

ZYDUS HEALTHCARE LIMITED

Regd. Office: "Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway,
Ahmedabad-380 015.

Phone No.: 079 – 26868100 [20 lines] Fax No.: 079 – 26868337

CIN No.: U51900GJ1989PLC079501

Directors' Report to the Members:

Your Directors have pleasure in presenting the **Twenty Eighth** Annual Report and the Audited Financial Statements for the year ended on March 31, 2017.

Financial results:

Particulars	INR - Millions	
	Year ended 31.03.2017	Year ended 31.03.2016
Net Revenue from Operations and other Income	29,341	1712
Profit before Finance Costs, Depreciation, Impairment and Amortization and Tax Expenses (PBIDT)	7226	950
Less: Depreciation, Impairment and Amortization	5022	682
Profit Before Finance Costs and Tax Expenses (PBIT)	2204	268
Less: Finance Costs	319	62
Profit Before Taxation	1885	206
Less: Tax Expenses		
Current Tax	419	28
Deferred Tax	458	152
Profit After Tax [PAT]	1008	26
Other Comprehensive Income	(78)	(4)
Total Comprehensive Income	930	22
Dividend:		
Interim - FY 2016-17	3001.39	-
Interim - FY 2015-16	-	91.2
Final - FY 2014-15	-	62.4
Corporate Dividend Tax on Interim Dividend (net of CDT Credit)		
Interim - FY 2016-17	611.01	-
Interim - FY 2015-16	-	18.57
Final - FY 2014-15	-	12.70
Closing Balance in Retained Earnings	872	(49)
Earnings Per Share [EPS] [Face Value of shares of Re. 100/- each]		
Basic	437.92	73.59
Diluted	451.12	73.59

Change of Name of the Company:

During the year under review, the name of the Company was changed from German Remedies Limited to Zydus Healthcare Limited with effect from September 8, 2016.

Allotment of Shares pursuant to the scheme of Amalgamation

Pursuant to the approval of the Scheme of Amalgamation of Zydus Healthcare Limited [a partnership firm converted into Company] with the Company, the Board of Directors in their meeting held on June 13, 2016 issued and allotted 1,890,242 Equity Shares of Rs. 100/- each fully paid-up to the shareholders of erstwhile Zydus Healthcare Limited who had opted for Equity Shares and 254,460, 8% Non-Cumulative Redeemable Preference Shares [“Preference shares”] of Rs. 100/- each fully paid-up to the shareholders who had opted to receive the Preference shares, as per the swap ratio mentioned in the Scheme.

Amalgamation of Biochem Pharmaceutical Industries Limited with the Company:

Pursuant to a Scheme of Amalgamation between Biochem Pharmaceutical Industries Limited [Biochem] and the Company [the Scheme], Biochem, a wholly owned subsidiary of Cadila Healthcare Limited (the parent company) was merged with the Company by the Final Order of Hon’ble National Company Law Tribunal [NCLT], Bench, at Ahmedabad dated March 15, 2017.

The Scheme became effective from March 27, 2017 and implemented from March 31, 2016, being the appointed date.

Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited:

In order to bring more focused and concentrated efforts, the management of the Company has decided to consolidate India Human Formulation Business of Zydus Group in one entity. To achieve this objective, further to the amalgamation of Biochem with the Company, as a part of consolidation, pursuant to order dated May 18, 2017 passed by the Hon’ble National Company Law Tribunal [NCLT], Bench, at Ahmedabad, the India Human Formulation Undertakings [as defined in the Scheme of Arrangement] shall stand transferred and merged into the Company on a cash consideration, pursuant to the approval of the Scheme of Arrangement between Cadila Healthcare Limited and the Company and their respective shareholders and creditors [the Scheme]. The Scheme has become effective from May 19, 2017 and implemented from April 1, 2016, being the appointed date.

Increase in the Authorised Share Capital of the Company:

During the year under review, the Authorised Share Capital of the Company was altered and increased from Rs. 11 crores to Rs. 1,362 crores. The present Authorised Share Capital of the Company is divided into:

- a. 31,00,000 equity shares of Rs. 100/- each;
- b. 3,00,000 8% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each;
- c. 13,26,00,000, 8% Optionally Convertible Non-Cumulative Redeemable Preference shares of Rs. 100/- each; and
- d. 2,00,000 Preference Shares of Rs. 100/- each.

