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dedicated
to *life*

Cadila Healthcare Limited
Annual Report 2012-13

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REGISTRAR AND SHARE TRANSFER AGENTS	M/s. Sharepro Services India Private Limited 13 AB, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Mumbai-400 072.	51	Statement of Profit and Loss
WORKS FORMULATION UNITS	S. No. 417, 419 & 420, Village Moraiya, Taluka Sanand, District-Ahmedabad. Kundaim Industrial Estate, Ponda, Goa-403 401. Village Saraj Mujra, P.O. Baddi, Tehsil-Nalagarh, District-Solan (HP)	52	Cash Flow Statement
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Mr. Ramanbhai B. Patel
Founder Chairman, Zydus Cadila
August 19, 1925 – September 19, 2001

What others perceived as challenges, transformed into possibilities for him. He worked around problems, solutions excited him. Innovation was not an output of work but an outcome of his explorations. Our Founder Chairman was a seeker, an explorer and an innovator.

The discovery of Lipagylⁿ, our first New Chemical Entity is a tribute to his pioneering spirit.

“ *For my part, I had a dream to contribute to the process of nation building, becoming an innovator and a successful entrepreneur. Over the years, I put my heart and soul into realising this dream and was also fortunate to have people join me and share this vision. I am happy to have been able to give a concrete shape to my dreams and build the edifice of an enterprise, which I am sure will continue to transform itself in response to the changing times.* ”

Excerpts from the acceptance speech delivered by Mr. Ramanbhai B. Patel
on receiving the Gujarat Businessman Award 1999-2000.



The new state-of-the-art Oral Solids Oncology Formulation Plant at Pharmez in Ahmedabad

Highlights of Operations – 2012-13

Home Markets

India

- Maintained leadership positions in the Cardiology, Gynecology, Gastro Intestinal and Respiratory therapy segments (represented markets) and outpaced the overall market growth of 12% (Source : AIOCD AWACS MAT Mar-13).
- Restructured operations at Biochem to establish a strong foundation for achieving mid and long term growth plans.
- Launched over 90 new products (including more than 50 line extensions) in India, of which, 21 were first in India.
- Overall, formulations business in India posted sales of Rs.23,232 Mio., up by 23%.

US

- Launched 7 new products, including one controlled substance product from Neshar, in the US market.
- US business posted sales of Rs.15,068 Mio., up by 21 %.

Brazil

- Continued focus on brand building initiatives in keeping with the aim to be a leading player in chronic therapy segments like cardiovascular, diabetes and neuro psychiatry and launched 2 new products in Brazil.
- Overall, the operations in Brazil posted sales of Rs.2,384 Mio.

Mexico

- Undertook several initiatives to launch commercial operations in 2013.

Other Businesses

Europe

- Continued to progress well in France on the back of high growth of the French generic market. In Spain, continued to outperform the market growth rate.
- Launched 13 new products in the French generic market, of which, 5 were Day-1 launches.
- Overall, European business posted sales of Rs.3,697 Mio., up by 24%.

Emerging Markets

- Launched more than 30 new products in the key markets of Asia Pacific, Africa and Middle East during the year.
- Overall, Emerging Markets business posted sales of Rs.3,134 Mio., up by 66%.

Consumer Wellness

- Sugar Free, India's leading sugar substitute, continued to maintain its leading position with a market share of more than 92%.
- Revamped EverYuth brand with the launch of new variants of face washes, scrubs and premium range of soaps. EverYuth Menz was also revamped and re-launched during the year.
- In the Nutralite category, launched the premium variant namely Omega 3 in order to enhance the health offerings of the brand. This new variant was declared as the 'Product of the Year'.
- During the year, Zydus Wellness Ltd. registered sales of Rs.4,100 Mio., up by 19% and net profit of Rs.971 Mio., up by 43%.

Animal Health

- Strengthened position as a leading animal health player in India by launching 13 new products.
- On a consolidated basis, animal health business posted sales of Rs.2,370 Mio., registering a growth of 22% during the year.

API

- Filed 7 DMFs with the USFDA, taking the cumulative US DMF filings to 114.
- API business grew by 9% and posted sales of Rs. 3,099 Mio.

JVs & Alliances

- Zydus Takeda JV (formerly known as Zydus Nycomed JV) started the commercial supplies of 2 generic APIs to Takeda Pharma.
- Zydus Hospira JV successfully completed re-audits by the USFDA, MHRA and new audits from Egypt and Tunisia during the year. The JV commenced commercial production and supply of 2 more products for the US and 1 more product for the EU market during the year.

- During the year, the US FDA audited and approved the manufacturing facility of Zydus BSV JV and also approved the first ANDA submitted from the site.

- Commenced the commercial supply of products under an out-licensing deal with Abbott and shipped 2 products during the year.

New Technologies and NCE

- Completed the construction of India's largest state-of-the-art manufacturing facility for monoclonal antibodies during the year.

- Initiated dossier submission of first generation biosimilars for the emerging markets.

- Received the regulatory approval to conduct clinical trials for one mAb during the year.

- On the novel biologics front, Phase I clinical trials have been initiated in India for both PEGEPO and Rabimabs.

- Completed the construction of a new live viral vaccines manufacturing plant during the year.

- Phase I clinical trials have been successfully completed for one of the viral vaccines.

- Filed the NDA with the DCGL for novel NCE, Saroglitazar, for treating Diabetic Dyslipidemia and Hyper Triglycedemia. It is the first NCE discovered and developed indigenously by an Indian pharma company.

Manufacturing Operations

- During the year, the formulations facility at Moraiya got the USFDA approval for new dosage forms like Injectibles and Nasal sprays in addition to oral solids.

- Inducted an organization wide programme on cost optimization through multiple levers, under project PRISM-II, which is expected to improve the overall profitability going forward.

Financial Highlights

- Gross sales revenue went up by 21% y-o-y to Rs.62.8 bn from Rs.51.8 bn last year.

- Earnings before interest, depreciation and tax, excluding the impact of one-time dossier income received in the previous year, grew by 9% to Rs. 11,251 Mio. from Rs. 10,326 Mio. last year.

- Net profit, excluding one-time income, grew by 7% to Rs. 6,535 Mio.



"AS AN INNOVATION-LED ENTERPRISE, WE WILL CONTINUE WITH OUR LONG-TERM VISION TO BE RESEARCH-DRIVEN, INVEST IN NEW TECHNOLOGIES AND LOOK AT DIFFERENTIATED APPROACHES THAT CAN LEVERAGE OUR CAPABILITIES AND CREATE MYRIAD POSSIBILITIES TO SERVE UNMET NEEDS IN HEALTHCARE IN THE WORLD— BOTH TODAY AND IN THE FUTURE."

Chairman's Message

It's the dream of any research-driven pharma enterprise to launch its own New Chemical Entity (NCE) in the market. This has been a pivotal year in which we realized this dream; the dream of putting the first NCE from an Indian Pharma company in the market. The unrelenting focus on research capabilities that we developed internally at every stage of the research programme and groundbreaking teamwork has resulted in this pioneering effort. As a result of this milestone achievement your Company is today a stronger, innovation-led company - with a clearer promise of the future.

The foundation of our successes

This is perhaps the most apt moment in our corporate history to remember our Founder Chairman, the Late Mr. Ramanbhai B. Patel and his vision that had first sown the seeds of innovation. He believed that innovation was the key to build a differentiated standing in the market. To be able to offer what didn't exist – was a simple maxim but it created a strong edifice of a company that made innovation its cornerstone. Early successes with innovation in therapies for pernicious anemia (Livirubra), incompatible neurotropics Vitamin B1, B6 and B12 in a single vial, a derivative of INH tuberculosis and many other ailments created a niche in the marketplace. At the heart of it all, was a dream, a vision that has continued to guide the Company in its quest, ever since. It all began with a steadfast belief that the magnitude of research can never be greater than the human will to make it succeed.



Setting out on the path of innovation

The Lipaglyn story

Among the many chronic diseases that we are grappling with, diabetes is the one that confounds us with new findings, each one more alarming than the one before. Nearly 90% of people suffering from diabetes also suffer from dyslipidemia or lipid disorders. This discovery is significant because the world finally has found an answer to the problem which we recognize as 'Metabolic Syndrome' or 'Syndrome X' – a highly complicated medical condition where one underlying disorder leads to other multiple disorders.

For a person suffering from diabetes who is struggling to keep his or her blood sugar levels down, there is another battle he/she constantly needs to fight, of keeping a check on the cholesterol levels, especially the triglyceride levels. The question is how does one do it in a safe and efficacious manner in which both the conditions are controlled?

This novel drug offers the dual benefit of controlling lipid levels as well as blood sugar levels in one single pill, in one single dosage form. It is for the first time that the problem of diabetic dyslipidemia has been distinctly identified and a treatment has been specifically approved for it. For the millions of people suffering from diabetes and grappling with the problem of dyslipidemia – here is a new way forward.

From a long term patient care point-of-view this is a remarkable discovery as Lipaglyn has been found to be safe on the heart, liver, kidneys and the gastrointestinal tract. Right from the concept stage to the final approval – this is entirely an indigenous effort and we are extremely proud of it. Lipaglyn shows that India has what it takes to successfully launch its own patented molecules for chronic diseases such as diabetes and other metabolic disorders. India's innovation has always been anchored to cost effectiveness. But I think what's far more important, is that we also have the capabilities required in the entire spectrum of drug discovery. This is the belief and conviction that has made Lipaglyn possible. This is an important milestone for the entire healthcare fraternity in India and for the world of drug discovery as well and I'd like to dedicate this achievement to all the Indian research scientists.

Innovation and technology leadership

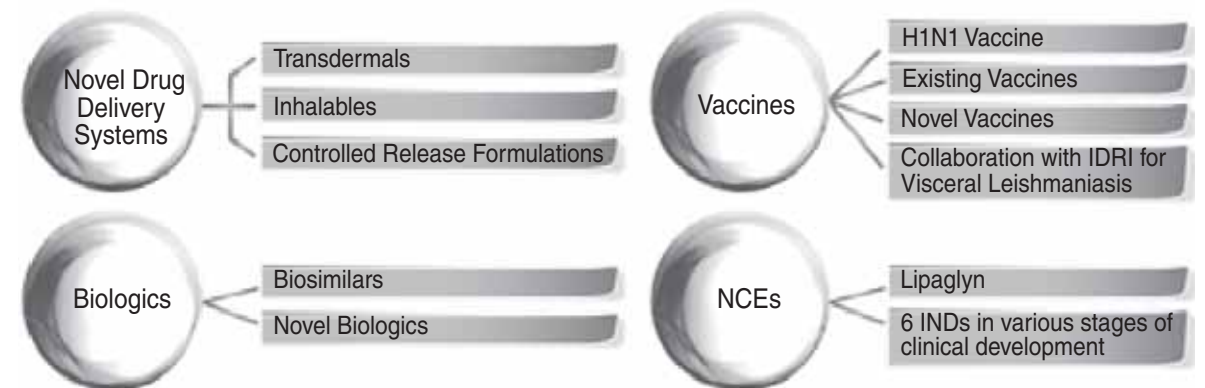
During the journey of 12 years from concept to the New Drug Application, there were several opportunities to outlicense the drug. We chose not to do so and embarked upon a more challenging and differentiated path. There were phases in the clinical development programme which were new and an uncharted territory for us. At such times, it's our steely resolve to learn and acquire capabilities that helped us the most. Today, we are richer in our learnings. As we go about creating a unique portfolio of Zydus Discovery Products, we bask in a newly gained confidence that the ability to learn can open up new paths where none exist.

It has been opined that the ability to anticipate trends that will shape the future of technology, customers, society and the marketplace will determine the survival of an enterprise. Across the world, the healthcare fraternity continues to be engaged in exploring the critical role of new medicines in the prevention, treatment and management of diseases and improving the overall quality of life. The critical questions shaping our world are : How can innovation lead to new ways of tackling the enormous disease burden and improve healthcare outcomes? How do we bring innovation to the frontline? How do we equip ourselves and more importantly, are we equipped to ride the next wave of innovation which may not just be restricted to products but extend to our business as well?

Sustaining and furthering this innovation culture is our priority. Between now and 2020, we hope to bring more therapies from our research pipeline to the market. There are a dedicated group of research scientists at the Zydus Research Centre working on NCE research inspired by Lipaglyn's success. Continuing with our quest to be an innovation-led, research-driven enterprise, the thrust of our discovery research is in the areas of cardio-metabolic disorders, inflammation, pain and oncology.

It's not just in NCE research, but our scientists are also doing exemplary research work in vaccines, biologics and niche and complex technologies. The vision as always is a broad and expansive one. At Zydus Biologics, our focus is on Novel Biologics and Biosimilars. The team is working on a strong pipeline of 17 biosimilars and 2 novel biologics. At our fully approved Vaccine Technology Centre, the team is working on existing vaccines as well as developing novel vaccines. Here's where India's first indigenously developed H1N1 vaccine – Vaxiflu, was developed as a response to a health threat of endemic proportions. Today, our scientists are developing the world's first vaccine to prevent visceral leishmaniasis or Kala Azar with Infectious Diseases Research Institute (IDRI). Aspiring to be one of the leaders in complex technologies, a dedicated team of scientists are working on next-gen technologies and Novel Drug Delivery Systems (NDDS). This includes a robust portfolio of products such as transdermals, inhalables and controlled release formulations.

While research is always associated with high risk and challenges, it also presents us with a major opportunity to realize the purpose with which the Company was founded in 1952 ; to create a company that will enrich lives by providing innovative contributions in healthcare.

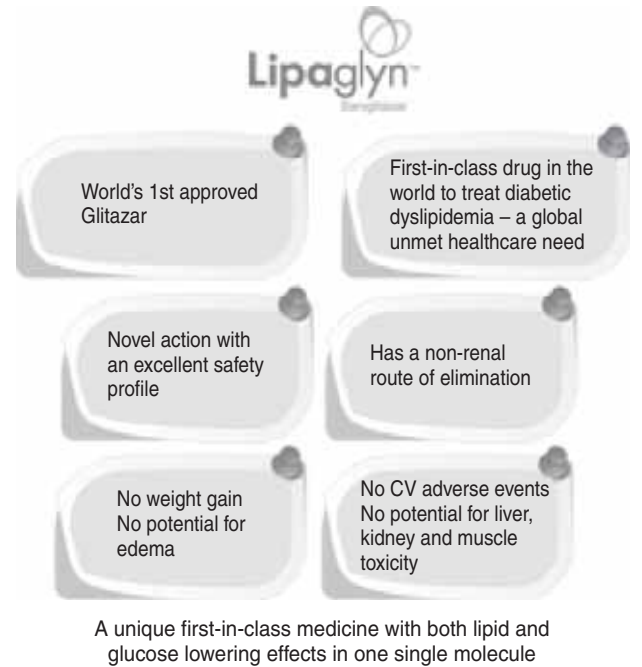


A moment in time

These are exciting times for us. With a blueprint of strategies, a strong team for execution, a commitment to innovation and an aspiration to post new milestones, we are poised for significant and sustained growth that will carry us to new frontiers. By being guided by our vision and long term goals, investing in the development of capabilities and infrastructure to excel, and by continuing to do things differently—the Zydus way—we will hold our own as a value creator. The discovery and launch of our first NCE is what we have been working towards for many years. I am happy to be a part of this endeavour, and I look forward to delivering on the promise of the future.

We wish to thank our employees, partners in progress, the healthcare fraternity and the shareholders for their unstinted support. Working together, we will create healthier communities through novel ideas, innovation and quality healthcare solutions.

Pankaj R. Patel





The leadership team of the Zydus Group is seen here with the Zydus Executive Board (ZEB) members - Chairman and Managing Director, Mr. Pankaj R. Patel, Deputy Managing Director, Dr. Sharvil Patel and COO and Executive Director, Mr. Ganesh Nayak during the Company's Annual Day Celebrations held in January 2013.

Management's Discussion & Analysis - 2012-13

Global Economy and Pharmaceutical Industry

Four years after the onset of the global financial crisis, the world economy continues to struggle for growth. The year 2012 turned out to be another year of very slow growth when the global economy grew by just 2.3%. Although the developing economies continue to be the main drivers of global growth, their growth at an estimated 5.1% during 2012 was amongst the lowest in the last 10 years. The high income countries registered a very modest growth of 1.3% on the back of very weak consumer and business confidence, high unemployment and fiscal consolidation with no signs of dramatic improvement in the next year either. Although the growth was sluggish during the most part of 2012, financial market conditions have improved globally since June 2012. This improvement was the result of the cumulative effect of the national and Eurozone measures that the key European Governments took to improve fiscal sustainability, and the augmentation of measures that the European Central Bank was willing to take in defense of the Euro. The improvement was felt in the developing countries as well, where the international capital flows, which fell by between 30-40% in May-June 2012, reached new highs thereafter. The stock markets of developing countries went up by nearly 13% between June-December 2012.

While signals from the financial markets were encouraging, those emerging from the real-side of the global economy were mixed. Overall, the global economic environment remained fragile and prone to further disappointment, although the balance of risks is now less skewed to the downside than it has been in recent years (Source: Global Economic Prospects, January 2013 by World Bank).

The global pharmaceutical market is estimated to have expanded at the rate of 3-4% during 2012 and reached the size of over US\$ 980 bn. The growth in 2012 was lower compared to the earlier years. The developed markets of North America, Europe and

Japan grew in the range of just 1% to 2%, thus, reducing the overall growth of the pharma market globally. On the other hand, the markets of Asia Pacific, Africa and Latin America, termed as the 'pharmerging' markets, are estimated to have grown by 10-14% during the same period. In terms of size, the US still remains the largest market in the world. Moving forward, the pharmerging markets are expected to gain a larger share in the global pharma market as they are expected to grow three to five times faster than the developed countries of the world (Source: IMS Health Market Prognosis Report).

The year 2012 was an important year for the generic drugs industry, as it saw some of the largest products losing their patent protection. This included the world's largest selling drug, Lipitor (atorvastatin calcium, for lowering cholesterol). An accelerated shift to the use of generic medicines is expected to continue, both from an unprecedented level of patent expiries of innovator drugs and from volume-driven growth in the largely generic pharmerging markets.

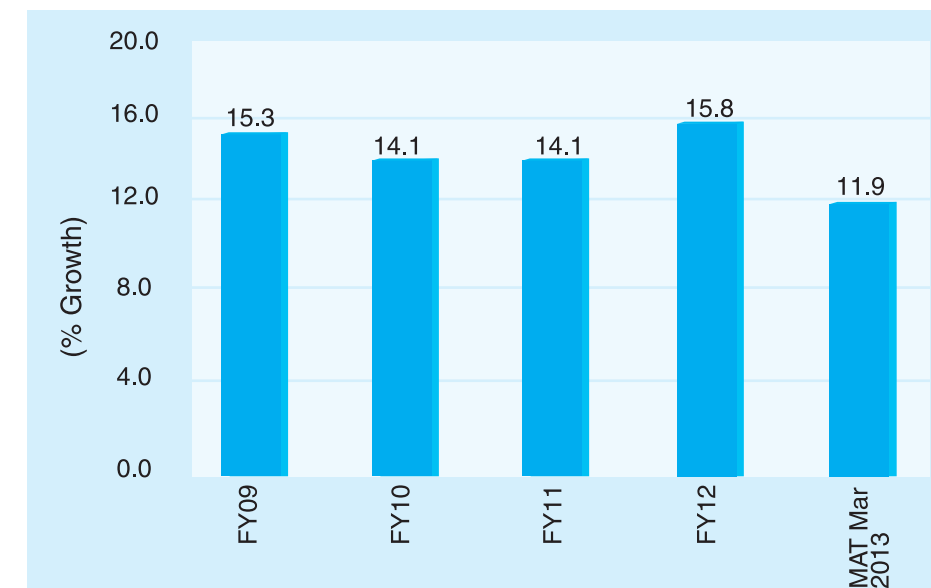
Indian Economy and Pharmaceutical Industry

The financial year 2012-13 was one of the worst phases the Indian economy has seen in the recent past. The GDP is estimated to have grown by just 5%, the lowest growth in the last 10 years. All three sectors of the economy viz. agriculture, industry and services registered lower growth rates compared to the last year resulting in the dismal overall growth of the economy.

Inflation, a concern, remained in the range of 7-8% during most part of the financial year, although it showed signs of significant moderation in the later part of the year with wholesale price index (WPI) touching a low of 5.96% in March 2013. Average WPI inflation rate for 2012-13 was 7.34% as against 8.94% during 2011-12.

The exchange rate between the Indian Rupee and the US Dollar, which was at around Rs. 51 in the beginning of the financial year started spiraling upwards from the month of May and remained in the range of Rs. 54-56 during most part of the year (Source: Monthly Economic Report, March 2013, as published by the Ministry of Finance, Govt. of India). However, post March 2013, the Rupee started depreciating sharply vis-a-vis global currencies and crossed Rs. 65 per US Dollar in August 2013, a level unheard of before. This is likely to impact the economy adversely despite prospects of exports surging.

The Indian pharmaceutical market, which had been continuously growing at around 15% for the last few years slowed down, registering a growth of 11.9% during the financial year 2012-13, and crossed Rs. 70,000 crores. The key reasons for this slow growth was the strong base of the previous year, lower discretionary spending and deferring of treatments. Chronic segments registered a higher growth as compared to the acute segments. Diabetics, urology, anti-malarial and CVS therapeutic areas registered a higher growth during the year (Source: AIOCD AWACS report).



A five year snapshot of the Indian Pharma Industry's growth



The group's global manufacturing hub at Moraiya, Ahmedabad

Home Markets

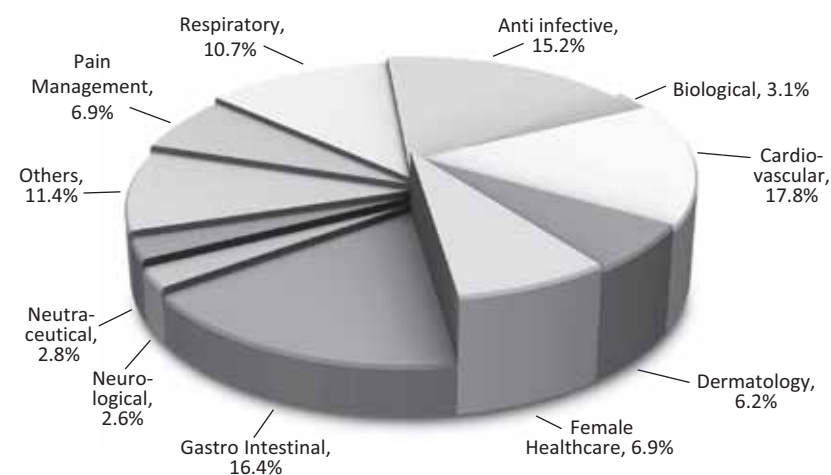
India Formulations

The Company's India formulations business, currently the largest contributor to the Company's revenues completed yet another year of successful operations outpacing the market growth in almost all the therapeutic areas in which the Company has its presence. The growth registered by the Company in the India formulations business was higher than the overall market growth of 12% (Source: AIOCD, AWACS Report, MAT March 2013).

The Company continued to maintain its strong position in the cardiovascular, gastro intestinal, respiratory and women's healthcare segments during the year. 17 of the Company's brands now feature amongst the top 300 pharmaceutical brands in India (Source: AIOCD AWACS Report, MAT March 2013). The Company continued its focus on new product introductions and launched over 90 new products, including over 50 line extensions, of which, 21 were first-time launches in India. The Biochem operations were restructured during the year to establish a strong foundation in the acute segment for achieving the mid and long term growth plans.

Overall, the Company's formulations business in India posted sales of Rs.23,232 Mio. during the year, up by 23% from Rs.18,950 Mio. last year.

