

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

Report on the Financial Statements

We have audited the accompanying financial statements of **DIALFORHEALTH UNITY 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

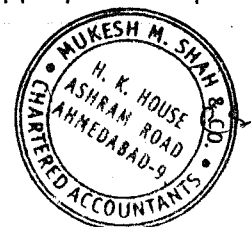
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards referred 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 loss 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

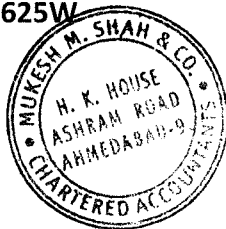
Firm Registration No.: 106625W

C S S Shah
Chandresh S. Shah
Partner

Membership No.: 042132

Place: Ahmedabad

Date: 12/05/2014

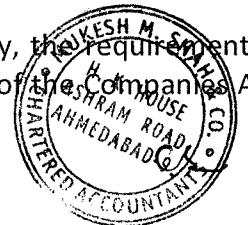


**Annexure referred to in the Independent Auditors' Report of even date to the members of
DIALFORHEALTH UNITY LIMITED for the year ended 31st March, 2014.**

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. The company does not hold any fixed assets hence clause (i) (a) to (i) (c) of paragraph 4 of the Order are not applicable to the Company for the current period.
2. The Company does not deal in any inventory hence clause (ii) (a) to (ii) (c) of paragraph 4 of the Order are not applicable to the Company for the current period.
3. (a) The Company has not granted any loans, secured and unsecured, to companies, firms or any parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of the same, sub-clauses (b), (c) and (d) of clause (iii) of paragraph 4 of the Order are not applicable to the Company for the current period.

(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. As there is no transaction made pursuant to the contracts or arrangements made by the company during the year that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.
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 is not required to have formal internal audit department/agency. However, its control procedures ensure reasonable internal checking of its financial and other records.
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) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues during the year with the appropriate authorities. Moreover, as at 31st March, 2014, there are no such undisputed dues payable for a period of more than six months from the date they became 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 exceeded fifty per cent of the net worth of the Company. The Company has incurred cash losses in the financial year and also in the immediately preceding financial year.
11. The Company has taken any loans from the Bank, hence, hence question of reporting under clause 4(xi) of the order does not arise. 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 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 neither issued nor had any outstanding debentures during the year.



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MUKESH M. SHAH & CO.

CHARTERED ACCOUNTANTS
AHMEDABAD • MUMBAI • BANGALORE

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: *12/05/2014*



Dialforhealth Unity 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	500	500
Reserves and Surplus	2	(2,477)	(2,450)
		(1,977)	(1,950)
Non-Current Liabilities:			
Long Term Borrowings	3	1,500	1,500
Current Liabilities:			
Trade Payables	4	513	491
Other Current Liabilities	5	20	20
		533	511
Total		56	61
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	6	39	44
Current Assets:			
Cash and Bank Balances	7	17	17
Total		56	61
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 17		

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

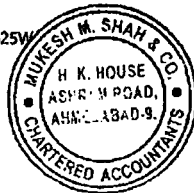
Particulars	Note No.	INR-Thousands	
		Year ended March 31	
		2014	2013
EXPENSES:			
Depreciation and Amortisation expense	6	5	5
Other Expenses	9	22	24
Total Expenses		27	29
Loss for the year		27	29
Basic & Diluted Earning per Equity Share [EPS] [In Rupees]	10	(0.54)	(0.58)
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 17		

As per our report of even date

For Mukesh M. Shah & Co.

Chartered Accountants

Firm Registration Number: 106625W



C.S. Shah
Chandresh S. Shah
Partner

Membership Number: 042132

Ahmedabad, Dated: 12-05-2014

For and on behalf of the Board

Manubhai K. Patel
Manubhai K. Patel
Chairman
Virendra Kumar Sharma
Virendra Kumar Sharma
Director

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

Particulars	INR-Thousands	
	Year ended March 31	
	2014	2013
A Cash flows from operating activities:		
Loss for the year	(27)	(29)
Adjustments for:		
Depreciation	5	5
Operating profit before working capital changes	(22)	(24)
Adjustments for:		
Increase in trade payables	22	21
Increase in other current liabilities	-	1
Net cash from operating activities	-	(2)
B Cash flows from investing activities	-	-
C Cash flows from financing activities	-	-
Net decrease in cash and cash equivalents	-	(2)
Cash and cash equivalents at the beginning of the year	17	19
Cash and cash equivalents at the end of the year	17	17

