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## **Independent Auditor's Report**

**To the Members of German Remedies Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **German Remedies Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ('the Act') with respect to 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 aforesaid financial statements 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, of the state of affairs of the Company as at March 31, 2015, and its profits and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

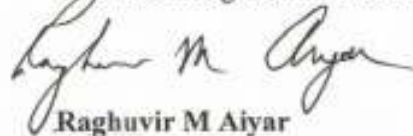
1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Government of India – Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in the annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company does not have any pending litigations which would impact its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**Place:** Mumbai  
**Date:** May 12, 2015

**For K. S. Aiyar & Co.**  
**Chartered Accountants**  
ICAI Firm Registration No. 100186W



**Raghuvir M Aiyar**  
**Partner**  
Membership No: 38128



**Annexure to the Auditor's Report**

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the financial statements for the year ended on March 31, 2015, of **German Remedies Limited**)

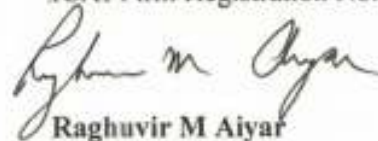
- 1 In absence of fixed assets, inventories and sales, clauses 3 (i), (ii) and (iv) of the Order are not applicable for the year.
- 2 As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, sub-clause (a) and (b) of clause (iii) of the Order are not applicable.
- 3 The Company has not accepted any deposits from the public to which the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules 2014 apply.
- 4 We have been informed that the Company is not required to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013, which has been relied upon.
- 5 (a) During the year there were no employees in the employment of the Company. Accordingly the directions relating to Provident Fund and Employee's State Insurance are not applicable to the Company. Further, based on our examination of the records maintained during the year, the Company is not liable to make any payments towards Wealth tax, Customs duty, Excise duty, and Cess, Sales Tax, Value Added Tax and Service Tax dues along with Cess thereon.  

The Company has been generally regular in depositing Income Tax, Service Tax, other statutory dues applicable to it along with cess thereon with the appropriate authority and there are no undisputed amounts payable there of which are outstanding, as at March 31, 2015 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and cess which have not been deposited on account of any dispute.
- (c) Based on our examination of the records maintained during the year, the Company is not liable to make any payments towards Investor Education Protection Fund.
- 6 The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

- 7 According to the information and explanations given to us, the Company has not taken any money from any financial institution, bank or debenture holder, and hence clause 3 (ix) of the Order is not applicable to the Company.
- 8 According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
- 9 The Company has not raised any term loans during the year. Hence clause (xi) of the Order is not applicable.
- 10 According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit.

Place: Mumbai  
Date: May 12, 2015

For K. S. Aiyar & Co.  
Chartered Accountants  
ICAI Firm Registration No. 100186W



Raghuvir M Aiyar  
Partner  
Membership No: 38128

**GERMAN REMEDIES LIMITED**  
Balance Sheet as at March 31, 2015

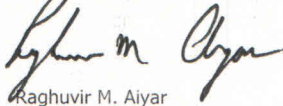
	Note No.	INR	
		As at March 31	
		2015	2014
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	2,400,000	2,400,000
Reserves and Surplus	2	135,692,779	130,626,836
		<b>138,092,779</b>	133,026,836
<b>Current Liabilities :</b>			
Other Current Liabilities	3	64,607	64,607
Short Term Provisions	4	75,104,640	61,773,360
		<b>75,169,247</b>	61,837,967
<b>Total</b>		<b>213,262,026</b>	194,864,803
<b>ASSETS:</b>			
<b>Non-Current Assets :</b>			
Non-Current Investments	5	11,592,385	11,592,385
Long Term Loans and Advances	6	864,665	768,338
		<b>12,457,050</b>	12,360,723
<b>Current Assets:</b>			
Current Investments	7	199,794,790	180,386,359
Cash and Bank Balances	8	1,010,186	2,117,721
		<b>200,804,976</b>	182,504,080
<b>Total</b>		<b>213,262,026</b>	194,864,803
<b>Significant Accounting Policies</b>	II		
<b>Notes to the Financial Statements</b>	1 to 16		

As per our report of even date

For K. S. Aiyar & Co.