Allotment of Shares:

During the year under review, your Directors issued and allotted 123,650,000 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares [OCRPS] of the face value of Rs.100/- [Rupees One Hundred Only] fully paid-up at par value for an amount aggregating to Rs. 12,36,50,00,000/- [Rupees One Thousand Two Hundred Thirty Six Crores and Fifteen Lakhs only] to Cadila Healthcare Limited, the Parent Company on the terms and conditions mentioned in the resolution passed.

Pursuant to the Scheme of Amalgamation of Biochem with the Company, the Company has also issued and allotted 223,500 equity shares of Rs.100/- to the equity shareholders of erstwhile Biochem in the ratio of 298 Equity shares of Company for every 10,000 [Ten Thousand] Equity Shares of the face value of Rs.10 each (Rupees Ten Only) held, in the share exchange ratio determined by KPMG India Private Limited, an independent valuer as a consideration pursuant to the Scheme of Amalgamation.

Results of Operations:

From the appointed date, the entire business of Zydus Healthcare Limited was recorded in the books of the Company. During the period, the Company has achieved Revenue from Operations of Rs. 29,314 millions. The profit before tax is Rs. 1885 millions and the profit after tax is Rs. 1008 millions. The basic Earnings Per Share is Rs. 437.92 and the diluted Earnings Per Share is Rs. 451.12.

Dividend:

- (a) Interim Dividend:

8% Preference Shareholders:

The Board of Directors in their meeting held on March 1, 2017 declared the following Interim Dividend to the 8% Preference Shareholders on the pro rata basis up to the date of February 28, 2017, the record date fixed for the entitlement of the interim dividend:

[Rs. in Lakhs]

Sr. No.	Class of Preference Shareholders	No. of Shares	No. of Days	Amount of Dividend (including CDT)
1.	8% Non - Cumulative Redeemable Preference Share of the face value of Rs.100 each	2,54,460	261	17.52
2.	8% Optionally Convertible Non-Cumulative Redeemable Preference shares of the face value of Rs.100 each	715,00,000	60	1131.71
TOTAL				1149.23

Equity Shareholders:

The Board of Directors at its meeting held on March 1, 2017 declared an interim dividend of Rs. 1500/- [1500%] per equity share on 1938242 equity shares of Rs. 100/- each fully paid-up for the Financial Year 2016-17.

(b) Recommendation of the Final Dividend**8% Preference Shareholders:**

The Interim dividend paid to 8% Preference Shareholders was paid on the pro rata basis and the same was paid up to February 28, 2017.

Your Directors recommend for the payment of preference dividend for the month of March 2017 to the 8% Preference Shareholders on pro rata basis as per following details:

[Rs. in Lakhs]

Category	No. of Shares	Period /Issue date	Closing date	No. of Days	Dividend Rate	Amt. of Dividend	CDT	Total Outflow
8% Non-Cumulative	254460	01.03.17	31.03.17	31	8%	1.73	0.35	2.08
8% OCRPS	71500000	01.03.17	31.03.17	31	8%	485.81	98.91	584.72
8% OCRPS	16000000	28.03.17	31.03.17	4	8%	14.03	2.86	16.88
8% OCRPS	36150000	31.03.17	31.03.17	1	8%	7.92	1.61	9.54
TOTAL						509.49	103.73	613.22

Equity Shareholders:

Your Directors do not recommend any further dividend and the interim dividend paid to equity shareholders be treated as the final dividend for the financial year 2016-17.

Related Party Transactions:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and at an arm's length basis. There is no material transactions with related parties entered into by the Company during the year, required the disclosure of particulars thereof as provided under section 134[3][h] of the Act and Rules made thereunder.

Fixed Deposit:

During the year under review, the Company has not accepted any fixed deposit from the public.

Resignation / Appointment / Retirement by rotation of Directors:**1. Resignation of Directors:**

During the year under review, Mr. Mukesh M. Patel and Mr. P. A. Padmanabhan resigned from the Board of Directors of the Company w.e.f. September 20, 2016.

2. Appointment of Directors:

- a. Dr. Sharvil P. Patel was appointed as an additional Director of the Company w.e.f. September 1, 2016. He was appointed as the Chairman of the Company from the same date.
- b. Mr. Anil Matai was appointed as an additional Director of the Company w.e.f. September 1, 2016. He was further appointed as the Managing Director of the Company on September 27, 2016.
- c. Dr. Bhavana S. Doshi was appointed as an additional Independent Director on the Board of the Company for a period of five years from September 1, 2016 to August 31, 2021.
- d. Mr. Deevyesh J. Radia was appointed as an additional Independent Director on the Board of the Company for a period of five years from September 1, 2016 to August 31, 2021.

