

**Dhirubhai Shah & Doshi**

Chartered Accountants.

401/408, "Aditya", B/h. Abhijeet-1,
Near Mithakhali Circle, Ellisbridge,
Ahmedabad 380 006.**Independent Auditor's Report****To the Members of Zydus Wellness Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Zydus Wellness Limited ('the Company') which comprise the balance sheet as at 31st March 2014, the statement of profit and loss and the cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

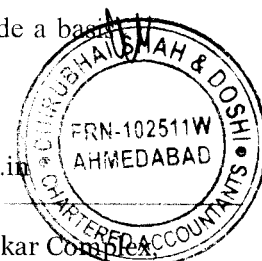
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956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

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

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

Phone : (079) 26403326 | Website : www.dbsgroup.in | E-Mail : dshahco@dbsgroup.in**BRANCH OFFICE**Aditya Centre, Second Floor,
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Rajkot : 360001
Mob. : 98251489591st Floor Cama Chambers,
23 Nagindas Master Road,
Mumbai : 400023
Mob. : 9722000967204 Sakar Complex,
Opp Abs Tower, Old Padra Road
Vadodara : 390015
Mob. : 9879006018

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2014;
- (ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

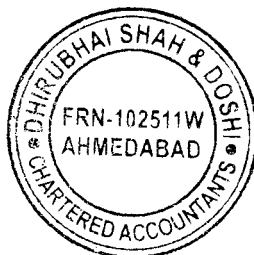
Report on Other Legal and Regulatory Requirements

1. As required by the companies (Auditor's Report) Order , 2003 ("the Order") issued by the central government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the balance sheet, statement of profit and loss and cash flow Statement dealt with by this Report are in agreement with the books of account; and
 - d. in our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 and
 - e. on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For, Dhirubhai Shah & Doshi
Chartered Accountants
Firm's Registration Number: 102511W



Kaushik D Shah
Partner
Membership Number: 016502



Ahmedabad
15 May, 2014

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Zydus Wellness Limited ('the Company') for the year ended 31st March, 2014. We report that:

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

(b) As explained to us, during the year the fixed assets have been physically verified by the management as per phased programme of verification during the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification as compared to the records maintained by the Company.

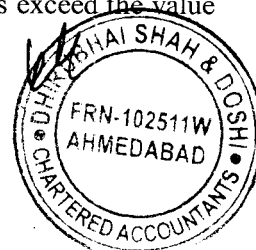
(c) In our opinion, the Company has not disposed off any substantial part of fixed assets during the year so as to affect going concern status.
2. (a) As explained to us, inventory has been physically verified by the management at regular intervals during the year.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company has maintained proper records of inventory. As explained to us, there was no material discrepancies noticed on verification of inventory as compared to the book records.
3. (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly reporting requirement as per clauses (iii) (a) to (iii) (d) of paragraph 4 of Order is not applicable to the Company for the current year.

(b) The Company has not taken any loans or advances in the nature of loans, secured or unsecured, from parties covered in the register maintained under section 301 of the Act. Accordingly, reporting requirements as per clauses (iii) (e) to (iii) (g) 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 are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. (a) Based on the audit procedures applied by us and according to the information and explanations, the transactions that need to be entered into register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.

(b) None of the transactions made in pursuance of such contracts or arrangements exceed the value of Rupees five lacs in respect of any one such party in financial year.

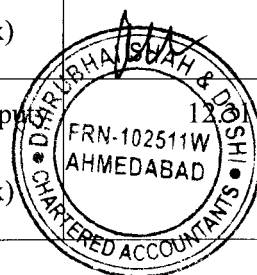


6. According to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.
7. The company has an internal audit system, which in our opinion is commensurate with the size and the nature of its business.
8. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
9. (a) In our opinion and according to the information and explanation given to us, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Investor Education and Protection Fund, Custom duty, Excise duty, Service tax, Employees' State Insurance, Income Tax, Sales Tax, Professional tax and other statutory dues as may be applicable to the company.

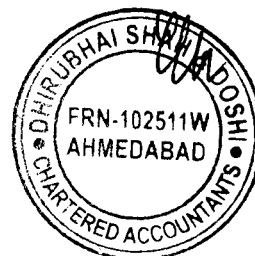
According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at 31st March, 2014 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, the particulars of dues of Income Tax and Sales Tax as at March 31, 2014, which have not been deposited on account of any dispute, are as follows:

| Financial period to which it relates | Act | Nature of Dues | Forum where dispute is pending | Amount (Rs. In Lacs) |
|--------------------------------------|------------------------------|----------------|--|----------------------|
| 2010-2011 | Income Tax Act, 1961 | Income Tax | Commissioner of Income Tax (Appeals) | 192.60 |
| 2003-2004 and 2004-2005 | Andhra Pradesh Sales Tax Act | Sales Tax | High Court, Andhra Pradesh | 4.46 |
| 2009-2010 | Andhra Pradesh Sales Tax Act | Sales Tax | High Court, Andhra Pradesh | 28.71 |
| 2010-2011 to 2012-2013 | Andhra Pradesh Sales Tax Act | Sales Tax | Appellant Deputy Commissioner (Commercial Tax) | 30.40 |
| 2009-2010 | KVAT Act, 2003 | Sales Tax | Appellant Deputy Commissioner (Commercial Tax) | |



10. The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. The Company has not made any borrowings from any financial institution / banks / issued debentures. Hence, reporting requirement relating to default in repayment of dues is not applicable as per clause 4(xi) of the Order.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society as per the Chit Fund Act, 1982 and other state legislations. Therefore reporting requirements as per clause 4(xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore, reporting requirement as per clause 4(xiv) of the Order is not applicable
15. According to the information and explanation given to us, the Company has not given any guarantees or provided any security in respect of borrowings taken by others from banks and financial institution.
16. The company did not have any term loans outstanding from bank and financial institution during the year under audit.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have prima facie, been used during the year for long-term investments.
18. During the year, 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 not issued any debentures during the year. Therefore, reporting requirements as per clause 4(xix) of the Order is not applicable.
20. The company has not raised any money by public issues during the year under audit.



