

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DIALFORHEALTH INDIA LIMITED**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

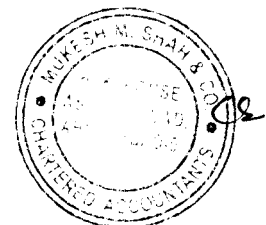
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards referred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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

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

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

Report on Other Legal and Regulatory Requirements

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

For MUKESH M. SHAH & CO.

Chartered Accountants

Firm Registration No.: 106625W

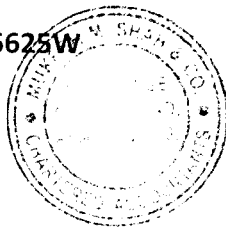
C S Shah
CHANDRESH S. SHAH

Partner

Membership No.: 042132

Place: Ahmedabad

Date: *May 12, 2014*



**Annexure referred to in the Independent Auditors' Report of even date to the members of
DIALFORHEALTH INDIA LIMITED for the year ended 31st March, 2014.**

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

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. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) There are no disposals of fixed assets during the year.
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.

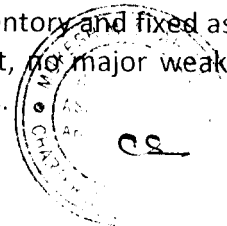
(b) In our opinion, the procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the company and the nature of its business.

(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. (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Consequently, requirements of clauses (iii.b) (iii.c) and (iii.d) of paragraph 4 of the Order are not applicable.

(b) The Company has taken an unsecured interest free loan from its holding company.

(c) In our opinion, the terms and conditions are prima facie, not prejudicial to the interest of the Company.

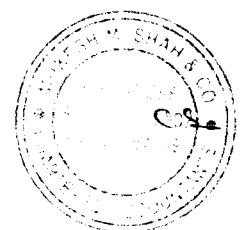
(d) There is no stipulation about the repayment of the said loan hence, there are no amount which is overdue as at the year end.
4. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.



5. (a) In our opinion, and according to the information and explanations given to us, the particulars of all contracts or arrangements that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956, have been so entered.

(b) In our opinion and according to the information and explanations given to us. The transactions exceeding rupees five lakhs each have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the Public within the meaning of the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Further, we are informed that no order has been passed by the Company Law Board.
7. The Company has an internal audit system which, in our opinion is commensurate with its size and the nature of its business.
8. In absence of any manufacturing activities carried out by the Company, the requirement of maintenance of cost records under the provisions of section 209(1) (d) of the Companies Act, 1956 are not applicable to the Company during the year under audit.
9. (a) The Company is generally regular in depositing the 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 other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

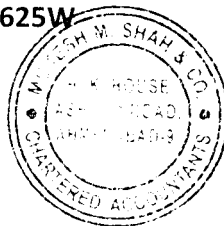
(b) There are no dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute.
10. The accumulated losses at the end of the financial year has not exceeded fifty per cent of the net worth of the Company and it has incurred cash losses in the financial year and also in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to any banks during the year. The Company did not have any outstanding debentures or dues payable to financial institutions at any time during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/ nidhi/ mutual benefit fund/ society.



14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by any other companies; hence question of reporting under clause 4(xv) of the order does not arise.
16. The Company has not availed any term loans during the year, hence, question of reporting under clause 4(xvi) of the order does not arise.
17. According to the information and explanations given to us and on an overall examination of the Cash Flow Statement and other records examined by us, we report that no funds raised on short term basis have prima facie, been used during the year for long term investment.
18. The company has made allotment of preference shares to its holding Company during the year. In our opinion the price at which shares have been issued is not prejudicial to the interest of the company.
19. The Company has neither issued nor had any outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. To the best of our knowledge and based on information and explanations received from the management, no fraud on or by the Company has been noticed or reported during the period covered by our audit.

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

C S Shah
Chandresh S. Shah
Partner
Membership No.: 042132
Place: Ahmedabad
Date: *May 12, 2014*



Dialforhealth India Limited
Balance Sheet as at March 31, 2014

Particulars	Note No.	INR - Thousands	
		As at March 31	
		2014	2013
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	250,000	50,000
Reserves and Surplus	2	(88,937)	(94,168)
		161,063	(44,168)
Non-Current Liabilities:			
Long Term Borrowings	3	132,176	130,676
Other Long Term Liabilities	4	356	356
Long Term Provisions	5	1,023	1,104
		133,555	132,136
Current Liabilities:			
Trade Payables	6	6,333	561
Other Current Liabilities	7	1,505	974
Short Term Provisions	8	87	138
		7,925	1,673
Total		302,543	89,641
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	9	10,485	11,795
Non Current Investments	10	2,775	2,775
Long Term Loans and Advances	11	206,212	5,601
		219,472	20,171
Current Assets:			
Inventories	12	75,741	62,962
Trade Receivables	13	287	-
Cash and Bank Balances	14	6,340	5,867
Short Term Loans and Advances	15	669	613
Other Current Assets	16	34	28
		83,071	69,470
Total		302,543	89,641
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 34		

As per our report of even date

For Mukesh M. Shah & Co.