3. Retirement by Rotation:

In accordance with the provisions of section 152[6] of the Act, and in terms of the Articles of Association of the Company, Mr. Nitin D. Parekh, Director [DIN 00155570] will retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

The Board recommends his re-appointment.

Key Managerial Personnel (KMP) of the Company:

The following persons are the KMP:

- | | | | |
|----|------------------------|---|-----------------------------|
| 1. | Mr. Anil Matai | - | Managing Director |
| 2. | Mr. P. A. Padmanabhan | - | Chief Financial Officer and |
| 3. | Mr. Sanjay Kumar Gupta | - | Company Secretary |

Disclosures:

Acquisition of Brands:

During the year under review, in order to strengthen the business and improve the overall position of the Company, the Company has acquired various Brands / Trade Marks from the following Companies:

- (i) Issar Pharmaceuticals Private Limited
- (ii) Albert David Limited
- (iii) Astrazeneca Pharma India Limited
- (iv) Astrazeneca UK Limited
- (v) Astra IDL Limited
- (vi) Astrazeneca UK Limited
- (vii) Astrazeneca AB
- (viii) Merck, Sharp & Dohme, B.V.
- (ix) Organon India Private Limited and
- (x) MSD International Holdings GmbH.

Directors' Responsibility Statement:

In terms of section 134[3][c] of the Act and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

- (a) that in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (b) that such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2017 and of the profits of the Company for the year ended on that date,
- (c) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities,
- (d) that the annual financial statements have been prepared on going concern basis,

- (e) that proper internal financial controls were in place and that the financial controls were adequate and operating effectively, and
- (f) that the systems to ensure compliance with the provisions of all applicable laws were in place and adequate and operating effectively.

Board Meetings:

During the year under review, 17 Board Meetings were convened and held on April 1, 2016, April 30, 2016, May 12, 2016, June 13, 2016, July 13, 2016, August 2, 2016, August 24, 2016, September 1, 2016, September 5, 2016, September 13, 2016, September 20, 2016, September 27, 2016, November 12, 2016, November 17, 2016, December 28, 2016, January 24, 2017 and March 1, 2017. The gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Companies Act, 2013.

Audit Committee:

As provided in section 177[8] of the Act, the Company has constituted an Audit Committee under the chairmanship of Mr. Deevyesh J. Radia. The other members of the Committee are Mr. Nitin D. Parekh and Dr. Bhavana S. Doshi.

Nomination and Remuneration Committee:

As provided in section 178 of the Act, the Company has constituted the Nomination and Remuneration Committee under the chairmanship of Mr. Deevyesh J. Radia. The other members of the Committee are Dr. Sharvil P. Patel, Mr. Nitin D. Parekh and Dr. Bhavana S. Doshi.

Auditors:

1. Statutory Auditors and their Report:

The existing Statutory Auditors M/s. K. S. Aiyar & Co., Chartered Accountants, Ahmedabad, has completed more than 10 years as Statutory Auditors of the Company and will hold office as the Statutory Auditors of the Company till the conclusion of ensuing Annual General Meeting.

Pursuant to the provisions of section 139 of Companies Act, 2013 and rules made thereunder, M/s. K. S. Aiyar & Co., Chartered Accountants, Mumbai are not eligible for reappointment as the Statutory Auditors of the Company.

The members of the Audit Committee at their meeting held on May 26, 2017 recommended the appointment of M/s Deloitte Haskins & Sells, LLP, Chartered Accountants, Firm Registration No. 117366/W/W-100018 as the Statutory Auditors of the Company for a period of five years, from the conclusion of the ensuing Annual

General Meeting till the conclusion of the 33rd Annual General Meeting to be held in the calendar year 2022 and payment of remuneration thereon.

The Board recommends the appointment of M/s Deloitte Haskins & Sells, LLP, Chartered Accountants, as the Statutory Auditors of the Company.

Statutory Auditor's Report:

The observations and comments, appearing in the Statutory Auditor's Report of M/s. K. S. Aiyar & Co., Chartered Accountants are self-explanatory and do not call for any further explanation.