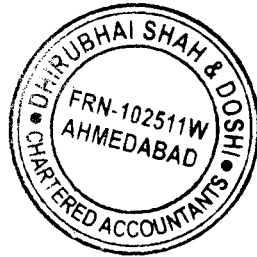
21. To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For, Dhirubhai Shah & Doshi
Chartered Accountants
Firm's Registration Number: 102511W



Kaushik D Shah
Partner
Membership Number: 016502

Ahmedabad
15th May, 2014



ZYDUS WELLNESS LIMITED
Balance Sheet as at March 31, 2014

| Particulars | Note No. | INR - Lacs | |
|--|----------|----------------|--------|
| | | As at March 31 | |
| | | 2014 | 2013 |
| EQUITY AND LIABILITIES: | | | |
| Shareholders' Funds: | | | |
| Share Capital | 1 | 3,907 | 3,907 |
| Reserves and Surplus | 2 | 28,649 | 21,747 |
| | | 32,556 | 25,654 |
| Non-Current Liabilities: | | | |
| Deferred Tax Liabilities [Net] | 3 | 218 | 219 |
| Other Long Term Liabilities | 4 | 37 | 37 |
| Long Term Provisions | 5 | 1 | 2 |
| | | 256 | 258 |
| Current Liabilities: | | | |
| Trade Payables | 6 | 1,300 | 1,522 |
| Other Current Liabilities | 7 | 457 | 348 |
| Short Term Provisions | 8 | 2,761 | 2,777 |
| | | 4,518 | 4,647 |
| Total | | 37,330 | 30,559 |
| ASSETS: | | | |
| Non-Current Assets: | | | |
| Fixed Assets: | | | |
| Tangible Assets | 9 | 3,022 | 2,851 |
| Intangible Assets | 9 | 2,291 | 2,287 |
| | | 5,313 | 5,138 |
| Non Current Investments | 10 | 245 | 245 |
| Long Term Loans and Advances | 11 | 474 | 344 |
| | | 6,032 | 5,727 |
| Current Assets: | | | |
| Current Investments | 12 | 14,320 | 9,328 |
| Inventories | 13 | 463 | 674 |
| Trade Receivables | 14 | 23 | 46 |
| Cash and Bank Balances | 15 | 16,393 | 14,615 |
| Short Term Loans and Advances | 16 | 84 | 156 |
| Other Current Assets | 17 | 15 | 13 |
| | | 31,298 | 24,832 |
| Total | | 37,330 | 30,559 |
| Significant Accounting Policies | II | | |
| Notes to the Financial Statements | 1 to 35 | | |

As per our report of even date
For Dhirubhai Shah & Doshi,
Chartered Accountants
Firm Registration Number: 102511W



Kaushik D. Shah
Partner
Membership Number: 016502
Ahmedabad, Dated: May 15, 2014

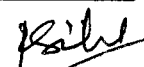


Amit B. Jain
Chief Financial Officer

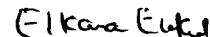


Dhaval N. Soni
Company Secretary

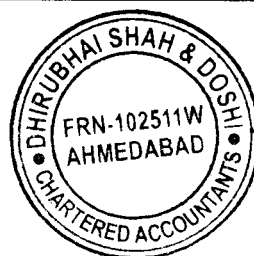
For and on behalf of the Board



Pankaj R. Patel
Chairman



Elkana N. Ezekiel
Managing Director



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

| Particulars | Note No. | INR - Lacs | |
|--|----------|---------------------|--------|
| | | Year ended March 31 | |
| | | 2014 | 2013 |
| REVENUE: | | | |
| Revenue from Operations: | | | |
| Sale of Products [Gross] | | 11,399 | 12,085 |
| Less: Excise Duty | | 213 | 215 |
| Sale of Products [Net] | | 11,186 | 11,870 |
| Other Operating Revenues | 20 | 9,139 | 9,431 |
| Net Revenue from Operations | | 20,325 | 21,301 |
| Other Income | 21 | 1,169 | 1,389 |
| Total Revenue | | 21,494 | 22,690 |
| EXPENSES: | | | |
| Cost of Materials Consumed | 22 | 5,177 | 5,729 |
| Purchases of Stock-in-Trade | 23 | 461 | 727 |
| Changes in Inventories of Finished goods, Works-in-progress and Stock-in-Trade | 24 | 245 | (7) |
| Employee Benefits Expense | 25 | 1,295 | 1,196 |
| Depreciation, Amortisation and Impairment expenses | 9 | 243 | 237 |
| Other Expenses | 26 | 5,013 | 4,880 |
| Total Expenses | | 12,434 | 12,762 |
| Profit before Tax | | 9,060 | 9,928 |
| Less: Tax Expenses: | | | |
| Current Tax | | 0 | 169 |
| Deferred Tax | 3 | (1) | 34 |
| Prior year's tax adjustments | | (584) | 14 |
| | | (585) | 217 |
| Profit for the year | | 9,645 | 9,711 |
| Basic & Diluted Earning per Equity Share [EPS] [in Rupees] | 27 | 24.69 | 24.85 |
| Significant Accounting Policies | II | | |
| Notes to the Financial Statements | 1 to 35 | | |

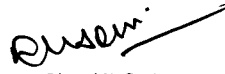
As per our report of even date
For Dhirubhai Shah & Doshi,
Chartered Accountants
Firm Registration Number: 102511W