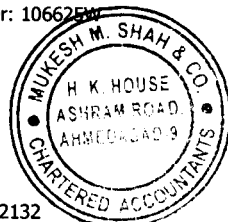
Chartered Accountants

Firm Registration Number: 106625W

Chandresh S. Shah
Chandresh S. Shah
Partner

Membership Number: 042132

Ahmedabad, Dated: *May 12, 2014*



Jayesh K. Patel
Jayesh K. Patel
Chief Financial Officer

Urvi A. Kadakia
Urvi A. Kadakia
Company Secretary

For and on behalf of the Board

Sharvil P. Patel
Sharvil P. Patel
Chairman

V. K. Sharma
V. K. Sharma
Director - Operation

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

Particulars	Note No.	INR - Thousands	
		Year ended March 31	
		2014	2013
REVENUE:			
Revenue from Operations:			
Sale of Products	18	116,567	169,289
Sale of Services		-	8,453
Other Operating Revenues		1,504	1,173
Revenue from Operations		118,071	178,915
Other Income	19	17,552	-
Total Revenue		135,623	178,915
EXPENSES:			
Purchases of Stock-in-Trade	20	112,337	153,043
Changes in Inventories of Stock-in-Trade	21	(12,779)	(9,411)
Employee Benefits Expenses	22	11,141	10,126
Finance Cost	23	283	238
Depreciation and Amortisation expenses	9	1,761	1,737
Other Expenses	24	17,649	13,736
Total Expenses		130,392	169,469
Profit before Tax		5,231	9,446
Less: Tax Expense:			
Deferred Tax	33	-	-
Profit for the year		5,231	9,446
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	25	1.05	1.89
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 34		

As per our report of even date

For Mukesh M. Shah & Co.

Chartered Accountants

Firm Registration Number: 106625W

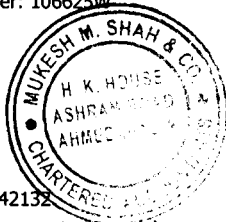
Chandresh S. Shah

Chandresh S. Shah

Partner

Membership Number: 042132

Ahmedabad, Dated: **May 13, 2014**



Jayesh K. Patel

Jayesh K. Patel
Chief Financial Officer

Urvashi A. Kadakia

Urvashi A. Kadakia
Company Secretary

For and on behalf of the Board

Sharvil A. Patel

Sharvil A. Patel

Chairman

V. K. Sharma

V. K. Sharma
Director - Operation

Dialforhealth India Limited
Cash Flow Statement for the year ended March 31, 2014

Particulars	INR-Thousand	
	Year ended March 31	
	2014	2013
A Cash flows from operating activities:		
Profit before Tax	5,231	9,446
Adjustments for:		
Depreciation	1,761	1,737
Interest Income	(17,552)	-
Loss on sale of assets	8	24
Provisions for employee benefits	(132)	331
Total	(15,915)	2,092
Operating profit before working capital changes	(10,684)	11,538
Adjustments for:		
Increase in inventories	(12,779)	(9,411)
[Increase]/ Decrease in short term advances	(56)	246
[Increase]/ Decrease in long term advances	(182)	478
[Increase]/ Decrease in other current assets	(6)	46
Increase in other trade receivables	(287)	-
Increase/ [Decrease] in trade payables	5,772	(297)
Increase/ [Decrease] in other current liabilities	531	(545)
Total	(7,007)	(9,483)
Cash generated from operations	(17,691)	2,055
Direct taxes paid [Net of refunds]	(429)	(236)
Net cash from operating activities	(18,120)	1,819
B Cash flows from investing activities:		
Interest Income	17,552	-
Issue of long term advances	(200,000)	-
Purchase of fixed assets	(459)	(83)
Net cash from investing activities	(182,907)	(83)
C Cash flows from financing activities:		
Issue of Preference Share Capital	200,000	-
Proceeds from Long Term Borrowings	1,500	-
Net cash from financing activities	201,500	-
Net increase in cash and cash equivalents	473	1,736
Cash and cash equivalents at the beginning of the year	5,867	4,131
Cash and cash equivalents at the end of the year	6,340	5,867

Notes to the Cash Flow Statement

- All figures in brackets are outflows.
- Previous year figures have been regrouped wherever necessary.
- Cash and cash equivalents at the end [beginning] of the year includes Rs. Nil [Rs. Nil] not available for immediate use.

As per our report of even date

For Mukesh M. Shah & Co.

