

NOTICE - SECURED CREDITORS

ZYDUS HEALTHCARE LIMITED

| | | |
|-------------------|---|--|
| Registered Office | : | Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015, Gujarat, India |
| Tel No | : | +91-79-26868100 |
| CIN | : | U51900GJ1989PLC079501 |
| Website | : | www.zyduscadila.com |
| E-mail | : | sanjayd.gupta@zyduscadila.com |

**MEETING OF THE SECURED CREDITORS
OF**

ZYDUS HEALTHCARE LIMITED

*(convened pursuant to final order dated 15th day of February 2017
passed by the National Company Law Tribunal, Bench at Ahmedabad)*

MEETING:

| | |
|-------|---|
| Day | Thursday |
| Date | 30 th day of March 2017 |
| Time | 3.00 p.m. (1500 hours) |
| Venue | J.B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, ATIRA, Ahmedabad-380 015, Gujarat, India |

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH, AT AHMEDABAD
CA (CAA) NO. 6/230-232/NCLT/AHM/2017**

In the matter of the Companies Act, 2013;

And

In the matter of Sections 230 - 232 read with other relevant provisions of the Companies Act, 2013;

And

In the matter of Zydus Healthcare Limited;

And

In the matter of Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited and their respective shareholders and creditors;

| | | |
|--|----------------------------------|-----------------------------|
| <p>Zydus Healthcare Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015, Gujarat, India.</p> | <p>} } } } }</p> | <p>...Applicant Company</p> |
|--|----------------------------------|-----------------------------|

NOTICE CONVENING THE MEETING OF THE SECURED CREDITORS OF THE APPLICANT COMPANY

To,

The secured creditors of Zydus Healthcare Limited (the “Applicant Company”):

TAKE NOTICE that by a final order made on the 15th day of February 2017 in the abovementioned Company Application (the “**Order**”), the Hon’ble National Company Law Tribunal, Bench, at Ahmedabad (“**NCLT**”) has directed that a meeting of the secured creditors of the Applicant Company, be convened and held at J.B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, ATIRA, Ahmedabad-380 015, Gujarat, India on Thursday, the 30th day of March 2017 at 3.00 p.m. (1500 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited and their respective shareholders and creditors (“**Scheme**”).

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the secured creditors of the Applicant Company, will be held at J.B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, ATIRA, Ahmedabad-380 015, Gujarat, India on Thursday, the 30th day of March 2017 at 3.00 p.m. (1500 hours), at which place, day, date and time you are requested to attend. At the meeting, the following resolution will be considered and if thought fit, be passed, with or without modification(s):

*“RESOLVED THAT pursuant to the provisions of Sections 230 - 232 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable, the Securities and Exchange Board of India Circular No. CIR/CFD/CMD/16/2015 dated 30th November 2015, the observation letters issued by each of the BSE Limited and the National Stock Exchange of India Limited, both dated January 20, 2017 and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Hon’ble National Company Law Tribunal, Bench, at Ahmedabad (“**NCLT**”) and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by NCLT or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**”, which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the arrangement embodied in the Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited and their respective shareholders and creditors (“**Scheme**”) placed before this meeting and initialled by the Chairman of the meeting for the purpose of identification, be and is hereby approved.*

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement

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the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper.”

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the registered office of the Applicant Company at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015, Gujarat, India, not later than 48 (forty eight) hours before the time fixed for the aforesaid meeting. The form of proxy can be obtained free of charge from the registered office of the Applicant Company.

Copies of the Scheme and of the Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the enclosures as indicated in the Index, can be obtained free of charge at the registered office of the Applicant Company at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015, Gujarat, India or at the office of its advocates, M/s. Singhi & Co., Singhi House, 1, Magnet Corporate Park, Near Sola Bridge, S. G. Highway, Ahmedabad – 380 059, Gujarat, India.

NCLT has appointed Mr. Deevyesh Radia, an Independent Director of the Applicant Company and in his absence, Dr. Bhavna Doshi, an Independent Director of the Applicant Company to be the Chairman/Chairperson of the said meeting including for any adjournment or adjournments thereof.

The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval of NCLT.

A copy of the Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Scheme and the other enclosures as indicated in the Index are enclosed.



Deevyesh Radia

Chairman appointed for the meeting

Dated this 18th day of February 2017.

Registered office: Zydus Tower,
Satellite Cross Roads,
Sarkhej-Gandhinagar Highway,
Ahmedabad-380 015,
Gujarat, India

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only secured creditor(s) of the Applicant Company may attend and vote either in person or by proxy (a proxy need not be an secured creditor of the Applicant Company) or in the case of a body corporate, by a representative authorised under Section 113 of the Companies Act, 2013 at the meeting of the secured creditor(s) of the Applicant Company. The authorised representative of a body corporate which is a secured creditor of the Applicant Company may attend and vote at the meeting of the secured creditor(s) of the Applicant Company provided a certified true copy of the resolution of the board of directors or other governing body of the body corporate authorising such representative to attend and vote at the meeting of the secured creditor(s) of the Applicant Company is deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours before the scheduled time of the commencement of the meeting of the secured creditor(s) of the Applicant Company. The Form of Proxy can be obtained free of charge at the registered office of the Applicant Company.
3. The quorum of the meeting of the secured creditors of the Applicant Company shall be 1 (one) secured creditor of the Applicant Company, present in person.
4. The form of proxy can be obtained free of charge from the registered office of the Applicant Company.

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5. Secured creditor or his proxy, attending the meeting, is requested to bring the Attendance Slip duly completed and signed.
6. The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the secured creditor(s) at the registered office of the Applicant Company between 10.00 a.m. and 12.00 noon on all days (except Saturdays, Sundays and public holidays) upto the date of the meeting.
7. NCLT by its said Order has directed that a meeting of the secured creditor(s) of the Applicant Company shall be convened and held at J.B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, ATIRA, Ahmedabad-380 015, Gujarat, India, on Thursday, the 30th day of March 2017 at 3.00 p.m. (1500 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme. Secured creditors would be entitled to vote in the said meeting either in person or through proxy.
8. In accordance with the provisions of Sections 230 – 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three fourth in value of the secured creditor(s) of the Applicant Company, voting in person or by proxy, agree to the Scheme.
9. The Notice, together with the documents accompanying the same, is being sent to the secured creditors either by registered post or speed post/ airmail or by courier service or electronically by e-mail. The Notice will be displayed on the website of the Applicant Company www.zyduscadila.com.
10. The notice convening the meeting, the date of dispatch of the notice and the Explanatory Statement, amongst others, will be published through advertisement in the following newspapers, namely, (i) Indian Express (Ahmedabad Edition) in the English language; and (ii) translation thereof in Sandesh (Ahmedabad Edition) in the Gujarati language.
11. Mr. Ashish Doshi, Practicing Company Secretary (Membership No. FCS 3544/COP 2356) has been appointed as the scrutinizer to conduct the voting process through ballot or polling at the venue of the meeting in a fair and transparent manner.
12. The scrutinizer will submit his report to the Chairman of the meeting after completion of the scrutiny of the votes cast by the secured creditor(s) of the Applicant Company through ballot or polling paper at the venue of the meeting. The scrutinizer's decision on the validity of the vote shall be final. The results of votes cast through ballot or polling paper at the venue of the meeting will be announced on or before 2nd day of April 2017 at the registered office of the Applicant Company. The results, together with the scrutinizer's Reports, will be displayed at the registered office of the Applicant Company and on the website of the Applicant Company www.zyduscadila.com.

Encl.: As above

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH, AT AHMEDABAD
CA (CAA) NO. 6/230-232/NCLT/AHM/2017**

In the matter of the Companies Act, 2013;

And

In the matter of Sections 230 - 232 read with other relevant provisions of the Companies Act, 2013;

And

In the matter of Zydus Healthcare Limited;

And

In the matter of Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited and their respective shareholders and creditors;

| | | |
|--|----------------------------------|-----------------------------|
| <p>Zydus Healthcare Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015, Gujarat, India.</p> | <p>} } } } }</p> | <p>...Applicant Company</p> |
|--|----------------------------------|-----------------------------|

EXPLANATORY STATEMENT UNDER SECTIONS 230(3), 232(1) AND (2) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

1. Pursuant to the final order dated 15th day of February 2017, passed by the Hon'ble National Company Law Tribunal, Bench, at Ahmedabad (the "NCLT"), in CA(CAA) No.6/230-232/NCLT/AHM/2017 ("Order"), a meeting of the secured creditor(s) of Zydus Healthcare Limited (hereinafter referred to as the "Applicant Company" or the "Transferee Company" as the context may admit) is being convened at J.B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, ATIRA, Ahmedabad-380 015, Gujarat, India, on Thursday, the 30th day of March 2017 at 3.00 p.m. (1500 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Arrangement between the Applicant Company and Cadila Healthcare Limited (hereinafter referred to as the "Transferor Company") and their respective shareholders and creditors under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme"). The Transferor Company and the Transferee Company are together referred to as the "Companies". A copy of the Scheme, which has been, inter alios, approved by the Board of Directors of the Applicant Company at its meeting held on 17th day of November 2016, is enclosed as **Annexure 1**. Capitalised terms used herein but not defined shall have the meaning assigned to them in the Scheme unless otherwise stated.
2. In terms of the said Order, the quorum for the said meeting shall be 1 (one) secured creditor present in person. Further in terms of the said Order, NCLT, has appointed Mr. Deevyesh Radia, an Independent Director of the Applicant Company and in his absence, Dr. Bhavna Doshi, an Independent Director of the Applicant Company to be the Chairman/ Chairperson of the said meeting including for any adjournment or adjournments thereof.
3. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 (the "Act") read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the "Rules").
4. As stated earlier, NCLT by its said Order has, inter alia, directed that a meeting of the secured creditors of the Applicant Company shall be convened and held at J.B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, ATIRA, Ahmedabad-380 015, Gujarat, India, on Thursday, the 30th day of March 2017 at 3.00 p.m. (1500 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme. Secured creditor(s) would be entitled to vote in the said meeting either in person or through proxy. In addition, the Applicant Company is seeking the approval of its secured creditor(s) to the Scheme by way of voting in the meeting either in person or through proxy.
5. In accordance with the provisions of Sections 230 – 232 of the Act, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the secured creditor(s), or class of secured creditor(s), of the Applicant Company, as the case may be, voting in person or by proxy agree to the Scheme.

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6. In terms of the Order dated 15th day of February 2017, passed by the NCLT, in CA(CAA) No.6/230-232/NCLT/AHM/2017, if the entries in the records/registers of the Applicant Company in relation to the number or value, as the case may be, of the secured creditor(s) are disputed, the Chairman of the meeting shall determine the number or value, as the case may be, for the purposes of the said meeting.

Particulars of the Transferor Company

7. The Transferor Company, the flagship company of Zydus Group, is incorporated on 15th day of May 1995, under the provisions of the Companies Act, 1956 (the “Act of 1956”) in the name of Cadila Healthcare Private Limited. The name of Cadila Healthcare Private Limited was changed to Cadila Healthcare Limited with effect from 17th day of July 1996. The Transferor Company is a listed public limited company. The equity shares of the Transferor Company are listed on the National Stock Exchange of India Limited (hereinafter referred to as “NSE”) and BSE Limited (hereinafter referred to as “BSE”). There has been no further change in the name of the Transferor Company in the last five (5) years. The Corporate Identification Number of the Transferor Company is L24230GJ1995PLC025878. The Permanent Account Number of the Transferor Company is AAACC6253G.
8. The registered office of the Transferor Company is situated at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015. There has been no change in the registered office address of the Transferor Company in last five (5) years. The e-mail address of the Transferor Company is upen.shah@zyduscadila.com
9. The objects for which the Transferor Company has been established are set out in its Memorandum of Association. The main object of the Transferor Company is, as follows:

“III. (A)

1. *To manufacture, buy, sell, process, import, export, grow, refine, research, mix, pack, market, act as distributors, whole-sellers, dealers, consignment agents and handling agents and consultants in all kinds of pharmaceuticals, drugs, medicaments, intermediates and their raw-materials, surgical equipments, apparatus, and devices, cosmetics, medicated soaps, shampoos, toiletries and health care products, hospital products and items of personal hygiene whether prepared by ayurvedic, homeopathic, unani, allopathic, naturecure, herbal or any other medicinal system for human beings, birds, animals, insects or other purpose and to run hospitals and diagnostic centres.”*

There has been no change in the object clause of the Transferor Company in the last five (5) years.

10. The Transferor Company is engaged in the business of research and development, manufacture, marketing, sale, trading and export of drugs and pharmaceuticals. One of the business verticals of the Transferor Company is marketing and selling human formulations in India which is carried out through its Domestic Human Formulations Business. Domestic Human Formulations Business consists of (a) Strategic Business Unit (SBU) Biologics Business, and (b) India Human Formulations Business.

SBU Biologics Business is carrying on the business of marketing and selling human formulations in India through its several divisions, viz. (i) Oncosciences, (ii) Ingenia, (iii) Heptiza-Alpha and Omega, (iv) Synovia, (v) Ostivia, (vi) Biovation, (vii) Bionext, (viii) Vaxxicare and (ix) Nephrosciences- Dialysis and Transplant.

All other business pertaining to marketing and selling of human formulations in India, other than SBU Biologics Business, is carried out through various divisions of India Human Formulations Business. Some of the divisions, amongst others, under India Human Formulations Business are (i) Fortiza, (ii) Medica, (iii) Liva, (iv) Respicare, etc. The plant situated at Plot No. 3707-3708, Phase IV, GIDC, Vatva, Ahmedabad-382 445, manufactures various formulations for India Human Formulations Business. The Research & Development activity for India Human Formulations Business is carried out at Pharmaceutical Technology Centre (PTC) situated at Sigma Commerce Zone, Near Iscon Temple, S. G. Highway, Ahmedabad- 380 015. Further, the analytical laboratory for stability study in respect of India Human Formulations Business is situated at Magnet Corporate Park, House No. 5, Floor 1, 2 and 3, Thaltej Cross Roads, Thaltej, Ahmedabad – 380 059, and that the activities for development of formulations in respect of India Human Formulations Business is situated at 2nd & 3rd Floor, Plot No. 407, New Ahmedabad Industrial Estate, Sarkhej-Bavla Road, Village Moraiya, Taluka Sanand, Ahmedabad – 382 210.

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11. The Authorised, Issued, Subscribed and Paid up Share Capital of the Transferor Company as on 31st January 2017 was as follows:

| Share Capital | Amount (in Rs.) |
|---|----------------------|
| Authorized | |
| 172,50,00,000 Equity shares of Re. 1/- each | 172,50,00,000 |
| TOTAL | 172,50,00,000 |
| Issued, subscribed and paid-up | |
| 102,37,42,600 Equity shares of Re. 1/- each fully paid up | 102,37,42,600 |
| TOTAL | 102,37,42,600 |

12. Subsequent to 31st January 2017 there has been no change in the share capital of the Transferor Company.

Particulars of the Transferee Company

13. The Transferee Company is a company incorporated on 2nd day of August 1989 under the provisions of the Companies Act, 1956 in the name of GR Exports Limited in the State of Maharashtra. The name of GR Exports Limited was changed to German Remedies Specialities Limited with effect from 1st day of April 2002. The name was further changed to German Remedies Limited and thereafter to Zydus Healthcare Limited with effect from 8th day of October 2003 and 8th day of September 2016, respectively. Except as stated hereinabove, there has been no further change in the name of the Transferee Company in the last five (5) years. The registered office of the Transferee Company was shifted from the State of Maharashtra to the State of Gujarat with effect from 2nd day of April 2014. The Transferee Company is an unlisted public limited company. The Transferee Company is a wholly owned subsidiary of the Transferor Company. The Corporate Identification Number of the Transferee Company is U51900GJ1989PLC079501. The Permanent Account Number of the Transferee Company is AAACG1859Q.

14. The registered office of the Transferee Company is situated at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015. Before 2nd April 2014, the registered office of the Transferee Company was situated at Shiv Sagar Estate, "A", Dr. Annie Besant Road, Worli, Mumbai-400 018. Except the aforesaid, there has been no further change in the registered office address of the Transferee Company in the last five (5) years. The e-mail address of the Transferee Company is sanjayd.gupta@zyduscadila.com

15. The objects for which the Transferee Company has been established are set out in its Memorandum of Association. The main objects of the Transferee Company are as follows:

"III (A)

1. *To carry on business as exporters, importers, buyers, sellers, distributors, dealers and manufacturers of raw materials, ingredients, reagents, catalysts, mixtures, derivatives, intermediates, compounds, processed or semi processed products, industrial agricultural pharmaceutical and medical preparations including pharmaceutical and medical products, bulk drugs and chemicals, foodstuffs, beverages, wines, tonics, flowers, medicinal plants, hospital requisites, surgical and other ligatures, syringes etc., cosmetics, beauty products and articles of personal beauty, toilets, requisites, dye, dyestuffs, chemicals, petrochemicals, bio-chemicals, natural and artificial fibres, garments, handicrafts, leather, leather products, plant and machinery, equipment, apparatus, instruments, tools, accessories, fittings and stores.*
2. *To engage the employees / agents / representatives for using their services or for providing their services to other Companies / firms / entities on contractual basis or otherwise for marketing of their products including Drugs and Pharmaceuticals, diagnostics, cosmesuticals, ayurvedic, unani, healthcare and personal hygiene and allied products as the company may decide both in domestic and international market, to act as sales organizers as well as consultants, agents and in such capacity, to give advise and information and render services while carrying on business as aforesaid which may lead to or be conducive to the adoption by the constituent or principals or generally of*
 - i) *efficient methods of effecting sales and marketing goods.*
 - ii) *economy in effecting sales and marketing goods*
 - iii) *rendering of all services whether incidental to the above or not;*
 - iv) *to organize in any part of India or abroad, sales promotion drives, seminars, exhibitions, fairs and other similar activities for and on behalf of clients to attain the aforesaid objects of the company."*

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Clause III. (B) 7[a] was inserted to the objects incidental or ancillary to the attainment of the main objects with effect from 25th day of January 2016. Except as stated above, there has been no change in the object clause of the Transferee Company in the last five (5) years.

16. The Transferee Company is engaged in the business of manufacturing, marketing and selling of human formulations in India and for the said purpose is having its manufacturing plant at Sikkim. The existing business of the Transferee Company is similar to the India Human Formulations Business of the Transferor Company.
17. The Authorised, Issued, Subscribed and Paid up Share Capital of the Transferee Company as on 31st January 2017 was as follows:

| Share Capital | Amount (in Rs.) |
|---|----------------------|
| Authorized | |
| 21,00,000 equity shares of Rs. 100/- each | 21,00,00,000 |
| 3,00,000 8% non-cumulative redeemable preference shares of Rs. 100/- each | 3,00,00,000 |
| 7,26,00,000 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares of Rs. 100/- each | 726,00,00,000 |
| TOTAL | 750,00,00,000 |
| Issued, subscribed and paid-up | |
| 19,38,242 equity shares of Rs. 100/- each fully paid up | 19,38,24,200 |
| 2,54,460 8% non-cumulative redeemable preference shares of Rs. 100/- each fully paid up | 2,54,46,000 |
| 7,15,00,000 8% Optionally Convertible Non-Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid-up | 715,00,00,000 |
| TOTAL | 736,92,70,200 |

Note: A separate Scheme of Amalgamation of Biochem Pharmaceutical Industries Limited with the Transferee Company is pending before the National Company Law Tribunal, Bench, at Ahmedabad. Pursuant to the sanctioning of the said Scheme of Amalgamation and upon the same becoming effective, the Transferee Company will issue and allot equity shares to the shareholders of Biochem Pharmaceutical Industries Limited as per the share exchange ratio as stipulated in the said Scheme of Amalgamation. The equity shares to be issued under the said Scheme of Amalgamation has not been taken into consideration, while determining the above capital structure.

18. Subsequent to 31st January 2017 there has been no change in the share capital of the Transferee Company.

Description and Rationale for the Scheme

19. The Scheme provides for transfer and vesting of the India Human Formulations Undertaking of the Transferor Company with effect from the Appointed Date, as a going concern, on Slump Sale basis, and for which a lump sum cash consideration shall be paid by the Transferee Company to the Transferor Company, in accordance with Section 2 (42C) of the IT Act and for matters consequential, incidental, supplemental and/or otherwise integrally connected therewith. The proposal is to be implemented in terms of the Scheme under Sections 230 - 232 of the Act.
20. The rationale for the Scheme is as under:

It is desired to consolidate the business of marketing and selling of human formulations in India (which does not include the SBU Biologics Business) of Zydus Group within the Transferee Company. In this regard, one of the group companies, namely, the erstwhile Zydus Healthcare Limited merged into German Remedies Limited (the name of German Remedies Limited was changed to Zydus Healthcare Limited, the Transferee Company). Further, it is also contemplated to amalgamate Biochem Pharmaceutical Industries Limited, a wholly owned subsidiary of the Transferor Company, carrying on the business of manufacturing, marketing and selling of human formulations primarily in India, with the Transferee Company and that necessary process for seeking sanction of the scheme of amalgamation of Biochem Pharmaceutical Industries Limited with the Transferee Company has been initiated, which is presently pending before this Hon'ble Tribunal.

As a part of the aforesaid consolidation, it is proposed to transfer the India Human Formulations Undertaking of the Transferor Company to the Transferee Company which would, inter alia, bring more focused and concentrated efforts by management to grow the respective operations of both the companies which would be in the best interest of the stakeholders.

ZYDUS HEALTHCARE LIMITED

Corporate Approvals

21. The proposed Scheme, was placed before the Audit Committee of the Transferor Company at its meeting held on 17th day of November 2016. The Audit Committee of the Transferor Company took into account the Valuation Report, dated 16th day of November 2016, issued by B S R & Associates LLP, Chartered Accountants (the “**Valuation Report**”) and the fairness opinion, dated 16th day of November 2016, provided by Dalmia Securities Private Limited, a Category I Merchant Banker (“**Fairness Opinion**”), appointed for this purpose by the Transferor Company. A copy of the Valuation Report is enclosed as **Annexure 2**. The Valuation Report is also open for inspection. A copy of the Fairness Opinion is enclosed as **Annexure 3**. The Audit Committee based on the aforesaid, inter alia, recommended the Scheme to the Board of Directors of the Transferor Company for its approval.
22. The Scheme along with the Valuation Report was placed before the Board of Directors of the Transferor Company, at its meeting held on 17th day of November 2016. The Fairness Opinion and the report of the Audit Committee was also submitted to the Board of Directors of the Transferor Company. Based on the aforesaid, the Board of Directors of the Transferor Company approved the Scheme. The meeting of the Board of Directors of the Transferor Company, held on 17th day of November 2016, was attended by 5 (five) directors (namely, Mr. Pankaj R. Patel, Dr. Sharvil P. Patel, Mr. Nitin R. Desai, Mr. H. Dhanrajgir and Mr. Mukesh M. Patel in person). None of the directors of the Transferor Company who attended the meeting, voted against the Scheme. Thus, the Scheme was approved unanimously by the directors, who attended and voted at the meeting.
23. The Scheme along with the Valuation Report was placed before the Board of Directors of the Transferee Company, at its meeting held on 17th day of November 2016. Based on the aforesaid, the Board of Directors of the Transferee Company approved the Scheme. The meeting of the Board of Directors of the Transferee Company, held on 17th day of November 2016, was attended by 4 (four) directors (namely, Dr. Sharvil P. Patel, Mr. Anil Matai, Mr. Nitin D. Parekh and Mr. Deevyesh J. Radia in person). None of the directors of the Transferee Company, who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the directors, who attended and voted at the meeting.

Approvals and actions taken in relation to the Scheme

24. NSE was appointed as the designated stock exchange by the Transferor Company for the purpose of coordinating with the Securities and Exchange Board of India (“**SEBI**”), pursuant to Circular No. CIR/CFD/CMD/16/2015 dated 30th day of November 2015 (the “**SEBI Circular**”) issued by SEBI. The Transferor Company has received observation letters regarding the Scheme from BSE and NSE, respectively, both on 20th day of January 2017. In terms of the observation letters of BSE and NSE, respectively, both dated 20th day of January 2017, BSE and NSE, inter alia, conveyed their no adverse observations/no objection for filing the Scheme with the Hon’ble High Court. Copies of the observation letters, both dated 20th day of January 2017, received from BSE and NSE, respectively, are enclosed as **Annexures 4 and 5**.
25. As required by the SEBI Circular, the Transferor Company had filed the complaint reports with BSE and NSE, both on 3rd day of January 2017. These reports indicate that the Transferor Company received nil complaints. Copy of the complaint reports submitted by the Transferor Company to BSE and NSE, both dated 3rd day of January 2017 is enclosed as **Annexure 6**.
26. The Companies or any of them would obtain such necessary approvals/sanctions/no objection(s) from the regulatory or other governmental authorities in respect of the Scheme in accordance with law, if so required.
27. The applications along with the annexures thereto (which includes the Scheme) were filed by the Companies with the NCLT, on 30th day of January 2017.