Chartered Accountants

Firm Registration Number: 100186W

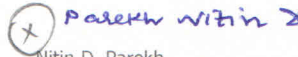


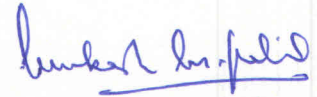
Raghuvir M. Aiyar  
Partner

Membership Number: 038128

Mumbai, Dated: **12 MAY 2015**

For and on behalf of the Board

  
Nitin D. Parekh  
Director

  
Mukesh M. Patel  
Chairman

*Lok vijaya*





**GERMAN REMEDIES LIMITED**  
Statement of Profit and Loss for the year ended March 31, 2015

	Note No.	INR	
		Year ended March 31	
		2015	2014
<b>REVENUE :</b>			
Revenue from Operations	11	<b>81,217,526</b>	78,788,810
Other Income	12	<b>779,043</b>	927,888
Total Revenue		<b>81,996,569</b>	79,716,698
<b>EXPENSES :</b>			
Other Expenses	13	<b>1,816,891</b>	164,193
Total Expenses		<b>1,816,891</b>	164,193
<b>Profit before Tax</b>		<b>80,179,678</b>	79,552,505
Less: Tax Expense:			
Current Tax		-	67,000
<b>Profit for the year</b>		<b>80,179,678</b>	79,485,505
<b>Basic &amp; Diluted Earning per Equity Share [EPS] [in Rupees]</b>	14	<b>3,340.82</b>	3,311.90
<b>Significant Accounting Policies</b>	II		
<b>Notes to the Financial Statements</b>	1 to 16		

For and on behalf of the Board

As per our report of even date

For K. S. Aiyar & Co.

Chartered Accountants

Firm Registration Number: 100186W

*Agghuvir M. Aiyar*  
Agghuvir M. Aiyar

Partner

Membership Number: 038128

Mumbai, Dated: 12 MAY 2015



*Nitin D. Parekh*

Nitin D. Parekh  
Director

*Mukesh M. Patel*

Mukesh M. Patel  
Chairman

*100186W*  
*Agghuvir M. Aiyar*



**GERMAN REMEDIES LIMITED**  
**Notes to the Financial Statements**

	INR	
	As at March 31	
	2015	2014
<b>Note: 1-Share Capital:</b>		
<b>Authorised :</b>		
50,000 [as at March 31, 2015: 50,000] Equity Shares of Rs.100/- each	5,000,000	5,000,000
	<b>5,000,000</b>	<b>5,000,000</b>
<b>Issued, Subscribed and Paid-up:</b>		
24,000 [as at March 31, 2015: 24,000] Equity Shares of Rs.100/- each, fully paid-up	2,400,000	2,400,000
	<b>2,400,000</b>	<b>2,400,000</b>
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	<b>24,000</b>	24,000
B The Company has only one class of equity shares having a par value of Rs. 100/- 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 All Equity shares of Rs. 100/- each, fully paid held by Holding Company, Cadila Healthcare Limited and its nominees.		
Number of Shares	<b>24,000</b>	24,000
% to total share holding	<b>100%</b>	100%
<b>Note: 2-Reserves and Surplus:</b>		
<b>Other Reserves :</b>		
<b>General Reserve: [*]</b>		
Balance as per last Balance Sheet	<b>101,099,845</b>	84,987,945
Add: Transfer from Surplus in statement of Profit and Loss	-	16,111,900
	<b>101,099,845</b>	101,099,845
<b>Surplus in statement of Profit and Loss:</b>		
Balance as per last Balance Sheet	<b>29,526,991</b>	27,926,746
Less: Additional depreciation upon revision in useful lives of tangible assets [**]	<b>9,095</b>	-
Add: Profit for the year	<b>80,179,678</b>	79,485,505
	<b>109,697,574</b>	107,412,251
Less: Appropriations:		
Dividends:		
Proposed Dividend	<b>62,400,000</b>	52,800,000
Corporate Dividend Tax on Dividend	<b>12,704,640</b>	8,973,360
Transfer to General Reserve	-	16,111,900
	<b>75,104,640</b>	77,885,260
Balance as at the end of the year	<b>34,592,934</b>	29,526,991
<b>Total</b>	<b>135,692,779</b>	130,626,836
[*] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.		
[**] An amount of Rs. 9,095 has been recognised in the opening balance of retained earnings, which relate to the carrying amount of tangible assets of M/s. Zydus Healthcare ["the firm"], whose revised remaining useful life as per Schedule II of Companies Act was Nil as on April 1, 2014 and which has been adjusted against the current capital of the Company in the firm.		
<b>Note: 3-Other Current Liabilities:</b>		
<b>Other Payables :</b>		
Audit fees payable	<b>28,090</b>	28,090
Provision for expenses	<b>36,517</b>	36,517
<b>Total</b>	<b>64,607</b>	64,607
As per the information available with the Company and relied upon by the auditors, there are no business transactions carried out during the year with any enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 [MSMED]. Further, there is no outstanding amount payable to any such enterprises, hence question of delayed payment or interest thereon does not arise.		