Kaushik D. Shah
Partner
Membership Number: 016502
Ahmedabad, Dated: May 15, 2014



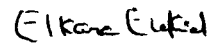
Amit B. Jain
Chief Financial Officer



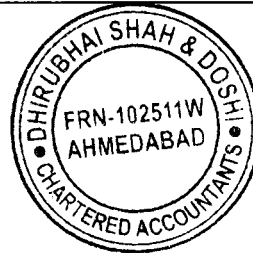
Dhaval N. Soni
Company Secretary



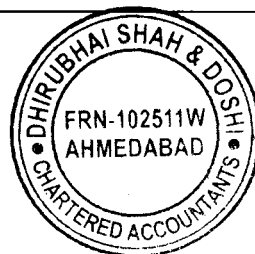
Pankaj R. Patel
Chairman



Elkana N. Ezekiel
Managing Director



| ZYDUS WELLNESS LIMITED | | | | | | | | |
|---|---|---|---|---|---|--|--|--|
| Cash Flow Statement for the year ended March 31, 2014 | | | | | | | | |
| Particulars | INR - Lacs | | | | | | | |
| | Year ended March 31 | | | | | | | |
| | 2014 | 2013 | | | | | | |
| A Cash flows from operating activities: | | | | | | | | |
| Net profit before taxation and extraordinary items | 9,060 | 9,928 | | | | | | |
| Adjustments for: | | | | | | | | |
| Depreciation, Amortisation and Impairment | 243 | 237 | | | | | | |
| Loss on sale of assets [Net] | 1 | 2 | | | | | | |
| Interest income | (1,168) | (1,363) | | | | | | |
| Interest expenses | 4 | 5 | | | | | | |
| Provisions for employee benefits | (2) | 5 | | | | | | |
| Provisions for probable product expiry claims and return of goods | (15) | 0 | | | | | | |
| Total | (937) | (1,114) | | | | | | |
| Operating profit before working capital changes | 8,123 | 8,814 | | | | | | |
| Adjustments for: | | | | | | | | |
| Decrease/ [Increase] in trade receivables | 41 | (32) | | | | | | |
| Decrease/ [Increase] in inventories | 210 | (69) | | | | | | |
| Decrease in short term advances | 26 | 99 | | | | | | |
| [Increase]/ Decrease in long term advances | (14) | 24 | | | | | | |
| Decrease in other current assets | 1 | 15 | | | | | | |
| Decrease in trade payables | (176) | (893) | | | | | | |
| Increase/ [Decrease] in other current liabilities | 79 | (35) | | | | | | |
| Increase/ [Decrease] in other long term liabilities | 0 | (22) | | | | | | |
| Total | 167 | (913) | | | | | | |
| Cash generated from operations | 8,290 | 7,901 | | | | | | |
| Direct taxes paid [Net of refunds] | 469 | (207) | | | | | | |
| Net cash from operating activities | 8,759 | 7,694 | | | | | | |
| B Cash flows from investing activities: | | | | | | | | |
| Purchase of fixed assets | (420) | (105) | | | | | | |
| Proceeds from sale of fixed assets | 4 | 19 | | | | | | |
| Purchase of current investments | (4,992) | (4,803) | | | | | | |
| Interest received | 1,164 | 1,362 | | | | | | |
| Net cash from investing activities | (4,244) | (3,527) | | | | | | |
| C Cash flows from financing activities: | | | | | | | | |
| Interest paid | (4) | (5) | | | | | | |
| Dividends paid | (2,334) | (1,947) | | | | | | |
| Tax on dividends paid | (399) | (317) | | | | | | |
| Net cash used in financing activities | (2,737) | (2,269) | | | | | | |
| Net increase in cash and cash equivalents | 1,778 | 1,898 | | | | | | |
| Cash and cash equivalents at the beginning of the year | 14,615 | 12,717 | | | | | | |
| Cash and cash equivalents at the end of the year | 16,393 | 14,615 | | | | | | |
| Notes to the Cash Flow Statement | | | | | | | | |
| 1 All figures in brackets are out flows. | | | | | | | | |
| 2 Previous year's figures have been regrouped wherever necessary. | | | | | | | | |
| 3 Cash and cash equivalents at the end [beginning] of the year includes Rs. 37 [Rs. 27] Lacs not available for immediate use. | | | | | | | | |
| 4 Cash and cash equivalents comprise of: | | | | | | | | |
| | As at March 31 | | | | | | | |
| | 2014 | 2013 | | | | | | |
| a Cash on Hand | 3 | 3 | | | | | | |
| b Balances with Banks | 16,390 | 14,612 | | | | | | |
| c Total | 16,393 | 14,615 | | | | | | |
| <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <p><i>As per our report of even date</i> For Dhirubhai Shah & Doshi, Chartered Accountants Firm Registration Number: 102511W</p> <p><i>Kaushik D. Shah</i> Kaushik D. Shah Partner Membership Number: 016502 Ahmedabad, Dated: May 15, 2014</p> </td> <td style="width: 33%; vertical-align: top;"> <p style="text-align: center;"><i>Amit B. Jain</i> Amit B. Jain Chief Financial Officer</p> </td> <td style="width: 33%; vertical-align: top;"> <p style="text-align: center;"><i>Dhaval N. Soni</i> Dhaval N. Soni Company Secretary</p> </td> </tr> <tr> <td colspan="3" style="text-align: right; vertical-align: top;"> <p style="text-align: center;"><i>For and on behalf of the Board</i></p> <p style="text-align: center;"><i>Pankaj R. Patel</i> Pankaj R. Patel Chairman</p> <p style="text-align: center;"><i>Elkana Ezekiel</i> Elkana N. Ezekiel Managing Director</p> </td> </tr> </table> | | | <p><i>As per our report of even date</i> For Dhirubhai Shah & Doshi, Chartered Accountants Firm Registration Number: 102511W</p> <p><i>Kaushik D. Shah</i> Kaushik D. Shah Partner Membership Number: 016502 Ahmedabad, Dated: May 15, 2014</p> | <p style="text-align: center;"><i>Amit B. Jain</i> Amit B. Jain Chief Financial Officer</p> | <p style="text-align: center;"><i>Dhaval N. Soni</i> Dhaval N. Soni Company Secretary</p> | <p style="text-align: center;"><i>For and on behalf of the Board</i></p> <p style="text-align: center;"><i>Pankaj R. Patel</i> Pankaj R. Patel Chairman</p> <p style="text-align: center;"><i>Elkana Ezekiel</i> Elkana N. Ezekiel Managing Director</p> | | |
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| <p style="text-align: center;"><i>For and on behalf of the Board</i></p> <p style="text-align: center;"><i>Pankaj R. Patel</i> Pankaj R. Patel Chairman</p> <p style="text-align: center;"><i>Elkana Ezekiel</i> Elkana N. Ezekiel Managing Director</p> | | | | | | | | |



ZYDUS WELLNESS LIMITED**I-Company overview:**

Zydus Wellness Limited ["the Company"] was incorporated on November 01, 1994 and operates as an integrated consumer company with business encompassing the entire value chain in the development, production, marketing and distribution of health and wellness products. The product portfolio of the Company includes brands like Sugar free, Everyuth, Nutralite and Actilife. The Company's shares are listed on the National Stock Exchange of India Limited [NSE] and Bombay Stock Exchange Limited [BSE]. The Registered office of the Company is situated at House No. 6 & 7, Sigma Commerce Zone, Near Iscon Temple, Sarkhej-Gandhinagar Highway, Ahmedabad- 380 015.

II-Significant Accounting Policies:**1 Basis of Accounting:**

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accounting 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 pronouncements issued by the Institute of Chartered Accountants of India, to the extent applicable, and with the applicable provisions of the Companies Act, 1956.

2 Use of Estimates:

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

3 Fixed Assets, Depreciation and Amortisation:

- A** Fixed Assets are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are put to use.
- 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** 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.
- E** Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated economic life of ten years.
- F** Leasehold land is amortized over the period of the lease.
- G** Goodwill arising on acquisition of business is assessed at each balance sheet date for any impairment loss.
- H** 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 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.

6 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.

7 Inventories:

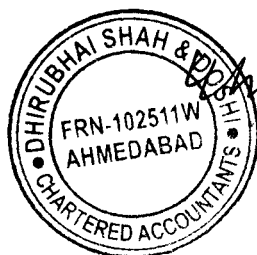
- A** Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.
- B** Cost [Net of Input tax credit availed] of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods and Stock-in-Trade are determined on Moving Average Method.
- C** Cost of Finished Goods and Works-in-Progress are determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads.

8 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** Interest income is recognised on time proportionate method.
- C** Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

9 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 differences either on settlement or on translation is recognised in the statement of Profit and Loss.



II-Significant Accounting Policies-Continued:**10 Employee Benefits:****A Defined Contribution Plans:**

The Company contributes on a defined contribution basis to Employee's Provident Fund and Pension Fund towards post employment benefits, all of which are administered by the respective Government Authorities, and has no further obligation beyond making its contribution, 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 period 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.