Salient extracts of the Scheme

28. The salient extracts of the Scheme are as under:
 - A. “Appointed Date” means 1st April 2016.
 - B. “Effective Date” means the last of the dates on which all conditions, matters and filings referred to in Clause 18 of the Scheme have been fulfilled and necessary orders, approvals and consents referred to therein have been obtained. References in this Scheme to the date of “coming into effect of this Scheme” or “upon the Scheme becoming effective” shall mean the Effective Date.
 - C. “India Human Formulations Undertaking” means all the businesses, undertakings, activities, properties and liabilities, of whatsoever nature and kind and wheresoever situated, pertaining to the India Human Formulations Business (which does not include the SBU Biologics Business), including specifically the following:
 - (a) the manufacturing plant situated at Plot No. 3707-3708, Phase IV, GIDC, Vatva, Ahmedabad-382 445;

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- (b) facilities situated at (i) the Pharmaceutical Technology Centre (PTC) Sigma Commerce Zone, Near Iscon Temple, S. G. Highway, Ahmedabad- 380 015; (ii) Magnet Corporate Park, House No. 5, Floor 1, 2 and 3, Thaltej Cross Roads, Thaltej, Ahmedabad – 380 059; and (iii) 2nd & 3rd Floor, Plot No. 407, New Ahmedabad Industrial Estate, Sarkhej-Bavla Road, Village Moraiya, Taluka Sanand, Ahmedabad – 382 210;
- (c) all other immovable properties i.e. land together with the buildings and structures standing thereon (whether, leasehold, leave and licensed, right of way, tenancies or otherwise) including offices, warehouses, workshop, sheds, stores, DG Room, roads, laboratory, boundary walls, soil filling works, benefits of any rental agreement for use of premises, marketing offices, share of any joint assets, etc., which immovable properties are currently being used for the purpose of and in relation to the India Human Formulations Business and all documents (including panchnamas, declarations, receipts, etc.) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interests in connection with the said immovable properties;
- (d) all assets, as are movable in nature pertaining to and in relation to the India Human Formulations Business, whether present or future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal (including plant and machinery, capital work in progress, stores under progress, electrical fittings, furniture, fixtures, appliances, accessories, power lines, office equipments, computers, communication facilities, installations, vehicles, inventory and tools and plants), stock-in-trade, stock-in-transit, raw materials, finished goods, supplies, packaging items, actionable claims, current assets, earnest monies and receivables, financial assets, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other persons, insurances, the benefits of any bank guarantees, performance guarantees and letters of credit, and tax related assets, including but not limited to service tax input credits, CENVAT credits, value added/sales tax/entry tax credits or set-offs, deferred tax assets/liabilities, if any.
- (e) all permits, licenses, permissions including municipal permissions, product permissions especially under the Drugs and Cosmetics Act, 1940 and that under the Narcotic Drugs and Psychotropic Substances Act, 1985, price approvals under Drugs (Prices Control) Order, 2013, right of way, approvals, clearances, consents, benefits, registrations including import registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages (including consent/authorisation granted by Pollution Control Board and other licenses/permits granted/issued/given by any governmental, statutory or regulatory or local or administrative bodies for the purpose of carrying on the India Human Formulations Business or in connection therewith) including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that pertain to the India Human Formulations Business;
- (f) all contracts, agreements including consultancy agreements, purchase orders/service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/manufacturer of goods/service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the India Human Formulations Business;
- (g) all trade marks (except the trade marks “Lipaglyn®”, “Zydus”, “Zydus” logo and related trade marks), registered or used by the Transferor Company as the owner or licensee, related only to India Territory, and pertaining to the India Human Formulations Business; all copyrights of the Transferor Company in labels, brochures, pamphlets, marketing and publicity materials and artistic/literary works that pertain to the India Human Formulations Business and relate to the India Territory; and right to use, develop and exploit the patents, technical know how, process know how and all other intellectual property rights of the Transferor Company in respect of formulations, processes, methods, molecules, improvements, etc. for India Territory and pertaining to India Human Formulations Business;
- (h) all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties

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or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Transferor Company pertaining to or in connection with or relating to the Transferor Company in respect of the India Human Formulations Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company and pertaining to the India Human Formulations Business;

- (i) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), applications (including hardware, software, source codes, parameterization and scripts), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, brochures, pamphlets, quotations, sales and advertising materials, marketing and publicity materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/supplier pricing information, and all other books and records, whether in physical or electronic form that pertain to the India Human Formulations Business;
- (j) all debts, liabilities including contingent liabilities, duties, taxes and obligations of the Transferor Company pertaining to the India Human Formulations Business and/or arising out of and/or relatable to the India Human Formulations Business;
- (k) all employees of the Transferor Company employed/engaged in the India Human Formulations Business as on the Effective Date; and
- (l) all legal or other proceedings of whatsoever nature that pertain to the India Human Formulations Business.

Explanation:

In case of any question that may arise as to whether any particular asset or liability and/or employee pertains or does not pertain to the India Human Formulations Business or whether it arises out of the activities or operations of the India Human Formulations Business, and in each case, subject to Clause 11 of the Scheme, the same shall be decided by mutual agreement between Board of Directors of the Transferor Company and the Transferee Company.

- D. "India Territory" means the Union of India.
- E. "LODR" means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- F. "Non-India Territory" means other than the India Territory.
- G. "Slump Sale" means Slump Sale as defined under Section 2(42C) of the IT Act.
- H. "Remaining Business" means all the undertakings, businesses, activities, investments and their respective assets and liabilities of the Transferor Company other than those forming part of the India Human Formulations Undertaking pursuant to this Scheme.
- I. Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme in relation to the mode of transfer and vesting, the India Human Formulations Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the India Human Formulations Undertaking) shall, without any further act, instrument, deed, matter or thing, be transferred to and vested in the Transferee Company or be deemed to have been transferred to and vested in Transferee Company on a going concern basis by way of a Slump Sale, so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interests and authorities of the Transferee Company, pursuant to Section 394(2) of the Act.
- J. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme, all permits, licenses, permissions, right of way, approvals, clearances, consents, benefits, registrations, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, issued to or granted to or executed in favour of the Transferor Company, and the rights and benefits under the same, in so far as they relate to the India Human Formulations Undertaking and all quality certifications and approvals, and all other interests relating to the goods or services being dealt with by the India Human Formulations Undertaking and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents acquired by the

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Transferor Company in relation to the India Human Formulations Undertaking shall be transferred to and vested in the Transferee Company and the concerned licensors and granters of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with law, the Transferee Company on such approvals, clearances, permissions so as to empower and facilitate the approval and vesting of the India Human Formulations Undertaking of the Transferor Company in the Transferee Company and continuation of operations pertaining to the India Human Formulations Undertaking of the Transferor Company in the Transferee Company without hindrance and that such approvals, clearances and permissions shall remain in full force and effect in favour of or against the Transferee Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

- K. In so far as various incentives, subsidies, exemptions, special status, service tax benefits, income tax holiday/benefit/losses and other benefits or exemptions or privileges enjoyed, granted by any Government body, regulatory authority, local authority or by any other person, or availed of by the Transferor Company are concerned, the same shall, without any further act or deed, in so far as they relate to the India Human Formulations Undertaking, vest with and be available to the Transferee Company on the same terms and conditions as if the same had been allotted and/or granted and/or sanctioned and/or allowed to the Transferee Company.
- L. Upon the coming into effect of this Scheme, all debts, duties, obligations and liabilities (including contingent liabilities) of The Transferor Company relating to the India Human Formulations Undertaking shall without any further act, instrument or deed be and stand transferred to the Transferee Company and shall thereupon become the debts, duties, obligations and liabilities of the Transferee Company which it undertakes to meet, discharge and satisfy to the exclusion of the Transferor Company and to keep the Transferor Company indemnified at all times from and against all such debts, duties, obligations and liabilities and from and against all actions, demands and proceedings in respect thereto. It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, obligations, duties and liabilities have arisen in order to give effect to the provisions of this clause.
- M. In so far as loans and borrowings of the Transferor Company are concerned, the loans and borrowings, if any, and such amounts pertaining to the India Human Formulations Undertaking, which are to be transferred to the Transferee Company in terms of clause 4.11 of the Scheme shall, without any further act or deed, become loans and borrowings of the Transferee Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Transferee Company, as if it had entered into such loans and incurred such borrowings. Thus, the primary obligation to redeem or repay such liabilities shall be that of the Transferee Company. However, without prejudice to such transfer of liability amount, if any, where considered necessary for the sake of convenience and towards facilitating single point creditor discharge, the Transferee Company may discharge such liability (including accretions) by making payments on the respective due dates to the Transferor Company, which in turn shall make payments to the respective creditors.
- N. In so far as the assets of the India Human Formulations Undertaking are concerned, the security, pledge, existing charges and mortgages, over such assets, to the extent they relate to any loans or borrowings of the Remaining Business of the Transferor Company (except the loans and borrowings of the Remaining Business of the Transferor Company which relate to the External Commercial Borrowings availed from Bank of Tokyo Mitsubishi UFJ Limited, Singapore and Citibank N.A., Bahamas) shall, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as security, pledge, charges and mortgages in relation to those liabilities of the Transferor Company which are not transferred to the Transferee Company.

So far as the security and existing charges over the assets of India Human Formulations Undertaking are concerned, to the extent they relate to the aforesaid External Commercial Borrowings availed from Bank of Tokyo Mitsubishi UFJ Limited, Singapore and Citibank N.A., Bahamas by the Remaining Business of the Transferor Company, shall, without any further act, instrument or deed, continue to subsist over such assets of the India Human Formulations Undertaking and that such assets would be available to the aforesaid External Commercial Borrowings lenders for discharge of the liabilities in respect of the loans and borrowings availed by the Transferor Company for its Remaining Business.

- O. Upon the coming into effect of this Scheme and as an integral part thereof, the Transferor Company shall, without any further act, instrument, deed, matter or thing, grant to the Transferee Company a perpetual and irrevocable license to use the trade marks "Lipaglyn®", "Zydus", "Zydus" logo and related trade marks for use in the India Territory but only so long as the Transferee Company is the subsidiary of the Transferor Company.

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- P. It is clarified that upon the coming into effect of this Scheme, the Transferor Company's copyrights in labels, brochures, pamphlets, marketing and publicity materials and artistic/literary works, in so far as they relate to or pertain to the Non-India Territory, the same shall continue to belong to and remain vested in the Transferor Company.
- Q. Upon the coming into effect of this Scheme and as an integral part thereof, the Transferor Company shall, without any further act, instrument, deed, matter or thing, grant to the Transferee Company a perpetual royalty-free and irrevocable license to use, develop and exploit the patents, technical know how, process know how and all other intellectual property rights (other than the trade marks and copyrights which shall vest in the Transferee Company upon the coming into effect of this Scheme and subject to Clause 4.20 and Clause 4.21 of the Scheme) in respect of formulations, processes, methods, molecules, improvements, etc. in the India Territory but only so long as the Transferee Company is the subsidiary of the Transferor Company.
- R. Notwithstanding anything contained above, the Transferor Company shall be entitled to register in its name the trademarks, copyrights, etc. used or to be used in the Non-India Territory, for the purpose of export/sale of goods bearing the said trade marks in the Non-India Territory.
- S. The Transferor Company and the Transferee Company shall be entitled to execute suitable agreements, deeds, affidavits, consent letters, power of attorney, applications and other documents as may be required to give effect to the foregoing clauses.
- T. Upon the coming into effect of this Scheme, the Transferor Company and the Transferee Company shall extend all co-operation and give necessary support to each other, as may be required in the ongoing or future disputes, litigations relating to and/or for enforcement of their respective rights in trade marks, copyrights, patents, technical know how, process know how, etc. against the third party or parties.
- U. On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to operate all bank accounts of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, and realize all monies and complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in relation to or in connection with the India Human Formulations Undertaking of the Transferor Company, in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the India Human Formulations Undertaking to the Transferee Company under this Scheme have been formally given effect to under such contracts and transactions.
- V. It is hereby clarified that all assets and liabilities of the India Human Formulations Undertaking, which are set forth in the closing balance sheet of the Transferor Company as on the close of business hours on the date immediately preceding the Appointed Date, shall be transferred at values appearing in the books of account of the Transferor Company as on the Appointed Date.
- W. Upon the coming into effect of this Scheme, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company, under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the India Human Formulations Undertaking shall be continued and enforced by or against the Transferee Company after the Effective Date. In the event that the legal proceedings referred to herein require the Transferor Company and the Transferee Company to be jointly treated as parties thereto, the Transferee Company shall be added as a party to such proceedings and shall prosecute and defend such proceedings in co-operation with the Transferor Company. In the event of any difference or difficulty in determining as to whether any specific legal or other proceedings relate to the India Human Formulations Undertaking or not, a decision jointly taken by the Board of Directors of the Transferor Company and the Transferee Company in this regard, shall be conclusive evidence of the matter.
- X. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, and other instruments of whatsoever nature to which the India Human Formulations Undertaking of the Transferor Company is a party or to the benefit of which the India Human Formulations Undertaking of the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect by or against or in favour of the Transferee Company, as the case may be and may be enforced by or against the Transferee Company, as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- Y. Upon the coming into effect of this Scheme, all the employees relating to the India Human Formulations Undertaking that were employed by the Transferor Company, immediately before the Effective Date, shall become

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- the employees of the Transferee Company without any break or interruption of service and with the benefit of continuity of service on terms and conditions which are not less favourable than the terms and conditions as were applicable to such employees relating to the India Human Formulations Undertaking of the Transferor Company immediately prior to the transfer and vesting of the India Human Formulations Undertaking.
- Z. Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the India Human Formulations Undertaking of the Transferor Company in the Transferee Company by way of Slump Sale on a going concern basis, in accordance with the terms of this Scheme and pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Act, the Transferee Company shall pay a lump sum cash consideration of INR 693 millions (Rupees Six Hundred Ninety Three Millions) to the Transferor Company.
- AA. Upon coming into effect of this Scheme, the Transferor Company shall reduce from its books, the book value of assets and liabilities, as on the Appointed Date, transferred as a part of the India Human Formulations Undertaking pursuant to the Scheme.
- BB. In compliance with Indian Accounting Standards (Ind AS), the difference between the lump sum consideration and book value of the net asset pertaining to India Human Formulations Undertaking, as on the Appointed Date, shall be credited to profit and loss account or debited to the investment in the Transferee Company, as the case may be.
- CC. Upon coming into effect of this Scheme, the Transferee Company shall record the assets and liabilities comprised in the India Human Formulations Undertaking transferred to and vested in the Transferee Company pursuant to this Scheme, at the respective book values appearing in the books of accounts of the Transferor Company as on the close of business hours on the date immediately preceding the Appointed Date in accordance with Ind AS.
- DD. In compliance with Ind AS, the deficit or excess, if any, remaining after recording the aforesaid entries over the value of lump sum consideration payable to the Transferor Company shall be debited/credited by the Transferee Company to Capital Reserve Account, as the case may be.
- EE. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Transferor Company subject to the provisions of the Scheme.
- FF. This Scheme is and shall be conditional upon and subject to:
- obtaining observation letter or no-objection letter from the Stock Exchanges in respect of the Scheme, pursuant to Regulation 37 of the LODR read with SEBI Circular and Regulations 11 and 94 of the LODR;
 - the approval of the Scheme by the shareholders and/or creditors of the Transferor Company and the Transferee Company in accordance with Sections 391-394 and other relevant provisions of the Act;
 - the Scheme being sanctioned and orders being obtained by the Transferor Company and the Transferee Company from the High Court in terms of Sections 391 to 394 of the Act and other relevant provisions of the Act; and
 - certified copies of the orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Gujarat by the Transferor Company and the Transferee Company, respectively.

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the salient extracts thereof.

Other matters

29. Summary of the Valuation Report including the basis of valuation is enclosed as **Annexure 7**.
30. The accounting treatment as proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act. The certificates issued by the respective Statutory Auditors of the Companies are open for inspection.
31. Under the Scheme, an arrangement is sought to be entered into between the Transferor Company and its equity shareholders (promoter shareholders and non-promoter shareholders) as the India Human Formulations Undertaking of the Transferor Company shall stand transferred to and vested in the Transferee Company.

In respect of the Scheme, an arrangement is sought to be entered into between the Transferor Company and its creditors though no liabilities of the creditors of the Transferor Company is being reduced or being extinguished under the Scheme.

As on date, the Transferor Company has no outstanding towards any public deposits or debentures and therefore, the effect of the Scheme on any such public deposit holders or debenture holders or deposit trustees or debenture trustees do not arise.

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Under Clause 8 of the Scheme, on and from the Effective Date, the Transferee Company undertakes to engage the employees of the Transferor Company, engaged in or in relation to the India Human Formulations Undertaking, on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under Clause 8 of the Scheme. In the circumstances, the rights of the employees of the Transferor Company, engaged in or in relation to the India Human Formulations Undertaking, would in no way be affected by the Scheme. Further, the employees engaged in the Remaining Business of the Transferor Company shall continue to be employed by the Transferor Company.

There is no effect of the Scheme on the key managerial personnel and/or the directors of the Transferor Company.

Further, none of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of the Transferor Company and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of the equity shares held by them in the Transferor Company and/or to the extent of the preference shares held by them in the Transferee Company and/or to the extent of their shareholding as nominees in the Transferee Company and/or to the extent that the said Director(s) are common director(s) of the Transferor Company and/or the Transferee Company and/or to the extent that the said Director(s), Key Managerial Personnel and their respective relatives are the directors, members of the companies that hold shares in the Transferor Company. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme. The individual shareholding of each of the said Directors, the Key Managerial Personnel and their respective relatives, is less than 2% of the paid-up share capital of the Transferor Company.

32. Under the Scheme, no arrangement is sought to be entered into between the Transferee Company and its equity shareholders and/or its preference shareholders. No rights of the equity shareholders and/or preference shareholders of the Transferee Company are being affected pursuant to the transfer of India Human Formulations Undertaking.

Further, no arrangement is sought to be entered into between the Transferee Company and its creditors. No liabilities of the creditors of the Transferee Company is being reduced or being extinguished under the Scheme.

As on date, the Transferee Company has no outstanding towards any public deposits or debentures and therefore, the effect of the Scheme on any such public deposit holders or debenture holders or deposit trustees or debenture trustees do not arise.

The rights of the employees of the Transferee Company are in no way affected by the Scheme. The employees engaged by the Transferee Company shall continue to be employed by the Transferee Company.

There is no effect of the Scheme on the key managerial personnel and/or the directors of the Transferee Company.

Further, none of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of the Transferee Company and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of the equity shares held by them in the Transferor Company and/or to the extent of the preference shares held by them in the Transferee Company and/or to the extent of their shareholding as nominees in the Transferee Company and/or to the extent that the said Director(s) are common director(s) of the Transferor Company and/or the Transferee Company and/or to the extent that the said Director(s), Key Managerial Personnel and their respective relatives are the directors, members of the companies that hold shares in the Transferor Company. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme. The individual shareholding of each of the said Directors, the Key Managerial Personnel and their respective relatives, is less than 2% of the paid-up share capital of the Transferee Company.

33. In compliance with the provisions of Section 232(2)(c) of the Act, the Board of Directors of the Transferor Company and the Transferee Company, in their separate meetings held on 31st day of January 2017 and 24th day of January 2017, respectively, have adopted a report, inter alia, explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders amongst others. Copy of the reports adopted by the respective Board of Directors of the Transferor Company and the Transferee Company are enclosed as **Annexure 8** and **Annexure 9**, respectively.
34. No investigation proceedings have been instituted or are pending in relation to the Companies under Sections 210 to 229 of Chapter XIV of the Act or under the corresponding provisions of the Act of 1956. Further, no proceedings are pending under the Act or under the corresponding provisions of the Act of 1956 against any of the Companies.
35. To the knowledge of the Companies, no winding up proceedings have been filed or are pending against them under the Act or the corresponding provisions of the Act of 1956.
36. The copy of the proposed Scheme has been filed by the Companies before the concerned Registrar of Companies on 31st day of January 2017.

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37. The Supplementary Unaudited Accounting Statement of the Transferor Company and the Transferee Company for the period ended 31st December 2016 are enclosed as **Annexure 10** and **Annexure 11**, respectively.
38. As per the books of accounts (as on 31st December 2016) of the Transferor Company and the Transferee Company, respectively, the amount due to the unsecured creditors are Rs. 2,615 crores and Rs. 288 crores, respectively.
39. The name and addresses of the promoters of the Transferor Company including their shareholding in the Companies as on 10th day of February 2017 are as under:

| Sr. No. | Name of the Promoters | Address | No. of Equity Shares of Re. 1/- each held in Cadila Healthcare Limited | No. of 8 % Non-Cumulative Redeemable Preference Shares of Rs. 100/- each held in Zydus Healthcare Limited |
|---------|--|---|--|---|
| 1. | Zydus Family Trust | 8 th Floor, Zydus Tower, Satellite Cross Roads, Ahmedabad – 380015 | 76,55,37,230 | 0 |
| 2. | Pripan Investment Private Limited | Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad – 380015 | 18,000 | 0 |
| 3. | Mrs. Shivani Pankajbhai Patel Jtly. Pankajbhai Ramanbhai Patel | 8 th Floor, Zydus Tower, Satellite Cross Roads, Ahmedabad – 380015 | 15,000 | 0 |
| 4. | Mr. Pankajbhai Ramanbhai Patel Jtly. Mrs. Pritiben Pankajbhai Patel | 16, Azad Society, Ambawadi, Ahmedabad – 380015 | 15,000 | 0 |
| 5. | Mr. Pankajbhai Ramanbhai Patel (HUF) | 16, Azad Society, Ambawadi, Ahmedabad – 380015 | 15,000 | 0 |
| 6. | Mrs. Pritiben Pankajbhai Patel Jtly. Mr. Pankajbhai Ramanbhai Patel | 16, Azad Society, Ambawadi, Ahmedabad – 380015 | 15,000 | 0 |
| 7. | Taraben Patel Family Will Trust | 16, Azad Society, Ambawadi, Ahmedabad – 380015 | 15,000 | 0 |
| 8. | Mr. Ramanbhai B. Patel (HUF) | 16, Azad Society, Ambawadi, Ahmedabad – 380015 | 15,000 | 0 |
| 9. | Mr. Pankajbhai Ramanbhai Patel Jtly. Dr. Sharvil Pankajbhai Patel (P.R. Patel Smaller HUF) | 16, Azad Society, Ambawadi, Ahmedabad – 380015 | 15,000 | 0 |
| 10. | Dr. Sharvil Pankajbhai Patel | 16, Azad Society, Ambawadi, Ahmedabad – 380015 | 15,000 | 42,410 |
| 11. | Mr. Pankajbhai R. Patel Jtly. Mrs. Pritiben Pankajbhai Patel (R. B. Patel Will Pankaj Trust) | 16, Azad Society, Ambawadi, Ahmedabad – 380015 | 15,000 | 0 |

ZYDUS HEALTHCARE LIMITED

40. The name and addresses of the promoters of the Transferee Company including their shareholding in the Companies as on 10th day of February 2017 are as under:

The Transferee Company is a wholly owned subsidiary company of the Transferor Company. Hence, Transferor Company is the only promoter of the Transferee Company and its details of holding are as under:

| Sr. No. | Name of the Promoter(s) | Address | No. of Equity Shares of Rs. 100/- each held in Zydus Healthcare Limited | No. of 8 % Optionally Convertible Non-Cumulative Redeemable Preference Shares of Rs. 100/- each held in Zydus Healthcare Limited |
|---------|--|--|---|--|
| 1. | Cadila Healthcare Limited and its nominees | Zydus Tower Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad – 380 015 | 19,38,242 | 7,15,00,000 |

41. The details of the directors of the Transferor Company as on 10th day of February 2017 are as follows:

| Sr. No. | Name of the Director | Designation of the Director | Address of the Director |
|---------|----------------------------|--------------------------------|---|
| 1. | Mr. Pankaj R. Patel | Chairman and Managing Director | 16, Azad Society, Ambawadi, Ahmedabad – 380015 |
| 2. | Dr. Sharvil P. Patel | Joint Managing Director | 16, Azad Society, Ambawadi, Ahmedabad – 380015 |
| 3. | Mr. Mukesh M. Patel | Non-Executive Director | Prakruti No. 11, Ashwamegh Bungalows Part II, Satellite Road, Ahmedabad – 380015 |
| 4. | Mr. Humayun Dhanrajgir | Independent Director | F37/38, Dhanraj Mahal, CSM Road, Apollo Bunder, Mumbai – 400001 |
| 5. | Ms. Dharmishtaben N. Rawal | Independent Director | 25, Saurabh Society, Navrangpura, Ahmedabad – 380009 |
| 6. | Mr. Nitin R. Desai | Independent Director | 457, Sind Housing Society, Aundh, Pune, Maharashtra – 411007 |
| 7. | Mr. Apurva S. Diwanji | Independent Director | Wyoming Building, 5 th Floor, 12-A, Little Gibbs Road, Malabar Hill, Mumbai – 400006 |

42. The details of the directors of the Transferee Company as on 10th day of February 2017 are as follows:

| Sr. No. | Name of the Director | Designation of the Director | Address of the Director |
|---------|-----------------------|-----------------------------|---|
| 1. | Dr. Sharvil P. Patel | Chairman | 16, Azad Society, Ambawadi, Ahmedabad – 380015 |
| 2. | Mr. Anil Matai | Managing Director | 601, Evershine Jewel, 15 th Road, Khar (West), Mumbai – 400052 |
| 3. | Mr. Deevyesh J. Radia | Independent Director | C-1/3, “Tirthjal”, 4 th Floor, Nr. Ashwamegh Bungalows, Ring Road, Off. Satellite Road, Ahmedabad–380015 |
| 4. | Dr. Bhavna S. Doshi | Independent Director | 2301/2302, Vighnagar Heights, Sector 14, Palm Beach Road, Nerul [W], Navi Mumbai – 400706 |
| 5. | Mr. Nitin D. Parekh | Non-Executive Director | A-3, Aryaman Bunglows, Near Railway Crossing, Thaltej – Shilaj Road, Ahmedabad – 380059 |

ZYDUS HEALTHCARE LIMITED

43. The details of the shareholding of the Directors, the Key Managerial Personnel and their relatives of the Transferor Company in the Companies as on 10th day of February 2017 are as follows:

| Sr. No. | Name and designation of Director(s) | Equity shares of Re. 1/- each held in Cadila Healthcare Limited | Equity shares of Rs. 100/- each held in Zydus Healthcare Limited | 8% Non-cumulative Redeemable Preference shares of Rs. 100/- each held in Zydus Healthcare Limited |
|---------|---|---|--|---|
| 1. | Mr. Pankaj R. Patel Chairman and Managing Director | 76,56,12,230 * | 2 ** | 42,410 |
| 2. | Dr. Sharvil P. Patel Joint Managing Director | 15,000 | 2 ** | 42,410 |
| 3. | Mr. Humayun Dhanrajgir Independent Director | 0 | 0 | 0 |
| 4. | Mr. Apurva S. Diwanji Independent Director | 0 | 0 | 0 |
| 5. | Ms. Dharmishtaben N. Rawal Independent Director | 0 | 0 | 0 |
| 6. | Mr. Mukesh M. Patel Non- Executive Director | 12,000 | 0 | 0 |
| 7. | Mr. Nitin R. Desai Independent Director | 4,42,000 | 0 | 0 |

* Including 76,55,37,230 Equity Shares held as a Trustee of the Trusts.

