year ended on March 31, 2013 for Pharmaceutical Products within the due date on August 1, 2013. The due date of filing the cost audit report in XBRL was September 30, 2013.

Particulars of Employees:

The names and other particulars of the employees as set out under section 217(2A) of the Companies Act, 1956 and rules made thereunder are provided in Annexure forming part of the Report. In terms of section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary. None of the employees listed in the said Annexure is related to any Director of the Company.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988, are provided in the Annexure - A to this Report.

Acknowledgment:

Your Directors place on record their sincere appreciation for the continued co-operation extended to the Company by the Consortium Banks and Financial Institutions. Your Directors also thank the Medical Profession, the Trade and Consumers for their patronage of the Company's products. Your Directors also place on record sincere appreciation of the continued hard work put in by the employees at all levels. The Directors also thank the Company's vendors, investors, business associates, Government of India, State Government and various departments and agencies for their support and co-operation.

By Order of the Board of Directors

Place : Ahmedabad
Date : May 16, 2014

Pankaj R. Patel
Chairman

Annexure to the Directors' Report

Information under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. Conservation of Energy:

- a. The Company every year undertakes various energy conservation measures to reduce the wastage and to optimise the energy consumption. Some of the specific measures undertaken at various plants / units during the year ended on March 31, 2014 are:

- i. Installed MVR technology for high TDS water evaporation at Moraiya Plant,
- ii. Replaced Lob blower with Screw blower in ETP at Moraiya Plant,
- iii. Connected tablet, injection and CCRV area with Rotary UPS power connector at Moraiya Plant,
- iv. Installed modulating steam valve against on / off control valve at Moraiya Plant,
- v. Centralised utilities like chilled water and compressed air to minimise power consumption at Vaccine Centre,
- vi. Installed Vacuum Switch in Vacuum Pump at R&D Unit,
- vii. Installed 40 HP VFD in brine secondary pumps at Ekalbara Plant, Dabasha,
- viii. Introduced auto brushing system in 345 TR chiller condenser at Ekalbara Plant, Dabasha,
- ix. Condensate and blow down energy recovery in boiler section at Ekalbara Plant, Dabasha,
- x. Replaced FRP Solid CT Fan by Hollow FRP Cooling Fan at Ekalbara, Dabasha and Ankleshwar Plant,
- xi. Upgraded trap to minimise steam loss at Ankleshwar Plant,
- xii. Installed Cyclic Timer on ETP Aerator and Air Blower at Ankleshwar Plant and
- xiii. Installed VFD in cooling pump and in raw material store at Topical Plant.

b. Proposals for additional investments:

Some of the investments proposed for conservation of energy in the financial year 2014-15 are:

- i. Installation of second Bay of 66 KV Switch Yard at Moraiya Plant,
- ii. Installation of double compartment for Coal Boiler at Moraiya Plant,
- iii. Installation of second stage RO and Salt less softener for minimisation of MVR operation at Moraiya Plant,
- iv. Installation of UV light in AHU at Moraiya Plant,
- v. Modification of all stability chambers to run on in-house developed chilled water system at Moraiya Plant,
- vi. Replacing of AHU motors by EC motors at R&D Unit,
- vii. Installation of lighting energy saver at Ekalbara Plant, Dabasha,
- viii. Controlling Oxygen level in boiler flue gas at Ekalbara Plant, Dabasha and
- ix. Installation of Oxygen analyser and economise for improving boiler efficiency and increasing feed water temperature at Ankleshwar Plant.

c. Impact of measures (a) and (b):

The adoption of the measures listed above will result in the reduction in the consumption of energy like water, power and petroleum products apart from reduction in pollution and implementation of Green House Technology.

d. Total energy consumption and energy consumption per unit of production:

I. Power and Fuel consumption:

Particulars	Unit of Measures	2013-14 (April 1, 2013 to March 31, 2014)	2012-13 (April 1, 2012 to March 31, 2013)
1. Electricity :			
(a) Purchased:			
Units	Nos.	99250669	77618139
Total Amount	INR-Mn	675.92	522.51
Rate/Unit	INR	6.81	6.73
(b) Own Generation:			
i) Through Diesel Generator			
Units	Nos.	1762920	2678930
Units per Lt. of Diesel oil	Nos.	3.12	3.18
Cost/Unit	INR	19.33	14.43
ii) Through HFO DG Set			
Units	Nos.	-	288240
Unit per Lt. of Fuel	Nos.	-	3.97
Cost / Unit	INR	-	13.09
iii) Through CPP (Natural Gas)			
Units	Nos.	13623086	22741232
Unit per Lt. of Gas (M ³)	Nos.	3.70	3.82
Cost / Unit	INR	10.81	9.62
2. Coal (Used in Boiler for steam generation):			
Quantity	MT	19009	15328
Total Amount	INR-Mn	75.21	70.56
Average cost per MT	INR	3957	4603
3. Furnace Oil / HSD :			
Furnace Oil:			
Quantity	K.Ltrs	738.68	372.42
Total Amount	INR-Mn	35.84	17.52
Average Rate per Lt.	INR	48.52	47.05
HSD:			
Quantity	K. Ltrs	520.45	756.06
Total Amount	INR-Mn	30.67	34.68
Average Rate per Lt.	INR	58.93	45.87
4. Others/Internal Generation :			
Natural Gas:			
Quantity	M ³	9909806	12385267
Total Cost	INR-Mn	370.77	410.67
Rate/Unit per M ³	INR	37.41	33.16
Bagasse:			
Quantity	MT	1484	1510
Total Amount	INR-Mn	9.40	8.60
Rate/Unit per MT	INR	6337	5692

II. Consumption per unit of production:

As the Company manufactures wide range of APIs and number of Formulations in different pack sizes and operates in multi-facility production system, each requiring different compositions and mix, it is not possible to apportion the consumption and cost of utilities to each product.

Form - B

B. Research and Development (R&D):

a. Specific areas in which R&D work is carried out by the Company:

- i. Basic discovery research,
- ii. Clinical and advanced nonclinical development,
- iii. Preclinical development of identified candidates for IND filing,
- iv. Creating intellectual property rights,
- v. Development of chemical processes for manufacturing APIs and its intermediates which is novel, cost effective and environment friendly,
- vi. Development and submission of dossier,
- vii. Development of technically complex formulations based on drug delivery system in oral solid and topical dosage forms and
- viii. Continue to develop novel solid orals, pulmonary, parenterals, suppository, topical and oncology products.

b. Benefits derived as a result of the above R&D efforts:

- i. Developed and launched first indigenously discovered drug - Lipaglyn® [Saroglitazar],
- ii. New intellectual property developed and filed several patents,
- iii. Filed IND with Indian Regulatory Authorities and US FDA,
- iv. Launch of new products in domestic markets, including few first of its kind in the country,
- v. Quality improvement through continuous up-gradation and developing new technology and
- vi. Better production process and better yields of the end product.

c. Future plan of action:

The Company will continue its R&D efforts in the various areas indicated in (a) above and would also continue R&D efforts in Biologics and Vaccines. The major focus will be on developing new products and drug delivery systems.

d. Expenditure on R & D:

Sr. No.	Particulars	(INR - Millions)
[a]	Capital	93
[b]	Recurring	4,358
[c]	Total	4,451
[d]	Total R&D Expenditure as a percentage of total revenue from operations	11.01%

C. Technology absorption, adaptation and innovation:

I. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company has developed indigenous technology in respect of the products manufactured. R&D team of the Company continuously endeavours to develop, transfer and absorb innovative technologies and commercialise them. The API technologies are complex and developed through process chemistry innovation after investing in hardware and software. The Company is upgrading its R&D facilities on a regular basis and employs scientifically skilled manpower.

II. Benefits derived as a result of the above efforts:

- i) Improvement in effluent treatment, pollution control and all-round safety standards,
- ii) Development and introduction of new products for import substitution,
- iii) Product quality improvement with cost competitiveness and
- iv) Improvement in operational efficiency.

III. Information regarding imported technology (imported during the last 5 years reckoned from the beginning of the financial year):

- i) Technology imported : No imported technology.
- ii) Year of import : Not applicable.
- iii) Has the technology been fully absorbed : Not applicable.
- iv) If not fully absorbed, area where this has not taken place, reasons therefore and future plans of action : Not applicable.

D. Foreign exchange earnings and outgo:

a. Activities relating to export, initiatives taken to increase exports, development of new export market for products and services, and export plans:

Export sales were Rs. 20,038 millions for the financial year 2013-14. The Company's exports constitute 49.6% of the total turnover. The Company has taken several initiatives for the development of new export markets. The Company is continuously exploring possibilities of exporting its products to different markets. More details are covered in the Management Discussion and Analysis Report, which forms part of the Annual Report.

b. Total foreign exchange earnings and outgo:

During the year, the foreign exchange outgo was Rs. 6,864 millions and the earning in foreign exchange was Rs. 20,613 millions. Details of the same have been given in Notes 31 to 33 of Notes to the Financial Statements.

On behalf of the Board of Directors,

Place : Ahmedabad.
Date : May 16, 2014.

Pankaj R. Patel
Chairman

Corporate Governance Report J

Company's Philosophy on Corporate Governance Code:

Cadila Healthcare Limited believes in continuous good corporate governance and always strives to improve performance at all levels by adhering to corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and discharge of statutory dues. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of clause 49 of the Listing Agreement.

The Internal Governance for reviewing businesses:

Zydus Executive Board [ZEB], one level below the Board, on monthly basis reviews certain parameters such as health of the organisation, regulatory management, risks management strategy on need basis, safety and EHS, succession planning and leadership development. Zydus Management Committee [ZMC] comprising different business / functional heads supervises, controls and reviews the business operations on a quarterly basis.

I. Board of Directors:

The ZEB and ZMC looks after the day-to-day business affairs of the Company. The Board of Directors reviews the overall business operations at least once in a quarter based on updates on the Company's performance provided by the Chairman and Managing Director / Deputy Managing Director.

(A) Composition of the Board:

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meet with the requirements of the Code of Corporate Governance. The Board is headed by the Executive Chairman, Mr. Pankaj R. Patel, who is also the Promoter Director. As on March 31, 2014, your Company's Board comprised six Directors; which include two Executive Directors and four Non-Executive and Independent Directors, who have considerable experience in their respective fields. The constitution of Board meets with the requirements of clause 49 of the Listing Agreement. Independent Directors have expert knowledge in the fields of finance, taxation, legal and industry. Thus the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise.

(B) Board Meetings / Director's Particulars:

In compliance with clause 49 of the Listing Agreement and as required under the Companies Act, 1956 / the Companies Act, 2013, the Board meets at least once in each quarter and the gap between any two Board meetings was not more than four months. During the year under review, six board meetings were held on April 22, 2013, May 30, 2013, August 7, 2013, August 30, 2013, October 31, 2013 and February 7, 2014.

The meetings of the Board of Directors are scheduled well in advance and usually held in Ahmedabad, where the Registered Office of the Company is situated. The Chief Financial Officer and the Company Secretary in consultation with the Chairman and Managing Director prepare detailed agenda for the meetings. Directors are also free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman. The board papers comprising the agenda along with the draft of relevant resolutions, documents and explanatory notes, wherever required are sent at least a week in advance to all the Directors. The draft minutes of the meeting approved by the Chairman is circulated to all the Directors generally within fifteen days after the conclusion of the meetings.

The information generally provided to the Board for its consideration and approval is as specified in clause 49 of the Listing Agreement wherever applicable and all other materially significant matters. Such information is submitted well in advance with the agenda papers and only in exceptional and urgent cases some proposals are tabled during the course of the Board meetings. The Board periodically reviews the Compliance Report of the various laws applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliance / delayed compliance, if any.

The Independent Directors play an important role in the deliberations in Board Meetings and bring with them rich expertise in the field of pharmaceuticals, industry, marketing, accountancy, finance, taxation and other laws.

While constituting the Committee of Directors, the requirement that a Director shall not be a member of more than 10 committees and Chairman of more than 5 committees have been ensured and complied with.

The following table gives the attendance of the Directors at the Board meetings of the Company and also the number of other Directorships held in Indian Public Limited Companies [other than the Company] and Chairmanship / membership in Board Committees of Public Limited Companies as at March 31, 2014.

Name of the Director	Category and Position	Board Meetings held during the year	No. of Board Meetings attended	Whether attended last AGM	Member (Chairman)* of other Board Committees **	Number of other Directorships held
Mr. Pankaj R. Patel ***	Chairman and Managing Director	6	6	Yes	2 (1)	4
Mr. Humayun Dhanrajgir	Non-Executive and Independent Director	6	5	Yes	8 (0)	7
Mr. Nitin R. Desai	Non-Executive and Independent Director	6	4	Yes	1 (0)	2
Mr. Mukesh M. Patel	Non-Executive and Independent Director	6	6	Yes	9 (5)	6
Mr. Apurva S. Diwanji	Non-Executive and Independent Director	6	5	No	3 (1)	2
Dr. Sharvil P. Patel ****	Deputy Managing Director	6	5	Yes	2 (0)	3

* Figures in () indicate the number of Board Committees of which a Director is a Chairman.

** Other committee means Audit Committee and Shareholders / Investors Grievance Committee.

*** Promoter Director and father of Dr. Sharvil P. Patel.

**** Son of Mr. Pankaj R. Patel

(C) Non-Executive Directors' Compensation and Disclosures:

Non-Executive Directors are paid sitting fees and commission as recommended by the Board of Directors and within the limits approved by the Members. The shareholders have approved the payment of sitting fees at the Annual General Meeting held on July 27, 2010 and commission at the Annual General Meeting held on September 30, 2013 to Non-Executive Directors, which is in accordance with the applicable laws.

Apart from the above, there are no materially significant related party transactions, pecuniary transaction or relationship between the Company and its Directors except those disclosed in the financial statements for the year ended on March 31, 2014.

Corporate Governance Report J

II. Committees of the Board:

As on March 31, 2014, the Company has five Board-level Committees, namely;

- A) Audit Committee;
- B) Share Transfer Committee;
- C) Shareholders' / Investors' Grievance Committee,
- D) Committee of Directors and
- E) Remuneration Committee.

A) Audit Committee :

As on March 31, 2014, the Audit Committee comprised three Independent Directors. Names of the members and the Chairman of the Committee as on March 31, 2014 together with their attendance are given in the following table.

Name of the member	No. of Meetings held	No. of Meetings attended
Mr. Mukesh M. Patel, Chairman	6	6
Mr. Humayun Dhanrajgir	6	6
Mr. Apurva S. Diwanji	6	6

All the members of the committee have accounting, financial and management expertise. The Audit Committee held six meetings during 2013-14 on April 22, 2013, May 13, 2013, August 6, 2013, August 30, 2013, October 30, 2013 and February 6, 2014. The time gap between any two meetings was less than four months.

The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on September 30, 2013 to respond to shareholders' queries.

The Managing Director, Chief Financial Officer, Chief Accounts Officer, Statutory / Internal / Management and the Cost Auditors are invited to attend and participate in these meetings. The Company Secretary acts as Secretary to the Committee.

The Audit Committee discharges such functions and duties which are generally specified under clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956.

The management of the Company is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audit of the Company's financial statements in accordance with the generally accepted auditing practices and for issuing reports based on such audits. The Audit Committee supervises these processes.

The Company continues to derive benefit from the deliberations of the Audit Committee meetings as the members are experienced in the areas of finance, accounts, taxation, corporate laws and industry. It ensures accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

B) Share Transfer Committee:

a) Terms of reference:

The Committee is empowered to perform all the functions of the Board in relation to approval and monitoring transfers, transmission, dematerialisation, rematerialisation, issue of duplicate share certificates, splitting and consolidation of shares issued by the Company. The Committee also oversees the functions of the Registrar and Share Transfer Agent.

b) Composition:

As on March 31, 2014, the Share Transfer Committee comprises the following members:

Mr. Pankaj R. Patel - Chairman
Mr. Mukesh M. Patel
Mr. Apurva S. Diwanji

The Company Secretary acts as the Secretary to the Committee.

c) Meetings and attendance during the year:

The Committee meets on a need basis at least twice a month to ensure the regular process of transfers / transmission of shares and issuance of duplicate Share Certificates.

C) Shareholders'/Investors' Grievance Committee:

a) Terms of reference:

The Shareholders' / Investors' Grievance Committee is empowered to perform all functions of the Board in relation to handling of Shareholders' / Investors' Grievances. The Committee primarily focuses its attention to the shareholders / investors complaints received by the Company and its timely resolution.

b) Composition:

The Constitution and details of attendance of the Committee members as on March 31, 2014 are given in the following table. The Committee met four times during the year.

Name of the member	No. of Meetings held	No. of Meetings attended
Mr. Apurva S. Diwanji, Chairman	4	4
Mr. Pankaj R. Patel	4	4
Mr. Mukesh M. Patel	4	4

The Company Secretary acts as the Secretary to the Committee, who is designated as Compliance Officer pursuant to clause 47(a) of the Listing Agreement with the Stock Exchanges.

The Committee ensures that the shareholders' / investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 33 investor grievances were received and all of them have been resolved. There was no investor grievance remaining unattended and pending as on March 31, 2014.

As on March 31, 2014, 179,247 equity shares remained in the in-transit account with National Securities Depository Limited and Central Depository Services (India) Limited.

Corporate Governance Report

D) Committee of Directors:

Committee of Directors comprises three members namely; [1] Mr. Pankaj R. Patel, [2] Dr. Sharvil P. Patel and [3] Mr. Mukesh M. Patel. The Committee looks after the businesses, which are administrative in nature and within the overall board approved directions and framework. One meeting of the Committee was held during the year. The Company Secretary acts as the Secretary to the Committee.

E) Remuneration Committee:

As on March 31, 2014, the Remuneration Committee comprises all Non-Executive and Independent Directors namely [1] Mr. Nitin R. Desai, [2] Mr. Mukesh M. Patel, [3] Mr. H. Dhanrajgir and [4] Mr. Apurva S. Diwanji. The Committee evaluates the performance of the Executive Directors and determine and propose the remuneration payable to the Executive Directors. One meeting of the Committee was held during the year. The Company Secretary acts as the Secretary to the Committee.

III. Subsidiary Companies:

None of the subsidiaries of the Company come under the purview of the material non-listed subsidiary. The financial statements of subsidiaries, in particular, the investments made by subsidiaries, if any, during the quarter are reviewed by the Audit Committee of the Board of Directors.

The Board Minutes of Indian unlisted subsidiary companies are placed at the Board Meeting of the Company.

IV Disclosures:

A) Related Party Transactions:

The Company has not entered into any transaction of material nature with related parties i.e. Directors or Management, their subsidiaries or relatives conflicting with the Company's interest at large. The Register of Contracts containing transactions in which Directors are interested pursuant to the provisions of the Companies Act, 1956 is placed before the Board regularly for its approval. The details of related party transactions are disclosed in the financial section of this Annual Report.

B) Remuneration of Directors:

Mr. Pankaj R. Patel is the Managing Director and Dr. Sharvil P. Patel is the Deputy Managing Director on the Board. The Board of Directors decides the remuneration of Mr. Pankaj R. Patel and Dr. Sharvil P. Patel within the ceiling fixed by the shareholders as per the resolution passed at the Annual General Meeting held on July 19, 2011 and August 6, 2012 respectively. The remuneration was recommended by the Remuneration Committee.

Mr. Pankaj R. Patel, Chairman and Managing Director and Dr. Sharvil P. Patel, Deputy Managing Director were paid remuneration of INR 120 millions and INR 80 millions respectively by way of salary and allowances for the financial year ended on March 31, 2014.

The Company has entered into agreements with Mr. Pankaj R. Patel and Dr. Sharvil P. Patel for their respective employment for a period of five years. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 months notice in writing to the other party.

Independent Directors are paid sitting fees of Rs. 20,000/- per Board, Audit Committee and Committee of Directors meeting attended by them and commission to Non-Executive Directors which shall not exceed one per cent per annum of net profits of the Company, subject to maximum of Rs. 10 millions in aggregate. Directors are also reimbursed the travelling and out-of-pocket expenses for attending such meetings. The details of the commission / sitting fees paid to the Non-Executive Directors for the year 2013-14 are given below:

(INR - Millions)

Name of the Non-Executive Directors	Commission @	Sitting fees			Total
		Board Meetings	Audit Committee Meetings	Committee of Directors Meeting	
Mr. Mukesh M. Patel	1.40	0.12	0.12	0.02	1.66
Mr. Humayun Dhanrajgir	1.40	0.10	0.12	N.A.	1.62
Mr. Apurva S. Diwanji	1.40	0.10	0.12	N.A.	1.62
Mr. Nitin R. Desai	1.40	0.08	N.A.	N.A.	1.48

@ The Board of Directors based on the performance of the Company has decided payment of Commission to the independent Directors.

The Company does not have any stock option scheme for its Directors or employees. Moreover, there is no separate provision for payment of severance fees to the Directors.

C) Code of Conduct:

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management and the same has been placed on the Company's website. All Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review.

D) Prohibition of Insider Trading:

In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Officers and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing with the shares of the Company.

Shares held by the Directors:

Name of the Directors	No. of shares held as at March 31, 2014	Details of shares bought / (sold) during 2013-2014
Mr. Pankaj R. Patel @	153122446	Nil
Mr. Mukesh M. Patel	2400	Nil
Mr. Humayun Dhanrajgir	Nil	Nil
Mr. Apurva S. Diwanji	Nil	Nil
Dr. Sharvil P. Patel	3000	Nil
Mr. Nitin R. Desai	50400	Nil

@ Held also as a Karta of HUF and Trustee of the Family Trusts.

Corporate Governance Report J

E) Whistle Blower Policy:

The Company has a whistle blower policy. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy.

F) Management:

a) Management Discussion and Analysis Report:

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report.

b) Disclosure of material financial and commercial transactions:

As per the disclosures received from senior management, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the year under report.

G) Shareholders:

Disclosure regarding appointment or reappointment of Directors:

The particulars about the brief resume and other information for the Directors seeking appointment / reappointment as required to be disclosed under this section are provided as annexure to the notice convening the 19th Annual General Meeting.

H) Compliance by the Company:

The Company has complied with all the mandatory requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. Further, during the last three years, no penalties or strictures are imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

V. CEO/CFO Certification:

The requisite certification from the Managing Director and Chief Financial Officer required to be given under clause 49 (V) was placed before the Board of Directors of the Company.

VI. Means of Communication:

- The Company has 44,503 shareholders as on March 31, 2014. The main channel of communication to the shareholders is through Annual Report, which includes interalia, the Directors' Report, Management's Discussion and Analysis, Report on Corporate Governance and Audited Financial Results.
- The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Chairman makes presentation on the performance, operating and financial results of the Company. The Chairman also responds to the specific queries of the shareholders.
- The Company also intimates to the Stock Exchanges all price sensitive matters which in its opinion are material and of relevance to the shareholders and subsequently issues a press release on such matters, wherever necessary.
- The quarterly and half-yearly results are published in widely circulating national and local dailies such as "Business Standard" and "Jansatta", in English and Gujarati dailies respectively. These are not sent individually to the shareholders.
- The Company's results and official news releases are displayed on the Company's website, www.zyduscadila.com. The Company holds meetings and makes presentations to the institutional investors and analysts. The copies of such presentations and the transcripts of the phone calls are also made available on the Company's website.

VII. General Body Meetings:

The last three Annual General Meetings were held as under.

Year	Date and Time	Venue
2012-2013	18 th AGM on September 30, 2013 at 10.00 a.m.	H.T. Parekh Hall, Ahmedabad Management Association ATIRA Campus Dr. Vikram Sarabhai Marg Ahmedabad - 380 015
2011-2012	17 th AGM on August 6, 2012 at 10.00 a.m.	J. B. Auditorium Ahmedabad Management Association ATIRA Campus Dr. Vikram Sarabhai Marg Ahmedabad - 380 015
2010-2011	16 th AGM on July 19, 2011 at 10.00 a.m.	J. B. Auditorium Ahmedabad Management Association ATIRA Campus Dr. Vikram Sarabhai Marg Ahmedabad - 380 015

Postal Ballot:

During the year, the Company has not sought shareholders' approval through Postal Ballot.

VIII. General Shareholder Information

Date and Time of 19 th AGM	July 30, 2014 at 10.00 a.m.
Venue of 19 th AGM	H. T. Parekh Hall, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015
Financial Year	April 1, 2013 to March 31, 2014
Book Closure Date	July 21, 2014 to July 30, 2014
Registered Office Address	"Zydus Tower", Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad - 380 015.
Dividend Payment Date	August 4, 2014
Compliance Officer	Mr. Upen Shah, Company Secretary
Website Address	www.zyduscadila.com

Financial Calendar for the financial year 2014-15:

First Quarter Results	Before August 14, 2014
Half Yearly Results	Before November 14, 2014
Third Quarter Results	Before February 14, 2015
Audited Results for the year 2014-15	Before May 30, 2015

Corporate Governance Report

Listing of shares:

The equity shares of the Company are listed on the following Stock Exchanges:

Name and Address of the Stock Exchange
Ahmedabad Stock Exchange Limited Kamdheni Complex, Opp. Sahjanand College, Panjara Pole, Ahmedabad - 380 015.
Bombay Stock Exchange Limited 1st Floor, New Trading Ring, Rotunda Bldg, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001.
The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

Listing fees:

The Company has paid the annual listing fees for the financial year 2014-15 to all the Stock Exchanges where its securities are listed.