**GERMAN REMEDIES LIMITED**  
**Notes to the Financial Statements**

	INR	
	As at March 31	
	2015	2014
<b>Note: 4-Short Term Provisions:</b>		
Others :		
Proposed Dividend [Refer Note-10]	62,400,000	52,800,000
Corporate Dividend Tax on Dividend	12,704,640	8,973,360
<b>Total</b>	<b>75,104,640</b>	<b>61,773,360</b>
<b>Note: 5-Non-Current Investments:</b>		
Long Term Investments [Valued at cost]:		
Trade Investments:		
Investments in a Partnership Firm	2,000,000	2,000,000
Other Investments:		
Investments in Equity Instruments	9,592,385	9,592,385
<b>Total</b>	<b>11,592,385</b>	<b>11,592,385</b>
A Details of Trade Investments [Unquoted][Valued at cost]:		
Investment in the Fixed Capital of a Partnership Firm	2,000,000	2,000,000
B Details of Other Investments [Quoted] [Valued at cost]:		
Investment in Equity Instruments:		
In fully paid-up equity shares of:		
Reliance Industries Limited [174 Shares of Rs. 10/- each]	83,940	83,940
Cairns India Limited [57,750 Shares of Rs. 10/- each]	9,240,000	9,240,000
Tanla Solution Limited [2,026 Shares of Rs. 1/- each]	268,445	268,445
	<b>9,592,385</b>	<b>9,592,385</b>
<b>Total</b>	<b>11,592,385</b>	<b>11,592,385</b>
C a i Aggregate amount of quoted investments	9,592,385	9,592,385
ii Market value of quoted investments	12,526,258	19,389,625
b Aggregate amount of unquoted investments	2,000,000	2,000,000
D The Company is a partner in M/s. Zydus Healthcare, the relevant details of which are as under:		
Fixed Capital	100,000,000	100,000,000
Current Capital	4,055,265,133	3,146,640,560
Total Capital of the Firm	<b>4,155,265,133</b>	<b>3,246,640,560</b>
Name of Partners and their Profit Sharing Ratio:		
Cadila Healthcare Limited	96 %	96%
German Remedies Limited	2 %	2%
Cadila Healthcare Staff Welfare Trust	2 %	2%
<b>Note: 6-Long Term Loans and Advances:</b>		
Advance payment of Taxes [Unsecured, Considered good]	864,665	768,338
<b>Total</b>	<b>864,665</b>	<b>768,338</b>
<b>Note: 7-Current Investments:</b>		
Investments in Current Capital of a Partnership Firm [Refer Note -2 (**)& 5 D]	199,794,790	180,386,359
<b>Total</b>	<b>199,794,790</b>	<b>180,386,359</b>
<b>Note : 8-Cash and Bank Balances:</b>		
Balances with Banks [*]	1,010,186	2,117,721
<b>Total</b>	<b>1,010,186</b>	<b>2,117,721</b>
[*] Earmarked balances with banks:		
A Balances with Banks include:		
i Balances in unclaimed dividend accounts	-	-
ii Balances to the extent held as margin money deposits against Guarantee	-	-
B Bank deposits with maturity of more than 12 months	-	-
C Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
<b>Note : 9-Contingent Liabilities and commitment [to the extent not provided for]</b>		
	-	-
<b>Note: 10-Dividends proposed to be distributed:</b>		
The Board of Directors, at its meeting held on May 12, 2015, recommended the final dividend of Rs. 2,600/- per equity share of Rs.100/- each.		



**GERMAN REMEDIES LIMITED**  
**Notes to the Financial Statements**

	INR	
	Year ended March 31	
	2015	2014
<b>Note: 11-Revenue from Operations :</b>		
Share of Profit from Partnership Firm	<b>81,217,526</b>	78,788,810
<b>Total</b>	<b>81,217,526</b>	78,788,810
<b>Note: 12-Other Income:</b>		
Interest Income [Gross]:		
From Bank	<b>113,265</b>	138,653
From Income Tax Refund	-	27,983
	<b>113,265</b>	166,636
Dividend Income [Gross]:		
From Long Term Investments	<b>665,778</b>	723,441
Net Gain on foreign currency transactions and translation	-	37,811
<b>Total</b>	<b>779,043</b>	927,888
<b>Note: 13-Other Expenses:</b>		
Application and Filing fees	<b>7,013</b>	3,000
Legal and Professional fees [*]	<b>44,326</b>	143,643
Net Loss on foreign currency transactions and translation	<b>1,620</b>	-
Corporate Social Responsibility [CSR] Expenditure as required u/s 135 of the Companies Act, 2013	<b>1,760,000</b>	-
Miscellaneous Expenses	<b>3,932</b>	17,550
<b>Total</b>	<b>1,816,891</b>	164,193
[*] Legal and Professional fees include payment to the Statutory Auditors [including Service Tax]:		
i As Auditor	<b>28,090</b>	28,090
ii For Other Services	-	4,445
<b>Note: 14-Calculation of Earnings per Equity Share [EPS]:</b>		
The numerators and denominators used to calculate the basic and diluted EPS are as follows:		
A Profit attributable to Shareholders	<b>80,179,678</b>	79,485,505
B Basic and weighted average number of Equity shares outstanding during the year	<b>24,000</b>	24,000
C Nominal value of equity share	<b>10</b>	10
D Basic & Diluted EPS	<b>3,340.82</b>	3,311.90