** As nominee of Cadila Healthcare Limited.

| Sr. No. | Name of KMP(s) and designation | Equity shares of Re. 1/- each held in Cadila Healthcare Limited | Equity shares of Rs. 100/- each held in Zydus Healthcare Limited | 8% Non-cumulative Redeemable Preference shares of Rs. 100/- held in Zydus Healthcare Limited |
|---------|---|---|--|--|
| 1. | Mr. Pankaj R. Patel Managing Director | 76,56,12,230 * | 2 ** | 42,410 |
| 2. | Dr. Sharvil P. Patel Joint Managing Director | 15,000 | 2 ** | 42,410 |
| 3. | Mr. Nitin D. Parekh Chief Financial Officer | 40,000 | 2 ** | 0 |
| 4. | Mr. Upen H. Shah Company Secretary | 300 | 0 | 0 |

* Including 76,55,37,230 Equity Shares held as a Trustee of the Trusts.

** Held as a nominee of Cadila Healthcare Limited.

| Sr. No. | Name of relative of Director(s) / KMP(s) | Relationship | Equity shares of Re. 1/- each held in Cadila Healthcare Limited | Equity shares of Rs. 100/- each held in Zydus Healthcare Limited | 8% Non-cumulative Redeemable Preference shares of Rs. 100/- each held in Zydus Healthcare Limited |
|---------|--|------------------------------|---|--|---|
| 1. | Mrs. Pritiben P. Patel | Wife of Pankaj R. Patel | 15,000 | 2 * | 42,410 |
| 2. | Mrs. Shivani P. Patel | Daughter of Pankaj R. Patel | 15,000 | 2 * | 0 |
| 3. | Dr. Sharvil P. Patel | Son of Pankaj R. Patel | 15,000 | 2 * | 42,410 |
| 4. | Mrs. Mehaben S. Patel | Wife of Dr. Sharvil P. Patel | 0 | 0 | 42,410 |
| 5. | Mrs. Ketki U. Shah | Wife of Upen H. Shah | 2,300 | 0 | 0 |

* Held as a nominee of Cadila Healthcare Limited.

ZYDUS HEALTHCARE LIMITED

44. The details of the shareholding of the Directors, the Key Managerial Personnel and their relatives of the Transferee Company in the Companies as on 10th day of February 2017 are as follows:

| Sr. No. | Name of Director(s) and designation | Equity shares of Re. 1/- each held in Cadila Healthcare Limited | Equity shares of Rs. 100/- each held in Zydus Healthcare Limited | 8% Non-cumulative Redeemable Preference shares of Rs. 100/- each held in Zydus Healthcare Limited |
|---------|---|---|--|---|
| 1. | Dr. Sharvil P. Patel Chairman | 15,000 | 2 * | 42,410 |
| 2. | Mr. Anil Matai Managing Director | 0 | 0 | 0 |
| 3. | Mr. Deevyesh J. Radia Independent Director | 0 | 0 | 0 |
| 4. | Dr. Bhavna S. Doshi Independent Director | 0 | 0 | 0 |
| 5. | Mr. Nitin D. Parekh Non-Executive Director | 40,000 | 2 * | 0 |

* Held as a nominee of Cadila Healthcare Limited.

| Sr. No. | Name of KMP(s) and designation | Equity shares of Re. 1/- each held in Cadila Healthcare Limited | Equity shares of Rs. 100/- each held in Zydus Healthcare Limited | 8% Non-cumulative Redeemable Preference shares of Rs. 100/- held in Zydus Healthcare Limited |
|---------|--|---|--|--|
| 1. | Mr. Anil Matai Managing Director | 0 | 0 | 0 |
| 2. | Mr. P A Padmanabhan Chief Financial Officer | 0 | 2 * | 0 |
| 3. | Mr. Sanjay Kumar Gupta Company Secretary | 0 | 0 | 0 |

* Held as a nominee of Cadila Healthcare Limited.

| Sr. No. | Name of relative of Director(s) / KMP(s) | Relationship | Equity shares of Re. 1/- each held in Cadila Healthcare Limited | Equity shares of Rs. 100/- each held in Zydus Healthcare Limited | 8% Non-cumulative Redeemable Preference shares of Rs. 100/- each held in Zydus Healthcare Limited |
|---------|--|--------------------------------|---|--|---|
| 1. | Mrs. Pritiben P. Patel | Mother of Dr. Sharvil P. Patel | 15,000 | 2 ** | 42,410 |
| 2. | Mrs. Shivaniben P. Patel | Sister of Dr. Sharvil P. Patel | 15,000 | 2 ** | 0 |
| 3. | Mr. Pankaj R. Patel | Father of Dr. Sharvil P. Patel | 76,56,12,230* | 2** | 42,410 |
| 4. | Mrs. Mehaben S. Patel | Wife of Dr. Sharvil P. Patel | 0 | 0 | 42,410 |

* Including 76,55,37,230 Equity Shares held as a Trustee of the Trusts.

** Held as a nominee of Cadila Healthcare Limited.

45. There would be no change in the shareholding pattern of the Transferor Company and the Transferee Company pursuant to the present Scheme. The pre Scheme shareholding pattern of the Transferor Company and the Transferee Company as on 10th day of February 2017 and the post Scheme shareholding pattern of the Transferor Company and the Transferee Company (assuming the continuing shareholding pattern as on 10th day of February 2017) are as under:

ZYDUS HEALTHCARE LIMITED
Transferor Company (Pre and Post)

| Shareholding Pattern as on 10. 02. 2017 | | | |
|--|---|---------------------------|------------|
| 1. | Name of Listed Entity: | Cadila Healthcare Limited | |
| 2. | Scrip Code / Name of Scrip / Class of Security | 532321 | |
| 3. | Share Holding Pattern Filed under: Reg. 31(1)(a) / Reg. 31(1)(b) / Reg. 31(1)(c) | 31(1)(b) | |
| | a. If under 31(1)(b) then indicate the report as on. | 10.02.2017 | |
| | b. If under 31(1)(c) then indicate date of allotment / extinguishment | | |
| 4. | Declaration: The Listed entity is required to submit the following declaration to the extent of submission of information:- | | |
| | Particulars | YES* | NO* |
| 1 | Whether the Listed Entity has issued any partly paid up shares? | | √ |
| 2 | Whether the Listed Entity has issued any Convertible Securities or Warrants? | | √ |
| 3 | Whether the Listed Entity has any shares against which depository receipts are issued? | | √ |
| 4 | Whether the Listed Entity has any shares in locked-in? | | √ |
| 5 | Whether any shares held by promoters are pledge or otherwise encumbered? | | √ |
| 6 | Whether the Listed Entity has issued any Differential Voting Rights. | | √ |
| * If the Listed Entity selects the option 'No' for the questions above, the columns for the partly paid up shares, Outstanding Convertible Securities / Warrants, depository receipts, locked-in shares, No of shares pledged or otherwise encumbered by promoters, as applicable, shall not be displayed at the time of dissemination on the Stock Exchange website. Also whether there is 'No' declared by Listed Entity in above table the values will be considered as 'Zero' by default on submission of the format of holding of specified securities. | | | |

5. The tabular format for disclosure of holding of specified securities is as follows:-

For Cadila Healthcare Limited

Sd/-

Open H. Shah

Company Secretary

Place : Ahmedabad

Table I - Summary Statement holding of specified securities

| Category (I) | Category of shareholder (II) | Nos. of shareholders (III) | No. of fully paid-up equity shares held (IV) | Total nos. shares held (VII)= (IV)+(V)+(VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2) | Number of equity shares held in dematerialized form (XIV) |
|--------------|--------------------------------|----------------------------|--|---|---|---|-------------------|---|---|
| | | | | | | No. of voting Rights | | | |
| | | | | | | Class eg: X | Total | | |
| (A) | Promoter & Promoter Group | 11 | 765690230 | 765690230 | 74.79 | 765690230 | 765690230 | 74.79 | 765690230 |
| (B) | Public | 89039 | 258052370 | 258052370 | 25.21 | 258052370 | 258052370 | 25.21 | 252733355 |
| (C) | Non Promoter - Non Public | - | - | - | - | - | - | - | - |
| (C1) | Shares underlying DRs | - | - | - | - | - | - | - | - |
| (C2) | Shares held by Employee Trusts | - | - | - | - | - | - | - | - |
| | Total | 89050 | 1023742600 | 1023742600 | 100.00 | 1023742600 | 1023742600 | 100.00 | 1018423585 |

Note: There is no partly paid-up shares. There is no underlying shares in depository receipts. None of the equity shares are either locked-in or pledged.

Further, there are no underlying outstanding convertible securities, including warrants. Company has only one class of securities i.e. Equity Shares.

ZYDUS HEALTHCARE LIMITED
Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

| | Category & Name of the shareholder (I) | PAN (II) | Nos. of shareholders (III) | No. of fully paid-up equity shares held (IV) | Total nos. shares held (VII)= (IV)+(V)+(VI) | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) | | Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of A+B+C2 | Number of equity shares held in dematerialized form (XIV) | |
|-----|--|------------|----------------------------|--|---|---|---|------------------|---|---|------------------|
| | | | | | | | No. of voting Rights | | | | |
| | | | | | | | Class X | Total | | | |
| (1) | Indian | | | | | | | | | | |
| (a) | Individuals/Hindu undivided Family | | 9 | 135000 | 135000 | 0.0132 | 135000 | 135000 | 0.01 | 0.01 | 135000 |
| 1 | Shivani Pankajbhai Patel jointly Pankaj Ramanbhai Patel | ABCPP1505C | 1 | 15000 | 15000 | 0.0020 | 15000 | 15000 | 0.00 | 0.00 | 15000 |
| 2 | Pankaj Ramanbhai Patel jointly Pritiben Pankajbhai Patel | AFUPP4143C | 3 | 45000 | 45000 | 0.0059 | 45000 | 45000 | 0.00 | 0.00 | 45000 |
| 3 | Pankaj Ramanbhai Patel HUF | AADHP8061M | 1 | 15000 | 15000 | 0.0020 | 15000 | 15000 | 0.00 | 0.00 | 15000 |
| 4 | Pritiben Pankajbhai Patel jointly Pankaj Ramanbhai Patel | AAMPP3673L | 1 | 15000 | 15000 | 0.0020 | 15000 | 15000 | 0.00 | 0.00 | 15000 |
| 5 | Taraben Patel Family Will Trust – Trustee Pankaj R. Patel | AACTT7030K | 1 | 15000 | 15000 | 0.0020 | 15000 | 15000 | 0.00 | 0.00 | 15000 |
| 6 | Ramanbhai B. Patel HUF | AAEHR4129P | 1 | 15000 | 15000 | 0.0020 | 15000 | 15000 | 0.00 | 0.00 | 15000 |
| 9 | Sharvil Pankajbhai Patel | ABCPP1507A | 1 | 15000 | 15000 | 0.0020 | 15000 | 15000 | 0.00 | 0.00 | 15000 |
| (b) | Central Government / State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - |
| (c) | Financial Institutions / Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - |
| (d) | Any Other (specify) - | | 2 | 765555230 | 765555230 | 74.782 | 765555230 | 765555230 | 74.78 | 74.78 | 765555230 |
| | Body Corporate | | 1 | 18000 | 18000 | 0.002 | 18000 | 18000 | 0.00 | 0.00 | 18000 |
| 1 | Prinpan Investment Pvt. Ltd. | AAACP9017B | 1 | 18000 | 18000 | 0.002 | 18000 | 18000 | 0.00 | 0.00 | 18000 |
| | Promoter Trust | | 1 | 765537230 | 765537230 | 74.78 | 765537230 | 765537230 | 74.78 | 74.78 | 765537230 |
| | Zydus Family Trust | AAATZ0092P | 1 | 765537230 | 765537230 | 74.78 | 765537230 | 765537230 | 74.78 | 74.78 | 765537230 |
| | Sub-Total (A)(1) | | 11 | 765690230 | 765690230 | 74.80 | 765690230 | 765690230 | 74.79 | 74.79 | 765690230 |
| (2) | Foreign | | | | | | | | - | - | - |
| (a) | Individuals (Non-Resident Individuals / Foreign Individuals) | | - | - | - | - | - | - | - | - | - |
| (b) | Government | | - | - | - | - | - | - | - | - | - |
| (c) | Institutions | | - | - | - | - | - | - | - | - | - |
| (d) | Foreign Portfolio Investor | | - | - | - | - | - | - | - | - | - |
| (e) | Any Other (specify) | | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(2) | | - | - | - | - | - | - | - | - | - |
| | Total shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2) | | 11 | 765690230 | 765690230 | 74.796 | 765690230 | 765690230 | 74.79 | 74.79 | 765690230 |

Note: There is no party paid-up shares. There is no underlying shares in depository receipts. None of the equity shares are either locked-in or pledged.

Further, there are no underlying outstanding convertible securities, including warrants. Company has only one class of securities i.e. Equity Shares.

ZYDUS HEALTHCARE LIMITED
Table III - Statement showing shareholding pattern of the Public shareholder

| | Category & Name of the shareholder (I) | Nos. of shareholders (III) | No. of fully paid-up equity shares held (IV) | Total nos. shares held (VII)= (IV)+(V)+(VI) | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) | | | Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) | Number of equity shares held in dematerialized form (XIV) |
|-----|---|----------------------------|--|---|---|---|------------------|-------------------------------------|--|---|
| | | | | | | No. of voting Rights | | Total as a % of total voting rights | | |
| | | | | | | Class X | Total | | | |
| (1) | Institutions | | | | | | | | | |
| (a) | Mutual Funds | 75 | 35396143 | 35396143 | 3.46 | 35396143 | 35396143 | 3.46 | 3.46 | 35381728 |
| (b) | Venture Capital funds | - | - | - | - | - | - | - | - | - |
| (c) | Alternate Investment Funds | - | - | - | - | - | - | - | - | - |
| (d) | Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| (e) | Foreign Portfolio Investor | 378 | 101024438 | 101024438 | 9.87 | 101024438 | 101024438 | - | 9.87 | 101024438 |
| | Government Pension Fund Global | 1 | 10900598 | 10900598 | 1.06 | 10900598 | 10900598 | 1.06 | 1.06 | 10900598 |
| | Franklin Templeton Investment Funds | 1 | 15654760 | 15654760 | 1.53 | 15654760 | 15654760 | 1.53 | 1.53 | 15654760 |
| (f) | Financial Institutions / Banks | 31 | 37618474 | 37618474 | 3.67 | 37618474 | 37618474 | 3.67 | 3.67 | 37611754 |
| (g) | Life Insurance Corporation Of India | 1 | 28389958 | 28389958 | 2.77 | 28389958 | 28389958 | 2.77 | 2.77 | 28389958 |
| (h) | Provident Funds / Pension Funds | - | - | - | - | - | - | - | - | - |
| (i) | Any Other (specify) | | | | - | - | - | - | - | - |
| | Foreign Institutional Investors | - | - | - | - | - | - | - | - | - |
| | Sub-Total (B)(1) | 484 | 174039055 | 174039055 | 17.00 | 174039055 | 174039055 | 17.00 | 17.00 | 174017920 |
| (2) | Central Government / State Government(s) / President of India | 3 | 1414279 | 1414279 | 0.14 | 1414279 | 1414279 | 0.14 | 0.14 | 1414279 |
| | Sub-Total (B)(2) | 487 | 175453334 | 175453334 | 17.14 | 175453334 | 175453334 | 17.14 | 17.14 | 175432199 |

ZYDUS HEALTHCARE LIMITED

| | Category & Name of the shareholder (I) | Nos. of shareholders (III) | No. of fully paid-up equity shares held (IV) | Total nos. shares held (VII)= (IV)+(V)+(VI) | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) | | | Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) | Number of equity shares held in dematerialized form (XIV) |
|-----|--|----------------------------|--|---|---|---|------------------|-------------------------------------|--|---|
| | | | | | | No. of voting Rights | | Total as a % of total voting rights | | |
| | | | | | | Class X | Total | | | |
| (3) | Non-institutions | | | | - | - | 0 | - | - | - |
| (a) | Individuals - | | | | - | - | 0 | - | - | - |
| | i. Individual shareholders holding nominal share capital upto Rs. 2 lakhs. | 83590 | 44983906 | 44983906 | 4.39 | 44983906 | 44983906 | 4.39 | 4.39 | 39711661 |
| | ii. Individual shareholders holding nominal share capital in excess of Rs.2 lakhs. | 10 | 8493760 | 8493760 | 0.83 | 8493760 | 8493760 | 0.83 | 0.83 | 8493760 |
| (b) | NBFCs registered with RBI | - | - | - | - | - | - | - | - | - |
| (c) | Employee Trusts | - | - | - | - | - | - | - | - | - |
| (d) | Overseas Depositories (holding DRs) (balancing figure) | - | - | - | - | - | - | - | - | - |
| (e) | Any Other (specify) | 4952 | 29121370 | 29121370 | 2.84 | 29121370 | 29121370 | - | 2.84 | 29095735 |
| | Trust | 16 | 1018981 | 1018981 | 0.10 | 1018981 | 1018981 | 0.10 | 0.10 | 1018981 |
| | Hindu Undivided Family | 1754 | 1870137 | 1870137 | 0.18 | 1870137 | 1870137 | 0.18 | 0.18 | 1870137 |
| | Non-resident Repatriates | 1360 | 1461546 | 1461546 | 0.14 | 1461546 | 1461546 | 0.14 | 0.14 | 1445751 |
| | Non-resident Non-repatriates | 586 | 879916 | 879916 | 0.09 | 879916 | 879916 | 0.09 | 0.09 | 871951 |
| | Overseas Corporate Bodies | 2 | 1875 | 1875 | 0 | 1875 | 1875 | 0.00 | - | - |
| | Bodies Corporates | 879 | 23155060 | 23155060 | 2.26 | 23155060 | 23155060 | 2.26 | 2.26 | 23155060 |
| | Clearing Members | 355 | 733855 | 733855 | 0.07 | 733855 | 733855 | 0.07 | 0.07 | 733855 |
| | Sub-Total (B)(3) | 88552 | 82599036 | 82599036 | 10.91 | 82599036 | 82599036 | 8.07 | 10.9127559 | 77301156 |
| | Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3) | 89039 | 258052370 | 258052370 | 45.05 | 258052370 | 258052370 | 25.21 | 25.21 | 252733355 |

Note: There is no party paid-up shares. There is no underlying shares in depository receipts. None of the equity shares are either locked-in or pledged. Further, there are no underlying outstanding convertible securities, including warrants.

ZYDUS HEALTHCARE LIMITED
Transferee Company

| Equity Shares of Rs.100 each fully paid-up | | | | 8% Non Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up | | | | 8% Optionally Convertible Non Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up | | | |
|--|--|-------------------|--------------------|--|--------------------------|---------------|--------------|---|---------------------------|---------------|--------------|
| Sr. No. | Name of the Shareholder(s) | No. of Shares Pre | No. of Shares Post | Sr. No. | Name of the Shareholders | No. of Shares | % of holding | Sr. No. | Name of the Shareholder | No. of Shares | % of holding |
| 1 | Cadila Healthcare Limited | 1938230 | 1938230 | 1 | Mrs. Pritiben P. Patel | 42410 | 16.67% | 1 | Cadila Healthcare Limited | 71500000 | 100% |
| 2 | Mrs. Pritiben P. Patel Jtl. with Cadila Healthcare Limited | 2 | 2 | 2 | Mr. Pankaj R. Patel | 42410 | 16.66% | | | | |
| 3 | Mrs. Shivani P. Patel jtly with Cadila Healthcare Limited | 2 | 2 | 3 | Dr. Sharvil P. Patel | 42410 | 16.66% | | | | |
| 4 | Dr. Sharvil P. Patel Jtly with Cadila Healthcare Limited | 2 | 2 | 4 | Mrs. Meha Patel | 42410 | 16.66% | | | | |
| 5 | Mr. Pankaj R. Patel Jtly with Cadila Healthcare Limited | 2 | 2 | 5 | Dr. Mukesh Patel | 42410 | 16.66% | | | | |
| 6 | Mr. Nitin D. Parekh Jtly with Cadila Healthcare Limited | 2 | 2 | 6 | Mr. Chirag Patel | 42410 | 16.66% | | | | |
| 7 | Mr. P. A. Padmanabhan Jointly with Cadila Healthcare Limited | 2 | 2 | | Total | 254460 | 100% | | | | |
| | Total | 1938242 | 1938242 | | | | | | | | |

Note: Equity Shareholders under 2 to 7 in the above table hold shares, the beneficial owner of which is Cadila Healthcare Limited.

46. There would be no change in the capital structure of the Transferor Company and the Transferee Company post sanctioning of the Scheme except as enumerated in the Note to the capital structure of the Transferee Company at clause 17 above.
47. In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and null and void.
48. The following documents will be open for inspection by the secured creditors of the Transferee Company at its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015, Gujarat, India, between 10.00 a.m. and 12.00 noon on all days (except Saturdays, Sundays and public holidays) upto the date of the meeting:
 - (i) Copy of the order passed by NCLT in CA(CAA) No.5/230-232/NCLT/AHM/2017, dated 15th day of February 2017 directing the Transferor Company to, inter alia, convene the meetings of its equity shareholders, secured creditors and unsecured creditors;
 - (ii) Copy of the order passed by NCLT in CA(CAA) No.6/230-232/NCLT/AHM/2017, dated 15th day of February 2017 directing the Transferee Company to, inter alia, convene the meetings of its equity shareholders, preference shareholders, secured creditor and unsecured creditors;
 - (iii) Copy of the CA(CAA) No.5/230-232/NCLT/AHM/2017 along with annexures filed by the Transferor Company before NCLT;

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- (iv) Copy of the CA(CAA) No.6/230-232/NCLT/AHM/2017 along with annexures filed by the Transferee Company before NCLT;
- (v) Copy of the Memorandum and Articles of Association of the Transferor Company and the Transferee Company, respectively;
- (vi) Copy of the annual reports of the Transferor Company and the Transferee Company, respectively, for the financial years ended 31st March 2015 and 31st March 2014, respectively;
- (vii) Copy of the annual reports of the Transferor Company and the Transferee Company, respectively, for the financial year ended 31st March 2016;
- (viii) Copy of the Supplementary Unaudited Accounting Statement of the Transferor Company and the Transferee Company, respectively, for the period ended 31st December 2016;
- (ix) Statement showing assets and liabilities of the India Human Formulations Undertaking of the Transferor Company as on 31st March 2016 proposed to be transferred to the Transferee Company;
- (x) Copy of the Register of Directors' shareholding of each of the Companies;
- (xi) Copy of Valuation Report submitted by B S R & Associates LLP, Chartered Accountants;
- (xii) Copy of the Fairness Opinion, dated 16th day of November 2016, issued by Dalmia Securities Private Limited, to the Board of Directors of the Transferor Company;
- (xiii) Copy of the Audit Committee Report, dated 17th day of November 2016, of the Transferor Company;
- (xiv) Copy of the resolutions, dated 17th day of November 2016, passed by the respective Board of Directors of the Transferor Company and the Transferee Company, approving the Scheme;
- (xv) Copy of the extracts of the minutes of the meetings, held on 17th day of November 2016, of the Board of Directors of the Transferor Company and the Transferee Company, respectively, in respect of the approval of the Scheme;
- (xvi) Copy of the Statutory Auditors' certificate dated 30th day of November 2016 issued by M/s. Mukesh M. Shah & Co., Chartered Accountants to the Transferor Company;
- (xvii) Copy of the Statutory Auditors' certificate dated 30th day of November 2016 issued by M/s. K. S. Aiyar & Co., Chartered Accountants to the Transferee Company;
- (xviii) Copy of the complaint reports, dated 3rd day of January 2017, submitted by the Transferor Company to BSE and NSE;
- (xix) Copy of the no adverse observations/no objection letter issued by BSE and NSE, both dated 20th day of January 2017, respectively, to the Transferor Company;
- (xx) Summary of the Valuation Report including the basis of valuation;
- (xxi) Copy of Form No. GNL-1 filed by the respective Companies with the concerned Registrar of Companies along with challan dated 31st day of January 2017, evidencing filing of the Scheme;
- (xxii) Copy of the certificate, dated 31st day of January 2017, issued by A B N & Associates, Chartered Accountants, certifying the amount due to the unsecured creditors of the Transferor Company as on 31st December 2016;
- (xxiii) Copy of the certificate, dated 31st day of January 2017, issued by A B N & Associates, Chartered Accountants, certifying the amount due to the unsecured creditors of the Transferee Company as on 31st December 2016;
- (xxiv) Copy of the Scheme; and
- (xxv) Copy of the Reports dated 31st day of January 2017 and 24th day of January 2017 adopted by the Board of Directors of the Transferor Company and the Transferee Company, respectively, pursuant to the provisions of Section 232(2) (c) of the Act.