Stock code:

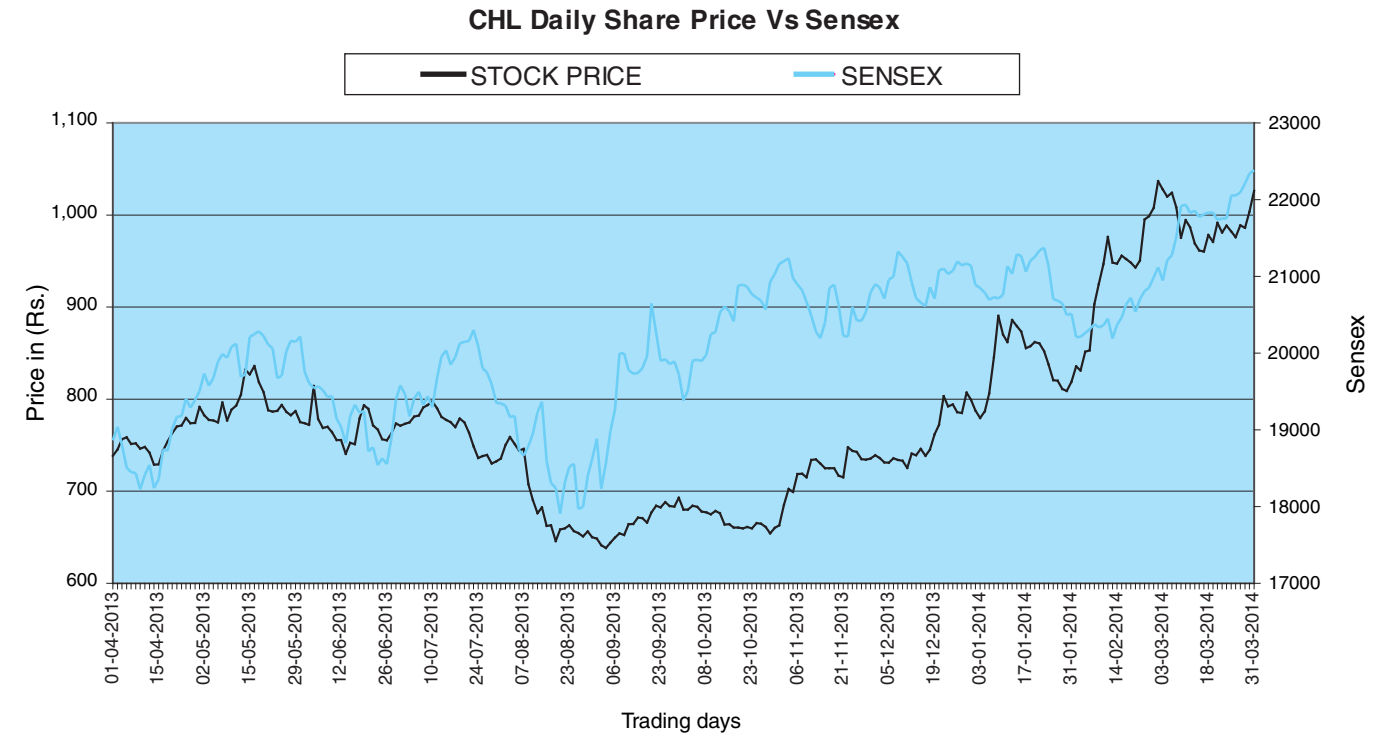
Name of the Stock Exchange	Stock Code No.	Closing Price as on March 31, 2014 (Rs.)
The National Stock Exchange of India Limited	CADILAHC	1024.95
Bombay Stock Exchange Limited	532321	1026.40
Ahmedabad Stock Exchange Limited	10927	No Trading reported

Stock price and BSE Sensex data:

Month	BSE Sensex	Mumbai Stock Exchange			National Stock Exchange of India Limited		
		High (Rs.)	Low (Rs.)	Av. Volume (In Nos.)	High (Rs.)	Low (Rs.)	Av. Volume (In Nos.)
April, 13	19504.18	802.25	720.00	8252	799.00	720.00	59209
May, 13	19760.30	846.80	762.05	12764	847.00	745.45	92160
June, 13	19395.81	838.00	731.40	43290	838.00	732.00	160458
July, 13	19345.70	818.00	725.10	65289	810.00	725.55	91517
Aug., 13	18619.72	765.00	631.00	32739	766.05	629.00	68422
Sept., 13	19379.77	702.95	635.10	16316	699.00	636.00	81796
Oct., 13	21164.52	705.00	650.00	27394	708.40	648.00	112752
Nov., 13	20791.93	764.00	666.50	37423	765.00	666.00	123710
Dec., 13	21170.68	814.90	723.10	11519	818.00	723.20	99049
Jan., 14	20513.85	908.00	730.25	29496	909.05	773.75	133325
Feb., 14	21120.12	1053.15	815.00	68698	1049.95	811.20	281361
March, 14	22386.27	1079.00	945.55	16927	1079.70	951.20	96455

No trading recorded on the Ahmedabad Stock Exchange Limited.

Chart 'A' Stock Performance: Cadila Healthcare Limited [CHL]



Registrar and share transfer agents:

For lodgment of transfer deeds and other documents or any grievances / complaints, investors may contact the Company's Registrar and Share Transfer Agent at the following address:

M/s. Sharepro Services [India] Private Limited, 416-420, 4th Floor, Devnandan Mall,
Opp. Sanyas Ashram, Nr. M.J. Library, Ellis Bridge, Ahmedabad - 380 006.
Telephone: 079 - 26582381-84. | Fax number: 079 - 26582385.
Email: sharepro.ahmedabad@shareproservices.com

Share transfer system:

A Committee of Directors has been constituted to approve the transfers, transmission, issue of duplicate shares, etc. The Company's Share Transfer Agent - M/s Sharepro Services (India) Private Limited has adequate infrastructure to process the above matters.

A predetermined process cycle at regular intervals ensures the transfer of shares (in physical form) within the stipulated time limit.

As per the requirements of clause 47 (c) of the Listing Agreement with the Stock Exchanges, the Company has obtained the half-yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

Secretarial audit:

A practicing Chartered Accountant carried out secretarial audit in each of the quarters in the financial year 2013-14, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with depositories.

Corporate Governance Report

Distribution of shareholding:

The shareholding distribution of equity shares as on March 31, 2014 is given below:

No. of Equity Shares	No. of folios	% to total folios	No. of Shares	% of shareholding
1 to 1000	42590	95.70	6287577	3.07
1001 to 2000	1065	2.39	1454516	0.71
2001 to 4000	367	0.83	1045973	0.51
4001 to 6000	121	0.27	607384	0.30
6001 to 8000	60	0.14	430319	0.21
8001 to 10000	42	0.09	379648	0.19
10001 to 20000	86	0.19	1238407	0.60
20001 to above	172	0.39	193304696	94.41
Grand Total	44503	100.00	204748520	100.00
Shareholders in Physical Mode	5005	11.25	1411977	0.70
Shareholders in Electronic Mode	39498	88.75	203336543	99.30
Grand Total	44503	100.00	204748520	100.00

Shareholding pattern as at March 31, 2014:

Category	No. of shares held		Total Shares	% of shareholding
	Physical	Electronic		
Promoters' holding	0	153138046	153138046	74.79
Mutual Funds and UTI	2883	7531867	7534750	3.68
Banks, FIs and Insurance Companies	1344	9178535	9179879	4.49
Foreign Institutional Investors	0	11902456	11902456	5.81
NRIs / OCBs	6219	552816	559035	0.27
Other Corporate Bodies	8686	10004088	10012774	4.89
Indian Public	1392845	10849488	12242333	5.98
Others [In transits]	-	179247	179247	0.09
Total	1411977	203336543	204748520	100.00

Dematerialisation of shares and liquidity:

The Company's equity shares are traded compulsorily in dematerialised form with effect from July 24, 2000. Approximately 99.30% of the equity shares have been dematerialised. ISIN number for dematerialisation of the equity shares of the Company is INE010B01019.

Location of the company's manufacturing plants:

The details of the locations of the plants of the Company are mentioned on the inside cover page of the Annual Report.

Address for correspondence:

Shareholders' correspondence should be addressed to the Company's Registrar and Share Transfer Agent at the address mentioned above.

Shareholders may also contact the Company Secretary, at the Registered Office of the Company for any assistance.

Tel. Nos. 079 - 26868100 - Extension - 326

E-mail id : secretarial@zyduscadila.com

Investors can also send their complaints at investor.grievance@zyduscadila.com, a special e-mail ID created pursuant to amendment in clause No. 47(f) of the Listing Agreement.

Shareholders holding shares in the electronic mode should address all their correspondence to their respective depository participants.

Outstanding GDRs / ADRs / Warrants, its conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs / warrants or any convertible instruments.

Details of non-compliance:

There was no non-compliance during the year and no penalties were imposed or strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority. The Company has obtained a Certificate from the Statutory Auditors of the Company with respect to compliance with the conditions of Corporate Governance and annexed the certificate with the Directors' Report and sent the same to all the shareholders of the Company. The same certificate shall also be sent to all the concerned Stock Exchanges along with the annual reports filed by the Company.

DECLARATION

I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the provisions of the code of conduct for the year ended on March 31, 2014.

Place : Ahmedabad.

Date : May 16, 2014

Pankaj R. Patel

Chairman and Managing Director

Auditors' Certificate on Corporate Governance

We have examined the compliance of the conditions of Corporate Governance by Cadila Healthcare Limited, for the year ended on March 31, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with the concerned Stock Exchanges in India.

The Compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that in respect of the investor grievances received during the year ended March 31, 2014, no such investor grievances remained unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Mukesh M. Shah & Co.**

Chartered Accountants

Firm Registration No. 106625W

Mukesh M. Shah

Partner

Membership No. 030190

Place : Ahmedabad.

Date : May 16, 2014

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CADILA HEALTHCARE LIMITED**

Report on the Financial Statements:

We have audited the accompanying financial statements of CADILA HEALTHCARE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements of the Company give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from the branch not visited by us].
 - (c) The financial statements dealt with by this Report are in agreement with the books of account [and with the returns received from the branch not visited by us].
 - (d) In our opinion, the financial statements comply with the Accounting Standards referred to in Section 211(3C) of the Act; and
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

For **MUKESH M. SHAH & CO.**
Chartered Accountants
Firm Registration No.:106625W

Mukesh M. Shah
Partner
Membership No.: 030190

Place : Ahmedabad
Date : May 16, 2014

Auditors' Report

Annexure referred to in the Independent Auditors' Report of even date to the members of CADILA HEALTHCARE LIMITED for the year ended March 31, 2014.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed assets were physically verified during the year by the management in accordance with programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) Fixed assets disposed off during the year, in our opinion, do not constitute substantial part of Fixed Assets of the Company and such disposal has not affected the going concern status of the company.
- (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable, having regard to the size of the Company and nature of its business.

(b) In our opinion, the procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
- The Company has neither granted nor taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph of the Order are not applicable to the Company for the current year.
- In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (a) In our opinion, and according to the information and explanations given to us, the particulars of all contracts or arrangements that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956, have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions exceeding rupees five lakhs each have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
- The Company has not accepted any deposits from the Public within the meaning of the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Further, we are informed that no order has been passed by the Company Law Board.
- The Company has an internal audit system which, in our opinion is commensurate with its size and the nature of its business.
- We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under Section 209(a) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other material statutory dues during the year with the appropriate authorities. Moreover, as at March 31, 2014, there are no such undisputed dues payable for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the particulars of dues of Income tax, Sales tax, Excise duty and Service tax and other material statutory dues as at March 31, 2014 which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amounts involved (Rs. in Millions)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	16.06	2005-06, 2007-08, 2008-09	Income Tax Appellate Tribunal
		11.55	2005-06, 2009-10 and 2010-11	Commissioner of Income Tax (Appeals)
The Central Sales Tax and Local Sales Tax Acts	Sales Tax	95.99	1996-97 to 1999-2000, 2001-02, 2004-05 to 2011-12	Commissioner / Deputy Commissioner / Joint Commissioner of Sales Tax / Revision Board / Adjudicating Authority
		9.06	1997-98, 2001-02	Appellate Tribunal
The Central Excise Act and Service Tax Act	Excise Duty, Service Tax	9.47	Various cases for the period 1986-87 to 1988-89, 1990-91 to 1992-99	ACCE/DCCE/JCCE/Add.Comm.
		12.92	Various Cases for the period 1997-98, 2005-06 to 2013-14	Commissioner (Appeals)
		230.71	Various cases for the period 1995-96 to 1999-2000, 2003-04 to 2013-14	Central Excise and Service Tax Appellate Tribunal
		6.33	1995-96, 2005-06 to 2011-12	High Court/ Supreme Court

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and during the immediately preceding financial year.
11. As per the information and explanation given to us, the Company has not defaulted in repayment of dues to any banks or financial institutions or debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/ nidhi/ mutual benefit fund/ society.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees / letter of comforts given by the Company for loans taken by the subsidiaries and other parties from banks are not prima facie, prejudicial to the interest of the Company.

Auditors' Report ↗

- 16. Term loans obtained by the Company were applied for the purposes for which the loans were obtained.
- 17. According to the information and explanations given to us and on an overall examination of the Cash Flow Statement and other records examined by us, we report that no funds raised on short term basis have prima facie, been used during the year for long term investment.
- 18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19. The Company has created securities in respect of Non-convertible debentures issued so far.
- 20. The Company has not raised any money by public issues during the year.
- 21. To the best of our knowledge and based on information and explanations received from the management, no fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **MUKESH M. SHAH & CO.**
Chartered Accountants
Firm Registration No.:106625W

Mukesh M. Shah
Partner
Membership No.: 030190

Place : Ahmedabad
Date : May 16, 2014

Standalone Financial Statements

Balance Sheet as at March 31, 2014

Particulars	Note No.	INR - Millions	
		As at March 31	
		2014	2013
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	1,024	1,024
Reserves and Surplus	2	35,275	28,091
		36,299	29,115
Non-Current Liabilities:			
Long Term Borrowings	3	8,536	7,941
Deferred Tax Liabilities [Net]	4	1,236	1,236
Other Long Term Liabilities	5	206	272
Long Term Provisions	6	468	348
		10,446	9,797
Current Liabilities:			
Short Term Borrowings	7	5,576	8,514
Trade Payables	8	4,617	3,607
Other Current Liabilities	9	2,986	2,695
Short Term Provisions	10	2,507	1,792
		15,686	16,608
Total		62,431	55,520
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	11	15,392	14,644
Intangible Assets	11	249	327
Capital Work-in-Progress		5,306	4,638
		20,947	19,609
Non-Current Investments	12	12,653	10,640
Long Term Loans and Advances	13	8,032	7,187
		41,632	37,436
Current Assets:			
Current Investments	14	2,924	2,159
Inventories	15	6,635	5,872
Trade Receivables	16	7,220	6,830
Cash and Bank Balances	17	894	916
Short Term Loans and Advances	18	2,709	1,910
Other Current Assets	19	417	397
		20,799	18,084
Total		62,431	55,520
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 42		
As per our report of even date		For and on behalf of the Board	
For Mukesh M. Shah & Co., Chartered Accountants Firm Registration Number: 106625W		Pankaj R. Patel Chairman & Managing Director	
Mukesh M. Shah Partner Membership Number: 030190 Ahmedabad, Dated: May 16, 2014		Sharvil P. Patel Deputy Managing Director	
Nitin D. Parekh Chief Financial Officer		Upen H. Shah Company Secretary	

Statement of Profit and Loss for the year ended March 31, 2014

Particulars	Note No.	INR - Millions	
		Year ended March 31	
		2014	2013
REVENUE:			
Revenue from Operations:	22		
Sale of Products [Gross]		35,873	29,781
Less: Excise Duty		628	616
Sale of Products [Net]		35,245	29,165
Other Operating Revenues		5,176	6,109
Net Revenue from Operations		40,421	35,274
Other Income	23	3,086	529
Total Revenue		43,507	35,803
EXPENSES:			
Cost of Materials Consumed	24	10,681	9,441
Purchases of Stock-in-Trade	25	3,827	3,324
Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	26	(357)	(90)
Employee Benefits Expense	27	5,251	4,179
Finance Costs	28	425	1,110
Depreciation, Amortisation and Impairment Expenses	11	1,274	1,168
Other Expenses	29	12,949	11,357
Total Expenses		34,050	30,489
Profit before Tax		9,457	5,314
Less: Tax Expense:			
Current Tax		628	313
Deferred Tax	4	-	4
Prior year's tax adjustments		(207)	11
		421	328
Profit for the year		9,036	4,986
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	30	44.13	24.35
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 42		
As per our report of even date		For and on behalf of the Board	
For Mukesh M. Shah & Co., Chartered Accountants Firm Registration Number: 106625W		Pankaj R. Patel Chairman & Managing Director	
Mukesh M. Shah Partner Membership Number: 030190 Ahmedabad, Dated: May 16, 2014	Nitin D. Parekh Chief Financial Officer	Upen H. Shah Company Secretary	Sharvil P. Patel Deputy Managing Director

Cash Flow Statement for the year ended March 31, 2014

Particulars	INR - Millions	
	Year ended March 31	
	2014	2013
A Cash flows from operating activities:		
Net profit before taxation and extraordinary items	9,457	5,314
Adjustments for:		
Depreciation, Amortisation and Impairment	1,274	1,168
Loss on sale of assets [Net]	32	16
Interest income	(250)	(110)
Dividend income	(2,725)	(337)
Interest expenses	700	740
Bad debts written off	24	26
Provision for doubtful debts	-	7
Provision for doubtful debts written back	(5)	(14)
Doubtful advances written off	1	-
Provision for doubtful advances [net of written back]	1	-
Provisions for employee benefits	124	(150)
Provisions for probable product expiry claims and return of goods	7	3
Total	(817)	1,349
Operating profit before working capital changes	8,640	6,663
Adjustments for:		
Increase in trade receivables	(391)	(423)
Increase in inventories	(763)	(575)
Increase in short term advances	(243)	(207)
Increase in long term advances	(73)	(70)
Decrease/ [Increase] in other current assets	6	(37)
Increase in trade payables	1,078	802
Decrease in other current liabilities	(44)	(1,178)
[Decrease]/ Increase in other long term liabilities	(66)	75
Total	(496)	(1,613)
Cash generated from operations	8,144	5,050
Direct taxes paid [Net of refunds]	221	(683)
Foreign Currency Monetary Items Translation Difference Account written off	279	3
Hedge Reserve [Net of Liability]	(20)	82
Net cash from operating activities	8,624	4,452
B Cash flows from investing activities:		
Purchase of fixed assets	(2,662)	(5,425)
Proceeds from sale of fixed assets	32	25
Purchase of Non Current investments	(2,355)	(417)
Proceeds from sale of Non Current Investments/ appropriation of Escrow accounts	214	4
Purchase of Current investments	(494)	(938)
Advances to subsidiaries/ a joint venture company	(2,849)	(1,344)
Repayment of Advances by subsidiary companies/ a joint venture company	1,245	100
Interest received	224	106
Dividend received	2,725	337
Net cash from investing activities	(3,920)	(7,552)

Cash Flow Statement for the year ended March 31, 2014 - Continued:

Particulars	INR - Millions	
	Year ended March 31	
	2014	2013
C Cash flows from financing activities:		
Proceeds from Long Term Borrowings	3,294	2,550
Repayment of Long Term Borrowings	(2,349)	(1,940)
Short Term Borrowings [Net]	(2,938)	4,377
Interest paid	(730)	(737)
Dividends paid	(1,534)	(1,533)
Tax on dividends paid	(198)	(215)
Net cash used in financing activities	(4,455)	2,502
Net increase/ [decrease] in cash and cash equivalents	249	(598)
Cash and cash equivalents at the beginning of the year	1,045	1,183
Cash and cash equivalents acquired under the Scheme [Refer Note: 40]	-	460
Cash and cash equivalents at the end of the year	1,294	1,045
Notes to the Cash Flow Statement		
1 All figures in brackets are outflows.		
2 Previous year's figures have been regrouped wherever necessary.		
3 Cash and cash equivalents at the end [beginning] of the year include Rs. 36 [Rs. 24] millions not available for immediate use.		
4 Cash and cash equivalents comprise:		
	As at March 31	
	<u>2014</u>	<u>2013</u> <u>2012</u>
a Cash on Hand	9	4 5
b Balances with Banks	885	912 1,178
c Investment in Liquid Mutual Funds	400	129 -
d Total	1,294	1,045 1,183
<u>As per our report of even date</u>		
<u>For and on behalf of the Board</u>		
For Mukesh M. Shah & Co., Chartered Accountants Firm Registration Number: 106625W		
Pankaj R. Patel Chairman & Managing Director		
Mukesh M. Shah Partner Membership Number: 030190	Nitin D. Parekh Chief Financial Officer	Upen H. Shah Company Secretary
		Sharvil P. Patel Deputy Managing Director

Notes to the Financial Statements

I-Company overview:

Cadila Healthcare Limited ["the Company"] operates as an integrated pharmaceutical company with business encompassing the entire value chain in the development, production, marketing and distribution of pharmaceutical products. The product portfolio of the Company includes API, veterinary and human formulations. The Company's shares are listed on the National Stock Exchange of India Limited [NSE], Bombay Stock Exchange Limited [BSE] and the Ahmedabad Stock Exchange Limited [ASE].

II-Significant Accounting Policies:

1 Basis of Accounting:

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and they comply with the Accounting Standards prescribed in the Companies [Accounting Standards] Rules, 2006 issued by the Central Government and other pronouncement issued by the Institute of Chartered Accountants of India [ICAI], to the extent applicable, and with the applicable provisions of the Companies Act, 1956.

2 Use of Estimates:

The preparation of Financial Statements in conformity with the Accounting Standards generally accepted in India requires, the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses for the year while actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3 Fixed Assets, Depreciation and Amortisation:

A Fixed Assets are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are put to use. The loss or gain on exchange rates on long term foreign currency loans attributable to fixed assets, effective from April 1, 2007, is adjusted to the cost of respective fixed assets.

B Depreciation is provided on "straight line method" as per Section 205 (2) (b) of the Companies Act, 1956 at the rates prescribed in Schedule XIV thereto.

C Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life.

D Leasehold land is amortised over the period of the lease.

E Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated economic life of ten years.

F Goodwill arising on Amalgamation is amortised over five years, as per Accounting Standard [AS] 14 on "Accounting for Amalgamations".

G Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life of four years as estimated by the management at the time of capitalisation.

H Depreciation on additions/ disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are put to use.

I Where the actual cost of purchase of an asset is below Rs. 10,000/-, the depreciation is provided @ 100%.

4 Impairment of Assets:

The Company, at each balance sheet date, assesses whether there is any indication of impairment of any asset and/ or cash generating unit. If such indication exists, assets are impaired by comparing carrying amount of each asset and/ or cash generating unit to the recoverable amount being higher of the net selling price or value in use. Value in use is determined from the present value of the estimated future cash flows from the continuing use of the assets.

5 Borrowing Costs:

A Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date, the assets are ready for their intended use.

B Other borrowing costs are recognised as an expense in the year in which they are incurred.

6 Expenditure during the Construction Period:

The expenditure incidental to the expansion/ new projects are allocated to Fixed Assets in the year of commencement of the commercial production.

7 Investments:

A Long term and strategic investments are stated at cost, less any diminution in the value other than temporary.

B Current investments are stated at lower of cost and fair value determined on individual investment basis.

C Investments in shares of foreign subsidiary and other companies are expressed in Indian currency at the rates of exchange prevailing at the time when the original investments were made.

8 Inventories:

A Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.

B Cost [Net of Input tax credit availed] of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods & Stock-in-Trade is determined on Moving Average Method.

C Costs of Finished Goods and Works-in-Progress are determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads.

9 Revenue Recognition:

A Revenue from Sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed on to the buyer.

B Service income is recognised as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax, wherever applicable.

C Dividend income is recognised when the unconditional right to receive the income is established.

D Interest income is recognised on time proportionate method.

E Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

Notes to the Financial Statements

II-Significant Accounting Policies-Continued:

10 Foreign Currency Transactions:

- A** The transactions in foreign currencies are stated at the rates of exchange prevailing on the dates of transactions.
- B** The net gain or loss on account of exchange rate differences either on settlement or on translation of short term monetary items is recognised in the statement of Profit and Loss.
- C** The net gain or loss on account of exchange rate differences either on settlement or on translation of long term monetary items including long term forward contracts is recognised under "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], except in case of foreign currency loans taken for funding of fixed assets, where such difference is adjusted to the cost of respective fixed assets. The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.
- D** Investments in foreign subsidiaries and other companies are recorded in Indian currency at the rates of exchange prevailing at the time when the investments were made.
- E** The foreign currency monetary assets and liabilities including forward contracts are restated at the prevailing exchange rates at the year end. The premium in respect of forward contracts is accounted over the period of the contract.