Notes to the cash flow statement

- 1 All figures in brackets are outflow.
- 2 Previous year's figures have been regrouped wherever necessary.
- 3 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: 100000



C S Shah

Chandresh S. Shah

Partner

Membership Number: 042132

Ahmedabad, Dated: 12-05-2014

For and on behalf of the Board

Manubhai K. Patel
 Manubhai K. Patel
 Chairman

Virendra Kumar Sharma
 Virendra Kumar Sharma
 Director

Dialforhealth Unity Limited

I Company overview:

Dialforhealth Unity Limited was incorporated on June 23, 2005. The company's registered office is situated at Zydus Tower, Satellite Cross Roads, Ahmedabad. The company has not carried out any business activity during the year.

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 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. 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 less accumulated depreciation. Cost includes related expenditure and pre operative and project expenses incurred for the period up to commencement of commercial operation.

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 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.

D Where the actual cost of purchase of an asset is below Rs. 10000/-, the depreciation is provided @ 100%.

4 Revenue Recognition:

Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

5 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.

6 Taxes on Income:

A Tax expenses comprise of current and deferred tax.

B Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961.

C Deferred tax reflects the impact of current year timing differences between accounting and taxable income and reversal of timing differences of earlier 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.

Dialforhealth Unity Limited
Notes to the Financial Statements

	INR-Thousand	
	As at March 31	
	2014	2013
Note: 1-Share Capital:		
Authorised:		
750,000 [as at March 31, 2013: 750,000] Equity Shares of Rs.10/- each	7,500,000	7,500,000
	7,500,000	7,500,000
Issued, Subscribed and Paid-up:		
50,000 [as at March 31, 2013: 50,000] Equity Shares of Rs.10/- each, fully paid-up	500,000	500,000
	500,000	500,000
A There is no change in the number of shares as at the beginning and the end of the period. Number of shares at the end of the year	50,000	50,000
B The Company has only equity 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.		
C Details of Share Holders holding more than 5% of Equity Shares of Rs. 10/- each, fully paid:		
Dialforhealth India Limited and its nominees		
Number of Shares	27,500	27,500
% to total share holding	55%	55%
Dahyabhai Patel		
Number of Shares	22,300	22,300
% to total share holding	45%	45%
Note: 2-Reserves and Surplus:		
Surplus in statement of Profit and Loss:		
Balance as per last Balance Sheet	(2,450,119)	(2,420,878)
Less: Loss for the year	(27,953)	(29,241)
Total	(2,478,072)	(2,450,119)
Note: 3-Long Term Borrowings:		
Loans and Advances from Holding Company- Dialforhealth India Limited [Unsecured] [*]	1,500,000	1,500,000
Total	1,500,000	1,500,000
[*] Interest free unsecured loan without specific repayment terms		
Note: 4-Trade Payables:		
Others	513,587	491,424
Total	513,587	491,424
As per the information available with the Company, there are no business transactions carried out during the reporting period with any enterprises registered under the Micro, Small and Medium Enterprises Development Act,2006 [MSMED]. Further, there is no outstanding amount payable to any such enterprises, hence question of delayed payment or interest thereon does not arise.		
Note: 5-Other Current Liabilities:		
Other Payables:		
Provision for Expenses	19,663	19,663
Total	19,663	19,663

Dialforhealth Unity Limited Notes to the Financial Statements		
	INR-Thousands	
	Year ended March 31,	
	2014	2013
Note: 6-Fixed Assets:		
Tangible Assets:		
Furniture and Fixtures:		
Gross Block:		
Opening Balance	99	99
Additions	-	-
Disposals	-	-
Closing Balance	99	99
Depreciation:		
Opening Balance	55	50
Charge for the year	5	5
Disposals	-	-
Closing Balance	60	55
Net Block:		
Opening Balance	44	49
Closing Balance	39	44
Note: 7-Cash and Bank Balances:		
Balances with Banks	16	16
Cash on Hand	1	1
Total	17	17
Note: 8-Contingent Liabilities and commitment [to the extent not provided for]		
	-	-
INR-Thousands		
Year ended March 31,		
	2014	2013
Note: 9-Other Expenses:		
Payment to the auditors [Including Service Tax]:		
As Auditor	11	11
For Other Services	8	11
	19	22
Professional Charges	2	-
Others	1	2
Total	22	24
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 for the year attributable to Shareholders	INR-Thousands (27)	(29)
B Basic and weighted average number of Equity shares outstanding during the year	Numbers 50,000	50,000
C Nominal value of equity share	INR 10	10
D Basic & Diluted EPS	INR (0.54)	(0.58)
Note: 11-Value of Imports calculated on CIF basis		
	-	-
Note: 12-Expenditure in Foreign Currency		
	-	-
Note: 13-Earnings in Foreign Exchange		
	-	-
Note: 14-Remittances made on account of dividend in Foreign currency		
	-	-