The shareholders shall be entitled to obtain the extracts from or for making or obtaining the copies of the documents listed in item numbers (i), (ii), (vii), (xvi) and (xvii) above.

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49. This statement may be treated as an Explanatory Statement under Sections 230(3), 232(1) and (2) and 102 of the Act read with Rule 6 of the Rules. A copy of the Scheme, Explanatory Statement and Form of Proxy shall be furnished by the Transferee Company to its creditors, free of charge, within one (1) day (except Saturdays, Sundays and public holidays) on a requisition being so made for the same by the creditors of the Transferee Company.
50. After the Scheme is approved by the equity shareholders, preference shareholders, secured creditor and unsecured creditors of the Transferee Company, it will be subject to the approval/sanction by NCLT.



Deevyesh Radia

Chairman appointed for the meeting

Dated this 18th day of February 2017.

Registered office: Zydus Tower,
Satellite Cross Roads,
Sarkhej-Gandhinagar Highway,
Ahmedabad-380 015,
Gujarat, India

Annexure 1**SCHEME OF ARRANGEMENT
BETWEEN
CADILA HEALTHCARE LIMITED
AND
ZYDUS HEALTHCARE LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS****PREAMBLE**

This Scheme (*as defined hereinafter*) is presented under Sections 391 to 394 of the Act (*as defined hereinafter*) and other relevant provisions of the Act including corresponding provisions of the Companies Act, 2013, as may be applicable, for transfer and vesting of the India Human Formulations Undertaking (*as defined hereinafter*) of the Transferor Company (*as defined hereinafter*) with effect from Appointed Date, as a going concern, on Slump Sale (*as defined hereinafter*) basis, and for which a lump sum cash consideration shall be paid by the Transferee Company (*as defined hereinafter*) to the Transferor Company on the agreed terms and conditions as set out herein, in accordance with Section 2(42C) of the IT Act (*as defined hereinafter*) and for matters consequential, incidental, supplemental and/or otherwise integrally connected therewith.

A. BACKGROUND, RATIONALE AND PURPOSE OF THE SCHEME

- (i) The Transferor Company, the flagship company of Zydus group, is incorporated on 15th day of May 1995, under the provisions of the Act, in the name of Cadila Healthcare Private Limited. The name of Cadila Healthcare Private Limited was changed to Cadila Healthcare Limited with effect from 17th day of July 1996. The Transferor Company is a listed public limited company having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015. The equity shares of the Transferor Company are listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE').
- (ii) The Transferor Company is engaged in the business of research and development, manufacture, marketing, sale, trading and export of drugs and pharmaceuticals. One of the business verticals of the Transferor Company is marketing and selling human formulations in India which is carried out through its Domestic Human Formulations Business. Domestic Human Formulations Business consists of (a) Strategic Business Unit (SBU) Biologics Business, and (b) India Human Formulations Business.

SBU Biologics Business is carrying on the business of marketing and selling human formulations in India through its several divisions, viz. (i) Oncosciences, (ii) Ingenia, (iii) Heptiza-Alpha and Omega, (iv) Synovia, (v) Ostivia, (vi) Biovation, (vii) Bionext, (viii) Vaxxicare and (ix) Nephrosciences- Dialysis and Transplant.

All other business pertaining to marketing and selling of human formulations in India, other than SBU Biologics Business, is carried out through various divisions of India Human Formulations Business. Some of the divisions, amongst others, under India Human Formulations Business are (i) Fortiza, (ii) Medica, (iii) Liva, (iv) Respicare, etc. The plant situated at Plot No. 3707-3708, Phase IV, GIDC, Vatva, Ahmedabad-382 445, manufactures various formulations for India Human Formulations Business. The Research & Development activity for India Human Formulations Business is carried out at Pharmaceutical Technology Centre (PTC) situated at Sigma Commerce Zone, Near Iscon Temple, S. G. Highway, Ahmedabad- 380 015. Further, the analytical laboratory for stability study in respect of India Human Formulations Business is situated at Magnet Corporate Park, House No. 5, Floor 1, 2 and 3, Thaltej Cross Roads, Thaltej, Ahmedabad – 380 059, and that the activities for development of formulations in respect of India Human Formulations Business is situated at 2nd & 3rd Floor, Plot No. 407, New Ahmedabad Industrial Estate, Sarkhej-Bavla Road, Village Moraiya, Taluka Sanand, Ahmedabad – 382 210.

- (iii) The Transferee Company is a company incorporated on 2nd day of August 1989 under the provisions of the Act in the name of GR Exports Limited in the State of Maharashtra. The name of GR Exports Limited was changed to German Remedies Specialities Limited with effect from 1st day of April 2002. The name was further changed to German Remedies Limited and thereafter to Zydus Healthcare Limited with effect from 8th day of October 2003 and 8th day of September 2016, respectively. The registered office of the Transferee Company was shifted from the State of Maharashtra to the State of Gujarat with effect from 2nd day of April 2014. The Transferee Company is an unlisted public limited company having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015. The Transferee Company is a wholly owned subsidiary of the Transferor Company.

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- (iv) The Transferee Company is engaged in the business of manufacturing, marketing and selling of human formulations in India and for the said purpose is having its manufacturing plant at Sikkim. The existing business of the Transferee Company is similar to the India Human Formulations Business of the Transferor Company.
- (v) It is desired to consolidate the business of marketing and selling of human formulations in India (which does not include the SBU Biologics Business) of Zydus group within the Transferee Company. In this regard, one of the group companies, namely, the erstwhile Zydus Healthcare Limited merged into German Remedies Limited (the name of German Remedies Limited was changed to Zydus Healthcare Limited, the Transferee Company). Further, it is also contemplated to amalgamate Biochem Pharmaceutical Industries Limited, a wholly owned subsidiary of the Transferor Company, carrying on the business of manufacturing, marketing and selling of human formulations primarily in India, with the Transferee Company and that necessary process for seeking sanction of the scheme of amalgamation of Biochem Pharmaceutical Industries Limited with the Transferee Company has been initiated before the Hon'ble High Court of Gujarat at Ahmedabad.
- (vi) As a part of the aforesaid consolidation, it is proposed to transfer the India Human Formulations Undertaking of the Transferor Company to the Transferee Company which would, inter alia, bring more focused and concentrated efforts by management to grow the respective operations of both the companies which would be in the best interest of the stakeholders.

1. DEFINITIONS FOR THE PURPOSES OF THE SCHEME

In this scheme, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively assigned against them:

- 1.1 **“Act” or “the Act”** means the Companies Act, 1956 (to the extent of the sections thereof that have not been repealed) and the Companies Act, 2013 (to the extent of the sections thereof that have been brought into force).
- 1.2 **“Appointed Date”** means 1st April 2016.
- 1.3 **“Board of Directors”** means the board of directors of the Transferor Company and the Transferee Company as the context may require and shall include a committee of such board of directors duly constituted and authorised.
- 1.4 **“Companies”** shall mean together the Transferor Company and the Transferee Company.
- 1.5 **“Effective Date”** means the last of the dates on which all conditions, matters and filings referred to in Clause 18 hereof have been fulfilled and necessary orders, approvals and consents referred to therein have been obtained. References in this Scheme to the date of **“coming into effect of this Scheme”** or **“upon the Scheme becoming effective”** shall mean the Effective Date.
- 1.6 **“High Court”** means the Hon'ble High Court of Gujarat at Ahmedabad and shall include the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with the powers of a High Court in relation to the Scheme under the Act.
- 1.7 **“India Human Formulations Undertaking”** means all the businesses, undertakings, activities, properties and liabilities, of whatsoever nature and kind and wheresoever situated, pertaining to the India Human Formulations Business (which does not include the SBU Biologics Business), including specifically the following:
 - (a) the manufacturing plant situated at Plot No. 3707-3708, Phase IV, GIDC, Vatva, Ahmedabad-382 445;
 - (b) facilities situated at (i) the Pharmaceutical Technology Centre (PTC) Sigma Commerce Zone, Near Iscon Temple, S. G. Highway, Ahmedabad- 380 015; (ii) Magnet Corporate Park, House No. 5, Floor 1, 2 and 3, Thaltej Cross Roads, Thaltej, Ahmedabad – 380 059; and (iii) 2nd & 3rd Floor, Plot No. 407, New Ahmedabad Industrial Estate, Sarkhej-Bavla Road, Village Moraiya, Taluka Sanand, Ahmedabad – 382 210;
 - (c) all other immovable properties i.e. land together with the buildings and structures standing thereon (whether, leasehold, leave and licensed, right of way, tenancies or otherwise) including offices, warehouses, workshop, sheds, stores, DG Room, roads, laboratory, boundary walls, soil filling works, benefits of any rental agreement for use of premises, marketing offices, share of any joint assets, etc., which immovable properties are currently being used for the purpose of and in relation to the India Human Formulations Business and all documents (including panchnamas, declarations, receipts, etc.) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interests in connection with the said immovable properties;
 - (d) all assets, as are movable in nature pertaining to and in relation to the India Human Formulations Business, whether present or future or contingent, tangible or intangible, in possession or reversion, corporeal or

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incorporeal (including plant and machinery, capital work in progress, stores under progress, electrical fittings, furniture, fixtures, appliances, accessories, power lines, office equipments, computers, communication facilities, installations, vehicles, inventory and tools and plants), stock-in-trade, stock-in-transit, raw materials, finished goods, supplies, packaging items, actionable claims, current assets, earnest monies and receivables, financial assets, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other persons, insurances, the benefits of any bank guarantees, performance guarantees and letters of credit, and tax related assets, including but not limited to service tax input credits, CENVAT credits, value added/sales tax/entry tax credits or set-offs, deferred tax assets/liabilities, if any.

- (e) all permits, licenses, permissions including municipal permissions, product permissions especially under the Drugs and Cosmetics Act, 1940 and that under the Narcotic Drugs and Psychotropic Substances Act, 1985, price approvals under Drugs (Prices Control) Order, 2013, right of way, approvals, clearances, consents, benefits, registrations including import registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages (including consent/authorisation granted by Pollution Control Board and other licenses/permits granted/issued/given by any governmental, statutory or regulatory or local or administrative bodies for the purpose of carrying on the India Human Formulations Business or in connection therewith) including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that pertain to the India Human Formulations Business;
- (f) all contracts, agreements including consultancy agreements, purchase orders/service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/manufacturer of goods/service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the India Human Formulations Business;
- (g) all trade marks (except the trade marks "Lipaglyn®", "Zydus", "Zydus" logo and related trade marks), registered or used by the Transferor Company as the owner or licensee, related only to India Territory, and pertaining to the India Human Formulations Business; all copyrights of the Transferor Company in labels, brochures, pamphlets, marketing and publicity materials and artistic/literary works that pertain to the India Human Formulations Business and relate to the India Territory; and right to use, develop and exploit the patents, technical know how, process know how and all other intellectual property rights of the Transferor Company in respect of formulations, processes, methods, molecules, improvements, etc. for India Territory and pertaining to India Human Formulations Business;
- (h) all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Transferor Company pertaining to or in connection with or relating to the Transferor Company in respect of the India Human Formulations Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company and pertaining to the India Human Formulations Business;
- (i) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), applications (including hardware, software, source codes, parameterization and scripts), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, brochures, pamphlets, quotations, sales and advertising materials, marketing and publicity materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit

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information, customer/supplier pricing information, and all other books and records, whether in physical or electronic form that pertain to the India Human Formulations Business;

- (j) all debts, liabilities including contingent liabilities, duties, taxes and obligations of the Transferor Company pertaining to the India Human Formulations Business and/or arising out of and/or relating to the India Human Formulations Business;
- (k) all employees of the Transferor Company employed/engaged in the India Human Formulations Business as on the Effective Date; and
- (l) all legal or other proceedings of whatsoever nature that pertain to the India Human Formulations Business.

Explanation:

In case of any question that may arise as to whether any particular asset or liability and/or employee pertains or does not pertain to the India Human Formulations Business or whether it arises out of the activities or operations of the India Human Formulations Business, and in each case, subject to Clause 11 hereof, the same shall be decided by mutual agreement between Board of Directors of the Transferor Company and the Transferee Company.

- 1.8 “India Territory”** means the Union of India.
- 1.9 “IT Act”** means the Income-tax Act, 1961 and rules and regulations made thereunder and shall include any statutory modification, amendment or re-enactment thereof for the time being in force.
- 1.10 “LODR”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.11 “Non-India Territory”** means other than the India Territory.
- 1.12 “Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form including any modification or amendment hereto, made in accordance with the terms hereof.
- 1.13 “SEBI”** means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.
- 1.14 “SEBI Circular”** means Circular No. CIR/CFD/CMD/16/2015 dated 30th day of November 2015 issued by the SEBI, as amended or replaced from time to time.
- 1.15 “Slump Sale”** means Slump Sale as defined under Section 2(42C) of the IT Act.
- 1.16 “Stock Exchanges”** shall mean National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) collectively.
- 1.17 “Remaining Business”** means all the undertakings, businesses, activities, investments and their respective assets and liabilities of the Transferor Company other than those forming part of the India Human Formulations Undertaking pursuant to this Scheme.
- 1.18 “Transferee Company”** means Zydus Healthcare Limited, a company incorporated under the provisions of the Act and having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad–380 015.
- 1.19 “Transferor Company”** means Cadila Healthcare Limited, a company incorporated under the provisions of the Act and having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad–380 015.

2. SHARE CAPITAL

The share capital of the Transferor Company as on 15th day of November 2016 was as under:

| Share Capital | Amount (in Rs.) |
|---|----------------------|
| Authorized | |
| 172,50,00,000 Equity shares of Re. 1/- each | 172,50,00,000 |
| TOTAL | 172,50,00,000 |
| Issued, subscribed and paid-up | |
| 102,37,42,600 Equity shares of Re. 1/- each fully paid up | 102,37,42,600 |
| TOTAL | 102,37,42,600 |

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The share capital of the Transferee Company as on 15th day of November 2016 was as under:

| Share Capital | Amount (in Rs.) |
|---|---------------------|
| Authorized | |
| 21,00,000 equity shares of Rs. 100/- each | 21,00,00,000 |
| 3,00,000 8% non-cumulative redeemable preference shares of Rs. 100/- each | 3,00,00,000 |
| TOTAL | 24,00,00,000 |
| Issued, subscribed and paid-up | |
| 19,38,242 equity shares of Rs. 100/- each fully paid up | 19,38,24,200 |
| 2,54,460 8% non-cumulative redeemable preference shares of Rs. 100/- each fully paid up | 2,54,46,000 |
| TOTAL | 21,92,70,200 |

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court shall be effective from the Appointed Date but shall be operative from the Effective Date.

4. TRANSFER AND VESTING OF THE INDIA HUMAN FORMULATIONS UNDERTAKING

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme in relation to the mode of transfer and vesting, the India Human Formulations Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the India Human Formulations Undertaking) shall, without any further act, instrument, deed, matter or thing, be transferred to and vested in the Transferee Company or be deemed to have been transferred to and vested in Transferee Company on a going concern basis by way of a Slump Sale, so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interests and authorities of the Transferee Company, pursuant to Section 394(2) of the Act.
- 4.2 In respect of such of the assets of the India Human Formulations Undertaking as are movable in nature and/or otherwise capable of transfer by manual or constructive delivery of possession and/or by endorsement and delivery, the same shall be so transferred by the Transferor Company to the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of the Transferee Company as an integral part of the India Human Formulations Undertaking.
- 4.3 In respect of the movable assets other than those dealt with in clause 4.2 above, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with the Government, semi-Government, local and any other authorities and bodies and/or customers, if any, whether recoverable in cash or in kind or for value to be received, bank balances, etc. the same shall stand transferred to and vested in the Transferee Company without any notice or other intimation to any person in pursuance of the provisions of Sections 391 to 394 read with other relevant provisions of the Act to the end and intent that the right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company. The Transferee Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Transferee Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes.
- 4.4 In respect of such of the assets belonging to the India Human Formulations Undertaking other than those referred to in clause 4.2 and 4.3 above, the same shall, as more particularly provided in clause 4.1 above, without any further act, instrument or deed, be transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391-394 of the Act.
- 4.5 All assets, rights, titles, interests and investments of the Transferor Company in relation to the India Human Formulations Undertaking shall also without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391-394 of the Act.

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- 4.6 Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme, all the rights, title, interest and claims of the Transferor Company in any leasehold/leave and license/right of way properties of the Transferor Company in relation to the India Human Formulations Undertaking, shall, pursuant to Section 394(2) of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to or vested in the Transferee Company automatically and on the same terms and conditions.
- 4.7 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme, all permits, licenses, permissions, right of way, approvals, clearances, consents, benefits, registrations, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, issued to or granted to or executed in favour of the Transferor Company, and the rights and benefits under the same, in so far as they relate to the India Human Formulations Undertaking and all quality certifications and approvals, and all other interests relating to the goods or services being dealt with by the India Human Formulations Undertaking and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents acquired by the Transferor Company in relation to the India Human Formulations Undertaking shall be transferred to and vested in the Transferee Company and the concerned licensors and granters of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with law, the Transferee Company on such approvals, clearances, permissions so as to empower and facilitate the approval and vesting of the India Human Formulations Undertaking of the Transferor Company in the Transferee Company and continuation of operations pertaining to the India Human Formulations Undertaking of the Transferor Company in the Transferee Company without hindrance and that such approvals, clearances and permissions shall remain in full force and effect in favour of or against the Transferee Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- 4.8 In so far as various incentives, subsidies, exemptions, special status, service tax benefits, income tax holiday/benefit/losses and other benefits or exemptions or privileges enjoyed, granted by any Government body, regulatory authority, local authority or by any other person, or availed of by the Transferor Company are concerned, the same shall, without any further act or deed, in so far as they relate to the India Human Formulations Undertaking, vest with and be available to the Transferee Company on the same terms and conditions as if the same had been allotted and/or granted and/or sanctioned and/or allowed to the Transferee Company.
- 4.9 Any claims due to the Transferor Company from its customers or otherwise and which have not been received by the Transferor Company as on the date immediately preceding the Effective Date as the case may be, in relation to or in connection with the India Human Formulations Undertaking, shall also belong to and be received by the Transferee Company.
- 4.10 All assets, estate, rights, title, interest and authorities acquired by the Transferor Company after the Appointed Date and prior to the Effective Date for operation of the India Human Formulations Undertaking shall also stand transferred to and vested in the Transferee Company upon the coming into effect of this Scheme.
- 4.11 Upon the coming into effect of this Scheme, all debts, duties, obligations and liabilities (including contingent liabilities) of The Transferor Company relating to the India Human Formulations Undertaking shall without any further act, instrument or deed be and stand transferred to the Transferee Company and shall thereupon become the debts, duties, obligations and liabilities of the Transferee Company which it undertakes to meet, discharge and satisfy to the exclusion of the Transferor Company and to keep the Transferor Company indemnified at all times from and against all such debts, duties, obligations and liabilities and from and against all actions, demands and proceedings in respect thereto. It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, obligations, duties and liabilities have arisen in order to give effect to the provisions of this clause.
- 4.12 In so far as loans and borrowings of the Transferor Company are concerned, the loans and borrowings, if any, and such amounts pertaining to the India Human Formulations Undertaking, which are to be transferred to the Transferee Company in terms of clause 4.11 above shall, without any further act or deed, become loans and borrowings of the Transferee Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Transferee Company, as if it had entered into such loans and incurred such borrowings. Thus, the primary obligation to redeem or repay such liabilities shall be that of the Transferee Company. However, without prejudice to such transfer of liability amount, if any, where considered necessary for the sake of convenience and towards facilitating single point creditor

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- discharge, the Transferee Company may discharge such liability (including accretions) by making payments on the respective due dates to the Transferor Company, which in turn shall make payments to the respective creditors.
- 4.13 Subject to clause 4.12 above, from the Effective Date, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities of the India Human Formulations Undertaking as the borrower/issuer thereof, and the Transferor Company shall not have any obligations in respect of the said liabilities.
- 4.14 Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company, have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company and all liabilities and obligations incurred by the Transferor Company for the operations of the India Human Formulations Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of the Transferee Company and to the extent of their outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- 4.15 Any claims, liabilities or demands arising on account of the India Human Formulations Undertaking of the Transferor Company which relates to the period prior to the Appointed Date but arises at any time after the Effective Date shall be entirely borne by the Transferee Company. In the event that such liability is incurred by or such claim or demand is made upon the Transferor Company, then the Transferee Company shall indemnify the Transferor Company for any payments made in relation to the same.
- 4.16 In so far as the assets of the India Human Formulations Undertaking are concerned, the security, pledge, existing charges and mortgages, over such assets, to the extent they relate to any loans or borrowings of the Remaining Business of the Transferor Company (except the loans and borrowings of the Remaining Business of the Transferor Company which relate to the External Commercial Borrowings availed from Bank of Tokyo Mitsubishi UFJ Limited, Singapore and Citibank N.A., Bahamas) shall, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as security, pledge, charges and mortgages in relation to those liabilities of the Transferor Company which are not transferred to the Transferee Company. So far as the security and existing charges over the assets of India Human Formulations Undertaking are concerned, to the extent they relate to the aforesaid External Commercial Borrowings availed from Bank of Tokyo Mitsubishi UFJ Limited, Singapore and Citibank N.A., Bahamas by the Remaining Business of the Transferor Company, shall, without any further act, instrument or deed, continue to subsist over such assets of the India Human Formulations Undertaking and that such assets would be available to the aforesaid External Commercial Borrowings lenders for discharge of the liabilities in respect of the loans and borrowings availed by the Transferor Company for its Remaining Business.
- 4.17 Without any prejudice to the provisions of the foregoing clauses and upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall execute any instrument(s) and/or document(s) and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Gujarat at Ahmedabad to give formal effect to the provisions of this clause and foregoing clauses, if required.
- 4.18 Upon the coming into effect of this Scheme, the Transferor Company alone shall be liable to perform all obligations in respect of all debts, liabilities, duties and obligations pertaining to the Remaining Business of the Transferor Company and the Transferee Company shall not have any obligations in respect of the Remaining Business of the Transferor Company.
- 4.19 The foregoing provisions shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security documents, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
- 4.20 Upon the coming into effect of this Scheme and as an integral part thereof, the Transferor Company shall, without any further act, instrument, deed, matter or thing, grant to the Transferee Company a perpetual and irrevocable license to use the trade marks "Lipaglyn[®]", "Zydus", "Zydus" logo and related trade marks for use in the India Territory but only so long as the Transferee Company is the subsidiary of the Transferor Company.
- 4.21 It is clarified that upon the coming into effect of this Scheme, the Transferor Company's copyrights in labels, brochures, pamphlets, marketing and publicity materials and artistic/literary works, in so far as they relate to or pertain to the Non-India Territory, the same shall continue to belong to and remain vested in the Transferor Company.

