

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF SCRIPT MANAGEMENT SERVICES (PTY) LTD.,

We have audited the accompanying financial statements of **SCRIPT MANAGEMENT SERVICES (PTY) LTD**, ("the Company") which comprise the Balance Sheet as at 31st December, 2014 and the Statement of Profit and Loss for the year ended on that date 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 and financial performance of the Company in accordance with the accounting principles and the Accounting Standards generally accepted in the respective country i.e. South Africa. 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 broad review. We conducted the review of these financial statements 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. 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 have not conducted any detailed audit procedures as these financial statements have been audited by the auditors of the Company as appointed under the Laws of the South Africa in accordance with the auditing standards prevalent in South Africa.

In accordance with the above, we have carried out broad review of the financial statements as submitted by the management and as audited by the auditors of the Company. We believe that our review provides a reasonable basis for our opinion. We also 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 South Africa:

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

Report on Other Legal and Regulatory Requirements

Further to our comments in the annexure referred to above, we report that:

- (i) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) The accounts and financial statements of the Company are duly audited and certified by the Company's Statutory Auditors viz GNR Auditors, South Africa, in accordance with the accounting and auditing standards generally accepted and prevalent in South Africa. The audited accounts along with auditors' report have been submitted to us for our review and have been appropriately verified and reviewed by us in preparing and submitting our report thereon. Our opinion is solely based on the report of the said independent auditors of the Company.
- (iii) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- (iv) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements including Balance Sheet and statement of Profit and Loss dealt with by this report comply with the accounting standards generally accepted in South Africa.

- (v) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company does not have any pending litigations which would impact its financial position.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. Since the Company is incorporated outside India, this clause regarding reporting on amounts which were required to be transferred to the Investor Education and Protection Fund by the Company is not applicable.

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

Ahmedabad

Date: 14th May, 2015

Partner
[Chandresh S. Shah]
Membership No.: 042132

Script Management Services (Pty) Ltd.
Balance Sheet as at December 31, 2014

Particulars	Note No.	ZAR-Thousands		INR-Thousands	
		As at December 31			
		2014	2013	2014	2013
EQUITY AND LIABILITIES:					
Shareholders' Funds:					
Share Capital	1	0	0	0	0
Reserves and Surplus	2	619	617	3,387	3,512
		619	617	3,387	3,512
Current Liabilities:					
Trade Payables	3	1,300	921	7,111	5,240
Other Current Liabilities	4	-	132	-	751
Short Term Provisions	5	2	105	11	597
		1,302	1,158	7,122	6,588
Total		1,921	1,775	10,509	10,100
ASSETS:					
Non-Current Assets:					
Fixed Assets:					
Tangible Assets	6	-	-	-	-
Intangible Assets	6	-	-	-	-
		-	-	-	-
Current Assets:					
Trade Receivables	7	1,893	1,712	10,355	9,741
Cash and Bank Balances	8	16	43	88	245
Short Term Loans and Advances	9	12	20	66	114
		1,921	1,775	10,509	10,100
Total		1,921	1,775	10,509	10,100
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 17				

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

Particulars	Note No.	ZAR-Thousands		INR-Thousands	
		Year ended December 31			
		2014	2013	2014	2013
REVENUE:					
Revenue from Operations:					
Other Operating Revenues	10	9,039	6,869	50,799	39,085
Other Income	11	-	-	-	47
Total Revenue		9,039	6,869	50,799	39,132
EXPENSES:					
Finance Costs	12	9	41	50	234
Depreciation, Impairment and Amortisation expenses	6	-	4	-	23
Other Expenses	13	9,026	6,201	50,726	35,284
Total Expenses		9,035	6,246	50,776	35,541
Profit before Tax		4	623	23	3,591
Less: Tax Expense:					
Current Tax		2	105	11	597
Profit for the year		2	518	12	2,994
		ZAR		INR	
Basic & Diluted Earning per Equity Share [EPS]	14	2,000	518,000	12,000	2,994,000
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

For and on behalf of the Board

Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 14, 2015

Director

Script Management Services (Pty) Ltd.