Chartered Accountants

Firm Registration Number: 106625W

For and on behalf of the Board

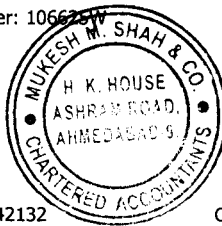
C S Shah

Chandresh S. Shah

Partner

Membership Number: 042132

Ahmedabad, Dated: May 12, 2014



Jayesh K. Patel

Jayesh K. Patel
Chief Financial Officer

Urvi A. Kadakia

Urvi A. Kadakia
Company Secretary

Sharvil P. Patel

Sharvil P. Patel

Chairman

V.K. Sharma

V.K. Sharma
Director - Operation

Dialforhealth India Limited

I-Company Overview:

Dialforhealth India Limited [the Company] was incorporated on March 6, 2000. The company's registered office is situated at Zydus Tower, Satellite Cross Roads, Ahmedabad. The principal business of the company is to run retail pharmacy stores across India. The Company's shares are held by Cadila Healthcare limited and its nominees [Holding Company].

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 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 reporting period while actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3 Fixed Assets and Depreciation:

- 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** Software development expenses are written off over a period of five years.
- D** Depreciation on additions/ disposals of the fixed assets during the reporting period is provided on pro-rata basis according to the period during which assets are put to use.
- E** Where the actual cost of purchase of an asset is below Rs. 10,000/-, the depreciation is provided @ 100%.

4 Borrowing Costs:

- A** Borrowing costs that are directly attributable to the acquisition/ constructions 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 period in which they are incurred.

5 Expenditure during construction period:

The expenditure incurred for/ incidental to the establishment of retail shops are shown under "Pre operative and project expenses pending allocation". The said expenditure are allocated to fixed assets upon commencement of operation by the respective retail shop.

6 Investments:

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

7 Inventories:

Trading Goods are valued at lower of cost [Net of Input tax credit availed] and net realisable value.

8 Revenue Recognition:

- A** Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have been passed on to the buyer.
- B** Service income is recognised as per the terms of the contract with the customers when the related services are performed or the agreed milestone are achieved and are net of service tax wherever applicable.
- C** Interest income is recognised on time proportionate method.
- D** Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

9 Employee Benefits:

A Defined Contribution Plans:

The Company contributes on a defined contribution basis to Employees' Provident 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 period to which it pertains.

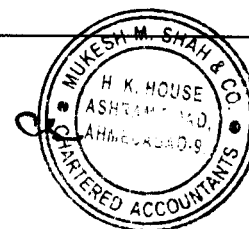
B Defined Benefit Plans:

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 reporting period 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 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 reporting period is recognised [net of the fair value of plan asset 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.



II - Significant Accounting Policies-Continued:**10 Provision for Bad and Doubtful Debts/ Advances:**

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

11 Taxes on Income:

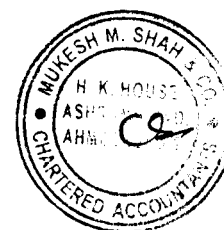
- A** Tax expenses comprise of current and deferred tax.
- B** Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961.
- C** Deferred tax reflects the impact of current reporting period timing differences between accounting and taxable income and reversal of timing differences of earlier reporting periods. 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 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 on a straight line basis over the lease term.

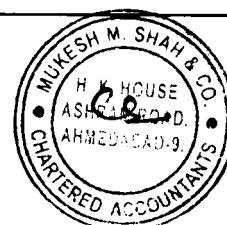
13 Provisions, Contingent Liabilities and Contingent Assets:

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.



Dialforhealth India Limited
Notes to the Financial Statements

	INR - Thousands	
	As at March 31	
	2014	2013
Note: 1-Share Capital:		
Authorised:		
5,000,000 [as at March 31, 2013: 5,000,000] Equity Shares of Rs.10/- each	50,000	50,000
2,000,000 [as at March 31, 2013: Nil] 5% Non-cumulative Redeemable Preference Shares of Rs.100/- each	200,000	-
	250,000	50,000
Issued, Subscribed and Paid-up:		
5,000,000 [as at March 31, 2013: 5,000,000] Equity Shares of Rs.10/- each, fully paid-up	50,000	50,000
2,000,000 [as at March 31, 2013: Nil] 5% Non-cumulative Redeemable Preference Shares of Rs.100/- each	200,000	-
Total	250,000	50,000
A There is no change in the number of equity shares as at the beginning and end of the year. Number of equity shares at the beginning and at the end of year	5,000,000	5,000,000
B The reconciliation of the number of Preference Shares outstanding is as under: Number of shares at the beginning Add: Shares issued during the year Number of shares at the end	 - 2,000,000 2,000,000	 - - -
C The Company has equity shares and preference shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.		
D All Preference shares are redeemable on completion of fifth year from the respective date of its issue, May 17, 2013 for 1,500,000 shares and August 1, 2013 for 500,000 shares.		
E The Preference shares shall carry a preferential right with respect to dividend on the paid up capital in the event of distribution of profits by the company. In case of winding up of the Company, preference shareholders shall be entitled to rank as regards repayment of capital and dividend up to the commencement of winding up, in priority to equity shares.		
F All Equity shares of Rs. 10/- each, fully paid held by Holding Company, Cadila Healthcare Ltd. and its nominees Number of Shares % to total share holding	 5,000,000 100%	 5,000,000 100%
G All Preference shares of Rs. 100/- each, fully paid held by Holding Company.Cadila Healthcare Ltd. Number of Shares % to total share holding	 2,000,000 100%	 - -
Note: 2-Reserves and Surplus:		
Surplus in statement of Profit and Loss:		
Balance as per last Balance Sheet	(94,168)	(103,614)
Add: Profit for the year	5,231	9,446
Balance as at the end of the year	(88,937)	(94,168)
Total	(88,937)	(94,168)
Note: 3-Long Term Borrowings:		
Loans and advances from Related Parties [Unsecured] [*]	132,176	130,676
Total	132,176	130,676
[*] Details of Loans and Advances from Related Parties [Refer Note-32 for relationship] are as under: a Cadila Healthcare Limited-Holding Company [Interest free loan without specific repayment terms]	 132,176	 130,676
Note: 4-Other Long Term Liabilities:		
Others [Unsecured]	356	356
Total	356	356
Note: 5-Long Term Provisions:		
Provision for Employee Benefits	1,023	1,104
Total	1,023	1,104
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 employees of the company are entitled to leave as per the leave policy of the company. The leave wages are payable to all eligible employees for each day of accumulated leave on death or on resignation or upon retirement on attaining superannuation age.		