The therapeutic area-wise break-up of branded formulations sales in India during FY 2012-13 is given below:



US Oral Solids

The US pharmaceutical market, the world's largest pharmaceutical market, accounts for around 40% of the global market share. Zydus Pharmaceuticals (USA) Inc. spearheads the Company's operations in the US.

It is ranked tenth amongst the US generic companies based on scripts (Source: IMS). For about two thirds of the products marketed in the US, the Company is ranked amongst the top three players.

The Company's business in the US continued to grow despite several challenges in the form of stiff competition, price erosion and lack of sufficient new product approvals by the USFDA and posted sales of Rs.15,068 Mio., up by 21% during the year. The Company launched 7 new products, including one controlled substance product from the Neshar facility.

This performance reflects the capability and determination of the Company to offer high quality, reasonable cost generic products making Zydus a trusted and preferred supplier. The Company's continuous endeavours to improve service levels have helped it achieve high levels of customer satisfaction. The company aspires to occupy a significant place in the US market and make its position firmer with the launch of value added generic products that will drive incremental sales and margins. The initiatives in the form of filing ANDAs for other dosage forms like nasals, creams and ointments and injectable products are also expected to take the Company on a higher growth path.

Brazil

The Brazilian pharmaceutical market, the largest pharmaceutical market in Latin America and one of the most promising 'pharmerging' markets, has been continuously growing at a fast pace for the last few years and offers significant opportunity for growth. In 2012, the Brazilian pharmaceutical market registered a growth of 16% (Source: IMS Retail Drug Monitor – February 2013).

The Company is present in both the branded and generic segments of the Brazilian pharmaceutical market. The Company continued to focus on brand building initiatives with an aspiration to be a leading player in the cardiovascular, diabetes and neuro psychiatry therapy segments. The Company launched 2 new products in Brazil during the year.

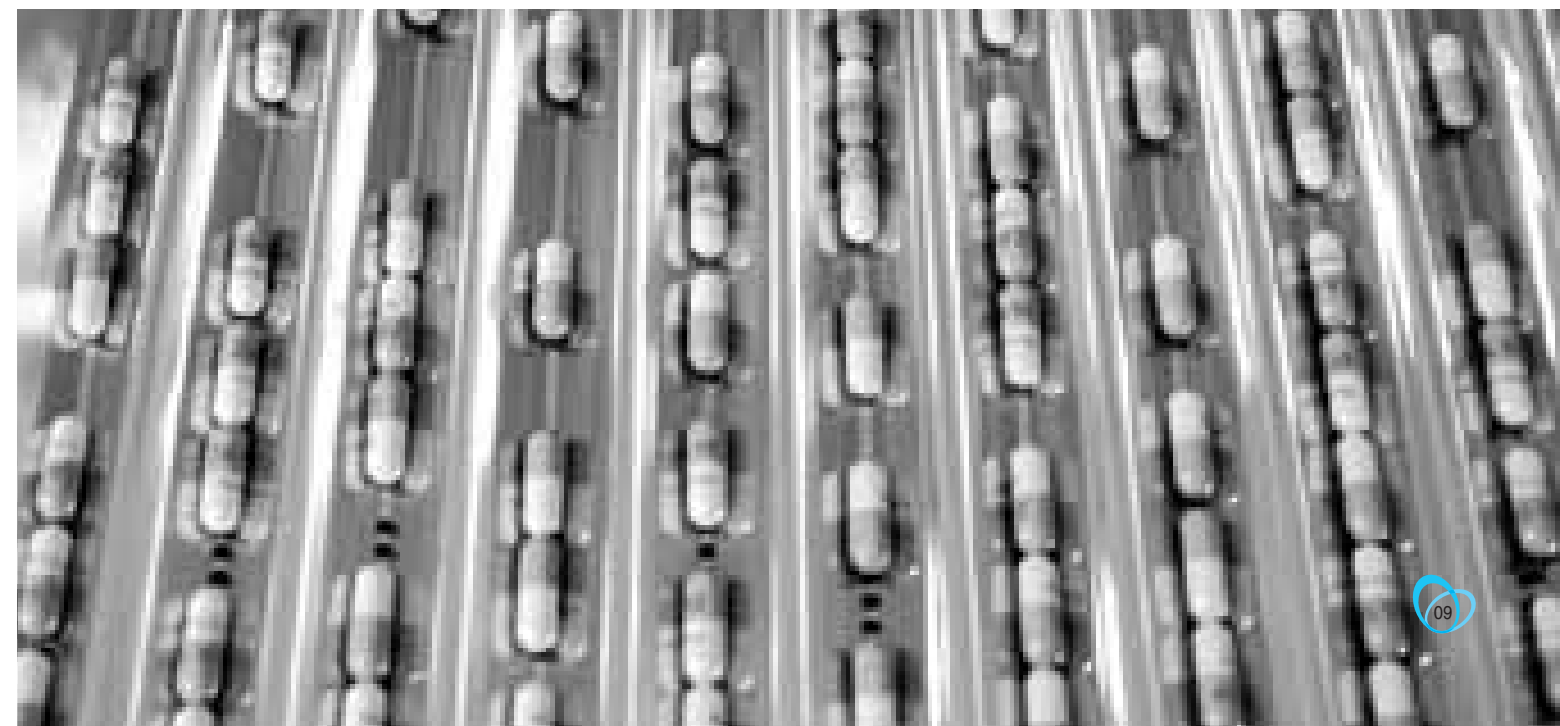
Overall, the Company posted sales of Rs. 2,384 Mio. in Brazil during the year.

Mexico

The second largest pharmaceutical market in Latin America after Brazil is the Mexican pharmaceutical market, which is valued at around US\$ 10 bn. It offers a significant opportunity to the generic players on account of several government initiatives.

The Company is present in Mexico through its 100% subsidiary Zydus Pharmaceuticals Mexico S.A. de C.V. During the year, the Company received the first product approval from the regulatory authority COFEPRIS, which has paved the way for launching commercial operations in the country.

The Company expects to commence commercial operations in 2013 and continue its aggressive product development and filing strategy with the aim to become a significant market player in the Mexican pharmaceutical market.





Other Businesses

Europe

The Company is present in Europe through its subsidiaries in the generic markets of France and Spain. During the year, the French generics market grew by approximately 22% to reach € 3.5 bn. Market growth showed a strong recovery from the low single digit growth witnessed in the previous year. This is credited mainly to a number of Government-led initiatives to increase generic substitution rates. The Spanish generic market, on the other hand, grew by about 10% and reached € 1.5 bn, which represented a significant deceleration, compared to the previous year and reflected the emphasis that the Government had placed on restricting healthcare spending in response to the economic crisis in the country.

The Company's business in France was able to benefit from the high level of growth in the market. The Company launched 13 new products in France, including 5 Day-1 launches. The Spanish business continued to out-perform the market growth rates, backed by the launch of 24 new products, including 5 Day-1 launches. More than half of the products launched in France and Spain were manufactured in and supplied from India.

During the year, the Company's business in Europe posted sales of Rs. 3,697 Mio., up by 24%.

Emerging Markets of Asia Pacific, Africa and the Middle East

During the year, the Company consolidated its branded generics business in the key markets of Asia Pacific, Africa and the Middle East. The Company launched more than 30 new products in these markets, including several Firsts in the market, which resulted in the gain of market share in the Philippines, Sri Lanka and Vietnam. The Company posted sales of Rs. 3,134 Mio. in these markets with a growth of 66 % over the previous year.

APIs

The Company's APIs and intermediates' business continued to perform well on both the fronts viz. providing continued support to internal customers in the form of backward integration to cater to the demand for finished formulations across markets and satisfying the demand of external customers by supplying them the APIs and intermediates at the most competitive prices. During the year, the Company filed 7 more US DMFs with the USFDA, taking the cumulative filings to 114.

During 2012-13, the Company's API business grew by 9% and posted sales of Rs. 3,099 Mio.

Consumer Wellness

The Company is present in the consumer wellness segment through its subsidiary, Zydus Wellness Ltd., which has been a niche and significant player with its portfolio of wellness brands viz. Sugar Free, EverYuth, Nutralite and Actilife.

During the year 2012-13, Sugar Free maintained its leading position in the low calorie sugar substitute market with a market share of more than 92% and remained the driving force for the overall category growth.

In the EverYuth category, the Company continued to maintain its leadership position in the scrubs and peel-off category, while the face wash category continued to experience stiff competition. Reflecting the aspirations of the modern Indian consumer and with a view to being relevant and contemporary, the brand was re-launched with new exciting packaging and improved formulations for superior performance and with a powerful new marketing programme. Apart from this, the Company launched several new variants in the face wash and scrub categories and re-launched the Menz line. The Company also ventured into the soap category and launched its first range of transparent soaps during the year.

In spite of growing competition from low priced brands, Nutralite maintained its leading position through its commitment to quality and service. The Company expanded its product portfolio in the retail segment with the launch of a premium variant, Nutralite with Omega 3, in order to strengthen the health positioning of the brand. It was voted 'Product of the Year 2013' based on an independent survey conducted amongst 18,000 consumers in India undertaken by global research agency AC Nielsen. This prestigious award is reserved for products which have excelled in innovation and in delivering consumer satisfaction.

Investments continued in creating awareness amongst the consumers about Actilife, a nutritional milk additive for adults.

During the year, Zydus Wellness Ltd. registered sales of Rs. 4,100 Mio., up by 19% and net profit of Rs. 971 Mio., up by 43%.



Animal Health Business

The Company is one of India's leading animal health players, with a strong market share in several therapeutic areas, offering a wide range of drugs, feed supplements and vaccines for livestock, companion animals and poultry. The international business is driven by its subsidiary, Bremer Pharma GmbH, Germany.

During the year 2012-13, the Company strengthened its position and continued with its ability to launch new products by introducing 13 new products in India.

On a consolidated basis, the Company's animal health business posted sales of Rs. 2,370 Mio., with a growth of 22% during the year.

JVs and Alliances

A. Zydus Takeda Healthcare Pvt. Ltd.

Zydus Takeda (formerly known as Zydus Nycomed) is a 50:50 JV between Takeda Pharmaceuticals Co. Ltd. and Cadila Healthcare Ltd. for manufacturing of Pantoprazole and its key starting materials. The JV is also a hub for supplying various APIs of Takeda's generic portfolio.

During the year, the JV started commercial supply of 2 generic APIs to Takeda. Apart from this, the production and supply of 3 more generic APIs to Takeda were started for validation batches.

B. Zydus Hospira Oncology Pvt. Ltd.

Zydus Hospira Oncology Pvt. Ltd. (ZHOPL), the 50:50 JV between Cadila Healthcare Ltd. and Hospira Inc., USA, successfully completed its fourth year of operations. During the year, the JV also successfully completed re-audits by the USFDA, MHRA, and new audits from Egypt and Tunisia.

The JV commenced the commercial production and supply of 2 more products for the US and 1 more product for the EU market during the year. Apart from this, additional products are being added to the scope of the JV.

C. Bayer Zydus Pharma Pvt. Ltd.

Bayer Zydus Pharma Pvt. Ltd., the joint venture with Bayer Schering Pharma, successfully completed the second year of commercial operations. The JV has a strong portfolio in the areas of women's healthcare, metabolic disorders, diagnostic imaging, cardiovascular diseases, anti-diabetic treatments and oncology where it focusses on increasing its market share.

D. Zydus BSV Pharma Pvt. Ltd.

Zydus BSV's novel and patented product for use in oncology continues to enjoy confidence of the Indian oncologist fraternity. The clinical trial for breast cancer product has been completed and the outcome has been a favourable one. The JV has also finalised design of pivotal clinical trials and applications were submitted to the Drug Controller General of India (DCGI) during the year.

The JV has also made considerable progress in the contract manufacturing business. During the year, the USFDA audited and approved the manufacturing facility and also approved the first ANDA submitted from the site.

E. Strategic out-licensing deal with Abbott Laboratories

The Company, for the first time, commenced the commercial supply of products under an out-licensing deal with Abbott and shipped 2 products during the year. Apart from this, approvals were received for 2 more products during the year.



New Technologies & NCE

Biologics

The Company is developing a pipeline of 19 biologics, comprising 17 biosimilars and 2 novel biological products. During the year, the Company launched one more first generation biosimilar product in the Indian market, taking the cumulative number of such launches to 6. Dossier submission of first generation biosimilars for the Emerging markets was also initiated during the year.

The Company completed the construction of India's largest state-of-the-art manufacturing facility for monoclonal antibodies during the year. Apart from this, the construction of the new fill and finish facility for the production of drug product in multiple formats was also commissioned. The Company received the regulatory approval to conduct clinical trials for one mAb during the year.

On the novel biologics front, Phase I clinical trials have begun in India for PEGEPO, which is being developed in collaboration with Prolong Pharma, USA and Rabimabs, which is being developed in collaboration with WHO.

Vaccines

The Company completed the construction of a new live viral vaccines manufacturing plant during the year. Phase I clinical trials have been successfully completed for one of the viral vaccines. The Company has several vaccines in different stages of development viz. pre-clinical toxicity and clinical studies.

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, with a portfolio of 7 candidates in various stages of development.

During the year, the Company filed the NDA with Drug Controller General of India (DCGI) for the novel NCE, Saroglitazar, for treating Diabetic Dyslipidemia and Hyper Triglyceridemia. It is the first NCE discovered and developed indigenously by an Indian pharma company. In June 2013, the Company received the DCGI's permission to market the product in India.

Intellectual Property Rights

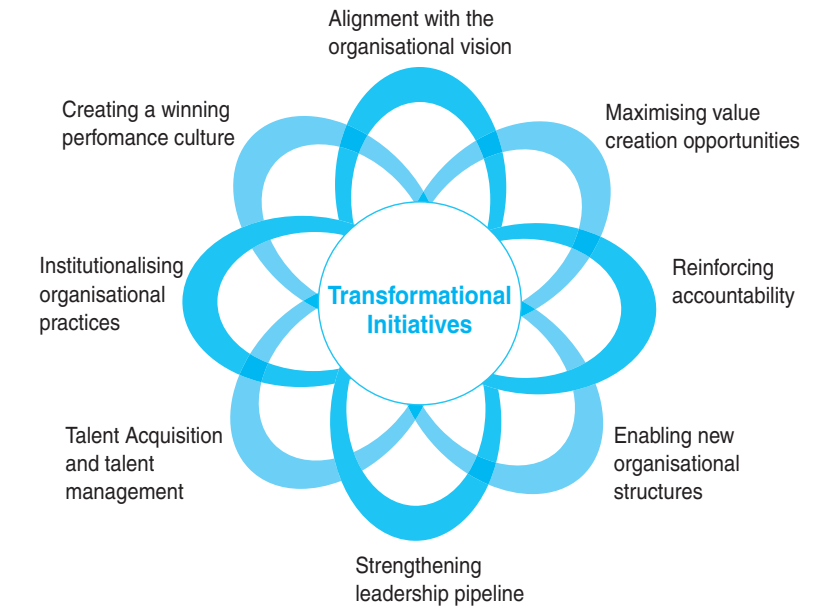
The Company's efforts in the development of new molecules, newer delivery systems, processes and technologies have continued. The Company's research and development centres have filed over 120 patents in the US, Europe and other countries during the year, taking the cumulative number of filings to over 950.



Human Resources and Corporate Social Responsibility

HR Initiatives

The Company's HR focus in the journey Beyond the Billion has been to develop a set of core competencies needed to drive the Company's growth. At the heart of it all, are initiatives to create an eco-system within the Company that spurs transformation and change. A framework of a shared agenda and strategy that has been created, helps maximise organisational effectiveness in a continuously changing environment. As a part of a larger organisational transformation process, HR initiatives have created an environment conducive for Value Creation, Innovation, Collaboration and Accountability. The four pillars of VICA as we call it aligns organisational priorities with the growth agenda. Leadership development and strengthening the leadership bench strength has also been an ongoing process. Creating people assets and investing in capability building have been at the heart of the organization's growth since 1995. Team HR has been looking at both conventional and differentiated approaches to create this culture of learning in the Company. The learning programmes range from leadership building to capability enhancement programmes.



Manufacturing Operations

The Company's state-of-the-art facilities for manufacturing formulations and APIs are considered to be the backbone of the Company's global operations and would be one of the important pillars of success in the Beyond the Billion (BtB) journey.

The year also saw the formulations facility at Moraiya get the USFDA approval for new dosage forms like Injectibles & Nasal sprays in addition to oral solids.

On the operational efficiency front, the Company ran an organization wide programme on cost optimisation through multiple levers, under project PRISM-II. The Company expects to improve its overall profitability by implementing the numerous innovations and ideas generated in the process.

Environment, Health and Safety

The Company continuously endeavors to achieve excellence in all aspects of environment, health and safety across all the units. In order to uphold its commitment towards achieving the excellence in EHS matters, the Company has established a unique management reporting system in the form of EHS Index, through which efforts are made to move beyond the legal compliance and to continuously improve its performance in the areas of EHS.

During the year, the Company adopted the soil biotechnology for the treatment of effluents, which was done for the first time by any company in India. The Company's API unit at Ankleshwar adopted ZERO discharge functionality during the year.

As a result, during the year, the Gujarat Ecology Commission selected the Company for good "Environment-friendly Practices in Gujarat". Zydus Research Centre won the Safety Award for the third consecutive year from Gujarat Safety Council. At present, twelve units of the Company are accredited by ISO 14001, ten units are accredited by OHSAS 18001 and two units are accredited by ISO 22000.

Zydus Srishti – the Corporate Social Responsibility programme

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 and research – Shodh. Zydus Srishti focuses on these three 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 and Dabhasa. 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. So far, the group has organised general healthcare camps, diagnostic, dental-care, eye-care and paediatric camps.



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.

As part of the activities in the field of education – The group has supported the Zydus School for Excellence which was established as a community initiative of The Ramanbhai Foundation. The school was the brainchild of our 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.



During the year, the Zydus School for Excellence, Vejalpur affiliated to the ICSE Board which was set up in 2002 celebrated the "Dashabdimahotsav" on the completion of a decade since inception.



The Ramanbhai Foundation 6th International Symposium on 'Advances in New Drug Discovery Technologies & Translational Research' was held at the Zydus Research Centre from 4th to 6th February 2013. Dr. Lee Helman, Scientific Director for Clinical Research, Center for Cancer Research, National Cancer Institute (NCI), USA, delivered the keynote address. Dr. Lee Helman is one of the key contributors to the understanding of malignancies, particularly paediatric sarcomas or cancer. In the two day symposium, internationally acclaimed scientists, researchers and academicians from India and across the globe discussed the various aspects related to New Drug Discovery and Translational Research, with a focus on cancer, inflammation, cardiometabolic diseases and infectious diseases.



Consolidated Financial Highlights*

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

Sales

The gross sales revenue grew by 21% to Rs. 62,848 Mio. in 2012-13 from Rs. 51,807 Mio. last year. The sales growth was achieved through all-round performance in all the businesses in which the Company operates.

Profits and margins

The EBIDT (Earnings before Interest, Depreciation and Tax) excluding the impact of the one-time dossier income received in the previous year grew by 9% to Rs. 11,251 Mio. from Rs. 10,326 Mio. last year. Net profit, excluding one-time income, was up by 7% to Rs. 6,535 Mio. Earnings per share stood at Rs. 32.

Net Worth

The consolidated net worth increased to Rs. 29,445 Mio. at the end of March 2013, up by 14% from Rs. 25,859 Mio. at the end of March 2012.

The reserves and surplus increased by Rs. 3,586 Mio. to Rs. 28,421 Mio. at the end of the year 2012-13, from Rs. 24,835 Mio. last year. The book value per share increased to Rs.143.81 as on March 31, 2013 from Rs.126.30 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) stood at 23.6% for the year.

Debt

Consolidated debt of the Company stood at Rs. 29,236 Mio. as on March 31, 2013 as against Rs.22,951 Mio. last year. This includes long term borrowings, short term borrowings and current maturities of long term borrowings classified as current liability.

There was, however, cash and bank balance of Rs.5,838 Mio. as on March 31, 2013 as against Rs. 4,666 Mio. last year. Net debt (adjusted for cash and bank balances) as on March 31, 2013 was at Rs. 23,398 Mio. against Rs. 18,285 Mio. last year. The increase in debt was mainly to fund the capex and increased working capital. Net debt-equity ratio increased marginally to 0.79:1 as on March 31, 2013 as against 0.71:1 as on March 31, 2012.

Fixed Assets and Capital Expenditure

The consolidated gross block (including capital work in progress) at the end of the year was Rs. 51.1 bn, up by about Rs. 6 bn from Rs. 45.1 bn last year. Net capital expenditure (excluding goodwill, but including capital work in progress) during the year was Rs.6,881 Mio., which was mainly incurred for upgradation and expansion of existing facilities for formulations and API manufacturing facilities, expansion of research facilities and building of new facilities for new dosage forms. This also included capital expenditure on R&D of Rs. 495 Mio.

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. 59.7 bn, up from Rs. 50 bn at the end of the previous year. The increase in capital employed was due to the increase in the debt and net worth during the year. Return on Capital Employed (ROCE = Adjusted earnings before interest net of tax / Average CE) stood at 14.4% during the year.

Risk Identification, Risk Mitigation and Internal Controls

Various risks identified by the Company in the ever changing economic, commercial, regulatory and political scenarios across the globe are explained below.

Risk related to economic and political environment across the world

The Company is having its presence in more than 15 countries across the globe. These countries are exposed to different economic and political challenges. Any adverse political and/or economic conditions in these countries can have an impact on the operations of the company in these markets. The company reviews such developments periodically to evaluate risks, if any, arising from such developments.

Risk of competition, price pressure and Government controls on prices

The Company operates in the generic markets across the globe and the generic markets are characterized by intense competition due to the presence of a large number of players. The competition constantly puts pressure on the prices of the products which the Company charges from the customers and poses threat of losing market share. The Company's strategies in such markets are tailored 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 infringement of the intellectual property rights.

Stringent regulations and quality standards are prescribed by the regulatory authorities across the globe for 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 can lead to actions from the regulatory authorities or litigation from the customers.

The competitors and the innovator pharmaceutical companies holding patents for products and processes can also sue the Company in case the Company's products or processes are claimed to be infringing upon their intellectual property rights.

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

Risk of international operations including foreign exchange risk

The Company has operations in different countries of the world. Also, some of these operations are often funded through the foreign currency denominated debt. This exposure to the foreign currency operations and/or debt poses the risk of fluctuations in the currencies of these countries vis-à-vis its functional currency viz. the Indian Rupee.

Risk of efforts on Research and Development proving to be unproductive

In order to remain competitive, the Company needs to continuously invest in research and development activities. The Company invests about 7- 8% of its revenues on research and development activities (both revenue and capital expenditure) every year. NCE and NDDS research require significant investment and a longer gestation period, with low chances of success, which is determined by many factors. This exposes the Company to the risk of its drug discovery efforts, turning unproductive at any phase. However, as a global player, this risk is a necessity as the Company aims to be a research-driven pharmaceuticals company by 2020.

Risk Management and Internal Control Systems

The Company has established a well-defined process of risk management, wherein the identification, analysis and assessment of the various risks, measurement of the probable impact of such risks, formulation of risk mitigation strategies and implementation of the same takes place in a structured manner. The process of evaluation and validation of business-specific risks and risks affecting overall organisation is carried out regularly. The review of the risk management policy and framework is also carried out at regular intervals by the Risk Management Committee as well as the Board of Directors. Requisite internal control mechanisms have been put in place by the Company on various activities across the board to minimise the impact of various risks. A well-defined and established system of internal audit has also been set up to independently review and strengthen these control measures. 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

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2013.