2. Cost Auditors:

Pursuant to the provisions of section 148[3] of the Act read with Companies [Cost Records and Audit] Amendment Rules, 2014 as amended from time to time, the cost audit records maintained by the Company in respect of its pharmaceutical products is required to be audited by a Cost Auditor. The Board has, on the recommendation of Audit Committee, appointed M/s. Dalwadi & Associates, Cost Accountants [Firm Registration No. 000338] to audit the cost records of the Company for the financial year ending on March 31, 2018 on a remuneration of Rs. 6 Lakhs plus service tax as applicable and out of pocket expenses.

As required under the Act and the Rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members at the ensuing Annual General Meeting for ratification. Accordingly, a resolution seeking ratification of the remuneration payable to M/s. Dalwadi & Associates, Cost Accountants by the members is included in the Notice convening the Twenty Eighth Annual General Meeting.

3. Secretarial Auditor and Secretarial Audit Report:

Pursuant to the provisions of section 204 of the Act and The Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, the Board has appointed SPANJ Associates, a firm of Company Secretaries in Whole-time Practice, to undertake Secretarial Audit for the financial year ended on March 31, 2017. The Secretarial Auditor's Report is attached herewith as **Annexure–A**. The Board has duly reviewed the Secretarial Auditor's Report.

The Board is of the opinion that the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors in their Boards' Report as provided under section 134 of the Act.

Internal Control Systems and its Adequacy:

The Company has Internal Control Systems, commensurate with the size, scale and complexity of its operations. The Internal Audit team monitors and evaluates the efficacy and adequacy of Internal Control Systems in the Company, its compliances with operating systems, accounting procedures and policies within the Company. Based on the report of internal audit function, process owner undertake corrective action in their respective areas and hereby strengthen the controls. Observations and corrective actions thereon are presented to the Audit Committee from time to time.

Internal Financial Systems and its Adequacy:

The Company has designed and implemented a process driven framework for Internal Financial Controls [IFC] within the meaning of the explanation to section 134[5][e] of the Act. For the year ended on March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

Vigil Mechanism:

The Company has a vigil mechanism policy to deal with instances of fraud and mismanagement, if any.

Corporate Social Responsibility [CSR]:

Your Company being associated with Pharmaceutical business has contributed for healthcare, education and research in cancer as a part of initiative under "Corporate Social Responsibility" for the year under review. Pursuant to section 135 of the Act and the relevant rules, the Board has reconstituted the Corporate Social Responsibility [CSR] Committee of the Board under the Chairmanship of Dr. Sharvil P. Patel. The other members of the Committee are Mr. Anil Matai and Dr. Bhavana S. Doshi. The CSR Policy has been framed by CSR Committee. The details of the CSR activities as required under section 135 of the Act are given in the CSR Report as **Annexure - B**.

Reporting of Frauds:

There have been no instances of fraud reported by the Statutory Auditors under section 143 [12] of the Companies Act, 2013 and the Rules framed thereunder either to the Company or to the Central Government.

Extract of Annual Return:

The relevant information in the prescribed form MGT-9 pertaining to the abstract of annual return is attached to this report as **Annexure - C**.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and outgo:

The Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134 [3][m] of the Act read with the Companies [Accounts] Rules, 2014, is provided in the **Annexure – D** and forms part of this Annual Report.

Particulars of Loans, Guarantees or Investments:

The Company has not granted any loan and/or guarantee to any party. The particulars of investment covered under section 186 of the Act are given in the notes to the financial statements.

General Disclosures:

Your Directors state that the Company has made disclosures in this report the items prescribed in section 134 [3] of the Act and Rule 8 of The Companies [Accounts] Rules, 2014 to the extent the transactions took place on those items during the year.

Particulars of Employees:

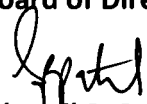
Disclosure with respect to the remuneration of Directors and employees as required under section 197 of Companies Act, 2013 and Rule 5[1] of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as **Annexure – C**.

The information as required under Rule 5[2] of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, will be provided upon request by any member of the Company. In terms of section 136[1] of the Companies Act, 2013, the Report and Accounts are being sent to the members excluding the said Annexure. Any member interested in obtaining the copy of the same may write to the Company Secretary at the Registered Office of the Company.

Acknowledgment:

Your Directors take this opportunity of appreciating the holding Company, Cadila Healthcare Limited and Banks for their co-operation received during the year under review. Your Directors also places on record sincere appreciation of the continued hard work put in by the employees at all the levels. The Directors also thank Company's vendors, business associates, State Government and various departments and agencies for their support and co-operation.