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- 4.22 Upon the coming into effect of this Scheme and as an integral part thereof, the Transferor Company shall, without any further act, instrument, deed, matter or thing, grant to the Transferee Company a perpetual royalty-free and irrevocable license to use, develop and exploit the patents, technical know how, process know how and all other intellectual property rights (other than the trade marks and copyrights which shall vest in the Transferee Company upon the coming into effect of this Scheme and subject to clause 4.20 and clause 4.21 above) in respect of formulations, processes, methods, molecules, improvements, etc. in the India Territory but only so long as the Transferee Company is the subsidiary of the Transferor Company.
- 4.23 Notwithstanding anything contained above, the Transferor Company shall be entitled to register in its name the trademarks, copyrights, etc. used or to be used in the Non-India Territory, for the purpose of export/sale of goods bearing the said trade marks in the Non-India Territory.
- 4.24 The Transferor Company and the Transferee Company shall be entitled to execute suitable agreements, deeds, affidavits, consent letters, power of attorney, applications and other documents as may be required to give effect to the foregoing clauses.
- 4.25 Upon the coming into effect of this Scheme, the Transferor Company and the Transferee Company shall extend all co-operation and give necessary support to each other, as may be required in the ongoing or future disputes, litigations relating to and/or for enforcement of their respective rights in trade marks, copyrights, patents, technical know how, process know how, etc. against the third party or parties.
- 4.26 On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to operate all bank accounts of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, and realize all monies and complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in relation to or in connection with the India Human Formulations Undertaking of the Transferor Company, in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the India Human Formulations Undertaking to the Transferee Company under this Scheme have been formally given effect to under such contracts and transactions.
- 4.27 For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of bank accounts of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, in the name of the Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment, which are in the name of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. The Transferee Company shall be allowed to maintain bank accounts in the name of the Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment, which are in the name of the Transferor Company shall be instituted, or as the case may be, continued by or against the Transferee Company after the coming into effect of this Scheme.
- 4.28 It is clarified that in order to ensure the smooth transition and sales of products and inventory of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, manufactured and/or branded and/or labelled and/or packed in the name of the Transferor Company prior to the Effective Date, the Transferee Company shall have the right to own, use, market, sell, exhaust or to in any manner deal with any such products and inventory (including packing material) pertaining to the India Human Formulations Undertaking at manufacturing location(s) or warehouses or retail stores or elsewhere, without making any modifications whatsoever to such products and/or their branding, packing or labelling. All invoices/payment related documents pertaining to such products and inventory (including packing material) shall be raised in the name of the Transferee Company after the Effective Date.
- 4.29 It is hereby clarified that all assets and liabilities of the India Human Formulations Undertaking, which are set forth in the closing balance sheet of the Transferor Company as on the close of business hours on the date immediately

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preceding the Appointed Date, shall be transferred at values appearing in the books of account of the Transferor Company as on the Appointed Date.

5. LEGAL PROCEEDINGS

- 5.1 Upon the coming into effect of this Scheme, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company, under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the India Human Formulations Undertaking shall be continued and enforced by or against the Transferee Company after the Effective Date. In the event that the legal proceedings referred to herein require the Transferor Company and the Transferee Company to be jointly treated as parties thereto, the Transferee Company shall be added as a party to such proceedings and shall prosecute and defend such proceedings in co-operation with the Transferor Company. In the event of any difference or difficulty in determining as to whether any specific legal or other proceedings relate to the India Human Formulations Undertaking or not, a decision jointly taken by the Board of Directors of the Transferor Company and the Transferee Company in this regard, shall be conclusive evidence of the matter.
- 5.2 If proceedings are taken against the Transferor Company in respect of the matters referred to in clause 5.1 above, it shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the latter shall reimburse and indemnify the Transferor Company against all the liabilities and obligations incurred by the Transferee Company in respect thereof.
- 5.3 The Transferee Company shall have all legal or other proceedings initiated by or against the Transferor Company with respect to the India Human Formulations Undertaking, transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of the Transferor Company.

6. CONTRACTS, DEEDS, ETC.

- 6.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, and other instruments of whatsoever nature to which the India Human Formulations Undertaking of the Transferor Company is a party or to the benefit of which the India Human Formulations Undertaking of the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect by or against or in favour of the Transferee Company, as the case may be and may be enforced by or against the Transferee Company, as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- 6.2 Notwithstanding the fact that the vesting of the India Human Formulations Undertaking of the Transferor Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required, take such actions and execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company will, if necessary, also be a party to the above. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company, and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 6.3 Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interests in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the India Human Formulations Undertaking which the Transferor Company own or to which the Transferor Company is a party to, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, in so far as it is permissible so to do, till such time as the transfer is effected.

7. SAVING OF CONCLUDED TRANSACTIONS

- 7.1 The transfer and the vesting of the assets, liabilities and obligations of the India Human Formulations Undertaking under clause 4 hereof and the continuance of proceedings by or against the Transferee Company thereof shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Appointed Date, to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by,

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and/or on behalf of the Transferor Company as acts, deeds and things made, done and executed by and on behalf of the Transferee Company.

8. EMPLOYEES

- 8.1 Upon the coming into effect of this Scheme, all the employees relating to the India Human Formulations Undertaking that were employed by the Transferor Company, immediately before the Effective Date, shall become the employees of the Transferee Company without any break or interruption of service and with the benefit of continuity of service on terms and conditions which are not less favourable than the terms and conditions as were applicable to such employees relating to the India Human Formulations Undertaking of the Transferor Company immediately prior to the transfer and vesting of the India Human Formulations Undertaking.
- 8.2 The Transferee Company agrees that the service of all employees pertaining to the India Human Formulations Undertaking with the Transferor Company up to the Effective Date shall be taken into account for the purpose of all retirement benefits to which they may be eligible in the Transferor Company up to the Effective Date. The Transferee Company further agrees that for the purpose of payment of any retrenchment compensation, gratuity or other terminal benefits, such past service with the Transferor Company, shall also be taken into account and agrees and undertakes to pay the same as and when payable.
- 8.3 Upon the coming into effect of this Scheme, the Transferee Company shall make all the necessary contributions for such transferred employees relating to the India Human Formulations Undertaking, and deposit the same in provident fund, gratuity fund or superannuation fund or any other special fund or staff welfare scheme or any other special scheme. The Transferee Company will also file relevant intimations in respect of the India Human Formulations Undertaking to the statutory authorities concerned who shall take the same on record and substitute the name of the Transferee Company for the Transferor Company.
- 8.4 In so far as the existing provident fund, gratuity fund and pension and /or superannuation fund/trusts, retirement funds or employees state insurance schemes or pension scheme or employee deposit linked insurance scheme or any other benefits, if any, created by the Transferor Company for employees of the India Human Formulations Undertaking are concerned, such proportion of the funds, contributions to the funds or the scheme or the investments made into the funds relatable to the employees pertaining to the India Human Formulations Undertaking as on the Effective Date, who are being transferred along with the India Human Formulations Undertaking in terms of the Scheme, upon the coming into effect of this Scheme, shall be transferred to the necessary funds, schemes or trusts of the Transferee Company and till the time such necessary funds, schemes or trusts are created by the Transferee Company, all contribution shall continue to be made to the existing funds, schemes or trusts of Transferor Company.

9. BUSINESS AND PROPERTY IN TRUST AND CONDUCT OF BUSINESS FOR THE TRANSFEEE COMPANY

With effect from the Appointed Date and upto and including the Effective Date:

- 9.1 the Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the India Human Formulations Undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the India Human Formulations Undertaking for and on account of, and in trust for, the Transferee Company;
- 9.2 all profits and income accruing or arising to the Transferor Company from the India Human Formulations Undertaking and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to India Human Formulations Undertaking shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Transferee Company;
- 9.3 any of the rights, powers, authorities, privileges, attached, related or pertaining to the India Human Formulations Undertaking exercised by the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the India Human Formulations Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Transferee Company;
- 9.4 The Transferor Company undertakes that it will preserve and carry on the business of the India Human Formulations Undertaking with reasonable diligence and business prudence and shall not undertake financial commitments or

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sell, transfer, alienate, charge, mortgage, or encumber the India Human Formulations Undertaking or any part thereof or recruit new employees or conclude settlements with union or employees or undertake substantial expansion or change the general character or nature of the business of the India Human Formulations Undertaking or any part thereof save and except in each case:

- (a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
- (b) if the same is expressly permitted by this Scheme; or
- (c) if the prior written consent of the Board of Directors of the Transferee Company has been obtained.

9.5 The Transferor Company and/ or the Transferee Company shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government(s), regulatory/local/administrative bodies and all other agencies, departments and authorities concerned as are necessary under any law for such consent, approvals and sanctions, which the Transferee Company may require to carry on the business of the India Human Formulations Undertaking.

10. TAX CREDIT/DUTIES/CESS ETC.

10.1 The Transferee Company will be the successor of the Transferor Company vis-à-vis the India Human Formulations Undertaking. Hence, it will be deemed that the benefits of any tax credits whether central, state, or local, availed vis-à-vis the India Human Formulations Undertaking and the obligations, if any, for payment of taxes on any assets of the India Human Formulations Undertaking or their erection and/or installation, etc. shall be deemed to have been availed by the Transferee Company, or as the case may be deemed to be the obligation of the Transferee Company.

10.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess, receivables/ payables by the Transferor Company relating to the India Human Formulations Undertaking including all or any refunds/ credits/claims/tax losses/unabsorbed depreciation relating thereto shall be treated as the assets/liability or refund/credit/claims/tax losses/unabsorbed depreciation, as the case may be, of the Transferee Company.

10.3 The Transferor Company and the Transferee Company are expressly permitted to revise their tax returns including tax deducted at source ('TDS') certificates/returns and to claim refund, advance tax, credits, excise and service tax credits, set off etc. on the basis of the accounts of the India Human Formulations Undertaking as vested with the Transferee Company upon coming into effect of this Scheme.

10.4 Upon this Scheme becoming effective, both the Transferee Company and the Transferor Company, if required, are expressly permitted to revise and file their respective income tax returns and other statutory returns, including tax deducted/collected at source returns, service tax returns, excise tax returns, sales tax/VAT returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc., if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

11. CONSIDERATION BY THE TRANSFEREE COMPANY

11.1 Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the India Human Formulations Undertaking of the Transferor Company in the Transferee Company by way of Slump Sale on a going concern basis, in accordance with the terms of this Scheme and pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Act, the Transferee Company shall pay a lump sum cash consideration of INR 693 millions (Rupees Six Hundred Ninety Three Millions) to the Transferor Company.

12. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY

12.1 Upon coming into effect of this Scheme, the Transferor Company shall reduce from its books, the book value of assets and liabilities, as on the Appointed Date, transferred as a part of the India Human Formulations Undertaking pursuant to the Scheme.

12.2 In compliance with Indian Accounting Standards (Ind AS), the difference between the lump sum consideration and book value of the net assets pertaining to India Human Formulations Undertaking, as on the Appointed Date, shall be credited to profit and loss account or debited to the investment in the Transferee Company, as the case may be.

13. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY

13.1 Upon coming into effect of this Scheme, the Transferee Company shall record the assets and liabilities comprised in the India Human Formulations Undertaking transferred to and vested in the Transferee Company pursuant to

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this Scheme, at the respective book values appearing in the books of accounts of the Transferor Company as on the close of business hours on the date immediately preceding the Appointed Date in accordance with Ind AS.

- 13.2 In compliance with Ind AS, the deficit or excess, if any, remaining after recording the aforesaid entries over the value of lump sum consideration payable to the Transferor Company shall be debited/credited by the Transferee Company to Capital Reserve Account, as the case may be.

14. REMAINING BUSINESS

14.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Transferor Company subject to the provisions of the Scheme.

14.2 All legal or other proceedings by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company. The Transferee Company shall in no event be responsible or liable in relation to any such legal or other proceedings by or against the Transferor Company.

14.3 With effect from the Appointed Date and up to and including the Effective Date:

- a) The Transferor Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
- b) all profits and income accruing or arising to the Transferor Company, and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Remaining Business shall, for all purposes, be treated as and be deemed to be the profits income, losses or expenditure, as the case may be, of the Transferor Company; and
- c) all employees relatable to the Remaining Business shall continue to be employed by the Transferor Company and the Transferee Company shall not in any event be liable or responsible for any claims whatsoever regarding such employees.

15. APPLICATIONS TO THE HIGH COURT

15.1 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary applications/petitions, under Sections 391 to 394 and other applicable provisions of the Act to the High Court for seeking sanction of this Scheme.

16. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

16.1 The Companies by their respective Board of Directors or any Director/Executive/Employee authorized in this behalf, (hereinafter referred as to the "Delegates") may assent to, or make, from time to time, any modification(s) or addition(s) to this Scheme which the High Court or any authorities under law may deem fit to approve of or may impose and which the Board of Directors of the Companies may in their discretion accept, or such modification(s) or addition(s) as the Board of Directors of the Companies or as the case may be, their respective Delegates may deem fit, or require for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme. The Companies by their respective Board of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme. In the event that any conditions are imposed by the High Court or SEBI or any authorities, which the Board of Directors of the Companies find unacceptable for any reason, then the Companies shall be at liberty to withdraw the Scheme.

16.2 For the purpose of giving effect to this Scheme or to any modification(s) thereof or addition(s) thereto, the Delegates of the Transferor Company and the Transferee Company may give and are authorised to determine and give all such directions as are necessary for settling or removing any question of doubt or difficulty that may arise under this Scheme or in regard to the meaning or interpretation of any provision of this Scheme or implementation thereof or in any matter whatsoever connected therewith or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any such conditions (to the extent permissible in law) and such determination or directions or waiver, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. For the avoidance of

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doubt it is clarified that where this Scheme requires the approval of the Board of Directors of the Companies to be obtained for any matter, the same may be given through their Delegates.

17. SEVERABILITY

17.1 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Companies, affect the validity or implementation of the other parts and/or provisions of this Scheme.

18. SCHEME CONDITIONAL UPON APPROVALS/SANCTIONS

18.1 This Scheme is and shall be conditional upon and subject to:

- a) obtaining observation letter or no-objection letter from the Stock Exchanges in respect of the Scheme, pursuant to Regulation 37 of the LODR read with SEBI Circular and Regulations 11 and 94 of the LODR;
- b) the approval of the Scheme by the shareholders and/or creditors of the Transferor Company and the Transferee Company in accordance with Sections 391-394 and other relevant provisions of the Act;
- c) the Scheme being sanctioned and orders being obtained by the Transferor Company and the Transferee Company from the High Court in terms of Sections 391 to 394 of the Act and other relevant provisions of the Act; and
- d) certified copies of the orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Gujarat by the Transferor Company and the Transferee Company, respectively.

19. EFFECT OF NON-RECEIPT OF APPROVALS

19.1 In the event of any of the approvals or conditions enumerated in the Scheme not being obtained or complied, or for any other reason, this Scheme cannot be implemented, then the Board of Directors of the Companies shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with this Scheme.

20. COSTS, CHARGES AND EXPENSES

20.1 All costs, duties, levies, charges and expenses payable by the Transferor Company and the Transferee Company in relation to or in connection with the Scheme and incidental to the completion of this Scheme and of carrying out and completing the terms of this Scheme shall be borne and paid by the Transferor Company.

Annexure 2
VALUATION REPORT

B S R & Associates LLP

Chartered Accountants

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Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

16 November 2016

Board of Directors

Cadila Healthcare Limited

Zydus Tower, Satellite Cross Roads,
Sarkhej – Gandhinagar Highway,
Ahmedabad – 380 015,
Gujarat, India

Sub: Report on the NAV valuation of the India Human Formulations Undertaking of Cadila Healthcare Limited for the proposed transfer to its wholly owned subsidiary

Dear Sirs,

We refer to the engagement letter dated 12 August 2016, wherein the Board of Directors ("Management") of Cadila Healthcare Limited ("CHL", or "You", or "Client") has engaged B S R & Associates LLP ("B S R" or "We") for performing the NAV valuation of the India Human Formulations Undertaking ("Specified Business"), for the purpose of proposed transfer of the Specified Business on slump sale basis to Zydus Healthcare Limited ("Proposed Transaction").

The NAV valuation is carried out as at 31 March 2016 ("Valuation Date").

SCOPE AND PURPOSE OF THE VALUATION REPORT

We understand that CHL proposes to transfer the Specified Business on slump sale basis to Zydus Healthcare Limited (previously known as German Remedies Limited) ("Zydus").

The Proposed Transaction is expected to be carried out by way of a scheme of arrangement under Section 391 – 394 of the Companies Act, 2013 and applicable provisions prescribed by the Securities and Exchange Board of India ("SEBI").

Further, we understand that CHL is proposing to transfer the Specified Business at book value and hence the valuation is required as per the Net Asset Value.

This valuation report ("Valuation Report") is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the Valuation Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

B S R & Associates (a partnership firm with
Registration No. BA68228) converted into
B S R & Associates LLP (a Limited Liability
Partnership with LLP Registration No. AAB-8182)
with effect from October 14, 2013

Registered Office
5th Floor, Lodha Excelus,
Apollo Mills Compound,
N. M. Joshi Marg, Mahalaxmi,
Mumbai-400 011,
India.



BACKGROUND

CHL is engaged in the business of research and development, manufacture, marketing, sale, trading and export of drugs and pharmaceuticals. CHL's product portfolio includes active pharmaceutical ingredients, human formulations and veterinary. CHL has its registered office in Ahmedabad, India.

The equity shares of CHL are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Specified Business is engaged in marketing and selling products relating to human formulations in India. Some of the divisions, amongst others, under the Specified Business are (i) Fortiza, (ii) Medica, (iii) Liva, (iv) Respicare, etc.

Zydus is engaged in the business of manufacturing and marketing of pharmaceutical products in areas of female healthcare, respiratory care, gastroenterology, cardiovascular care, etc. Zydus is a wholly owned subsidiary of Cadila Healthcare Limited ("Cadila") and has its registered office in Ahmedabad, India.

SOURCES OF INFORMATION

In connection with preparing this Valuation Report, we have received the following information from the Management:

- Draft Scheme of Arrangement pertaining to the Proposed Transaction.
- Carved out unaudited statement of assets and liabilities as at 31 March 2016 of the Specified Business.
- Other information, explanations and representations that were required and provided by the Management.
- Such other analysis, reviews and inquiries as we considered necessary.



SCOPE AND LIMITATIONS OF WORK

B S R has been appointed to carry out the NAV valuation of the Specified Business based on book value of the net assets as at 31 March 2016.

This Valuation Report is based on and relies solely on the carved out unaudited statement of assets and liabilities as at 31 March 2016 of the Specified Business. B S R has read, analysed and discussed but not independently verified the financial statements and underlying data and accordingly provide no opinion on the factual basis of the same. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, it may have a material effect on our findings.

Our work did not constitute an audit of the carved out financial statements and accordingly, we do not express any opinion on the truth and fairness of the financial position as indicated in this Valuation Report. Similarly, our work did not constitute validation of the carved out financial statements of the Specified Business and accordingly, we do not express any opinion on the same.

For the purpose of this Engagement and Valuation Report, we have made no investigation of, and assume no responsibility for the title to, or liabilities against the Specified Business. The value contained herein is not intended to represent the NAV of the Specified Business at any time other than 31 March 2016, as per the agreed scope of our engagement. Our conclusion of value assumes that the title to the assets and liabilities of Specified Business reflected in the unaudited carved out financial statements as on 31 March 2016 is intact as at the date of this Valuation Report. For the purposes of this Engagement, we are not required to carry out a valuation of tangible/ intangible assets of the Specified Business.

Although we have read, analysed and discussed the information relating to the Specified Business, prepared and provided to us by the Management for the purpose of making the Valuation Report, we have not commented on the appropriateness of or independently verified the assumptions or information provided to us, for arriving at the valuation.

Neither B S R nor any of its affiliates are responsible for updating this Valuation Report because of events or transactions occurring subsequent to the date of this Valuation Report. B S R has not considered any finding made by other external agencies in carrying out this valuation.

The recommendation(s) rendered in this Valuation Report only represent our recommendation(s) based upon information furnished by the Management and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell direction, for which specific opinion needs to be taken from expert advisors).



The Valuation Report assumes that the Specified Business complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated; and that the Specified Business will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Valuation Report has given no consideration to the following matters –

- Matters of a legal nature, including issues of legal title and compliance with local laws, and
- Litigation and other contingent liabilities that are not recorded in the carved out statement of assets and liabilities of the Specified Business as on 31 March 2016.

No enquiry into the Specified Business' claim to title of assets or property has been made for the purpose of this valuation. With regard to the Specified Business' claim to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management to us for the purpose of this Valuation Report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed the Specified Business' claim to such rights, title or interest as valid for the purpose of this Valuation Report. No Information has been given to us about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.

We express no opinion or recommendation as to how the shareholders of CHL should vote at any shareholders' meeting(s) to be held in connection with the proposed Transaction.

Our Valuation Report is confidential to the Client and will be issued by us on the express understanding that it shall not be copied, disclosed or circulated or referred to in correspondence or discussion with any third party or used for any purpose other than the proposed Transaction without B S R's prior written consent.

This Valuation Report is prepared on the basis of the sources of information listed hereinafter in this Valuation Report. B S R has relied upon written representation provided by the Management and that the information contained in the Valuation Report is materially accurate and complete, fair in its manner of portrayal and therefore forms a reliable basis for the valuation.

The Valuation Report should be read in whole and cannot be split in parts. The outcome of the valuation can only lead to proper conclusions if the Valuation Report as a whole is taken into account.



VALUATION SUMMARY

As discussed above, the Management is proposing transfer of the Specified Business to its wholly owned subsidiary at book value. Hence, we have only considered the net asset value ("NAV") method for the valuation.

The NAV is arrived based on the carved out unaudited statement of assets and liabilities as at 31 March 2016 of the Specified Business.

The summary of the NAV valuation of the Specified Business is presented below:

| Specified Business | |
|--|----------------|
| INR million | 31-Mar-2016 |
| Assets | |
| Net Tangible Assets | 456 |
| Net Intangible Assets | 36 |
| Capital work in progress | 70 |
| Long term loans and advances | 260 |
| Current assets | |
| Inventory | 1,190 |
| Sundry debtors | 925 |
| Cash and bank | 209 |
| Short term loans and advances | 96 |
| Other current assets | 9 |
| Total assets | 3,251 |
| Liabilities | |
| Long term provisions | (436) |
| Other long term liabilities | (64) |
| Current liabilities | |
| Trade payables | (1,655) |
| Other current liabilities | (363) |
| Short term provisions | (40) |
| Total liabilities | (2,558) |
| Net assets value before adjustments | 693 |
| Adjustments | |
| Less: Contingent liabilities | - |
| Net asset value | 693 |

Note: As represented by Management, the Specified Business has contingent liabilities pertaining to certain business, legal and employee related matters, etc. We understand that the probability of materialization of the aforementioned liabilities is remote.

CONCLUSION

Based on, the Scope and Limitations of our work, Sources of Information, valuation methodology and approach, the net asset value of the Specified Business as at 31 March 2016 is INR 693 million (INR Six Hundred Ninety Three million only).

Respectfully submitted,

For B S R & Associates LLP
Chartered Accountants
Firm Registration No. 116231W



Mahek Vikamsey
ICAI Membership No. 108235
Place: Mumbai
Date: 16 November 2016

Annexure 3
FAIRNESS OPINION



STRICTLY PRIVATE & CONFIDENTIAL

DSPL/CPL /FO/1

16th November, 2016

The Board of Directors
Cadila Healthcare Limited
Zydus Tower, Satellite Cross Roads,
Sarkhej - Gandhinagar Highway ,
Ahmedabad, Gujarat, 380015

Dear Sirs,

Subject: Fairness Opinion for the proposed transfer of India Human Formulations Undertaking of Cadila Healthcare Limited (Transferor Company) on slump sale basis to its wholly owned subsidiary Zydus Healthcare Limited (ZHL) (Transferee Company), pursuant to the proposed Scheme ('Draft Scheme' or 'Scheme') in terms of Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015.

Please refer to the engagement letter no. DSPL/CHL/FO/1 dated November 16 2016 appointing Dalmia Securities Private Limited, to furnish Fairness Opinion, pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, for the proposed in terms of provisions of section 391 to 394 of the Companies Act 1956 ('the Act') and other applicable provisions of the Act and /or Rules/Regulations made there under:

1. **Background**

1.1 **Cadila Healthcare Limited ('CHL' or 'the Transferor Company')**

CHL, is a company incorporated on 15th day of May 1995, under the provisions of the Act and the name of Cadila Healthcare Private Limited, having CIN L24230GJ1995PLC025878. The name of Cadila Healthcare Private Limited was changed to Cadila Healthcare Limited with effect from 15th day of May 2016.



Regd. Office : Ideal Plaza, Suite S-401, 4th Floor, 11/1, Sarat Bose Road, Kolkata - 700020, P 91-33-22806544, 91-33-66120500 F 91-33-22806643
Corporate Office : Mumbai Office : 17, Khetan Bhavan, 2nd Floor, 198, J. Tata Road, Mumbai 400 020 Ph: 91-22-30272810

SEBI Regn No. NSE INB230645339 F&O INF230645339 Code 06453 BSE INBO 10684638 F&O INFO10684638 Code 530

NSDL IN300222 CDSL 14500 BARN 0284

CIN : U67120WB1993PTC060525
www.dalmiasec.com

ZYDUS HEALTHCARE LIMITED

day of July 1996. CHL is a listed public limited company having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015 and the equity shares of the Transferor Company are listed on National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE').

CHL is engaged in the business of R&D, manufacture and marketing of drugs and pharmaceuticals (both domestic and international markets). The company has, inter-alia, India Human Formulations Undertaking that is manufacturing, selling and marketing human formulations, in India, for various medical requirements. The plant of the India Human Formulations is located in GIDC Vatva, while the R&D activity for this business unit is at Pharmaceutical Technology Centre (PTC) situated in Ahmedabad.