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:	2012-13										
7. Sector(s) that the Company is engaged in (industrial activity code-wise):	<table border="1"> <thead> <tr> <th>Group</th> <th>Class</th> <th>Sub Class</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>210</td> <td>2100</td> <td>21001</td> <td>Manufacture of medicinal substances used in the manufacture of Drugs and Pharmaceuticals.</td> </tr> </tbody> </table>			Group	Class	Sub Class	Description	210	2100	21001	Manufacture of medicinal substances used in the manufacture of Drugs and Pharmaceuticals.
Group	Class	Sub Class	Description								
210	2100	21001	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 which include formulations (Oral Solids), Injectable, aerosols, Ointments, Vaccines, Biologics, Active Pharmaceutical Ingredients [API], etc.										
9. Locations where business activity is undertaken by the Company	The company's businesses and operations are spread across 25 countries. The Company's location of plants is provided in this annual report. Details of business performance in India markets as well as international operations are reported as a part of the Management Discussion 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):	37,286 millions
Total profit after taxes (INR):	4,986 millions
Total spending on Corporate Social Responsibility (CSR)	Approx. 1.6% of profits after tax of the year

The company has spent on CSR on enhancing the education and literacy in the communities, livelihood, employability and income generation, health and sanitation program, water resources development, community environment projects, equality and women empowerment, donations and other miscellaneous activities.

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 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 only Pharma Company from India to launch its own patented research product in the market. It was also the first Indian company to launch a swine flu vaccine through indigenous research. These exemplary achievements have strengthened the Company's belief that it is possible to create and enhance shareholder value by being growth oriented, making research and innovation a cornerstone and creating healthier communities globally.

Section C [Other Details]:

The Company is a global pharmaceutical Company having subsidiaries in India and across the globe. The Company has 29 subsidiary Companies, including 22 subsidiaries outside India. Details of the names of the subsidiaries are provided in section 212 statements, which is a part of this Annual Report, except Zydus Healthcare Philippines Inc. formed after the end of the financial year. The subsidiary companies' BR initiatives are aligned with 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	22	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	23	Yes
Businesses should promote the well-being of all employees.	Building people to build our business	15, 23	Yes
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Zydus Shrishti	15, 23	Yes
Businesses should respect and promote human rights.	Human Rights	24	Yes
Businesses should respect, protect, and make efforts to restore the environment.	Environment, Health & Safety	14, 24	Yes
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Policy advocacy	24	Yes
Business should support inclusive growth and equitable development.	Zydus Shrishti	15, 24	Yes
Business should engage with and provide value to their customers and consumers in a responsible manner.	Manufacturing and marketing of healthcare products	08, 24	Yes

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

Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	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	-	-	Y
2 Has the policy been formulated in consultation with the relevant stakeholders?	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	N	N	-	N	-	-	N
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	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.								

Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
8 Does the Company have in-house structure to implement the policy / policies?	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 any grievances pertaining to their department and redress the grievances. The Company has formed a Shareholders' and Investors' Grievance Committee to redress any grievances of our 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 independent audit on Environment.								

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 Business Unit Head. Zydus Management Committee Meeting (ZMC) - a conclave of all business 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 Organizational Development Meetings (AOM) and the Chairman's Annual Meeting are held once a year to discuss and set the agenda for broad-based organizational development and goal setting.

Strategic Guidance	By the Board of Directors
Strategic Goal setting and decision making	By the ZEB
Strategic Management	By the ZMC
Operational Reviews and Executive management	By Business 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 2012-13. 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, all our major suppliers are also required to agree to conform to the code of responsible business conduct.

The Company received 51 complaints from the investors' / shareholders' and no complaint remained unresolved / unattended by the end of the year. However, there were no stakeholder complaints 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 premises are approved by the leading regulatory agencies such as USFDA, ANVISA, MHRA of U.K. 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 material and a standard operating procedure is in place for sourcing raw material. This includes sample approvals, performance trials, plant audit and regulatory clearances. About 75% sourcing 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 counseling 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 operational management. Full-fledged Solvent Recovery Plant at our API manufacturing sites recovers solvents generated during the process 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, women employees and permanent employees with disabilities:

Sr. No.	Category of Employees	No. of Employees
1.	Management staff	4760
2.	Marketing field staff	5772
3.	Others	1660
	Total	12192
4.	Contractual employees	2090
5.	Permanent women employees	712
6.	Permanent employees with disabilities	31

2. There are no employees on temporary or casual basis. The Company has a recognised employees association and 3% 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 and pending as on the end of the financial year.

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

A.	Permanent employees	55%
B.	Permanent women employees	86%
C.	Casual/temporary/contractual employees	86%
D.	Employees with disabilities	100%

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

The Company has mapped its internal and external stakeholders. We recognize 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 Company pays special attention and emphasizes identified communities. We contribute to enhance the employability of youth, leading to income generation and economic empowerment in this marginalized 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 up gradation, 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 promotion of human rights and is 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 opportunities to all its employees to improve their skills and capabilities. The Company provides to its neighboring 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 initiated 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 may be applicable are being filed regularly.

The Company has undertaken 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 roof tops 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 on 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,
- F. Services Export Promotion Council, Mumbai

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 cases filed / pending as at the end of financial year 2012-13.

The Company displays all product information on the product label, which are mandatory and 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

2012-13

Directors' Report

Your Directors are pleased to present 18th Annual Report and the audited accounts for the financial year ended on March 31, 2013.

Financial Results:

The financial performance of the Company, for the year ended on March 31, 2013 is summarized below:

(INR-Millions)

Particulars	For the year ended on March 31, 2013	For the year ended on March 31, 2012	Growth (%)
Sales and Other Income	37,286	33,877	10.06
Profit before Interest, Finance Charges, Depreciation, Amortisation and Impairment and Tax (PBIDT)	7,592	9,047	-16.08
Less: Depreciation, Amortisation and Impairment	1,168	1,082	7.95
Profit Before Interest and Finance charges and Tax (PBIT)	6,424	7,965	19.35
Less: Interest and Finance charges	1,110	1,261	11.97
Profit Before Tax	5,314	6,704	20.73
Less: Provision for Tax	328	129	154.26
Profit After Tax	4,986	6,575	24.17
Add: Profit brought forward from the previous year	10,094	6,675	
Profit available for appropriation, which is appropriated as follows:	15,080	13,250	
Interim Dividend	1,536	-	
Proposed Final Dividend	-	1,536	
Corporate Dividend Tax on Interim Dividend / Proposed Final Dividend [Net of CDT Credit]	198	170	
Transferred to Debenture Redemption Reserve	450	450	
Transferred to General Reserve	1000	1000	
Balance carried to Balance Sheet	11,896	10,094	
Total	15,080	13,250	
Earnings per share [EPS] [Face Value of shares of Rs. 5/-] [in Rupees]	24.35	32.11	

Results of operations:

During the year under review, the consolidated gross sales grew by 21.31%. On standalone basis, the Company has achieved gross sales of Rs. 29,781 millions, showing a growth of 21.23% compared to the previous year. However, the PBIDT was decreased by 16.08% to Rs. 7,592 millions and the Profit Before Tax was also decreased by 20.73% to Rs. 5,314 millions. As a result, the Profit After Tax has decreased to Rs. 4,986 millions as compared to Rs. 6,575 millions in previous year and the EPS decreased from Rs. 32.11 in the previous year to Rs. 24.35. The standalone figures are not comparable with the previous year as they include the financials of the merged entities. 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 declared an Interim Dividend of Rs. 7.50 per Equity Share [last year final dividend recommended of Rs. 7.50 per Equity Share] on 204,748,520 equity shares of Rs.5/- each fully paid-up, out of the profits for the financial year ended March 31, 2013, amounting to Rs. 1,734 millions [inclusive of Corporate Dividend Tax of Rs. 198 millions]. The Interim Dividend was paid to the shareholders of the Company, whose names stand registered in the Register of Members as on June 12, 2013, being the Record Date fixed for the purpose. In respect of shares held in dematerialized form, it was paid to the members whose names were furnished by the depositories, as beneficial owners as on the Record Date. The Dividend payout ratio for the current year (inclusive of Corporate Dividend tax) is 34.78 percent on profits of the merged entity.

Scheme of Amalgamation:

Board of Directors of your Company, subject to requisite approvals, approved a Scheme of Amalgamation [the Scheme] under sections 391 - 394 of the Companies Act, 1956 for amalgamation of Liva Healthcare Limited, Zydus Animal Health Limited and Zydus Pharmaceuticals Limited, the wholly owned subsidiary companies with the Company.

After requisite approvals / NOC from the Stock Exchanges, Regional Director and Official Liquidator, the Hon'ble High Court of Gujarat at Ahmedabad on its hearing on August 8, 2013 approved the Scheme.

The appointed day for the merger was April 1, 2012. However, the Scheme became effective from August 26, 2013, being the date of filing of High Court Orders with the Registrar of Companies, Gujarat at Ahmedabad.

The Company has prepared and presented the merged accounts, which include the financials of three subsidiary Companies.

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 associates companies and its subsidiaries after elimination of minority interest, as a single entity.

Subsidiary Companies:

In accordance with the general circular 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 August 30, 2013 passed a resolution giving consent for not attaching these documents with the Balance Sheet of the Company.

In view of the long term business prospects, your Company incorporated Zydus Healthcare Philippines, Inc.

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 companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

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

Directors:

Mr. Mukesh M. Patel, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment. The Board of Directors recommends the reappointment of Mr. Mukesh M. Patel. Brief profile of Mr. Mukesh M. Patel, Director proposed to be reappointed as required under clause 49 of the Listing Agreement is annexed to the notice convening 18th Annual General Meeting forming part of this Annual Report.

Directors' 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, 2013 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 that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2013 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.

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.

The Company has received a letter from them to the effect that their reappointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of section 226 of the said Act.

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, 2013, 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, 2012 for Pharmaceutical Products within the due date on January 31, 2013. The due date of filing the cost audit report in XBRL was February 28, 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 is 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 Earning 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 : August 30, 2013

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 following energy conservation measures were undertaken at various plants / units during the year ended on March 31, 2013.

General measures :

In addition to installation of LED lights, maintaining power factor above 99%, turning off air conditioners, when not in use, installing motion sensor for controlling energy consumption, shutting down boilers during night hours or when no steam is required, the following measures were taken to conserve energy.

1. Energy Audit,
2. Power trading with energy traders and
3. Awareness amongst the employees for power and water savings.

Specific measures :

1. Installed 50 KVA lighting transformer and 8 PM motor in AHU at Dabhasha Plant,
2. Installed energy efficient process cooling water pump with motor at Dabhasha Plant,
3. Installed auto tube bruising system in all Trane Chillers at Moraiya Plant,
4. Installed adiabatic cooling system in air cooled brine chiller at Moraiya Plant,
5. Implementation of Soil Bio Technology process for Effluent Treatment Plant (ETP) for Green Environment at Moraiya Plant,
6. Installed variable refrigerant volume system at Moraiya Plant,
7. Installed highly efficient electronic ballast at Zydus Biologics,
8. Installed timer based automatic controlled street light at Zydus Biologics,
9. Installed R.O. plant in ETP to reuse the permeate water in cooling tower make-up at Zydus Biologics,

b. Proposals for additional investments:

1. To start working on Solar Technology at Moraiya Plant,
2. To install modulating steam control valves for heating applications,
3. To install MVR technology for ETP,
4. Usage of Nano technology thermal conductive additive in refrigeration,
5. To install automatic vacuum control systems, steam condensate recovery,
6. To install hollow FRP blade in cooling tower,
7. To install inverter based split Air Conditioner in place of normal Air Conditioner.

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

The adoption of energy conservation measures listed above will result in the following benefits apart from financial benefits:

1. Reduction in water consumption,
2. Reduction in power consumption,
3. Reduction in consumption of petroleum products,
4. Reduction in pollution and implementation of Green House Technology and
5. Reduction in chemical usages by using bio-culture in ETP.

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

Form - A

Form for disclosure of particulars with respect to conservation of energy

a. Power and fuel consumption :

Particulars	Unit of Measures	2012-13 (April 1, 2012 to March 31, 2013)	2011-12 (April 1, 2011 to March 31, 2012)
1. Electricity :			
(a) Purchased			
Units Nos.		77618139	63967150
Total Amount	INR-Mn	522.51	396.99
Rate / Unit	INR	6.73	6.21
(b) Own Generation :			
i) Through Diesel Generator			
Units	Nos.	2678930	2408393
Units per lt. of Diesel oil	Nos.	3.18	3.21
Cost / Unit	INR	14.43	13.28
ii) Through HFO DG Set			
Units	Nos.	288240	2597540
Unit per lit. of Fuel	Nos.	3.97	4.13
Cost / Unit	INR	13.09	10.18
iii) Through CPP (Natural Gas)			
Units	Nos.	22741232	26405608
Unit per lit. of Gas (M ³)	Nos.	3.82	3.86
Cost / Unit	INR	9.62	7.20
2. Coal (Used in Boiler for steam generation):			
Quantity	MT	15328	13459
Amount	INR-Mn	70.56	71.91
Average cost per MT	INR	4603	5343
3. Furnace Oil / HSD/LDO :			
Furnace Oil			
Quantity	K.Ltrs	372.42	871.74
Total Amount	INR-Mn	17.52	36.18
Average Rate per Lt.	INR	47.05	41.50
HSD			
Quantity	K. Ltrs	756.06	537.64
Total Amount	INR-Mn	34.68	22.26
Average Rate per Lt.	INR	45.87	41.41
4. Others/Internal Generation :			
Natural Gas			
Quantity	M ³	12385267	13155872
Total Cost	INR-Mn	410.67	340.71
Rate/Unit	INR	33.16	25.90
Bagasse			
Quantity	MT	1510.20	1486.55
Total Amount	INR-Mn	8.60	7.54
Rate/Unit MT	INR	5692	5073

b. 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 carried out by the Company:

The focus of the Company's R&D efforts was on the following areas:

1. Basic discovery research with portfolio of seven candidates at Company's Zydus Research Centre (ZRC),
2. Development of chemical processes for the manufacture of APIs and its intermediates for captive consumption and both domestic and regulated markets,
3. Development of process for the manufacture of APIs, which is cost effective and environment friendly,
4. Development of molecules for DMF filing and NPD molecules,
5. Creating intellectual properties,
6. Development of generic products to file projects in US and other regulated markets,
7. Development of solid orals, pulmonary, parenterals, suppository, topical and oncology products.

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

Some of the major benefits derived as a result of R&D include:

1. New products developed for formulations,
2. Improved processes and enhanced productivity,
3. Significant savings by process improvement of existing products,
4. Filed 18 ANDAs for oral solids with USFDA,
5. Received approval for Ranitidine HCL injection, indigenous generic ANDA,
6. Introduced 54 products of which 14 were first of its kind in the domestic market,
7. Also filed dossiers in regulated markets, including Spain, France, South Africa and Japan.

c. Future plan of actions:

The Company will continue its R&D efforts in the various areas indicated in (a) above. The major focus will be on developing new products and drug delivery systems and filing of more products and the dosages in the regulated markets.

d. Expenditure on R & D:

Sr. No.	Particulars	(INR - Millions)
a.	Capital	500
b.	Recurring	4427
c.	Total	4,927
d.	Total R&D Expenditure as a percentage of total turnover	13.40%

C. Technology absorption, adaptation and innovation:

a. 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 endeavors to develop, transfer and absorb innovative technologies and commercialize 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 regular basis and employs scientifically skilled manpower.

b. Benefits derived as a results of the above efforts:

1. Improvement in effluent treatment, pollution control and all-round safety standards,
2. Development and introduction of new products for import substitution,
3. Product quality improvement with cost competitiveness and
4. Improvement in operational efficiency.

Directors' Report

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

- | | | |
|-------------------------------------------------------------------------------------------------------------|---|-------------------------|
| 1. Technology imported | : | No imported technology. |
| 2. Year of import | : | Not applicable. |
| 3. Has the technology been fully absorbed | : | Not applicable. |
| 4. 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 exports, initiative taken to increase exports, development of new export market for products and services, and export plans:

Export sales were Rs. 15,442 millions for the financial year 2012-13. The Company's exports constitute 42.01% of the total turnover. The Company has filed seven more US DMFs. During the year, the Company launch seven new products in US markets, including one controlled substance products from the Neshar facilities. The Company has taken initiatives for the development of new export markets, which includes incorporation of Zydus Healthcare Philippines, Inc. 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 Annual Report.

b. Total foreign exchange earnings and outgo:

During the year, the foreign exchange outgo was Rs. 6,620 millions and the earning in foreign exchange was Rs. 16,236 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 : August 30, 2013.

Pankaj R. Patel
Chairman

Corporate Governance Report

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 the parameters and health of the organization, regulatory management, risks management strategy, safety and EHS and succession planning and leadership development. Zydus Management Committee [ZMC] comprising of different business / functional heads supervises, controls and reviews the business operations every month.

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 the updates of 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, meets the requirement 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, 2013, your Company's Board comprised of 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 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, four board meetings were held on May 10, 2012, August 6, 2012, November 7, 2012 and February 8, 2013.

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 meeting. 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 meeting.

Corporate Governance Report

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 very 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, 2013.

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	4	4	Yes	2 (1)	5
Mr. Humayun Dhanrajgir	Non-executive and Independent Director	4	4	Yes	9 (1)	7
Mr. Nitin R. Desai	Non-executive and Independent Director	4	3	Yes	1 (0)	2
Mr. Mukesh M. Patel	Non-executive and Independent Director	4	4	Yes	9 (5)	8
Mr. Apurva S. Diwanji	Non-executive and Independent Director	4	3	Yes	3 (1)	2
Dr. Sharvil P. Patel ****	Deputy Managing Director	4	4	Yes	2	5

* Figures in () indicate the number of Board Committees of which Director is 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 and commission to Non-Executive Directors at the Annual General Meeting held on July 27, 2010 and July 29, 2008 respectively, 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, 2013.

II Committees of the Board:

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, 2013, the Audit Committee comprised of three Independent Directors. Names of the members and the Chairman of the Committee as on March 31, 2013 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	4	4
Mr. Humayun Dhanrajgir	4	4
Mr. Apurva S. Diwanji	4	3

All the members of the committee have accounting, financial and management expertise. The Audit Committee held four meetings during 2012-13 on May 9, 2012, August 6, 2012, November 6, 2012 and February 7, 2013. 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 August 6, 2012 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 continued 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 the 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, dematerialization, rematerialization, 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:

The Share Transfer Committee comprises of the following members:

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

The Company Secretary acts as the Secretary for 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' Grievances. The Committee primarily focuses on 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 is 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	3
Mr. Pankaj R. Patel	4	4
Mr. Mukesh M. Patel	4	4

The Company Secretary acts as the Secretary of 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, 51 investor grievances were received and all of them have been resolved. There were no investor grievance remaining unattended and pending as on March 31, 2013.

As on March 31, 2013, 64,605 equity shares remained in the in-transit account with National Securities Depository Limited and Central Depository Services (India) Limited.

(D) Committee of Directors:

Committee of Directors comprises of 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. Two meetings of the Committee were held during the year. The Company Secretary acts as the Secretary to the Committee.

(E) Remuneration Committee:

The Board of directors of the Company has formed Remuneration Committee on February 8, 2013, which comprises of 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 for the purposes which include to evaluate the performance and to determine and propose remuneration for the Executive Directors. No meeting of the committee was held during the year. The Company Secretary shall act 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 unlisted subsidiary companies are placed at the Board Meetings 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 shareholders as per the resolution passed at the Annual General Meeting held on July 19, 2011 and August 6, 2012 respectively. The remuneration recommended by the Remuneration Committee at its meeting held on May 30, 2013.

Mr. Pankaj R. Patel, Managing Director and Dr. Sharvil P. Patel, Deputy Managing Director was paid remuneration of INR 120 million and 80 million respectively by way of salary and allowances for the year ended on March 31, 2013.

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 INR 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 mio in aggregate. Directors are also reimbursed the traveling 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 2012-13 are given below:

Corporate Governance Report

(INR - Millions)

Name of the Non-Executive Directors	Commission @	Sitting fees			Total
		Board Meetings	Audit Committee Meetings	Committee of Directors Meetings	
Mr. Mukesh M. Patel	1.20	0.08	0.08	0.04	1.40
Mr. Humayun Dhanrajgir	1.20	0.08	0.08	N.A.	1.36
Mr. Apurva S. Diwanji	1.20	0.06	0.06	N.A.	1.32
Mr. Nitin R. Desai	1.20	0.06	N.A.	N.A.	1.26

@ 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, 2013	Details of shares bought / (sold) during 2012-2013
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.

E) Whistle Blower Policy:

The Company has adopted a whistle blower policy, which provides for a mechanism for employees to report concerns about unethical behavior and no person is denied access to the Audit Committee.

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 disclosure 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 re-appointment of Directors:

Mr. Mukesh M. Patel will retire at the ensuing Annual General Meeting by rotation. He has offered himself for reappointment and the Board recommended his reappointment.

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

H) Compliance by the Company:

The Company has complied with all the mandatory requirements of the Listing Agreement with 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 42,368 shareholders as on March 31, 2013. 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 web-site, www.zyduscadila.com. The Company holds meetings and makes presentations to the institutional investors and analysts. The copy of such presentation and the transcript of the phone call are also made available on the Company's web-site.

Corporate Governance Report

VII General Body Meetings:

The last three Annual General Meetings were held as under.