Dialforhealth India Limited
Notes to the Financial Statements

Note: 5-Long Term Provisions-Continued:

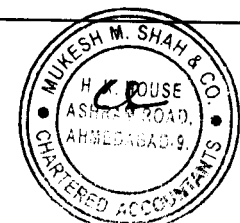
Gratuity [Defined benefit plan]:

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 - Thousands

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	21	1,084	1,228	15	789	949
Interest cost	1	86	98	1	65	80
Current service cost	1	118	157	2	119	167
Benefits paid	-	(57)	(36)	-	(41)	(14)
Actuarial [gains]/ losses on obligation	(5)	(225)	(125)	3	152	46
Closing defined benefit obligation	18	1,005	1,322	21	1,084	1,228
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	-	1,457	-	-	1,140
Expected return on plan assets	-	-	134	-	-	115
Contributions by employer	-	-	25	-	-	217
Benefits paid	-	-	(36)	-	-	(14)
Actuarial gains/ [losses]	-	-	(9)	-	-	-
Closing fair value of plan assets	-	-	1,572	-	-	1,457
Total actuarial [losses]/ gains to be recognised	(5)	(225)	(116)	3	152	46
D Actual return on plan assets:						
Expected return on plan assets	-	-	134	-	-	115
Actuarial [losses]/ gain on plan assets	-	-	(9)	-	-	-
Actual return on plan assets	-	-	125	-	-	115
E Amount recognised in the balance sheet:						
Liabilities at the end of the year	18	1,005	1,322	21	1,084	1,228
Fair value of plan Assets at the end of the year	-	-	(1,572)	-	-	(1,457)
Difference	18	1,005	(250)	21	1,084	(230)
Unrecognised past Service cost	-	-	-	-	-	-
Liabilities / [Assets] recognised in the Balance Sheet	18	1,005	(250)	21	1,084	(230)
F Expenses / [Incomes] recognised in the statement of Profit and Loss:						
Current service cost	1	118	157	2	119	167
Interest cost on benefit obligation	1	86	98	1	65	80
Expected return on plan assets	-	-	(134)	-	-	(115)
Net actuarial [gains]/ losses in the year	(5)	(225)	(116)	3	152	46
Net [benefits]/ expenses	(3)	(22)	5	6	336	178
G Movement in net liabilities recognised in Balance Sheet:						
Opening net liabilities	21	1,084	(229)	15	789	(191)
Expenses as above [P & L Charge]	(3)	(22)	5	6	336	178
Employer's contribution	-	(57)	(25)	-	(41)	(216)
Liabilities/ [Assets] recognised in the Balance Sheet	18	1,005	(249)	21	1,084	(229)
H Principal actuarial assumptions as at Balance sheet date:						
Discount rate	9.10%	9.10%	9.10%	8.10%	8.10%	8.10%
[The rate of discount is considered based on market yield on Government Bonds having currency and terms consistency with the currency and terms of the post employment benefit obligations]						
Expected rate of return on plan Assets	0.00%	0.00%	9.25%	0.00%	0.00%	9.25%
[The expected rate of return assumed by the Insurance company is generally based on their Investment patterns 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	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%



Dialforhealth India Limited
Notes to the Financial Statements

	INR - Thousands	
	As at March 31	
	2014	2013

Note: 6-Trade Payables:

Micro, Small and Medium Enterprises [*]	-	-
Others	6,333	561
Total	6,333	561
<p>[*] Disclosure in respect of Micro, Small and Medium Enterprises:</p> <p>A Principal amount remaining unpaid to any supplier as at the year end</p> <p>B Interest due thereon</p> <p>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</p> <p>D Amount of interest due and payable for the period 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</p> <p>E Amount of interest accrued and remaining unpaid at the end of the year</p> <p>F Amount of further interest remaining due and payable in succeeding years</p> <p>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.</p>		
	-	-
	-	-
	-	-
	-	-
	-	-

Note: 7-Other Current Liabilities:

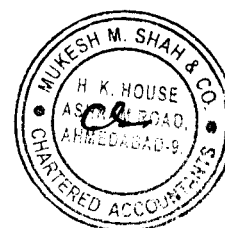
Other Payables:		
Provision for Expenses	1,320	686
Payable to Statutory Authorities	185	288
Total	1,505	974

Note: 8-Short Term Provisions:

Provision for Employee Benefits	87	138
Total	87	138

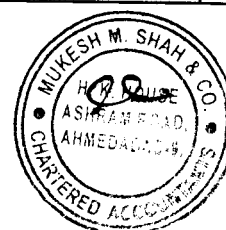
Note: 9-Fixed Assets:

Tangible Assets:	INR-Thousands				
	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:					
As at March 31, 2012	979	22,247	831	3,885	27,942
Additions	-	70	-	12	82
Disposals	(358)	-	-	-	(358)
As at March 31, 2013	621	22,317	831	3,897	27,666
Additions	36	367	-	56	459
Disposals	(122)	-	-	-	(122)
As at March 31, 2014	535	22,684	831	3,953	28,003
Depreciation:					
As at March 31, 2012	776	11,617	184	1,892	14,469
Charge for the year	63	1,415	79	180	1,737
Disposals	(335)	-	-	-	(335)
As at March 31, 2013	504	13,032	263	2,072	15,871
Charge for the year	64	1,431	79	187	1,761
Disposals	(114)	-	-	-	(114)
As at March 31, 2014	454	14,463	342	2,259	17,518
Net Block:					
As at March 31, 2013	117	9,285	568	1,825	11,795
As at March 31, 2014	81	8,221	489	1,694	10,485

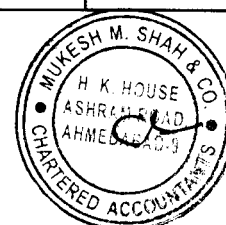


Dialforhealth India Limited
Notes to the Financial Statements

Particulars	Nos. [*]	Face Value	INR - Thousands	
			As at March 31	
			2014	2013
Note: 10-Non Current Investments:				
Long Term Investments [Valued at cost]:				
Trade Investments in Equity Instruments [*]			2,775	2,775
Total			2,775	2,775
[*] Details of Trade Investments [Valued at cost]:				
Investment in Equity Instruments of Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Dialforhealth Greencross Limited	250,000	10	2,500	2,500
Dialforhealth Unity Limited	27,500	10	275	275
Total [Aggregate Book Value of Investments]			2,775	2,775
<p>A In "Nos. [*]" figures of previous reporting period are same unless stated in [].</p> <p>B The Company has invested of Rs. 2,500 Thousands in Dialforhealth Greencross Limited, a wholly owned subsidiary company. The accumulated losses of the subsidiary company as at March 31, 2014 amounted to Rs. 1,899 [as at March 31, 2013: Rs. 1,887] Thousands. However having regard to the long term strategic investment, the diminution in the value of investments is considered to be temporary and accordingly, no provision for the same has been made.</p> <p>C The Company has invested Rs. 275 Thousands in Dialforhealth Unity Limited, a subsidiary company. The accumulated losses, as at March 31, 2014 amounting to Rs. 2,477 [as at March 31, 2013: Rs. 2,450] Thousands has exceeded the net worth of the said Company. However having regard to the long term strategic investment, the diminution in the value of investments is considered to be temporary and accordingly no provision for the same has been made.</p>				
Note: 11-Long Term Loans and Advances:				
[Unsecured, Considered Good unless otherwise stated]				
Security Deposits			3,093	3,000
Loans and Advances to Related Parties [*]			201,500	1,500
Other Loans and Advances:				
Balances with Custom/ Central Excise/ Sales Tax Authorities			78	6
Advance payment of Tax			1,244	815
Advances recoverable in cash or in kind or for value to be received				
Considered Good			297	280
Considered doubtful			128	128
			425	408
Less : Provision for doubtful advances			128	128
			297	280
Total			1,619	1,101
			206,212	5,601
[*] Details of Loans and Advances to Related Parties [Refer Note-32 for relationship] are as under:				
a Dialforhealth Unity Limited				
[The Company has given loans and advances to Dialforhealth Unity Limited, a subsidiary company of the Company, without any specified terms as to repayment. The accumulated losses as at March 31, 2014 amounting to Rs. 2,477 [as at March 31, 2013: Rs. 2,450] Thousands has exceeded the net worth of the said Company. However having regard to the long term strategic investment, loans and advances are considered good and accordingly no provision for the same has been made]				
			1,500	1,500
b Biochem Pharmaceutical Industries Limited				
[Interest bearing loan with tenure of 3 years from date of first disbursement and with an option to the Biochem to prepay the loan at any time during tenure of loan without any penalty]				
			200,000	-
Total			201,500	1,500
Note: 12-Inventories:				
[The Inventory is valued at lower of cost and net realisable value]				
Stock-in-Trade			75,741	62,962
Total			75,741	62,962
Note: 13-Trade Receivables:				
[Unsecured, considered good]				
Outstanding for a period exceeding six months from the date they are due for payment			-	-
Others			287	-
Total			287	-