I-Company overview:

Script Management Services [the Company] was incorporated on October 14, 2009. The Company's registered office is situated at Southdown Office Park, Building B, Centurion, Pretoria - 0157. The principal activity of the company is to carry out data extraction of dispensed medicines by pharmacies and to analyse and generate the reports.

II-Significant Accounting Policies:

1 Basis of Accounting:

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium - sized Entities, and the Companies Act 71 of 2008. The financial statements have been prepared on historical cost basis, and incorporate the principal accounting policies set out below. These accounting policies are consistent with the previous year.

2 Reporting Currency Translation:

The Local accounts are maintained in local and functional currency which is "South African Rand [ZAR]". These accounts have been translated in Indian Rupees considering the operation of the Company as "Non-integral operations" for holding company. The translation of Financial Statements to Indian Rupee [INR] from "ZAR" is performed for assets and liabilities using the exchange rates prevailing on the Balance sheet dates and for revenues and expenses using the average exchange rates for the respective periods. The gain or loss resulting from such translation is included in "Foreign Currency Translation Reserve" under Reserves and Surplus.

3 Property, Plant and Equipment:

A Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one year.

B Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

C Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount is derecognised.

D Depreciation is provided using the straight line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment which is as follows:

<u>Item</u>	<u>Average useful life</u>
IT Equipment	3 years

E The residual value, depreciation and the useful life of each asset are reviewed at each annual reporting year if there are indicators present that there has been a change from the previous estimate.

F Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the year.

4 Intangible Assets:

A An intangible asset is an identifiable non-monetary asset without physical substance.

B Intangible assets are initially recognised at cost.

C All research and development costs are recognised as an expense unless they form part of the cost of another asset that meets the recognition criteria.

D Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

E If the company is unable to make a reliable estimate of the useful life of an intangible assets, the life will be presumed to be 10 years.

F The amortisation period and the amortisation for intangible assets are reviewed at each reporting year date if there are indicators present that there is a change from the previous estimate.

G Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

<u>Item</u>	<u>Average useful life</u>
Patents, Trademarks and other rights	3 years

5 Taxes on Income:

A Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

B A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

6 Impairment of assets:

A The company assesses at each reporting date whether there is any indication that an asset may be impaired.

B If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash - generating unit to which the assets belongs is determined.

C If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset [or group of assets] in prior years. A reversal of impairment is recognised immediately in profit or loss.

7 Share Capital and Equity:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of the liabilities.

II-Significant Accounting Policies-Continue:

8 Revenue Recognition:

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- A** the company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- B** the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- C** the amount of revenue can be measured reliably.
- D** it is probable that the economic benefits associated with the transaction will flow to the company; and
- E** the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- A** The amount of revenue can be measured reliably;
- B** It is probable that the economic benefits associated with the transaction will flow to the company;
- C** The stage of completion of the transaction at the balance sheet date can be measured reliably; and
- D** The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the express recognised that are recoverable. Revenue is measured at the fair value of the consideration received or receivable and represent the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. Interest is recognised, in statement of Profit and Loss, using the effective interest rate method.

9 Borrowing costs:

Borrowing costs are recognised as an expense in the year in which they are incurred.