Year	Date and Time	Venue
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.
2009-10	15 th AGM on July 27, 2010 at 10.00 a.m	H.T. Parekh 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 18 th AGM	September 30, 2013 at 10.00 a.m.
Venue of 18 th AGM	H.T. Parekh Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.
Financial Year	April 1, 2012 to March 31, 2013
Book Closure Date	September 23, 2013 to September 30, 2013
Registered Office Address	"Zydus Tower", Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad - 380 015.
Dividend Payment Date	Not applicable
Compliance Officer	Mr. Upen H. Shah, Company Secretary
Website Address	www.zyduscadila.com

Financial Calendar for the financial year 2013-14:

First Quarter Results	Declared on August 7, 2013
Half Yearly Results	Before November 14, 2013
Third Quarter Results	Before February 14, 2014
Audited Results for the year 2013-14	Before May 30, 2014

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 Kamdhenu Complex, Opp. Sahjanand College, Panjara Pole, Ahmedabad - 380 015.
Bombay Stock Exchange Limited 1 st 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 2013-14 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, 2013 (Rs.)
The National Stock Exchange of India Limited, Mumbai	CADILAHC	742.75
Bombay Stock Exchange Limited	532321	741.35
Ahmedabad Stock Exchange Limited	10927	No Trading reported

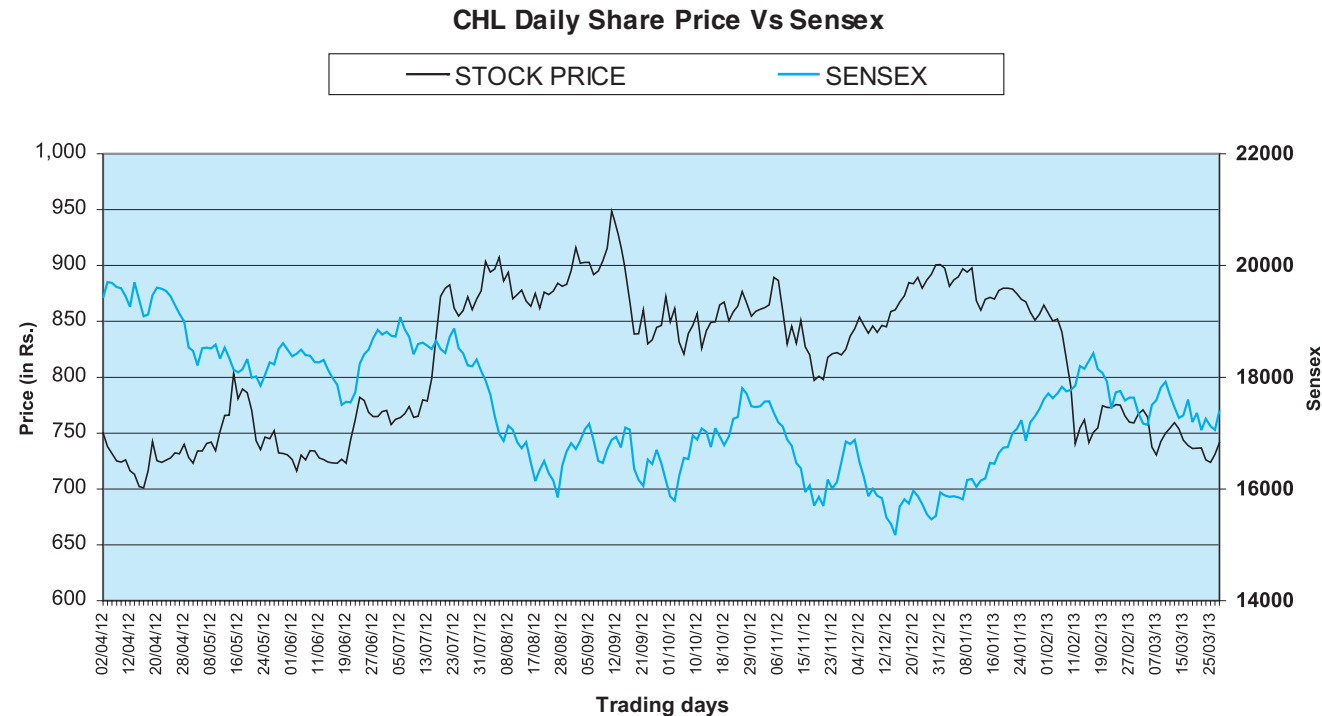
Stock price and BSE Sensex data:

Month	BSE Sensex	Bombay 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, 12	17318.81	771.00	695.00	4,413	769.50	691.25	56,795
May, 12	16218.53	809.90	714.20	4,578	810.00	711.95	85,943
June, 12	17429.98	790.00	705.05	11,160	797.40	710.05	65,672
July, 12	17236.18	905.00	751.15	29,157	904.00	749.75	1,78,106
Aug., 12	17429.56	925.90	853.50	9,154	930.00	851.00	66,990
Sept., 12	18762.74	964.00	822.60	25,785	966.00	820.00	1,22,837
Oct., 12	18505.38	890.00	815.60	5,413	892.45	814.05	90,945
Nov., 12	19339.90	908.75	780.25	28,602	975.00	777.00	1,50,392
Dec., 12	19426.71	908.80	835.70	12,886	910.00	832.55	1,04,411
Jan., 13	19894.98	915.00	840.55	10,375	913.30	845.65	1,19,892
Feb., 13	18861.54	924.60	721.00	14,988	867.00	720.00	1,35,628
March, 13	18835.77	775.00	714.20	5,920	778.85	715.00	92,054

No trading recorded on the Ahmedabad Stock Exchange Limited.

Corporate Governance Report

Chart 'A' Stock Performance :



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 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 interval 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 shares transfer formalities.

Secretarial Audit:

A practicing Chartered Accountant carried out secretarial audit in each of the quarter in the financial year 2012-13, 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.

Distribution of shareholding:

The shareholding distribution of equity shares as on March 31, 2013 is given below:

No. of Equity Shares	No. of folios	% to total folios	No. of Shares	% of shareholding
1 to 1000	40609	95.85	6183461	3.02
1001 to 2000	1063	2.51	1447793	0.71
2001 to 4000	282	0.67	789508	0.39
4001 to 6000	107	0.25	530741	0.26
6001 to 8000	39	0.09	283015	0.14
8001 to 10000	39	0.09	354828	0.17
10001 to 20000	68	0.16	953433	0.47
20001 to above	161	0.38	194205741	94.85
Grand Total	42368	100.00	204748520	100.00
Shareholders in Physical Mode	5222	12.33	1499644	0.74
Shareholders in Electronic Mode	37146	87.67	203248876	99.26
Grand Total	42368	100.00	204748520	100.00

Shareholding pattern as at March 31, 2013:

Category	No. of shares held		Total Shares	% of shareholding
	Physical	Electronic		
Promoter's holding	0	153138046	153138046	74.79
Mutual Funds and UTI	2883	12267204	12270087	5.99
Banks, FIs and Insurance Companies	1344	10603586	10604930	5.18
Foreign Institutional Investors	0	10959884	10959884	5.35
NRIs / OCBs	7554	451784	459338	0.22
Other Corporate Bodies	8869	6597734	6606603	3.23
Indian public	1478994	9166033	10645027	5.20
Other (in transit)	-	64605	64605	0.03
Total	1499644	203248876	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 99.26% 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 Mr. Upen H. Shah, Company Secretary, at the Registered Office of the Company for any assistance. Tele. Nos. 079 - 26868100 - Extension - 326 | e-mail id : upen.shah@zyduscadila.com

Corporate Governance Report

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, 2013.

Place : Ahmedabad.
Date : August 30, 2013.

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, 2013 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, 2013, 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

Chandresh S. Shah
Partner
Membership Number: 042132
Place : Ahmedabad
Date : August 30, 2013.

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, 2013, 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 Standards referred to in Section 211(3C) 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 evidence about the amounts and the 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 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 the accounting policies used and the reasonableness of the accounting estimates made by the 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:

- in case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by Section 227(3) of the Act, we report that:
 - 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.
 - 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 branches not visited by us].
 - 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 [and with the returns received from the branches not visited by us].
 - In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 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

Chandresh S. Shah
Partner
Membership No.: 042132
Place : Ahmedabad
Date : August 30, 2013

Annexure referred to in the Auditors' Report

With reference to the Annexure referred to in paragraph 3 of the Auditors' Report to the Members of Cadila Healthcare Limited on the financial statements for the year ended March 31, 2013, we report that:

1. (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.
 - (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.
2. (a) The inventories has 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.
3. 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, clause (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the company for the current year.
4. In our opinion and according to the information and explanations given to us, there is 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, we have not observed any continuing failure to correct major weaknesses in the internal control systems.
5. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding Rs. Five Lacs, in respect of any party during the year, have been made at prices, which are reasonable having regard to prevailing market price at the relevant time.
6. The company has not accepted any deposits from the public as per provisions of sections 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. The company has an internal audit system, which, in our opinion is commensurate with its size and the nature of its business.
8. 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(1) (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 statutory dues during the year with the appropriate authorities. Moreover, as at March 31, 2013, 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, 2013 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	0.70	2010-11	Assessing Officer
		21.49	2002-03, 2005-06, 2007-08 and 2009-10	Commissioner of Income Tax (Appels)
		2.44	2007-08 and 2008-09	Income Tax Appellate Tribunal
The Central Sales Tax and Local Sales Tax Acts	Sales Tax	81.32	1996-97 to 1999-00, 2001-02, 2004-05 to 2007-08, 2009-10 and 2010-11	Commissioner / Deputy Commissioner / Joint Commissioner of Sales Tax / Revision Board / Adjudicating Authority
		13.70	1997-98, 2001-02 and 2006-07	Appellate Tribunal
The Central Excise Act and the Service Tax Act	Excise Duty, Service Tax	0.01	1986-87 to 1988-89, 1990-91 to 1992-93	ACCE/DCCE/JCCE/Add.Comm.
		4.73	Various Cases for the period 1997, 2005-06 to 2011-12	Commissioner (Appeals)
		147.20	Various cases For the period 1995 to 2000, 2003-04 to 2011-12	Central Excise and Service Tax Appellate Tribunal
		6.33	Jan. '95 to Nov. '95, 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. The company has not defaulted in repayment of dues to financial institution or bank or debenture holder.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares during the year.
13. The company is not a chit fund company/nidhi/mutual benefit fund/society.

Auditors' Report

14. According to the information and explanations given to us, 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 comfort given by the company for loans taken by subsidiaries and other parties from banks are not prima facie, prejudicial to the interest of the company.
16. Term loans obtained by the Company were applied for the purposes for which the loans were obtained.
17. According to the Cash-flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have not, 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 belief, and according to the information and explanations given to us, no material fraud on or by the company was noticed or reported during the year.

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

Chandresh S. Shah
Partner
Membership No.: 042132
Place : Ahmedabad
Date : August 30, 2013

Standalone Financial Statements

Balance Sheet as at March 31, 2013

Particulars	Note No.	INR - Millions	
		As at March 31	
		2013	2012
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	1,024	1,024
Reserves and Surplus	2	28,091	24,547
		29,115	25,571
Non-Current Liabilities:			
Long Term Borrowings	3	7,941	6,844
Deferred Tax Liabilities [Net]	4	1,236	1,248
Other Long Term Liabilities	5	272	193
Long Term Provisions	6	328	476
		9,777	8,761
Current Liabilities:			
Short Term Borrowings	7	8,514	4,114
Trade Payables	8	3,607	2,848
Other Current Liabilities	9	2,695	4,449
Short Term Provisions	10	1,792	1,795
		16,608	13,206
Total		55,500	47,538
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	11	14,644	12,007
Intangible Assets	11	327	170
Capital work-in-progress		4,638	3,117
		19,609	15,294
Non-Current Investments	12	10,640	11,025
Long Term Loans and Advances	13	7,167	5,505
		37,416	31,824
Current Assets:			
Current Investments	14	2,159	1,097
Inventories	15	5,872	5,012
Trade Receivables	16	6,830	6,158
Cash and Bank Balances	17	916	1,183
Short Term Loans and Advances	18	1,910	1,916
Other Current Assets	19	397	348
		18,084	15,714
Total		55,500	47,538
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 42		
<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	
Chandresh S. Shah Partner Membership Number: 042132 Ahmedabad, Dated: August 30, 2013	Jyotindra B. Gor Chief Accounts Officer	Open H. Shah Company Secretary	Sharvil P. Patel Deputy Managing Director

Statement of Profit and Loss for the year ended March 31, 2013

Particulars	Note No.	INR - Millions	
		Year ended March 31	
		2013	2012
REVENUE:			
Revenue from Operations:	22		
Sale of Products [Gross]		29,781	24,565
Less: Excise Duty		616	432
Sale of Products [Net]		29,165	24,133
Other Operating Revenues		7,592	7,375
Net Revenue from Operations		36,757	31,508
Other Income	23	529	2,369
Total Revenue		37,286	33,877
EXPENSES:			
Cost of Materials Consumed	24	9,441	7,909
Purchases of Stock-in-Trade	25	3,324	3,046
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	26	(90)	(585)
Employee Benefits Expense	27	5,225	4,345
Finance Costs	28	1,110	1,261
Depreciation, Amortisation and Impairment Expenses	11	1,168	1,082
Other Expenses	29	11,794	10,115
Total Expenses		31,972	27,173
Profit before Tax		5,314	6,704
Less: Tax Expense:			
Current Tax		313	74
Deferred Tax	4	4	55
Prior year's tax adjustments		11	-
		328	129
Profit for the year		4,986	6,575
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	30	24.35	32.11
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 42		
<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	
Chandresh S. Shah Partner Membership Number: 042132 Ahmedabad, Dated: August 30, 2013	Jyotindra B. Gor Chief Accounts Officer	Upen H. Shah Company Secretary	Sharvil P. Patel Deputy Managing Director

Cash Flow Statement for the year ended March 31, 2013

Particulars	INR - Millions	
	Year ended March 31	
	2013	2012
A Cash flows from operating activities:		
Net profit before taxation and extraordinary items	5,314	6,704
Adjustments for:		
Depreciation	1,168	1,082
Loss on sale of assets [Net]	16	2
Profit on sale of investments [Net]	(5)	(48)
Interest income	(110)	(152)
Dividend income	(337)	(2,111)
Interest expenses	740	605
Bad debts written off	26	20
Provision for doubtful debts	7	3
Provision for doubtful debts written back	(14)	(18)
Doubtful advances written off	-	14
Provision for doubtful advances written back	-	(3)
Provisions for employee benefits	(170)	134
Provisions for probable product expiry claims and return of goods	3	(2)
Total	1,324	(474)
Operating profit before working capital changes	6,638	6,230
Adjustments for:		
Increase in trade receivables	(423)	(1,381)
Increase in inventories	(575)	(367)
Increase in short term advances	(207)	(224)
Increase in long term advances	(50)	(385)
[Increase] / Decrease in other current assets	(37)	42
Increase / [Decrease] in trade payables	802	(883)
Increase/ [Decrease] in other current liabilities	(1,178)	875
Increase in other long term liabilities	75	26
Total	(1,593)	(2,297)
Cash generated from operations	5,045	3,933
Direct taxes paid [Net of refunds]	(683)	(232)
Foreign Currency Monetary Items Translation Difference Account Written off	3	78
Hedge Reserve [Net of Liability]	82	(62)
Net cash from operating activities	4,447	3,717
B Cash flows from investing activities:		
Purchase of fixed assets	(5,425)	(3,784)
Proceeds from sale of fixed assets	25	52
Purchase of Non-Current investments	(417)	(7,060)
Proceeds from sale of Non-Current investments	4	1,748
Purchase of Current investments	(1,062)	226
Advances to subsidiary / joint venture company	(1,344)	(1,617)
Repayment of Advances by joint venture company	100	-
Interest received	106	150
Dividend received	337	2,111
Net cash from investing activities	(7,676)	(8,174)

Cash Flow Statement for the year ended March 31, 2013

Particulars	INR - Millions	
	Year ended March 31	
	2013	2012
C Cash flows from financing activities:		
Proceeds from Long Term Borrowings	2,550	5,210
Repayment of Long Term Borrowings	(1,940)	(1,622)
Short Term Borrowings [Net]	4,377	3,617
Interest paid	(737)	(565)
Dividends paid	(1,533)	(1,278)
Tax on dividends paid	(215)	(146)
Net cash used in financing activities	2,502	5,216
Net [decrease]/increase in cash and cash equivalents	(727)	759
Cash and cash equivalents at the beginning of the year	1,183	424
Cash and cash equivalents acquired under the Scheme [Refer Note-40]	460	-
Cash and cash equivalents at the end of the year	916	1,183

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 equivalent at the end [beginning] of the year includes Rs. 8 [Rs. 7] Millions not available for immediate use.

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

Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: August 30, 2013

Jyotindra B. Gor
Chief Accounts 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 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 amortized 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 arise on Amalgamation is amortised over five years, as per Accounting Standard [AS]-14 on "Accounting for Amalgamations".

G Capitalised costs incurred towards purchase/ development of software are 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 Cost of Finished Goods and Works-in-Progress is 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-Continue:

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 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 Accounting Standard 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, 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, fixed assets 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 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.

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 is considered doubtful of recovery.

Notes to the Financial Statements

II-Significant Accounting Policies-Continue:

16 Taxes on Income:

- A** Tax expenses comprise of 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 reasonable 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	
	2013	2012
Note: 1-Share Capital:		
Authorised:		
345,000,000 [as at March 31, 2012: 220,000,000] Equity Shares of Rs.5/- each	1,725	1,100
	1,725	1,100
Issued, Subscribed and Paid-up:		
204,748,520 [as at March 31, 2012: 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 issued 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 Share Holder 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, 2012: 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, 2012: 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
F The Authorised Share Capital of the Company has been increased by Rs. 625 Millions pursuant to the Scheme of Amalgamation approved by the Hon'able High Court of Gujarat with effect from April 1, 2012 [Refer Note-40]. The Company has applied to Registrar of Companies, Gujarat to give effect to increase in the Authorised Share Capital.		
Note: 2-Reserves and Surplus:		
Debenture Redemption Reserve:		
Balance as per last Balance Sheet	650	200
Add: Transfer from Surplus in statement of Profit and Loss	450	450
	1,100	650
Other Reserves:		
International Business Development Reserve: [*]		
Balance as per last Balance Sheet	2,000	2,000
General Reserve: [**]		
Balance as per last Balance Sheet	12,000	11,000
Add: Transfer from Surplus in statement of Profit and Loss	1,000	1,000
	13,000	12,000
Foreign Currency Monetary Items Translation Difference Account: [***]		
Balance as per last Balance Sheet	78	-
Add: Credited during the year	3	78
	81	78
Hedge Reserve: [Refer Note-36]		
Balance as per last Balance Sheet	(275)	-
Add/ [Less]: Credited/ [Debited] during the year	289	(275)
	14	(275)
Surplus in statement of Profit and Loss:		
Balance as per last Balance Sheet	10,094	6,675
Add: Profit for the year	4,986	6,575
	15,080	13,250
Less: Appropriations:		
Dividends:		
Interim Dividend	1,536	-
Proposed Final Dividend	-	1,536
Corporate Dividend Tax on Dividend [Net of CDT Credit]	198	170
Transfer to Debenture Redemption Reserve	450	450
Transfer to General Reserve	1,000	1,000
	3,184	3,156
Balance as at the end of the year	11,896	10,094
Total	28,091	24,547

Notes to the Financial Statements

Note: 2-Reserves and Surplus-Continue:

[*] International Business Development Reserve was created pursuant to Composite Scheme of Amalgamation approved by the Hon'able High Court, dated October 23, 2010, and its utilization shall be as provided in the said 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	
	2013	2012	2013	2012
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	-	-
	2,250	2,250	-	-
B Term Loans from Banks:				
a Term Loan [Secured]	250	500	250	250
b External Commercial Borrowings in Foreign Currency [Secured]	4,020	3,580	888	1,391
c External Commercial Borrowings in Foreign Currency [Unsecured]	1,268	339	181	170
	7,788	6,669	1,319	1,811
C Deferred Payment Liabilities [Unsecured]:				
Interest free deemed loan against deferment of sales tax:				
a From a Financial Institution	14	28	14	14
b Deferred amount	56	113	57	58
	70	141	71	72
D From Others [Unsecured]	83	34	10	4
Total	7,941	6,844	1,400	1,887
The above amount includes:				
Secured borrowings	6,520	6,330	1,138	1,641
Unsecured borrowings	1,421	514	262	246
Amount disclosed under the head "Other Current Liabilities" [Note-9]	-	-	(1,400)	(1,887)
Net amount	7,941	6,844	-	-

Notes to the Financial Statements

Note: 3-Long Term Borrowings-Continue:

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 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 is fixed at 10% p.a., w.e.f. April 29, 2012 and continued till year end. The outstanding amount of loan as at March 31, 2013 is Rs. 500 [as at March 31, 2012: Rs. 750] Millions.

c Foreign Currency Loans:

- i External Commercial Borrowing [ECB] of USD 10 Millions is secured by an equitable mortgage of 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 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 outstanding amount of loan as at March 31, 2013 is Rs. 109 [as at March 31, 2012: Rs. 305] 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 outstanding amount of loan as at March 31, 2013 is Rs. 489 [as at March 31, 2012: Rs. 1374] 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 outstanding amount of loan as at March 31, 2013 is Rs. 815 [as at March 31, 2012: Rs. 764] 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. 54 Millions [USD 1 Million] and the last installment of Rs. 163 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, 2013 is Rs. 326 [as at March 31, 2012: Rs. 407] 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 six months at the rate of 6 months USD LIBOR plus 205 bps p.a. The outstanding amount of loan as at March 31, 2013 is Rs. 815 [as at March 31, 2012: Rs. 764] Millions.
- vi ECB of USD 20 Millions is secured by English mortgage of 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. 217 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 six months at the rate of 6 months USD LIBOR plus 145 bps p.a. Facility fees of 0.72% to be paid in 4 equal installments with first four interest payment date. The outstanding amount of loan as at March 31, 2013 is Rs. 1,086 [as at March 31, 2012: Rs. 1,018] 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 outstanding amount of loan as at March 31, 2013 is Rs. 182 [as at March 31, 2012: Rs. 339] Millions.
- viii ECB of USD 20 Millions will be secured by hypothecation of specific trade marks of the Company. The loan is repayable in three half yearly 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, 2013 is Rs. 1,086 [as at March 31, 2012: Rs. Nil] Millions.

Notes to the Financial Statements

Note: 3-Long Term Borrowings-Continue:**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, 2013 is Rs. 141 [as at March 31, 2012: Rs. 213] 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, 2013 is Rs. 93 [as at March 31, 2012: Rs. 38] 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, 2013 is Rs. 363 [as at March 31, 2012: Rs. 509] 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. 326 Millions [USD 6 Millions] and the last two installments of Rs. 380 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, 2013 is Rs. 1,086 [as at March 31, 2012: Rs. Nil] 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 2013
	As at March 31 2011	Charge for the previous year	As at March 31 2012	Acquired under the Scheme [*]	Charge for the current year	
Deferred Tax Liabilities:						
Depreciation	1,491	214	1,705	(2)	272	1,975
Others	13	(13)	-	-	-	-
Total	1,504	201	1,705	(2)	272	1,975
Deferred Tax Assets:						
Employee benefits	64	35	99	8	42	149
Receivables	14	(6)	8	-	-	8
Unabsorbed depreciation	-	-	-	-	246	246
Others	233	117	350	6	(20)	336
Total	311	146	457	14	268	739
Net Deferred Tax Liabilities	1,193	55	1,248	(16)	4	1,236

B The Net Deferred Tax Liabilities of Rs. 4 Millions of the Transferor Companies [Previous Year: Rs.55 Millions of the Company] 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 is recognised only to the extent of net deferred tax liability of the Company arising for the year.

[*] Refer Note-40.

	INR - Millions	
	As at March 31	
	2013	2012
Note: 5-Other Long Term Liabilities:		
Trade Deposits	48	42
Derivative Liability	-	5
Others	224	146
Total	272	193

Notes to the Financial Statements

	INR - Millions					
	As at March 31					
	2013			2012		
Note: 6-Long Term Provisions:						
Provision for Employee Benefits						
Total	328			476		
	328			476		
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						
	2013			2012		
	Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
B Change in the present value of the defined benefit obligation:						
Opening defined benefit obligation	7	322	572	8	223	463
Acquired under the Scheme [*]	1	20	26			
Interest cost	1	27	48	1	19	39
Current service cost	1	45	54	-	39	62
Benefits paid	-	(63)	(66)	-	(40)	(29)
Actuarial [gains]/ losses on obligation	(2)	(20)	(66)	(2)	81	37
Closing defined benefit obligation	8	331	568	7	322	572
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	88	436	-	81	351
Acquired under the Scheme [*]	-	18	25			
Expected return on plan assets	-	10	47	-	7	35
Contributions by employer	-	2	141	-	-	68
Benefits paid	-	-	(64)	-	-	(23)
Actuarial gains/ [losses]	-	1	4	-	-	5
Closing fair value of plan assets	-	119	588	-	88	436
Total actuarial gains/ [losses] to be recognised	-	21	70	-	(81)	(37)
D Actual return on plan assets:						
Expected return on plan assets	-	10	47	-	7	35
Actuarial gains/ [losses] on plan assets	-	1	4	-	-	-
Actual return on plan assets	-	11	51	-	7	35
E Amount recognised in the balance sheet:						
Liabilities/ [Assets] at the end of the year	8	331	568	7	322	572
Fair value of plan assets at the end of the year	-	(119)	(588)	-	(88)	(436)
Difference	8	212	(20)	7	234	136
Unrecognised past service cost	-	-	-	-	-	-
Liabilities/ [Assets] recognised in the Balance Sheet	8	212	(20)	7	234	136

Notes to the Financial Statements

Note: 6-Long Term Provisions-Continue:

	INR - Millions As at March 31					
	2013			2012		
	Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:						
Current service cost	1	45	54	-	39	62
Interest cost on benefit obligation	1	27	48	1	19	39
Expected return on plan assets	-	(10)	(47)	-	(7)	(35)
Net actuarial [gains]/ losses in the year	(2)	(21)	(70)	(2)	81	37
Net expenses/ [benefits]	-	41	(15)	(1)	132	103
G Movement in net liabilities recognised in Balance Sheet:						
Opening net liabilities	7	235	137	8	142	111
Acquired under the Scheme [*]	-	1	1			
Expenses as above [P & L Charge]	-	41	(15)	(1)	132	103
Employer's contribution	1	(65)	(143)	-	(39)	(77)
Liabilities/ [Assets] recognised in the Balance Sheet	8	212	(20)	7	235	137
H Principal actuarial assumptions as at Balance Sheet date:						
Discount rate	8.10%	8.10%	8.10%	8.50%	8.50%	8.50%
[The rate of discount is considered based on market yield on Government Bonds having currency and terms 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	5.00%	5.00%	5.00%	7.50%	7.50%	7.50%
[The estimates of future salary increases 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%
[*] Refer Note-40.						