11 Derivative Instruments and Hedge Accounting:

- A** Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard 30 "Financial Instruments: Recognition and Measurement" which contains accounting for derivatives, the Company has voluntarily adopted the Standard with effect from October 1, 2011, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements in respect of accounting for derivatives and hedge accounting.
- B** The Company uses derivative instruments, such as foreign currency forward contracts, options, other non-derivative financial liabilities and interest rate swaps to hedge its foreign currency risks associated with probable forecasted sales, foreign currency trade receivables and interest rate fluctuations. The Company designates these hedging instruments as "cash flow hedge/ fair value hedge" depending on nature of transactions in applying the recognition and measurement principles set out in the Accounting Standard 30.
- C** Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in "Hedge Reserves" [under "Reserves & Surplus"] and the ineffective portion is recognised immediately in the statement of Profit and Loss.
- D** Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of Profit and Loss as they arise.
- E** Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedge Reserve is retained until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Hedge Reserve is transferred to the statement of Profit and Loss for the year.

12 Research and Development Cost:

- A** Expenditure on research and development is charged to the statement of Profit and Loss of the year in which it is incurred.
- B** Capital expenditure on research and development is given the same treatment as Fixed Assets.

13 Excise Duty:

Excise Duty is accounted gross of Cenvat benefit availed on inputs, capital goods and eligible services.

14 Employee Benefits:

A Defined Contribution Plans:

The Company contributes on a defined contribution basis to Employees' Provident Fund towards post employment benefits which is expensed in the year to which it pertains.

B Defined Benefit Plans:

The gratuity scheme is administered through the Life Insurance Corporation of India [LIC]. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the statement of Profit and Loss.

C Leave Liability:

The leave encashment scheme is administered through Life Insurance Corporation of India's Employees' Group Leave Encashment cum Life Assurance [Cash Accumulation] Scheme. The employees of the company are entitled to leave as per the leave policy of the Company. The liability on account of accumulated leaves as on last day of the accounting year is recognised [net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method.

D Employee Separation Costs:

The compensation paid to the employees under Voluntary Retirement Scheme is expensed in the year of payment.

15 Provision for Bad and Doubtful Debts/ Advances:

Provision is made in accounts for bad and doubtful debts/ advances which in the opinion of the management are considered doubtful of recovery.

Notes to the Financial Statements

II-Significant Accounting Policies-Continued:

16 Taxes on Income:

- A** Tax expenses comprise current and deferred tax.
- B** Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961.
- C** Deferred tax reflects the impact of current year timing differences between accounting and taxable income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reviewed at each balance sheet date.

17 Provision for Product Expiry Claims:

Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates.

18 Leases:

Leases are classified as operating leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets. Operating lease payments are recognised as expenses in the statement of Profit and Loss as and when paid.

19 Government Grants:

- A** Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.
- B** Government grants related to revenue are recognised on a systematic and gross basis in the statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.
- C** Government grants in the nature of incentive provided by the government without related costs are credited to Capital Reserve.

20 Provisions, Contingent Liabilities and Contingent Assets:

Provision is recognised when the company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. Contingent assets are not recognised in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

Notes to the Financial Statements

	INR - Millions	
	As at March 31	
	2014	2013
Note: 1-Share Capital:		
Authorised:		
345,000,000 [as at March 31, 2013: 345,000,000] Equity Shares of Rs.5/- each	1,725	1,725
	1,725	1,725
Issued, Subscribed and Paid-up:		
204,748,520 [as at March 31, 2013: 204,748,520] Equity Shares of Rs.5/- each fully paid-up	1,024	1,024
Total	1,024	1,024
A There is no change in the number of shares as at the beginning and end of the year. Number of shares at the beginning and at the end of the year	204,748,520	204,748,520
B The Company has only one class of equity shares having a par value of Rs. 5/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholder holding more than 5% of aggregate Equity Shares of Rs. 5/- each, fully paid: Zydus Family Trust Number of Shares % to total share holding	153,107,446 74.78%	153,107,446 74.78%
D 100,885,305 [as at March 31, 2013: 100,885,305] Equity Shares of Rs. 5/- each, fully paid-up were issued and allotted without payment being received in cash and 90,000,000 [as at March 31, 2013: 90,000,000] Equity Shares of Rs. 5/- each were extinguished in February, 2009 pursuant to Composite Scheme of Arrangement.		
E Equity Shares allotted as fully paid bonus shares during the last five years	68,249,507	68,249,507
Note: 2-Reserves and Surplus:		
Debenture Redemption Reserve:		
Balance as per last Balance Sheet	1,100	650
Add: Transfer from Surplus in statement of Profit and Loss	450	450
	1,550	1,100
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	2,000	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	13,000	12,000
Add: Transfer from Surplus in statement of Profit and Loss	1,000	1,000
	14,000	13,000
Foreign Currency Monetary Items Translation Difference Account: [***]		
Balance as per last Balance Sheet	81	78
Add: Credited during the year	279	3
	360	81
Hedge Reserve: [Refer Note-36]		
Balance as per last Balance Sheet	14	(275)
[Less]/ Add: [Debited]/ Credited during the year	(15)	289
	(1)	14
Surplus in statement of Profit and Loss:		
Balance as per last Balance Sheet	11,896	10,094
Add: Profit for the year	9,036	4,986
	20,932	15,080
Less: Appropriations:		
Dividends:		
Interim Dividend	-	1,536
Proposed Dividend	1,843	-
Corporate Dividend Tax on Dividend [Net of CDT Credit]	273	198
Transfer to Debenture Redemption Reserve	450	450
Transfer to General Reserve	1,000	1,000
	3,566	3,184
Balance as at the end of the year	17,366	11,896
Total	35,275	28,091

Notes to the Financial Statements

Note: 2-Reserves and Surplus - Continued:

[*] International Business Development Reserve was created pursuant to Composite Scheme of Amalgamation approved by the Hon'ble High Court of Gujarat and its utilisation shall be as provided in the scheme.

[**] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 1956.

[***] The Company had opted for accounting the exchange rate differences arising on the Long Term Foreign Currency Monetary Items [LTFCMI] in accordance with the notification dated March 31, 2009 and amended on December 29, 2011 under the Companies [Accounting Standards] Amendment Rules, 2009 on Accounting Standard 11 relating to "the effects of changes in foreign exchange rates". Accordingly, the effects of exchange rate differences arising from long term foreign currency loans availed for funding acquisition of fixed assets have been adjusted to the cost of respective items of fixed assets. While, in other cases, such exchange rate difference on the LTFCMI is transferred to "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], which is amortised during the tenure of the respective LTFCMI but not beyond March 31, 2020.

Note: 3-Long Term Borrowings:

	INR - Millions			
	Non-current portion		Current Maturities	
	As at March 31		As at March 31	
	2014	2013	2014	2013
A Debentures [Secured]:				
a 9.70% Redeemable Non Convertible privately placed	1,750	1,750	-	-
b 8.50% Redeemable Non Convertible privately placed	-	500	500	-
	1,750	2,250	500	-
B Term Loans from Banks:				
a Term Loan [Secured]	-	250	250	250
b External Commercial Borrowings in Foreign Currency [Secured]	5,514	4,020	720	888
c External Commercial Borrowings in Foreign Currency [Unsecured]	1,199	1,268	200	181
	8,463	7,788	1,670	1,319
C Deferred Payment Liabilities [Unsecured]:				
Interest free deemed loan against deferment of sales tax:				
a From a Financial Institution	-	14	14	14
b Deferred amount	-	56	56	57
	-	70	70	71
D From Others [Unsecured]	73	83	10	10
Total	8,536	7,941	1,750	1,400
The above amount includes:				
Secured borrowings	7,264	6,520	1,470	1,138
Unsecured borrowings	1,272	1,421	280	262
Amount disclosed under the head "Other Current Liabilities" [Note-9]	-	-	(1,750)	(1,400)
Net amount	8,536	7,941	-	-

Notes to the Financial Statements

Note: 3-Long Term Borrowings-Continued:

A Securities and Terms of Repayment for Secured Long Term Borrowings:

a The Company has issued the following Secured Redeemable Non Convertible Debentures ["Debentures"]:

- i 1,750 Debentures each of Rs. 1 Million allotted on July 14, 2011, which carry interest rate of 9.7% p.a., payable on half-yearly basis. These Debentures are redeemable at par at the end of five years from the date of allotment, with an option to the Company for redemption at the end of third year from the date of allotment. If the Company exercises its option, these Debentures will be redeemed at the end of third year from its date of allotment.
- ii 500 Debentures each of Rs. 1 Million allotted on December 4, 2009, which carry interest rate of 8.5% p.a. payable on half-yearly basis. These Debentures are redeemable at par at the end of five years from the date of allotment.

These Debentures are secured by way of mortgage on specific trade mark[s] and pari-passu charge on land of the Company situated at village Manipur in the State of Gujarat.

b Rupee Term Loan:

Rupee Term Loan of Rs. 750 Millions is secured by an equitable mortgage of all immovable properties and hypothecation of movable plant and machineries, present and future, of the Company's Formulation Unit at village Moraiya in the State of Gujarat on pari-passu basis with other lenders. The loan is further secured by way of a hypothecation of a specific trade mark. The loan is repayable in three yearly installments each of Rs. 250 Millions after a moratorium period of three years from the date of its origination [April 29, 2009] along with accrued interest for the period. Interest rates are reset at the end of every six months. Interest rate was fixed at 10% p.a. for April 2013, 9.85% p.a. w.e.f. May 1, 2013 till November 30, 2013 and at 10% p.a. from December 1, 2013 till year end. The outstanding amount of loan as at March 31, 2014 is Rs. 250 [as at March 31, 2013: Rs. 500] Millions.

c Foreign Currency Loans:

- i External Commercial Borrowing [ECB] of USD 10 Millions is secured by an equitable mortgage of all immovable properties and hypothecation of movable properties [save and except stocks, book debts and all other current assets], present and future, of the Company's API Unit at village Dabhasa/ Umraya in the State of Gujarat. The loan is further secured by way of hypothecation on a specific trade mark of the Company. The loan is repayable in five half-yearly equal installments after initial moratorium period of four years from the date of its origination [April 5, 2007] along with accrued interest for the period. Interest rates are reset every six months at the rate of 6 months USD LIBOR plus 71.5 bps p.a. The loan was fully repaid during the year on April 5, 2013. [as at March 31, 2013: Rs. 109 Millions].
- ii ECB of USD 27 Millions is secured by hypothecation of specific trademarks of the Company. The loan is repayable in three half-yearly equal installments starting from April 12, 2012 along with accrued interest for the period. Interest rates are reset every six months at the rate of 6 months USD LIBOR plus 77.5 bps p.a. The loan was fully repaid during the year on April 9, 2013. [as at March 31, 2013: Rs. 489 Millions].
- iii ECB of USD 15 Millions is secured by hypothecation of a specific trade mark of the Company. The loan is repayable on the maturity of loan at the end of five years and one day from the date of its origination [August 19, 2010] along with accrued interest for the period. Interest rates are reset every three months at the rate of 3 months USD LIBOR plus 275 bps p.a. The loan was fully repaid during the year on July 31, 2013. [as at March 31, 2013: Rs. 815 Millions].
- iv ECB of USD 8 Millions is secured by hypothecation of a specific trade mark of the Company. The loan is repayable in six half yearly installments, first five installments each of Rs. 60 Millions [USD 1 Million] and the last installment of Rs. 180 Millions [USD 3 Millions] commenced from June 29, 2012 along with accrued interest for the period. Interest rates are reset every six months at the rate of 6 months USD LIBOR plus 160 bps p.a. The outstanding amount of loan as at March 31, 2014 is Rs. 240 [as at March 31, 2013: Rs.326] Millions.
- v ECB of USD 15 Millions is secured by hypothecation of a specific trade mark of the Company. The loan is repayable in three half yearly installments after initial moratorium period of five years from the date of its origination [October 17, 2011] along with accrued interest for the period. Interest rates are reset every month at the rate of 1 month USD LIBOR plus 205 bps p.a. The outstanding amount of loan as at March 31, 2014 is Rs. 899 [as at March 31, 2013: Rs. 815] Millions.
- vi ECB of USD 20 Millions is secured by English mortgage of all immovable properties and hypothecation of movable plant and machineries, present and future, of the Company's Formulation Unit at village Moraiya in the State of Gujarat on pari-passu basis with other lenders. The loan is repayable in five half yearly installments each of Rs. 240 Millions [USD 4 Millions] after a moratorium period of 30 months from the date of its origination [November 15, 2011] along with accrued interest for the period. Interest rates are reset every month at the rate of 1 month USD LIBOR plus 145 bps p.a. Facility fees of 0.72% to be paid in 4 equal installments with first four interest payment dates. The outstanding amount of loan as at March 31, 2014 is Rs. 1,199 [as at March 31, 2013: Rs. 1,086] Millions.
- vii ECB of USD 6.67 Millions is secured by hypothecation of specific trademarks of the Company. The loan is repayable in two equal yearly installments starting from February 2, 2013 along with accrued interest for the period. Interest rates are reset every six months at the rate of 6 months USD LIBOR plus 150 bps p.a. The loan was repaid during the year on January 31, 2014. [as at March 31, 2013: Rs. 182 Millions]
- viii ECB of USD 20 Millions is secured by hypothecation of specific trade marks of the Company. The loan is repayable in three half yearly equal installments after initial moratorium period of three years from the date of its origination [March 26, 2013] along with accrued interest for the period. Interest rate is reset every month at the rate of 1 month USD LIBOR plus 161 bps p.a. The outstanding amount of loan as at March 31, 2014 is Rs. 1,199 [as at March 31, 2013: Rs. 1,086] Millions.

Notes to the Financial Statements

Note: 3-Long Term Borrowings - Continued:

- ix ECB of USD 20 Millions secured by hypothecation of specific trade marks of the Company. The loan is repayable at the end of five years from the date of its origination [July 10, 2013] along with accrued interest for the period. Interest rate is reset every month at the rate of 1 month USD LIBOR plus 180 bps p.a. The outstanding amount of loan as at March 31, 2014 is Rs. 1,199 [as at March 31, 2013: Rs. Nil] Millions.
- x ECB of USD 15 Millions secured by hypothecation of specific trade marks of the Company. The loan is repayable on August 20, 2015 along with accrued interest for the period. Interest rate is reset every month at the rate of 1 month USD LIBOR plus 165 bps p.a. The outstanding amount of loan as at March 31, 2014 is Rs. 899 [as at March 31, 2013: Rs. Nil] Millions.
- xi ECB of USD 20 Millions [utilised 10 Millions] will be secured by hypothecation of specific trade marks of the Company. The loan is repayable in three equal yearly installments starting from the end of four years from the date of its origination [March 20, 2014] along with accrued interest for the period. Interest rate is reset every month at the rate of 1 month USD LIBOR plus 160 bps p.a. The outstanding amount of loan as at March 31, 2014 is Rs. 599 [as at March 31, 2013: Rs. Nil] Millions.

B Terms of Repayment for Unsecured Long Term Borrowings:

- a Interest Free Deemed loan against deferment of sales tax from a financial institution is guaranteed personally by the Chairman and Managing Director of the Company and another loan is interest free sales tax deferred loan, repayable in six equal yearly installments starting from May 30, 2009. The outstanding amount as at March 31, 2014 is Rs. 71 [as at March 31, 2013: Rs. 141] Millions.
- b Loan from Department of Science and Technology is repayable in ten yearly equal installments starting from November 1, 2012 along with interest @ 3% p.a. Interest accrued up to October 31, 2012 will be payable in 5 yearly installments along with repayment installment starting from November 1, 2012. The outstanding amount as at March 31, 2014 is Rs. 82 [as at March 31, 2013: Rs. 93] Millions.
- c ECB of USD 10 Millions is repayable in three equal yearly installments starting from May 14, 2012 along with interest for the period. Interest rates are reset every six months at the rate of 6 months USD LIBOR plus 150 bps p.a. The outstanding amount as at March 31, 2014 is Rs. 200 [as at March 31, 2013: Rs. 363] Millions.
- d ECB of USD 20 Millions is repayable in three yearly installments starting from December 26, 2016 along with interest for the period. The first installment of Rs. 360 Millions [USD 6 Millions] and the last two installments of Rs. 419 Millions [USD 7 Millions]. Interest rates are reset every month at the rate of 1 month USD LIBOR plus 223 bps p.a. The outstanding amount as at March 31, 2014 is Rs. 1,199 [as at March 31, 2013: Rs. 1,086] Millions.

Note: 4-Deferred Tax:

- A Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under:

	INR - Millions					
	As at March 31 2012	Acquired under the Scheme [*]	Charge for the previous year	As at March 31 2013	Charge for the current year	As at March 31 2014
Deferred Tax Liabilities:						
Depreciation	1,705	(2)	272	1,975	77	2,052
Deferred Tax Assets:						
Employee benefits	99	8	42	149	(30)	119
Receivables	8	-	-	8	5	13
Unabsorbed depreciation	-	-	246	246	149	395
Others	350	6	(20)	336	(47)	289
Total	457	14	268	739	77	816
Net Deferred Tax Liabilities	1,248	(16)	4	1,236	-	1,236

- B The Net Deferred Tax Liabilities of Rs. Nil [Previous Year: Rs. 4 Millions] for the year has been provided in the statement of Profit and Loss.
- C The Company has substantial unabsorbed depreciation allowances available for set off in future for an indefinite period. Based on the review of the business plan, there is a convincing evidence that there would be sufficient future taxable income against which such deferred tax assets can be realised. However, as a matter of prudence, such deferred tax assets are recognised only to the extent of net deferred tax liability arising for the year.

[*] Refer Note:40.

	INR - Millions	
	As at March 31	
	2014	2013
Note: 5-Other Long Term Liabilities:		
Trade Deposits	52	48
Others	154	224
Total	206	272

Notes to the Financial Statements

		INR - Millions	
		As at March 31	
		2014	2013
Note: 6-Long Term Provisions:			
Provision for Employee Benefits		468	348
Total		468	348
Disclosure pursuant to Accounting Standard-15 [Revised] "Employee Benefits":			
Defined benefit plan and long term employment benefit			
A General description:			
Leave wages [Long term employment benefit]:			
The leave encashment scheme is administered through Life Insurance Corporation of India's Employees' Group Leave Encashment cum Life Assurance [Cash Accumulation] Scheme. The employees of the company are entitled to leave as per the leave policy of the company. The liability on account of accumulated leave as on last day of the accounting year is recognised [net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method.			
Gratuity [Defined benefit plan]:			
The Company has a defined benefit gratuity plan. Every employee who has completed continuous services of five years or more, gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.			
		INR - Millions	
		As at March 31	
		2014	2013
		Med. Leave	Med. Leave
		Leave Wages	Leave Wages
		Gratuity	Gratuity
B Change in the present value of the defined benefit obligation:			
Opening defined benefit obligation	8	331	568
Acquired under the Scheme [Refer Note: 40]			
Interest cost		23	42
Current service cost	2	87	75
Benefits paid		(85)	(110)
Actuarial [gains]/ losses on obligation	(1)	90	125
Closing defined benefit obligation	9	446	700
C Change in the fair value of plan assets:			
Opening fair value of plan assets	-	119	588
Acquired under the Scheme [Refer Note: 40]			
Expected return on plan assets		11	59
Contributions by employer			176
Benefits paid			(74)
Actuarial [losses]/ gains		(1)	(2)
Closing fair value of plan assets	-	129	747
Total actuarial [losses]/ gains to be recognised	-	(91)	(127)
D Actual return on plan assets:			
Expected return on plan assets	-	11	59
Actuarial [losses]/ gains on plan assets	-	(1)	(2)
Actual return on plan assets	-	10	57
E Amount recognised in the balance sheet:			
Liabilities/ [Assets] at the end of the year	9	446	700
Fair value of plan assets at the end of the year	-	(129)	(747)
Difference	9	317	(47)
Unrecognised past service cost	-	-	-
Liabilities/ [Assets] recognised in the Balance Sheet	9	317	(47)

Notes to the Financial Statements

Note: 6-Long Term Provisions - Continued:

		INR - Millions As at March 31					
		2014			2013		
		Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
F	Expenses/ [Incomes] recognised in the Statement of Profit and Loss:						
	Current service cost	2	87	75	1	45	54
	Interest cost on benefit obligation	-	23	42	1	27	48
	Expected return on plan assets	-	(11)	(59)	-	(10)	(47)
	Net actuarial [gains]/ losses in the year	(1)	91	127	(2)	(21)	(70)
	Net expenses/ [benefits]	1	190	185	-	41	(15)
G	Movement in net liabilities recognised in Balance Sheet:						
	Opening net liabilities	8	212	(20)	7	235	137
	Acquired under the Scheme [Refer Note: 40]	-	-	-	-	1	1
	Expenses as above [P & L Charge]	1	190	185	-	41	(15)
	Employer's contribution	-	(85)	(212)	1	(65)	(143)
	Liabilities/ [Assets] recognised in the Balance Sheet	9	317	(47)	8	212	(20)
H	Principal actuarial assumptions as at Balance Sheet date:						
	Discount rate	9.00%	9.00%	9.00%	8.10%	8.10%	8.10%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations]						
	Expected rate of return on plan Assets	0.00%	9.25%	9.25%	0.00%	9.25%	9.25%
	[The expected rate of return assumed by the Insurance company is generally based on its Investment pattern as stipulated by the Government of India]						
	Annual increase in salary cost	7.50%	7.50%	7.50%	5.00%	5.00%	5.00%
	[The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]						
I	The categories of plan assets as a % of total plan assets are:						
	Insurance plan	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%

		INR - Millions	
		As at March 31	
		2014	2013

Note: 7-Short Term Borrowings:			
Loans repayable on Demand:			
Working Capital Loans from Banks [Secured] [*]		1,620	4,005
Working Capital Loans from Banks [Unsecured] [**]		3,956	4,509
Total		5,576	8,514

[*] Working Capital Loans which are repayable on demand, are secured by hypothecation of inventories of all types, save and except stores and spares relating to plant and machineries [consumable stores and spares], including goods in transit, bills receivables, book debts and other movables of the Company in the nature of current assets, including documents to title of goods. Cash credit interest is in the range of 9.70% p.a. to 12.25% p.a. and Packing Credit in Foreign Currency [PCFC] interest is in the range of 45 bps to 60 bps over 1 month USD LIBOR.

[**] PCFC loans are payable during April, 2014 to September, 2014 at interest in the range of 37 bps to 60 bps over 1 or 3 month(s) USD LIBOR.

Notes to the Financial Statements

	INR - Millions	
	As at March 31	
	2014	2013
Note: 8-Trade Payables:		
Micro, Small and Medium Enterprises [*]	10	24
Others	4,607	3,583
Total	4,617	3,607
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	10	24
B Interest due thereon	-	-
C Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the year	2	1
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED	-	-
E Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
F Amount of further interest remaining due and payable in succeeding years	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.		
Note: 9-Other Current Liabilities:		
Current Maturities of Long Term Debt [Refer Note- 3]	1,750	1,400
Interest accrued but not due on borrowings	60	90
Unpaid Dividends [*]	18	16
Advances from customers	96	78
Others:		
Provision for Expenses	806	870
Payable to Statutory Authorities	255	235
Derivative Liability	1	6
Total	1,062	1,111
[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.	2,986	2,695
Note: 10-Short Term Provisions:		
Provision for Employee Benefits	24	20
Others:		
Interim Dividend	-	1,536
Proposed Dividend [Refer Note-21]	1,843	-
Corporate Dividend Tax on Dividend	273	198
Provision for Taxation [Net of advance payment of tax of Rs. 895 {as at March 31, 2013: Rs. 313} Millions]	325	3
Provision for claims for product expiry and return of goods [*]	42	35
Total	2,483	1,772
[*] Provision for claims for product expiry and return of goods:	2,507	1,792
a Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect any reimbursement of such claims in future.		
b The movement in such provision is stated as under:		
i Carrying amount at the beginning of the year	35	25
ii Acquired under the Scheme [Refer Note: 40]	-	7
iii Additional provision made during the year	42	35
iv Amount used	35	32
v Carrying amount at the end of the year	42	35

Notes to the Financial Statements**Note: 11-Fixed Assets:**

Note: 11-Fixed Assets:									INR-Millions
A	Tangible Assets:	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:									
	As at March 31, 2012	502	243	3,979	11,658	448	394	104	17,328
	Acquired under the Scheme [Refer Note: 40]	1	-	6	14	4	19	2	46
	Additions	1	-	544	2,936	43	62	24	3,610
	Disposals				(92)		(39)		(131)
	Other adjustments			6	69				75
	As at March 31, 2013	504	243	4,535	14,585	495	436	130	20,928
	Additions	153	1	235	1,241	10	77	24	1,741
	Disposals				(213)	(28)	(40)		(281)
	Other adjustments			19	233				252
	As at March 31, 2014	657	244	4,789	15,846	477	473	154	22,640
Depreciation and Impairment:									
	As at March 31, 2012	-	17	766	4,137	251	137	13	5,321
	Acquired under the Scheme [Refer Note: 40]				8	2	5	1	16
	Depreciation for the year		3	126	836	29	37	6	1,037
	Impairment for the year				(71)		(19)		(90)
	Disposals								
	As at March 31, 2013	-	20	892	4,910	282	160	20	6,284
	Depreciation for the year		2	140	956	34	40	9	1,181
	Impairment for the year								-
	Disposals				(185)	(20)	(18)	6	(217)
	As at March 31, 2014	-	22	1,032	5,681	296	182	35	7,248
Net Block:									
	As at March 31, 2013	504	223	3,643	9,675	213	276	110	14,644
	As at March 31, 2014	657	222	3,757	10,165	181	291	119	15,392
B	Intangible Assets:			Goodwill	Brands/ Trademarks	Computer Softwares	Commercial Rights	Technical Know-how	Total
Gross Block:									
	As at March 31, 2012				1,964	132	58	680	2,834
	Acquired under the Scheme [Refer Note: 40]				552	33	200	298	1,083
	Arising due to Amalgamation			102					102
	Additions					114	49		163
	Disposals								-
	Other adjustments								-
	As at March 31, 2013			102	2,516	279	307	978	4,182
	Additions					15			15
	Disposals								-
	Other adjustments								-
	As at March 31, 2014			102	2,516	294	307	978	4,197
Amortisation and Impairment:									
	As at March 31, 2012				1,843	95	56	670	2,664
	Acquired under the Scheme [Refer Note: 40]				552	10	200	298	1,060
	Amortisation for the year			20	62	41	4	4	131
	Impairment for the year								-
	Disposals								-
	As at March 31, 2013			20	2,457	146	260	972	3,855
	Amortisation for the year			21	19	46	5	2	93
	Impairment for the year								-
	Disposals								-
	As at March 31, 2014			41	2,476	192	265	974	3,948
Net Block:									
	As at March 31, 2013			82	59	133	47	6	327
	As at March 31, 2014			61	40	102	42	4	249
Notes:									
1 Buildings include Rs. 0.02 [As at March 31, 2013: 0.02] Millions being the value of unquoted shares held in cooperative societies.									
2 Additions of Rs. 112 [Previous Year: Rs. 721] Millions in research assets during the year are included in "Additions" under the respective heads of Gross Block of Tangible assets as above.									
3 Capital expenditure on Research and Development [including net decrease in Capital Work-in-progress of Rs. 19 {Previous year: Rs. 221} Millions] is Rs. 93 [Previous Year: Rs. 500] Millions.									
4 Other adjustments include adjustments on account of borrowing costs and exchange rate differences.									
5 Legal titles of some of the immovable properties acquired pursuant to the Scheme [Refer Note: 40] are in the process of being transferred in the name of the Company.									