**Script Management Services (Pty) Ltd.
Notes to the Financial Statements**

	ZAR-Thousands		INR-Thousands	
	As at December 31			
	2014	2013	2014	2013
Note: 1-Share Capital:				
Authorised:				
1 [as at December 31, 2013: 1] Ordinary Share of ZAR 1/- each [ZAR: 1/-]	0	0	0	0
	0	0	0	0
Issued, Subscribed and Paid-up:				
1 [as at December 31, 2013: 1] Ordinary Share of ZAR 1/- each, fully paid-up	0	0	0	0
Total	0	0	0	0
A There is no change in the number of shares as at the beginning and end of the year. Number of shares at the beginning and at the end of the year	1	1		
B Ordinary share of ZAR 1/- each, fully paid held by holding company, Zydus Healthcare SA (Pty) Limited, a company incorporated in South Africa which is a subsidiary company of Zydus International Private Limited, a company incorporated in the Republic of Ireland which is a subsidiary company of Cadila Healthcare Limited, the ultimate holding company, a company incorporated in India. Number of Shares % to total share holding	1 100%	1 100%		
Note: 2-Reserves and Surplus:				
Securities Premium Reserve:				
Balance as per last Balance Sheet	300	300	1,641	1,707
Foreign Currency Translation Reserve: [*]				
Balance as per last Balance Sheet	-	-	-	-
[Less]: Exchange differences on translation to INR	-	-	(71)	-
	-	-	(71)	-
Surplus in statement of Profit and Loss:				
Balance as per last Balance Sheet	317	(201)	1,805	(1,189)
Add: Profit for the year	2	518	12	2,994
Balance as at end of the year	319	317	1,817	1,805
Total	619	617	3,387	3,512
<p>[*] Hitherto, the gain/ loss arising on the translation of the Financial Statements to INR was given effect into Statement of Profit and Loss. However, from the year under report, it is now included in "Foreign Currency Translation Reserve" [FCTR] under Reserves and Surplus. Consequent to this change, profit for the year [on INR conversion only] is higher by INR 71 Thousands, with a corresponding effect in "Reserves and Surplus".</p>				
Note: 3-Trade Payables:				
Trade Payables	1,300	921	7,111	5,240
Total	1,300	921	7,111	5,240
Note: 4-Other Current Liabilities:				
Payable to Statutory Authorities	-	132	-	751
Total	-	132	-	751
Note: 5-Short Term Provisions:				
Provision for Taxation	2	105	11	597
Total	2	105	11	597

Script Management Services (Pty) Ltd.
Notes to the Financial Statements

Note: 6-Fixed Assets:

	Tangible Assets		Intangible Assets	
	Office Equipment		Brands/ Trademarks	
	ZAR - Thousands	INR - Thousands	ZAR - Thousands	INR - Thousands
Gross Block:				
As at December 31, 2012	26	154	230	1,362
Additions	-	-	-	-
Disposals	-	-	-	-
Other adjustments	-	(6)	-	(53)
As at December 31, 2013	26	148	230	1,309
Additions	-	-	-	-
Disposals	-	-	-	-
Other adjustments	-	(6)	-	(51)
As at December 31, 2014	26	142	230	1,258
Depreciation, Impairment and Amortisation:				
As at December 31, 2012	22	130	230	1,362
Charge for the year	4	23	-	-
Disposals	-	-	-	-
Other adjustments	-	(5)	-	(53)
As at December 31, 2013	26	148	230	1,309
Charge for the year	-	-	-	-
Disposals	-	-	-	-
Other adjustments	-	(6)	-	(51)
As at December 31, 2014	26	142	230	1,258
Net Block:				
As at December 31, 2013	-	-	-	-
As at December 31, 2014	-	-	-	-

Note: Other adjustments include adjustments on account of exchange rate translation differences.

	ZAR-Thousands		INR-Thousands	
	As at December 31			
	2014	2013	2014	2013

Note: 7-Trade Receivables:

Others- Considered good [Unsecured]	1,893	1,712	10,355	9,741
Total	1,893	1,712	10,355	9,741

Note: 8-Cash and Bank Balances:

Balances with Banks	16	43	88	245
Total	16	43	88	245

Note: 9-Short Term Loans and Advances:

[Unsecured, Considered Good]				
Balances with Revenue Authorities	12	-	66	-
Advances recoverable in cash or in kind or for value to be received	-	20	-	114
Total	12	20	66	114