11 Taxes on Income:**A Tax expense comprises 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.****12 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.

13 Excise Duty:

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

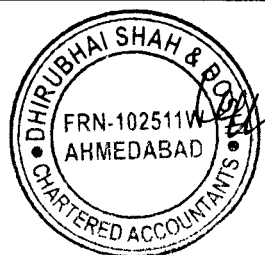
14 Leases:

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.

15 Provisions, Contingent Liabilities and Contingent Assets:

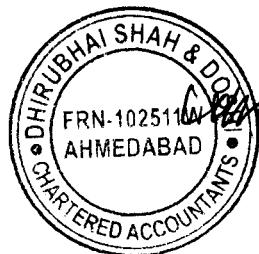
Provision is recognised when the Company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a 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.



ZYDUS WELLNESS LIMITED
Notes to the Financial Statements

| | INR - Lacs | |
|---|-------------------------------------|-----------------------|
| | As at March 31 | |
| | 2014 | 2013 |
| Note: 1 - Share Capital: | | |
| Authorised: | | |
| 4,50,00,000 [as at March 31, 2013: 4,50,00,000] Equity Shares of Rs.10/- each | 4,500 | 4,500 |
| | 4,500 | 4,500 |
| Issued, Subscribed and Paid-up: | | |
| 3,90,72,089 [as at March 31, 2013: 3,90,72,089] Equity Shares of Rs.10/- each fully paid up | 3,907 | 3,907 |
| | 3,907 | 3,907 |
| | | |
| A There is no change in the number of shares as at the beginning and the end of the year. Number of shares at the beginning and at the end of the year | 3,90,72,089 | 3,90,72,089 |
| B The Company has only one class of equity shares having a par value of Rs.10/- 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 Shareholders holding more than 5% of Equity Shares of Rs. 10/- each, fully paid-up: Cadila Healthcare Limited Number of Shares % to total share holding | 2,81,63,755 72.08% | 2,74,43,274 70.24% |
| D Number of Shares held by Holding Company: Cadila Healthcare Limited | 2,81,63,755 | 2,74,43,274 |
| E The Company has issued 3,34,96,989 equity shares of Rs. 10/- each fully paid-up in the ratio of 04:15 pursuant to the Composite Scheme of Arrangement between the Company and Cadila Healthcare Limited, Zydus Hospitals and Medical Research Private Limited, their respective shareholders and creditors approved by Hon'ble High Court of Gujarat at Ahmedabad, vide order dated October 23, 2008 in the year 2008-09. | | |
| Note: 2 - Reserves and Surplus: | | |
| General Reserves: [*] | | |
| Balance as per last Balance Sheet | 3,500 | 2,500 |
| Add: Transfer from Surplus in statement of Profit and Loss | 1,000 | 1,000 |
| | 4,500 | 3,500 |
| Surplus in statement of Profit and Loss: | | |
| Balance as per last Balance Sheet | 18,247 | 12,279 |
| Add: Profit for the year | 9,645 | 9,711 |
| | 27,892 | 21,990 |
| Less: Appropriations: | | |
| Dividends: | | |
| Interim Dividend | 0 | 2,344 |
| Proposed Dividend | 2,344 | 0 |
| Corporate Dividend Tax on Dividend | 399 | 399 |
| | 2,743 | 2,743 |
| Transfer to General Reserve | 1,000 | 1,000 |
| | 3,743 | 3,743 |
| Balance as at the end of the year | 24,149 | 18,247 |
| Total | 28,649 | 21,747 |
| [*] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 1956. | | |



ZYDUS WELLNESS LIMITED
Notes to the Financial Statements

Note: 3 - Deferred Tax:

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

| | INR - Lacs | | | | |
|--|---------------------------|------------------------------------|---------------------------|-----------------------------------|---------------------------|
| | As at March 31 2012 | Charge for the previous year | As at March 31 2013 | Charge for the current year | As at March 31 2014 |
| Deferred Tax Liabilities: | | | | | |
| Depreciation | 238 | 8 | 246 | (8) | 238 |
| Deferred Tax Assets: | | | | | |
| Retirement benefits | 6 | (1) | 5 | (1) | 4 |
| Amalgamation Expenses | 39 | (25) | 14 | (1) | 13 |
| Provision for Expiry | 8 | 0 | 8 | (5) | 3 |
| Total | 53 | (26) | 27 | (7) | 20 |
| Net Deferred Tax Liabilities/ (Assets) | 185 | 34 | 219 | (1) | 218 |

B The Net Deferred Tax Liabilities of Rs. 1 [Previous year : Rs. 34] Lacs for the year has been reversed in the statement of Profit and Loss.

INR - Lacs

As at March 31

| | 2014 | 2013 |
|----------------|-----------|-----------|
| Trade Deposits | 22 | 22 |
| Others | 15 | 15 |
| Total | 37 | 37 |

Note: 4 - Other Long Term Liabilities:

| | INR - Lacs | |
|----------------|-------------------|-----------|
| | 2014 | 2013 |
| Trade Deposits | 22 | 22 |
| Others | 15 | 15 |
| Total | 37 | 37 |

Note: 5 - Long Term Provisions:

| | INR - Lacs | |
|---------------------------------|-------------------|----------|
| | 2014 | 2013 |
| Provision for Employee benefits | 1 | 2 |
| Total | 1 | 2 |

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 the 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 the 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.

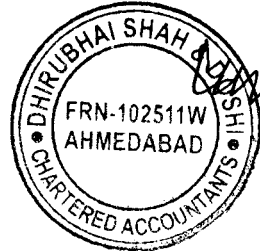
Gratuity [Defined benefit plan]:

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 - Lacs

As at March 31

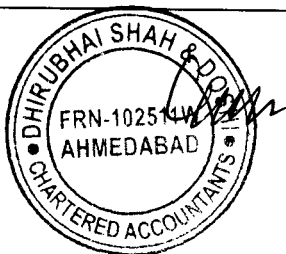
| | 2014 | | | 2013 | | |
|---|------------|-------------|----------|------------|-------------|----------|
| | Med. Leave | Leave Wages | Gratuity | Med. Leave | Leave Wages | Gratuity |
| B Change in the present value of the defined benefit obligation: | | | | | | |
| Opening defined benefit obligation | 1 | 76 | 87 | 1 | 62 | 44 |
| Interest cost | 0 | 5 | 6 | 0 | 5 | 3 |
| Current service cost | 0 | 15 | 16 | 0 | 19 | 16 |
| Benefits paid | 0 | (19) | (21) | 0 | (16) | (10) |
| Actuarial [gains]/ losses on obligation | 0 | 1 | (2) | 0 | 6 | 32 |
| Transfer of liabilities | 0 | 2 | 2 | 0 | 0 | 2 |
| Closing defined benefit obligation | 1 | 80 | 88 | 1 | 76 | 87 |



