

INDEPENDENT AUDITOR'S REPORT

To

The members of
Liva Pharmaceuticals Limited
Ahmedabad

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

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("The Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Opinion

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss Account, of the Loss for the period 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

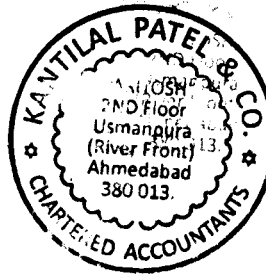
Report on Other Legal and Regulatory Requirements

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 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
- 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 Act.
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

Place : Ahmedabad
Date : 15th May, 2014



For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS
[Firm Reg. No. 104744W]

[Jinal A Patel]
Partner

Membership No.: 153599

Annexure to independent auditors' report

Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date.

- (i) In respect of its Fixed Assets: (Auditors' Report) Order, 2003 are not applicable.
- [a] The Company has no fixed assets during the year on the basis of available information hence paragraphs 4(i) (b) and (c), of Company (Auditors' Report) Order, 2003 are not applicable to the company.
- (ii) In respect of Inventories:
- [a] The company does not have any inventories. Accordingly paragraphs 4(ii) (a) of Company (Auditors' Report) Order, 2003 are not applicable to the company.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 :
- [a] The Company has not granted/taken loans to/from any company and hence paragraphs 4(iii) (a), (b), (c), and (d) of Company (Auditors' Report) Order, 2003 are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, since the Company has not yet commenced its operations, a comment on purchase of fixed assets, sale of goods and services and purchase of inventory does not arise. During the course of our audit, we have not observed any major weakness in any internal control system.
- (v) In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
- [a] In our opinion and according to the information and explanations given to us, there have been no contracts or arrangement during the period that needs to be entered into the register maintained under Section 301 of the Act. Therefore paragraphs 4(v)(a) and (b), of Company
- (vi) The company has not accepted deposits from the public.
- (vii) According to the information and explanation given to us internal audit is not required as there is no business activities carried out during the year.
- (viii) As per the information and explanation given to us, the cost accounting records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 is not applicable to the company.
- (ix) In respect of statutory dues:
- [a] According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues, wherever applicable, have been regularly deposited with the appropriate authorities.
- [b] According to the information and explanations given to us, no undisputed amount payable in respect of aforesaid statutory dues were outstanding as at 31st March, 2014 for a period of more than six months from the date they become payable.
- (x) The Company has been registered for a period of less than five years. Accordingly paragraphs 4(x) of Company (Auditors' Report) Order, 2003 are not applicable.
- (xi) In our opinion and according to the information and explanations given to us, the company has not obtained

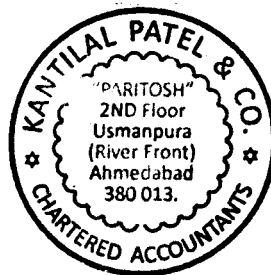


KANTILAL PATEL & CO.

CHARTERED ACCOUNTANTS

- borrowings from banks, financial institution or by way of debentures.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares and debentures and other securities.
- (xiii) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xiv) The company has not obtained any term loans.
- (xv) According to information and explanations given to us and on an overall examination of the balance sheet of the company, no funds raised on short-term basis have been used for long-term investment.
- (xvi) During the year, the company has made equity shares allotment of 20,00,000 shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 and the price at which share have been issued is considered not prejudicial to the interest of the company .
- (xvii) According to the information and explanations given to us, the company has not issued any debentures during the year.
- (xviii) The company has not raised any money by way of public issue during the year.
- (xix) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.
- (xx) In our opinion and according to the information and explanations given to us, the nature of the company's business/activities during the year are such that paragraphs;
- 4(xiii) provisions of any special statute applicable to chit fund,
- 4(xiv) dealing or trading in shares, securities, debentures and other investments
- of Company (Auditors' Report) Order, 2003 are not applicable to the company.

Place : Ahmedabad
Date : 15th May, 2014



For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS
[Firm Reg. No. 104744W]


[Jinal A Patel]
Partner
Membership No.: 153599

LIVA PHARMACEUTICALS LIMITED
Balance Sheet as at March 31, 2014

Particulars	Note No.	INR
		As at
		March 31, 2014
EQUITY AND LIABILITIES:		
Shareholders' Funds:		
Share Capital	1	20,000,000
Reserves and Surplus	2	(493,324)
		19,506,676
Current Liabilities:		
Other Current Liabilities	3	25,281
Short Term Provision	4	967
		26,248
Total		19,532,924
ASSETS:		
Non-Current Assets:		
Fixed Assets		
Pre-operative and Project expenses pending capitalisation/ allocation	5	259,345
Long Term Loans and Advances	6	45,000
		304,345
Current Assets:		
Cash and Bank Balances	7	19,185,609
Other Current Assets	8	42,970
		19,228,579
Total		19,532,924
Significant Accounting Policies	II	
Notes to the Financial Statements	1 to 14	