INR - Millions

As at March 31

2013

2012

Note: 7-Short Term Borrowings:

Loans repayable on Demand:		
Working Capital Loans from Banks [Secured] [*]	4,005	1,162
Working Capital Loans from Banks [Unsecured] [**]	4,509	2,952
Total	8,514	4,114

[*] 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 PCFC interest is in the range of 55 bps to 125 bps over 1 month USD LIBOR.

[**] PCFC loans are repayable during April, 2013 to September, 2013. Interest in the range of 70 bps to 160 bps over 1 month USD LIBOR.

Notes to the Financial Statements

	INR - Millions	
	As at March 31	
	2013	2012
Note: 8-Trade Payables:		
Micro, Small and Medium Enterprises [*]	24	-
Others	3,583	2,848
Total	3,607	2,848
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	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	1	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]	1,400	1,887
Interest accrued but not due on borrowings	90	87
Unpaid Dividends [*]	16	13
Advances from customers	78	73
Others:		
Provision for Expenses	870	769
Payable to Statutory Authorities	235	191
Derivative Liability	6	208
Others [**] [^]	-	1,221
Total	1,111	2,389
	2,695	4,449
[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
[**] "Others" include Rs. Nil [Previous Year: Rs. 875] Millions payment liability towards Escrow Account, to be crystallised upon finalisation and execution of Escrow Agreement with the erstwhile shareholders of the Biochem Pharmaceutical Industries Limited, pursuant to Share Purchase Agreement, as referred under Note-17.		
[^] Pursuant to the Escrow Agreement dated November 26, 2012 with the erstwhile shareholders of the Biochem Pharmaceutical Industries Limited, the Company had transferred Rs. 919 Millions including accrued interest of Rs. 63 Millions [net of tax deducted at source] to the Escrow Account.		
Note: 10-Short Term Provisions:		
Provision for Employee Benefits	20	19
Others:		
Interim Dividend [Refer Note-21]	1,536	-
Proposed Final Dividend	-	1,536
Corporate Dividend Tax on Dividend	198	170
Provision for Taxation [Net of advance payment of tax of Rs. 313 {as at March 31, 2012: Rs. 728} Millions]	3	45
Provision for claims for product expiry and return of goods [*]	35	25
Total	1,772	1,776
	1,792	1,795
[*] Provision for claims for product expiry and return of goods:		
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	25	27
ii Acquired under the Scheme [Refer Note-40]	7	
iii Additional provision made during the year	35	25
iv Amount used	32	27
v Carrying amount at the end of the year	35	25

Notes to the Financial Statements

Note: 11-Fixed Assets:

A Tangible Assets:	INR-Millions							Total
	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	
Gross Block:								
As at March 31, 2011	487	243	3,165	9,809	427	319	71	14,521
Additions	30		793	1,815	21	109	33	2,801
Disposals	(15)			(61)		(34)		(110)
Other adjustments			21	95				116
As at March 31, 2012	502	243	3,979	11,658	448	394	104	17,328
Acquired under the Scheme [*]	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
Depreciation and Impairment:								
As at March 31, 2011	-	14	656	3,466	223	120	9	4,488
Depreciation for the year		3	110	711	28	33	4	889
Impairment for the year								-
Disposals				(40)		(16)		(56)
As at March 31, 2012	-	17	766	4,137	251	137	13	5,321
Acquired under the Scheme [*]				8	2	5	1	16
Depreciation for the year		3	126	836	29	37	6	1,037
Impairment for the year								-
Disposals				(71)		(19)		(90)
As at March 31, 2013	-	20	892	4,910	282	160	20	6,284
Net Block:								
As at March 31, 2012	502	226	3,213	7,521	197	257	91	12,007
As at March 31, 2013	504	223	3,643	9,675	213	276	110	14,644
B Intangible Assets:				Brands/ Trademarks	Computer Softwares	Commercial Rights	Technical Know-how	Total
Gross Block:								
As at March 31, 2011				1,963	105	56	680	2,804
Additions				1	27	2		30
Disposals								-
Other adjustments								-
As at March 31, 2012				1,964	132	58	680	2,834
Acquired under the Scheme [*]				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	978	4,182
Amortisation and Impairment:								
As at March 31, 2011				1,707	66	55	643	2,471
Amortisation for the year				136	29	1	27	193
Impairment for the year								-
Disposals								-
As at March 31, 2012				1,843	95	56	670	2,664
Acquired under the Scheme [*]				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	972	3,855
Net Block:								
As at March 31, 2012				121	37	2	10	170
As at March 31, 2013				82	59	133	6	327

Notes:

- Buildings include Rs. 0.02 [As at March 31, 2012: Rs. 0.02] Millions being the value of unquoted shares held in cooperative societies.
 - Additions of Rs. 721 [Previous Year: Rs. 588] Millions in research assets during the year are included in "Additions" under the respective heads of Gross Block as above.
 - Capital expenditure on Research and Development [including net decrease in Capital Work-in-progress of Rs. 221 {Previous year: Rs.165} Millions] is Rs.500 [Previous Year: Rs.423] Millions.
 - Other adjustments include adjustments on account of borrowing costs and exchange rate differences.
 - Legal titles of some of the immovable properties acquired pursuant to the Scheme are in the process of being transferred in the name of the Company.
- [*] Refer Note-40.

Notes to the Financial Statements

	Nos. [*]	Face Value [**]	INR - Millions	
			As at March 31	
			2013	2012
Note: 12-Non-Current Investments:				
Long Term Investments [Valued at cost]:				
Trade Investments:				
Investments in Equity Instruments			9,835	10,507
Investments in Preference Shares			507	227
Investments in Convertible Preferred Stocks			187	187
Investment in a Partnership Firm			96	96
			10,625	11,017
Other Investments:				
Investments in Equity Instruments			10	8
Investments in Government Securities			5	-
			10,640	11,025
A Details of Trade Investments:				
Investments in Equity Instruments:				
Subsidiary Companies:				
Quoted:				
In fully paid-up Equity Shares of Zydus Wellness Limited [720,481 acquired under the Scheme] [Refer Note-40]	28,163,755 [27,443,274]	10	570	523
Unquoted:				
In fully paid-up Equity Shares of:				
Liva Healthcare Limited [#]	0 [90,750]	100	-	616
Zydus Animal Health Limited [#]	0 [24,000,000]	10	-	502
Zydus Technologies Limited	42,500,000	10	425	425
Zydus Pharmaceuticals Limited [#]	0 [950,000]	10	-	10
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	5,464	5,468
Zydus International Private Limited, Ireland [1,367,200 shares subscribed during the year]	27,328,700 [25,961,500]	€ 1.462843	2,465	2,329
ZAHL BV, the Netherlands [@]	180 [0]	€ 100	276	-
Zydus Lanka (Private) Limited, Sri Lanka [100,000 shares subscribed during the year]	100,000 [0]	LKR 10	1	-
			8,683	9,402
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 [Formerly known as Zydus Nycomed Healthcare Private Limited]	10,000,000	10	100	100
Bayer Zydus Pharma Private Limited	25,000,000	10	250	250
			582	582
			9,835	10,507
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
Joint Venture Companies [Unquoted]:				
In fully paid-up, 10%, Redeemable Cumulative Preference Shares of Zydus BSV Pharma Private Limited [800,000 preference shares subscribed during the year]	2,175,000 [1,375,000]	100	217	137
In fully paid-up, 5%, Redeemable Non-Cumulative Preference Shares of Bayer Zydus Pharma Private Limited [2,000,000 preference shares subscribed during the year]	2,000,000 [0]	100	200	-
			417	137
			507	227
In fully paid-up Convertible Preferred Stock of [Unquoted]:				
Onconova Therapeutic Inc. USA				
Series B	521,739	\$0.01	140	140
Series C	280,899	\$0.01	47	47
			187	187
Investment in the Fixed Capital of a Partnership Firm [Unquoted]			96	96

Notes to the Financial Statements

	Nos. [*]	Face Value [**]	INR - Millions	
			As at March 31	
			2013	2012
Note: 12-Non-Current Investments-Continue:				
B Details of Other Investments:				
Investments in Equity Instruments:				
Quoted:				
In fully paid-up Equity Shares of:				
Housing Development Finance Corporation Limited	219,500	2	1	1
HDFC Bank Limited [Rs.10,850/-]^	4,000	2	-	-
Kokuyo Camlin Limited [@] [Rs. 276,630/-]^	48,619 [0]	1	-	-
Camlin Fine Sciences Limited [@]	76,000 [0]	2	1	-
Accelya Kale Consultants Limited [@] [Rs. 39,608/-]^	383 [0]	10	-	-
[Formerly known as Kale Consultants Limited]				
Saket Projects Limited [Rs. 50,000/-]^	5,000	10	-	-
			2	1
Unquoted:				
In fully paid-up Equity Shares of:				
Narmada Clean Tech Limited [Formerly known as Bharuch				
Enviro Infrastructure Company Limited][Rs. 12,140/-]^	1,214	10	-	-
Bharuch Eco-Aqua Infrastructure Limited	625,813	10	6	6
Enviro Infrastructure Company Limited	50,000	10	1	1
Gujarat Venture Finance Limited [@]	50,000 [0]	10	1	-
Saraswat Co-Op Bank Limited [@] [Rs. 20,350/-]^	2,500 [0]	10	-	-
Shamrao Vithal Co-Op Bank Limited [@] [Rs. 2,500/-]^	100 [0]	25	-	-
The Green Environment Co-operative Society Limited				
[Rs. 5,000/-]^	50	100	-	-
Shivalik Solid Waste Management Limited				
[Rs. 200,000/-]^	20,000	10	-	-
			8	7
			10	8
Investments in Government Securities				
National Highway Authority of India - 54EC Capital Gains	500 [0]	10,000	5	-
Bonds [Series - XII] [@]				
[Lock in for a period of three years from date of allotment				
September 23, 2011]			5	-
Total [Aggregate Book Value of Investments]			10,640	11,025
A a i Aggregate amount of quoted investments			572	524
ii Market value of quoted investments			12,418	10,588
b Aggregate amount of unquoted investments			10,068	10,501
B 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.				
d [#] Amalgamated with the Company w.e.f. April 1, 2012 [Refer Note-40].				
e [@] Investments acquired under the Scheme [Refer Note-40].				
C The Company is a partner in M/s. Zydus Healthcare, the relevant details of which are as under:				
Fixed Capital			100	100
Current Capital			2,560	1,226
Total Capital of the Firm			2,660	1,326
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%
D The Company has invested Rs. 50 Millions in Dialforhealth India Limited [DIL], a wholly owned subsidiary of the Company. The accumulated losses as at March 31, 2013 amounting to Rs. 94 [as at March 31, 2012: Rs. 104] Millions has exceeded the net worth of DIL. However having regard to the long term strategic investment, the diminution in the value of investments in DIL is considered to be temporary and accordingly no provision has been made.				

Notes to the Financial Statements

	INR - Millions	
	As at March 31	
	2013	2012
Note: 13-Long Term Loans and Advances:		
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	267	230
Security Deposits	252	241
Loans and Advances to Related Parties [*]	4,816	3,572
Other Loans and Advances:		
Balances with Custom/ Central Excise/ Sales Tax Authorities	938	865
Advance payment of Tax [Net of provision for taxation of Rs. 1,530 {as at March 31, 2012: Rs. 734} Millions]	705	416
Advances recoverable in cash or in kind or for value to be received:		
Considered good	189	181
Considered doubtful	11	10
	200	191
Less: Provision for doubtful advances	11	10
	189	181
	1,832	1,462
Total	7,167	5,505
[*] 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]	4,060	3,224
b Dialforhealth India Limited [The Company has given loans and advances to Dialforhealth India Limited [DIL], a wholly owned subsidiary of the Company. The accumulated losses as at March 31, 2013 amounting to Rs. 94 {as at March 31, 2012: Rs. 104} Millions has exceeded the net worth of DIL. However having regard to the long term strategic investment, loans and advances are considered good and accordingly no provision has been made and terms of repayment are not specified for the same.]	131	131
c Zydus Technologies Limited [Interest bearing loan]	375	67
d Bayer Zydus Pharma Private Limited [Interest bearing loan]	250	150
Total	4,816	3,572
Note: 14-Current Investments:		
	Nos. [*]	
Investments in Government Securities [Unquoted] [Valued at cost]		6
Investment in Mutual Funds [Quoted] [Valued at cost]:		
ICICI Prudential Mutual Fund [@]	75,023.52 [0]	13
Baroda Pioneer Liquid Fund - Plan B - Growth [@]	87,579.94 [0]	116
		129
Investments in Current Capital of a Partnership Firm [Refer Note-12 E]		2,024
Total		2,159
A a i Aggregate amount of quoted investments		129
ii Market value of quoted investments		131
b Aggregate amount of unquoted investments		2,030
B Explanations:		
a In "Nos. [*]" figures of previous year are same unless stated in [].		
b [@] Acquired under the Scheme [Refer Note - 40].		
Note: 15-Inventories:		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	2,199	1,655
Work-in-progress	945	917
Finished Goods	1,575	1,363
Stock-in-Trade	708	637
Stores and Spares	24	24
Others:		
Packing Materials	421	416
Total	5,872	5,012
The above includes Goods in transit as under:		
Raw Materials	58	37
Stock-in-Trade	1	5
Packing Materials	3	6

Notes to the Financial Statements

	INR - Millions	
	As at March 31	
	2013	2012
Note: 16-Trade Receivables:		
[Unsecured]		
Outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	162	64
Considered doubtful	14	13
	176	77
Less: Provision for doubtful debts	14	13
	162	64
Others- Considered good	6,668	6,094
Total	6,830	6,158
Note: 17-Cash and Bank Balances:		
Balances with Banks	912	1,178
Cash on Hand	4	5
Total	916	1,183
A Earmarked balances with banks:		
a Balances with Banks include balances in unclaimed dividend account	16	13
b Balances with Banks include balances to the extent held as margin money deposits against guarantees with the Schedule / Nationalised banks	8	7
c Bank deposits with maturity of more than 12 months	-	-
d Company keeps Fixed deposit with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
B Pursuant to the Share Purchase Agreement dated December 21, 2011 with the erstwhile shareholders of the Biochem Pharmaceutical Industries Limited, the Company has placed a short term deposit of Rs. Nil [Previous Year: Rs. 856] Millions with ICICI Bank Limited, to be transferred to Escrow Account upon finalization and execution of the Escrow Agreement. The outstanding balance together with accrued interest amounts to Rs. Nil [Previous Year: Rs. 875] Millions is disclosed as “Balances with Banks” and the corresponding payment liability of the equivalent amount to be transferred to Escrow Account is considered under the head “Other Current Liabilities”. [Refer Note-9]		
C Pursuant to the Escrow Agreement dated November 26, 2012, with the erstwhile shareholders of the Biochem Pharmaceutical Industries Limited, the Company had transferred Rs. 919 Millions including accrued interest of Rs. 63 Millions [net of tax deducted at source] to the Escrow Account.		
Note: 18-Short Term Loans and Advances:		
[Unsecured, Considered Good]		
Loans and advances to a related party [*]	7	17
Others:		
Balances with Custom/ Central Excise/ Sales Tax Authorities	1,147	908
Advances to Suppliers	656	884
Advances recoverable in cash or in kind or for value to be received	100	107
Total	1,910	1,916
[*] Details of Loans and Advances to a Related Party [Refer Note-39 for relationship] are as under:		
a Etna Biotech S.R.L. [Advance given for research activities]	7	17

Notes to the Financial Statements

	INR - Millions	
	As at March 31	
	2013	2012
Note: 19-Other Current Assets:		
[Unsecured, Considered Good]		
Interest Receivables	7	3
Income Receivables	2	16
Insurance Claim Receivables [*]	49	29
Export Incentive Receivables	291	246
Prepaid Expenses	36	54
Other Receivables	12	-
Total	397	348
<p>[*] During the year, fire broke out at two locations of the Company. The Company has already lodged claims with insurance company, amounting to Rs. 15 Millions as estimated by the Company. For a fire claim made in financial year 2011-12 for Rs. 29 Millions, Insurance Company has made part payment of Rs. 14 Millions during financial year 2012-13. Pending the final settlements, these have been shown as an "Insurance Claim Receivables" under "Other Current Assets". The difference, if any, on settlement of claims will be effected in the Statement of Profit and Loss.</p>		
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. 4} Millions]		
[Including Rs. 1 {as at March 31, 2012: Rs. 1} Million in respect of Amalgamated [*] Companies]	84	57
b i In respect of guarantees given by Banks and/ or counter guarantees given by the Company	158	64
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	10,510	8,752
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. 3} Millions]		
[Including Rs. 9 {as at March 31, 2012: Rs. 9} Millions in respect of Amalgamated [*] Companies]	184	41
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 life saving formulations and disputed by the Company, which the Company expect to succeed based on the legal advice [Net of advance of Rs. 144 {Previous Year: Rs. 144} Millions]		
[Including Rs. 49 {as at March 31, 2012: Rs. 49} Millions in respect of Amalgamated [*] Companies]	184	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. 74 {Previous Year: Rs. 49} Millions]	25	917
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. 40} Millions]	41	36
v Letters of Credit for Imports	50	46
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 \$ 35 Millions [equivalent to Rs. 1905 Millions approx. {Previous Year: US \$ 18 (equivalent to Rs. 935 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	366	156
[*] 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. 90 {Previous Year: Rs. 458} Millions]	779	2,082
Note: 21-Interim Dividends:		
The Board of Directors, at its meeting held on May 30, 2013, has declared an interim dividend of Rs. 7.50 per equity share of Rs. 5/- each.		

Notes to the Financial Statements

	INR - Millions	
	Year ended March 31	
	2013	2012
Note: 22-Revenue from Operations:		
Details of Gross Sales under broad heads:		
Tablets	13,161	12,761
Capsules	3,805	2,577
Bulk Drugs	3,335	3,155
Injections	2,972	2,494
Others	6,508	3,578
Total	29,781	24,565
Other Operating Revenues:		
Share of Profit from a Partnership Firm	4,428	4,226
Cost Allocation Recovery [*]	1,483	240
Royalty Income	600	356
Net Gain on foreign currency transactions and translation [**]	519	-
Miscellaneous Income	562	2,553
Total	7,592	7,375
[*] 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.		
[**] Includes research related Net Loss on foreign currency transactions and translation.	36	-
Note: 23-Other Income:		
Interest Income [Gross]:		
From Long Term Investments [Rs. 3,00,000/- {Previous Year - Nil}]	-	-
From Others [Other than long term/ current investments] [*]	110	152
Dividend Income [Gross]:		
From Long Term Investments [**]	337	2,111
Gain on Sale of Investments	5	48
Other Non-operating Income	77	58
Total	529	2,369
[*] Interest income excludes, accrued interest of Rs. 47 [Previous Year: Rs. 22] Millions on Escrow deposit [Refer Explanation {c} to Note-17] of pursuant to Share Purchase Agreement dated December 21, 2011. On execution of the Escrow Agreement the Company has transferred accrued interest of Rs. 43 [Previous year : Rs. 20] Millions [net of tax deducted at source].		
[**] Includes dividend from subsidiary companies	209	378
Note: 24-Cost of Materials Consumed:		
Raw Materials [Pharmaceutical Ingredients]: [*]		
Stock at commencement	1,655	1,933
Stock at commencement acquired under the Scheme [Refer Note-40]	45	-
Add: Purchases	7,773	5,894
	9,473	7,827
Less: Stock at close	2,199	1,655
	7,274	6,172
Packing Materials consumed	2,167	1,737
Total	9,441	7,909
[*] None of the raw material individually accounts for more than 10% of the total consumption.		
Note: 25-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade [*]	3,324	3,046
Total	3,324	3,046
[*] Details of purchases of Stock-in-trade under broad heads:		
Tablets	1,051	1,134
Capsules	616	355
Injections	312	761
Dry Powder Injections	312	415
Others	1,033	381
Total	3,324	3,046

Notes to the Financial Statements

	INR - Millions		
	Year ended March 31		
	2013	2012	
Note: 26-Changes in Inventories:			
Stock at commencement:			
Work-in-progress [*]	917	743	
Finished Goods [**]	1,363	1,125	
Stock-in-Trade [***]	637	478	
	2,917	2,346	
Add: Stock acquired under the Scheme: [Refer Note-40]			
Finished Goods	77		
Stock-in-Trade	143		
Less: Stock Reserve on Acquired Stock	2		
	218	-	
Less: Stock at close:			
Work-in-progress [*]	945	917	
Finished Goods [**]	1,575	1,363	
Stock-in-Trade [***]	708	637	
	3,228	2,917	
Differential Excise Duty on Opening and Closing stock of Finished Goods	(93)	(571)	
	3	(14)	
Total	(90)	(585)	
	INR - Millions		
	As at March 31		
	2013	2012	2011
[*] Details of Work-in-progress under broad heads:			
Tablets	127	109	124
Capsules	53	25	15
Injections	38	38	31
Bulk Drugs	538	508	428
Vaccines	160	224	130
Others	29	13	15
Total	945	917	743
[**] Details of Finished Goods under broad heads:			
Tablets	571	449	288
Capsules	153	124	104
Injections	199	139	122
Bulk Drugs	370	419	397
Others	282	232	214
Total	1,575	1,363	1,125
[***] Details of Stock-in-Trade under broad heads:			
Tablets	296	259	258
Capsules	60	50	39
Injections	81	74	91
Dry Powder Injections	90	150	42
Liquids	72	66	32
Others	109	38	16
Total	708	637	478

Notes to the Financial Statements

	INR - Millions	
	Year ended March 31	
	2013	2012
Note: 27-Employee Benefits Expense:		
Salaries and wages	4,831	3,871
Contribution to provident and other funds [*]	236	306
Staff welfare expenses	158	168
Total	5,225	4,345
Above expenses includes Research related expenses as follows:		
Salaries and wages	721	637
Contribution to provident and other funds	57	46
Staff welfare expenses	34	30
Total	812	713
[*] 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 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.		
Note: 28-Finance Cost:		
Interest expense [*]	740	605
Other Borrowing Costs	7	21
Net Loss on foreign currency transactions and translation	328	592
Bank commission & charges	35	43
Total	1,110	1,261
[*] The break up of interest expense into major heads is given below:		
On term loans	210	379
On debentures	212	164
On working capital loans	308	55
Others [**]	10	7
Total	740	605
[**] Interest expense on others excludes, accrued interest of Rs. 47 [Previous Year: Rs. 22] Millions on Escrow deposit [Refer Explanation {c} to Note-17] pursuant to Share Purchase Agreement dated December 21, 2011. On execution of the Escrow Agreement the Company has transferred accrued interest of Rs. 43 [Previous Year: Rs. 20] Millions [net of tax deducted at source].		