ZYDUS WELLNESS LIMITED
Notes to the Financial Statements

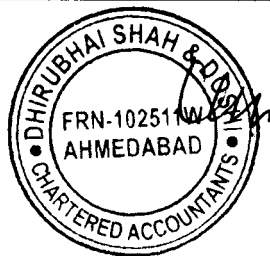
Note: 5 - Long Term Provisions - Continued:

| | INR - Lacs | | | | | |
|---|-----------------------|--------------------|-----------------|-------------------|--------------------|-----------------|
| | As at March 31 | | | | | |
| | 2014 | | | 2013 | | |
| | <u>Med. Leave</u> | <u>Leave Wages</u> | <u>Gratuity</u> | <u>Med. Leave</u> | <u>Leave Wages</u> | <u>Gratuity</u> |
| C Change in the fair value of plan assets: | | | | | | |
| Opening fair value of plan assets | 0 | 91 | 123 | 0 | 83 | 122 |
| Expected return on plan assets | 0 | 8 | 10 | 0 | 8 | 11 |
| Contributions by employer | 0 | 0 | 0 | 0 | 0 | 0 |
| Benefits paid | 0 | 0 | (21) | 0 | 0 | (10) |
| Actuarial gains/ [losses] | 0 | (2) | (3) | 0 | 1 | 0 |
| Closing fair value of plan assets | 0 | 97 | 110 | 0 | 91 | 123 |
| Total actuarial gains/ [losses] to be recognized | <u>0</u> | <u>3</u> | <u>1</u> | <u>0</u> | <u>5</u> | <u>32</u> |
| D Actual return on plan assets: | | | | | | |
| Expected return on plan assets | 0 | 8 | 10 | 0 | 8 | 11 |
| Actuarial gains on plan assets | 0 | (2) | (3) | 0 | 1 | 0 |
| Actual return on plan assets | <u>0</u> | <u>6</u> | <u>7</u> | <u>0</u> | <u>9</u> | <u>11</u> |
| E Amount recognised in the balance sheet: | | | | | | |
| Liabilities at the end of the year | 1 | 80 | 88 | 1 | 76 | 87 |
| Fair value of plan assets at the end of the year | 0 | (97) | (110) | 0 | (91) | (123) |
| Difference | 1 | (17) | (22) | 1 | (15) | (36) |
| Unrecognised past service cost | 0 | 0 | 0 | 0 | 0 | 0 |
| Liabilities/ [Assets] recognised in the Balance Sheet | <u>1</u> | <u>(17)</u> | <u>(22)</u> | <u>1</u> | <u>(15)</u> | <u>(36)</u> |
| F [Incomes]/ Expenses recognised in the Statement of Profit and Loss: | | | | | | |
| Current service cost | 0 | 15 | 16 | 0 | 19 | 16 |
| Interest cost on benefit obligation | 0 | 5 | 6 | 0 | 5 | 3 |
| Expected return on plan assets | 0 | (8) | (10) | 0 | (8) | (11) |
| Net actuarial [gains]/ losses in the year | 0 | 4 | 0 | 0 | 5 | 32 |
| Net [benefits]/ expenses | <u>0</u> | <u>16</u> | <u>12</u> | <u>0</u> | <u>21</u> | <u>40</u> |
| G Movement in net liabilities recognised in Balance Sheet: | | | | | | |
| Opening net liabilities | 2 | (17) | (36) | 1 | (22) | (78) |
| Expenses as above [P & L Charge] | 0 | 16 | 12 | 1 | 21 | 40 |
| Employer's contribution | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer of liabilities | 0 | 2 | 2 | 0 | 0 | 2 |
| Benefits paid | 0 | (19) | 0 | 0 | (16) | 0 |
| Liabilities/ [Assets] recognised in the Balance Sheet | <u>2</u> | <u>(18)</u> | <u>(22)</u> | <u>2</u> | <u>(17)</u> | <u>(36)</u> |
| H Principal actuarial assumptions as at Balance sheet date: | | | | | | |
| Discount rate | 9.10% | 9.10% | 9.10% | 8.20% | 8.20% | 8.20% |
| [The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations] | | | | | | |
| Expected rate of return on plan Assets | 0.00% | 9.25% | 9.25% | 0.00% | 9.25% | 9.25% |
| [The expected rate of return assumed by the Insurance company is generally based on their Investment pattern as stipulated by the Government of India] | | | | | | |
| Annual increase in salary cost | 7.50% | 7.50% | 7.50% | 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% | 100% | 100% | 0.00% | 100.00% | 100.00% |



ZYDUS WELLNESS LIMITED
Notes to the Financial Statements

| | INR - Lacs | |
|---|----------------|--------------|
| | As at March 31 | |
| | 2014 | 2013 |
| Note: 6 - Trade Payables: | | |
| Micro, Small and Medium Enterprises [*] | 19 | 22 |
| Others | 1,281 | 1,500 |
| Total | 1,300 | 1,522 |
| [*] Disclosure in respect of Micro, Small and Medium Enterprises: | | |
| A Principal amount remaining unpaid to any supplier as at the year end | 19 | 22 |
| B Interest due thereon | 0 | 0 |
| 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 [Rs. 0.08 {as at March 31,2013: Rs. 0.01} Lacs] | 0 | 0 |
| 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 period] but without adding the interest specified under the MSMED | 0 | 0 |
| E Amount of interest accrued and remaining unpaid at the end of the accounting period | 0 | 0 |
| F Amount of further interest remaining due and payable in succeeding years | 0 | 0 |
| 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: 7 - Other Current Liabilities: | | |
| Unpaid Dividend [*] | 34 | 24 |
| Advances from Debtors | 87 | 70 |
| Others Payables : | | |
| Provision for Expenses | 194 | 148 |
| Payable to Statutory Authorities | 113 | 91 |
| Others | 29 | 15 |
| Total | 336 | 254 |
| | 457 | 348 |
| [*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund. | | |
| Note: 8 - Short Term Provisions: | | |
| Provision for Employee Benefits | 4 | 6 |
| Others: | | |
| Interim Dividend | 0 | 2,344 |
| Proposed Dividend [Refer Note No. 19] | 2,344 | 0 |
| Corporate Dividend Tax on Dividend | 399 | 399 |
| Provision for taxation | 5 | 5 |
| Provision for claims for product expiry and return of goods [*] | 9 | 23 |
| | 2,757 | 2,771 |
| Total | 2,761 | 2,771 |
| [*] 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: | | |
| a Carrying amount at the beginning of the year | 23 | 23 |
| b Additional provision made during the year | 9 | 23 |
| c Amount used | 23 | 23 |
| d Carrying amount at the end of the year | 9 | 23 |