As per our report of even date
 For Kantilal Patel & Co.,
 Chartered Accountants
 Firm Registration Number: 104744W

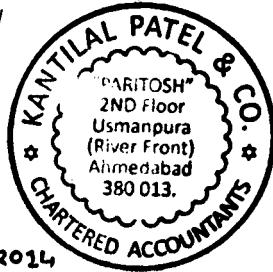
For and on behalf of the Board

Pranav D. Patel

Pranav D. Patel
 Chairman

Jinal Patel

Jinal Patel
 Partner
 Membership Number: 153599
 Ahmedabad, Dated: 15th May, 2014



Amit Jain

Amit Jain
 Director

LIVA PHARMACEUTICALS LIMITED
Statement of Profit and Loss for the period ended March 31, 2014

Particulars	Note No.	INR
		Period ended March 31, 2014
REVENUE:		
Interest Income from Others [Gross] [Other than long term investments]		300,340
EXPENSES:		
Other Expenses	9	69,944
Preliminary Expenditure Written off		630,720
Total Expenses		700,664
Loss before Tax		(400,324)
Less: Tax Expense - Current Tax		93,000
Loss for the period		(493,324)
Basic & Diluted Earning per Equity Share [EPS]	10	(0.25)
Significant Accounting Policies	II	
Notes to the Financial Statements	1 to 14	

As per our report of even date
 For Kantilal Patel & Co.,
 Chartered Accountants
 Firm Registration Number: 104744W

For and on behalf of the Board

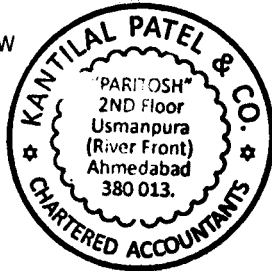
Pranav D. Patel

Pranav D. Patel
 Chairman

[Signature]
 Armit Jain
 Director

[Signature]

Jinal Patel
 Partner
 Membership Number: 153599
 Ahmedabad, Dated: 15th May, 2014



LIVA PHARMACEUTICALS LIMITED
Cash Flow Statement for the period ended March 31, 2014

Particulars	INR
	Period ended
	March 31, 2014
A Cash flows from operating activities:	
Loss before tax	(400,324)
Adjustments for:	
Interest income	(300,340)
Operating Loss before working capital changes	(700,664)
Adjustments for:	
Increase in Long Term Loans and Advances	(45,000)
Increase in Other Current Liabilities	25,281
Total	(19,719)
Cash used in operations	(720,383)
Direct taxes paid	(92,033)
Net cash used in operating activities	(812,416)
B Cash flows from investing activities:	
Interest received	257,370
Pre-operative and Project expenses pending capitalisation/ allocation	(259,345)
Net cash from investing activities	(1,975)
C Cash flows from financing activities:	
Proceeds from issue of Equity share capital	20,000,000
Net cash from financing activities	20,000,000
Net increase in cash and cash equivalents	19,185,609
Cash and cash equivalents at the end of the period	19,185,609

Notes to the Cash Flow Statement

- 1 All figures in brackets are outflows.
- 2 Cash and cash equivalent at the end of the period includes Rs. Nil not available for immediate use.

As per our report of even date
For Kantilal Patel & Co.,
Chartered Accountants
Firm Registration Number: 104744W

For and on behalf of the Board

Pranav D. Patel

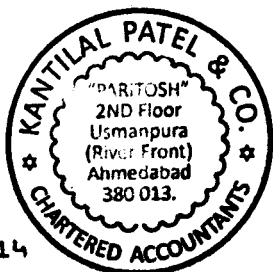
Pranav D. Patel
Chairman

Amit Jain
Amit Jain
Director

Jinal Patel
Jinal Patel
Partner

Membership Number: 153599

Ahmedabad, Dated: 15th May, 2014



LIVA PHARMACEUTICALS LIMITED
Notes to the financial Statements

I-Company Overview:

Liva Pharmaceuticals Limited ["the Company"] was incorporated on October 4, 2013 with an object of the development, production, marketing and distribution of injectable formulations. The company is in process of setting up injectable manufacturing facility at Village: Jarod, Taluka: Vaghodia, Vadodara.

II-Significant Accounting Policies:

1 Basis of Accounting:

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

2 Use of Estimates:

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

3 Revenue Recognition:

Interest income is recognised on time proportionate method.

4 Miscellaneous Expenditure:

Preliminary expenses are written off in the Statement of Profit and Loss in the year in which the same are incurred in accordance with Accounting Standard [AS] - 26 on "Intangible Assets".

5 Expenditure during the Construction Period:

The expenditure incidental to setting up of manufacturing facilities and obtaining necessary registration with statutory authorities are shown under "Pre-operative and Project expenses pending capitalisation/ allocation" and will be capitalised and allocated to fixed assets upon commencement of the commercial production.