On behalf of the Board of Directors


Dr. Sharvil P. Patel
Chairman

Place: Ahmedabad
Date: May 26, 2017

SPANJ
& ASSOCIATES
Company Secretaries

Form - 3

Secretarial Audit Report

For the financial year ended on March 31, 2017

{Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule number 9 of The Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,
The Members
ZYDUS HEALTHCARE LIMITED
(Formerly known as GERMAN REMEDIES LIMITED)
REGD. OFF: Zydus Tower, Satellite Cross Roads,
Sarkhej-Gandhinagar Highway Ahmedabad – 380015

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Zydus Healthcare Limited (Formerly known as German Remedies Limited)** (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2017** complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as per Annexure I for the financial year ended on March 31, 2017 according to the provisions of:

- i) The Companies Act, 2013 (Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

*Tf/1, Anison Complex, 3rd Floor, SBI Lane, Nr. Stadium Circle, C. G. Road, Navrangpura,
Ahmedabad-380 009 Ph : 079-26421414, 26421555, e-mail : csdoshiac@gmail.com M : 098250 64740*



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& ASSOCIATES

Company Secretaries

- d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

However, it is reported that there were no instances requiring compliance with the provisions of the laws indicated at para(iii) and (v) mentioned hereinabove during the period under review as said regulations were not applicable to the company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

However, it was noted that the securities of the company are not listed on any recognized stock exchange, clauses of listing agreement and rules of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 were not applicable.

VI. We further report that having regard to the compliance management system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has compliance management system for the sector specific laws applicable to the Company

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, mentioned hereinabove and there is adequate compliance management system for the purpose of other applicable laws mentioned as sector specific laws hereinabove. We have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliances under other sector specific laws and regulations applicable to the Company.

We further report that

Board of Directors of the Company is duly constituted with proper balance of the Executive Directors and the Non-executive Directors (Independent and Non-independent). The changes in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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Company Secretaries

Majority decision is carried through while the dissenting Members' views are captured and recorded as part of the minutes, wherever required.

We further report that

there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report that

during the audit period there were following events / actions having a major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above more specifically related to:

- i) Approval of Scheme of arrangement in the form of Amalgamation of Zydus Healthcare Limited with the company German Remedies limited which was approved by Hon'ble High Court of Gujarat vide its order dated March 23, 2016 which became effective with effect from April 1, 2016. The name of the Company changed from German Remedies Limited to Zydus Healthcare Limited w.e.f. 08/09/2016
- ii) Approval of Scheme of arrangement in the form of amalgamation of Biochem Pharmaceutical Industries Limited with the company Zydus Healthcare limited which was approved by Hon'ble National Company Law Tribunal, Bench at Ahmedabad vide its order dated March 15, 2017 and became effective with effective from March 27, 2017.
- iii) Increase in authorized as well as paid up share capital by issue and allotment of 1890242 Equity shares of Rs. 100 each aggregating to Rs. 18,90,24,200 and 254,460, 8%, Non-Cumulative Redeemable Preference Shares of Rs.100 each during the financial year consequent to approval of scheme of amalgamation between Zydus Healthcare Limited with the company German Remedies limited
- iv) further report that in respect of the audit period, the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT") has vide its order dated 18th May, 2017, approved the Scheme of Arrangement ("Scheme") under Sections 230-232 of the Companies Act, 2013, between Cadila Healthcare Limited ("Cadila") and Zydus Healthcare Limited ("Zydus"), a Wholly Owned Subsidiary of Cadila and their respective shareholders for transfer and vesting of the Indian Human Formulations Undertaking of Cadila as a going concern on slump sale basis for a lump sum cash consideration of Rs. 69.30 Crores to Zydus. The appointed date of the Scheme was 1st April, 2016. The order of the Hon'ble NCLT was filed with the office of the ROC, Gujarat in E-Form INC-28 on the MCA portal by both the concerned companies on 19th May, 2017 i.e. the Effective Date of the Scheme.

Place: Ahmedabad

Date: 26/05/2017



Signature:

Name of practicing CS: Ashish C. Doshi, Partner
SPANJ & ASSOCIATES
Company Secretaries

ACS/FCS No. : F3544

C P No : 2356

Note : This report is to be read with our letter of even date which is annexed as Annexure II and forms an integral part of this report.