1.2 Shareholding pattern of CHL as on September 30, 2016 is as under:

| Category | Shareholding of equity shares (%) |
|--------------|-----------------------------------|
| Promoters | 74.79 |
| Public | 25.21 |
| Total | 100.00 |

1.3 Summary of Financials (standalone) of CHL is as under:

| Year ending March 31 (INR Cr) | 2016 | 2015 | 2014 |
|----------------------------------|----------|----------|----------|
| Total Revenue | 7,169.40 | 5,469.64 | 4,042.11 |
| Total Expenditure | 4,735.90 | 4,005.00 | 3,405.00 |
| PBDT | 2,654.70 | 1,676.48 | 1,073.07 |
| Profit Before Tax | 2,433.50 | 1,464.63 | 945.67 |
| Profit After Tax | 1,977.30 | 1,271.12 | 903.59 |

Source: Annual reports of CHL and filing with BSE/NSE

1.4 Zydus Healthcare Limited ('ZHL') (Transferee Company):

ZHL is a company incorporated on 2nd day of August 1989 under the provisions of the name of GR Exports Limited in the State of Maharashtra. After several name changes during the intervening period, the company is presently known as Zydus Healthcare Limited. The



ZYDUS HEALTHCARE LIMITED

office of ZHL was shifted from the State of Maharashtra to the State of Gujarat with effect from 2nd day of April 2014. ZHL is an unlisted public limited company having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380015 and it is a wholly owned subsidiary of the Transferor Company. ZHL is engaged in the business of manufacturing, marketing and selling of human formulations in India with manufacturing plants in the State of Sikkim. ZHL's existing business is similar to the business of India Human Formulations Undertaking of the CHL.

2. Proposed Scheme:

- 2.1 We have been informed that Zydus Group intends to consolidate its formulation business into ZHL in order to in-er-alia, bring focused and concentrated efforts to grow the operations of both CHL and ZHL.
- 2.2 Accordingly, it is proposed to transfer the India Human Formulations Undertaking of CHL to ZHL, a wholly owned subsidiary of CHL with effect from April 1, 2016 (hereinafter referred to as 'Appointed Date') pursuant to the Draft Scheme under section 391-394 of the Companies Act 1956 by way of a slump sale for a lump sum consideration. The Draft Scheme would need approval from the jurisdictional High Court and other regulatory authorities, etc as applicable.
- 2.3 The Salient features of the Draft Scheme are as under:
- a. Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme in relation to the mode of transfer and vesting, India Human Formulations Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the India Human Formulations Undertaking) shall, without any further act, instrument, deed, matter or thing, be transferred to and vested in the ZHL or be deemed to have been transferred to and vested in ZHL on a going concern basis by way of a Slump Sale.
 - b. Upon the coming into effect of this Scheme, all debts, duties, obligations and liabilities (including contingent liabilities) of CHL relating to the India Human Formulations Undertaking shall without any further act, instrument or deed be and stand transferred to ZHL.
 - c. Upon the Scheme coming into effect and in consideration of the transfer and vesting of the India Human Formulations Undertaking by way of Slump Sale on a going concern basis ZHL shall pay a



lump sum cash consideration of INR 693 million (Rupees Six Hundred and Ninety Three millions) to CHL, representing the net asset value i.e., book value of the assets and liabilities being transferred pertaining to the India Human Formulations Undertaking as on the Appointed Date. Such consideration is based on the net book value of the assets of the India Human Formulations Undertaking as on March 31, 2016.

3. Scope of Engagement

For the aforesaid purpose, CHL has appointed B S R & Associates LLP ("B S R") for deciding the Net Asset Value of the India Human Formulations Undertaking.

Further, CHL appointed us to issue a fairness opinion for the intended Scheme pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015. This report is intended only for the sole use of CHL and ZHL in connection with the Draft Scheme including for the purpose of obtaining judicial and regulatory approvals for the Scheme.

4. Sources of Information

We have relied on the following information in issuing this fairness opinion for the purpose of the arrangement:

- Draft Scheme under Section 391 to 394 of the Companies Act, 1956;
- Copy of Memorandum and Article of Association of CHL
- Shareholding pattern of CHL as on March 31, 2016 respectively.
- Audited financial statement of the Company for the years ending March 31, 2016, March 31, 2015 and March 31, 2014 respectively.
- Valuation report dated November 16, 2016 issued by M/s. BSR & Associates LLP
- Such other information, documents, data, reports, discussions and verbal & written explanations from CHL and ZHL as well as advisors for the proposed Scheme, public domain websites, as were considered relevant for the purpose of the Fairness Opinion.

5. Key Facts from the Valuation Report:




ZYDUS HEALTHCARE LIMITED

- a. The valuation of the India Human Formulations Undertaking of CHL has been conducted by the NAV method.
- b. For arriving at NAV, BSR& Associates LLP has relied on the carved out unaudited statement of assets and liabilities as on 31 March 2016 of the India Human Formulations Undertaking. The carved out statement has been provided as a representation by the Management of CHL, the Transferor Company.
- c. Since the India Human Formulations Undertaking proposed to be transferred to ZHL, a wholly owned subsidiary, as a slump sale, the valuation of the business using NAV is considered reasonable as it would not make substantial impact on the financials of CHL, the Transferor Company.
- d. BSR & Associates LLP has arrived at the NAV of Rs.693million as value of the India Human Formulations Undertaking. (*Valuation sheet at Annexure 1*).

Exclusions and Limitations

Our report is subject to the scope limitations detailed hereinafter.

The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

- 6.1. In the course of the present exercise, we were provided with both written and verbal information, including financial data. Our report is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal. Also, we have been given to understand by the managements of the companies that they have not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the companies and their impact on the present exercise.




ZYDUS HEALTHCARE LIMITED

- 6.2. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 6.3. Our work does not constitute an audit, due diligence or verification of historical financials including the working results of the Companies or their business referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 6.4. We express no opinion whatsoever and make no recommendation at all to the companies underlying decision to effect the Draft Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the Draft Scheme. We do not express and should not be deemed to have expressed any views on any other term of the Draft Scheme. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of CHL will trade following the announcement of the Draft Scheme or as to the financial performance of CHL following the consummation of the Draft Scheme.
- 6.5. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed Scheme with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 6.6. No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of this fairness opinion. With regard to the companies claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for purpose of this report.
- 6.7. Our analysis and results are also specific to the date of this report. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses, and any other matter, which may have an impact on our opinion for the proposed Scheme, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date for the Draft Scheme. We have no responsibility to update this report for events and circumstances occurring after the date of this




ZYDUS HEALTHCARE LIMITED

report. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.

6.8. This report has been issued for the sole purpose to facilitate the Company to comply with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 and it shall not be valid for any other purpose.

7. Opinion & Conclusion

In light of the forgoing and subject to the caveats as detailed hereinbefore, we as a Merchant Banker hereby certify that in our opinion the proposed valuation of the India Human Formulations Undertaking at Rs.693-million, to be transferred to Zydus Healthcare Limited, as a slump sale, as per the proposed Draft Scheme of Arrangement is fair and reasonable.



(JEYAKUMAR.S)

Chief Operating Officer (Investment Banking)

Dalmia Securities Private Limited

SEBI Registration No: INM000011476

Mumbai



Annexure 1 - Net Asset Value of Specified Undertaking

| Specified Business | |
|--|----------------|
| INR million | 31-Mar-2016 |
| Assets | |
| Net Tangible Assets | 458 |
| Net Intangible Assets | 30 |
| Capital work in progress | 70 |
| Long term loans and advances | 260 |
| Current assets | |
| Inventory | 1,190 |
| Cundry debtors | 925 |
| Cash and bank | 209 |
| Short term loans and advances | 96 |
| Other current assets | 9 |
| Total assets | 3,251 |
| Liabilities | |
| Long term provisions | (438) |
| Other long term liabilities | (64) |
| Current liabilities | |
| Trade payables | (1,855) |
| Other current liabilities | (383) |
| Short term provisions | (40) |
| Total liabilities | (2,558) |
| Net assets value before adjustments | 693 |
| Adjustments | |
| Less: Contingent liabilities | - |
| Net asset value | 693 |

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Annexure 4
OBSERVATION LETTER FROM BSE



DCS/AMAL/ND/R37/683/2016-17

The Company Secretary
CADILA HEALTHCARE LTD.
Zydus Tower, Satellite Cross Roads,
Sarkhej - Gandhinagar Highway,
Ahmedabad 380015

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited.

We are in receipt of Draft Scheme Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited and their respective shareholders and creditors filed as required under SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015; SEBI vide its letter dated January 19, 2017, has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company shall ensure that additional information, if any, submitted by the company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall duly comply with various provisions of the Circulars."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- Copy of the High Court approved Scheme;
- Result of voting by shareholders for approving the Scheme;
- Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- Status of compliance with the Observation Letter/s of the stock exchanges;
- The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- Complaints Report as per Annexure II of this Circular.
- Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


Nitin Puri
Manager

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BSE Limited (Formerly Bombay Stock Exchange Ltd.)
Registered Office : Floor 25, P J Towers, Daul Street, Mumbai 400 001 India
T : +91 22 2272 1234/33 E: corp.com@bseindia.com www.bseindia.com
Corporate Identity Number : U67120MH2005PLC155188

Annexure 5
OBSERVATION LETTER FROM NSE

Ref: NSE/LIST/10268

January 20, 2017

The Company Secretary,
Cadila Healthcare Limited
'Zydus' Tower,
Satellite Cross Roads,
Sarkhej- Ghandhinagar Highway,
Ahmedabad 380015

Kind Attn.: Mr. Upen H Shah

Dear Sir,

Sub: Observation letter for draft Scheme of Arrangement between Cadila Healthcare Limited with Zydus Healthcare Limited and their respective shareholders and creditors.

This has reference to draft Scheme of Arrangement between Cadila Healthcare Limited with Zydus Healthcare Limited and their respective shareholders and creditors filed by the Company vide its letter dated December 03, 2016.

Based on our letter reference no Ref: NSE/LIST/100066 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/CDM/16/2015 dated November 30, 2015, SEBI has vide letter dated January 19, 2017, has given following comments on the draft Scheme of Arrangement:

"a) The Company shall duly comply with various provisions of the Circulars."

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the Hon'ble High Court.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from January 20, 2017, within which the Scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, you shall submit to NSE the following:

1.



Continuation Sheet

- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per SEBI Circular No. CIR/CFD/CDM/16/2015 dated November 30, 2015.

Yours faithfully,
For National Stock Exchange of India Limited

Divya Poojari
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed

2.



Signer : Divya Babu Poojari
Date: Fri, Jan 20, 2017 12:34:50 GMT+05:30
Location: NSE

Annexure 6
COMPLAINT REPORTS SENT TO BSE AND NSE



Cadila
Healthcare Limited

Regd. Office :
Zydus Tower,
Satellite Cross Roads,
Ahmedabad 380 015, India.
Phone : +91-79-2686 8100 (20 Lines)
Fax : +91-79-2686 2368
www.zyduscadila.com
CIN:L24230GJ1995PLC025878

January 3, 2017

To
BSE Limited
P. J. Tower,
Dalal Street,
Mumbai – 400 001

Stock Code: Equity 532321

Re.: Submission of "Complaints Report" in Annexure - III pursuant to SEBI Circular CIR/CFD/CMD/16/2015 dated November 30, 2015

Ref.: Application No. 45003 filed under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

This is with reference to the draft Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited and their respective shareholders and creditors as approved by the Board of Directors of the Company vide their resolution dated 17th November 2016.

In compliance with the requirements of the SEBI Circular CIR/CFD/CMD/16/2015 dated November 30, 2015, we submit herewith the "Complaints Report", in the prescribed format.

We request you to kindly take the above on record and kindly issue your no-objection letter with respect to the Scheme at the earliest.

Thanking You,

Yours Faithfully,

FOR CADILA HEALTHCARE LIMITED


UPEN H. SHAH
COMPANY SECRETARY



Enclosed: As stated above.



Regd. Office :
Zydus Tower,
Satellite Cross Roads,
Ahmedabad 380 015, India.
Phone : +91-79-2686 8100 (20 Lines)
Fax : +91-79-2686 2368
www.zyduscadila.com
CIN:L24230GJ1995PLC025878

Complaints Report:

"Complaints Report" in Annexure - III pursuant to SEBI Circular CIR/CFD/CMD/16/2015 dated November 30, 2015 with respect to Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited and their respective shareholders and creditors, approved by the Board of Directors of the Company at its Meeting held on 17th November 2016

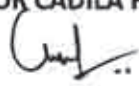
Part A

| Sr. No. | Particulars | Number |
|---------|--|--------|
| 1. | Number of complaints received directly | Nil |
| 2. | Number of complaints forwarded by Stock Exchange | Nil |
| 3. | Total Number of complaints/comments received (1+2) | Nil |
| 4. | Number of complaints resolved | Nil |
| 5. | Number of complaints pending | Nil |

Part B

| Sr. No. | Name of complainant | Date of complaint | Status (Resolved/Pending) |
|---------|---------------------|-------------------|---------------------------|
| | | Nil | |

FOR CADILA HEALTHCARE LIMITED


UPEN H. SHAH
COMPANY SECRETARY



Date: January 3, 2017
Place: Ahmedabad



Regd. Office :
'Zydus Tower',
Satellite Cross Roads,
Ahmedabad 380 015, India.
Phone : +91-79-2686 8100 (20 Lines)
Fax : +91-79-2686 2368
www.zyduscadila.com
CIN:L24230GJ1995PLC025878

January 3, 2017

To
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No.: C/1,
G Block, Bandra Kurla Complex,
Bandra (E),
Mumbai - 400 051

Stock Code: Equity – CADILAHC

Re.: Submission of "Complaints Report" in Annexure - III pursuant to SEBI Circular CIR/CFD/CMD/16/2015 dated November 30, 2015

Ref.: Application No. 10268 filed under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

This is with reference to the draft Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited and their respective shareholders and creditors as approved by the Board of Directors of the Company vide their resolution dated 17th November 2016.

In compliance with the requirements of the SEBI Circular CIR/CFD/CMD/16/2015 dated November 30, 2015, we submit herewith the "Complaints Report", in the prescribed format.

We request you to kindly take the above on record and kindly issue your no-objection letter with respect to the Scheme at the earliest.

Thanking You,

FOR CADILA HEALTHCARE LIMITED

UPEN H. SHAH
COMPANY SECRETARY



Enclosed: As stated above.



Regd. Office :
'Zydus Tower',
Satellite Cross Roads,
Ahmedabad 380 015, India.
Phone : +91-79-2686 8100 (20 Lines)
Fax : +91-79-2686 2368
www.zyduscadila.com
CIN:L24230GJ1995PLC025878

Complaints Report:

"Complaints Report" in Annexure - III pursuant to SEBI Circular CIR/CFD/CMD/16/2015 dated November 30, 2015 with respect to Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited and their respective shareholders and creditors, approved by the Board of Directors of the Company at its Meeting held on 17th November 2016

Complaint Report from the date of filing of papers with the Stock Exchanges, with respect to the Scheme, i.e. December 13, 2016 till January 2, 2017.

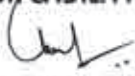
Part A

| Sr. No. | Particulars | Number |
|---------|--|--------|
| 1. | Number of complaints received directly | Nil |
| 2. | Number of complaints forwarded by Stock Exchange | Nil |
| 3. | Total Number of complaints/comments received (1+2) | Nil |
| 4. | Number of complaints resolved | N.A. |
| 5. | Number of complaints pending | N.A. |

Part B

| Sr. No. | Name of complainant | Date of complaint | Status (Resolved/Pending) |
|---------|---------------------|-------------------|---------------------------|
| N.A. | | | |
| | | | |

FOR CADILA HEALTHCARE LIMITED





UPEN H. SHAH
COMPANY SECRETARY

Date: January 3, 2017
Place: Ahmedabad



Annexure 7

SUMMARY OF VALUATION REPORT INCLUDING THE BASIS OF VALUATION

| | | | |
|---|--|---|---|
|  Zydus dedicated to life |  Cadila Healthcare Limited |  Zydus dedicated to life | Zydus Healthcare Limited <small>Formerly known as German Remedies Limited</small> |
| Registered Office: 'Zydus Tower' Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad – 380 015 | | Registered Office: 'Zydus Tower' Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad – 380 015 | |

Summary of valuation report (if applicable) including basis of valuation and fairness opinion of the registered valuer, if any

Background

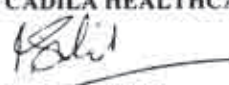

- Cadila Healthcare Limited ('CHL') is engaged in the business of research and development, manufacture, sale, trading and export of drugs and pharmaceuticals. One of the business verticals of CHL is marketing and selling human formulations in India which is carried out through its Domestic Human Formulations Business. Domestic Human Formulations Business consists of (a) Strategic Business Unit Biologics Business, and (b) India Human Formulations Business.
- The equity shares of CHL are listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE').
- Zydus Healthcare Limited ('ZHL') is engaged in the business of manufacturing, marketing and selling of human formulations in India and for the said purpose is having its manufacturing plant at Sikkim. The existing business of the ZHL is similar to the India Human Formulations Business of the CHL.
- The Zydus Group intended to consolidate its formulation business into ZHL in order to inter-alia, bring focused and concentrated efforts to grow the operations of both CHL & ZHL.
- Accordingly, the Scheme under sections 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Act including corresponding provisions of the Companies Act, 2013, as may be applicable, for the transfer and vesting of the India Human Formulations Undertaking of CHL with effect from 1st April 2016, as a going concern, on slump sale basis, and for which a lump sum cash consideration shall be paid by ZHL, a wholly owned subsidiary of CHL.

Basis of valuation

- B S R & Associates LLP, Chartered Accountants ('B S R') carried out the Net Asset Value ('NAV') of the India Human Formulations Undertaking based on book value of the net assets of the India Human Formulations Undertaking as on 31 March 2016.

Fairness opinion of registered Merchant Banker

- Dalmia Securities Private Limited, a Category I Merchant Banker has concluded that the NAV of the India Human Formulations Undertaking based on book value of the net assets of the India Human Formulations Undertaking as on 31 March 2016 is fair and reasonable.

| | |
|---|---|
| For, CADILA HEALTHCARE LIMITED  PANKAJ R. PATEL CHAIRMAN AND MANAGING DIRECTOR | For, ZYDUS HEALTHCARE LIMITED  NITIN D. PAREKH DIRECTOR |
|---|---|



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF THE TRANSFEROR COMPANY

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF CADILA HEALTHCARE LIMITED AT ITS MEETING HELD ON TUESDAY THE 31ST DAY OF JANUARY, 2017 AT ZYDUS TOWER, SATELLITE CROSS ROADS, SARKHEJ-GANDHINAGAR HIGHWAY, AHMEDABAD - 380 015, EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ON CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTER AND NON PROMOTER SHAREHOLDERS

1. Background

- 1.1 The proposed Scheme of Arrangement between Cadila Healthcare Limited ("Cadila" or "the Transferor Company") and Zydus Healthcare Limited ("Zydus" or "the Transferee Company") and their respective shareholders and creditors ("the Scheme") was approved by the Board of Directors of the Transferor Company vide resolution dated 17th day of November 2016. Subsequent to the said date, provisions of Section 230 to 232 of the Companies Act, 2013 ('the Act'), inter alia, governing amalgamation of companies has become operative with effect from the 15th day of December 2016. Provisions of Section 232(2)(c) of the Act requires the directors to adopt a report explaining the effect of arrangement and amalgamation on the class of shareholders, key managerial personnel (KMPs), promoter and non-promoter shareholders of the company laying out in particular the share exchange ratio and the same is required to be circulated to the shareholders and creditors along with the notice and explanatory statement of their respective court convened meeting. The Board of Directors of the Transferor Company noted that in the Scheme there is no allotment of shares of the Transferor Company.
- 1.2 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.3 The following documents were placed before the Board:
- 1.3.1 Draft Scheme duly initialled by the Company Secretary for the purpose of identification;
- 1.3.2 Valuation Report dated 16th November 2016 of B S R & Associates LLP, Chartered Accountants, Independent Chartered Accountants describing the methodology adopted by them in arriving at the valuation of India Human Formulations Undertaking ("Valuation Report");
- 1.3.3 Fairness Opinion dated 16th November 2016 prepared by Daimia Securities Private Limited, a Category I Merchant Banker, providing the Fairness Opinion on the valuation of India Human Formulations Undertaking ("Fairness Opinion") as recommended by B S R & Associates LLP, Chartered Accountants;
- 1.3.4 Report of the Audit Committee of the Board of Directors dated 16th November 2016; and



- 1.3.5 Summary of the Valuation report along with the basis of such valuation.
- 2. Effect of the Scheme of Arrangement on equity shareholders (promoter and non-promoter shareholders):**
- 2.1 Under the Scheme, an arrangement is sought to be entered into between the Transferor Company and its equity shareholders (promoter shareholders and non-promoter shareholders) as the India Human Formulations Undertaking of the Transferor Company shall stand transferred to and vested in the Transferee Company.
- 2.2 Further, upon the effectiveness of the Scheme, i.e. transfer and vesting of India Human Formulations Undertaking of the Transferor Company on a going concern basis and the Transferee Company will pay a cash consideration INR 630 million to the Transferor Company .
- 3. Effect of the Scheme of Arrangement on creditors of Cadila:**
- 3.1 In respect of the Scheme, an arrangement is sought to be entered into between the Transferor Company and its creditors though no liabilities of the creditors of the Transferor Company is being reduced or being extinguished under the Scheme.
- 3.3 As on date, the Transferor Company has no outstanding towards any public deposits and therefore, the effect of the Scheme on any such public deposit holders does not arise. As on date, the Transferor Company has not issued any debentures. In the circumstances, the effect of the Scheme on the debenture trustee does not arise.
- 4. Effect of the Scheme of Arrangement on the Employees of Cadila:**
- 4.1 Under the Scheme, no rights of the Employees of the Transferor Company are being affected. The services of the Employees of the Transferor Company, under the Scheme, shall continue on the same terms and conditions on which they were engaged by the Transferor Company .
- 4.2 Under Clause 8 of the Scheme, on and from the Effective Date, the Transferee Company undertakes to engage the employees of the Transferor Company, engaged in or in relation to the India Human Formulations Undertaking, on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under Clause 8 of the Scheme. In the circumstances, the rights of the employees of the Transferor Company, engaged in or in relation to the India Human Formulations Undertaking, would in no way be affected by the Scheme. Further, the employees engaged in the Remaining Business of the Transferor Company shall continue to be employed by the Transferor Company.



5. Effect of the Scheme of Arrangement on the key managerial personnel and/or the Directors of Cadila:

5.1 There is no effect of the Scheme on the key managerial personnel and/or the Directors of the Transferor Company.

5.2 Further, none of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of the Transferor Company and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of the equity shares held by them in the Transferor Company and/or to the extent of the preference shares held by them in the Transferee Company and/or to the extent of their shareholding as nominees in the Transferee Company and/or to the extent that the said Director(s) are common director(s) of the Transferor Company and/or the Transferee Company and/or to the extent that the said Director(s), Key Managerial Personnel and their respective relatives are the directors, members of the companies that hold shares in the Transferor Company. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme.

5.3 The individual shareholding, of each of the said Directors, the Key Managerial Personnel and their respective relatives, is less than 2% of the paid-up share capital of the Transferor Company.

6. Valuation:

6.1 B S R & Associates LLP, Chartered Accountants, Independent Chartered Accountants had carried out the Net Asset Value ('NAV') of the India Human Formulations Undertaking of the Transferor Company based on the book value of the net asset of the said undertaking as on 31st March 2016 at INR 630 million.

6.2 No special valuation difficulties were reported.

By Order of the Board



PANKAJ R. PATEL
CHAIRMAN AND MANAGING DIRECTOR
DIN 00131852



Date and Place: 31st day of January, 2017 at Ahmedabad.

Annexure 9

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF THE TRANSFEEE COMPANY

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ZYDUS HEALTHCARE LIMITED AT ITS MEETING HELD ON TUESDAY THE 24th DAY OF JANUARY, 2017 AT ZYDUS TOWER, SATELLITE CROSS ROADS, SARKHEJ-GANDHINAGAR HIGHWAY, AHMEDABAD - 380 015, EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ON CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTER AND NON PROMOTERS SHAREHOLDERS

1. Background

1.1 The proposed Scheme of Arrangement between Cadila Healthcare Limited ("Cadila" or "the Transferor Company") and Zydus Healthcare Limited ("Zydus" or "the Transferee Company") and their respective shareholders and creditors ("the Scheme") was approved by the Board of Directors of the Transferee Company vide resolution dated 17th day of November 2016. Subsequent to the said date, provisions of Section 230 to 232 of the Companies Act, 2013 ("the Act"), inter alia, governing amalgamation of companies has become operative with effect from the 15th day of December 2016. Provisions of Section 232(2)(c) of the Act requires the directors to adopt a report explaining the effect of arrangement and amalgamation on the class of shareholders, key managerial personnel (KMPs), promoters and non-promoters shareholders of the company laying out in particular the share exchange ratio and the same is required to be circulated to the equity shareholders. The Board of Directors of the Transferee Company noted that in the Scheme there is no allotment of shares of the Transferor Company.

1.2 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2) (c) of the Act.

1.3 The following documents were placed before the Board:

1.3.1 Draft Scheme duly initialled by the Company Secretary for the purpose of identification;

1.3.2 Valuation Report dated 16th November 2016 of B S R & Associates LLP, Chartered Accountants, Independent Chartered Accountants describing the methodology adopted by them in arriving at the valuation of India Human Formulations Undertaking ("Valuation Report"); and

1.3.4 Summary of the Valuation report along with the basis of such valuation.

2. Effect of the Scheme of Arrangement on equity shareholders and preference shareholders (promoter and non-promoter shareholders):

2.1 Under the Scheme, no arrangement is sought to be entered into between the Transferee Company and its equity shareholders and/or its preference shareholders. No rights of the equity shareholders and/or preference shareholders of the Transferee Company are being affected pursuant to the transfer of India Human Formulations Undertaking.