ZYDUS WELLNESS LIMITED
Notes to the Financial Statements

Note: 9-Fixed Assets:

| INR - Lacs | | | | | | | | |
|-------------------------------------|---------------|----------------|-----------|----------------------|------------------------|----------|-------------------|--------------|
| A Tangible Assets: | Freehold Land | Leasehold Land | Buildings | Plant and Equipments | Furniture and Fixtures | Vehicles | Office Equipments | Total |
| Gross Block: | | | | | | | | |
| As at March 31, 2012 | 586 | 3 | 505 | 2,722 | 15 | 79 | 75 | 3,985 |
| Additions | 0 | 0 | 3 | 98 | 10 | 7 | 1 | 119 |
| Disposals | 0 | 0 | 0 | (27) | 0 | (6) | 0 | (33) |
| As at March 31, 2013 | 586 | 3 | 508 | 2,793 | 25 | 80 | 76 | 4,071 |
| Additions | 0 | 0 | 0 | 175 | 201 | 11 | 31 | 418 |
| Disposals | 0 | 0 | 0 | (7) | 0 | (6) | 0 | (13) |
| As at March 31, 2014 | 586 | 3 | 508 | 2,961 | 226 | 85 | 107 | 4,476 |
| Depreciation and Impairment: | | | | | | | | |
| As at March 31, 2012 | 0 | 3 | 102 | 815 | 9 | 9 | 59 | 997 |
| Depreciation for the year | 0 | 0 | 17 | 208 | 1 | 8 | 1 | 235 |
| Impairment for the year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | (11) | 0 | (1) | 0 | (12) |
| As at March 31, 2013 | 0 | 3 | 119 | 1,012 | 10 | 16 | 60 | 1,220 |
| Depreciation for the year | 0 | 0 | 17 | 200 | 14 | 8 | 2 | 241 |
| Impairment for the year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | (6) | 0 | (1) | 0 | (7) |
| As at March 31, 2014 | 0 | 3 | 136 | 1,206 | 24 | 23 | 62 | 1,454 |
| Net Block: | | | | | | | | |
| As at March 31, 2013 | 586 | 0 | 389 | 1,781 | 15 | 64 | 16 | 2,851 |
| As at March 31, 2014 | 586 | 0 | 372 | 1,755 | 202 | 62 | 45 | 3,022 |

B Intangible Assets:

| | Computer Software | Goodwill | Trademarks | Technical Know-how | Commercial Rights | Total |
|-------------------------------------|-------------------|----------|------------|--------------------|-------------------|--------------|
| Gross Block: | | | | | | |
| As at March 31, 2012 | 0 | 2,282 | 5 | 2 | 10 | 2,299 |
| Additions | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| As at March 31, 2013 | 0 | 2,282 | 5 | 2 | 10 | 2,299 |
| Additions | 6 | 0 | 0 | 0 | 0 | 6 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| As at March 31, 2014 | 6 | 2,282 | 5 | 2 | 10 | 2,305 |
| Amortisation and Impairment: | | | | | | |
| As at March 31, 2012 | 0 | 0 | 3 | 1 | 6 | 10 |
| Amortisation for the year | 0 | 0 | 1 | 0 | 1 | 2 |
| Impairment for the year | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| As at March 31, 2013 | 0 | 0 | 4 | 1 | 7 | 12 |
| Amortisation for the year | 1 | 0 | 0 | 0 | 1 | 2 |
| Impairment for the year | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| As at March 31, 2014 | 1 | 0 | 4 | 1 | 8 | 14 |
| Net Block: | | | | | | |
| As at March 31, 2013 | 0 | 2,282 | 1 | 1 | 3 | 2,287 |
| As at March 31, 2014 | 5 | 2,282 | 1 | 1 | 2 | 2,291 |

INR - Lacs

As at March 31

| 2014 | 2013 |
|------|------|
|------|------|

Note: 10 - Non-Current Investments:

Investment in the Fixed Capital of a Partnership Firm [*]

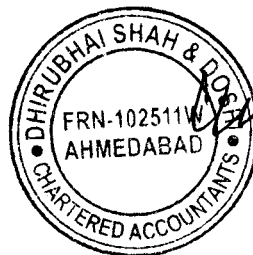
| | |
|------------|-----|
| 245 | 245 |
| 245 | 245 |

[*] The Company is a partner in M/s Zydus Wellness - Sikkim, relevant details of which are as under:

| | | |
|--|---------------|-------|
| Fixed Capital | 250 | 250 |
| Current Capital | 14,786 | 9,608 |
| Total Capital of the Firm | 15,036 | 9,858 |
| Name of Partners and their Profit Sharing Ratio: | | |
| Zydus Wellness Limited | 98% | 98% |
| Zydus Wellness Staff Welfare Trust | 2% | 2% |



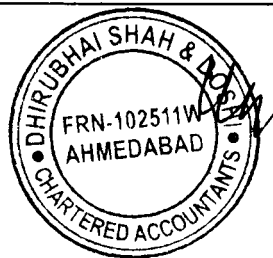
| ZYDUS WELLNESS LIMITED | | |
|--|-----------------------|---------------|
| Notes to the Financial Statements | | |
| | INR - Lacs | |
| | As at March 31 | |
| | 2014 | 2013 |
| Note: 11 - Long Term Loans and Advances: | | |
| [Unsecured, Considered Good] | | |
| Capital Advances | 0 | 1 |
| Other Deposits | 69 | 53 |
| Other Loans and Advances: | | |
| Advance payment of Tax [Net of provision for tax of Rs. 6,017 {as at March 31, 2013:Rs. 6,601} Lacs] | 346 | 232 |
| Advances recoverable in cash or in kind or for value to be received | 59 | 58 |
| Total | 405 | 290 |
| | 474 | 344 |
| Note: 12-Current Investment: | | |
| Trade Investment: | | |
| Investment in Current Capital of a Partnership Firm [Refer Note:10{*}] | 14,320 | 9,328 |
| Total | 14,320 | 9,328 |
| Note: 13 - Inventories: | | |
| [The Inventory is valued at lower of cost and net realisable value] | | |
| Classification of Inventories: | | |
| Raw Materials | 116 | 70 |
| Finished Goods | 205 | 359 |
| Stock-in-Trade | 76 | 172 |
| Packing Materials | 66 | 71 |
| Stores & Spares | 0 | 2 |
| Total | 463 | 674 |
| The above includes Goods in transit as under: | | |
| Stock-in-Trade | 2 | 28 |
| Finished Goods | 13 | 25 |
| Note: 14 - Trade Receivables: | | |
| [Unsecured, Considered good] | | |
| Outstanding for a period exceeding six months from the date they are due for payment [Rs. 0.35 { as at March 31,2013: Rs. 0.06} Lacs] | 0 | 0 |
| Others | 23 | 46 |
| Total | 23 | 46 |
| Note: 15 - Cash and Bank Balances: | | |
| Balances with Banks [*] | 16,390 | 14,612 |
| Cash on Hand | 3 | 3 |
| Total | 16,393 | 14,615 |
| [*] A Earmarked balances with banks: | | |
| i Balances in unclaimed dividend accounts | 34 | 24 |
| ii Balances with the Scheduled/ Nationalised banks to the extent held as margin money deposits against guarantees | 2 | 2 |
| B Bank deposits with maturity of more than 12 months | 1 | 1 |
| C Company keeps Fixed Deposits with the Nationalised/ Scheduled Banks, which can be withdrawn by the Company as per its own discretion/ requirement of funds | | |