Notes to the Financial Statements

		Nos. [*]	Face Value [**]	INR - Millions	
				As at March 31	
				2014	2013
Note: 12-Non-Current Investments:					
Long Term Investments [Valued at cost]:					
Trade Investments:					
Investments in Equity Instruments				10,334	9,835
Investments in Preference Shares				2,199	507
Investments in Convertible Preferred Stocks				-	187
Investments in a Partnership Firm				96	96
				12,629	10,625
Other Investments:					
Investments in Equity Instruments				10	10
Investments in Preference Shares				9	-
Investments in Government Securities				5	5
				24	15
Total				12,653	10,640
A Details of Trade Investments [Valued at cost]:					
Investment in Equity Instruments:					
Subsidiary Companies:					
Quoted:					
In fully paid-up equity shares of Zydus Wellness Limited		28,163,755	10	570	570
Unquoted:					
In fully paid-up equity shares of:					
Zydus Technologies Limited		42,500,000	10	425	425
Dialforhealth India Limited		5,000,000	10	50	50
German Remedies Limited		24,000	100	2	2
Biochem Pharmaceutical Industries Limited		7,500,000	10	5,250	5,464
[Change in the value of investment is pursuant to the appropriation of claims from Escrow account]					
Liva Pharmaceuticals Limited		2,000,000	10	20	-
[2,000,000 shares subscribed during the year]		[0]			
Zydus International Private Limited, Ireland		31,324,934	€ 1.462843	2,959	2,465
[3,996,234 shares subscribed pursuant to conversion of loan into equity during the year]		[27,328,700]			
ZAHL BV, the Netherlands		180	€ 100	276	276
Zydus Lanka (Private) Limited, Sri Lanka		100,000	LKR 10	1	1
Zydus Healthcare Philippines Inc.		800,000 [0]	PHP 10	12	-
[800,000 shares subscribed during the year]					
				8,995	8,683
Joint Venture Companies [Unquoted]:					
In fully paid-up equity shares of:					
Zydus BSV Pharma Private Limited		11,165,000	10	157	157
Zydus Hospira Oncology Private Limited		7,500,000	10	75	75
Zydus Takeda Healthcare Private Limited		10,000,000	10	100	100
Bayer Zydus Pharma Private Limited		25,000,000	10	250	250
				582	582
Others [Quoted]:					
In fully paid-up Common Stock of:					
Onconova Therapeutic Inc. USA [#]		651,106 [0]	\$0.01	187	-
[#] 651,106 common stock acquired pursuant to conversion of convertible preferred stock during the year					
				10,334	9,835
Investment in Preference Shares:					
Subsidiary Companies [Unquoted]:					
In fully paid-up, 8%, Redeemable Cumulative Preference shares of Zydus Technologies Limited		900,000	100	90	90
In fully paid-up, 5%, Redeemable Cumulative Preference shares of Dialforhealth India Limited					
[2,000,000 shares subscribed during the year]		2,000,000[0]	100	200	-
In fully paid-up, Optionally Convertible Redeemable Preference shares of Zydus International Private Limited		17,343,392			
[17,343,392 shares subscribed during the year]		[0]	€ 1	1,424	-
				1,714	90
Joint Venture Companies [Unquoted]:					
In fully paid-up, 10%, Redeemable Cumulative Preference Shares of Zydus BSV Pharma Private Limited		2,850,000			
[675,000 shares subscribed during the year]		[2,175,000]	100	285	217
In fully paid-up, 5%, Redeemable Non-Cumulative Preference Shares of Bayer Zydus Pharma Private Limited		20,000,000	10	200	200
				485	417
				2,199	507

Notes to the Financial Statements

		Nos. [*]	Face Value [**]	INR - Millions		
				As at March 31		
				2014	2013	
Note: 12-Non-Current Investments - Continued:						
B	In fully paid-up Convertible Preferred Stock of [Unquoted]: Onconova Therapeutic Inc. USA [#] Series B Series C	0 [521,739] 0 [280,899]	\$0.01 \$0.01	- - -	140 47 187	
	Investment in the Fixed Capital of a Partnership Firm [Unquoted]			96	96	
	Details of Other Investments [Valued at cost]: Quoted: Investment in Equity Instruments: In fully paid-up Equity Shares of: Housing Development Finance Corporation Limited HDFC Bank Limited [Rs.10,850/-]^ Kokuyo Camlin Limited [23,471 shares subscribed during the year] [as at March 31, 2013: Rs. 276,630/-]^ Camlin Fine Sciences Limited [Rs. 599,223]^ Accelya Kale Consultants Limited [Rs. 39,608/-]^ Saket Projects Limited [Rs. 50,000/-]^	219,500 4,000 72,090 [48,619] 76,000 383 5,000	2 2 1 2 10 10	1 0 1 1 0 0 0	1 0 0 1 0 0	
	Unquoted: In fully paid-up Equity Shares of: Narmada Clean Tech Limited [Rs. 12,140/-]^ Bharuch Eco-Aqua Infrastructure Limited Enviro Infrastructure Company Limited Gujarat Venture Finance Limited Saraswat Co-Op Bank Limited [Rs. 20,350/-]^ Shamrao Vithal Co-Op Bank Limited [Rs. 2,500/-]^ The Green Environment Co-operative Society Limited [Rs. 5,000/-]^ Shivalik Solid Waste Management Limited [Rs. 2,00,000/-]^	1,214 625,813 50,000 50,000 2,500 100 50 20,000	10 10 10 10 10 25 100 10	0 6 1 1 0 0 0 0	0 6 1 1 0 0 0 0	
	Investment in Preference Shares: Unquoted: In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited [900,000 Preference shares subscribed during the year]	900,000 [0]	10	9	-	
	Investments in Government Securities: National Highway Authority of India - 54EC Capital Gains Bonds [Series - XII] [Lock in for a period of three years from date of allotment]	500	10,000	5	5	
	Total [Aggregate Book Value of Investments]			12,653	10,640	
	C a i	Aggregate amount of quoted investments			759	572
	ii	Market value of quoted investments			14,457	12,418
	b	Aggregate amount of unquoted investments			11,894	10,068
	D Explanations: a In "Nos. [*]" figures of previous year are same unless stated in []. b In "Face Value [**]", figures in Indian Rupees unless stated otherwise. c []^ Figures in bracket denote Rupees.					
	E	The Company is a partner in M/s. Zyduz Healthcare, the relevant details of which are as under: Fixed Capital Current Capital Total Capital of the Firm Name of Partners and their Profit Sharing Ratio: Cadila Healthcare Limited German Remedies Limited Cadila Healthcare Staff Welfare Trust			100 3,147 3,247 96% 2% 2%	100 2,560 2,660 96% 2% 2%
	F	Legal titles of the investment in National Highway Authority of India - 54EC Capital Gains Bonds [Series - XII] acquired pursuant to the Scheme [Refer Note: 40] are in the process of being transferred in the name of the Company.				

Notes to the Financial Statements

		INR - Millions	
		As at March 31	
		2014	2013
Note: 13-Long Term Loans and Advances:			
[Unsecured, Considered Good unless otherwise stated]			
Capital Advances		251	267
Security Deposits		234	252
Loans and Advances to Related Parties [*]		5,926	4,816
Other Loans and Advances:			
Balances with Custom/ Central Excise/ Sales Tax Authorities		1,019	938
Advance payment of Tax [Net of provision for taxation of Rs. 862 {as at March 31, 2013: Rs. 1,530} Millions]		385	705
Advances recoverable in cash or in kind or for value to be received:			
Considered good		217	209
Considered doubtful		12	10
		229	219
Less: Provision for doubtful advances		12	10
		217	209
		1,621	1,852
Total		8,032	7,187
[*] Details of Loans and Advances to Related Parties [Refer Note-39 for relationship] are as under:			
a Zydus International Private Limited [optionally convertible and interest bearing unless converted]		4,250	4,060
b Dialforhealth India Limited [Interest free loan]		132	131
c Zydus Technologies Limited [Interest bearing loan]		1,264	375
d Biochem Pharmaceutical Industries Limited [Interest bearing loan]		130	-
e Bayer Zydus Pharma Private Limited [Interest bearing loan]		150	250
Total		5,926	4,816
Note: 14-Current Investments:			
	Nos. [*]		
Investments in Government Securities [Unquoted] [Valued at cost]		6	6
Investment in Mutual Funds [Quoted] [Valued at cost]:			
ICICI Prudential Mutual Fund [*]	0 [75,023.52]	-	13
Baroda Pioneer Liquid Fund - Plan B - Growth [*]	0 [87,579.94]	-	116
ICICI Prudential Liquid - Growth [*]	1,054,517.50 [0]	200	-
IDFC Cash Fund - Growth [*]	128,425.65 [0]	200	-
		400	129
Investments in Current Capital of a Partnership Firm [Refer Note-12 E]		2,518	2,024
Total		2,924	2,159
A a i Aggregate amount of quoted investments		400	129
ii Market value of quoted investments		401	131
b Aggregate amount of unquoted investments		2,524	2,030
B Explanations:			
a In "Nos. [*]" figures of previous year are same unless stated in [].			
[*] Considered as cash and cash equivalents for Cash Flow Statement			
Note: 15-Inventories:			
[The Inventory is valued at lower of cost and net realisable value]			
Classification of Inventories:			
Raw Materials		2,460	2,199
Work-in-Progress		931	945
Finished Goods		1,856	1,575
Stock-in-Trade		794	708
Stores and Spares		10	24
Others:			
Packing Materials		584	421
Total		6,635	5,872
The above includes Goods in transit as under:			
Raw Materials		16	58
Stock-in-Trade		10	1
Packing Materials		10	3

Notes to the Financial Statements

	INR - Millions	
	As at March 31	
	2014	2013
Note: 16-Trade Receivables:		
Outstanding for a period exceeding six months from the date they are due for payment:		
Secured - Considered good [as at March 31, 2013: Rs. 371,162]	8	0
Unsecured - Considered good	102	162
Considered doubtful	9	14
	119	176
Less: Provision for doubtful debts	9	14
	110	162
Others- Considered good:		
Secured	708	862
Unsecured	6,402	5,806
	7,110	6,668
Total	7,220	6,830
Note: 17-Cash and Bank Balances:		
Balances with Banks [*]	885	912
Cash on Hand	9	4
Total	894	916
[*] Earmarked balances with banks:		
A Balances with Banks include:		
i Balances in unclaimed dividend accounts	18	16
ii Balances to the extent held as margin money deposits against Guarantee	8	8
B Bank deposits with maturity of more than 12 months	10	-
C Company keeps Fixed deposit with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
Note: 18-Short Term Loans and Advances:		
[Unsecured, Considered Good]		
Loans and advances to related parties [*]	627	7
Others:		
Balances with Custom/ Central Excise/ Sales Tax Authorities	1,382	1,147
Advances to Suppliers	590	656
Advances recoverable in cash or in kind or for value to be received	110	100
Total	2,709	1,910
[*] Details of Loans and Advances to Related Parties [Refer Note-39 for relationship] are as under:		
a Etna Biotech S.R.L. [Advance given for research activities]	5	7
b Zydus International Private Limited [Advance for subscription to Optionally Convertible Redeemable Preference Shares]	622	-
Total	627	7

Notes to the Financial Statements

	INR - Millions	
	As at March 31	
	2014	2013
Note: 19-Other Current Assets:		
[Unsecured, Considered Good]		
Interest Receivables	33	7
Income Receivables	3	2
Insurance Claim Receivables	8	49
Export Incentive Receivables	276	291
Prepaid Expenses	97	36
Other Receivables	-	12
Total	417	397
Note: 20-Contingent Liabilities and commitments [to the extent not provided for]:		
A Contingent Liabilities:		
a Claims against the Company not acknowledged as debts [Net of advance of Rs. 4 {Previous Year: Rs. 5} Millions]		
[Including Rs. 2 {as at March 31, 2013: Rs. 1} Millions in respect of Amalgamated {*} Companies]	92	89
b i In respect of guarantees given by Banks and/ or counter guarantees given by the Company	32	84
ii In respect of letter of comforts/ corporate guarantees given by the Company to Banks for the outstanding dues of loans availed by some of the subsidiary companies	11,095	10,510
c Other money for which the company is contingently liable:		
i In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority [Net of advance of Rs. 11 {Previous Year: Rs. 11} Millions]		
[Including Rs. 9 {as at March 31, 2013: Rs. 9} Millions in respect of Amalgamated {*} Companies]	258	184
ii In respect of the demands raised by the Ministry of Chemicals & Fertilizers, Govt. of India under Drug Price Control Order, 1979/ 1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations and disputed by the Company, which the Company expect to succeed based on the legal advice [Net of advance of Rs. 264 {Previous Year: Rs. 144} Millions]		
[Including Rs. 49 {as at March 31, 2013: Rs. 49} Millions in respect of Amalgamated {*} Companies]	227	184
iii In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts [Net of advance of Rs. 33 {Previous Year: Rs. 74} Millions]	28	25
iv In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts [Net of advance of Rs. 50 {Previous Year: Rs. 50} Millions]	55	41
v Letters of Credit for Imports	56	50
vi The Company has imported certain capital equipment at concessional rate of custom duty under "Export promotion of Capital Goods Scheme" of the Central Government. The Company has undertaken an incremental export obligation to the extent of US \$ 10 Millions [equivalent to Rs. 611 Millions approx. {Previous Year: US \$ 35 Millions (equivalent to Rs. 1,905 Millions approx.)}] to be fulfilled during a specified period as applicable from the date of imports. The unprovided liability towards custom duty payable thereon in respect of unfulfilled export obligations	102	366
[*] represents contingent liabilities taken over by the Company under the Scheme of Arrangement and Amalgamation of Cadila Laboratories Limited, and erstwhile Cadila Chemicals Limited, Cadila Antibiotics Limited, Cadila Exports Limited and Cadila Veterinary Private Limited with the Company w.e.f. June 1, 1995.		
B Commitments:		
a Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances of Rs. 59 {Previous Year: Rs. 90} Millions]	477	779
Note: 21- Proposed Dividends:		
The Board of Directors, at its meeting held on May 16, 2014, recommended the final dividend of Rs. 9/- per equity share of Rs. 5/- each.		

Notes to the Financial Statements

	INR - Millions	
	Year ended March 31	
	2014	2013
Note: 22-Revenue from Operations:		
Details of Gross Sales under broad heads:		
Tablets	15,891	13,161
Capsules	5,156	3,805
Injections	3,092	2,972
Bulk Drugs	3,747	3,335
Others	7,987	6,508
Total	35,873	29,781
Other Operating Revenues:		
Share of Profit from a Partnership Firm	3,782	4,428
Royalty Income	301	600
Net Gain on foreign currency transactions and translation [*]	351	519
Miscellaneous Income	742	562
Total	5,176	6,109
[*] includes research related Net Loss on foreign currency transactions and translation	45	36
Note: 23-Other Income:		
Interest Income [Gross]:		
From Long Term Investments [Rs. 300,000 {Previous Year: Rs. 300,000}]	0	0
From Others [Other than current investments]	250	110
	250	110
Dividend Income [Gross]:		
From Long Term Investments [*]	2,725	337
Gain on Sale of Investments	13	5
Other Non-operating Income	98	77
Total	3,086	529
[*] Includes dividend from subsidiary companies	377	209
Note: 24-Cost of Materials Consumed:		
Raw Materials [Pharmaceutical Ingredients]: [*]		
Stock at commencement	2,199	1,655
Add: Acquired under the Scheme [Refer Note: 40]	-	45
Add: Purchases	8,688	7,773
	10,887	9,473
Less: Stock at close	2,460	2,199
	8,427	7,274
Packing Materials consumed	2,254	2,167
Total	10,681	9,441
[*] None of material individually accounts for more than 10% of the total consumption.		
Note: 25-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade [*]	3,827	3,324
Total	3,827	3,324
[*] Details of purchases of Stock-in-trade under broad heads:		
Tablets	1,274	1,051
Capsules	446	616
Injections	367	312
Dry Powder Injections	299	312
Others	1,441	1,033
Total	3,827	3,324

Notes to the Financial Statements

		INR - Millions	
		Year ended March 31	
		2014	2013
Note: 26-Changes in Inventories:			
Stock at commencement:			
Work-in-Progress [*]	945		917
Finished Goods [**]	1,575		1,363
Stock-in-Trade [***]	708		637
	3,228		2,917
Add: Acquired under the Scheme [Refer Note: 40]			
Finished Goods	-		77
Stock-in-Trade	-		143
	-		220
Less: Stock Reserve on Acquired Stock	-		2
Less: Stock at close:			
Work-in-Progress [*]	931		945
Finished Goods [**]	1,856		1,575
Stock-in-Trade [***]	794		708
	3,581		3,228
	(353)		(93)
Differential Excise Duty on Opening and Closing stock of Finished Goods	(4)		3
Total	(357)		(90)
	INR - Millions		
	As at March 31		
	2014	2013	2012
[*] Details of Work-in-Progress under broad heads:			
Tablets	116	127	109
Capsules	86	53	25
Injections	37	38	38
Bulk Drugs	556	538	508
Vaccines	111	160	224
Others	25	29	13
Total	931	945	917
[**] Details of Finished Goods under broad heads:			
Tablets	617	571	449
Capsules	204	153	124
Injections	167	199	139
Bulk Drugs	581	370	419
Others	287	282	232
Total	1,856	1,575	1,363
[***] Details of Stock-in-Trade under broad heads:			
Tablets	310	296	259
Capsules	84	60	50
Injections	76	81	74
Dry Powder Injections	58	90	150
Liquids	90	72	66
Others	176	109	38
Total	794	708	637

Notes to the Financial Statements

	INR - Millions	
	Year ended March 31	
	2014	2013
Note: 27-Employee Benefits Expense:		
Salaries and wages	5,676	4,831
Contribution to provident and other funds [*]	460	236
Staff welfare expenses	193	158
Gross Expenses	6,329	5,225
Less: Recovery of expenses towards Cost Allocation Charges [**]	1,078	1,046
Total	5,251	4,179
Above expenses includes Research related expenses as follows:		
Salaries and wages	755	721
Contribution to provident and other funds	60	57
Staff welfare expenses	33	34
Total	848	812
[*] The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees, as specified under the law. The contributions are paid to the Provident Fund Trust set up by the Company or to the respective Regional Provident Fund Commissioner under the Pension Scheme. The Company is generally liable for annual contribution and any shortfall in the trust fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year it is incurred.		
[**] This refers to the recovery of cost allocation from Zydus Healthcare, Sikkim, pursuant to the Cost Allocation Agreement between the Company and Zydus Healthcare, Sikkim, wherein the parties have agreed to share the company's common resources.		
Note: 28-Finance Cost:		
Interest expense [*]	700	740
Other Borrowing Costs	7	7
Net [Gain]/ Loss on foreign currency transactions and translation	(321)	328
Bank commission & charges	39	35
Total	425	1,110
[*] The break up of interest expense into major heads is given below:		
On term loans	191	210
On debentures	212	212
On working capital loans	291	308
Others	6	10
Total	700	740

Notes to the Financial Statements

	INR - Millions	
	Year ended March 31	
	2014	2013
Note: 29-Other Expenses:		
Research Materials	499	767
Analytical Expenses	1,123	1,267
Consumption of Stores and spare parts	887	712
Power & fuel	1,133	1,165
Rent [*]	58	58
Repairs to Buildings	85	81
Repairs to Plant and Machinery	360	284
Repairs to Others	112	81
Insurance	109	116
Rates and Taxes [excluding taxes on income]	22	21
Processing Charges	426	377
Managing Directors' Remuneration	200	200
Commission to Directors	6	5
Traveling Expenses	756	703
Legal and Professional Fees	1,153	791
Commission on sales	418	349
Freight and forwarding on sales	859	1,050
Representative Allowances	607	528
Other marketing expenses	2,636	1,940
Bad Debts:		
Bad debts written off	24	26
Provision for Doubtful Debts	-	7
	24	33
Less: Transferred from Provision for Doubtful Debts	(5)	(14)
	19	19
Doubtful Advances:		
Doubtful advances written off	1	-
Provision for Doubtful Advances	1	-
	2	-
Directors' fees	1	1
Net Loss on disposal of Fixed Assets [Net of gain of Rs. 1 {Previous Year: Rs. 2} Millions]	32	16
Donations [**]	147	48
Miscellaneous Expenses [***]	1,701	1,215
Gross Expenses	13,351	11,794
Less: Recovery of expenses towards Cost Allocation Charges [Refer Note: 27 {**}]	402	437
Total	12,949	11,357
Above expenses includes Research related expenses as follows:		
Research Materials	499	767
Analytical expenses	1,123	1,267
Consumption of Stores and spare parts	419	365
Power & Fuel	92	115
Repairs to Buildings	3	11
Repairs to Plant and Machinery	24	13
Repairs to Others	16	17
Insurance	6	11
Traveling Expenses	29	34
Legal and Professional fees	559	379
Loss on Fixed Assets [Previous Year: Rs. 422,868]	5	0
Miscellaneous Expenses [excluding Depreciation of Rs. 213 {Previous Year: Rs. 194} Millions]	690	600
Total	3,465	3,579
[*] The Company has taken various residential/ office premises/ godowns under operating lease or leave and license agreement with no restrictions and are renewable/ cancellable at the option of either of the parties. There are no sub-leases. The lease payments recognised under "Rent Expenses" are:		
	58	53
[**] Donations include political donations pursuant to Section 293 A of the Companies Act, 1956 to:		
a Bharatiya Janata Party	20	21
b Nationalist Congress Party	10	-
[***] Miscellaneous Expenses include Payment to the Statutory Auditors [excluding Service Tax]:		
a i As Auditor	5	4
ii For taxation matters	1	1
iii For Other Services	1	1
iv Total	7	6
b Cost Auditor's Remuneration including fees for other services [excluding Service Tax]	1	1

Notes to the Financial Statements

		INR - Millions			
		Year ended March 31			
		2014	2013		
Note: 30-Calculation of Earnings per Equity Share [EPS]:					
The numerators and denominators used to calculate the basic and diluted EPS are as follows:					
A Profit attributable to Shareholders	INR-Millions	9,036	4,986		
B Basic and weighted average number of Equity shares outstanding during the year	Numbers	204,748,520	204,748,520		
C Nominal value of Equity share	INR	5	5		
D Basic & Diluted EPS	INR	44.13	24.35		
Note: 31-Value of Imports calculated on CIF basis:					
Raw materials		2,907	2,360		
Packing Materials		232	200		
Finished goods		303	223		
Spare Parts		354	178		
Capital goods		414	1,112		
Note: 32-Expenditure in Foreign Currency:					
Royalty		45	45		
Professional and Consultation Fees		622	463		
Interest		221	257		
Others [including Travelling, Commission, Patent fees, Trademarks, Personnel cost, Research & Development expenses, Marketing expenses etc.]		1,766	1,782		
Note: 33-Earnings in Foreign Exchange:					
Export of goods calculated on F.O.B. basis		20,038	15,442		
Royalty, Know-how, professional and consultation fees		301	601		
Others		274	193		
Note: 34-Remittances made on account of dividend in Foreign currency		Nil	Nil		
Note: 35-Raw Materials and Spare parts consumed:					
	Year ended March 31				
	2014		2013		
	INR - Millions	% to Total	INR - Millions	% to Total	
	Value of Raw Materials Consumed:				
	Imported	2,403	29	1,598	22
	Indigenous	6,024	71	5,676	78
	Total	8,427	100	7,274	100
	Value of Spare parts Consumed:				
	Imported	355	40	178	25
	Indigenous	532	60	534	75
	Total	887	100	712	100

Notes to the Financial Statements**Note: 36-Derivative Financial Instruments:**

- A i The Company has entered into various derivative transactions, which are not intended for trading or speculation purpose but to hedge the foreign currency and interest rate fluctuations.
 ii The position of outstanding currency derivative instruments is as under:

<u>Instruments</u>	<u>Exposure</u>	<u>Risk</u>	<u>Currency Pair</u>	<u>Amount in Millions As at March 31</u>	
				<u>2014</u>	<u>2013</u>
Forward Contracts	Receivables	Currency	USD/INR	-	21
Range Option	Forecasted Sales	Currency	USD/INR	-	100
iii The position of outstanding interest rate derivative instruments is as under:					
Interest Rate Swap	Floating Rate Loan	Interest Rate	USD	3	18

- iv The company has following unhedged foreign currency risk:

	<u>Currency</u>	<u>Amount in Millions As at March 31</u>	
		<u>2014</u>	<u>2013</u>
Loans, Receivables and Cash & Bank Balances	USD	100	89
	EUR	53	54
	JPY	5	3
Payables including borrowings	USD	212	222
	EUR	2	2
	JPY	-	7
	MXN	-	3

- B i. The effective portion on fair valuation of derivative instruments and non derivative financial liabilities designated as cash flow hedge, amounting to Rs. (1) [Previous year : Rs. 14] Millions is shown under "Hedge Reserve" under "Reserves and Surplus".