Notes to the Financial Statements

	INR - Millions	
	Year ended March 31	
	2013	2012
Note: 29-Other Expenses:		
Research Materials	767	571
Analytical Expenses	1,267	1,111
Consumption of Stores and spare parts	712	623
Power & Fuel	1,165	940
Rent [*]	58	38
Repairs to Buildings	81	54
Repairs to Plant and Machinery	284	209
Repairs to Others	81	59
Insurance	116	92
Rates and Taxes [excluding taxes on income]	21	13
Processing Charges	377	282
Managing Directors' Remuneration	200	200
Commission to Directors	5	5
Traveling Expenses	703	601
Legal and Professional Fees	791	741
Net Loss on foreign currency transactions and translation	-	105
Commission on sales	349	285
Freight and forwarding on sales	1,050	1,013
Representative Allowances	528	435
Other marketing expenses	1,940	1,800
Bad Debts:		
Bad debts written off	26	20
Provision for Doubtful Debts	7	3
	33	23
Less: Transferred from Provision for Doubtful Debts	(14)	(18)
	19	5
Doubtful Advances:		
Doubtful advances written off	-	14
Less: Transferred from Provision for Doubtful Advances	-	(3)
	-	11
Directors' fees	1	1
Net Loss on Fixed Assets [Net of profit of Rs. 2 {Previous Year: Rs. 16} Millions]	16	2
Donations [**]	48	31
Miscellaneous Expenses [***]	1,215	888
Total	11,794	10,115
Above expenses include Research related expenses as follows:		
Research Materials	767	571
Analytical Expenses	1,267	1,111
Consumption of Stores and spare parts	365	347
Power & Fuel	115	101
Repairs to Buildings	11	4
Repairs to Plant and Machinery	13	8
Repairs to Others	17	8
Insurance	11	8
Traveling Expenses	34	31
Legal and Professional fees	379	213
Net Loss on foreign currency transactions and translation	-	9
Loss on Fixed Assets [Rs. 422,868]	-	1
Miscellaneous Expenses [excluding Depreciation of Rs. 194 {Previous Year: Rs.156} Millions]	600	459
Total	3,579	2,871
[*] 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 are recognised under "Rent Expenses" is:	50	31
[**] Donations include political donation to Bharatiya Janata Party pursuant to Section 293 A of the Companies Act, 1956	21	-
[***] Miscellaneous Expenses include Payment to the auditors [Excluding Service Tax]:		
a i As Auditor	4	4
ii For taxation matters	1	1
iii For Other Services	1	1
Total [Excluding remuneration to auditors of erstwhile Transferor Companies, amounting to Rs. 2 Millions]	6	6
b Cost Auditor's Remuneration including fees for other services [Excluding Service Tax] [Excluding remuneration to Cost Auditors of a erstwhile Transferor Company, amounting to Rs. 0.1 Million]	1	1

Notes to the Financial Statements

		INR - Millions		
		Year ended March 31		
		2013	2012	
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	4,986	6,575	
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	24.35	32.11	
Note: 31-Value of Imports calculated on CIF basis:				
Raw materials		2,360	1,759	
Packing materials		200	222	
Finished goods		223	690	
Spare parts		178	160	
Capital goods		1,112	718	
Note: 32-Expenditure in Foreign Currency:				
Royalty		45	12	
Professional and Consultation Fees		463	284	
Interest		257	176	
Others [including Travelling, Commission, Patent fees, Trademarks, Personnel cost, Research & Development expenses, Marketing expenses etc.]		1,782	1,046	
Note: 33-Earnings in Foreign Exchange:				
Export of goods calculated on F.O.B. basis		15,442	13,569	
Royalty, Know-how, Professional and Consultation Fees		601	356	
Others		193	711	
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			
	2013		2012	
	INR - Millions	% to Total	INR - Millions	% to Total
Value of Raw Materials Consumed:				
Imported	1,598	22	1,631	26
Indigenous	5,676	78	4,541	74
Total	7,274	100	6,172	100
Value of Spare parts Consumed:				
Imported	178	25	160	26
Indigenous	534	75	463	74
Total	712	100	623	100

Notes to the Financial Statements

Note: 36-Derivative Financial Instruments:

- A a 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.
b 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</u>	
				<u>2013</u>	<u>2012</u>
Forward Contracts	Forecasted Sales	Currency	USD/INR	-	121
Forward Contracts	Receivables	Currency	USD/INR	21	-
Range Option	Forecasted Sales	Currency	USD/INR	100	-
c The position of outstanding interest rate derivative instruments is as under:				18	43
d The company has following unhedged foreign currency risk:				<u>Amount in Millions</u>	
				<u>As at March 31</u>	
			Currency	2013	2012
Loans, Receivables and Cash & Bank Balances			USD	89	97
			EUR	54	43
			JPY	3	3
Payables including borrowings			USD	222	170
			EUR	2	6
			JPY	7	1
			MXN	3	27

- B The effective portion on fair valuation of derivative instruments and non derivative financial liabilities designated as cash flow hedge, amounting to Rs. 14 [Previous Year: Negative Rs. 275] 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</u>			
				<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Expenditure</u>
Zydus Takeda Healthcare Private Limited [Formerly known as Zydus Nycomed Healthcare Private Limited]	50	March 31, 2013	Audited	1,172	126	665	444
		March 31, 2012	Audited	1,111	101	546	338
Zydus Hospira Oncology Private Limited	50	March 31, 2013	Audited	3,558	2,053	3,441	1,116
		March 31, 2012	Audited	1,770	150	2,964	758
Zydus BSV Pharma Private Limited	50	March 31, 2013	Audited	326	84	61	89
		March 31, 2012	Audited	313	123	28	67
Bayer Zydus Pharma Private Limited	50	March 31, 2013	Audited	668	470	1,232	1,299
		March 31, 2012	Audited	727	662	902	1,085

- B The Company's share in contingent liabilities of jointly controlled entities in compliance with the requirements of AS-27 referred to above is as under:

	<u>INR-Millions</u>	
	<u>2013</u>	<u>2012</u>
a In respect of guarantees given by a Bank and counter guarantees given by the jointly controlled entities	-	2
b Custom duty liability which may arise if export obligations are not fulfilled against import of machinery under EPCG Scheme	-	1
c In respect of claims against the Company not acknowledged as debts	-	12
d In respect of the demand raised by the Central Excise, State Excise and Customs Authorities	1	2
e In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts.	1,585	1,320
f Arrears of Dividend on Cumulative Preference Shares [including Distribution Tax]	26	10
C Estimated amount of contracts remaining to be executed on capital account & not provided for [Net of Advance]	132	72

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

b Joint Venture Companies:

Zydu BSV Pharma Private Limited	Zydu Hospira Oncology Private Limited
Zydu Takeda Healthcare Private Limited [Formerly known as Zydu Nycomed Healthcare Private Limited]	Bayer Zydu 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
Zydu Hospitals and Healthcare Research Private Limited	Zest Aviation Private Limited
Zydu Hospitals (Vadodra) Private Limited	Zandra Infrastructure LLP
Zydu Hospitals (Rajkot) Private Limited	Zydu Hospital LLP
MabS Biotech Private Limited	M/s. C. M. C. Machinery
Zydu Infrastructure Private Limited	M/s. Cadam Enterprises
Cadila Laboratories Private Limited	
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 items 39-A [a , b, & d]

Nature of Transactions	Value of the Transactions [INR - Millions]					
	Subsidiary Companies		Joint Venture Companies		Enterprises significantly influenced by Directors and/or their relatives	
	2013	2012	2013	2012	2013	2012
Purchases :						
Goods:						
Dialforhealth India Limited	60	56				
Zydu Healthcare (USA) LLC	35	61				
Others	21	46	29	22	9	7
Total	116	163	29	22	9	7
Fixed Assets:						
Cadmach Machinery Company Private Limited					45	120
Cadam Enterprise					71	30
Nesher Pharmaceuticals (USA) LLC	50					
Others		1				
Total	50	1	-	-	116	150
Reimbursement of Expenses:						
Zydu Pharmaceuticals (USA) Inc.	448	215				
Zydu Healthcare (USA) LLC	72	54				
Others	92	116	34	19		
Total	612	385	34	19	-	-

Notes to the Financial Statements

Note: 39-Related Party Transactions-Continue:

Nature of Transactions	Value of the Transactions [INR - Millions]					
	Subsidiary Companies		Joint Venture Companies Year ended March 31		Enterprises significantly influenced by Directors and/or their relatives	
	2013	2012	2013	2012	2013	2012
Services:						
Etna Biotech S.R.L.	35					
Zest Aviation Private Limited					70	
Others	9	8		6	10	9
Total	44	8	-	6	80	9
Sales:						
Goods:						
Zydus Pharmaceuticals (USA) Inc.	9,643	9,208				
Others	1,397	1,308	114	949		
Total	11,040	10,516	114	949	-	-
Fixed Assets:						
Cadmach Machinery Company Private Limited					3	
Others				2		
Total	-	-	-	2	3	-
Reimbursement of Expenses:						
M/s. Zydus Healthcare	1,666	265				
Others	4	10	17	24		
Total	1,670	275	17	24	-	-
Services:						
Zydus Pharmaceuticals (USA) Inc.	52	36				
Zydus Technologies Limited	14	36				
Others	26	23	7	12		
Total	92	95	7	12	-	-
Investments:						
Purchases/ Subscription to Share Capital:						
Zydus BSV Pharma Private Limited			80	93		
Bayer Zydus Pharma Private Limited			200			
Zydus International Private Limited	136					
Others						20
Total	136	-	280	93	-	20
Sales/ Redemption of Share Capital:						
Others				200		20
Change in Partner's Capital [Net]:						
M/s. Zydus Healthcare	(3,501)	(5,872)				
Share of Profit from a firm Received:						
M/s. Zydus Healthcare	4,428	4,226				
Dividend Received:						
German Remedies Limited	65	60				
Zydus Animal Health Limited	-	144				
Zydus Wellness Limited	141	110				
Liva Healthcare Limited	-	64				
Zydus Takeda Healthcare Private Limited [Formerly known as Zydus Nycomed Healthcare Private Limited]			125	90		
Others	4	-		1,642		
Total	210	378	125	1,732	-	-

Notes to the Financial Statements

Note: 40

A In terms of the Scheme of Amalgamation [the Scheme] of:

- a** Liva Healthcare Limited [LHL] is engaged in the business of marketing and distribution of pharmaceutical products,
- b** Zydus Animal Health Limited [Z AHL] is engaged in the business of manufacturing, marketing and distribution of veterinary pharmaceutical products, and
- c** Zydus Pharmaceuticals Limited [ZPL] was engaged in the business of distribution of drugs and pharmaceuticals products in earlier years [all three wholly owned subsidiaries of the Company, collectively referred to as the Transferor Companies] which was sanctioned by the Orders of the Hon'able High Court of Gujarat dated August 23, 2013, 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.

B In accordance with the Scheme,

- a** All the assets and liabilities of the Transferor Companies stand transferred to and vested in the Company with effect from the Appointed Date at their carrying amounts appearing in the books of the Transferor Companies except:
 - i in case of land and buildings, which are recorded at their estimated market values as at the Appointed Date,
 - ii adjustments are made wherever necessary to conform to the accounting policies and methods adopted by the Company.
- b** The amalgamation has been accounted under the "Purchase Method" in terms of Accounting Standard [AS] - 14 on "Accounting for Amalgamations".
- c** All the issued equity shares of LHL, Z AHL and ZPL held by the company have been extinguished.
- d** The shortfall in the aggregate value of the assets over the aggregate value of the liabilities of the Transferor Companies taken over by the Company, after adjusting carrying amount of investments in the Transferor Companies held by the Company as on the Effective Date has been debited to Goodwill account to the extent of Rs. 102 Millions.
- e** Such goodwill arising on account of amalgamation as referred to in clause (d) above will be amortised over a period of five years in compliance with the accounting treatment as prescribed under AS - 14 referred earlier.
- f** Pending completion of the formalities of transfer of titles of some of the assets taken over under the Scheme, such assets remain included in the books of the Company under the name of the respective Transferor Companies.

C In view of the aforesaid Scheme of Amalgamation w.e.f. April 1, 2012, the figures of the current year are not comparable with those of Previous year.

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 and on behalf of the Board

For Mukesh M. Shah & Co.,

Chartered Accountants

Firm Registration Number: 106625W

Pankaj R. Patel
Chairman & Managing Director

Chandresh S. Shah

Partner

Membership Number: 042132

Ahmedabad, Dated: August 30, 2013

Jyotindra B. Gor
Chief Accounts Officer

Upen H. Shah
Company Secretary

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 March 31, 2013, 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 subsidiary 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 case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in 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 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 25 subsidiaries and 4 joint ventures, whose financial statements/ financial information reflect total assets of Rs. 42,202 Millions as at March 31, 2013, total revenues of Rs. 36,768 Millions and net cash inflows amounting to Rs. 1,890 Millions 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, joint ventures and associates, is based solely on the reports of the other auditors.

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

Chandresh S. Shah
Partner
Membership No.: 042132
Place : Ahmedabad
Date : August 30, 2013

Consolidated Financial Statements

Consolidated Balance Sheet as at March 31, 2013

Particulars	Note No.	INR - Millions	
		As at March 31	
		2013	2012
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	1,024	1,024
Reserves and Surplus	2	28,421	24,835
		29,445	25,859
Minority Interest		1,193	904
Non-Current Liabilities:			
Long Term Borrowings	3	14,260	13,223
Deferred Tax Liabilities [Net]	4	1,005	1,146
Other Long Term Liabilities	5	470	426
Long Term Provisions	6	645	756
		16,380	15,551
Current Liabilities:			
Short Term Borrowings	7	12,571	6,871
Trade Payables	8	6,568	5,455
Other Current Liabilities	9	5,092	7,309
Short Term Provisions	10	2,473	2,281
		26,704	21,916
Total		73,722	64,230
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	11	20,202	17,542
Intangible Assets	11	10,054	11,029
Capital work-in-progress		7,356	4,839
		37,612	33,410
Non-Current Investments	12	212	212
Long Term Loans and Advances	13	3,981	2,478
		41,805	36,100
Current Assets:			
Current Investments	14	933	30
Inventories	15	12,136	10,905
Trade Receivables	16	9,551	9,209
Cash and Bank Balances	17	5,838	4,666
Short Term Loans and Advances	18	2,790	2,746
Other Current Assets	19	669	574
		31,917	28,130
Total		73,722	64,230
Significant Accounting Policies	I		
Notes to the Financial Statements	1 to 36		
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	
Chandresh S. Shah Partner Membership Number: 042132 Ahmedabad, Dated: August 30, 2013	Jyotindra B. Gor Chief Accounts Officer	Upen H. Shah Company Secretary	Sharvil P. Patel Deputy Managing Director

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

Particulars	Note No.	INR - Millions	
		Year ended March 31	
		2013	2012
REVENUE:			
Revenue from Operations:	21		
Sale of Products [Gross]		62,848	51,807
Less: Excise Duty		1,296	907
Sale of Products [Net]		61,552	50,900
Other Operating Revenue		2,025	1,733
Net Revenue from Operations		63,577	52,633
Other Income	22	370	509
Total Revenue		63,947	53,142
EXPENSES:			
Cost of Materials Consumed	23	15,107	11,865
Purchases of Stock-in-Trade	24	8,992	6,994
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	25	(897)	(1,857)
Employee Benefits Expense	26	9,042	7,512
Finance Costs	27	1,687	1,827
Depreciation, Amortisation and Impairment Expenses	28	1,847	1,579
Other Expenses	29	20,082	17,280
Total Expenses		55,860	45,200
Profit before Tax		8,087	7,942
Less/ [Add]: Tax Expenses:			
Current Tax		1,317	1,072
Deferred Tax	4	(142)	58
Prior year's tax adjustments		13	-
		1,188	1,130
Profit for the year		6,899	6,812
Less: Profit transferred to Minority Interest		364	286
Net Profit for the year		6,535	6,526
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	30	31.92	31.87
Significant Accounting Policies	I		
Notes to the Financial Statements	1 to 36		
<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	
Chandresh S. Shah Partner Membership Number: 042132 Ahmedabad, Dated: August 30, 2013	Jyotindra B. Gor Chief Accounts Officer	Upen H. Shah Company Secretary	Sharvil P. Patel Deputy Managing Director

Consolidated Cash Flow Statement for the year ended March 31, 2013

Particulars	INR - Millions	
	Year ended March 31	
	2013	2012
A Cash flows from operating activities:		
Net profit before taxation and extraordinary items	8,087	7,942
Adjustments for:		
Depreciation	1,847	1,579
[Profit]/ Loss on sale of assets [Net]	(51)	24
Profit on sale of investments [Net]	(23)	(60)
Interest income	(318)	(332)
Dividend income	(3)	(2)
Interest expenses	1,615	1,702
Bad debts written off	30	22
Provision for doubtful debts written back	16	31
Doubtful advances written off	-	14
Provision for doubtful advances written back	1	(3)
Provisions for employee benefits	(124)	247
Provisions for probable product expiry claims and return of goods	24	(13)
Total	3,014	3,209
Operating profit before working capital changes	11,101	11,151
Adjustments for:		
Increase in trade receivables	(740)	(1,392)
Increase in inventories	(1,230)	(2,786)
Increase in short term advances	(48)	(356)
Increase in long term advances	(164)	(451)
Increase in other current assets	(91)	(117)
Increase/ [Decrease] in trade payables	1,117	(579)
[Decrease]/ Increase in other current liabilities	(1,178)	996
Increase in other long term liabilities	49	233
Change in Minority Interest	289	235
Total	(1,996)	(4,217)
Cash generated from operations	9,105	6,934
Direct taxes paid [Net of refunds]	(2,720)	(1,435)
Foreign Currency Monetary Items Translation Difference Account Written off	(69)	31
Hedge Reserve [Net of Liability]	82	(62)
Exchange Rate Fluctuation and other adjustments arising on Consolidation	(489)	(357)
Net cash from operating activities	5,909	5,111

Consolidated Cash Flow Statement for the year ended March 31, 2013

Particulars	INR - Millions	
	Year ended March 31	
	2013	2012
B Cash flows from investing activities:		
Purchase of fixed assets	(7,243)	(12,536)
Proceeds from sale of fixed assets	212	171
Purchase of investments	(903)	(1,665)
Proceeds from sale of investments	23	1,690
Interest received	313	343
Dividend received	3	2
Net cash from investing activities	(7,595)	(11,995)
C Cash flows from financing activities:		
Proceeds from Long Term Borrowings	3,526	10,607
Repayment of Long Term Borrowings	(2,941)	(2,902)
Short Term Borrowings [Net]	5,700	4,273
Interest paid	(1,637)	(1,627)
Dividends paid	(1,523)	(1,266)
Tax on dividends paid	(267)	(487)
Net cash used in financing activities	2,858	8,598
Net increase in cash and cash equivalents	1,172	1,714
Cash and cash equivalents at the beginning of the year	4,666	2,952
Cash and cash equivalents at the end of the year	5,838	4,666
Notes to the Cash Flow Statement		
1. All figures in brackets are outflows.		
2. Previous year's figures have been regrouped wherever necessary.		
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	
Chandresh S. Shah Partner Membership Number: 042132 Ahmedabad, Dated: August 30, 2013	Jyotindra B. Gor Chief Accounts 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 Holding 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 companies' GAAP/ estimated useful lives of the assets.

b In case of Zydus Nikkho Farmaceutica Ltda., Trademarks and Patents are not amortised but evaluated for impairment.

c Zydus Takeda Healthcare Private Limited [Formerly known as Zydus Nycomed 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 and Machinery	15%
- Electrical Equipments	20%
- Computers and Peripherals	33.33%
- 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
- Vehicles	5 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 [Formerly known as Zydus Nycomed 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 Pharmaceutical 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 Accounting Standard-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 Revenue 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 Revenue 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	
	2013	2012
Note: 1-Share Capital:		
Authorised:		
345,000,000 [as at March 31, 2012: 220,000,000] Equity Shares of Rs.5/- each	1,725	1,100
	1,725	1,100
Issued, Subscribed and Paid-up:		
204,748,520 [as at March 31, 2012: 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 issued 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 Share Holder 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, 2012: 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, 2012: 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
F The Authorised Share Capital of the Company has been increased by Rs. 625 Millions pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court of Gujarat with effect from April 1, 2012 [Refer Note-35]. The Company has applied to Registrar of Companies, Gujarat to give effect to increase in the Authorised Share Capital.		
Note: 2-Reserves and Surplus:		
Capital Reserve:		
Balance as per last Balance Sheet	290	289
Add: Capital Reserve arising due to consolidation [Refer Note-34]	-	1
	290	290
Debenture Redemption Reserve:		
Balance as per last Balance Sheet	650	200
Add: Transfer from Surplus in statement of Profit and Loss	450	450
	1,100	650
Other Reserves:		
International Business Development Reserve:		
Balance as per last Balance Sheet	2,000	2,000
General Reserve:		
Balance as per last Balance Sheet	12,480	11,105
Add: Arising due to merger [Refer Note-34]	-	245
Less: Adjusted pursuant to merger [Refer Note-35]	(247)	-
Add: Transfer from Surplus in statement of Profit and Loss	1,109	1,130
	13,342	12,480
Foreign Currency Monetary Items Translation Difference Account:		
Balance as per last Balance Sheet	31	-
[Less]/Add: [Debited]/ Credited during the year	(69)	31
	(38)	31
Hedge Reserve:		
Balance as per last Balance Sheet	(275)	-
Add/ [Less]: Credited/ [Debited] during the year	289	(275)
	14	(275)
Foreign Currency Translation Reserve:		
Balance as per last Balance Sheet	(616)	(299)
Less: Exchange differences on consolidation	(125)	(317)
	(741)	(616)

Notes to the Consolidated Financial Statements

	INR - Millions			
	As at March 31			
	2013		2012	
Note: 2-Reserves and Surplus-Continue:				
Surplus in statement of Profit and Loss:				
Balance as per last Balance Sheet	9,271		6,956	
Less: Adjusted pursuant to merger [Refer Note-35]	(693)		-	
Add: Profit for the year	6,535		6,526	
	15,113		13,482	
Less: Appropriations:				
Dividends:				
Interim Dividend	1,536		-	
Proposed Final Dividend	-		1,536	
Corporate Dividend Tax on Dividend [Net of CDT Credit]	569		530	
Transfer to Debenture Redemption Reserve	450		450	
Transfer to General Reserve	1,109		1,130	
Group's proportionate share in Transfer to Reserves of Joint Ventures	186		565	
	3,850		4,211	
Balance as at the end of the year	11,263		9,271	
Group's proportionate share in reserves [other than surplus in statement of Profit and Loss] of Joint Ventures	1,191		1,004	
Total	28,421		24,835	
Note: 3-Long Term Borrowings:				
	INR - Millions			
	Non-current portion		Current Maturities	
	As at March 31		As at March 31	
	2013	2012	2013	2012
A Debentures [Secured]:				
9.70% Redeemable, Non Convertible privately placed	1,750	1,750	-	-
8.50% Redeemable, Non Convertible privately placed	500	500	-	-
	2,250	2,250	-	-
B Term Loans from Banks:				
a Term Loans [Secured]	2,902	3,131	925	417
b Term Loans [Unsecured]	3,667	3,690	272	255
c External Commercial Borrowings in Foreign Currency [Secured]	4,020	3,580	888	1,391
d External Commercial Borrowings in Foreign Currency [Unsecured]	1,268	339	181	170
	11,857	10,740	2,266	2,233
C Deferred Payment Liabilities [Unsecured]:				
Interest free deemed loan against deferment of sales tax:				
From a Financial Institution	14	28	14	14
Deferred amount	56	113	57	58
	70	141	71	72
D From Others [Unsecured]	83	34	10	494
E Group's proportionate share in Secured long term borrowings of Joint Ventures	-	58	58	58
Total	14,260	13,223	2,405	2,857
The above amount includes:				
Secured borrowings	9,172	9,019	1,871	1,866
Unsecured borrowings	5,088	4,204	534	991
Amount disclosed under "Other Current Liabilities" [Note-9]	-	-	(2,347)	(2,799)
Group's proportionate share disclosed under "Other Current Liabilities" [Note-9]	-	-	(58)	(58)
Net amount	14,260	13,223	-	-