| ZYDUS WELLNESS LIMITED | | |
|---|-----------------------|-------------|
| Notes to the Financial Statements | | |
| | INR - Lacs | |
| | As at March 31 | |
| | 2014 | 2013 |
| Note: 16 - Short Term Loans and Advances: | | |
| [Unsecured, Considered Good] | | |
| Others: | | |
| Balances with Statutory Authorities | 27 | 30 |
| Advances to Suppliers | 0 | 46 |
| Advances recoverable in cash or in kind or for value to be received | 57 | 80 |
| Total | 84 | 156 |
| Note: 17 - Other Current Assets: | | |
| [Unsecured, Considered Good] | | |
| Interest Receivable | 6 | 3 |
| Others | 9 | 10 |
| Total | 15 | 13 |
| Note: 18 - Contingent Liabilities and commitment [to the extent not provided for]: | | |
| A Contingent Liabilities: | | |
| a Claims against the Company not acknowledged as debts | 20 | 20 |
| b In respect of guarantees given by Banks and/ or counter guarantees given by the Company | 2 | 2 |
| c Other money for which the Company is contingently liable: | | |
| i In respect of Sales Tax matters pending before appellate authorities | 88 | 119 |
| ii In respect of Income Tax matters pending before appellate authorities | 193 | 4 |
| B Commitments: | | |
| a Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances] | 23 | 13 |
| Note : 19 - Dividend proposed to be distributed: | | |
| The Board of Directors, at its meeting held on May 15, 2014, recommended the final dividend of Rs. 6/- per equity share of Rs. 10/- each. | | |



| ZYDUS WELLNESS LIMITED | | |
|--|----------------------------|-------------|
| Notes to the Financial Statements | | |
| | INR - Lacs | |
| | Year ended March 31 | |
| | 2014 | 2013 |
| Note: 20 - Other Operating Revenues: | | |
| Share of Profit from a Partnership Firm | 9,105 | 9,399 |
| Net Gain on foreign currency transactions and translation | 0 | 6 |
| Miscellaneous Income | 34 | 26 |
| Total | 9,139 | 9,431 |
| Note: 21 - Other Income: | | |
| Interest Income [Gross] | | |
| From Fixed Deposits with Banks | 1,142 | 1,362 |
| Others | 26 | 1 |
| | 1,168 | 1,363 |
| Gain on sale of Mutual Fund Investments | 1 | 26 |
| Total | 1,169 | 1,389 |
| Note: 22 - Cost of Materials Consumed: | | |
| Raw Materials [*]: | | |
| Stock at commencement | 70 | 50 |
| Add: Purchases | 4,385 | 4,892 |
| | 4,455 | 4,942 |
| Less: Stock at close | 116 | 70 |
| | 4,339 | 4,872 |
| Packing Materials consumed | 838 | 857 |
| Total | 5,177 | 5,729 |
| [*] Details of Consumption of major items of raw materials are as under: | | |
| Refined Palm Oil | 3,119 | 3,651 |
| Palm Kernel Oil | 539 | 626 |
| Skimmed Milk Powder | 198 | 167 |
| Note: 23 - Purchases of Stock-in-Trade: | | |
| Purchases of Stock-in-Trade | 461 | 727 |
| Total | 461 | 727 |
| Note: 24 - Changes in Inventories: | | |
| Stock at commencement: | | |
| Finished Goods | 359 | 200 |
| Stock-in-Trade | 172 | 310 |
| | 531 | 510 |
| Less : Stock at close: | | |
| Finished Goods | 205 | 359 |
| Stock-in-Trade | 76 | 172 |
| | 281 | 531 |
| | 250 | (21) |
| Differential Excise Duty on Opening and Closing stock of Finished Goods | (5) | 14 |
| Total | 245 | (7) |
| Note: 25 - Employee Benefits Expense: | | |
| Salaries and wages | 1,202 | 1,088 |
| Contribution to provident and other funds | 60 | 77 |
| Staff welfare expenses | 33 | 31 |
| Total | 1,295 | 1,196 |



| ZYDUS WELLNESS LIMITED | | |
|--|----------------------------|--------------|
| Notes to the Financial Statements | | |
| | INR - Lacs | |
| | Year ended March 31 | |
| | 2014 | 2013 |
| Note: 26 - Other Expenses: | | |
| Consumption of Stores and spare parts | 39 | 35 |
| Power & fuel | 130 | 126 |
| Rent [*] | 215 | 149 |
| Repairs to Buildings | 97 | 5 |
| Repairs to Plant and Machinery | 24 | 27 |
| Repairs to Others | 19 | 32 |
| Insurance | 18 | 19 |
| Rates and Taxes | 34 | 16 |
| Managing Director's Remuneration | 184 | 179 |
| Commission to Directors | 14 | 12 |
| Traveling Expenses | 133 | 121 |
| Legal and Professional Fees | 307 | 102 |
| Commission on sales | 383 | 392 |
| Freight and forwarding on sales | 513 | 551 |
| Advertisements & Sales Promotion | 1,042 | 1,154 |
| Representative Allowances | 87 | 100 |
| Other Marketing Expenses | 1,382 | 1,307 |
| Directors' fees | 9 | 9 |
| Net Loss on disposal of fixed assets [Net of gain of Rs. Nil {Previous year: Rs. 2.26} Lacs] | 1 | 2 |
| Donations [**] | 10 | 175 |
| Interest to Others | 1 | 2 |
| Bank commission & charges | 3 | 3 |
| Miscellaneous Expenses [***] | 368 | 362 |
| Total | 5,013 | 4,880 |
| [*] The Company has taken various residential/ office premises/ godowns under operating lease or leave and license agreement with no restrictions and are renewable/ cancellable at the option of either of the parties. There are no sub-leases. The lease payments recognised under "Rent Expenses" are: | 101 | 55 |
| [**] Donations include political donation to Bharatiya Janata Party pursuant to Section 293 A of the Companies Act, 1956 | 0 | 100 |
| [***] Miscellaneous Expenses include payment to the auditors [Including Service Tax]: | | |
| a As Auditor | 6 | 5 |
| b For taxation matters | 1 | 1 |
| c For Other Services [Rs. Nil {Previous year : Rs. 0.19} Lacs] | 0 | 0 |
| d For reimbursement of Expenses [Rs. 0.05 {Previous year: Rs.0.33} Lacs] | 0 | 0 |
| e Total | 7 | 6 |