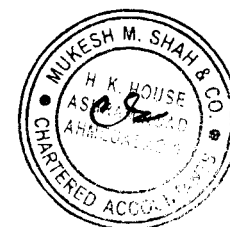


Dialforhealth India Limited		
Notes to the Financial Statements		
	INR - Thousands	
	As at March 31	
	2014	2013
Note: 14-Cash and Bank Balances:		
Balances with Banks	5,433	4,520
Cash on Hand	907	1,347
Total	6,340	5,867
Note: 15-Short Term Loans and Advances:		
[Unsecured, Considered Good]		
Balances with Custom/ Central Excise/ Sales Tax Authorities	-	10
Advances recoverable in cash or in kind or for value to be received	669	603
Total	669	613
Note: 16-Other Current Assets:		
Prepaid Expenses	34	28
Total	34	28
Note : 17-Contingent Liabilities and commitment [to the extent not provided for]		
	-	-
	INR - Thousands	
	Year ended March 31	
	2014	2013
Note: 18-Revenue from Operations:		
Details of Gross Sales under broad heads:		
Sale of Pharmaceuticals Products	116,567	125,937
Sale of other Items	-	43,352
Total	116,567	169,289
Other Operating Revenues:		
Miscellaneous Income	1,504	1,173
Total	1,504	1,173
Note: 19-Other Income:		
Interest Income [Gross]	17,552	-
Total	17,552	-
Note: 20-Purchase of Stock-in-Trade:		
Purchase of Stock-in-Trade [*]	112,337	153,043
Total	112,337	153,043
[*] It is not possible to furnish relevant information in respect of business carried on through Retail shops in view of varied nature of items dealt in by the Company.		
Note: 21-Changes in Inventories:		
Stock-in-Trade[*]		
Stock at commencement	62,962	53,551
Less: Stock at close	75,741	62,962
Total	(12,779)	(9,411)
[*] It is not possible to furnish relevant information in respect of business carried on through Retail shops in view of varied nature of items dealt in by the Company.		
Note: 22-Employee Benefit Expense:		
Salaries and wages	10,068	8,936
Contribution to provident and other funds	651	792
Staff welfare expenses	422	398
Total	11,141	10,126



Dialforhealth India Limited
Notes to the Financial Statements

		INR - Thousands																	
		Year ended March 31																	
		2014	2013																
Note : 23-Finance Cost:																			
Interest Expenses - Others	23	-																	
Bank Commission and Charges	260	238																	
	283	238																	
Note : 24-Other Expenses:																			
Power & fuel	869	827																	
Rent	6,942	4,685																	
Collaboration fees	1,373	1,970																	
Repairs to Others	477	215																	
Insurance	184	197																	
Rates and Taxes [Excluding Taxes on Income]	1,869	221																	
Housekeeping Expenses	2,717	2,580																	
Legal and Professional Charges	87	48																	
Travelling Expenses	139	218																	
Other Marketing Expenses	886	882																	
Freight and forwarding on sales	416	424																	
Provision for Doubtful Advances	-	128																	
Net Loss on Assets sold/ discarded	8	24																	
Miscellaneous Expenses	1,682	1,317																	
Total	17,649	13,736																	
<p>[*] The Company has taken various shops under operating lease or leave and license agreement. The lease terms in respect of such premises are on the basis of individual agreement entered into with the respective landlords. The Company has given refundable interest free security deposits in accordance with the agreed terms. The lease payments are recognised on a straight line basis over the lease term and disclosed under "Rent" and "Collaboration fees". [Refer Note-31]</p> <p>[**] Miscellaneous Expenses include Payment to the auditors [Including Service Tax]:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">a Auditor</td> <td style="text-align: right;">124</td> <td style="text-align: right;">118</td> <td></td> </tr> <tr> <td>b For taxation matters</td> <td style="text-align: right;">62</td> <td style="text-align: right;">62</td> <td></td> </tr> <tr> <td>c For Other Services</td> <td style="text-align: right;">8</td> <td style="text-align: right;">8</td> <td></td> </tr> <tr> <td>d Total</td> <td style="text-align: right;">194</td> <td style="text-align: right;">188</td> <td></td> </tr> </table>				a Auditor	124	118		b For taxation matters	62	62		c For Other Services	8	8		d Total	194	188	
a Auditor	124	118																	
b For taxation matters	62	62																	
c For Other Services	8	8																	
d Total	194	188																	
Note: 25-Calculation of Earnings per Equity Share [EPS]:																			
The numerators and denominators used to calculate the basic and diluted EPS are as follows:																			
A Profit after tax attributable to Shareholders	INR-Thousands	5,231	9,446																
B Dividend on cumulative Preference shares	INR-Thousands	-	-																
C Profit after tax attributable to Equity Shareholders	INR-Thousands	5,231	9,446																
D Basic and weighted average number of Equity shares outstanding during the year	Numbers	5,000,000	5,000,000																
E Nominal value of equity share	INR	10	10																
F Basic and Diluted EPS	INR	1.05	1.89																
Note: 26-Value of Imports calculated on CIF basis																			
		-	-																
Note: 27-Expenditure in Foreign Currency																			
		-	-																
Note: 28-Earnings in Foreign Exchange																			
		-	-																
Note: 29-Remittances made on account of dividend in Foreign currency																			
		-	-																