Note: 37-Financial Reporting of Interest in Joint Venture:

- A The Company's interest in the jointly controlled entities is as under in compliance with the requirements of the 'Accounting Standard-27 "Financial Reporting of Interest in Joint Ventures", [AS-27] issued by the Institute of Chartered Accountants of India:"

<u>Name of the Company</u>	<u>% of holdings</u>	<u>Reporting year ending on</u>	<u>Status</u>	<u>INR - Millions Amount of interest based on last audited accounts</u>			
				<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Expenditure</u>
Zydus Takeda Healthcare Private Limited	50	March 31, 2014	Unaudited	1,292	130	929	505
		March 31, 2013	Audited	1,172	126	665	444
Zydus Hospira Oncology Private Limited	50	March 31, 2014	Unaudited	2,423	155	2,275	959
		March 31, 2013	Audited	3,558	2,053	3,441	1,116
Zydus BSV Pharma Private Limited	50	March 31, 2014	Audited	314	33	95	124
		March 31, 2013	Audited	326	84	61	89
Bayer Zydus Pharma Private Limited	50	March 31, 2014	Audited	592	391	1,196	1,193
		March 31, 2013	Audited	669	471	1,232	1,299

	<u>INR-Millions As at March 31</u>	
	<u>2014</u>	<u>2013</u>
a In respect of the demand raised by the Central Excise, State Excise and Customs Authorities	3	1
b In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts.	858	1,585
c Arrears of Dividend on Cumulative Preference Shares [including Distribution Tax]	52	26
C Estimated amount of contracts remaining to be executed on capital account & not provided for [Net of Advance]	8	132

Note: 38-Segment Information:

Segment Information has been given in the Consolidated Financial Statements of the Company. Hence, as per Accounting Standard- 17 issued by the Institute of Chartered Accountants of India, no separate disclosure on segment information is given in these financial statements.

Notes to the Financial Statements

Note: 39-Related Party Transactions:

A Name of the Related Parties and Nature of the Related Party Relationship:

a Subsidiary Companies/ Concerns:

Dialforhealth India Limited	Zydus Pharmaceuticals (USA) Inc. [USA]
Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Dialforhealth Greencross Limited	Zydus Healthcare (USA) LLC [USA]
German Remedies Limited	Zydus Noveltch Inc. [USA]
Zydus Wellness Limited	Hercon Pharmaceuticals LLC [USA]
M/s. Zydus Wellness-Sikkim, a Partnership Firm	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Liva Pharmaceuticals Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Zydus Technologies Limited	Script Management Services (Pty) Ltd [South Africa]
Biochem Pharmaceutical Industries Limited	Zydus France, SAS [France]
M/s. Zydus Healthcare, a Partnership Firm	Zydus Nikkho Farmaceutica Ltda. [Brazil]
Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Pharma Japan Co. Ltd. [Japan]
Zydus Healthcare Philippines Inc. [Philippines]	Laboratorios Combix S.L. [Spain]
Zydus International Private Limited [Ireland]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Zydus Netherlands B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico Services Company SA De C.V. [Mexico]
ZAHL B.V. [the Netherlands]	Etna Biotech S.R.L. [Italy]
ZAHL Europe B.V. [the Netherlands]	
Bremer Pharma GmbH [Germany]	

b Joint Venture Companies:

Zydus BSV Pharma Private Limited	Zydus Hospira Oncology Private Limited
Zydus Takeda Healthcare Private Limited	Bayer Zydus Pharma Private Limited

c Directors and their relatives:

Shri Pankaj R. Patel	Chairman & Managing Director [C.M.D.]
Dr. Sharvil P. Patel	Deputy Managing Director & son of C.M.D.

d Enterprises significantly influenced by Directors and/ or their relatives:

Cadmach Machinery Company Private Limited	Western Ahmedabad Effluent Conveyance Company Private Limited
Zydus Hospitals and Healthcare Research Private Limited	Zest Aviation Private Limited
Zydus Hospitals (Vadodra) Private Limited	Zandra Infrastructure LLP
Zydus Hospitals (Rajkot) Private Limited	Zydus Hospital LLP
MabS Biotech Private Limited	M/s. C. M. C. Machinery
Zydus Infrastructure Private Limited	M/s. Cadam Enterprises
Cadila Laboratories Private Limited	Zandra Herbs and Plantations LLP
Pripan Investment Private Limited	

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business:

a Details relating to parties referred to in Note 39-A [a, b & d]

Value of the Transactions [INR - Millions]

Nature of Transactions	Subsidiary Companies		Joint Venture Companies Year ended March 31		Enterprises significantly influenced by Directors and/or their relatives	
	2014	2013	2014	2013	2014	2013
Purchases:						
Goods:						
Zydus Healthcare (USA) LLC	71	35	61	14		
Zydus BSV Pharma Private Limited			31	6		
Zydus Hospira Oncology Private Limited				9		
Others	8	81			9	9
Total	79	116	92	29	9	9
Fixed Assets:						
Cadmach Machinery Company Private Limited					18	45
Cadam Enterprise					54	71
Others		50				
Total	-	50	-	-	72	116
Reimbursement of Expenses paid:						
Zydus Pharmaceuticals (USA) Inc.	722	448				
Zydus France, SAS	140	47				
Others	36	117	1	34	-	-
Total	898	612	1	34	-	-

Notes to the Financial Statements

Note: 39-Related Party Transactions-Continued:

Nature of Transactions	Value of the Transactions [INR - Millions]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/or their relatives	
	Year ended March 31		Year ended March 31		Year ended March 31	
	2014	2013	2014	2013	2014	2013
Services:						
Etna Biotech S.R.L.	20	35				
Zydus Infrastructure Private Limited					17	10
Zest Aviation Private Limited					59	70
Others	10	9	3	-	-	-
Total	30	44	3	-	76	80
Sales:						
Goods:						
Zydus Pharmaceuticals (USA) Inc.	11,868	9,643				
Others	1,508	1,397	146	114		
Total	13,376	11,040	146	114	-	-
Fixed Assets:						
Biochem Pharmaceutical Industries Limited	1					
Others						3
Total	1	-	-	-	-	3
Cost allocation charges Recovered:						
M/s. Zydus Healthcare	1,663	1,666				
Reimbursement of Expenses Recovered:						
M/s. Zydus France SAS	1	-				
Others	1	4		17		
Total	2	4	-	17	-	-
Services:						
Zydus Pharmaceuticals (USA) Inc.	68	52				
Others	30	40	5	7		
Total	98	92	5	7	-	-
Investments:						
Purchases/ Subscription to Share Capital:						
Zydus International Private Limited	2,046	136				
Others	232	0	68	280		
Total	2,278	136	68	280	-	-
Change in Partner's Capital [Net]:						
M/s. Zydus Healthcare	(3,288)	(3,501)				
Share of Profit from a firm Received:						
M/s. Zydus Healthcare	3,782	4,428				
Dividend Received:						
Zydus Hospira Oncology Private Limited			2,145			
Others	377	210	200	125		
Total	377	210	2,345	125	-	-
Finance:						
Inter Corporate Loans given:						
Zydus International Private Limited	1,038	711				
Zydus Technologies Limited	889	308				
Others	169			200		
Total	2,096	1,019	-	200	-	-
Inter Corporate Loans repaid:						
Zydus International Private Limited	1,108					
Others	37		100	100		
Total	1,145	-	100	100	-	-
Interest Received:						
Zydus Technologies Limited	103	13				
Bayer Zydus Pharma Private Limited			16	24		
Others	13					
Total	116	13	16	24	-	-

Notes to the Financial Statements

Note: 39-Related Party Transactions-Continued:

Nature of Transactions	Value of the Transactions [INR - Millions]					
	Subsidiary Companies		Joint Venture Companies As at March 31		Enterprises significantly influenced by Directors and/or their relatives	
	2014	2013	2014	2013	2014	2013
Outstanding:						
Payable:						
Zydus Pharmaceuticals (USA) Inc.	48	54				
Zydus France, SAS	95	48				
Cadila Laboratories Private Limited					22	23
Others	18	27	3	18		
Total	161	129	3	18	22	23
Receivable:						
Zydus Technologies Limited	1,297	381				
Zydus Pharmaceuticals (USA) Inc.	2,633	2,224				
Zydus International Private Limited	4,250	4,060				
Others	822	1,209	154	268		
Total	9,002	7,874	154	268	-	-
Outstanding Guarantees:						
Zydus International Private Limited	1,652	-				
Zydus Pharmaceuticals (USA) Inc.	5,485	5,243				
Zydus Technologies Limited	2,022	2,021				
Others	1,936	3,246				
Total	11,095	10,510	-	-	-	-
b Details relating to persons referred to in item 39- A [c] above:						
INR-Millions						
Year ended March 31						
Remuneration:					2014	2013
Shri Pankaj R. Patel [Chairman & Managing Director]					120	120
Dr. Sharvil P. Patel [Deputy Managing Director]					80	80
As at March 31						
Outstanding remuneration payable:					2014	2013
Shri Pankaj R. Patel [Chairman & Managing Director]					118	118
Dr. Sharvil P. Patel [Deputy Managing Director]					67	67

Notes to the Financial Statements

Note: 40

In terms of the Scheme of Amalgamation [the Scheme] of Liva Healthcare Limited, Zydus Animal Health Limited and Zydus Pharmaceuticals Limited [transferor companies], which was sanctioned by the Orders of the Hon'ble High Court of Gujarat, effective date under the Scheme being August 26, 2013, transferor companies have been amalgamated with the Company w.e.f. the appointed date under the Scheme, being April 1, 2012.

Note: 41

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated February 8, 2011 and February 21, 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to exemption. Necessary information relating to subsidiaries has been included in the Consolidated Financial Statements.

Note: 42

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classifications/ disclosure.

Signatures to Significant Accounting Policies and Notes 1 to 42 to the Financial Statements

As per our report of even date

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration Number: 106625W

Mukesh M. Shah
Partner
Membership Number: 030190
Ahmedabad, Dated: May 16, 2014

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

For and on behalf of the Board

Pankaj R. Patel
Chairman & Managing Director

Sharvil P. Patel
Deputy Managing Director

Auditors' Report

To

**The Board of Directors
Cadila Healthcare Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CADILA HEALTHCARE LIMITED (the "Company"), its subsidiaries and joint ventures (the Company, its subsidiaries and joint ventures constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, annexed thereto.

Management's Responsibility for the Consolidated Financial Statements:

The Company's management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors on the financial statements of the subsidiaries and joint ventures as noted below, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters:

We did not audit the financial statements information of 27 subsidiaries and 4 joint ventures, whose financial statements/ financial information reflect total assets of Rs. 14,198 million as at 31st March, 2014, total revenues of Rs. 24,571 million and net cash outflows amounting to Rs. 374 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited/ reviewed by other auditors/ management whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, is based solely on the reports of the other auditors.

For **Mukesh M. Shah & Co.,**
Chartered Accountants
Firm Registration No. 106625W

Mukesh M. Shah
Partner
Membership No.: 030190
Place : Ahmedabad
Date : May 16, 2014.

Consolidated Financial Statements

Consolidated Balance Sheet as at March 31, 2014

Particulars	Note No.	INR - Millions	
		As at March 31	
		2014	2013
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	1,024	1,024
Reserves and Surplus	2	33,366	28,421
		34,390	29,445
Minority Interest		1,443	1,193
Non-Current Liabilities:			
Long Term Borrowings	3	13,622	14,260
Deferred Tax Liabilities [Net]	4	961	1,005
Other Long Term Liabilities	5	548	470
Long Term Provisions	6	761	665
		15,892	16,400
Current Liabilities:			
Short Term Borrowings	7	9,024	12,571
Trade Payables	8	9,108	6,568
Other Current Liabilities	9	7,081	5,092
Short Term Provisions	10	2,927	2,473
		28,140	26,704
Total		79,865	73,742
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	11	21,576	20,202
Intangible Assets	11	9,662	10,054
Capital work-in-progress		8,915	7,356
		40,153	37,612
Non-Current Investments	12	222	212
Long Term Loans and Advances	13	4,953	4,001
		45,328	41,825
Current Assets:			
Current Investments	14	644	933
Inventories	15	13,675	12,136
Trade Receivables	16	11,337	9,551
Cash and Bank Balances	17	5,488	5,838
Short Term Loans and Advances	18	2,707	2,790
Other Current Assets	19	686	669
		34,537	31,917
Total		79,865	73,742
Significant Accounting Policies	I		
Notes to the Financial Statements	1 to 35		
As per our report of even date		For and on behalf of the Board	
For Mukesh M. Shah & Co., Chartered Accountants Firm Registration Number: 106625W		Pankaj R. Patel Chairman & Managing Director	
Mukesh M. Shah Partner Membership Number: 030190 Ahmedabad, Dated: May 16, 2014		Nitin D. Parekh Chief Financial Officer	
		Upen H. Shah Company Secretary	
		Sharvil P. Patel Deputy Managing Director	

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

Particulars	Note No.	INR - Millions	
		Year ended March 31	
		2014	2013
REVENUE:			
Revenue from Operations:	21		
Sale of Products [Gross]		72,083	62,848
Less: Excise Duty		1,483	1,296
Sale of Products [Net]		70,600	61,552
Other Operating Revenue		1,640	2,025
Net Revenue from Operations		72,240	63,577
Other Income	22	507	370
Total Revenue		72,747	63,947
EXPENSES:			
Cost of Materials Consumed	23	16,288	15,107
Purchases of Stock-in-Trade	24	11,543	8,992
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	25	(695)	(897)
Employee Benefits Expense	26	10,711	9,042
Finance Costs	27	902	1,687
Depreciation, Amortisation and Impairment Expenses	28	2,012	1,847
Other Expenses	29	22,392	20,082
Total Expenses		63,153	55,860
Profit before exceptional items and Tax		9,594	8,087
Less : Exceptional Items	34	172	-
Profit before Tax		9,422	8,087
Less/ [Add]: Tax Expenses:			
Current Tax		1,346	1,317
Deferred Tax	4	(21)	(142)
Prior year's tax adjustments		(265)	13
		1,060	1,188
Profit for the year		8,362	6,899
Less: Profit transferred to Minority Interest		326	364
Net Profit for the year		8,036	6,535
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	30	39.25	31.92
Significant Accounting Policies	I		
Notes to the Financial Statements	1 to 35		
As per our report of even date		For and on behalf of the Board	
For Mukesh M. Shah & Co., Chartered Accountants Firm Registration Number: 106625W		Pankaj R. Patel Chairman & Managing Director	
Mukesh M. Shah Partner Membership Number: 030190 Ahmedabad, Dated: May 16, 2014		Nitin D. Parekh Chief Financial Officer	
		Upen H. Shah Company Secretary	
		Sharvil P. Patel Deputy Managing Director	

Consolidated Cash Flow Statement for the year ended March 31, 2014

Particulars	INR - Millions	
	Year ended March 31	
	2014	2013
A Cash flows from operating activities:		
Profit before tax	9,422	8,087
Adjustments for:		
Depreciation, Amortisation and Impairment	2,012	1,847
Loss on sale of assets [Net]	37	51
Interest income	(384)	(318)
Dividend income	(4)	(3)
Interest expenses	832	1,615
Bad debts written off	43	30
Provision for doubtful debts	(30)	16
Doubtful advances written off	2	-
Provision for doubtful advances written back	1	1
Provisions for employee benefits	114	(104)
Provisions for probable product expiry claims and return of goods	67	24
Total	2,690	3,159
Operating profit before working capital changes	12,112	11,246
Adjustments for:		
Increase in trade receivables	(1,762)	(740)
Increase in inventories	(1,540)	(1,230)
Increase in short term advances	(167)	(48)
Increase in long term advances	(48)	(184)
Decrease/ [Increase] in other current assets	8	(91)
Increase in trade payables	2,790	1,117
Increase/ [Decrease] in other current liabilities	32	(1,178)
Increase in other long term liabilities	78	49
Change in Minority Interest	250	289
Total	(359)	(2,016)
Cash generated from operations	11,753	9,230
Direct taxes paid [Net of refunds]	(1,728)	(2,720)
Foreign Currency Monetary Items Translation Difference Account written off	325	(69)
Hedge Reserve [Net of Liability]	(20)	82
Exchange Rate Fluctuation and other adjustments arising on Consolidation	(1,460)	(489)
Net cash from operating activities	8,870	6,034

Consolidated Cash Flow Statement for the year ended March 31, 2014 - Continued:

Particulars	INR - Millions	
	Year ended March 31	
	2014	2013
B Cash flows from investing activities:		
Purchase of fixed assets	(4,682)	(7,243)
Proceeds from sale of fixed assets	106	110
Purchase of investments	(10)	(6)
Interest received	360	313
Dividend received	4	3
Net cash from investing activities	(4,222)	(6,823)
C Cash flows from financing activities:		
Proceeds from Long Term Borrowings	5,524	3,526
Repayment of Long Term Borrowings	(4,209)	(2,941)
Short Term Borrowings [Net]	(3,547)	5,700
Interest paid	(863)	(1,637)
Dividends paid	(1,533)	(1,523)
Tax on dividends paid	(659)	(267)
Net cash used in financing activities	(5,287)	2,858
Net [decrease]/ increase in cash and cash equivalents	(639)	2,069
Cash and cash equivalents at the beginning of the year	6,765	4,696
Cash and cash equivalents at the end of the year	6,126	6,765

Notes to the Cash Flow Statement

- 1 All figures in brackets are outflows.
- 2 Previous year's figures have been regrouped wherever necessary.
- 3 Cash and cash equivalents comprise of:

	As at March 31		
	2014	2013	2012
a Cash on Hand	11	7	7
b Balances with Banks	4,786	4,207	4,256
c Group's proportionate share in Cash and Bank balances of Joint Ventures	691	1,624	403
d Investment in Liquid Mutual Funds	450	129	-
e Group's proportionate share in Investment in Liquid Mutual Funds	188	798	30
f Total	6,126	6,765	4,696

As per our report of even date

For and on behalf of the Board

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration Number: 106625W

Pankaj R. Patel
Chairman & Managing Director

Mukesh M. Shah
Partner
Membership Number: 030190
Ahmedabad, Dated: May 16, 2014

Nitin D. Parekh
Chief Financial Officer

Upen H. Shah
Company Secretary

Sharvil P. Patel
Deputy Managing Director

Notes to the Consolidated Financial Statements

I-Significant Accounting Policies:

1 Basis of Accounting:

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and they comply with the Accounting Standards prescribed in the Companies [Accounting Standards] Rules, 2006 issued by the Central Government and other pronouncement issued by the Institute of Chartered Accountants of India to the extent applicable and with the applicable provisions of the Companies Act, 1956.

2 Basis of consolidation:

The Consolidated Financial Statements [CFS] relate to Cadila Healthcare Limited, its Subsidiaries and Joint Ventures.

The CFS have been prepared on the following basis:

- A** The financial statements of the parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of the items like assets, liabilities, incomes and expenses.
- B** Changes have been made in the accounting policies followed by each of the subsidiaries/ joint ventures to the extent they are material and identifiable from their respective accounts to make them uniform with the accounting policies followed by the parent company. Where it has not been practicable to use uniform accounting policies in preparing the CFS, the different accounting policies followed by each of the group concerns have been followed. The major differences in the accounting policies followed by group concerns are as under:
 - a In case of foreign subsidiaries, depreciation is provided as per the rates specified by the respective countries' GAAP/ estimated useful lives of the assets.
 - b In case of Zydus Nikkho Farmaceutica Ltda., Trademarks & Patents are not amortised but evaluated for impairment.
 - c Zydus Takeda Healthcare Private Limited, a Joint Venture Company provides depreciation at the following rates on straight-line method which may be different than the rates specified in Schedule- XIV of the Companies Act, 1956:

- Leasehold Land [Amortised over lease period]	64 Years
- Buildings - Factory	5%
- Buildings - Non Factory	2.5%
- Plant & Machinery	15%
- Electrical Equipment	20%
- Software	33.33%
- Computers	33.33%
- Motor Vehicles	20%
- Office Equipment	20%
- Furniture and Fixtures	16.67%
 - d Bayer Zydus Pharma Private Limited, a Joint Venture Company provides depreciation at the following rates on straight-line method which may be different than the rates specified in Schedule- XIV of the Companies Act, 1956:

- Office Equipment	5 to 12 Years
- Computers	3 Years
- Furniture and Fixtures	10 Years
- Software	3 Years
 - e In case of Zydus Hospira Oncology Private Limited, Intangible assets are amortised on Straight Line basis on useful life of 6 years.
 - f In case of Zydus Hospira Oncology Private Limited, Zydus Takeda Healthcare Private Limited, Bayer Zydus Pharma Private Limited and Biochem Pharmaceutical Industries Limited, assets having actual cost of purchases below Rs. 5,000/- are depreciated entirely in the year of acquisition.
 - g In case of Biochem Pharmaceuticals Industries Limited, depreciation is provided on "Written Down Value Method" at the rates and manner prescribed in Schedule XIV to the Companies Act, 1956.
 - h Inventories are valued on FIFO basis by foreign subsidiaries, Dialforhealth India Limited and Biochem Pharmaceutical Industries Limited.
- C**
 - a The excess/ deficit of the cost of the Company's investments in each of its subsidiaries and Joint Ventures over its share in equities of respective companies on the date of acquisition is recognised in the financial statements as Goodwill/ Capital Reserve. However, such excess or deficit arising after the date of acquisition on account of currency fluctuations in respect of the foreign subsidiaries is transferred to the statement of Profit and Loss/ Foreign Currency Translation Reserves in accordance with para D below.
 - b Goodwill arising on consolidation has not been amortised, instead it is evaluated for impairment whenever events or changes in circumstances indicate that its carrying amount may be impaired.
- D**
 - a The operations of foreign subsidiaries are classified into Integral and Non Integral operations using the criteria specified in AS- 11 "The Effect of changes in Foreign Exchange Rates".
 - b In case of foreign operations classified as Integral operations, the Financial Statements are converted as under:
 - i All Monetary Assets and Liabilities using closing exchange rates.
 - ii All Non Monetary items using historical exchange rates.
 - iii All Revenues and Expenses using average exchange rates prevailing during the year.
 - iv Exchange differences arising on conversion are recognised in the statement of Profit and Loss.
 - c In case of foreign operations classified as Non Integral operations, the Financial Statements are converted as under:
 - i All Assets and Liabilities using closing exchange rates.
 - ii All Revenues and Expenses using average exchange rates prevailing during the year.
 - iii Exchange differences arising on conversion are accumulated in the "Foreign Currency Translation Reserves" until the disposal of Investments in such operations.
- E** Investments in the Joint ventures have been accounted for by using the "Proportionate Consolidation Method" in accordance with the Accounting Standard-27 on "Financial Reporting of Interests in Joint Ventures".
- F** CFS are prepared after fully eliminating intra group balances, intra group transactions and unrealised profits from the intra group transactions.