| ZYDUS WELLNESS LIMITED | | | | |
|--|--|----------------------------|----------------------------|-------------------|
| Notes to the Financial Statements | | | | |
| | | | INR - Lacs | |
| | | | Year ended March 31 | |
| | | | 2014 | 2013 |
| Note: 27 - 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 - Lacs | 9,645 | 9,711 |
| B | Basic and weighted average number of Equity shares outstanding during the year | Numbers | 39,072,089 | 39,072,089 |
| C | Nominal value of equity share | INR | 10 | 10 |
| D | Basic & Diluted EPS | INR | 24.69 | 24.85 |
| Note: 28 - Value of Imports calculated on CIF basis: | | | | |
| Stores & Spares | | | 18 | 19 |
| Capital goods | | | 33 | 0 |
| Note: 29 - Expenditure in Foreign Currency: | | | | |
| Traveling | | | 1 | 2 |
| Legal and Professional Fees | | | 7 | 0 |
| Note: 30 - Earnings in Foreign Exchange: | | | | |
| Export of goods calculated on F.O.B. basis | | | 3 | 2 |
| Note: 31 - Remittances made on account of dividend in Foreign currency: | | | | |
| Remittances made on account of dividend in foreign currency | | | INR - Lacs | 4 |
| Numbers of Non Resident Shareholders | | | 4 | 4 |
| Number of shares held by the Non Resident Shareholders | | | 66,535 | 66,535 |
| Year to which dividend relates: | | | 2012-13 | 2011-12 |
| Note: 32 - Raw Materials and Spare parts consumed: | | | | |
| | | Year ended March 31 | | |
| | | 2014 | 2013 | |
| | | INR - Lacs | % to Total | INR - Lacs |
| | | Total | | |
| Value of Raw Materials Consumed: | | | | |
| Imported | | 0 | 0 | 0 |
| Indigenous | | 4,339 | 100 | 4,872 |
| Total | | 4,339 | 100 | 4,872 |
| Value of Spare parts Consumed: | | | | |
| Imported | | 18 | 45 | 19 |
| Indigenous | | 21 | 55 | 16 |
| Total | | 39 | 100 | 35 |
| Note: 33 - Segment Information: | | | | |
| The Company operates in one segment only, namely "Consumer Products." The Company also exports its products to other countries. However the value being below threshold limit prescribed under Accounting Standard [AS]-17-"Segment Reporting", the reporting is not required. | | | | |



ZYDUS WELLNESS LIMITED
Notes to the Financial Statements

Note: 34 - Related Party Transactions:

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

- a Holding Company:** Cadila Healthcare Limited
b Partnership Firm: M/s. Zydus Wellness - Sikkim
c Fellow Subsidiaries/ Concerns:
 Dialforhealth India Limited
 Dialforhealth Unity Limited
 Dialforhealth Greencross Limited
 German Remedies Limited
 Liva Pharmaceuticals Limited
 Zydus Technologies Limited
 Biochem Pharmaceutical Industries Limited
 M/s. Zydus Healthcare, a Partnership Firm
 Zydus Lanka (Private) Limited [Sri Lanka]
 Zydus Healthcare Philippines Inc. [Philippines]
 Zydus International Private Limited [Ireland]
 Zydus Netherlands B.V. [the Netherlands]
 ZAHL B.V. [the Netherlands]
 ZAHL Europe B.V. [the Netherlands]
 Bremer Pharma GmbH [Germany]
 Etna Biotach S.R.L. [Italy]

- Zydus Pharmaceuticals (USA) Inc. [USA]
 Neshor Pharmaceuticals (USA) LLC [USA]
 Zydus Healthcare (USA) LLC [USA]
 Zydus Noveltech Inc. [USA]
 Hercon Pharmaceuticals LLC [USA]
 Zydus Healthcare S.A. (Pty) Ltd [South Africa]
 Simayla Pharmaceuticals (Pty) Ltd [South Africa]
 Script Management Services (Pty) Ltd [South Africa]
 Zydus France, SAS [France]
 Zydus Nikkho Farmaceutica Ltda. [Brazil]
 Zydus Pharma Japan Co. Ltd. [Japan]
 Laboratorios Combix S.L. [Spain]
 Zydus Pharmaceuticals Mexico SA De CV [Mexico]
 Zydus Pharmaceuticals Mexico Services Company SA De C.V. [Mexico]

- d Key Managerial Personnel:**
 Mr. Elkana Ezekiel - Managing Director

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 34 - A [a, b & c]

| Nature of Transactions | INR - Lacs | | | |
|--|---------------------|---|-------|-------|
| | Holding Company | Partnership Firm/ Fellow Subsidiaries/ Concerns | | |
| | Year ended March 31 | | | |
| | 2014 | 2013 | 2014 | 2013 |
| Purchases: | | | | |
| Goods: | | | | |
| Dialforhealth India Limited | | | 0 | 28 |
| Fixed Assets: | | | | |
| Cadila Healthcare Limited | 3 | 0 | | |
| Services: | | | | |
| Cadila Healthcare Limited | 11 | 17 | | |
| Reimbursement of Expenses: | | | | |
| Cadila Healthcare Limited | 1 | 2 | | |
| Sales: | | | | |
| Goods: | | | | |
| Cadila Healthcare Limited | 1 | 5 | | |
| M/s. Zydus Healthcare, a Partnership Firm | | | 27 | 0 |
| Reimbursement of Expenses: | | | | |
| Cadila Healthcare Limited | 4 | 5 | | |
| Investments: | | | | |
| Capital Contribution in a Partnership Firm [Including retained Share of Profit] M/s Zydus Wellness - Sikkim | | | 4,992 | 4,802 |
| Dividend Paid: | | | | |
| Cadila Healthcare Limited | 1,690 | 1,408 | | |

- b** Details relating to person referred to in item 34 - A [d] above :

| Remuneration: | INR - Lacs | |
|--|---------------------|------|
| | Year ended March 31 | |
| | 2014 | 2013 |
| Mr. Elkana Ezekiel - Managing Director | 184 | 179 |



ZYDUS WELLNESS LIMITED
Notes to the Financial Statements

Note: 35 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 35 to the Financial Statements

As per our report of even date
For Dhirubhai Shah & Doshi,
Chartered Accountants
Firm Registration Number: 102511W



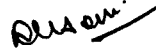
Kaushik D. Shah
Partner

Membership Number: 016502

Ahmedabad, Dated: May 15, 2014



Amit B. Jain
Chief Financial Officer




Dhaval N. Soni
Company Secretary

For and on behalf of the Board



Pankaj R. Patel
Chairman



Elkana N. Ezekiel
Managing Director