3. Effect of the Scheme of Arrangement on creditors of Zydus:

- 3.1 Further, no arrangement is sought to be entered into between the Transferee Company and its creditors. No liabilities of the creditors of the Transferee Company is being reduced or being extinguished under the Scheme.
- 3.2 As on date, the Transferee Company has no outstanding towards any public deposits or debentures and therefore, the effect of the Scheme on any such public deposit holders or debenture holders or deposit trustees or debenture trustees do not arise.

4. Effect of the Scheme of Arrangement on the Employees of Zydus:

- 4.1 The rights of the employees of the Transferee Company are in no way affected by the Scheme. The employees engaged by the Transferee Company shall continue to be employed by the Transferee Company.

5. Effect of the Scheme of Arrangement on the key managerial personnel and/or the Directors of Zydus:

- 5.1 There is no effect of the Scheme on the key managerial personnel and/or the Directors of the Transferee Company.
- 5.2 Further, none of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of the Transferee Company and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of the equity shares held by them in the Transferor Company and/or to the extent of the preference shares held by them in the Transferee Company and/or to the extent of their shareholding as nominees in the Transferee Company and/or to the extent that the said Director(s) are common director(s) of the Transferor Company and/or the Transferee Company and/or to the extent that the said Director(s), Key Managerial Personnel and their respective relatives are the directors, members of the companies that hold shares in the Transferor Company. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme.
- 5.3 The individual shareholding, of each of the said Directors, the Key Managerial Personnel and their respective relatives, is less than 2% of the paid-up share capital of the Transferee Company.

6. Valuation:

- 6.1 B S R & Associates LLP, Chartered Accountants, Independent Chartered Accountants had carried out the Net Asset Value ('NAV') of the India Human Formulations Undertaking of the Transferor Company based on the book value of the net asset of the said undertaking as on 31st March 2016 at INR 620 million.



6.2 No special valuation difficulties were reported.

By Order of the Board

Parekh Nitin D.

NITIN D. PAREKH
DIRECTOR
DIN 00155570



Date and Place: 24th day of January, 2017 at Ahmedabad.

Annexure 10
SUPPLEMENTARY UNAUDITED ACCOUNTING STATEMENT OF THE TRANSFEROR COMPANY
FOR THE PERIOD ENDED 31ST DECEMBER 2016

| CADILA HEALTHCARE LIMITED Unaudited Balance Sheet as at December 31, 2016 | | |
|--|----------|----------------------------|
| Particulars | Note No. | INR-Millions |
| | | As at December 31, 2016 |
| ASSETS: | | |
| Non-Current Assets: | | |
| Property, Plant and Equipment | 1 | 22,143 |
| Capital work in-progress | | 5,874 |
| Goodwill | 1 | 21 |
| Other Intangible Assets | 1 | 1,467 |
| Financial Assets: | | |
| Investments | 2 | 30,436 |
| Loans | 3 | 8,202 |
| Other Non-Current Financial Assets | 4 | 2,947 |
| Other Non-Current Assets | 5 | 1,797 |
| Current tax assets [Net] | 6 | 366 |
| | | 73,253 |
| Current Assets: | | |
| Inventories | 7 | 10,009 |
| Financial Assets: | | |
| Investments | 8 | 502 |
| Trade Receivables | 9 | 10,338 |
| Cash and Bank Balances | 10 | 982 |
| Loans | 11 | 370 |
| Other Current Financial Assets | 12 | 1,798 |
| | | 13,990 |
| Other Current Assets | 13 | 923 |
| | | 24,922 |
| Total | | 98,175 |
| EQUITY AND LIABILITIES: | | |
| Equity: | | |
| Equity Share Capital | 14 | 1,024 |
| Other Equity | 15 | 65,109 |
| | | 66,133 |
| Non-Current Liabilities: | | |
| Financial Liabilities: | | |
| Borrowings | 16 | 3,238 |
| Other Non-current Financial Liabilities | 17 | 355 |
| Provisions | 18 | 1,120 |
| Deferred Tax Liabilities [Net] | | 2,244 |
| | | 6,957 |
| Current Liabilities: | | |
| Financial Liabilities: | | |
| Borrowings | 19 | 10,449 |
| Trade Payables | 20 | 11,023 |
| Other Financial Liabilities | 21 | 3,271 |
| Other Current Liabilities | 22 | 63 |
| Provisions | 23 | 254 |
| Liabilities for Current Tax [Net] | 24 | 25 |
| | | 25,085 |
| Total | | 98,175 |

For and on behalf of the Board



Pankaj K. Patel

Pankaj K. Patel
Chairman & Managing Director
Ahmedabad, Dated: January 31, 2017

ZYDUS HEALTHCARE LIMITED

| CADILA HEALTHCARE LIMITED | | |
|--|-----------------|---|
| Unaudited Statement of Profit and Loss for the period ended December 31, 2016 | | |
| Particulars | Note No. | INR-Millions |
| | | Period ended December 31, 2016 |
| REVENUE: | | |
| Revenue from Operations | 25 | 35,410 |
| Other Income | 26 | 1,798 |
| Total Revenue | | 37,208 |
| EXPENSES: | | |
| Cost of Materials Consumed | 27 | 8,511 |
| Purchases of Stock-in-Trade | 28 | 4,470 |
| Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade | 29 | (1,479) |
| Excise Duty on Sales | | 768 |
| Employee Benefits Expense | 30 | 6,406 |
| Finance Costs | 31 | 152 |
| Depreciation, Amortisation and Impairment expenses | 1 | 2,018 |
| Other Expenses | 32 | 12,339 |
| Total Expenses | | 33,185 |
| Profit before Tax | | 4,023 |
| Less: Tax Expense: | | |
| Current Tax | | 661 |
| Deferred Tax | | 84 |
| Prior year's tax adjustments | | (2) |
| | | 743 |
| Profit for the year | | 3,280 |
| OTHER COMPREHENSIVE INCOME: | | |
| Other Comprehensive Income for the year, net of tax | | (81) |
| Total Comprehensive Income for the year | | 3,199 |
| Basic & Diluted Earning per Equity Share (EPS) [in Rupees] | 33 | 3.20 |

For and on behalf of the Board



Pankaj R. Patel

Pankaj R. Patel
Chairman & Managing Director
Ahmedabad, Dated: January 31, 2017

ZYDUS HEALTHCARE LIMITED

| CADILA HEALTHCARE LIMITED | | | | | | | | |
|--|-----------------|----------------|---------------------------|--------------------------------|------------------------|--------------------|------------------|-------------------|
| Notes to the Financial Statements | | | | | | | | |
| Note: 1: | | | | | | | | |
| A Property, Plant and Equipment: | | | | | | | | INR-Millions |
| | Freehold Land | Leasehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment | Total |
| Gross Block: | | | | | | | | |
| Opening Balance | 864 | 285 | 4,524 | 15,657 | 159 | 381 | 163 | 22,033 |
| Additions (#) | 739 | 10 | 332 | 2,674 | 47 | 90 | 56 | 3,948 |
| Disposals | - | - | - | (64) | - | (34) | (1) | (99) |
| Other adjustments | - | - | 20 | 88 | - | - | - | 108 |
| Closing Balance | 1,603 | 295 | 4,876 | 18,355 | 206 | 437 | 218 | 25,990 |
| Depreciation and Impairment: | | | | | | | | |
| Opening Balance | - | 3 | 156 | 1,762 | 28 | 37 | 41 | 2,047 |
| Depreciation for the year | - | 3 | 130 | 1,621 | 18 | 50 | 29 | 1,851 |
| Impairment for the year | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | (37) | - | (14) | - | (51) |
| Closing Balance | - | 6 | 286 | 3,366 | 46 | 73 | 70 | 3,847 |
| Net Block: | | | | | | | | |
| Closing Balance | 1,603 | 289 | 4,590 | 14,989 | 160 | 364 | 148 | 22,143 |
| B Intangible Assets: | | | | | | | | |
| | Goodwill | | Brands/ Trademarks | Other Intangible Assets | | | | Total |
| | | | | Computer Software | Commercial Rights | Technical Know-how | | |
| Gross Block: | | | | | | | | |
| Opening Balance | 59 | | 1,126 | 152 | 186 | 141 | | 1,605 |
| Additions (#) | - | | 4 | 89 | - | - | | 93 |
| Disposals | - | | - | - | - | - | | - |
| Other adjustments | - | | - | - | - | - | | - |
| Closing Balance | 59 | | 1,130 | 241 | 186 | 141 | | 1,698 |
| Amortisation and Impairment: | | | | | | | | |
| Opening Balance | 21 | | 22 | 47 | 7 | 5 | | 81 |
| Amortisation for the year | 17 | | 88 | 37 | 15 | 10 | | 150 |
| Impairment for the year | - | | - | - | - | - | | - |
| Disposals | - | | - | - | - | - | | - |
| Closing Balance | 38 | | 110 | 84 | 22 | 15 | | 231 |
| Net Block: | | | | | | | | |
| Closing Balance | 21 | | 1,020 | 157 | 164 | 126 | | 1,467 |
| | | | | | | | | INR-Millions |
| | | | | | | | | As at |
| | | | | | | | | December 31, 2016 |
| Note: 2-Investments: | | | | | | | | |
| Long Term Investments: | | | | | | | | |
| Trade Investments: | | | | | | | | |
| Investments in Equity Instruments | | | | | | | | 15,102 |
| Investments in Preference Shares | | | | | | | | 15,012 |
| | | | | | | | | 30,114 |
| Other Investments: | | | | | | | | |
| Investments in Equity Instruments | | | | | | | | 313 |
| Investments in Preference Shares | | | | | | | | 9 |
| | | | | | | | | 322 |
| | | | | | | | | 30,436 |
| A Details of Trade Investments: | | | | | | | | |
| Investment in Equity Instruments: | | | | | | | | |
| Subsidiary Companies: | | | | | | | | |
| Quoted: | | | | | | | | |
| In fully paid-up equity shares of Zydus Wellness Limited | | | | | | | | 570 |
| Unquoted: | | | | | | | | |
| In fully paid-up equity shares of: | | | | | | | | |
| Zydus Technologies Limited | | | | | | | | 425 |
| Dialforhealth India Limited | | | | | | | | 110 |
| Zydus Healthcare Limited [Formerly known as German Remedies Limited] | | | | | | | | 100 |
| Bochem Pharmaceutical Industries Limited | | | | | | | | 5,242 |
| Liva Pharmaceuticals Limited | | | | | | | | 20 |
| Aldac Pharmaceuticals Limited [Formerly known as Zydus BSV Pharma Private Limited] | | | | | | | | 158 |
| Zydus International Private Limited, Ireland | | | | | | | | 6,657 |
| Zydus Lanka (Private) Limited, Sri Lanka | | | | | | | | 1 |
| Zydus Healthcare Philippines Inc. | | | | | | | | 351 |
| Zydus Worldwide DMCC | | | | | | | | 806 |
| | | | | | | | | 13,870 |
| Joint Venture Companies [Unquoted]: | | | | | | | | |
| In fully paid-up equity shares of: | | | | | | | | |
| Zydus Hospira Oncology Private Limited | | | | | | | | 75 |
| Zydus Takeda Healthcare Private Limited | | | | | | | | 100 |
| Bayer Zydus Pharma Private Limited | | | | | | | | 341 |
| | | | | | | | | 516 |



ZYDUS HEALTHCARE LIMITED

| CADILA HEALTHCARE LIMITED | |
|--|--------------------------|
| Notes to the Financial Statements | |
| | INR-Millions |
| | As at |
| | December 31, 2018 |
| Note: 2-Investments-Continued: | |
| Others [Quoted]: | |
| In fully paid-up Common Stock of: | |
| Onconova Therapeutic Inc. USA | 10 |
| Pieris Pharmaceuticals Inc., USA | 136 |
| | <u>146</u> |
| | 15,102 |
| Investment in Preference Shares: | |
| Subsidiary Companies [Unquoted]: | |
| In fully paid-up, 8%, Redeemable Cumulative Preference shares of Zydus Technologies Limited | 90 |
| In fully paid-up, 5%, Redeemable Non-Cumulative Preference shares of Dialforhealth India Limited | 200 |
| In fully paid-up, 10%, Redeemable Cumulative Preference Shares of Alidac Pharmaceuticals Limited | 689 |
| In fully paid-up, Optionally Convertible Redeemable Preference shares of Zydus Healthcare Limited | 7,150 |
| In fully paid-up, Optionally Convertible Redeemable Preference shares of Zydus Healthcare Philippines Inc. | 14 |
| In fully paid-up, Optionally Convertible Redeemable Preference shares of Zydus International Private Limited | 6,694 |
| | <u>14,837</u> |
| Joint Venture Company [Unquoted]: | |
| In fully paid-up, 5%, Redeemable Non-Cumulative Preference Shares of Bayer Zydus Pharma Private Limited | 175 |
| | <u>15,012</u> |
| B Details of Other Investments: | |
| Quoted: | |
| Investment in Equity Instruments: | |
| In fully paid-up Equity Shares of: | |
| Housing Development Finance Corporation Limited | 278 |
| HDFC Bank Limited | 5 |
| Kokuyo Camlin Limited | 6 |
| Camlin Fine Sciences Limited | 15 |
| Accelya Kale Consultants Limited | 1 |
| Saket Projects Limited [Rs. 50,000/-]^ | - |
| | <u>305</u> |
| Unquoted: | |
| In fully paid-up Equity Shares of: | |
| Bharuch Enviro Infrastructure Limited [Rs. 12,140/-]^ | - |
| Narmada Clean Tech | 6 |
| Enviro Infrastructure Company Limited | 1 |
| Gujarat Venture Finance Limited | 1 |
| Saraswat Co-Op Bank Limited [Rs. 20,350/-]^ | - |
| Shamrao Wthai Co-Op Bank Limited [Rs. 2,500/-]^ | - |
| The Green Environment Co-operative Society Limited [Rs. 5,000/-]^ | - |
| Shwalk Solid Waste Management Limited [Rs. 2,00,000/-]^ | - |
| | <u>8</u> |
| | 313 |
| Investment in Preference Shares: | |
| Unquoted: | |
| In fully paid-up, 1%, Redeemable Cumulative preference shares of Enviro Infrastructure Company Limited | 9 |
| Total | <u>30,436</u> |
| Note: 3-Loans: | |
| [Unsecured, Considered Good unless otherwise stated] | |
| Loans and Advances to Related Parties [*] | 8,031 |
| Others: | |
| Considered good | 171 |
| Considered doubtful | 2 |
| | <u>173</u> |
| Less: Provision for doubtful advances | 2 |
| | <u>171</u> |
| Total | <u>8,202</u> |
| [*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#): | |
| Name of the party and relationship with the party to whom loan given: | |
| A Subsidiary Company: | |
| a Zydus Technologies Limited | 3,667 |
| b Biochem Pharmaceutical Industries Limited | 200 |
| c Dialforhealth India Limited | 97 |
| d Liva Pharmaceuticals Limited | 2,262 |
| e Zydus International Private Limited | 1,805 |
| Total | <u>8,031</u> |
| (#) Loans which are outstanding at the end of the respective period end. | |
| Notes: | |
| a All the above loans have been given for business purposes. | |
| b All the loans are interest bearing except the loan given to Dialforhealth India Limited. | |
| c All the above loans are repayable within a period of 3 to 5 years. | |



ZYDUS HEALTHCARE LIMITED

| CADILA HEALTHCARE LIMITED Notes to the Financial Statements | | INR - Millions |
|---|--|-------------------|
| | | As at |
| | | December 31, 2016 |
| Note: 4-Other Non-Current Financial Assets: | | |
| [Unsecured, Considered Good unless otherwise stated] | | |
| Balances with Statutory Authorities | | 1,087 |
| Security Deposits | | 120 |
| Derivative Assets | | 1,740 |
| Total | | 2,947 |
| Note: 5-Other Non-Current Assets: | | |
| [Unsecured, Considered Good unless otherwise stated] | | |
| Capital Advances | | 1,797 |
| Total | | 1,797 |
| Note: 6-Current tax assets (Net): | | |
| [Unsecured, Considered Good unless otherwise stated] | | |
| Advance payment of Tax (Net of provision for taxation) | | 366 |
| Total | | 366 |
| Note: 7-Inventories: | | |
| [The Inventory is valued at lower of cost and net realisable value] | | |
| Classification of Inventories: | | |
| Raw Materials | | 4,122 |
| Work-in-progress | | 1,535 |
| Finished Goods | | 2,502 |
| Stock-in-Trade | | 1,244 |
| Others: | | |
| Packing Materials | | 606 |
| Total | | 10,009 |
| Note: 8-Investments: | | |
| Investment in Mutual Funds [Quoted] | | 502 |
| Total | | 502 |
| Note: 9-Trade Receivables: | | |
| Outstanding for a period exceeding six months from the date they are due for payment: | | |
| Considered doubtful | | 25 |
| Less: Provision for doubtful debts | | 25 |
| | | - |
| Others- Considered good | | 10,338 |
| Total | | 10,338 |
| Note: 10-Cash and Bank Balances: | | |
| Balances with Banks | | 980 |
| Cash on Hand | | 2 |
| Total | | 982 |
| Note: 11-Loans: | | |
| [Unsecured, Considered Good] | | |
| Loans and advances to related parties [*] | | 342 |
| Others | | 28 |
| Total | | 370 |
| [*] Details of Loans and Advances to Related Parties are as under: | | |
| a Zydus Worldwide DMCC [Dubai] [Advance for subscription to Equity Shares] | | 342 |
| | | 342 |
| Note: 12-Other Current Financial Assets: | | |
| [Unsecured, Considered Good] | | |
| Balances with Statutory Authorities | | 1,219 |
| Interest Receivables | | 579 |
| Total | | 1,798 |
| Note: 13-Other Current Assets: | | |
| [Unsecured, Considered Good] | | |
| Advances to Suppliers | | 421 |
| Export Incentive Receivables | | 387 |
| Prepaid Expenses | | 115 |
| Total | | 923 |



ZYDUS HEALTHCARE LIMITED

| CADILA HEALTHCARE LIMITED Notes to the Financial Statements | | INR-Millions | |
|---|--|---------------------|--------------------|
| | | As at | |
| | | December 31, 2016 | |
| Note: 14-Equity Share Capital: | | | |
| Authorised: 1,725,000,000 Equity Shares of Re. 1/- | | 1,725 | |
| | | 1,725 | |
| Issued, Subscribed and Paid-up: 1,023,742,600 Equity Shares of Re. 1/- each, fully paid-up | | 1,024 | |
| Total | | 1,024 | |
| Note: 15-Other Equity: | | | |
| Other Reserves: | | | |
| International Business Development Reserve: Balance as per last Balance Sheet | | 2,000 | |
| General Reserve: Balance as per last Balance Sheet | | 15,550 | |
| Foreign Currency Monetary Items Translation Difference Account: Balance as per last Balance Sheet | | (10) | |
| Add/ (Less): Credited/ (Debited) during the year | | 11 | |
| | | 1 | |
| Surplus in Statement of Profit and Loss: Balance as per last Balance Sheet | | 44,359 | |
| Add: Profit for the year | | 3,199 | |
| Balance as at the end of the year | | 47,558 | |
| Total | | 65,109 | |
| Note: 16-Borrowings: | | | |
| | | INR-Millions | |
| | | Non-current portion | Current Maturities |
| | | December 31, 2016 | |
| A Term Loans from Banks: | | | |
| a: External Commercial Borrowings in Foreign Currency (Secured) | | 1,359 | 1,136 |
| b: External Commercial Borrowings in Foreign Currency (Unsecured) | | 1,834 | 476 |
| | | 3,193 | 1,612 |
| B From Others (Unsecured) | | 45 | 10 |
| Total | | 3,238 | 1,622 |
| The above amount includes: | | | |
| Secured borrowings | | 1,359 | 1,136 |
| Unsecured borrowings | | 1,879 | 486 |
| Amount disclosed under the head "Other Current Liabilities" (Note-21) | | - | (1,622) |
| Net amount | | 3,238 | - |
| | | | |
| | | INR-Millions | |
| | | As at | |
| | | December 31, 2016 | |
| Note: 17-Other Non-Current Financial Liabilities: | | | |
| Trade Deposits | | 64 | |
| Others | | 291 | |
| Total | | 355 | |
| Note: 18-Provisions: | | | |
| Provision for Employee Benefits | | 1,120 | |
| Total | | 1,120 | |
| Note: 19-Borrowings: | | | |
| Loans repayable on Demand: | | | |
| Working Capital Loans from Banks (Secured) | | 1,150 | |
| Working Capital Loans from Banks (Unsecured) | | 9,299 | |
| Total | | 10,449 | |
| Note: 20-Trade Payables: | | | |
| Others | | 11,023 | |
| Total | | 11,023 | |
| Note: 21-Other Financial Liabilities: | | | |
| Current Maturities of Long Term Debt [Refer Note- 16] | | 1,622 | |
| Interest accrued but not due on borrowings | | 3 | |
| Provision for Expenses | | 1,139 | |
| Payable to Statutory Authorities | | 477 | |
| Unpaid Dividends [*] | | 30 | |
| Total | | 3,271 | |
| [*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund. | | | |



ZYDUS HEALTHCARE LIMITED

| CADILA HEALTHCARE LIMITED Notes to the Financial Statements | | INR-Millions |
|---|--|-------------------|
| | | As at |
| | | December 31, 2016 |
| Note: 22-Other Current Liabilities: | | |
| Advances from customers | | 63 |
| Total | | 63 |
| Note: 23-Provisions: | | |
| Provision for Employee Benefits | | 196 |
| Provision for claims for product expiry and return of goods | | 58 |
| Total | | 254 |
| Note: 24-Liabilities for Current Tax (Net): | | |
| Provision for Taxation (Net of advance payment of tax) | | 25 |
| Total | | 25 |
| | | INR-Millions |
| | | Period ended |
| | | December 31, 2016 |
| Note: 25-Revenue from Operations: | | |
| Sale of Products (Gross) | | 34,221 |
| Other Operating Revenues: | | |
| Royalty Income | | 65 |
| Net Gain on foreign currency transactions and translation [^] | | 157 |
| License Fees | | 6 |
| Export Incentives | | 645 |
| Miscellaneous Income | | 316 |
| | | 1,189 |
| Total | | 35,410 |
| [^] Includes research related Net Loss on foreign currency transactions and translation | | 8 |
| Note: 26-Other Income: | | |
| Interest Income (Gross): | | |
| From Others (Other than current investments) | | 801 |
| Dividend Income (Gross): | | |
| From Long Term Investments [*] | | 826 |
| Gain on Sale of Investments | | 57 |
| Other Non-operating Income | | 114 |
| Total | | 1,798 |
| [*] Includes dividend from subsidiary companies | | - |
| Note: 27-Cost of Materials Consumed: | | |
| Raw Materials (Pharmaceutical Ingredients): | | |
| Stock at commencement | | 2,324 |
| Add: Purchases | | 8,257 |
| | | 10,581 |
| Less: Stock at close | | 4,122 |
| | | 6,459 |
| Packing Materials consumed | | 2,052 |
| Total | | 8,511 |
| Note: 28-Purchases of Stock-in-Trade: | | |
| Purchases of Stock-in-Trade | | 4,470 |
| Total | | 4,470 |
| Note: 29-Changes in Inventories: | | |
| Stock at commencement: | | |
| Work-in-progress | | 1,250 |
| Finished Goods | | 1,369 |
| Stock-in-Trade | | 1,183 |
| | | 3,802 |
| Less: Stock at close: | | |
| Work-in-progress | | 1,535 |
| Finished Goods | | 2,502 |
| Stock-in-Trade | | 1,244 |
| | | 5,281 |
| Total | | (1,479) |