**Script Management Services (Pty) Ltd.
Notes to the Financial Statements**

	ZAR-Thousands		INR-Thousands	
	Year ended December 31			
	2014	2013	2014	2013
Note: 10-Other Operating Revenues:				
Data fees income	8,997	6,269	50,563	35,671
Key account management fees	42	158	236	899
Consultancy Fees	-	442	-	2,515
Total	9,039	6,869	50,799	39,085
Note: 11-Other Income:				
Exchange Rate difference due to translation [Refer Note2 (*)]	-	-	-	47
Total	-	-	-	47
Note: 12-Finance Cost:				
Interest expense- Others	2	33	11	188
Bank commission & charges	7	8	39	46
Total	9	41	50	234
Note: 13-Other Expenses:				
Data fees and IT Vendor data expenses	8,997	6,169	50,563	35,102
Miscellaneous Expenses - Payment to the auditors as "Auditor"	29	32	163	182
Total	9,026	6,201	50,726	35,284
Note: 14-Calculation of Earnings per Equity Share [EPS]:				
The numerators and denominators used to calculate the basic and diluted EPS are:				
A Profit attributable to Shareholders	2	518	12	2,994
B Basic & weighted average number of Ordinary shares outstanding during the year	1	1	1	1
	ZAR		INR	
C Nominal value of ordinary share	1	1		
D Basic & Diluted EPS	2,000	518,000	12,000	2,994,000
Note: 15-Related Party Transactions:				
A Name of the Related Parties and Nature of the Related Party Relationship:				
a Holding Company: Zydus Healthcare S.A. (Pty) Ltd				
b Holding Company of Holding Company: Zydus International Private Limited				
c Ultimate Holding Company: Cadila Healthcare Limited, a company incorporated in India				
d Fellow Subsidiaries:				
Dialforhealth India Limited	Zydus France, SAS [France]			
Dialforhealth Unity Limited	Etna Biotech S.R.L. [Italy]			
Dialforhealth Greencross Limited	Zydus Pharmaceuticals Mexico SA De CV [Mexico]			
German Remedies Limited	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]			
Zydus Wellness Limited	Zydus Noveltech Inc. [USA]			
Liva Pharmaceuticals Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]			
Zydus Technologies Limited	Hercon Pharmaceuticals LLC [USA]			
Biochem Pharmaceutical Industries Limited	ZAHL B.V. [the Netherlands]			
Zydus BSV Pharma Private Limited	ZAHL Europe B.V. [the Netherlands]			
M/s. Zydus Healthcare, a Partnership Firm	Bremer Pharma GmbH [Germany]			
M/s. Zydus Wellness-Sikkim, a Partnership Firm	Zydus Nikkho Farmaceutica Ltda. [Brazil]			
Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Netherlands B.V. [the Netherlands]			
Zydus Healthcare (USA) LLC [USA]	Zydus Healthcare Philippines Inc [Philippines]			
Laboratorios Combix S.L. [Spain]	Zydus Pharma Japan Co. Ltd. [Japan]			
Zydus Pharmaceuticals (USA) Inc. [USA]	Zydus Worldwide DMCC [Dubai]			
Nesher Pharmaceuticals (USA) LLC [USA]	Zydus Discovery DMCC [Dubai]			
e Directors:				
Mr. G. Jain	Mrs. I.F.Oliver			

**Script Management Services (Pty) Ltd.
Notes to the Financial Statements**

Note: 15-Related Party Transactions-Continued:

B Transactions with Related Parties:

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

- a Details relating to parties referred to in items 15- A [a].

Nature of Transactions

Name of Party: Zydus Healthcare SA (Pty) Ltd.

Service Income:

Data Fees
Key Account Management Fees

Finance:

Loan Repaid

Outstanding:

Receivables

Value of the Transactions			
ZAR-Thousands		INR-Thousands	
Year ended December 31			
2014	2013	2014	2013
8,997	6,269	50,563	35,671
42	158	236	899
	500	-	2,845
As at December 31			
2014	2013	2014	2013
1,893	1,712	10,355	9,741

- b There are no transactions with the parties referred to in item 15- A [b, c, d & e].

Note: 16-Segment Information:

There is only one segment, namely "Extraction, analysis and reporting of data related to dispensed medicines by pharmacies".

Note: 17

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 17 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 14, 2015

Director