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SPANJ
& ASSOCIATES
Company Secretaries

ANNEXURE - I

List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Minutes of the meetings of the Board of Directors and various committees comprising of Audit Committee, Nomination & Remuneration Committee etc. held during the period under report.
3. Minutes of General Body Meetings held during the period under report.
4. Statutory Registers/Records under the Companies Act and rules made there under viz.
 - Register of Directors & KMP
 - Register of Directors' Shareholding
 - Register of loans, guarantees and security and acquisition made by the Company
 - Register of Renewed and Duplicate Share Certificate
 - Register of Members
5. Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.
6. Declarations received from the Directors of the Company pursuant to the provisions of 184 of the Companies Act, 2013.
7. e-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the period under report.
- 9.. Various policies framed by the company from time to time as required under the statutes applicable to the company.
10. Processes and procedure followed for Compliance Management System for applicable laws to the Company



SPANJ
& ASSOCIATES
Company Secretaries

Annexure II

To,
The Members
ZYDUS HEALTHCARE LIMITED
(Formerly known as GERMAN REMEDIES LIMITED)
REGD. OFF: Zydus Tower, Satellite Cross Roads,
Sarkhej-Gandhinagar Highway Ahmedabad – 380015

Sir,

Sub : Secretarial Audit Report for the Financial Year ended on 31st March, 2017

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Ahmedabad

Date: 26/05 /2017



Signature:

Name of practicing C S : Ashish C. Doshi, Partner
SPANJ & ASSOCIATES
Company Secretaries

ACS/FCS No. : F3544

C P No: 2356

Annual Report on Corporate Social Responsibility [CSR] activities

1. Brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken

The Company has framed a CSR Policy in compliance with the provisions of section 135 of the Companies Act, 2013.

The Company has outlined the following thrust areas in the CSR Policy:

- i) Healthcare / Medical Facility
- ii) Skill Development / Empowerment
- iii) Community Development
- iv) Education / Knowledge Enhancement
- v) Infrastructure Development
- vi) Environment Protection
- vii) Others as may be decided.

The Board of Directors approved the CSR spending, apart from others, on providing financial support and other assistance to Gujarat Cancer Society [GCS]. GCS is also providing financial assistance to marginalized and economically weaker sections of the society for medical treatment at its hospital.

2. Average net profits of the Company for last three financial years.

Rs. 31,06,63,500/-

3. Prescribed CSR expenditure [2% of the amount as in item No. 3 above].

Rs. 62,12,730/-

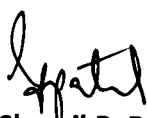
4. Details of CSR spent during the financial year.

- a. Total amount to be spent during the financial year – Rs. 62,12,730/-
[which includes the contribution of Rs. 37,44,780 required to be made by erstwhile Biochem]
- b. Amount unspent, if any. – Nil
- c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or program [Local Area or specify the other Area]	Amount outlay [Budget]	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
1.	Healthcare & Education	Promoting education and healthcare including preventive healthcare	Ahmedabad	19,25,950	19,25,950	19,25,950	through implementing Agency
2.	Healthcare	For construction of Water Reservoir Tank	Sikkim	5,42,000	5,42,000	5,42,000	through implementing Agency
3	Healthcare	Promoting preventive health care and sanitation and making available safe drinking water.	Daman	1,00,000	1,00,000	1,00,000	through implementing Agency
4	Healthcare & Education	Promoting education and healthcare including preventive healthcare	Ahmedabad	31,44,780	31,44,780	31,44,780	through implementing Agency
5	Healthcare & Education	Welfare of the poor people residing in Sikkim towards food, education and sanitation.	Sikkim	5,00,000	5,00,000	5,00,000	through implementing Agency
TOTAL				62,12,730	62,12,730	62,12,730	

A Responsibility Statement:

The implementation and monitoring of Corporate Social Responsibility [CSR] Policy, is in compliance with CSR objectives and policy of the Company.



Dr. Sharvil P. Patel
Chairman of CSR Committee



Anil Matai
Managing Director

Place: Ahmedabad

Date: May 26, 2017

Annexure – C

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. Registration and other details	
CIN	U51900GJ1989PLC079501
Registration Date	August 2, 1989
Name of the Company	Zydus Healthcare Limited [Formerly known as German Remedies Limited]
Category / Sub-Category of the Company	Public Company Limited by shares
Address of the Registered Office and Contact details	“Zydus Tower”, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad – 380 015. Phone +91-79-2686 8100 (20 lines) Fax +91-79-2686 8337
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any	Not Applicable

II. Principal Business Activities of the Company

Manufacturing of pharmaceutical products

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Pharmaceutical Products	2100	100%