**GERMAN REMEDIES LIMITED**  
**Notes to the Financial Statements**

**Note: 15-Related Party Transactions:**

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

<p><b>a Holding Company:</b></p> <p><b>b Partnership Firm:</b></p> <p><b>c Fellow Subsidiary Companies:</b></p> <p>Dialforhealth India Limited</p> <p>Dialforhealth Unity Limited</p> <p>Dialforhealth Greencross Limited</p> <p>Zydus Wellness Limited</p> <p>M/s. Zydus Wellness-Sikkim, a Partnership Firm</p> <p>Liva Pharmaceuticals Limited</p> <p>Zydus Technologies Limited</p> <p>Biochem Pharmaceutical Industries Limited</p> <p>Zydus BSV Pharma Private Limited</p> <p>Zydus Lanka (Private) Limited [Sri Lanka]</p> <p>Zydus Healthcare Philippines Inc. [Philippines]</p> <p>Zydus International Private Limited [Ireland]</p> <p>Zydus Netherlands B.V. [the Netherlands]</p> <p>ZAHL B.V. [the Netherlands]</p> <p>ZAHL Europe B.V. [the Netherlands]</p> <p>Bremer Pharma GmbH [Germany]</p> <p>Zydus Pharmaceuticals (USA) Inc. [USA]</p> <p><b>d Directors and their relatives:</b></p> <p>Mr. Mukesh M. Patel</p> <p>Mr. Nitin D. Parekh</p> <p>Mr. P. A. Padmanabhan</p>	<p>Cadila Healthcare Limited</p> <p>M/s. Zydus Healthcare</p> <p>Nesher Pharmaceuticals (USA) LLC [USA]</p> <p>Zydus Healthcare (USA) LLC [USA]</p> <p>Zydus Noveltech Inc. [USA]</p> <p>Hercon Pharmaceuticals LLC [USA]</p> <p>Zydus Healthcare S.A. (Pty) Ltd [South Africa]</p> <p>Simayla Pharmaceuticals (Pty) Ltd [South Africa]</p> <p>Script Management Services (Pty) Ltd [South Africa]</p> <p>Zydus France, SAS [France]</p> <p>Zydus Nikkho Farmaceutica Ltda. [Brazil]</p> <p>Zydus Pharma Japan Co. Ltd. [Japan]</p> <p>Laboratorios Combix S.L. [Spain]</p> <p>Etna Biotech S.R.L. [Italy]</p> <p>Zydus Worldwide DMCC [Dubai]</p> <p>Zydus Discovery DMCC [Dubai]</p> <p>Zydus Pharmaceuticals Mexico SA De CV [Mexico]</p> <p>Zydus Pharmaceuticals Mexico Services Company SA De C.V. [Mexico]</p>
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**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 items 15- A [a & b]:

Nature of Transactions	INR	
	Year ended March 31	
	2015	2014
<b>Change in Partner's Capital [net]:</b> M/s. Zydus Healthcare	<b>19,408,431</b>	13,388,810
<b>Share of Profit from a firm Received:</b> M/s. Zydus Healthcare	<b>81,217,526</b>	78,788,810
<b>Dividend Paid:</b> Cadila Healthcare Limited	<b>52,800,000</b>	57,600,000

b There are no transactions with parties referred to in Note 15-A [c & d].

**Note: 16**

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 16 to the Financial Statements**

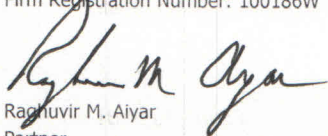
As per our report of even date

For and on behalf of the Board

For K. S. Aiyar & Co.

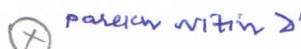
Chartered Accountants

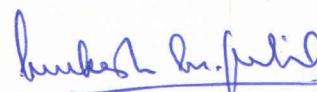
Firm Registration Number: 100186W

  
Raghuvir M. Aiyar  
Partner

Membership Number: 038128

Mumbai, Dated: **12 MAY 2015**

  
Nitin D. Parekh  
Director

  
Mukesh M. Patel  
Chairman