Dialforhealth India Limited
Notes to the Financial Statements

Note: 30-Segment Information:

A Primary Business Segment: Retail Trading in medicines/ cosmetics/ toiletries and providing business auxiliary services

	INR - Thousands				
	Business				
	Year ended March 31	Retail Business	Auxiliary Services	Unallocated	Total
a Revenue:					
External Sales	2014	117,136	-	18,487	135,623
	2013	169,721	8,453	741	178,915
Inter Segment sales	2014	-	-	-	-
	2013	-	-	-	-
Total Revenue	2014	117,136	-	18,487	135,623
	2013	169,721	8,453	741	178,915
b Result:					
Segment Result	2014	(11,417)	-	16,648	5,230
	2013	491	8,453	503	9,446
Unallocated Income [net of Unallocated Expenses]	2014	-	-	-	-
	2013	-	-	-	-
Operating and Net (loss)/ gain from Ordinary Activities	2014	(11,417)	-	16,648	5,230
	2013	491	8,453	503	9,446
c Other Information:					
Assets	2014	97,024	-	204,275	301,299
	2013	84,402	965	3,460	88,827
Liabilities	2014	51,698	-	89,783	141,480
	2013	126,006	1,406	6,397	133,809
Capital expenditure	2014	459	-	-	459
	2013	-	-	-	-
Depreciation	2014	1,761	-	-	1,761
	2013	1,737	-	-	1,737
Non Cash expenses other than depreciation	2014	8	-	-	8
	2013	24	-	-	24

B Geographical segment:

Geographically the total business is within India only.

C Notes:

a The Company is organised into two main business segments, namely:

- Trading in Medicines/ Cosmetics/ Toiletries.
- Business Auxiliary Services

Segments have been identified and reported taking into account, the nature of products and services, the different risks and returns, the organisation structure, and the internal financial reporting systems.

b Segment revenue in each of the above segments primarily includes sales and services in the respective segments.

c Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

Note: 31-Operating Lease:

The company has taken shops on long term operating leases. Lease payments are recognised in Statement of Profit and Loss under "Rent" and "Collaboration Fees" in Note 24.

Lease payments recognised in the Statement of Profit and Loss

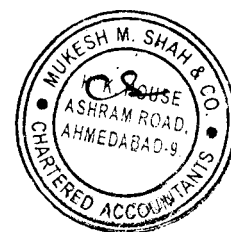
Future minimum lease payable under non-cancelable operating lease for each of the following periods:

Not later than one year

Later than one year but not later than five years

Later than five years

INR-Thousands	
Year ended March 31	
2014	2013
8,315	6,655
8,078	5,153
18,127	6,048
1,877	2,032



**Dialforhealth India Limited
Notes to the Financial Statements**

Note: 32-Related Party Transactions:

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

a Holding Company:

Cadila Healthcare Limited

b Subsidiary Companies:

Dialforhealth Greencross Limited Dialforhealth Unity Limited

c Fellow Subsidiaries:

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

d Directors and their relatives:

Dr. Sharvil P. Patel Chairman
Mr. V. K. Sharma Director - Operations
Mr. Harish Sadana Director

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

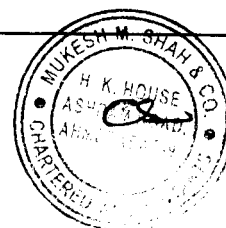
Cadmach Machinery Company Private Limited Zydus Hospitals and Healthcare Research Private Limited
MabS Biotech Private Limited Western Ahmedabad Effluent Conveyance Company Private Limited
Zydus Infrastructure Private Limited Zandra Infrastructure LLP
Cadila Laboratories Private Limited Zydus Hospital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

B 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 32 - A [a , b, c & e]

Value of the Transactions [INR-Thousands]