6 Taxes on Income:

A Tax expenses comprises of current tax 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. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reviewed at each balance sheet date.

7 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.



LIVA PHARMACEUTICALS LIMITED
Notes to the Financial Statements

	INR
	As at
	March 31, 2014
Note: 1-Share Capital:	
Authorised:	
5,000,000 Equity Shares of Rs.10/- each	50,000,000
	50,000,000
Issued, Subscribed and Paid-up:	
2,000,000 Equity Shares of Rs.10/- each fully paid-up	20,000,000
	20,000,000
	2,000,000
A Number of Shares Subscribed and Issued during the year	
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 All Equity shares of Rs. 10/- each, fully paid held by Holding Company, Cadila Healthcare Limited and its nominees	
Number of Shares	2,000,000
% to total share holding	100.00%
Note: 2-Reserves and Surplus:	
Surplus in statement of Profit and Loss:	
Loss for the period	(493,324)
Balance as at the end of the year	(493,324)
Note: 3-Other Current Liabilities:	
Other:	
Provision For Expenses	25,281
Total	25,281
Note: 4-Short Term Provision:	
Other:	
Provision for Taxation [Net of advance payment of tax of Rs. 92,033]	967
Total	967
Note: 5-Pre-operative and Project expenses pending capitalisation/ allocation:	
Travelling Expenses	221,845
Legal and Professional Fees	37,500
Total	259,345



LIVA PHARMACEUTICALS LIMITED
Notes to the Financial Statements

	INR
	As at
	March 31, 2014
Note: 6-Long Term Loans and Advances:	
[Unsecured, Considered Good]	
Other Loans and Advances:	
Balance with Sales Tax Authorities	45,000
Total	45,000
Note: 7-Cash and Bank Balances:	
Balances With Banks [*]	19,185,609
Total	19,185,609
[*] Earmarked balances with banks:	
A Balances with Banks include:	
i Balances in unclaimed dividend account	-
ii Balances to the extent held as margin money deposits against Guarantee	-
B Bank deposits with maturity of more than 12 months	-
C Company keeps Fixed deposit with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.	
Note: 8-Other Current Assets:	
[Unsecured, Considered Good]	
Interest Receivable	42,970
Total	42,970
INR	
Period ended	
March 31, 2014	
Note: 9-Other Expenses:	
Legal and Professional Fees	16,523
Registration Expenses	11,750
Payment to the Auditors for Audit Fees [Including Service Tax]	11,236
Miscellaneous Expenses	30,435
Total	69,944
Note: 10-Calculation of Earnings per Equity Share [EPS]:	
The numerators and denominators used to calculate the basic and diluted EPS are as follows:	
A Loss attributable to Shareholders	INR (493,324)
B Basic and weighted average number of Equity shares outstanding during the year	Numbers 2,000,000
C Nominal value of equity share	INR 10
D Basic & Diluted EPS	INR (0.25)



LIVA PHARMACEUTICALS LIMITED
Notes to the Financial Statements

Note: 11-Segment Information:

The information on segment is not applicable as there are no revenue from operations.

Note: 12-Related Party Transactions:

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

a Holding Company:

Cadila Healthcare Limited

b Fellow Subsidiaries:

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

c Directors and their relatives:

Mr. Pranav D. Patel	Chairman
Mr. Amit B. Jain	Director
Mr. R. R. Tuljapurkar	Director

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

Travel "n" Ease Private Limited
Oneiro Chemicals Limited
Abhigam Consultants Private Limited

B Transactions with Related Parties:

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

a Details relating to parties referred to in Note 12-A [a & d]

Nature of Transactions	Holding Company	Value of the Transactions [INR]
		Enterprises significantly influenced by Directors and/or their relatives Period ended March 31, 2014
Purchases:		
Services:		
Travel "n" Ease Private Limited		223,401
Reimbursement of Expenses:		
Cadila Healthcare Limited	643,140	
Investments:		
Subscription to Equity Share Capital:		
Cadila Healthcare Limited	20,000,000	

b There are no transactions with parties referred to in Note 12-A [b & c]



LIVA PHARMACEUTICALS LIMITED
Notes to the Financial Statements

Note: 13

As there are no timing differences resulting into Deferred Tax Assets/ Liabilities for the current year, the provision for Deferred Tax has not been made.

Note: 14

This being the first year after incorporation of the Company, the comparative figures for the previous year are not given.

Signatures to Significant Accounting Policies and Notes 1 to 14 to the Financial Statements

As per our report of even date

For Kantilal Patel & Co.,

Chartered Accountants

Firm Registration Number: 104744W

For and on behalf of the Board

Pranav D. Patel

Pranav D. Patel
Chairman

Amit Jain
Amit Jain
Director

Jinal Patel

Jinal Patel

Partner

Membership Number: 153599

Ahmedabad, Dated: 15th May, 2014