Notes to the Consolidated Financial Statements

	INR - Millions	
	As at March 31	
	2014	2013
Note: 1-Share Capital:		
Authorised:		
345,000,000 [as at March 31, 2013: 345,000,000] Equity Shares of Rs.5/- each	1,725	1,725
	1,725	1,725
Issued, Subscribed and Paid-up:		
204,748,520 [as at March 31, 2013: 204,748,520] Equity Shares of Rs.5/- each fully paid up	1,024	1,024
	1,024	1,024
A There is no change in the number of shares as at the beginning and end of the year. Number of shares at the beginning and at the end of the year	204,748,520	204,748,520
B The Company has only one class of equity shares having a par value of Rs. 5/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholder holding more than 5% of aggregate Equity Shares of Rs. 5/- each, fully paid: Zydus Family Trust Number of Shares % to total share holding	153,107,446 74.78%	153,107,446 74.78%
D 100,885,305 [as at March 31, 2013: 100,885,305] Equity Shares of Rs. 5/- each, fully paid-up were issued and allotted without payment being received in cash and 90,000,000 [as at March 31, 2013: 90,000,000] Equity Shares of Rs. 5/- each were extinguished in February, 2009 pursuant to Composite Scheme of Arrangement.		
E Equity Shares allotted as fully paid bonus shares during the last five years	68,249,507	68,249,507
Note: 2-Reserves and Surplus:		
Capital Reserve:		
Balance as per last Balance Sheet	290	290
Debenture Redemption Reserve:		
Balance as per last Balance Sheet	1,100	650
Add: Transfer from Surplus in statement of Profit and Loss	450	450
	1,550	1,100
Other Reserves:		
International Business Development Reserve:		
Balance as per last Balance Sheet	2,000	2,000
General Reserve:		
Balance as per last Balance Sheet	13,342	12,480
Less: Adjusted pursuant to merger	-	(247)
Add: Transfer from Surplus in statement of Profit and Loss	1,096	1,109
	14,438	13,342
Foreign Currency Monetary Items Translation Difference Account:		
Balance as per last Balance Sheet	(38)	31
Add/[Less]: Credited/ [Debited] during the year	325	(69)
	287	(38)
Hedge Reserve:		
Balance as per last Balance Sheet	14	(275)
[Less]/ Add: [Debited]/ Credited during the year	(15)	289
	(1)	14
Foreign Currency Translation Reserve:		
Balance as per last Balance Sheet	(741)	(616)
Less: Exchange differences on consolidation	(1,134)	(125)
	(1,875)	(741)

Notes to the Consolidated Financial Statements

		INR - Millions		
		As at March 31		
		2014	2013	
Note: 2-Reserves and Surplus-Continued:				
Surplus in statement of Profit and Loss:				
Balance as per last Balance Sheet		11,263	9,271	
Less: Adjusted pursuant to merger		-	(693)	
Add: Profit for the year		8,036	6,535	
		19,299	15,113	
Less: Appropriations:				
Dividends:				
Interim Dividend		-	1,536	
Proposed Dividend		1,843	-	
Corporate Dividend Tax on Dividend [Net of CDT Credit]		423	569	
Transfer to Debenture Redemption Reserve		450	450	
Transfer to General Reserve		1,096	1,109	
Group's proportionate share in Transfer to Reserves of Joint Ventures		204	186	
		4,016	3,850	
Balance as at the end of the year		15,283	11,263	
Group's proportionate share in reserves [other than surplus in statement of Profit and Loss] of Joint Ventures		1,394	1,191	
Total		33,366	28,421	
Note: 3-Long Term Borrowings:				
	INR - Millions			
	Non-current portion		Current Maturities	
	As at March 31		As at March 31	
	2014	2013	2014	2013
	A Debentures [Secured]:			
	9.70% Redeemable, Non Convertible privately placed			
	1,750	1,750	-	-
	8.50% Redeemable, Non Convertible privately placed			
	-	500	500	-
	1,750	2,250	500	-
	B Term Loans from Banks:			
	a Term Loans [Secured]			
	1,250	2,902	1,000	925
	b Term Loans [Unsecured]			
	3,836	3,667	1,858	272
	c External Commercial Borrowings in Foreign Currency [Secured]			
	5,514	4,020	720	888
	d External Commercial Borrowings in Foreign Currency [Unsecured]			
	1,199	1,268	200	181
11,799	11,857	3,778	2,266	
C Deferred Payment Liabilities [Unsecured]:				
Interest free deemed loan against deferment of sales tax				
From a Financial Institution				
-	14	14	14	
Deferred amount				
-	56	56	57	
-	70	70	71	
D From Others [Unsecured]				
73	83	10	10	
E Group's proportionate share in Secured long term borrowings of Joint Ventures				
-	-	-	58	
Total	13,622	14,260	4,358	2,405
The above amount includes:				
Secured borrowings				
8,514	9,172	2,220	1,871	
Unsecured borrowings				
5,108	5,088	2,138	534	
Amount disclosed under "Other Current Liabilities" [Note-9]				
-	-	(4,358)	(2,347)	
Group's proportionate share disclosed under "Other Current Liabilities" [Note-9]				
-	-	-	(58)	
Net amount	13,622	14,260	-	-

Notes to the Consolidated Financial Statements

	INR - Millions	
	As at March 31	
	2014	2013
Note: 4-Deferred Tax:		
A Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under:		
Deferred Tax Liabilities:		
Depreciation	2,379	2,087
Deferred Tax Assets:		
Employee benefits	128	157
Receivables	13	6
Unabsorbed depreciation	395	246
Others	894	680
Total	1,430	1,089
Net Deferred Tax Liabilities	949	998
Group's proportionate share in Deferred Tax of Joint Ventures	12	7
Total	961	1,005
B The Deferred Tax Liabilities/ [Assets] for the year provided in the statement of Profit and Loss:		
Deferred Tax [Assets]/ Liabilities	(25)	(142)
Group's proportionate share in Deferred Tax Liabilities/ [Assets] of Joint Ventures	4	-
Total	(21)	(142)
Note: 5-Other Long Term Liabilities:		
Trade Deposits	54	50
Others	489	419
	543	469
Group's proportionate share in other long term liabilities of Joint Ventures	5	1
Total	548	470
Note: 6-Long Term Provisions:		
Provision for Employee Benefits	727	637
Group's proportionate share in long term provisions of Joint Ventures	34	28
Total	761	665
Note: 7-Short Term Borrowings:		
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured]	1,982	5,148
Working Capital Loans from Banks [Unsecured]	7,040	7,423
	9,022	12,571
Group's proportionate share in short term borrowings of Joint Ventures	2	-
Total	9,024	12,571

Notes to the Consolidated Financial Statements

	INR - Millions	
	As at March 31	
	2014	2013
Note: 8-Trade Payables:		
Trade Payables	8,710	6,262
Group's proportionate share in trade payables of Joint Ventures	398	306
Total	9,108	6,568
Note: 9-Other Current Liabilities:		
Current Maturities of Long Term Debt [Refer Note- 3]	4,358	2,347
Interest accrued but not due on borrowings	86	117
Unpaid Dividends	21	18
Advances from Customers	157	128
Other Payables:		
Bank Book overdraft	59	2
Provision for Expenses	1,762	1,938
Payable to Statutory Authorities	523	379
Derivative Liability	1	6
Others	43	22
	2,388	2,347
Group's proportionate share in other current liabilities of Joint Ventures	71	135
Total	7,081	5,092
Note: 10-Short Term Provisions:		
Provision for Employee Benefits	145	132
Others:		
Interim Dividend	-	1,601
Proposed Dividend	1,908	-
Corporate Dividend Tax on Dividend	324	273
Provision for Taxation [Net of advance payment of tax]	364	67
Provision for claims for product expiry and return of goods	156	90
	2,752	2,031
Group's proportionate share in short term provisions of Joint Ventures	30	310
Total	2,927	2,473

Notes to the Consolidated Financial Statements

Note: 11-Fixed Assets:

INR - Millions								
A Tangible Assets :	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at March 31, 2012	694	476	5,638	15,109	634	451	155	23,157
Acquired subsidiaries	-	-	-	16	-	-	-	16
Additions	112	-	653	3,054	110	73	59	4,061
Disposals	-	-	-	(223)	(2)	(45)	(1)	(271)
Other adjustments	9	1	56	162	(3)	(1)	1	225
As at March 31, 2013	815	477	6,347	18,118	739	478	214	27,188
Acquired subsidiaries	-	-	-	-	-	-	-	-
Additions	248	1	540	1,685	75	82	36	2,667
Disposals	-	-	(25)	(230)	(31)	(43)	(3)	(332)
Other adjustments	24	5	165	429	11	-	8	642
As at March 31, 2014	1,087	483	7,027	20,002	794	517	255	30,165
Depreciation and Impairment:								
As at March 31, 2012	-	23	1,084	4,979	361	157	37	6,641
Acquired subsidiaries	-	-	-	-	-	-	-	-
Depreciation for the year	-	5	194	1,112	58	42	39	1,450
Impairment for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	(87)	-	(24)	-	(111)
Other adjustments	-	-	(1)	4	(3)	-	-	-
As at March 31, 2013	-	28	1,277	6,008	416	175	76	7,980
Acquired subsidiaries	-	-	-	-	-	-	-	-
Depreciation for the year	-	4	215	1,321	62	45	17	1,664
Impairment for the year	-	-	-	38	2	-	-	40
Disposals	-	-	-	(202)	(23)	(22)	(4)	(251)
Other adjustments	-	-	33	59	5	-	7	104
As at March 31, 2014	-	32	1,525	7,224	462	198	96	9,537
Net Block:								
As at March 31, 2013	815	449	5,070	12,110	323	303	138	19,208
As at March 31, 2014	1,087	451	5,502	12,778	332	319	159	20,628
B Intangible Assets :								
Gross Block:			Goodwill	Brands/Trademarks	Computer Softwares	Commercial Rights	Technical Know-how	Total
As at March 31, 2012			10,243	3,697	237	507	1,029	15,713
Acquired subsidiaries			-	-	-	-	2	2
Additions			-	-	167	85	-	252
Disposals			-	-	-	-	-	-
Other adjustments			(949)	12	1	7	4	(925)
As at March 31, 2013			9,294	3,709	405	599	1,035	15,042
Acquired subsidiaries			-	-	-	-	-	-
Additions			-	2	29	6	15	52
Disposals			-	(110)	2	(157)	-	(265)
Other adjustments			(215)	191	11	51	6	44
As at March 31, 2014			9,079	3,792	447	499	1,056	14,873
Amortisation and Impairment:								
As at March 31, 2012			42	3,115	140	430	970	4,697
Acquired subsidiaries			-	-	-	-	-	-
Amortisation for the year			20	160	74	24	8	286
Impairment for the year			-	-	-	-	-	-
Disposals			-	-	-	-	-	-
Other adjustments			-	15	-	4	-	19
As at March 31, 2013			62	3,290	214	458	978	5,002
Acquired subsidiaries			-	-	-	-	-	-
Amortisation for the year			21	102	69	36	6	234
Impairment for the year			7	(12)	1	-	-	(4)
Disposals			-	(52)	2	(157)	-	(207)
Other adjustments			-	154	5	34	1	194
As at March 31, 2014			90	3,482	291	371	985	5,219
Net Block:								
As at March 31, 2013			9,232	419	191	141	57	10,040
As at March 31, 2014			8,989	310	156	128	71	9,654

Notes to the Consolidated Financial Statements**Note: 11-Fixed Assets - Continued:**

C Group's proportionate share in net block of fixed assets of Joint Ventures:

	Tangible Assets			Intangible Assets		
	Gross Block	Depreciation and Impairment	Net Block	Gross Block	Amortisation and Impairment	Net Block
As at March 31, 2012	1,411	385	1,026	40	27	13
Additions	84	115	(31)	8	7	1
Disposals	(11)	(10)	(1)	-	-	-
Other adjustments	-	-	-	-	-	-
As at March 31, 2013	1,484	490	994	48	34	14
Additions	76	118	(42)	1	7	(6)
Disposals	(7)	(3)	(4)	-	-	-
Other adjustments	-	-	-	-	-	-
As at March 31, 2014	1,553	605	948	49	41	8

Note: Other adjustments include adjustments on account of borrowing costs and exchange rate difference.

	INR - Millions	
	As at March 31	
	2014	2013

Note: 12-Non Current Investments:

Long Term Investments:		
Trade Investments:		
Investments in Common Stock [Quoted] [#]	187	-
Investments in Convertible Preferred Stocks [Unquoted] [#]	-	187
Other Investments:		
Investments in Equity Instruments:		
Quoted	12	12
Unquoted	8	8
	20	20
Investments in Preference Shares:		
Unquoted	10	-
Investments in Government Securities [Unquoted]	5	5
	35	25
Group's proportionate share in non current investments of Joint Ventures	-	-
Total	222	212
[#] All the preferred stock converted into Common Stock during the year.		

Note: 13-Long Term Loans and Advances:

[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	300	307
Security Deposits	289	290
Other Loans and Advances:		
Balances with Custom/ Central Excise/ Sales Tax Authorities	1,096	1,025
Advance payment of Tax [Net of provision for taxation]	513	781
Alternate Minimum Tax Credit Entitlement	1,864	981
Other advances recoverable in cash or in kind or for value to be received:		
Considered good	244	261
Considered doubtful	12	11
	256	272
Less: Provision for doubtful advances	12	11
	244	261
Group's proportionate share in long term loans and advances of Joint Ventures	647	356
Total	4,953	4,001

Notes to the Consolidated Financial Statements

	INR - Millions	
	As at March 31	
	2014	2013
Note: 14-Current Investments:		
Investment in Government Securities [Unquoted]	6	6
Investment in Mutual Funds [Quoted][*]	450	129
	456	135
Group's proportionate share in current investments of Joint Ventures [*]	188	798
Total	644	933
[*] Considered as cash and cash equivalents for Cash Flow Statement		
Note: 15-Inventories:		
Classification of Inventories:		
Raw Materials	3,621	3,255
Work-in-progress	1,159	1,277
Finished Goods	3,179	2,339
Stock-in-Trade	3,790	3,914
Stores and Spares	10	25
Others:		
Packing Materials	708	516
	12,467	11,326
Group's proportionate share in inventories of Joint Ventures	1,208	810
Total	13,675	12,136
Note: 16-Trade Receivables:		
Outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	140	117
Considered doubtful	95	122
	235	239
Less: Provision for doubtful debts	95	122
	140	117
Others- Considered good	10,680	8,603
	10,820	8,720
Group's proportionate share in trade receivables of Joint Ventures	517	831
Total	11,337	9,551
Note: 17-Cash and Bank Balances:		
Balances with Banks	4,786	4,207
Cash on Hand	11	7
	4,797	4,214
Group's proportionate share in cash and bank balances of Joint Ventures	691	1,624
Total	5,488	5,838
Note: 18-Short Term Loans and Advances:		
[Unsecured, Considered Good]		
Others:		
Balances with Custom/ Central Excise/ Sales Tax Authorities	1,763	1,562
Advances to Suppliers	675	919
Advances recoverable in cash or in kind or for value to be received	226	220
	2,664	2,701
Group's proportionate share in short term loans and advances of Joint Ventures	43	89
Total	2,707	2,790

Notes to the Consolidated Financial Statements

		INR - Millions		
		As at March 31		
		2014	2013	
Note: 19-Other Current Assets:				
[Unsecured, Considered Good]				
Interest Receivables	35		8	
Income Receivables	3			
Insurance Claim Receivables	9		55	
Export Incentive Receivables	277		291	
Prepaid Expenses	273		163	
Other Receivables	-		16	
	597		535	
Group's proportionate share in other current assets of Joint Ventures	89		134	
	686		669	
Note: 20-Contingent Liabilities and Commitments [to the extent not provided for]:				
	INR - Millions			
	Cadila Healthcare Limited and Subsidiaries		Joint Ventures	
	As at March 31			
	2014	2013	2014	2013
A Contingent liabilities:				
a In respect of claims against the Companies not acknowledged as debts	178	91		-
b In respect of guarantees given by Banks and/ or counter guarantees given by the Companies	115	116		
c Other money for which the Company is contingently liable:				
i In respect of the demands raised by the Central Excise, State Excise and Customs Authorities	656	430	3	1
ii In respect of the demands raised by the Ministry of Chemicals and Fertilisers, Govt. of India under Drug Price Control Order, 1979/ 1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations	256	220		
iii In respect of Income Tax matters pending before appellate authorities	48	27	858	1,585
iv In respect of Sales Tax matters pending before appellate authorities	75	64		
v In respect of custom duty liability under EPCG scheme	102	366		
vi In respect of letters of credit for Imports	56	50		
vii In respect of arrears of Dividend on Cumulative Preference Shares			52	26
viii In respect of other matters [Employees Indemnity on retirement/ guaranteed severance package]	88	76		
B Commitments:				
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	620	972	8	132

Notes to the Consolidated Financial Statements

	INR - Millions	
	Year ended March 31	
	2014	2013
Note: 21-Revenue from Operations:		
Group's proportionate share in the Sale of products [Gross] of Joint Ventures	4,083	4,932
Other Operating Revenues:		
Royalty Income	301	600
Net Gain on foreign currency transactions and translation [*]	206	467
Government Grants	-	2
Miscellaneous Income	933	670
Total	1,440	1,739
Group's proportionate share in other operating revenues of Joint Ventures	200	286
Total	1,640	2,025
[*] includes Research related net loss on foreign currency transactions and translation	45	36
Note: 22-Other Income:		
Interest Income [Gross]:		
From Others	343	267
Dividend Income [Gross]:		
From Long Term Investments	4	3
Net Gain on Sale of Investments	14	8
Other Non-operating Income	28	24
	389	302
Group's proportionate share in other income of Joint Ventures	118	68
Total	507	370
Note: 23-Cost of Materials Consumed:		
Raw Materials:		
Stock at commencement	3,255	2,880
Add: Purchases	12,599	11,528
	15,854	14,408
Less: Stock at close	3,621	3,255
	12,233	11,153
Packing Materials consumed	3,010	2,834
	15,243	13,987
Group's proportionate share in cost of materials consumed of Joint Ventures	1,045	1,120
Total	16,288	15,107
Note: 24-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	11,071	8,658
Group's proportionate share in purchases of stock-in-trade of Joint Ventures	472	334
Total	11,543	8,992

Notes to the Consolidated Financial Statements

	INR - Millions	
	Year ended March 31	
	2014	2013
Note: 25-Changes in Inventories:		
Stock at commencement:		
Work-in-progress	1,277	1,146
Finished Goods	2,339	2,195
Stock-in-Trade	3,914	3,127
	7,530	6,468
Less: Stock at close:		
Work-in-progress	1,159	1,277
Finished Goods	3,179	2,339
Stock-in-Trade	3,790	3,914
	8,128	7,530
	(598)	(1,062)
Differential Excise Duty on Opening and Closing stock of Finished Goods	(16)	23
	(614)	(1,039)
Group's proportionate share in changes in inventories of Joint Ventures	(81)	142
Total	(695)	(897)
Note: 26-Employee Benefits Expense:		
Salaries and wages	8,929	7,601
Contribution to provident and other funds	947	757
Staff welfare expenses	419	299
	10,295	8,657
Group's proportionate share in employee benefits expense of Joint Ventures	416	385
Total	10,711	9,042
Above expenses include Research related expenses as follows:		
Salaries and wages	855	767
Contribution to provident and other funds	75	57
Staff welfare expenses	41	34
Total	971	858
Note: 27-Finance Cost:		
Interest Expense [*]	1,101	1,167
Other Borrowing Costs	7	7
Net [Gain]/ Loss on foreign currency transactions and translation	(279)	425
Bank commission & charges	70	71
	899	1,670
Group's proportionate share in finance cost of Joint Ventures	3	17
Total	902	1,687
[*] The break up of interest cost into major heads is given below:		
On term loans	353	370
On debentures	212	212
On working capital loans	480	499
Others	56	86
Total	1,101	1,167
Note: 28-Depreciation, Amortisation and Impairment Expenses:		
Depreciation, Amortisation and Impairment Expenses	1,887	1,726
Group's proportionate share in depreciation, amortisation and impairment expenses of Joint Ventures	125	121
Total	2,012	1,847

Notes to the Consolidated Financial Statements

	INR - Millions	
	Year ended March 31	
	2014	2013
Note: 29-Other Expenses:		
Research Materials	574	823
Analytical Expenses	1,173	1,319
Consumption of Stores and spare parts	1,075	881
Power & fuel	1,389	1,359
Rent	194	261
Repairs to Buildings	136	112
Repairs to Plant and Machinery	455	361
Repairs to Others	147	117
Insurance	197	188
Rates and Taxes	368	352
Processing Charges	441	405
Managing Directors' Remuneration	239	249
Commission to Directors	7	6
Traveling Expenses	1,011	968
Legal and Professional Fees	1,595	1,208
Advertisement Expenses	628	717
Commission on sales	906	919
Freight and forwarding on sales	1,607	1,672
Representative Allowances	781	684
Other marketing expenses	5,883	4,583
Bad Debts:		
Bad debts written off	43	30
Provision for Doubtful Debts	40	29
	83	59
Less: Transferred from Provision for Doubtful Debts	(73)	(14)
	10	45
Doubtful Advances:		
Doubtful advances written off	1	-
Provision for Doubtful Advances	1	-
	2	-
Directors' fees	2	2
Net Loss on disposal of Fixed Assets	32	50
Donations	174	74
Miscellaneous Expenses	2,736	2,115
	21,762	19,470
Group's proportionate share in other expenses of Joint Ventures	630	612
Total	22,392	20,082
Above expenses include Research related expenses as follows:		
Research Materials	574	823
Analytical expenses	1,173	1,319
Stores and spare parts consumed	419	365
Power & Fuel	92	115
Repairs to Buildings	3	11
Repairs to Plant and Machinery	24	13
Repairs to Others	16	17
Insurance	6	11
Traveling Expenses	29	34
Legal and Professional fees	559	379
Net Loss on disposal of Fixed Assets	5	-
Miscellaneous Expenses	692	724
Total	3,592	3,811

Notes to the Consolidated Financial Statements

		INR - Millions	
		Year ended March 31	
		2014	2013
Note: 30-Calculation of Earning per Equity Share [EPS]:			
The numerators and denominators used to calculate the Basic and Diluted EPS are as follows:			
A Profit attributable to Shareholders	INR-Millions	8,036	6,535
B Basic & weighted average number of Equity shares outstanding during the year	Numbers	204,748,520	204,748,520
C Nominal value of Equity Share	INR	5	5
D Basic & Diluted EPS	INR	39.25	31.92
Note: 31-Segment Information:			
A Primary Business Segment: There is only one Segment namely, Pharmaceutical Products.			
B Secondary Business Segment- By Geographical market:			
a Revenue:			
i India		32,570	30,645
ii US		22,660	15,969
iii Others		17,011	16,963
iv Total		72,240	63,577
b Carrying amount of segment assets:			
i India		54,436	51,412
ii US		12,700	10,081
iii Others		9,788	10,253
iv Total		76,924	71,746
c Additions to fixed assets:			
i India		3,763	6,174
ii US		486	607
iii Others		106	142
iv Total		4,355	6,923

Notes to the Consolidated Financial Statements

Note: 32-Notes on Consolidated Accounts:

- A** CFS as at March 31, 2014 comprise the financial statements of Cadila Healthcare Limited [CHL] and its subsidiaries as well as its interest in Joint Ventures, which are as under:

Sr. No.	Name of the Company	Country of incorporation	% Shareholding and voting power	Status of Financial Statement	Financial statement as at
[a] Subsidiaries					
A Indian Subsidiaries:					
1	German Remedies Limited [GRL]	India	WOS *	Audited	31-03-14
2	Dialforhealth India Limited [DFH]	India	WOS	Audited	31-03-14
3	Dialforhealth Unity Limited	India	55% holding of DFH	Audited	31-03-14
4	Dialforhealth Greencross Limited	India	WOS of DFH	Audited	31-03-14
5	Zydus Wellness Limited [ZWL]	India	72.08% holding of CHL	Audited	31-03-14
6	Liva Pharmaceuticals Limited [Note-1]	India	WOS	Audited	31-03-14
7	Zydus Technologies Limited	India	85% holding of CHL	Audited	31-03-14
8	Biochem Pharmaceutical Industries Limited	India	WOS	Audited	31-03-14
B Foreign Subsidiaries:					
1	Zydus Lanka (Private) Limited	Sri Lanka	WOS of CHL	Audited	31-03-14
2	Zydus International Private Limited [ZIPL]	Ireland	WOS of CHL	**	31-03-14
3	ZAHL B.V.	the Netherlands	WOS of CHL	Unaudited	31-03-14
4	Zydus Healthcare Philippines Inc. [Note-2]	Philippines	WOS of CHL	Unaudited	31-03-14
5	Zydus Healthcare SA (Pty) Ltd. [Zydus SA]	South Africa	WOS of ZIPL	Unaudited	31-03-14
6	Zydus Healthcare (USA) LLC	U. S. A.	WOS of ZIPL	**	31-03-14
7	Zydus Pharmaceuticals (USA) Inc. [ZPUI]	U. S. A.	WOS of ZIPL	**	31-03-14
8	Nesher Pharmaceuticals (USA) LLC	U. S. A.	WOS of ZPUI	**	31-03-14
9	Zydus France, SAS	France	WOS of ZIPL	Unaudited	31-03-14
10	Zydus Netherlands B.V. [ZNBV]	the Netherlands	WOS of ZIPL	Unaudited	31-03-14
11	Zydus Pharma Japan Co. Ltd.	Japan	WOS of ZIPL	Unaudited	31-03-14
12	Etna Biotech S.R.L.	Italy	WOS of ZIPL	Unaudited	31-03-14
13	Zydus Pharmaceuticals Mexico SA De CV	Mexico	WOS of ZIPL	Unaudited	31-03-14
14	Zydus Pharmaceuticals Mexico Service Company SA De CV.	Mexico	WOS of ZIPL	Unaudited	31-03-14
15	Zydus Noveltech Inc. [ZNI]	U. S. A.	85% holding of ZIPL	Unaudited	31-03-14
16	Laboratorios Combix S.L.	Spain	WOS of ZNBV	Unaudited	31-03-14
17	Zydus Nikkho Farmaceutica Ltda.	Brazil	WOS of ZNBV	**	31-03-14
18	Simayla Pharmaceuticals (Pty) Ltd	South Africa	WOS of Zydus SA	Unaudited	31-03-14
19	Script Management Services (Pty) Ltd.	South Africa	WOS of Zydus SA	Unaudited	31-03-14
20	Hercon Pharmaceuticals, LLC	U. S. A.	WOS of ZNI	Unaudited	31-03-14
21	ZAHL Europe B. V.	the Netherlands	WOS of ZAHL B.V.	Unaudited	31-03-14
22	Bremer Pharma GmbH	Germany	WOS of ZAHL Europe B.V.	Audited	31-03-14
[b] Joint Ventures					
1	Zydus Takeda Healthcare Private Limited	India	50% holding of CHL	Unaudited	31-03-14
2	Zydus Hospira Oncology Private Limited	India	50% holding of CHL	Unaudited	31-03-14
3	Zydus BSV Pharma Private Limited	India	50% holding of CHL	Audited	31-03-14
4	Bayer Zydus Pharma Private Limited	India	50% holding of CHL	Audited	31-03-14
[c] Partnership Firms					
1	M/s. Zydus Healthcare- Sikkim	India	96% holding of CHL & 2% holding of GRL	Audited	31-03-14
2	M/s. Zydus Wellness- Sikkim	India	98% holding of ZWL	Audited	31-03-14

Explanatory Notes

Note- 1 Became WOS of CHL w.e.f. October 4, 2013.