Dialforhealth Unity Limited
Notes to the Financial Statements

Note: 15-Related Party Transactions:

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

- a Holding Company: Dialforhealth India Limited
- b Ultimate Holding Company: Cadila Healthcare Limited
- c Fellow Subsidiaries/ Firms:
 - Dialforhealth Greencross Limited Zydus Pharmaceuticals (USA) Inc. [USA]
 - German Remedies Limited Neshor Pharmaceuticals (USA) LLC [USA]
 - Zydus Wellness Limited Zydus Healthcare (USA) LLC [USA]
 - M/s. Zydus Wellness-Sikkim, a Partnership Firm Zydus Novotech Inc. [USA]
 - Liva Pharmaceuticals Limited Hercon Pharmaceuticals LLC [USA]
 - Zydus Technologies Limited Zydus Healthcare S.A. (Pty) Ltd [South Africa]
 - Biochem Pharmaceutical Industries Limited Simayla Pharmaceuticals (Pty) Ltd [South Africa]
 - M/s. Zydus Healthcare, a Partnership Firm Script Management Services (Pty) Ltd [South Africa]
 - Zydus Lanka (Private) Limited [Sri Lanka] Zydus France, SAS [France]
 - Zydus Healthcare Philippines Inc. [Philippines] Zydus Nikkho Farmaceutica Ltda. [Brazil]
 - Zydus International Private Limited [Ireland] Zydus Pharma Japan Co. Ltd. [Japan]
 - Zydus Netherlands B.V. [the Netherlands] Laboratorios Combit S.L. [Spain]
 - ZAHL B.V. [the Netherlands] Zydus Pharmaceuticals Mexico SA De CV [Mexico]
 - ZAHL Europe B.V. [the Netherlands] Zydus Pharmaceuticals Mexico Services Company SA De C.V. [Mexico]
 - Bremer Pharma GmbH [Germany] Etna Biotech S.R.L. [Italy]
- d Enterprises having significant influence over the company:
 - Unity Chemist & Druggists Private Limited
- e Directors:

Mr. Manubhai K. Patel	Chairman	Mr. Bhimjibhai Kachchhi	Director
Mr. Virendra Kumar Sharma	Director	Mr. Vinay Shroff	Director
Mr. Jyotindra B. Gor	Director	Mr. Prashant Pandya	Director
Mr. Harish Sadana	Director	Mr. Ashishkumar Sarkar	Director
Mr. Dehyalal Patel	Director		

B Transactions with Related Parties:

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

<u>Nature of Transactions</u>	<u>INR-Thousands</u>	
	<u>Year ended March 31</u>	
<u>Outstanding</u>	<u>2014</u>	<u>2013</u>
Payable :		
Dialforhealth India Limited	1,500	1,500
Unity Chemist & Druggists Private Limited	375	375

Note: 16

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

Note: 17

Though the accumulated loss exceeds the net worth of the company, the accounts are prepared on "going concern" basis in view of:

- a Continuous support extended by the Holding Company and
- b Long term strategic involvement of the Holding company in the present business activities of the company

Signatures to Significant Accounting Policies and Notes 1 to 17 to the Financial Statements

As per our report of even date

For Mukesh M. Shah & Co.

Chartered Accountants

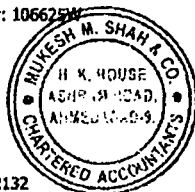
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Chandresh S. Shah

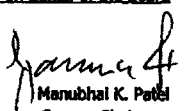
Partner


Membership Number: 042132

Ahmedabad, Dated: 12.05.2014



For and on behalf of the Board


Manubhai K. Patel
Chairman


Virendra Kumar Sharma
Director