<u>Nature of Transactions</u>	<u>Holding Companies</u>		<u>Subsidiary/ Fellow Subsidiaries</u>		<u>Enterprises significantly influenced by Directors and/ or their relatives</u>	
	<u>2014</u>	<u>2013</u>	<u>Year ended March 31,</u>		<u>2014</u>	<u>2013</u>
			<u>2014</u>	<u>2013</u>		
Purchases:						
Goods:						
Zydus Wellness Limited	-	-	-	20	-	-
Zydus Wellness Limited-Sikkim	-	-	-	132	-	-
	-	-	-	152	-	-
Rent Paid:						
Cadila Healthcare Limited	121	121	-	-	-	-
Sales:						
Goods:						
Cadila Healthcare Limited	-	58,351	-	-	-	-
Zydus Wellness Limited	-	-	-	2,769	-	-
Liva Healthcare Limited	-	-	-	97	-	-
Zydus Technologies Limited	-	-	-	13	-	-
M/s. Zydus Healthcare	-	-	-	2,647	-	-
Zydus Hospitals and Healthcare Research Private Limited	-	-	-	-	-	431
Total	-	58,351	-	5,526	-	431
Reimbursement of Expenses Recovered:						
Cadila Healthcare Limited	-	6,986	-	-	-	-



Dialforhealth India Limited
Notes to the Financial Statements

Note: 32-Related Party Transactions-Continue:

Nature of Transactions	Value of the Transactions [INR-Thousands]					
	Holding Companies		Subsidiary/ Fellow Subsidiaries		Enterprises significantly influenced by Directors and/ or their relatives	
	2014	2013	2014	2013	2014	2013
Services:						
Cadila Healthcare Limited	-	7,577	-	-	-	-
Liva Healthcare Limited	-	-	-	1,921	-	-
Total	-	7,577	-	1,921	-	-
Outstanding:						
Payable:						
Cadila Healthcare Limited	132,176	130,676	-	-	-	-
Receivable:						
Dialforhealth Unity Limited	-	-	1,500	1,500	-	-
Biochem Pharmaceutical Industries Limited	-	-	200,000	-	-	-
Investments:						
Issue of Share Capital						
Cadila Healthcare Limited	200,000	-	-	-	-	-
Finance						
Inter Corporate Loans given:						
Biochem Pharmaceutical Industries Limited	-	-	200,000	-	-	-
Interest Received:						
Biochem Pharmaceutical Industries Limited	-	-	17,511	-	-	-

Note: 33-Deferred Tax:

The Company has unabsorbed depreciation as well as carried forward losses under tax laws, resulting in to deferred tax assets. However, considering principle of prudence, deferred tax assets are not recognised in absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

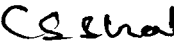
Note : 34

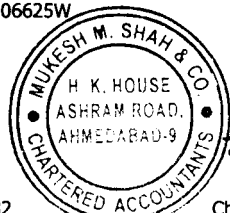
Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classifications/ disclosure.

Signatures to Significant Accounting Policies and Notes 1 to 34 to the Financial Statements

As per our report of even date
For Mukesh M. Shah & Co.
Chartered Accountants
Firm Registration Number: 106625W

For and on behalf of the Board

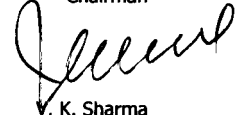

Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 19, 2014




Jayesh K. Patel
Chief Financial Officer


Urvil A. Kadakia
Company Secretary


Sharvil R. Patel
Chairman

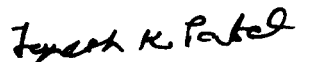

V. K. Sharma
Director - Operation

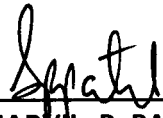
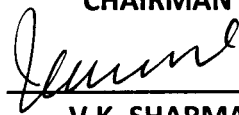
DIALFORHEALTH INDIA LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACTS, 1956 RELATING TO SUBSIDIARY COMPANY

Name of the subsidiary Company	Financial year ending of the subsidiary	Number of equity shares held with its face value	Extent of holding	For the financial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profits/(losses) so far as it concerns the members of the holding company and not dealt with in the holding company's accounts (Rs. In '000)	Profits/(losses) so far as it concerns the members of the holding company and dealt with in the holding company's accounts (Rs. In '000)	Profits/(losses) so far as it concerns the members of the holding company and not dealt with in the holding company's accounts (Rs. In '000)	Profits/(losses) so far as it concerns the members of the holding company and dealt with in the holding company's accounts (Rs. In '000)
Dialforhealth Greencross Limited	31 st March, 2014	2,50,000 Equity shares of Rs.10 Each	100%	(12)	NIL	(1307)	N.A.
Dialforhealth Unity Limited	31 st March, 2014	27,500 Equity shares of Rs.10 Each	55%	(15)	NIL	(1348)	NIL


URVI A. KADAKIA
COMPANY SECRETARY


JAYESH K. PATEL
CHIEF FINANCIAL OFFICER


SHARVIL P. PATEL
CHAIRMAN

V.K. SHARMA
DIRECTOR

Place: Ahmedabad
Date: 12th May, 2014