Notes to the Consolidated Financial Statements

	INR - Millions	
	As at March 31	
	2013	2012
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	2,087	1,829
Others	-	-
Total	2,087	1,829
Deferred Tax Assets:		
Employee benefits	157	114
Receivables	6	8
Unabsorbed depreciation	246	-
Others	680	568
Total	1,089	690
Net Deferred Tax Liabilities	998	1,139
Group's proportionate share in Deferred Tax of Joint Ventures	7	7
Total	1,005	1,146
B The Deferred Tax Liabilities/ [Assets] for the year provided in the statement of Profit and Loss:		
Deferred Tax [Assets]/ Liabilities	(142)	60
Group's proportionate share in Deferred Tax Liabilities/ [Assets] of Joint Ventures	-	(2)
Total	(142)	58
Note: 5-Other Long Term Liabilities:		
Trade Deposits	50	53
Derivative Liability	-	5
Others	419	366
Group's proportionate share in other long term liabilities of Joint Ventures	469	424
Total	1	2
	470	426
Note: 6-Long Term Provisions:		
Provision for Employee Benefits	617	747
Group's proportionate share in long term provisions of Joint Ventures	28	9
Total	645	756
Note: 7-Short Term Borrowings:		
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured]	5,148	2,280
Working Capital Loans from Banks [Unsecured]	7,423	4,591
	12,571	6,871
Group's proportionate share in short term borrowings of Joint Ventures	-	-
Total	12,571	6,871

Notes to the Consolidated Financial Statements

	INR - Millions	
	As at March 31	
	2013	2012
Note: 8-Trade Payables:		
Trade Payables	6,262	5,126
Group's proportionate share in trade payables of Joint Ventures	306	329
Total	6,568	5,455
Note: 9-Other Current Liabilities:		
Current Maturities of Long Term Debt [Refer Note- 3]	2,347	2,799
Interest accrued but not due on borrowings	117	138
Unpaid Dividends	18	15
Advances from Customers	128	109
Other Payables:		
Bank Book overdraft	2	59
Provision for Expenses	1,938	2,282
Payable to Statutory Authorities	379	307
Derivative Liability	6	208
Others	22	1,261
	2,347	4,117
Group's proportionate share in other current liabilities of Joint Ventures	135	131
Total	5,092	7,309
Note: 10-Short Term Provisions:		
Provision for Employee Benefits	132	137
Others:		
Interim Dividend	1,601	-
Proposed Final Dividend	-	1,591
Corporate Dividend Tax on Dividend	273	258
Provision for Taxation [Net of advance payment of tax]	67	148
Provision for claims for product expiry and return of goods	90	66
	2,031	2,063
Group's proportionate share in short term provisions of Joint Ventures	310	81
Total	2,473	2,281

Notes to the Consolidated Financial Statements

Note: 11-Fixed Assets:

A Tangible Assets :	INR - Millions							Total
	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	
Gross Block:								
As at March 31, 2011	585	438	3,836	11,207	591	362	96	17,115
Acquired subsidiaries	6	-	232	354	7	4	10	613
Additions	109	37	1,501	3,485	43	122	43	5,340
Disposals	(15)	-	(28)	(148)	(16)	(37)	(2)	(246)
Other adjustments	9	1	97	211	9	-	8	335
As at March 31, 2012	694	476	5,638	15,109	634	451	155	23,157
Acquired subsidiaries	-	-	-	16	-	-	-	16
Additions	192	-	573	3,092	104	73	27	4,061
Disposals	-	-	-	(223)	(2)	(45)	(1)	(271)
Other adjustments	9	1	56	162	(3)	(1)	1	225
As at March 31, 2013	895	477	6,267	18,156	733	478	182	27,188
Depreciation and Impairment:								
As at March 31, 2011	-	18	823	3,857	316	133	20	5,167
Acquired subsidiaries	-	-	96	231	4	3	6	340
Depreciation for the year	-	5	156	934	41	38	10	1,184
Disposals	-	-	(10)	(71)	(6)	(17)	-	(104)
Other adjustments	-	-	19	28	6	-	1	54
As at March 31, 2012	-	23	1,084	4,979	361	157	37	6,641
Depreciation for the year	-	5	194	1,146	53	42	10	1,450
Disposals	-	-	-	(87)	-	(24)	-	(111)
Other adjustments	-	-	(1)	4	(3)	-	-	-
As at March 31, 2013	-	28	1,277	6,042	411	175	47	7,980
Net Block:								
As at March 31, 2012	694	453	4,554	10,130	273	294	118	16,516
As at March 31, 2013	895	449	4,990	12,114	322	303	135	19,208
B Intangible Assets :								
Gross Block:			Goodwill	Brands/ Trademarks	Computer Softwares	Commercial Rights	Technical Know-how	Total
As at March 31, 2011			4,844	3,754	191	493	978	10,260
Acquired subsidiaries			-	16	5	-	-	21
Additions [Refer Note-34]			5,412	64	36	3	48	5,563
Disposals			-	(233)	-	(6)	-	(239)
Other adjustments			(13)	96	5	17	3	108
As at March 31, 2012			10,243	3,697	237	507	1,029	15,713
Acquired subsidiaries			-	-	-	-	2	2
Additions			-	6	161	85	-	252
Disposals			-	-	-	-	-	-
Other adjustments			(949)*	12	1	7	4	(925)
As at March 31, 2013			9,294	3,715	399	599	1,035	15,042
Amortisation and Impairment:								
As at March 31, 2011			42	3,047	90	404	941	4,524
Acquired subsidiaries			-	14	3	-	-	17
Amortisation for the year			-	198	45	7	29	279
Impairment for the year			-	-	-	12	-	12
Disposals			-	(203)	-	(4)	-	(207)
Other adjustments			-	59	2	11	-	72
As at March 31, 2012			42	3,115	140	430	970	4,697
Acquired subsidiaries			-	-	-	-	-	-
Amortisation for the year			20	165	69	24	8	286
Impairment for the year			-	-	-	-	-	-
Disposals			-	-	-	-	-	-
Other adjustments			-	15	-	4	-	19
As at March 31, 2013			62	3,295	209	458	978	5,002
Net Block:								
As at March 31, 2012			10,201	582	97	77	59	11,016
As at March 31, 2013			9,232	420	190	141	57	10,040

[*] Out of other adjustments to Goodwill, Rs. 945 Millions is the difference between Goodwill arose at the time of acquisition of merged entities and Goodwill recognised in the books in the current year on account of Scheme of Merger [Refer Note-35].

Notes to the Consolidated Financial Statements

Note: 11-Fixed Assets - Continue:

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

	INR - Millions					
	<u>Tangible Assets</u>			<u>Intangible Assets</u>		
	<u>Gross Block</u>	<u>Depreciation and Impairment</u>	<u>Net Block</u>	<u>Gross Block</u>	<u>Amortisation and Impairment</u>	<u>Net Block</u>
As at March 31, 2011	907	283	624	40	22	18
Additions	532	107	425	-	5	(5)
Disposals	(28)	(5)	(23)	-	-	-
As at March 31, 2012	1,411	385	1,026	40	27	13
Additions	84	115	(31)	8	7	1
Disposals	(11)	(10)	(1)	-	-	-
As at March 31, 2013	1,484	490	994	48	34	14

Note: Other adjustments include adjustments on account of borrowing costs, exchange rate difference and revaluation due to merger.

	INR - Millions	
	As at March 31	
	2013	2012

Note: 12-Non Current Investments:

Long Term Investments:		
Trade Investments:		
Investments in Convertible Preferred Stocks		
In fully paid-up series B & C Convertible preferred stock	187	187
Other Investments:		
Investments in Equity Instruments:		
Quoted	12	12
Unquoted	8	8
Investments in Government Securities	5	5
	25	25
Group's proportionate share in non current investments of Joint Ventures	-	-
Total	212	212

Note: 13-Long Term Loans and Advances:

[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	307	246
Security Deposits	290	286
Other Loans and Advances:		
Balances with Custom/ Central Excise/ Sales Tax Authorities	1,025	950
Advance payment of Tax [Net of provision for taxation]	781	513
Alternate Minimum Tax Credit Entitlement	981	-
Other advances recoverable in cash or in kind or for value to be received:		
Considered good	241	190
Considered doubtful	11	10
	252	200
Less: Provision for doubtful advances	11	10
	241	190
Group's proportionate share in long term loans and advances of Joint Ventures	356	293
Total	3,981	2,478

Notes to the Consolidated Financial Statements

	INR - Millions	
	As at March 31	
	2013	2012
Note: 14-Current Investments:		
Investment in Government Securities [Unquoted]	6	-
Investment in Mutual Funds [Quoted]	129	-
	135	-
Group's proportionate share in current investments of Joint Ventures	798	30
Total	933	30
Note: 15-Inventories:		
Classification of Inventories:		
Raw Materials	3,255	2,880
Work-in-progress	1,277	1,146
Finished Goods	2,339	2,195
Stock-in-Trade	3,914	3,127
Stores and Spares	25	24
Others:		
Packing Materials	516	548
	11,326	9,920
Group's proportionate share in inventories of Joint Ventures	810	985
Total	12,136	10,905
Note: 16-Trade Receivables:		
[Unsecured]		
Outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	117	104
Considered doubtful	122	108
	239	212
Less: Provision for doubtful debts	122	108
	117	104
Others- Considered good	8,603	8,171
	8,720	8,275
Group's proportionate share in trade receivables of Joint Ventures	831	934
Total	9,551	9,209
Note: 17-Cash and Bank Balances:		
Balances with Banks	4,207	4,256
Cash on Hand	7	7
	4,214	4,263
Group's proportionate share in cash and bank balances of Joint Ventures	1,624	403
Total	5,838	4,666
Note: 18-Short Term Loans and Advances:		
[Unsecured, Considered Good]		
Others:		
Balances with Custom/ Central Excise/ Sales Tax Authorities	1,562	1,327
Advances to Suppliers	919	948
Advances recoverable in cash or in kind or for value to be received	220	434
	2,701	2,709
Group's proportionate share in short term loans and advances of Joint Ventures	89	37
Total	2,790	2,746

Notes to the Consolidated Financial Statements

	INR - Millions	
	As at March 31	
	2013	2012
Note: 19-Other Current Assets:		
[Unsecured, Considered Good]		
Interest Receivables	8	8
Income Receivables	2	16
Insurance Claim Receivables	55	39
Export Incentive Receivables	291	247
Prepaid Expenses	163	132
Other Receivables	16	-
	535	442
Group's proportionate share in other current assets of Joint Ventures	134	132
Total	669	574

Note: 20-Contingent Liabilities and Commitments [to the extent not provided for]:

	INR - Millions			
	Cadila Healthcare Limited and subsidiaries		Group's proportionate share of Joint Ventures	
	As at March 31			
	2013	2012	2013	2012
A Contingent liabilities:				
a In respect of claims against the Companies not acknowledged as debts	86	98		12
b In respect of guarantees given by Banks and/ or counter guarantees given by the Companies	190	112		2
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	430	248	1	2
ii In respect of the demands raised by the Ministry of Chemicals and 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 life saving formulations	220	217		
iii In respect of Income Tax matters pending before appellate authorities	27	1,119	1,585	1,320
iv In respect of Sales Tax matters pending before appellate authorities	64	73		
v In respect of demand raised by the Government of Gujarat on account of stamp duty payable on the trade-marks acquired		32		
vi In respect of custom duty liability under EPCG scheme	366	172		1
vii In respect of letters of credit for Imports	50	109		
viii In respect of arrears of Dividend on Cumulative Preference Shares			26	10
ix In respect of other matters [Employees Indemnity on retirement/ guaranteed severance package]	76	39		
B Commitments:				
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	815	2,113	132	72

Notes to the Consolidated Financial Statements

	INR - Millions	
	Year ended March 31	
	2013	2012
Note: 21-Revenue from Operations:		
Group's proportionate share in the Sale of products [Gross] of Joint Ventures	4,932	4,323
Other Operating Revenues:		
Royalty Income	600	356
Net Gain on foreign currency transactions and translation [*]	467	-
Government Grants	2	21
Miscellaneous Income	670	1,320
Total	1,739	1,697
Group's proportionate share in other operating revenues of Joint Ventures	286	36
Total	2,025	1,733
[*] includes Research related net loss on foreign currency transactions and translation	36	-
Note: 22-Other Income:		
Interest Income [Gross]:		
From Others	267	280
Dividend Income [Gross]:		
From Long Term Investments	3	2
Net Gain on Sale of Investments	8	54
Other Non-operating Income	24	35
	302	371
Group's proportionate share in other income of Joint Ventures	68	138
Total	370	509
Note: 23-Cost of Materials Consumed:		
Raw Materials:		
Stock at commencement	2,880	2,481
Add: Opening stock of newly acquired subsidiaries during the year	-	195
Add: Purchases	11,528	9,263
	14,408	11,939
Less: Stock at close	3,255	2,880
	11,153	9,059
Packing Materials consumed	2,834	2,361
	13,987	11,420
Group's proportionate share in cost of materials consumed of Joint Ventures	1,120	445
Total	15,107	11,865
Note: 24-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	8,658	6,520
Group's proportionate share in purchases of stock-in-trade of Joint Ventures	334	474
Total	8,992	6,994

Notes to the Consolidated Financial Statements

	INR - Millions	
	Year ended March 31	
	2013	2012
Note: 25-Changes in Inventories:		
Stock at commencement:		
Work-in-progress	1,146	822
Work-in-progress of newly acquired subsidiaries during the year	-	56
Finished Goods	2,195	1,887
Finished Goods of newly acquired subsidiaries during the year	-	283
Stock-in-Trade	3,127	2,012
	6,468	5,060
Less: Stock at close:		
Work-in-progress	1,277	1,146
Finished Goods	2,339	2,195
Stock-in-Trade	3,914	3,127
	7,530	6,468
	(1,062)	(1,408)
Differential Excise Duty on Opening and Closing stock of Finished Goods	23	(31)
	(1,039)	(1,439)
Group's proportionate share in changes in inventories of Joint Ventures	142	(418)
Total	(897)	(1,857)
Note: 26-Employee Benefits Expense:		
Salaries and wages	7,601	6,299
Contribution to provident and other funds	757	661
Staff welfare expenses	299	264
	8,657	7,224
Group's proportionate share in employee benefits expense of Joint Ventures	385	288
Total	9,042	7,512
Above expenses include Research related expenses as follows:		
Salaries and wages	767	637
Contribution to provident and other funds	57	46
Staff welfare expenses	34	30
Total	858	713
Note: 27-Finance Cost:		
Interest Expense [*]	1,167	1,053
Other Borrowing Costs	7	21
Net Loss on foreign currency transactions and translation	425	638
Bank commission and charges	71	94
	1,670	1,806
Group's proportionate share in finance cost of Joint Ventures	17	21
Total	1,687	1,827
[*] The break up of interest expense in to major heads is as follows:		
On term loans	370	593
On debentures	212	164
On working capital loans	499	243
Others	86	53
Total	1,167	1,053
Note: 28-Depreciation, Amortisation and Impairment Expenses:		
Depreciation, Amortisation and Impairment Expenses	1,726	1,468
Group's proportionate share in depreciation, amortisation and impairment expenses of Joint Ventures	121	111
Total	1,847	1,579

Notes to the Consolidated Financial Statements

	INR - Millions	
	Year ended March 31	
	2013	2012
Note: 29-Other Expenses:		
Research Materials	823	571
Analytical Expenses	1,319	1,152
Consumption of Stores and spare parts	881	742
Power & Fuel	1,359	1,035
Rent	261	211
Repairs to Buildings	112	91
Repairs to Plant and Machinery	361	239
Repairs to Others	117	105
Insurance	188	192
Rates and Taxes	352	276
Processing Charges	405	381
Managing Directors' Remuneration	249	303
Commission to Directors	6	6
Traveling Expenses	968	898
Legal and Professional Fees	1,208	1,083
Net Loss on foreign currency transactions and translation	-	148
Advertisement Expenses	717	626
Commission on sales	919	1,178
Freight and forwarding on sales	1,672	1,590
Representative Allowances	684	595
Other marketing expenses	4,583	3,685
Bad Debts:		
Bad debts written off	30	21
Provision for Doubtful Debts	29	49
	59	70
Less: Transferred from Provision for Doubtful Debts	(14)	(18)
	45	52
Doubtful Advances:		
Doubtful advances written off	-	14
Less: Transferred from Provision for Doubtful Advances	-	(3)
	-	11
Directors' fees	2	2
Net Loss on Fixed Assets	50	23
Donations	74	44
Miscellaneous Expenses	2,115	1,534
	19,470	16,773
Group's proportionate share in other expenses of Joint Ventures	612	507
Total	20,082	17,280
Above expenses include Research related expenses as follows:		
Research Materials	823	571
Analytical Expenses	1,319	1,152
Consumption of Stores and spare parts	365	347
Power & Fuel	115	101
Repairs to Buildings	11	4
Repairs to Plant and Machinery	13	8
Repairs to Others	17	8
Insurance	11	8
Traveling Expenses	34	31
Legal and Professional fees	379	213
Net Loss on foreign currency transactions and translation	-	9
Net Loss on Fixed Assets	-	1
Miscellaneous Expenses	724	471
Total	3,811	2,924

Notes to the Consolidated Financial Statements

	INR - Millions		
	Year ended March 31		
	2013	2012	
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	6,535	6,526
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	31.92	31.87
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		40,402	32,522
ii US		15,753	12,886
iii Others		7,422	7,225
iv Total		63,577	52,633
b Carrying amount of segment assets:			
i India		55,915	49,295
ii US		8,014	6,935
iii Others		8,031	7,488
iv Total		71,960	63,717
c Additions to fixed assets:			
i India		3,934	3,820
ii US		340	1,976
iii Others		131	227
iv Total		4,405	6,023

Notes to the Consolidated Financial Statements

Note: 32-Consolidated Accounts:

A CFS as at March 31, 2013 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	Dialforhealth India Limited [DFH]	India	WOS* of CHL	Audited	31-03-13
2	Dialforhealth Unity Limited	India	55% holding of DFH	Audited	31-03-13
3	Dialforhealth Greencross Limited	India	WOS of DFH	Audited	31-03-13
4	German Remedies Limited [GRL]	India	WOS of CHL	Audited	31-03-13
5	Zydus Wellness Limited [ZWL]	India	72.08% holding of CHL	Audited	31-03-13
6	Zydus Technologies Limited	India	85% holding of CHL	Audited	31-03-13
7	Biochem Pharmaceutical Industries Limited	India	WOS of CHL	Audited	31-03-13
B Foreign Subsidiaries:					
1	Zydus Lanka (Private) Limited	Sri Lanka	WOS of CHL	Unaudited	31-03-13
2	Zydus International Private Limited [ZIPL]	Ireland	WOS of CHL	**	31-03-13
3	Z AHL B. V.	the Netherlands	WOS of CHL	Unaudited	31-03-13
4	Zydus Healthcare SA (Pty) Ltd. [Zydus SA]	South Africa	WOS of ZIPL	Unaudited	31-03-13
5	Zydus Healthcare (USA) LLC	U. S. A.	WOS of ZIPL	**	31-03-13
6	Zydus Pharmaceuticals (USA) Inc. [ZPUI]	U. S. A.	WOS of ZIPL	**	31-03-13
7	Nesher Pharmaceuticals (USA) LLC	U. S. A.	WOS of ZPUI	**	31-03-13
8	Zydus France, SAS	France	WOS of ZIPL	Unaudited	31-03-13
9	Zydus Netherlands B.V. [ZNBV]	the Netherlands	WOS of ZIPL	Unaudited	31-03-13
10	Zydus Pharma Japan Co. Ltd.	Japan	WOS of ZIPL	Unaudited	31-03-13
11	Etna Biotech S.R.L.	Italy	WOS of ZIPL	Unaudited	31-03-13
12	Zydus Pharmaceuticals Mexico SA De CV	Mexico	WOS of ZIPL	Unaudited	31-03-13
13	Zydus Pharmaceuticals Mexico Service Company SA De CV	Mexico	WOS of ZIPL	Unaudited	31-03-13
14	Zydus Noveltech Inc., USA [ZNI]	U. S. A.	85% holding of ZIPL	Unaudited	31-03-13
15	Laboratorios Combix S.L.	Spain	WOS of ZNBV	Unaudited	31-03-13
16	Zydus Nikkho Farmaceutica Ltda.	Brazil	WOS of ZNBV	**	31-03-13
17	Simayla Pharmaceuticals (Pty) Ltd.	South Africa	WOS of Zydus SA	Unaudited	31-03-13
18	Script Management Services (Pty) Ltd.	South Africa	WOS of Zydus SA	Unaudited	31-03-13
19	Hercon Pharmaceuticals LLC [Note-I]	U. S. A.	WOS of ZNI	Unaudited	31-03-13
20	Z AHL Europe B. V.	the Netherlands	WOS of Z AHL B.V.	Unaudited	31-03-13
21	Bremer Pharma GmbH	Germany	WOS of Z AHL Europe B.V.	Audited	31-03-13
[b] Joint Ventures					
1	Zydus Takeda Healthcare Private Limited [Formerly known as Zydus Nycomed Healthcare Private Limited]	India	50% holding of CHL	Audited	31-03-13
2	Zydus Hospira Oncology Private Limited	India	50% holding of CHL	Audited	31-03-13
3	Zydus BSV Pharma Private Limited	India	50% holding of CHL	Audited	31-03-13
4	Bayer Zydus Pharma Private Limited	India	50% holding of CHL	Audited	31-03-13
[c] Partnership Firms					
1	M/s. Zydus Healthcare- Sikkim	India	96% holding of CHL & 2% holding of GRL	Audited	31-03-13
2	M/s. Zydus Wellness- Sikkim	India	98% holding of ZWL	Audited	31-03-13

Explanatory Notes

Note- I Became WOS of Zydus Noveltech Inc., USA w.e.f. June 1, 2012.

Note- II Finest Procuring Solutions Limited [FPSL] was merged with Zydus Animal Health Limited w.e.f. August 27, 2012 [appointed date April 1, 2011]

Note- III Zydus Pharmaceuticals Limited [ZPL], Liva Healthcare Limited [LHL] and Zydus Animal Health Limited [Z AHL] were merged with CHL w.e.f. August 26, 2013 [appointed date April 1, 2012]

* 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, 2013.