Note- 2 Became WOS of CHL w.e.f. July 12, 2013.

* WOS = Wholly Owned Subsidiary

** Financial statements have been audited by the auditors for their respective accounting periods and are subjected to limited review by their auditors for the remaining period up to March 31, 2014.

- B** Accounting Policies and Notes on Accounts of the financial statements of the Parent Company and its subsidiaries are set out in their respective financial statements. However, the Company has disclosed such notes and details which represent the needed disclosure to serve as a guide for better understanding of the Group's position.

- C** During the year, the Company has incorporated Liva Pharmaceuticals Limited and Zydus Healthcare Philippines Inc. as wholly owned subsidiaries of Cadila Healthcare Limited. The figures for the current year are, therefore, not comparable with those of the previous year.

Notes to the Consolidated Financial Statements

Note: 33-Related Party Transactions:**A Name of the Related Parties and Nature of the Related Party Relationship:****a Joint Venture Companies:**

Zydus Takeda Healthcare Private Limited
Zydus Hospira Oncology Private Limited

Zydus BSV Pharma Private Limited
Bayer Zydus Pharma Private Limited

b Enterprises significantly influenced by Directors and/ or their relatives:

Cadmach Machinery Company Private Limited
Zydus Hospitals and Healthcare Research Private Limited
Zydus Hospitals (Vadodra) Private Limited
Zydus Hospitals (Rajkot) Private Limited
MabS Biotech Private Limited
Zydus Infrastructure Private Limited
Cadila Laboratories Private Limited
Zest Aviation Private Limited

Western Ahmedabad Effluent Conveyance Company Private Limited
Pripan Investment Private Limited
Zydus Hospital LLP
Zandra Infrastructure LLP
M/s. C. M. C. Machinery
M/s. Cadam Enterprises
Zandra Herbs and Plantations LLP

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business.

Nature of TransactionsValue of the Transactions [INR - Millions]

Enterprises significantly
influenced by Directors
and/or their relatives

Joint Venture CompaniesYear ended March 31**Purchases:****Goods:**

Zydus BSV Pharma Private Limited
Zydus Takeda Healthcare Private Limited
Zydus Hospira Oncology Private Limited
Cadmach Machinery Company Private Limited
M/s. C. M. C. Machinery
Total

<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
31	7		
15	3		
		8	7
		2	4
46	15	10	11

Fixed Assets:

Cadmach Machinery Company Private Limited
M/s. Cadam Enterprises
Total

		18	45
		54	71
-	-	72	116

Reimbursement of Expenses paid:

Zydus BSV Pharma Private Limited
Bayer Zydus Pharma Private Limited
Zydus Takeda Healthcare Private Limited
Cadmach Machinery Company Private Limited
Total

	1		
	12		
	4		
			5
-	17	-	5

Services:

Zydus BSV Pharma Private Limited
Zest Aviation Private Limited
Zydus Infrastructure Private Limited
Total

1		59	70
		19	13
1	-	78	83

Sales:**Goods:**

Bayer Zydus Pharma Private Limited
Zydus Takeda Healthcare Private Limited
Others
Total

92	107		
4	3		
1			
97	110	-	-

Fixed Assets:

Cadmach Machinery Company Private Limited

			3
--	--	--	---

[illegible]

During the year, the Company has carried out a portfolio and strategy review of its business in Japan, operated through its subsidiary Zydus Pharma Japan Co. Ltd. ["ZPJ"] and has decided to discontinue its existing business in Japan. Consequently, ZPJ has stopped manufacturing and selling of the ethical pharmaceutical products from the end of March 2014. In view of this, the financial statements of ZPJ have not been prepared with an assumption of going concern but have been prepared on liquidation basis. All the fixed assets [other than land and building and all rights related to a product] and other assets of ZPJ have been written down to their estimated net realizable values. Difference between the carrying values and realizable values of fixed and other assets and provision for all the accrued liabilities arising on account of closure of business of ZPJ have been charged to Statement of Profit and Loss and their net amount of Rs. 172 Millions has been separately disclosed under the head "Exceptional Items".

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classifications/ disclosure.

<u>As per our report of even date</u>			<u>For and on behalf of the Board</u>
For Mukesh M. Shah & Co., Chartered Accountants Firm Registration Number: 106625W			Pankaj R. Patel Chairman & Managing Director
Mukesh M. Shah Partner Membership Number: 030190 Ahmedabad, Dated: May 16, 2014	Nitin D. Parekh Chief Financial Officer	Upen H. Shah Company Secretary	Sharvil P. Patel Deputy Managing Director

CADILA HEALTHCARE LIMITED

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies

Name of the subsidiary company	Financial year ending of the subsidiary company	Number of Equity Shares held with its face value	Extent of holding in %	INR-Millions			
				For the financial year of the subsidiary company		For the previous financial years since it become a subsidiary company	
				Profits/ [losses] so far as it concerns the members of the holding company and not dealt with in the holding company's accounts	Profits/ [losses] so far as it concerns the members of the holding company and dealt with in the holding company's accounts	Profits/ [losses] so far as it concerns the members of the holding company and not dealt with in the holding company's accounts	Profits/ [losses] so far as it concerns the members of the holding company and dealt with in the holding company's accounts
Dialforhealth India Limited	March 31, 2014	5000000 Equity Shares of Rs.10/- each	100	5.23	-	(94.17)	-
Dialforhealth Unity Limited+	March 31, 2014	27500 Equity Shares of Rs. 10/- each	55	(0.01)	-	(1.35)	-
Dialforhealth Greencross Limited ++	March 31, 2014	250000 Equity Shares of Rs. 10/- each	100	(0.01)	-	(1.33)	-
German Remedies Limited	March 31, 2014	24000 Equity Shares of Rs.100/- each	100	79.48	57.60	112.91	199.80
Zydus Wellness Limited	March 31, 2014	28163755 Equity Shares of Rs. 10/- each	72.08	695.21	168.98	1,533.73	386.96
Zydus Technologies Limited ^	March 31, 2014	42500000 Equity shares of Rs. 10/- each	85	(2.43)	-	(7.92)	-
Biochem Pharmaceutical Industries Limited	March 31, 2014	7500000 Equity shares of Rs. 10/- each	100	75.15	150.00	123.37	3.75
Liva Pharmaceuticals Limited ^^	March 31, 2014	2000000 Equity shares of Rs. 10/- each	100	(0.49)	-	-	-
Zydus Lanka (Private) Limited	March 31, 2014	100000 Ordinary Shares of LKR 10/- each	100	(0.16)	-	(0.10)	-
Zydus Healthcare Philippines Inc ^^^	December 31, 2013	800000 Common Shares of PHP 10/- each	100	(2.03)	-	-	-
Zydus International Private Limited	December 31, 2013	31324934 Equity Shares of EUR 1.462843 each	100	(2,367.85)	-	258.05	-
ZAHL B.V.	March 31, 2014	180 Equity Shares of EUR 100/- each	100	(3.96)	-	(3.26)	-
Zydus Netherlands B.V. *	December 31, 2013	173320 Ordinary Shares of EUR 100/- each	100	(129.02)	-	(544.44)	-
Zydus France, SAS *	December 31, 2013	1944134 Equity Shares of EUR 4/- each	100	(59.76)	-	(679.51)	-
Etna Biotech S.R.L. *	December 31, 2013	900 Equity Shares of EUR 100/- each	100	8.48	-	21.12	-
Laboratorios Comib S.L. **	December 31, 2013	7448406 Equity Shares of EUR 1/- each	100	(407.82)	-	(1,035.69)	-
ZAHL Europe B.V. ***	March 31, 2014	180 Equity Shares of EUR 100/- each	100	(11.98)	-	(9.28)	-
Bremer Pharma GmbH ****	March 31, 2014	4800 Equity Shares of EUR 100/- each	100	(22.62)	-	(3.80)	-
Zydus Pharma Japan Co. Ltd. *	December 31, 2013	61400 Ordinary Shares of JPY 50000/- each 19295 Ordinary Shares of JPY 26976/- each	100	(546.84)	-	(1,802.43)	-
Zydus Pharmaceuticals (USA) Inc. *	December 31, 2013	2300000 Common Stock of USD 1/- each	100	1,141.81	-	1,761.90	-
Nesher Pharmaceuticals (USA) LLC @	December 31, 2013	Common Stock	100	(719.90)	-	(692.71)	-
Zydus Healthcare (USA) LLC *	December 31, 2013	200000 Common Stock of USD 1/- each	100	1.41	-	9.02	-
Zydus Noveltch Inc. @@	December 31, 2013	850 Common Stock, No par value	85	(49.90)	-	(114.62)	-
Hercon Pharmaceuticals LLC #	December 31, 2013	Common Stock	100	(226.38)	-	(46.34)	-
Zydus Healthcare S.A. (Pty) Ltd. *	December 31, 2013	57704149 Ordinary Shares of ZAR 1/- each	100	(97.00)	-	(158.68)	-
Simayla Pharmaceuticals (Pty) Ltd ##	December 31, 2013	200 Ordinary Shares of ZAR 1/- each	100	(7.10)	-	(629.17)	-
Script Management Services (Pty) Ltd ##	December 31, 2013	1 Ordinary Share of ZAR 1/- eac	100	2.99	-	(1.19)	-
Zydus Nikkho Farmaceutica Ltda. **	December 31, 2013	87198304 Quota of BRL 1/- each	100	(423.30)	-	(808.72)	-
Zydus Pharmaceuticals Mexico SA De CV *	December 31, 2013	82315139 Equity Shares of MXN 1/- each	100	(144.91)	-	(182.90)	-
Zydus Pharmaceuticals Mexico Service Company SA De CV *	December 31, 2013	1319390 Equity Shares of MXN 1/- each	100	(30.96)	-	(9.36)	-
<p>+ 55% held by Dialforhealth India Limited and 45% held by Unity Chemist & Druggists Private Limited.</p> <p>++ Wholly Owned subsidiary Company of Dialforhealth India Limited.</p> <p>^ 85% held by Cadila Healthcare Limited, 14% held by Essgee Enterprises LLC and 1% held by Mr. Sharad Govil.</p> <p>^^ Incorporated as Wholly Owned Subsidiary w.e.f October 4, 2013</p> <p>^^^ Incorporated as Wholly Owned Subsidiary w.e.f July 12, 2013</p> <p>* Wholly Owned Subsidiary Company of Zydus International Private Limited.</p> <p>** Wholly Owned Subsidiary Company of Zydus Netherlands B.V.</p> <p>*** Wholly Owned subsidiary Company of ZAHL B.V.</p> <p>**** Wholly Owned subsidiary Company of ZAHL Europe B.V.</p> <p>@ Wholly Owned Subsidiary Company of Zydus Pharmaceuticals (USA) Inc.</p> <p>@@ 85% held by Zydus International Private Limited and 15% held by Mr. Sharad Govil.</p> <p># Wholly Owned Subsidiary Company of Zydus Noveltch Inc.</p> <p>## Wholly Owned Subsidiary Company of Zydus Healthcare SA (Pty) Ltd.</p> <p>A. There has been no change in the Holding Company's interest in the Subsidiary Companies between the end of the financial year of the Subsidiary Companies and the end of the financial year of the Holding Company.</p> <p>B. No material changes have occurred between the end of the financial year of the Subsidiary Companies and the Holding Company's financial year in respect of the Subsidiary Companies [a] Fixed Assets [b] Investments [c] Moneys lent [d] Moneys borrowed for.</p> <p>C. Previous year's figures are restated / regrouped wherever necessary.</p>							
<p>Nitin D. Parekh Chief Financial Officer Ahmedabad, Dated : May 16, 2014</p>						<p>Pankaj R. Patel Chairman & Managing Director</p> <p>Sharvil P. Patel Deputy Managing Director</p>	

The details of subsidiary companies in terms of General circular No. 2 and 3 dated February 21, 2011 issued by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956 is as under:

Sr. No.	Name of the Subsidiary Company	Country	Reporting Currency	Exchange Rate	INR - Millions									
					Capital	Reserves	Total Assets	Total Liabilities	Investment other than Investment in subsidiaries	Turnover and Income from operations	Profit / [Loss] before Taxation	Provision for Taxation	Profit / [Loss] after Taxation	Proposed Dividend
1	Dialforhealth India Limited	India	INR	1.00	250.00	(88.94)	302.54	141.48	-	118.07	5.23	-	5.23	-
2	Dialforhealth Unity Limited	India	INR	1.00	0.50	(2.48)	0.06	2.03	-	-	(0.03)	-	(0.03)	-
3	Dialforhealth Greencross Limited	India	INR	1.00	2.50	(1.90)	0.62	0.02	-	-	(0.01)	-	(0.01)	-
4	German Remedies Limited	India	INR	1.00	2.40	130.63	194.86	61.84	9.59	78.79	79.55	0.07	79.48	52.80
5	Zydus Wellness Limited	India	INR	1.00	390.70	2,864.90	3,733.00	477.40	-	2,032.50	906.00	(58.50)	964.50	234.40
6	Zydus Technologies Limited	India	INR	1.00	590.00	(12.17)	3,986.87	3,409.04	-	-	(2.70)	0.16	(2.86)	-
7	Biochem Pharmaceutical Industries Limited	India	INR	1.00	75.00	270.69	1,206.84	861.14	-	2,691.22	120.36	45.21	75.15	11.25
8	Liva Pharmaceuticals Limited	India	INR	1.00	20.00	0.49	19.53	0.03	-	-	(0.40)	0.09	(0.49)	-
9	Zydus Lanka (Private) Limited	Sri Lanka	LKR	0.48	0.48	(0.26)	0.24	0.02	-	-	(0.16)	-	(0.16)	-
10	Zydus Healthcare Philippines Inc *	Philippines	PHP	1.36	10.88	(1.05)	11.02	1.19	-	-	(2.91)	(0.88)	(2.03)	-
11	Zydus International Private Limited *	Ireland	EUR	82.43	4,453.12	(2,118.29)	8,438.69	5,922.51	-	112.35	(2,364.96)	2.89	(2,367.85)	-
12	ZAHL B.V.	the Netherlands	EUR	82.43	1.48	459.88	470.10	14.92	-	-	(3.96)	-	(3.96)	-
13	Zydus Netherlands B.V. *	the Netherlands	EUR	82.43	1,428.68	(673.45)	3,754.36	2,999.13	-	12.69	(129.02)	-	(129.02)	-
14	Zydus France, SAS *	France	EUR	82.43	641.06	(207.39)	2,158.60	1,724.93	-	3,552.73	(59.51)	0.25	(59.76)	-
15	Etna Biotech S.R.L. *	Italy	EUR	82.43	7.42	11.54	162.88	143.92	-	46.57	8.48	-	8.48	-
16	Laboratorios Comibix S.L. *	Spain	EUR	82.43	613.94	(1,118.25)	682.60	1,186.91	-	827.10	(407.82)	-	(407.82)	-
17	ZAHL Europe B.V.	the Netherlands	EUR	82.43	1.48	402.84	405.97	1.65	-	-	(11.98)	-	(11.98)	-
18	Bremer Pharma GmbH	Germany	EUR	82.43	39.57	199.13	312.41	73.72	-	585.52	(27.98)	(5.36)	(22.62)	-
19	Zydus Pharma Japan Co. Ltd. *	Japan	JPY	0.58	1,988.66	(2,253.63)	705.37	970.34	-	526.47	(546.84)	-	(546.84)	-
20	Zydus Pharmaceuticals (USA) Inc. *	USA	USD	59.94	137.86	1,371.25	11,414.85	9,905.75	-	18,890.39	1,348.06	206.25	1,141.81	-
21	Nesher Pharmaceuticals (USA) LLC *	USA	USD	59.94	0.60	(1,412.61)	3,349.57	4,761.57	-	1,734.90	(719.90)	-	(719.90)	-
22	Zydus Healthcare (USA) LLC *	USA	USD	59.94	11.99	10.43	183.84	161.42	-	74.06	1.83	0.42	1.41	-
23	Zydus Noveltex Inc., USA *	USA	USD	59.94	299.70	(193.55)	638.84	532.69	-	128.27	(58.70)	-	(58.70)	-
24	Hercon Pharmaceuticals LLC *	USA	USD	59.94	5.99	(272.73)	356.16	622.90	-	147.69	(226.38)	-	(226.38)	-
25	Zydus Healthcare SA (Pty) Ltd *	South Africa	ZAR	5.69	328.33	(416.70)	1,067.61	1155.96	-	232.53	(97.00)	-	(97.00)	-
26	Simayla Pharmaceuticals (Pty) Ltd *	South Africa	ZAR	5.69	0.00	(574.97)	0.13	575.10	-	-	(7.10)	-	(7.10)	-
27	Script Management Services (Pty) Ltd *	South Africa	ZAR	5.69	0.00	3.51	10.10	6.59	-	39.09	3.59	0.60	2.99	-
28	Zydus Nikkho Farmaceutica Ltda. *	Brazil	BRL	26.52	2,312.49	(1,232.02)	2,703.79	1,623.32	-	2,314.48	(413.78)	9.52	(423.30)	-
29	Zydus Pharmaceuticals Mexico SA De CV *	Mexico	MXN	4.61	379.47	(327.81)	188.41	136.75	-	81.88	(144.91)	-	(144.91)	-
30	Zydus Pharmaceuticals Mexico Service Company SA De CV *	Mexico	MXN	4.61	6.08	(40.32)	20.44	54.67	-	148.94	(28.75)	2.21	(30.96)	-

The figures given in INR are equivalent of the figures given in foreign currencies appearing in the accounts of subsidiary companies at the exchange rate as at March 31, 2014.

* The financial year of these companies ended on December 31, 2013.

CADILA HEALTHCARE LIMITED

[CIN L24230GJ1995PLC025878]

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

Notice

Notice is hereby given that the Nineteenth Annual General Meeting of the members of the Company will be held on Wednesday, the 30th day of July, 2014 at 10.00 a.m. at H. T. Parekh Hall, 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 March 31, 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. Apurva S. Diwanji [DIN 00032072], who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Mukesh M. Shah & Co., Chartered Accountants [ICAI Registration No. 106625W] as statutory auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. 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 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 upto the conclusion of the 24th Annual General Meeting in the calendar year 2019."

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 thereof for the time being in force] and clause 49 of the Listing Agreement, Mr. Nitin Raojibhai Desai [DIN 00140239], 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 upto the conclusion of 24th 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 thereof for the time being in force] and clause 49 of the Listing Agreement, Ms. D. N. Rawal [DIN 02792246], who was appointed as an Additional Director pursuant to provisions of section 161[1] of the Companies Act, 2013 and Article 67 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting 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 her candidature for the Office of 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 upto the conclusion of 24th 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 section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies [Audit and Auditors] Rules, 2014 [including any statutory modification(s) or re-enactment 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. 1.02 mio to M/s Dalwadi & Associates, Cost Accountants appointed by the Board to conduct the audit of cost records pertaining to Pharmaceutical products manufactured by the Company for the financial year ending on March 31, 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.”

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

“RESOLVED THAT in supersession of the ordinary resolution passed at the 11th Annual General Meeting of the Company held on July 28, 2006 and pursuant to provisions of section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder [including any statutory modification[s] or re-enactment thereof for the time being in force], consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow monies for the purpose of business of the Company from any Bank, Financial Institution or any person, such sum or sums of monies as they may deem necessary, notwithstanding the fact that the monies so borrowed and the monies borrowed from time to time apart from temporary loans obtained by the Company exceed the aggregate of the paid up capital of the Company and its free reserves i.e. reserves not set apart for any specific purpose, provided that the total outstanding amount of such borrowings shall not exceed INR 15000 mio [Rupees Fifteen Thousand millions] over and above the aggregate of the paid up capital of the Company and its free reserves at any time.”

10. To consider and if thought fit, to pass with or without modification[s], the following resolutions as a **Special Resolution**.

“RESOLVED THAT pursuant to the provisions of section 42 and other applicable provisions, if any, of the Companies Act, 2013 [Act] read with Rule 14 of the Companies [Prospectus and Allotment of Securities] Rules, 2014 on Private Placement of securities and Regulations 19 to 22 of the Securities and Exchange Board of India [Issue and Listing of Debt Securities] Regulations, 2008 read with schedule-I thereof [including any statutory modification[s] or re-enactment thereof, for the time being in force] and subject to provisions of Articles of Association of the Company, approval of the members be and is hereby accorded to authorize the Board of Directors of the Company to offer and invite subscription for the Secured Redeemable Non-convertible Debentures [“Bonds”], to the extent of INR 3500 mio [Rupees Three Thousand Five Hundred millions], in one or more tranches, during the current financial year ending on March 31, 2015, through private placement in conformity with rules, regulations and enactments as applicable from time to time subject to the total borrowing of the Company not exceeding the borrowing powers approved by the shareholders under section 180(1)(c) of the Act and to do, from time to time, all such acts, deeds and things as may be deemed necessary in respect of issue of Bonds including but not limited to the face value, issue price, issue size, timing, amount, security, coupon / interest rate[s], yield, listing, allotment and other terms and conditions of issue of Bonds as they may, in their absolute discretion, deem necessary.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do or cause to be done all such acts, deeds and other things as may be required or considered necessary or incidental thereto to give effect to this resolution.”

11. To consider and if thought fit, to pass with or without modification[s], the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the 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 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.”

By order of the Board of Directors

Place : Ahmedabad
Date : May 16, 2014

Upen H. Shah
Company Secretary

NOTES :

1. The Explanatory Statement, pursuant to provisions of section 102 of the Companies Act, 2013 and rules made thereunder, in respect of the business under item No. 5 to 11 of the Notice is annexed hereto.
2. The Register of Members and Share Transfer Books will remain closed from July 21, 2014 to July 30, 2014 [both days inclusive] for the purpose of determining the names of the members entitled to dividend and Annual General 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 the aggregate not more than ten per cent of the total share capital of the Company.

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 authorised representatives to attend the Meeting are requested to send to the Company, a certified copy of Board Resolution/authorisation document authorising 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 there against 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 date, the members will lose their rights to claim such dividend unless the provisions of section 125 of the Companies Act, 2013 are notified by the Central Government.

Accounting Year ended	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF Account
March 31, 2007	July 31, 2007	80%	August 5, 2014
March 31, 2008	July 29, 2008	90%	August 4, 2015
March 31, 2009	July 29, 2009	90%	August 4, 2016
March 31, 2010	July 27, 2010	100%	August 2, 2017
March 31, 2011	July 19, 2011	125%	July 25, 2018
March 31, 2012	August 8, 2012	150%	August 11, 2019
March 31, 2013	May 30, 2013	150 %@	June 15, 2020

@ Interim dividend

Pursuant to the IEPF [Uploading of information regarding unpaid and unclaimed amount lying with the Companies] Rules, 2012 [IEPF Rules], the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the Eighteenth Annual General Meeting held on September 30, 2013 on its website – www.zyduscadila.com

6. Members holding shares in physical form are requested to intimate Registrar and Transfer Agents of the Company viz., M/s. Sharepro Services [India] Private Limited [Unit: Cadila Healthcare Limited], 416-420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram, Nr. M. J. Library, Ellis bridge, 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.
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, **Annexure - A** to this Notice.
8. Notice of the Nineteenth 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 or 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 Nineteenth 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, Notices, Circulars, etc. from the Company electronically.**

Members may also note that the Notice of the Nineteenth Annual General Meeting and the Annual Report will also be available on the Company's website www.zyduscadila.com for their download. The physical copies of the 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@zyduscadila.com

10. Voting through electronic means:

In compliance with provisions of section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and in compliance of clause 35B of the Listing Agreement with the Stock Exchanges, 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 provided in the **Annexure - B** to this Notice.

11. Proxy shall not vote, except on a poll.

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 pursuant to 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. 5

Mr. H. Dhanrajgir is an Independent Director on the Board of the Company. He was appointed on the Board at its meeting held on August 16, 2003.

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 the Act], which are made applicable from April 1, 2014, Mr. Dhanrajgir being eligible and has offered himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto the conclusion of 24th Annual General Meeting 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 and experience in the field of pharmaceutical industry and 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 relationship between Directors inter-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 Act 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.