III. Particulars of holding, subsidiary and Associate Companies:

Sr. No.	Name and Address of the Company	CIN No.	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Cadila Healthcare Limited Zydus Tower, Satellite Cross Roads, Ahmedabad – 380 015	L24230GJ1995PLC025878	Holding	100%	2[46]

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
ii) Other Foreign Nations	-	-	-	-	-	-	-	-	-
iii) Foreign Bodies	-	-	-	-	-	-	-	-	-
iv) NRI / OCBs	-	-	-	-	-	-	-	-	-
v) Clearing Members/ Clearing House	-	-	-	-	-	-	-	-	-
vi) Trusts	-	-	-	-	-	-	-	-	-
vii) Limited Liability Partnership	-	-	-	-	-	-	-	-	-
ii) Foreign Portfolio Investor (Corporate)	-	-	-	-	-	-	-	-	-
ix) Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	48,000	48,000	100%	-	19,38,242	19,38,242	100%	3938%

ii) Shareholding of Promoters:

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
Cadila Healthcare Limited	47,988	100%	-	19,38,230	100%	Nil	3938 %
Mr. Pankaj R. Patel Jtly. with Cadila Healthcare Limited	*2	-	-	*2	-	Nil	-
Mrs. Pritiben P. Patel Jtly. With Cadila Healthcare Limited	*2	-	-	*2	-	Nil	-
Dr. Sharvil P. Patel Jtly. With Cadila Healthcare Limited	*2	-	-	*2	-		-
Mrs. Shivani P. Patel Jtly. With Cadila Healthcare Limited	*2	-	-	*2	-	Nil	-
Mr. Nitin D. Parekh Jtly. With Cadila Healthcare Limited	*2	-	-	*2	-	Nil	-
Mr. P. A. Padmanabhan Jtly. With Cadila Healthcare Limited	*2	-	-	*2	-	Nil	-
Total	48,000	100%	-	19,38,242	100%	Nil	3938 %

* Shares held as nominee of Cadila Healthcare Limited

iii) Change in Promoters' Shareholding (Please specify, if there is no change)

Shareholding at the beginning of the year	Cumulative Shareholding during the year			
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	48,000	100%	48,000	100%
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	Allotted 18,90,242 Equity Shares pursuant to the Scheme of Amalgamation of erstwhile Zydus Healthcare Limited with the Company.			
At the end of the year	19,38,242	100%	19,38,242	100%

iv) Shareholding Pattern of top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

For each of the top 10 shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
NIL				

v) Shareholding of Directors and Key Managerial Personnel [KMP]:

A. Directors [Other than KMP]

Particulars	Dr. Sharvil P. Patel	Mr. Nitin D. Parekh	Mr. Deevyesh J. Radia
At the beginning of the year:			
Number of Shares	2*	2*	Nil
% of total shares held	-	-	-
Date wise increase / decrease in shareholding:	Nil	Nil	Nil
At the end of the year:			
Number of Shares	2*	2*	Nil
% of total shares held			

*Held as a nominee of Cadila Healthcare Limited

Particulars	Dr. Bhavana S. Doshi
At the beginning of the year:	
Number of Shares	Nil
% of total shares held	-
Date wise increase / decrease in shareholding:	Nil
At the end of the year:	
Number of Shares	Nil
% of total shares held	

B. Key Managerial Personnel:

Particulars	Mr. Anil B. Matai Managing Director	Mr. P. A. Padmanabhan CFO	Mr. Sanjay D. Gupta CS
At the beginning of the year:			
Number of Shares	Nil	2*	Nil
% of total shares held	-	-	-
Date wise increase / decrease in shareholding:	Nil	Nil	Nil
At the end of the year:			
Number of Shares	Nil	2*	Nil
% of total shares held			
* Shares held as nominee of Cadila Healthcare Limited			

V. INDEBTEDNESS

Rs. in Thousand

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	48,34,000	-	48,34,000
ii) Interest due but not paid	-		-	-
iii) Interest accrued but not due	-	53,551	-	53,551
Total (i+ii+iii)	-	48,87,551	-	48,87,551
Change in Indebtedness during the financial year				
Addition	-	2,20,000	-	2,20,000
Reduction	-	-49,07,551	-	-49,07,551
-Net Change	-	-46,87,551	-	-46,87,551
Indebtedness at the end of the financial year				
i) Principal Amount	-	2,00,000	-	2,00,000
ii) Interest due but not paid	-		-	-
iii) Interest accrued but not due	-		-	-
Total (i+ii+iii)	-	2,00,000	-	2,00,000