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 Hercon Pharmaceuticals LLC as a wholly owned subsidiary of Zydus Noveltech Inc., USA. 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 Hospira Oncology Private Limited	Zydus Takeda Healthcare Private Limited
Bayer Zydus Pharma Private Limited	[Formerly known as Zydus Nycomed Healthcare Private Limited]
Zydus BSV Pharma Private Limited	

b 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	Pripan Investment Private Limited
Zydus Hospitals (Vadodra) Private Limited	Zydus Hospital LLP
Zydus Hospitals (Rajkot) Private Limited	Zandra Infrastructure LLP
MabS Biotech Private Limited	M/s. CMC Machinery
Zydus Infrastructure Private Limited	M/s. Cadam Enterprises
Cadila Laboratories Private Limited	
Zest Aviation Private Limited	

B Transactions with Related Parties:

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

Nature of Transactions	Value of the Transactions [INR - Millions]			
	Joint Venture Companies		Enterprises significantly influenced by Directors and/or their relatives	
	Year ended March 31			
	2013	2012	2013	2012
Purchases:				
Goods:				
Zydus BSV Pharma Private Limited	7	7		
Zydus Takeda Healthcare Private Limited [Formerly known as Zydus Nycomed Healthcare Private Limited]	5	3		
Zydus Hospira Oncology Private Limited	3	1		
Cadmach Machinery Company Private Limited			7	4
M/s. CMC Machinery			4	4
Total	15	11	11	8
Fixed Assets:				
Cadmach Machinery Company Private Limited			45	120
M/s. Cadam Enterprises			71	30
Total	-	-	116	150
Reimbursement of Expenses:				
Zydus BSV Pharma Private Limited	1			
Bayer Zydus Pharma Private Limited	12	9		
Zydus Takeda Healthcare Private Limited [Formerly known as Zydus Nycomed Healthcare Private Limited]	4			
Cadmach Machinery Company Private Limited			5	5
Total	17	9	5	5
Services:				
Zydus BSV Pharma Private Limited		3		
Zest Aviation Private Limited			70	
Zydus Infrastructure Private Limited			13	12
Total	-	3	83	12
Sales:				
Goods:				
Bayer Zydus Pharma Private Limited	107	575		
Zydus Takeda Healthcare Private Limited [Formerly known as Zydus Nycomed Healthcare Private Limited]	3			
Others		16		
Total	110	591	-	-
Fixed Assets:				
Bayer Zydus Pharma Private Limited		1		
Cadmach Machinery Company Private Limited			3	
Total	-	1	3	-

Notes to the Consolidated Financial Statements

Note: 33-Related Party Transactions - Continue:

Nature of Transactions	Value of the Transactions [INR - Millions]			
	Joint Venture Companies		Enterprises significantly influenced by Directors and/or their relatives	
	Year ended March 31			
	2013	2012	2013	2012
Reimbursement of Expenses:				
Bayer Zydus Pharma Private Limited	9	12		
Services:				
Zydus Takeda Healthcare Private Limited [Formerly known as Zydus Nycomed Healthcare Private Limited]			2	
Bayer Zydus Pharma Private Limited	3	3		
Zydus BSV Pharma Private Limited			1	
Total	3	6	-	-
Investments:				
Purchases/ Subscription to Share Capital:				
Zydus BSV Pharma Private Limited	80	93		
Bayer Zydus Pharma Private Limited	200			20
Zest Aviation Private Limited				20
Total	280	93	-	20
Sales/ Redemption of Share Capital:				
Zydus Hospira Oncology Private Limited		200		
Zest Aviation Private Limited				20
Total	-	200	-	20
Dividend Received:				
Zydus Hospira Oncology Private Limited		1,642		
Zydus Takeda Healthcare Private Limited [Formerly known as Zydus Nycomed Healthcare Private Limited]	125	90		
Total	125	1,732	-	-
Finance:				
Inter Corporate Loans given:				
Bayer Zydus Pharma Private Limited	200	150		
Inter Corporate Loans repaid:				
Bayer Zydus Pharma Private Limited	100			
Interest Received:				
Bayer Zydus Pharma Private Limited	24	14		
			As at March 31	
	2013	2012	2013	2012
Outstanding:				
Payable:				
Zydus Takeda Healthcare Private Limited [Formerly known as Zydus Nycomed Healthcare Private Limited]	9			
Cadila Laboratories Private Limited			23	24
Total	9	-	23	24
Receivable:				
Bayer Zydus Pharma Private Limited	268	376		

Note: 34

In terms of the Scheme of Amalgamation of Finest Procuring Solutions Limited [FPSL], a wholly owned subsidiary of Zydus Animal Health Limited [ZAHL], with ZAHL, sanctioned by the Order of the Hon'able High Court of Delhi dated May 11, 2012, effective date under the Scheme being August 27, 2012, FPSL had been amalgamated with ZAHL w.e.f. the appointed date, being April 1, 2011. In terms of the Scheme, the excess of aggregate value of the assets over aggregate value of the liabilities of FPSL is created as General Reserve amounting to Rs. 245 Millions. Accordingly, necessary effect is given in previous year figures of Capital Reserve/ Goodwill arising on Consolidation and General Reserve respectively.

Notes to the Consolidated Financial Statements

Note: 35

A In terms of the Scheme of Amalgamation [the Scheme] of:

- a** Liva Healthcare Limited [LHL] is engaged in the business of marketing and distribution of pharmaceutical products,
- b** Zydus Animal Health Limited [Z AHL] is engaged in the business of manufacturing, marketing and distribution of veterinary pharmaceutical products, and
- c** Zydus Pharmaceuticals Limited [ZPL] was engaged in the business of distribution of drugs and pharmaceuticals products in earlier years [all three wholly owned subsidiaries of the Company, collectively referred to as the Transferor Companies]

which was sanctioned by the Orders of the Hon'able High Court of Gujarat, dated August 23, 2013, 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.

B In accordance with the Scheme,

- a** All the assets and liabilities of the Transferor Companies stand transferred to and vested in the Company with effect from the Appointed Date at their carrying amounts appearing in the books of the Transferor Companies except:
 - i in case of land and buildings, which are recorded at their estimated market values as at the Appointed Date,
 - ii adjustments are made wherever necessary to conform to the accounting policies and methods adopted by the Company.
- b** The amalgamation has been accounted under the "Purchase Method" in terms of Accounting Standard [AS] - 14 on "Accounting for Amalgamations".
- c** All the issued equity shares of LHL, Z AHL and ZPL held by the company have been extinguished.
- d** The shortfall in the aggregate value of the assets over the aggregate value of the liabilities of the Transferor Companies taken over by the Company, after adjusting carrying amount of investments in the Transferor Companies held by the Company as on the Effective Date has been debited to Goodwill account to the extent of Rs. 102 Millions.
- e** Such goodwill arising on account of amalgamation as referred to in clause (d) above will be amortised over a period of five years in compliance with the accounting treatment as prescribed under AS - 14 referred earlier.
- f** Pending completion of the formalities of transfer of titles of some of the assets taken over under the Scheme, such assets remain included in the books of the Company under the name of the respective Transferor Companies.

Note: 36

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 36 to the Financial Statements

As per our report of even date

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

Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: August 30, 2013

Jyotindra B. Gor
Chief Accounts 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

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	50.00	(94.17)	89.64	133.81	-	178.92	9.45	-	9.45	-
2	Dialforhealth Unity Limited	India	INR	1.00	0.50	(2.45)	0.06	2.01	-	-	(0.03)	-	(0.03)	-
3	Dialforhealth Greencross Limited	India	INR	1.00	2.50	(1.89)	0.67	0.05	-	-	(0.03)	-	(0.03)	-
4	German Remedies Limited	India	INR	1.00	2.40	112.92	182.73	67.42	9.59	92.24	84.57	0.07	84.50	-
5	Zydus Wellness Limited	India	INR	1.00	390.70	2174.70	3055.40	490.00	-	2130.10	993.30	22.20	971.10	-
6	Zydus Technologies Limited	India	INR	1.00	590.00	(9.31)	3055.54	2474.85	-	-	(2.12)	0.04	(2.16)	-
7	Biochem Pharmaceutical Industries Limited	India	INR	1.00	75.00	208.71	1085.04	801.33	-	2680.44	298.91	98.93	199.98	-
8	Zydus International Private Limited *	Ireland	Euro	69.63	2783.67	250.88	6968.15	3933.61	-	87.94	83.19	9.89	73.30	-
9	Zydus Lanka (Private) Limited	Sri Lanka	LKR	0.45	0.45	(0.07)	0.38	-	-	-	(0.07)	-	(0.07)	-
10	ZAHL B.V.	the Netherlands	Euro	69.63	1.25	390.57	396.62	4.81	-	-	(1.49)	-	(1.49)	-
11	Zydus Netherlands B.V. *	the Netherlands	Euro	69.63	312.08	(544.44)	2411.01	2511.07	-	19.91	(49.64)	-	(49.64)	-
12	Zydus France, SAS *	France	Euro	69.63	1082.96	(809.87)	1929.93	1656.85	-	2862.91	(95.93)	-	(95.93)	-
13	Etna Biotech S.R.L. *	Italy	Euro	69.63	6.27	3.07	29.59	20.26	-	36.30	3.15	0.77	2.38	-
14	Laboratorios Combix S.L. *	Spain	Euro	69.63	518.46	(860.00)	668.38	1009.91	-	635.65	(236.02)	-	(236.02)	-
15	Zydus Pharma Japan Co. Ltd. *	Japan	Yen	0.58	1755.28	(1709.02)	776.85	730.59	-	525.81	(309.36)	-	(309.36)	-
16	Zydus Pharmaceuticals (USA) Inc. *	USA	US Dollar	54.33	124.96	382.59	8904.85	8397.30	-	14966.88	1012.80	140.77	872.03	-
17	Nesher Pharmaceuticals (USA) LLC *	USA	US Dollar	54.33	0.54	(692.71)	2888.89	3581.05	-	1713.79	(627.25)	-	(627.25)	-
18	Zydus Healthcare (USA) LLC *	USA	US Dollar	54.33	10.87	9.02	165.11	145.22	-	65.47	1.36	0.38	0.98	-
19	Zydus Noveltech Inc., USA *	USA	US Dollar	54.33	271.65	(134.85)	310.82	174.02	-	184.83	(19.36)	-	(19.36)	-
20	Hercon Pharmaceuticals LLC *	USA	US Dollar	54.33	5.43	(46.34)	178.47	219.38	-	23.63	(46.34)	-	(46.34)	-
21	Zydus Healthcare SA (Pty) Ltd *	South Africa	SA Rand	5.92	295.43	(151.67)	1110.03	966.27	-	344.53	(65.81)	-	(65.81)	-
22	Simayla Pharmaceuticals (Pty) Ltd *	South Africa	SA Rand	5.92	-	(566.61)	35.61	602.22	-	187.77	(143.06)	3.85	(146.91)	-
23	Script Management Services (Pty) Ltd *	South Africa	SA Rand	5.92	-	(0.59)	17.78	17.19	-	34.34	1.26	-	1.26	-
24	Zydus Nikkho Farmaceutica Ltda. *	Brazil	Brazilian Real	26.89	1551.74	(808.72)	2893.79	2150.77	-	2315.50	(288.20)	9.65	(297.86)	-
25	Zydus Pharmaceuticals Mexico SA De CV *	Mexico	Mexican Peso	4.42	318.10	(182.90)	207.68	72.48	-	-	(64.23)	-	(64.23)	-
26	Zydus Pharmaceuticals Mexico Service Company SA De CV *	Mexico	Mexican Peso	4.42	5.83	(9.36)	7.64	11.16	-	41.71	(3.75)	(0.49)	(3.26)	-
27	ZAHL Europe B.V.	the Netherlands	Euro	69.63	1.25	342.20	346.07	2.61	-	-	(4.95)	-	(4.95)	-
28	Bremer Pharma GmbH	Germany	Euro	69.63	33.42	169.20	289.31	86.69	-	461.44	(11.42)	-	(11.42)	-

The figures given in Indian Rupee are equivalent of the figures given in foreign currencies appearing in the accounts of subsidiary companies at the exchange rate as at March 31, 2013.

* The financial year of these companies ended on December 31, 2012.

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, 2013	5000000 Equity Shares of Rs.10/- each	100	9.45	-	(103.62)	-
Dialforhealth Unity Limited+	March 31, 2013	27500 Equity Shares of Rs. 10/- each	55	(0.02)	-	(1.33)	-
Dialforhealth Greencross Limited ++	March 31, 2013	250000 Equity Shares of Rs. 10/- each	100	(0.03)	-	(1.30)	-
German Remedies Limited	March 31, 2013	24000 Equity Shares of Rs.100/- each	100	84.50	64.80	95.80	135.00
Zydus Wellness Limited	March 31, 2013	28163755 Equity Shares of Rs. 10/- each	72.08	699.97	140.84	1031.26	246.12
Zydus Technologies Limited A	March 31, 2013	42500000 Equity Shares of Rs. 10/- each	85	(1.84)	-	(6.08)	-
Biochem Pharmaceutical Industries Limited	March 31, 2013	7500000 Equity Shares of Rs. 10/- each	100	199.98	3.75	101.22	-
Zydus International Private Limited	December 31, 2012	27328700 Equity Shares of Euro 1.462843 each	100	73.31	-	184.74	-
Zydus Lanka (Private) Limited	March 31, 2013	100000 Ordinary Shares of LKR 10/- each	100	(0.07)	-	-	-
ZAHL B.V. **	March 31, 2013	180 Equity Shares of Euro 100/- each	100	(1.49)	-	(1.77)	-
Zydus Netherlands B.V. *	December 31, 2012	44820 Ordinary Shares of Euro 100/- each	100	(49.64)	-	(494.80)	-
Zydus France, SAS *	December 31, 2012	1944134 Equity Shares of Euro 8/- each	100	(95.93)	-	(586.10)	-
Etna Biotech S.R.L. *	December 31, 2012	900 Equity Shares of Euro 100/- each	100	2.38	-	18.74	-
Laboratorios Combig S.L. @	December 31, 2012	7445806 Equity Shares of Euro 1/- each	100	(236.02)	-	(799.67)	-
Zydus Pharma Japan Co. Ltd. *	December 31, 2012	54000 Ordinary Shares of Yen 50000/- each 19295 Ordinary Shares of Yen 26976/- each	100	(309.36)	-	(1495.18)	-
Zydus Pharmaceuticals (USA) Inc.*	December 31, 2012	2300000 Common Stock of US Dollar 1/- each	100	872.03	-	889.87	-
Nesher Pharmaceuticals (USA) LLC ^^	December 31, 2012	Common Stock	100	(627.25)	-	(65.46)	-
Zydus Healthcare (USA) LLC *	December 31, 2012	200000 Common Stock of US Dollar 1/- each	100	0.98	-	8.04	-
Zydus Noveltch Inc., USA #	December 31, 2012	850 Common Stock, No par value	85	(16.45)	-	(98.17)	-
Hercon Pharmaceuticals LLC ###	December 31, 2012	Common Stock	100	(46.34)	-	-	-
Zydus Healthcare S.A.(Pty) Ltd.*	December 31, 2012	49904149 Ordinary Shares of South African Rand 1/- each	100	(65.81)	-	(92.87)	-
Simayla Pharmaceuticals (Pty) Ltd. @@	December 31, 2012	200 Ordinary Shares of South African Rand 1/- each	100	(146.91)	-	(482.26)	-
Script Management Services (Pty) Ltd. @@	December 31, 2012	1 Ordinary Share of South African Rand 1/- each	100	1.26	-	(2.45)	-
Zydus Nikkho Farmaceutica Ltda. @	December 31, 2012	57706879 Quota of Brazilian Real 1/- each	100	(297.86)	-	(510.86)	-
Zydus Pharmaceuticals Mexico SA De CV *	December 31, 2012	71968102 Equity Shares of Mexican Peso 1/- each	100	(64.23)	-	(118.67)	-
Zydus Pharmaceuticals Mexico Service Company SA De CV *	December 31, 2012	1319390 Equity Shares of Mexican Peso 1/- each	100	(3.26)	-	(6.09)	-
ZAHL Europe B.V. ***	March 31, 2013	180 Equity Shares of Euro 100/- each	100	(4.95)	-	(4.30)	-
Bremer Pharma GmbH ****	March 31, 2013	4800 Equity Shares of Euro 100/- each	100	(11.42)	-	7.62	-
+ 55% held by Dialforhealth India Limited and 45% held by Unity Chemist & Druggists Private Limited. ++ Wholly Owned subsidiary Company of Dialforhealth India Limited. ^^ 85% held by Cadila Healthcare Limited, 14% held by Essgee Enterprises LLC and 1% held by Mr. Sharad Govil. ^^ Wholly Owned Subsidiary Company of Zydus Pharmaceuticals (USA) Inc. * Wholly Owned Subsidiary Company of Zydus International Private Limited. ** Became Wholly Owned Subsidiary Company of the Company w.e.f. April 1, 2012 pursuant to Scheme of Merger. *** Wholly Owned subsidiary Company of ZAHL B.V. **** Wholly Owned subsidiary Company of ZAHL Europe B.V. # 85% held by Zydus International Private Limited and 15% held by Mr. Sharad Govil. ## Became Wholly Owned Subsidiary Company of Zydus Noveltch Inc., USA. w.e.f. June 1, 2012 @ Wholly Owned Subsidiary Company of Zydus Netherlands B.V. @@ Wholly Owned Subsidiary Company of Zydus Healthcare SA (Pty) Ltd.							
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. 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. C. Previous year's figures are restated / regrouped wherever necessary.							
						Pankaj R. Patel Chairman & Managing Director	
Jyotindra B. Gor Chief Accounts Officer Ahmedabad, Dated : August 30, 2013			Upen H. Shah Company Secretary			Sharvil P. Patel Deputy Managing Director	

CADILA HEALTHCARE LIMITED

Regd. Office : "Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad - 380015.

Notice

Notice is hereby given that the Eighteenth Annual General Meeting of the members of the Company will be held on Monday, the 30th day of September, 2013 at 10.00 a.m. at H.T. Parekh Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at and the Statement of Profit and Loss of the Company for the year ended on March 31, 2013 and the Reports of the Directors and Auditors thereon.
2. To confirm the payment of interim dividend.
3. To appoint a Director in place of Mr. Mukesh M. Patel, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint 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 **Special Resolution**:

"RESOLVED THAT in conformity with the provisions of Article No. 76 of the Articles of Association of the Company and pursuant to the provisions of section 309(4) of the Companies Act, 1956, the authority be and is hereby accorded for the payment of commission to the Non-Executive Directors of the company (Other than the Managing Director, Deputy Managing Director and/or Whole Time Directors) to be determined by the Board of Directors for each Non-Executive Director for each financial year ending on March 31, 2014 upto and including financial year of the company ending on March 31, 2018 to be calculated in accordance with the provisions of section 349, 350 and 198 of the Companies Act, 1956 and distributed between such Directors in such a manner as the Board of Directors may from time to time determine within the maximum limit of one percent (1%) of net profits of the Company, subject to maximum of Rs.15 million in addition to the sitting fees being paid by the Company for attending the Board / Committee meetings of the Company."

By order of the Board of Directors

Place : Ahmedabad
Date : August 30, 2013

Upen H. Shah
Company Secretary

NOTES :

1. The Explanatory Statement, pursuant to section 173 (2) of the Companies Act, 1956, in respect of the business under item No.5 of the notice is annexed hereto.
2. The Register of Members and Share Transfer Books will remain closed from September 23, 2013 to September 30, 2013 [both days inclusive] for the purpose of 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.** However Proxy Form(s) duly stamped, completed and signed, should be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
4. 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, pursuant to section 205A(5) of the Companies Act, 1956 on the respective dates mentioned thereagainst. Kindly note that after such date, the members will lose their rights to claim such dividend.

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 1, 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

5. 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, Ellisbridge, Ahmedabad - 380 006, changes, if any, in their registered address along with Pin Code. Members holding shares in electronic form may update such details with their respective Depository Participant.
6. The information required to be provided under the Listing Agreement entered into with the Stock Exchanges, where the equity shares of the Company are listed regarding the Directors who are proposed to be re-appointed are annexed hereto.

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.

CADILA HEALTHCARE LIMITED

Regd. Office : "Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad - 380015.

Explanatory Statement under section 173 (2) of the Companies Act, 1956.

In respect of item no. 5:

The members of the Company at the Thirteenth Annual General Meeting approved the payment of commission to the Non-Executive Directors of the Company, within the maximum limit of 1% of net profits of the company, subject to maximum in aggregate of Rs. 10 million for each financial year. The approval is valid till 31st March, 2013.

The Independent Directors have played a significant role in the growth of the Company. The Board of Directors has decided to continue to pay commission to the Non-Executive Directors of the Company within the maximum limit of one percent of the net profits of the Company, subject to maximum limit of Rs. 15 million in aggregate for each financial year for five years from the financial year ending on March 31, 2014 upto and including financial year of the Company ending as on March 31, 2018. Within the ceiling approved by the members, the Board will decide and pay the commission to each of the Independent Directors.

Section 309 [4] of the Companies Act, 1956 provides for payment of remuneration to a Director who is neither in whole time employment nor a Managing Director, either by the way of monthly, quarterly or annual payment or by way of commission up to a limit of one percent (1%) of the net profits or three percent (3%) in case the company is managed by the Board of Directors having no Whole Time or Managing Director without the approval of the Central Government, provided the members of the Company approve at a general meeting by way of a Special Resolution.

The Board recommends the passing of the resolution at item No. 5 of the notice.

All the Directors of the Company except Mr. Pankaj R. Patel, Chairman and Managing Director and Dr. Sharvil P. Patel, Deputy Managing Director are concerned or interested in this resolution.

By order of the Board of Directors

Place : Ahmedabad
Date : August 30, 2013

Upen H. Shah
Company Secretary

(Annexure to the Notice dated August 30, 2013)
**Details of Director seeking re-appointment at the forthcoming Annual
General Meeting (Pursuant to clause 49 of the Listing Agreement)**

Name of the Director	Mukesh M. Patel
Age	59 years
Date of Appointment on the Board	August 1, 1997
Brief resume and nature of expertise in functional areas	<p>Mr. Mukesh Patel, an eminent Advocate and International Tax Expert has been in legal practice since 1977, with specialization in the fields of Tax Planning, Appellate Matters, International Taxation, Tax and Investment Planning for Non-Resident Indians and Foreign Collaborations.</p> <p>He has been actively involved in Legal Education and Tax Journalism for the past over three decades, as a Visiting Faculty with Gujarat Law Society and Indian Institute of Management, Ahmedabad and as a Columnist through his popular weekly columns on Direct Taxes with 'Sandesh', 'Gujarat Samachar', 'The Times of India' and 'Ahmedabad Mirror'.</p> <p>He has also authored a number of acclaimed books on Personal Tax & Investment Planning and Self Development and anchored TV Serials 'Tax Free' and 'Money Magic.' In recognition of his noteworthy contribution and achievements as an Eloquent Speaker, he received 'Fellowship of the World Academy of Speakers' in 1981 and 'Outstanding Speaker of the 20th Century Award' in 2000. Widely traveled around the world, he is an ardent photographer.</p> <p>He has served as the President of the Ahmedabad Management Association, Gujarat Chamber of Commerce and Industry, All Gujarat Federation of Tax Consultants, Indian Red Cross Society, Ahmedabad and several other bodies. Currently, he is the President of the Indo-Japan Friendship Association, Gujarat. He has been a member of the National Executive Committee of FICCI, ASSOCHAM, ICC and is a Director on the Board of a number of leading public Companies.</p>
Directorships held in other public Companies (excluding foreign and private Companies)	<ol style="list-style-type: none"> 1. German Remedies Limited 2. Zydus Wellness Limited 3. Hitachi Home & Life Solutions (India) Limited 4. Zydus Pharmaceuticals Limited 5. Sandesh Limited 6. Desai Brothers Limited 7. Cliantha Research Limited 8. BAAP Diagnostics Limited
Memberships / Chairmanships of Committees across public Companies	<p>Audit Committee:</p> <ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. Hitachi Home & Life Solutions (India) Limited 3. Desai Brothers Limited 4. Zydus Wellness Limited 5. Sandesh Limited 6. Cliantha Research Limited <p>Shareholders'/Investors' Grievance Committee:</p> <ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. Hitachi Home & Life Solutions (India) Limited 3. Zydus Wellness Limited <p>Remuneration Committee:</p> <ol style="list-style-type: none"> 1. Hitachi Home & Life Solutions (India) Limited 2. Sandesh Limited 3. Cadila Healthcare Limited <p>Share Transfer Committee:</p> <ol style="list-style-type: none"> 1. Cadila Healthcare Limited 2. Zydus Wellness Limited
Number of shares held	2400



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.



Zydu**s**
dedicated
to *life*

www.zyduscadila.com