Keeping in view his vast experience and knowledge, 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.

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. 5.

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

In respect of item No.6

Mr. Nitin Raojibhai Desai is an Independent Director on the Board of the Company. He was appointed on the Board at its meeting held on May 6, 2011.

Mr. Desai 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 the Act], which are made applicable from April 1, 2014, Mr. Desai 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 24th Annual General Meeting 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. Desai as a candidate for the office of Director of the Company.

Mr. Desai 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. Desai 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. Desai possesses appropriate skills and experience in the field of industry and finance. Brief resume of Mr. Desai, 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 relationship between Directors inter 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. Desai fulfills the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company. Copy of the draft letter of appointment of Mr. Desai 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.

Keeping in view of his vast experience and knowledge, 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. Desai as an Independent Director.

Save and except Mr. Desai, 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 Exchanges.

In respect of item No.7

Pursuant to provisions of section 161 of the Companies Act, 2013 [hereinafter referred to as the Act] and Article 67 of Articles of Association of the Company, the Board of Directors of the Company appointed Ms. D. N. Rawal as an Additional Director with effect from May 16, 2014. As per the provisions of section 149(1) of the Act and amendment proposed in clause 49 of the Listing Agreement, the Company should have one Woman Director. Ms. D. N. Rawal is an Independent Woman Director on the Board of the Company.

Pursuant to provisions of section 161[1] of the Act, which is effective from April 1, 2014, Ms. Rawal holds office only upto the date of this Annual General Meeting of the Company. A notice has been received from a member along with deposit of requisite amount under section 160 of the Act proposing Ms. Rawal as a candidate for the office of the Director of the Company.

Ms. Rawal is not disqualified from being appointed as Director in terms of section 164 of the Act and has given her 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 she shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Ms. Rawal that she meets with criteria of independence as prescribed both under section 149(6) of the Act and clause 49 of the Listing Agreement. Ms. Rawal possesses appropriate skills, experience and knowledge in the field of corporate laws and finance. Brief resume of Ms. Rawal, nature of her expertise in specific functional areas and names of the Companies in which she holds directorships and memberships / chairperson of the Board/ Committees, shareholding and relationship between Directors inter 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, Ms. Rawal fulfills the conditions specified in the Act and rules made thereunder for her appointment as an Independent Director of the Company. Copy of the draft letter of appointment of Ms. Rawal 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.

Keeping in view of her vast experience and knowledge, the Board considers that her association would be of immense benefit to the Company and it is desirable to continue to avail the services of Ms. Rawal as an Independent Director.

Save and except Ms. Rawal, 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. 7.

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

In respect of item No.8

The Board of Directors after considering the recommendation of Audit Committee, appointed M/s Dalwadi & Associates, Cost Accountants as the Cost Auditors to carry out the audit of cost records of the Company for the financial year ending on March 31, 2015 and decided the remuneration of Rs. 1.02 mio plus service tax and out of pocket expenses.

As per the provisions of section 148 of the Companies Act, 2013 read with the Companies [Audit and Auditors] Rules, 2014, the remuneration to the cost auditors fixed by the Board of Directors shall be ratified by the members by passing a resolution.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in item No. 8 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending on March 31, 2015.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice. Your Directors recommend the passing of resolution as set out at item No. 8 of the Notice for approval by the shareholders.

In respect of item No.9

The members of the Company at 11th Annual General Meeting held on July 28, 2006 approved by way of an Ordinary Resolution under section 293(1)(d) of the Companies Act, 1956 for borrowing over and above the aggregate of the paid-up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amount already borrowed and outstanding at any point of time shall not be in excess of INR 5000 mio [Rupees Five Thousand millions], of aggregate of the paid-up share capital and free reserves of the Company.

Section 180(1)(c) of the Companies Act, 2013 effective from September 12, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid-up share capital and free reserves, apart from temporary loans obtained from the Company's Bankers, etc. in the ordinary course of business, except with the approval of the Company accorded by a Special Resolution.

The Company borrows funds from the Banks and Financial Institutions for its business and considering the growth of the business, the Board is of the opinion that the Company may require to borrow additional funds for both organic and inorganic growth. In view of the requirements of the increased borrowings and to comply with the requirements of section 180(1)(c) or other applicable provisions of the Companies Act, 2013, the members of the Company shall pass a Special Resolution as set out at item No. 9 of the Notice, to enable the Board of Directors to borrow in excess of the aggregate of the paid-up share capital and free reserves of the Company. Approval of the members is being sought to borrow the money up to INR 15000 mio [Rupees Fifteen Thousand millions] in excess of the aggregate of the paid-up share capital and free reserves of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out in the item No. 9.

In respect of item No.10

Rule 14 of the Companies [Prospectus and Allotment of Securities] Rules, 2014 prescribed, *inter alia*, under section 42 of the Companies Act, 2013 deals with the private placement of securities by a Company. It provides that in case of an offer or invitation to subscribe for Non-convertible Debentures on private placement, the Company shall obtain previous approval of its members by means of a Special Resolution only once in a year for all the offers or invitations for such debentures during the year.

In order to augment long term resources for financing, *inter alia*, the ongoing capital expenditure and for general corporate purposes, the Company may offer or invite for subscription Secured Redeemable Non-convertible Debentures, in one or more series or tranches on a private placement.

Accordingly, consent of the members is sought for passing a Special Resolution as set out at Item No. 10 of the Notice. This resolution enables the Board of Directors of the Company to offer or invite for subscription Non-convertible Debentures, as may be required by the Company, from time to time during the current financial year ending on March 31, 2015.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 10 of the Notice.

The Board recommends the passing of Special Resolution as set out at Item No. 10 of the Notice by the members.

In respect of item No.11

The Articles of Association [hereinafter referred to as “AoA”] of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956. The Companies Act, 1956 is no longer in force.

Consequent upon coming into force of the Companies Act, 2013 several regulations of the existing AoA of the Company require alteration or deletion in several articles. It is expedient to replace the existing AoA by a new set of Articles.

The Company can not alter its Articles of Association without the approval of members by passing a Special Resolution. The new set of Articles of Association is available for inspection at the Registered Office of the Company on any working day during business hours.

None of the Directors of the Company or Key Managerial Personnel and their relatives have any interest, financially or otherwise, in the proposed resolution. Your Directors recommend the Special Resolution set out at item No. 11 of the Notice for approval by the shareholders.

By order of the Board of Directors

Place : Ahmedabad
Date : May 16, 2014

Upen H. Shah
Company Secretary

Details of Directors seeking Appointment / Reappointment at the Nineteenth Annual General Meeting
[Pursuant to clause 49 of the Listing Agreement]

Sr. No.	Name of the Director	Age [Yrs.]	Date of Appointment on the Board	Brief Resume and Nature of Expertise in Functional Areas	Directorships held in other Public Companies [Excluding Foreign / Private Companies]	Memberships / Chairmanships of Committees Across Public Limited Companies*	Shareholding in the Company
1.	Mr. Apurva S. Diwanji	45	August 16, 2003	Mr. Diwanji completed his law degree from Downing College, Cambridge University, UK and after working in the UK with two international law firms, he returned to India to join M/s Desai & Diwanji, Advocates, Solicitors and Notaries. He is currently a partner with M/s Desai & Diwanji and is based in Mumbai. He also has an Economics degree from St. Xavier's College, University of Bombay.	1. Go Airlines [India] Limited and 2. Eureka Forbs Limited	Member of Audit Committee: 1. Cadila Healthcare Limited and 2. Go Airlines [India] Limited. Chairman of Investors' Grievance Committee: Cadila Healthcare Limited	Nil
2.	Mr. H. Dhanrajgir	77	August 16, 2003	Mr. Dhanrajgir is a B. Tech (Chem. Eng.) from Loughborough University, U.K., M.I. Chem. E (London.), C. Eng (London), AMP (Harvard). He started his career 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 helped the Company in its globalisation 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. 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. Mr. Dhanrajgir is a member - Global Advisory Board, Asian Centre for Corporate Governance, Trustee of Breach Candy Hospital Trust and Lintas Employees Welfare Trusts. He is on the Indian Advisory Board of U.S. Pharmacopoeia.	1. Zydus Wellness Limited, 2. HDFC Asset Management Company Limited, 3. Neuland Laboratories Limited, 4. Emcure Pharmaceuticals Limited, 5. Themis Medicare Limited, 6. Next Gen Publishing Limited and 7. Sami Labs Limited	Member of Audit Committee: 1. Cadila Healthcare Limited, 2. Zydus Wellness Limited, 3. HDFC Asset Management Company Limited, 4. Neuland Laboratories Limited, 5. Emcure Pharmaceuticals Limited and 6. Next Gen Publishing Limited. Chairman of Audit Committee: Themis Medicare Limited. Member of Shareholders' / Investors' Grievance Committee: 1. Zydus Wellness Limited and 2. HDFC Asset Management Company Limited [Customers' Grievance Committee]	Nil

Details of Directors seeking Appointment / Reappointment at the Nineteenth Annual General Meeting
[Pursuant to clause 49 of the Listing Agreement]

Sr. No.	Name of the Director	Age [Yrs.]	Date of Appointment on the Board	Brief Resume and Nature of Expertise in Functional Areas	Directorships held in other Public Companies [Excluding Foreign / Private Companies]	Memberships / Chairmanships of Committees Across Public Limited Companies*	Shareholding in the Company
3.	Mr. Nitin R. Desai	70	May 6, 2011	<p>Mr. Desai is a Graduate in Civil Engineering and Masters in Environmental Engineering from the University of Michigan, Ann Arbor, USA.</p> <p>Mr. Desai is the Chairman and Managing Director of Desai Brothers Limited, Pune, a leading Corporate in the multi fold business of manufacturing Bidis and Food Products, Finance and Investments, Hospitality, Healthcare and Renewal Energy.</p> <p>Mr. Desai is actively associated with the Healthcare Industry. Mr. Desai is one of the Promoter Directors of the fast expanding “Sahyadri Group of Hospitals”. Mr. Desai is also actively involved with diverse social activities, mainly in the spheres of Eye Care, Environment, support to the Disabled and Education.</p> <p>Mr. Desai is the Chairman of Poona Blind Mens’ Association and H. V. Desai Eye Hospital. In recognition of Mr. Desai’s leading role in providing comprehensive eye care, he was felicitated by the former President of India, Dr. A.P.J. Abdul Kalam.</p> <p>Mr. Desai is the President of Shri Poona Gujarati Bandhu Samaj. Mr. Desai has been a Trustee of Poona Gujarat Kelvani Mandal, Pune for the past several years.</p> <p>Mr. Desai is also a Trustee of Vanarai, headed by Shri Mohan Dhariya, former Vice Chairman of the Planning Commission.</p> <p>Mr. Desai has served as President of the prestigious Poona Club. Mr. Desai was also President of Poona Junior Chamber and Vice – President of Indian Jaycees. In appreciation of Mr. Desai’s multifarious achievements and noteworthy contribution in the fields of business and social work, the Poona Merchants Chambers awarded Mr. Desai the “Adarsh Vayapari – Uttam Puraskar” in 2004.</p>	<p>Other Directorships :</p> <ol style="list-style-type: none"> 1. Desai Brothers Limited and 2. Sahyadri Hospitals Limited 	<p>Member of Audit Committee:</p> <p>Desai Brothers Limited</p>	50,400

Details of Directors seeking Appointment / Reappointment at the Nineteenth Annual General Meeting
[Pursuant to clause 49 of the Listing Agreement]

Sr. No.	Name of the Director	Age [Yrs.]	Date of Appointment on the Board	Brief Resume and Nature of Expertise in Functional Areas	Directorships held in other Public Companies [Excluding Foreign / Private Companies]	Memberships / Chairmanships of Committees Across Public Limited Companies*	Shareholding in the Company
4.	Ms. D. N. Rawal	58	May 16, 2014	<p>Ms. Dharmishtaben N. Raval, an eminent lawyer is a science graduate and Master of Laws. She is enrolled as an Advocate of the Gujarat Bar Association since 1980. She has worked extensively with late Mr. Kirit N. Raval, former Solicitor General of India. She had exposure in the matters of various laws, such as Service Laws, Banking Laws, Financial Institutions, Company Law, Labour Laws and Income Tax Laws. She had also worked as an Executive Director in SEBI till May, 2003 and since then she started her practice as an Advocate at Gujarat High Court. She was a Senior Standing Counsel for the Central Government for the Gujarat High Court till June, 2004. At present, she is the Secretary of the Indian Law Institute of Gujarat State Unit. She is also on the Executive Committee of NSDL and a member of the Lilawati Advisory Committee of SEWA Bank. She was the Chairperson of Ace Commodity Exchange and a member of advisory committee of SEBI – Mutual Funds. She was a member of the advisory committee on “Fostering Fair Trade and Competition in downstream Petroleum & Natural Gas Sector” by Petroleum and Natural Gas Regulatory Board.</p> <p>She is associated with Raval & Raval, Advocates.</p>	Gujarat Themis Biosyn Limited	<p>Member: Audit Committee of Gujarat Themis Biosyn Limited.</p>	Nil

* Only Audit Committee and Investors' Grievance Committee.

The instructions and process for voting electronically by the members are as under:**A. In case of members receiving e-mail:**

- i. If you are holding shares in Demat form and have logged on to www.evotingindia.com and have cast your vote earlier for EVSN of any Company, then your existing login id and password are to be used. If Demat Account holder has forgotten the changed password then enter the user id and captcha code click on forgot password and enter the details as prompted by the system.
- ii. Otherwise, Log on to e-voting website www.evotingindia.com.
- iii. Click on "Shareholders" tab to cast your votes.
- iv. Now, select the Electronic Voting Sequence Number ["EVSN"] **140607001** along with "CADILA HEALTHCARE LIMITED" from the drop down menu and click on "SUBMIT".
- v. Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
USER ID	For NSDL: 8 character DP ID Followed by 8 digit Client ID For CDSL: 16 digits beneficiary ID & enter the captcha code as displayed and click on login.	Folio number registered with the Company & enter the captcha code as displayed and click on login.
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income tax Department when prompted by the system while e-voting [applicable for both, shareholders holding shares in demat mode and shareholders holding shares in physical mode]	
Any one of the following two:		
DOB#	Enter the date of birth as recorded in your Demat Account or in the Company records for the said Demat Account or folio in dd/mm/yyyy format.	
	OR	
Dividend Bank Details	Enter the Dividend Bank details as recorded in your Demat Account or in the company records for the said Demat Account or folio.	

* Members who have not updated their PAN with the Company / Depository Participant are requested to use the default number: "ZYDUS1995G" in the PAN field.

Members who have not updated their DOB with the Company / Depository Participant are requested to use the default number: "01/06/2014"

- vi. After entering these details appropriately, click on "SUBMIT" tab.
- vii. Members holding shares in physical form will then directly reach the EVSN selection screen.
However, members holding shares in demat form will now reach "Password Creation" menu wherein they are requested to mandatorily change their login password in the new password field.
The new password has to be minimum eight characters consisting of at least one upper case [A-Z], one lower case [a-z], one numeric value [0-9] and a special character [@ # \$ % & *].
Kindly note that this password is to be also used by the Demat Account holders for voting for resolutions of any other Company on which they are eligible to vote, provided that company opts for e-voting through CSDL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii. Click on the relevant EVSN on which you choose to vote.
- ix. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired.
The option YES implies that you assent to the resolution and option NO implies you dissent to the resolution.
- x. Click on the "Resolutions File Link" if you wish to view all the resolutions.
- xi. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- B. Please follow all steps from Sr. No. [ii] to Sr. No. [xii] hereinabove to cast vote, in case of members receiving the physical copy of Notice of Annual General Meeting [for members whose e-mail IDs are not registered with the Company / Depository Participant [s] or requesting physical copy].
- C. Institutional shareholders [i.e. other than individuals, HUF, NRI, etc.] are requested to log on to <https://www.evotingindia.co.in> and register themselves as Corporate. After receiving the log in details they have to link their account(s) which they wish to vote and then cast their vote. They should upload a scanned copy of the Board Resolution/Power of Attorney (POA) which they have issued in favour of the Custodian, in PDF format in the system for the scrutiniser to verify the same.
- D. The e-voting period commences on 24th July, 2014 [9:00 a.m.] and ends on 26th July, 2014 [5:00 p.m.]. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, may cast their vote electronically. **The e-Voting module shall be disabled for voting thereafter.** Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- E. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
- F. Mr. Dhirajlal D. Sanghavi, Practicing Company Secretary [Membership No. FCS 3229; CP No. 5130] [Address: 703/2, Parshwa Tower, 7th Floor, S. G. Highway, Next to Pakwan-II, Ahmedabad-380 015] has been appointed as the scrutiniser to scrutinise the e-voting process.
- G. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions [“FAQs”] and e-voting manual available at www.evotingindia.co.in under help section or write email to helpdesk.evoting@cdslindia.com

Contact Details	
Company	Cadila Healthcare Limited “Zydus Tower”, Satellite Cross Roads Ahmedabad-380 015 Email: investor.grievance@zyduscadila.com
Registrar & Transfer Agent	Sharepro Services (I) Private Limited 3AB, Samhita Warehousing Complex 2nd Floor, Saki Naka Telephone Exchange Lane Off. Andheri-Kurla Road, Sakinaka, Andheri (E) Mumbai-400 072 Tel. No. 022-6772 0300/6772 0400/2851 1872 Email: sharepro@shareproservices.com
e-voting Agency	Central Depository Services [India] Limited Email: helpdesk.evoting@cdslindia.com
Scrutinizer	Mr. Dhirajlal D. Sanghavi, Practicing Company Secretary Email: ddsanghavi@gmail.com

ATTENDANCE SLIP**CADILA HEALTHCARE LIMITED**

[CIN:L24230GJ1995PLC025878]

Regd. Office: "Zydus Tower", Satellite Cross Roads, Ahmedabad – 380 015

Email: investor.grievance@zyduscadila.com Website: www.zyduscadila.com

Phone: +91 268 68 100 [20 Lines] | Fax +91 268 62 365

Nineteenth Annual General Meeting**2014**

I/We hereby record my/our presence at the Nineteenth Annual General Meeting of the Company at H.T. Parekh Hall, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015 on Wednesday, July 30, 2014 at 10.00 a.m.

.....
Member's Folio/DP ID-Client ID No......
Member's/Proxy's name in Block.....
Member's/Proxy's Signature**Note:**

1. Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Electronic copy of the Annual Report for 2014 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2014 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email address is not registered or have requested for a hard copy.



PROXY FORM**CADILA HEALTHCARE LIMITED**

[CIN:L24230GJ1995PLC025878]

Regd. Office: "Zydus Tower", Satellite Cross Roads, Ahmedabad - 380 015

Email: investor.grievance@zyduscadila.com Website: www.zyduscadila.com

Phone: +91 268 68 100 [20 Lines] | Fax +91 268 62 365

Name of the member (s):

Registered address:

E-mail Id:

Folio / DP ID-Client ID No.

I/We being the member(s) holding shares of the above named Company hereby appoint:

(1) Name:..... Address:.....

E-mail ID:..... Signature:.....or failing him/her;

(2) Name:..... Address:.....

E-mail ID:..... Signature:.....or failing him/her;

(3) Name:..... Address:.....

E-mail ID:..... Signature:.....;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company, to be held on Wednesday, July 30, 2014 at 10.00 a.m. at H.T. Parekh Hall, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars of Resolution	Optional	
		For	Against
Ordinary Business:			
1.	Adoption of Financial Statements for the year ended on March 31, 2014.		
2.	Declaration of Dividend.		
3.	Reappointment of Mr. Apurva S. Diwanji, Director retiring by rotation.		
4.	Appointment of Statutory Auditors.		
Special Business:			
5.	Appointment of Mr. H. Dhanrajgir as an Independent Director.		
6.	Appointment of Mr. Nitin Raojibhai Desai as an Independent Director.		



Resolution No.	Particulars of Resolution	Optional	
		For	Against
Special Business:			
7.	Appointment of Ms. Dharmishtaben N. Rawal as an Independent Woman Director.		
8.	Ratification of remuneration to Cost Auditors.		
9.	Authority to Board of Directors to borrow funds.		
10.	Issue of Redeemable Non-convertible Debentures.		
11.	Alterations in Articles of Association.		

Signed this day of 2014

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp not
Less than
Re 0.15

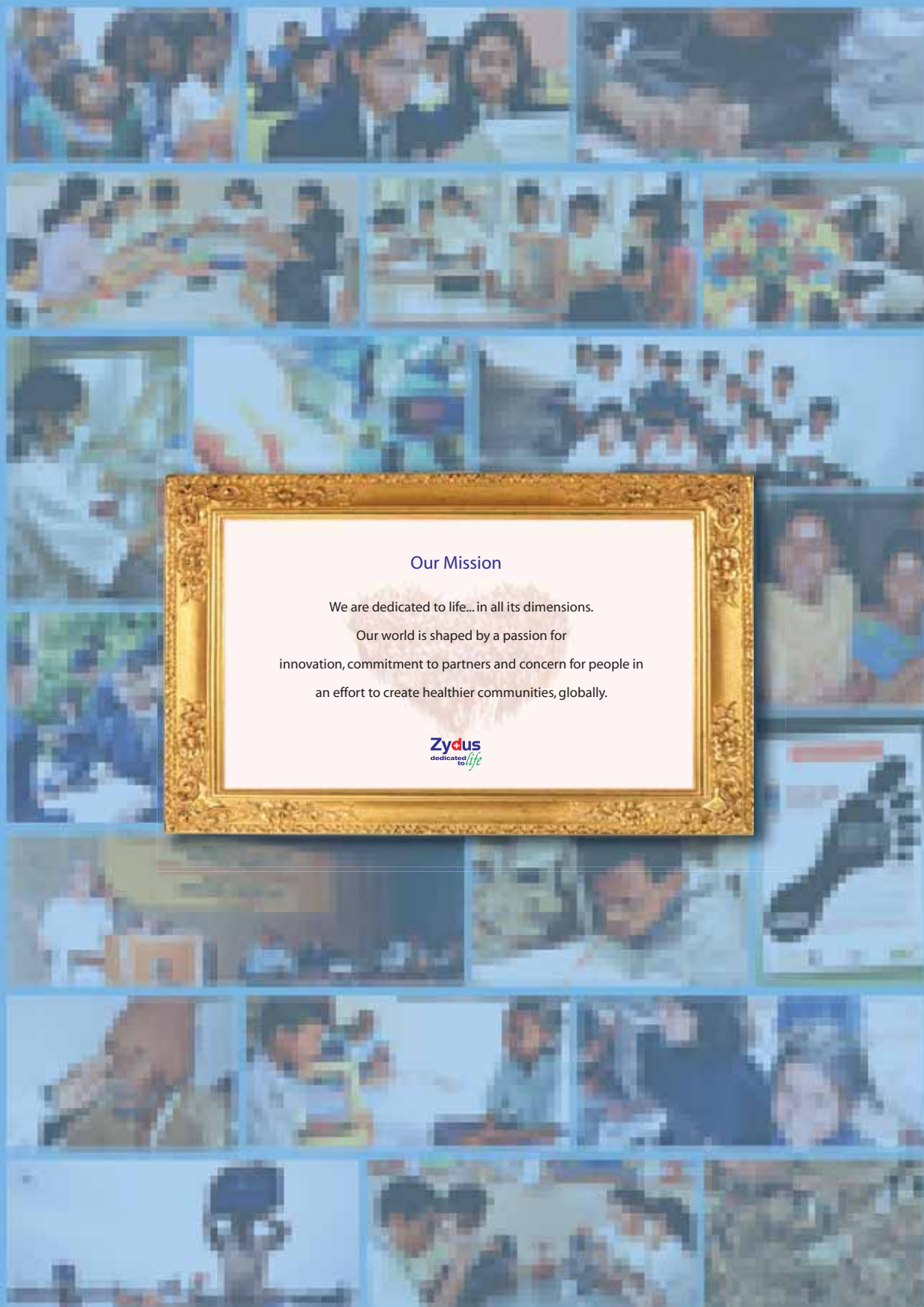
Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Nineteenth Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

CADILA HEALTHCARE LIMITED

Notes

[illegible]



Our Mission

We are dedicated to life... in all its dimensions.

Our world is shaped by a passion for innovation, commitment to partners and concern for people in an effort to create healthier communities, globally.





If undelivered, please return to:

Cadila Healthcare Limited

Regd. Office: Zydus Tower, Satellite Cross Roads, Ahmedabad - 380 015, Gujarat, India.

www.zyduscadila.com

CIN L24230GJ1995PLC025878

Date: May 16, 2014

FORM A

[Pursuant to clause 31(a) of the Listing Agreement]

1.	Name of the Company	Cadila Healthcare Limited
2.	Annual financial statement for the year ended	March 31, 2014
3.	Type of Audit Observation	Un-qualified
4.	Frequency of observation	Not Applicable

For, CADILA HEALTHCARE LIMITED



PANKAJ R. PATEL
CHAIRMAN & MANAGING DIRECTOR

For, CADILA HEALTHCARE LIMITED



NITIN D. PAREKH
CHIEF FINANCIAL OFFICER

For, CADILA HEALTHCARE LIMITED



MUKESH M. PATEL
CHAIRMAN OF AUDIT COMMITTEE

For, MUKESH M. SHAH & Co.
Chartered Accountants
Firm Registration No. 106625W



MUKESH M. SHAH
PARTNER
MEMBERSHIP NO. 030190