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

Sr. No.	Particulars of Remuneration	Mr. Anil Matai Managing Director	Amt. [Rs. In Lakhs]
	Gross Salary	210.47	210.47
1	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.14	0.14
	b) Value of perquisites under section 17(2) Income Tax Act, 1961		
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961		
2	Stock Options	Nil	
3	Sweat Equity		
4	Commission		
	- As % of profit		
5	Other, please specify		Nil
	Total (A)	210.61	210.61
	Ceiling as per the Act	972.03	972.03

B. Remuneration to other Director:**1. Independent Directors:****[Amount Rs. in Lakhs]**

Particulars of Remuneration	Name of Director		Total
	Mr. Deevyesh J. Radia	Dr. Bhavana Doshi	
- Fee for attending Board / Committee Meetings	6.50*	7.25*	13.75*
- Commission	2.00*	2.00*	4.00*
- Others, please specify	Nil	Nil	Nil
Total (B)(1)	8.50*	9.25*	17.75*

* includes the sitting fees/Commission paid as Directors of erstwhile Biochem Pharmaceutical Industries Limited now merged with the Company.

2. Other Non-Executive Directors:**[Amount Rs. in Lakhs]**

Particulars of Remuneration	Name of Director		Total
	Dr. Sharvil P. Patel	Mr. Nitin D. Parekh	
- Fee for attending Board / Committee Meetings	2.50	5.75*	8.25*
- Commission	Nil	Nil	Nil
- Others, please specify	Nil	Nil	Nil
Total (B)(2)	2.50	5.75*	8.25*
Total (B)=(B)(1)+(B)(2)	11.00*	15.00*	26.00*

* includes the sitting fees paid as Directors of erstwhile Biochem Pharmaceutical Industries Limited now merged with the Company.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount Lakhs
		Mr. P. A. Padmanabhan - CFO	Mr. Sanjay Kumar Gupta – Company Secretary	
1.	Gross Salary	48.59	8.90	57.49
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.14	-	0.14
	b) Value of perquisites under section 17(2) Income Tax Act, 1961			
	c) Profit in lieu of salary under section 17(3) Income Tax Act, 1961			
2.	Stock Options	Nil	Nil	Nil
3.	Sweat Equity			
4.	Commission	Nil	Nil	Nil
	- as % of profit			
	- Others, specify.....			
5	Others, please specify	Nil	Nil	Nil
	Total (C)	48.73	8.90	57.63

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty			None		
Punishment					
compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		

On behalf of the Board of Directors



Dr. Sharvil P. Patel
Chairman

Place: Ahmedabad
Date: May 26, 2017

Information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo pursuant to section 134(1)(m) of the Companies Act, 2013 read with Rule No. 8 of the Companies [Accounts] Rules, 2014.

A. Conservation of Energy:

1. Steps taken and capital investment and impact on conservation of energy:

a. Particulars of major steps taken and capital investments made:

[Amount Rs. in Lacs]

Sr. No.	Steps taken by installing following equipment / fittings	Capital Investments
i.	LED Light Replacement to Hormone, warehouse and street light	6.00
ii	Timer switch provided for split ACs of Canteen and Hormone plant light to reduce power consumption	0.40
iii	Improve the efficiency of Gasifier unit by providing VFD & Blower	1.60
	Total	8.00

b. Impact on conservation of energy:

- Reduction in power consumption,
- Enhance illumination level,
- Reduction in fuel consumption by optimum use of gasifier (producer gas), and
- Improvement in environment conditions.

2. Steps taken by the Company for utilizing alternate sources of energy:

- Using solar Street Light, and
- Use of natural air,

B. Technology Absorption:

1. Efforts made towards technology absorption:

- Utilized Timers, Switches, VFD, LED etc. for power conservation.

2. Benefits derived:

- Helped in reduction of power consumption and improvement in environmental conditions.

3. Details of technology imported in last three years:

- The Company has not imported new technology during the last three financial years.

4. Expenditure incurred on Research and Development:

- The Company has not incurred expenditure under the head Research and Development.

C. Foreign Exchange Earnings and outgo:

- During the year, there is no foreign exchange earning / outflow.

On behalf of the Board of Directors



Dr. Sharvil P. Patel
Chairman

Place: Ahmedabad
Date: May 26, 2017