ZYDUS HEALTHCARE LIMITED

| CADILA HEALTHCARE LIMITED | | INR-Millions |
|---|--------------|-------------------|
| Notes to the Financial Statements | | Period ended |
| | | December 31, 2018 |
| Note: 30-Employee Benefits Expense: | | |
| Salaries and wages | | 6,692 |
| Contribution to provident and other funds | | 473 |
| Staff welfare expenses | | 249 |
| Gross Expenses | | 7,414 |
| Less: Recovery of expenses towards Cost Allocation Charges | | 1,008 |
| Total | | 6,406 |
| Above expenses includes Research related expenses as follows: | | |
| Salaries and wages | | 844 |
| Contribution to provident and other funds | | 66 |
| Staff welfare expenses | | 38 |
| Total | | 948 |
| Note: 31-Finance Cost: | | |
| Interest expense [*] | | 131 |
| Other Borrowing Costs | | 2 |
| Net (Gain)/ Loss on foreign currency transactions and translation | | (10) |
| Bank commission & charges | | 29 |
| Total | | 152 |
| [*] The break up of interest expense into major heads is given below: | | |
| On term loans | | 86 |
| On working capital loans | | 42 |
| Others | | 3 |
| Total | | 131 |
| Note: 32-Other Expenses: | | |
| Research Materials | | 923 |
| Analytical Expenses | | 818 |
| Consumption of Stores and spare parts | | 1,270 |
| Power & fuel | | 1,140 |
| Rent | | 73 |
| Repairs to Buildings | | 152 |
| Repairs to Plant and Machinery | | 302 |
| Repairs to Others | | 63 |
| Insurance | | 184 |
| Rates and Taxes [excluding taxes on income] | | 17 |
| Processing Charges | | 385 |
| Managing Directors' Remuneration | | 225 |
| Traveling Expenses | | 630 |
| Legal and Professional Fees | | 1,345 |
| Commission on sales | | 402 |
| Freight and forwarding on sales | | 774 |
| Representative Allowances | | 613 |
| Other marketing expenses | | 1,425 |
| Bad Debts: | | |
| Bad debts written off | | 1 |
| Provision for Doubtful Debts (Net) | | 15 |
| | | 16 |
| Directors' fees | | 4 |
| Net Loss on disposal of Fixed Assets | | 6 |
| Donations | | 4 |
| Miscellaneous Expenses | | 1,875 |
| Gross Expenses | | 12,645 |
| Less: Recovery of expenses towards Cost Allocation Charges | | 306 |
| Total | | 12,339 |
| Above expenses includes Research related expenses as follows: | | |
| Research Materials | | 923 |
| Analytical expenses | | 818 |
| Consumption of Stores and spare parts | | 619 |
| Power & Fuel | | 112 |
| Repairs to Buildings | | 13 |
| Repairs to Plant and Machinery | | 35 |
| Repairs to Others | | 12 |
| Insurance | | 7 |
| Traveling Expenses | | 42 |
| Legal and Professional fees | | 746 |
| Miscellaneous Expenses (excluding Depreciation) | | 611 |
| Total | | 3,938 |
| Note: 33-Calculation of Earnings per Equity Share (EPS): | | |
| The numerators and denominators used to calculate the basic and diluted EPS are as follows: | | |
| A. Profit attributable to Shareholders | INR-Millions | 3,280 |
| B. Basic and weighted average number of Equity shares outstanding during the year | Numbers | 1,023,742,600 |
| C. Nominal value of equity share | INR | 1 |
| D. Basic & Diluted EPS | INR | 3.20 |



SUPPLEMENTARY UNAUDITED ACCOUNTING STATEMENT OF THE TRANSFEREE COMPANY FOR THE PERIOD ENDED 31ST DECEMBER 2016

| Zydus Healthcare Limited [Formerly known as German Remedies Limited] | | | |
|--|----------|---------------|---------------|
| Balance Sheet as at December 31, 2016 | | | |
| Particulars | Note No. | INR-Millions | |
| | | As at | |
| | | 31st Dec, 16 | 31st Mar, 16 |
| ASSETS: | | | |
| Non-Current Assets: | | | |
| Fixed Assets: | | | |
| Property, Plant and Equipment | 1 | 876 | 867 |
| Capital work-in-progress | | 976 | 1 |
| Goodwill | 2 | 37,385 | 40,485 |
| Other Intangible Assets | 2 | 5,533 | 587 |
| | | 44,770 | 41,941 |
| Other Non-Current Assets: | | | |
| Alternate Minimum Tax Credit Entitlement | 3 | 3,135 | 3,135 |
| Financial Assets: | | | |
| Non-Current Investments | 4 | 14 | 9 |
| Long Term Loans and Advances | 5 | 550 | 50 |
| | | 564 | 59 |
| Current Assets: | | | |
| Inventories | 6 | 1,092 | 959 |
| Financial Assets: | | | |
| Current Investments | 7 | 0 | - |
| Trade Receivables | 8 | 791 | 707 |
| Cash and Bank Balances | 9 | 402 | 100 |
| Short Term Loans and Advances | 10 | 248 | 82 |
| | | 2,533 | 1,847 |
| Other Current Assets | 11 | 275 | 135 |
| | | 2,807 | 1,982 |
| Total | | 51,276 | 47,116 |
| EQUITY AND LIABILITIES: | | | |
| Equity: | | | |
| Equity Share Capital | 12 | 7,344 | 5 |
| Other Equity | 13 | 41,552 | 41,757 |
| | | 48,896 | 41,762 |
| Non-Current Liabilities: | | | |
| Financial Liabilities: | | | |
| 8% non-cumulative redeemable preference share | | 25 | 25 |
| Long Term Provisions | 14 | 10 | 5 |
| Deferred Tax Liabilities (Net) | 15 | 79 | 83 |
| | | 114 | 113 |
| Current Liabilities: | | | |
| Financial Liabilities: | | | |
| Short Term Borrowings | 16 | 0 | 4,504 |
| Trade Payables: | | | |
| Dues to Micro, Small and Small Enterprises | | 0 | 8 |
| Dues to Others | 17 | 1,939 | 417 |
| Other Current Financial Liabilities | 18 | 117 | 162 |
| | | 2,056 | 5,091 |
| Other Current Liabilities | 19 | 140 | 85 |
| Short Term Provisions | 20 | 30 | 32 |
| Liabilities for Current Tax (Net) | 21 | 40 | 33 |
| | | 210 | 150 |
| Total | | 51,276 | 47,116 |

For Zydus Healthcare Limited



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Niten D Parekh
Director

ZYDUS HEALTHCARE LIMITED

**Zydus Healthcare Limited [Formerly known as German Remedies Limited]
Statement of Profit and Loss for the period ended December 31, 2016**

| Particulars | Note No. | INR-Millions | |
|---|----------|--------------------------|----------------|
| | | Period ended December 31 | |
| | | 2016 | March 31, 2016 |
| REVENUE: | | | |
| Revenue from Operations | 23 | 7,829 | 1,629 |
| Other Income | 23 | 20 | 83 |
| Total Revenue | | 7,849 | 1,712 |
| EXPENSES: | | | |
| Cost of Materials Consumed | 24 | 1,437 | 261 |
| Purchases of Stock-in-Trade | 25 | 79 | - |
| Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade | 26 | -34 | (69) |
| Excise Duty on Sales | | 374 | 85 |
| Employee Benefits Expense | 27 | 135 | 22 |
| Finance Costs | 28 | 241 | 62 |
| Depreciation, Amortisation and Impairment expenses | | 3,256 | 682 |
| Other Expenses | 29 | 2,310 | 459 |
| Total Expenses | | 7,797 | 1,504 |
| Profit before Tax | | 52 | 209 |
| Less: Tax Expense: | | | |
| Current Tax | | 13 | 28 |
| Deferred Tax | | -4 | 90 |
| Prior year's tax adjustments | | | |
| | | 9 | 118 |
| Profit for the year | | 43 | 90 |
| OTHER COMPREHENSIVE INCOME: | | | |
| Items that will be reclassified to profit or loss: | | | |
| Net Gain/ (Loss) on of a net investment | | 5 | (3) |
| Re-measurement gains/ (losses) on defined benefit plans | | | |
| Income tax effect | | | |
| Other Comprehensive Income for the year, net of tax | | 5 | (3) |
| Total Comprehensive Income for the year | | 48 | 87 |
| Basic & Diluted Earning per Equity Share [EPS] [in Rupees] | | | |
| Notes to the Financial Statements | | | |

For Zydus Healthcare Limited



Nitin D Parekh

Nitin D Parekh
Director

ZYDUS HEALTHCARE LIMITED

| Zydus Healthcare Limited [Formerly known as German Remedies Limited] | | | | | | |
|--|-------------------|-----------|------------------------|---------------------------|----------|---------------------|
| Notes to the Financial Statements | | | | | | |
| Note 1- Property, Plant and Equipment: | | | | | | |
| | Leasehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment |
| Gross Block: | | | | | | |
| Acquired under the Scheme | 289 | 202 | 366 | 2 | 5 | 2 |
| Additions | | 3 | 16 | 0 | 0 | |
| Disposals | | | | | | |
| Other adjustments | | | | | | |
| As at March 31, 2016 | 289 | 205 | 382 | 2 | 5 | 2 |
| Additions | 76 | | 14 | 0 | | 2 |
| Disposals | | | (1) | | (0) | |
| Other adjustments | | | | | | |
| As at December 31, 2016 | 365 | 205 | 396 | 2 | 5 | 4 |
| Depreciation and Impairment: | | | | | | |
| Acquired under the Scheme | | | | | | |
| Depreciation for the year | 1 | 1 | 16 | 0 | 0 | 0 |
| Impairment for the year | | | | | | |
| Disposals | | | | | | |
| As at March 31, 2016 | 1 | 1 | 16 | 0 | 0 | 0 |
| Depreciation for the year | 3 | 7 | 74 | 0 | 1 | 0 |
| Impairment for the year | | | | | | |
| Disposals | | | | | | |
| As at December 31, 2016 | 3 | 8 | 90 | 0 | 1 | 0 |
| Net Block: | | | | | | |
| As at March 31, 2016 | 289 | 203 | 367 | 2 | 5 | 1 |
| As at December 31, 2016 | 362 | 197 | 306 | 2 | 4 | 3 |



ZYDUS HEALTHCARE LIMITED

**Zydus Healthcare Limited [Formerly known as German Remedies Limited]
Notes to the Financial Statements**

Note 2- Goodwill and Other Intangible Assets:

| | Goodwill | Brands/ Trademarks | Technical Know-how |
|-------------------------------------|-----------------|-------------------------------|-------------------------------|
| Gross Block: | | | |
| Acquired under the Scheme | 41,149 | | |
| Additions | | 578 | 11 |
| Disposals | | | |
| Other adjustments | | | |
| As at March 31, 2016 | 41,149 | 578 | 11 |
| Acquired under the Scheme | | | |
| Additions | | 5,000 | 17 |
| Disposals | | | |
| Other adjustments | | | |
| As at December 31, 2016 | 41,149 | 5,578 | 27 |
| Depreciation and Impairment: | | | |
| Acquired under the Scheme | | | |
| Depreciation for the year | 663 | 1 | 0 |
| Impairment for the year | | | |
| Disposals | | | |
| As at March 31, 2016 | 663 | 1 | 0 |
| Depreciation for the year | 3,100 | 70 | 1 |
| Impairment for the year | | | |
| Disposals | | | |
| As at December 31, 2016 | 3,764 | 71 | 1 |
| Net Block: | | | |
| As at March 31, 2016 | 40,485 | 577 | 10 |
| As at December 31, 2016 | 37,385 | 5,507 | 26 |

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| Zydus Healthcare Limited [Formerly known as German Remedies Limited] | | |
|---|--------------|--------------|
| Notes to the Financial Statements | | |
| | INR-Millions | |
| | As at | |
| | 31st Dec, 16 | 31st Mar, 16 |
| Note 3- Other Non Current Assets: | | |
| Alternate Minimum Tax Credit Entitlement | 3,135 | 3,135 |
| Total | 3,135 | 3,135 |
| Note 4- Non Current Investments: | | |
| Other Investments: | | |
| Investments in Equity Instruments | 14 | 9 |
| Investment in Fixed Capital of Partnership Firm | | |
| Total | 14 | 9 |
| Note 5- Long Term Loans and Advances: | | |
| [Unsecured, Considered Good unless otherwise stated] | | |
| Capital Advances | 493 | 42 |
| Security Deposits | 7 | 7 |
| Advance Payment of Taxes | | |
| Loan to Biochem | 50 | |
| Total | 550 | 50 |
| Note 6- Inventories: | | |
| [The Inventory is valued at lower of cost and net realisable value] | | |
| Classification of Inventories: | | |
| Raw Materials | 481 | 385 |
| Work-in-progress | 49 | 18 |
| Finished Goods | 490 | 506 |
| Finished Goods Traded | 19 | - |
| Others: | | |
| Packing Materials | 52 | 50 |
| Total | 1,092 | 959 |
| Note 7- Current Investments: | | |
| Investment in Current Capital of Partnership Firm | - | - |
| | - | - |
| Note 8- Trade Receivables: | | |
| Outstanding for a period exceeding six months from the date they are due for payment: | | |
| Secured - Considered good | | |
| Unsecured - Considered good | | |
| Considered doubtful | 16 | |
| | 16 | 0 |
| Less: Provision for doubtful debts | 16 | 0 |
| | - | 0 |
| Others- Considered good: | | |
| Unsecured | 791 | 707 |
| | 791 | 707 |
| Total | 791 | 707 |
| Note 9- Cash and Bank Balances: | | |
| Balances with Banks | 402 | 99 |
| Cash on Hand | 0 | 0 |
| Total | 402 | 100 |
| Note 10- Short Term Loans and Advances: | | |
| [Unsecured, Considered Good] | | |
| Others: | | |
| Balances with Customs/ Central Excise/ Sales Tax Authorities | 248 | 81 |
| Advances recoverable in cash or in kind or for value to be received | 0 | 0 |
| Total | 248 | 82 |
| Note 11- Other Current Assets: | | |
| Advance payment of Taxes | 244 | |
| Int. Accrued But Not Due | 0 | |
| Advances to Suppliers | 31 | 135 |
| | 275 | 135 |

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ZYDUS HEALTHCARE LIMITED

| Zydus Healthcare Limited [Formerly known as German Remedies Limited] | | | | | | |
|--|------------------------|------------------------|--|--------------------------------|---------------|---------|
| Balance Sheet as at December 31, 2016 | | | | | | |
| Note 12: Equity Share Capital: | | | | | | |
| | 31st Dec, 16 | | 31st Mar, 16 | | 1st Apr, 15 | |
| | No. of Shares | INR-Mio | No. of Shares | INR-Mio | No. of Shares | INR-Mio |
| Equity Shares of INR 100/- each, Issued, Subscribed and Fully Paid-up: | | | | | | |
| As at March 31, 2016 | 48,000 | 5 | 24,000 | 2 | 24,000 | 2 |
| Add: Issued Bonus Shares during the year | | | 24,000 | 3 | | |
| Add: Issued shares as a part of scheme of Amalgamation of Rs. 100/- each | 1,890,242 | 189 | | | | |
| Add: Preference Share | | 7,150 | | | | |
| As at December 31, 2016 | | 7,344 | | 5 | | 2 |
| Note 13: Other Equity: | | | | | | |
| | INR - Millions | | | | | |
| Particulars | General Reserve | Capital Reserve | Surplus in Statement of Profit and Loss | Share Capital Susp. Ac. | Total | |
| Balance as on 01st April, 2015 as per I GAAP | 101 | - | 35 | | 136 | |
| Add Fair Valuation of Non Current Investment | | | | | 3 | |
| Add Re-classification of Proposed Dividend | | | | | 62 | |
| Add Re-classification of Corporate Dividend Tax | | | | | 13 | |
| Add Gain on Fair Valuation of Inv. In Fixed Capital of Partnership Firm | | | | | 846 | |
| Balance as on 01st April, 2015 as per IND AS | 101 | - | 35 | | 1,060 | |
| Particulars | General Reserve | Capital Reserve | Surplus in Statement of Profit and Loss | Share Capital Susp. Ac. | Total | |
| Balance as on 01st April, 2015 | 101 | - | 35 | | 1,060 | |
| Add Profit for the year | | | 90 | | 90 | |
| Add Subsidy Received under Capital Investment Scheme [acquired under Scheme of Amalgamation] | | 134 | | | 134 | |
| Add Share Capital pending for Allotment | | | | 41,536 | 41,536 | |
| Add Fair Valuation of Non Current Investment | | | | | (3) | |
| Les: Amount utilised for Bonus of Shares | (2) | | | | (2) | |
| Les: Gain on Fair Valuation of Inv. In Fixed Capital of Partnership Firm (Knock off) | | | | | (846) | |
| Les: Payment of Proposed Dividend | | | (153) | | (153) | |
| Les: Payment of Corporate Dividend Tax | | | (32) | | (32) | |
| Les: Re-classification of Preference Share Capital Value | | | | (25) | (25) | |
| Balance as on 31st March, 2016 | 99 | 134 | (61) | 41,511 | 41,757 | |
| Particulars | General Reserve | Capital Reserve | Surplus in Statement of Profit and Loss | Share Capital Susp. Ac. | Total | |
| Balance as on 1st April, 2016 | 99 | 134 | (61) | 41,511 | 41,757 | |
| Add Profit for the year | | | 43 | | 43 | |
| Add Tr. From Securities Premium Account | 41,322 | | | | 41,322 | |
| Add Fair Valuation of Non Current Investment | | | | | 5 | |
| Les: Tr. To Securities Premium Account | | | | (41,511) | (41,511) | |
| Les: Stamp duty paid on Issuance of Equity & Preference Shares | (65) | | | | (65) | |
| Balance as on 31st December, 2016 | 41,356 | 134 | (17) | - | 41,552 | |
| | INR-Millions | | | | | |
| | As at | | | | | |
| | 31st Dec, 16 | 31st Mar, 16 | | | | |
| Note 14: Financial Liabilities: | | | | | | |
| 8% non-cumulative redeemable preference share [*] | | | | | | |
| 2,54,460 shares at face value of Rs. 100/- each | | | 25 | | 25 | |
| | | | 25 | | 25 | |
| Note 14: Long Term Provisions: | | | | | | |
| Provision for employee Benefits | | | 10 | | 5 | |
| | | | 10 | | 5 | |

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ZYDUS HEALTHCARE LIMITED

| Zydus Healthcare Limited [Formerly known as German Remedies Limited] | | | | | |
|--|-----------------------|------------------------------|----------------------|-----------------------------|--------------------|
| Balance Sheet as at December 31, 2016 | | | | | |
| Note 15: Deferred Tax Liabilities: | | | | | |
| A Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under: | | | | | |
| | | | INR - Millions | | |
| | Acquired under Scheme | Charge for the previous year | As at March 31, 2016 | Charge for the current year | As at Dec 31, 2016 |
| Deferred Tax Liabilities: | | | | | |
| Depreciation | 8 | 1,626 | 1,633 | 1,362 | 2,996 |
| Deferred Tax Assets: | | | | | |
| Retirement benefits | 2 | 0 | 2 | 3 | 4 |
| Provision for Bad and Doubtful debts | 2 | | 2 | 1 | 3 |
| Provision for Expiry and Breakages | 11 | (1) | 10 | | 10 |
| Unabsorbed depreciation | | 1,536 | 1,536 | 1,362 | 2,898 |
| Others | | 1 | 1 | | 1 |
| Total | 15 | 1,536 | 1,550 | 1,366 | 2,917 |
| Net Deferred Tax Liabilities | (7) | 90 | 83 | (4) | 79 |
| Note 16- Short Term Borrowing: | | | | | |
| Others: [Unsecured]: | | | | | |
| From Related Party | | | | | |
| Cadila Healthcare Limited [*] | | | 0 | 4,504 | |
| | | | 0 | 4,504 | |
| Note 17- Trade Payables - Dues to Others: | | | | | |
| Trade Payables | | | 1,939 | 417 | |
| | | | 1,939 | 417 | |
| Note 18- Other Current Financial Liabilities: | | | | | |
| Int. Accrued Due but not paid | | | 24 | 54 | |
| Bank Book overdraft | | | 93 | 108 | |
| | | | 117 | 162 | |
| Note 19- Other Current Liabilities: | | | | | |
| Advances from customers | | | | 8 | |
| Others: | | | | | |
| Provision for Expenses | | | 15 | 12 | |
| Payable to Statutory Authorities | | | 125 | 65 | |
| | | | 140 | 77 | 0 |
| Total | | | 140 | 85 | 0 |
| Note 20- Short Term Provisions: | | | | | |
| Provision for Employee Benefits | | | | 2 | |
| Others: | | | | | |
| Provision for Taxation | | | 0 | | |
| Provision for claims for product expiry and return of goods [*] | | | 30 | 30 | |
| | | | 30 | 30 | 0 |
| | | | 30 | 32 | 0 |
| Note 21- Liabilities for Current Tax [Net]: | | | | | |
| Provision for Taxation [Net of advance payment of tax of Rs. 9 (As at March 31, 2015: Rs. 7) Millions] | | | 40 | 33 | |
| | | | 40 | 33 | |
| Note: 22- Contingent Liabilities and commitments [to the extent not provided for]: | | | | | |
| A Contingent Liabilities: | | | | | |
| a Other money for which the company is contingently liable: | | | | | |
| i In respect of the demand raised by the Central Excise, State Excise & Service Tax dept. against which the Company has preferred an appeal. The Company has been legally advised that the demand is not tenable | | | 88 | 82 | - |
| B Commitments: | | | | | |
| a Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances of Rs. 1,98,375 (Previous Year: Rs. Nil) Thousands] | | | 1,094 | 12 | - |



ZYDUS HEALTHCARE LIMITED

| Zydus Healthcare Limited [Formerly known as German Remedies Limited] | | |
|---|--------------------------|-------|
| Notes to the Financial Statements | | |
| | INR-Millions | |
| | Period ended December 31 | |
| | 2016 | 2015 |
| Note: 23- Revenue from Operation: | | |
| Details of Gross Sales under broad heads: | | |
| Tablets | 7,829 | 1,629 |
| Capsules | | |
| Other | | |
| Total | 7,829 | 1,629 |
| Other Operating Revenues: | | |
| Miscellaneous Income | 18 | 3 |
| Share of Profit from Partnership Firm | | 78 |
| Interest Income [Gross]: | | |
| From Others [Other than current investments] | 0 | 1 |
| Dividend Income [Gross]: | | |
| From Long Term Investments | 2 | 1 |
| Total | 20 | 83 |
| Note: 24- Cost of Material Consumed: | | |
| Opening Stock | 385 | 348 |
| Add: Purchases | 1,329 | 36 |
| | 1,714 | 385 |
| Less: Stock at close | 481 | 385 |
| | 1,233 | 223 |
| Packing Materials consumed | 204 | 39 |
| | 1,437 | 261 |
| Note: 25- Purchase of Stock in Trade: | | |
| Purchase of Stock in Trade | 79 | |
| Total | 79 | 0 |
| Details of purchases of Stock-in-trade under broad heads: | | |
| Tablet | 43 | |
| Capsules | | |
| Others | 36 | |
| Total | 79 | |
| Note: 26- Change in Inventories: | | |
| Opening Stock | | |
| Work-in-progress | 18 | 55 |
| Finished Goods | 506 | 401 |
| Stock-In-Trade | | |
| | 524 | 456 |
| Less: Stock at close: | | |
| Work-in-progress [*] | -31 | 49 |
| Finished Goods [**] | 16 | 490 |
| Stock-In-Trade | 60 | 19 |
| | 558 | 524 |
| | (34) | (69) |
| Differential Excise Duty on Opening and Closing stock of Finished Goods | | |
| | (34) | (69) |

N27



ZYDUS HEALTHCARE LIMITED

| Zydus Healthcare Limited [Formerly known as German Remedies Limited] | | |
|--|---------------------------------|-------------|
| Notes to the Financial Statements | | |
| | INR-Millions | |
| | Period ended December 31 | |
| | 2016 | 2015 |
| Note: 27- Employee Benefit Expense: | | |
| Salaries and wages | 117 | 17 |
| Contribution to provident and other funds [*] | 8 | 2 |
| Staff welfare expenses | 9 | 3 |
| Total | 135 | 22 |
| <p>[*] The Company's contribution towards the defined contribution plan. The Company makes Provident Fund Contributions to defined contribution retirement benefit plans for qualifying employees, as specified under the law. The contributions are paid to the respective Regional Provident Fund Commissioner under the Pension Scheme.</p> | | |
| Note: 28- Finance Cost: | | |
| Interest expense [*] | 240 | 3 |
| Other Borrowing Costs | | 60 |
| Bank commission & charges | 2 | 0 |
| Total | 241 | 62 |
| <p>[*] The break up of interest expense into major heads is given below:</p> | | |
| On working capital loans | 0 | 0 |
| Others | 240 | 3 |
| Total | 240 | 3 |
| Note: 29- Other Expenses: | | |
| Consumption of Stores and spare parts | 35 | 2 |
| Power & fuel | 51 | 9 |
| Rent [*] | 2 | 1 |
| Repairs to Buildings | 7 | 1 |
| Repairs to Plant and Machinery | 21 | 2 |
| Repairs to Others | 3 | 1 |
| Advertisement Expenses | 0 | |
| Insurance | 10 | 4 |
| Rates and Taxes [excluding taxes on income] | 1 | 1 |
| Royalty | 124 | 24 |
| Traveling Expenses | 6 | 5 |
| Legal and Professional Fees | 8 | 8 |
| Net Loss on foreign currency transactions and translation | | 0 |
| Commission on sales | 92 | 22 |
| Freight and forwarding on sales | 19 | 2 |
| Cost Allocation Charges [**] | 1,321 | 288 |
| Other marketing expenses | 535 | 62 |
| Bad Debts: | | |
| Bad debts written off | 8 | 4 |
| Provision for Doubtful Debts | | 3 |
| | 8 | 7 |
| Net Loss on disposal of Fixed Assets | 0 | 0 |
| Miscellaneous Expenses | 66 | 22 |
| Gross Expenses | 2,310 | 459 |
| <p>[*] The Company has taken various residential/ office premises/ godowns under operating lease or leave and license agreement with no restrictions and are renewable/ cancellable at the option of either of the parties. There are no sub-leases. The lease payments recognised under "Rent Expenses" are:</p> | | |
| | 2 | |
| <p>[**] This refers to the payment of cost allocation charges to Cadila Healthcare Ltd. [CHL], pursuant to the Cost Allocation Agreement between the Company and CHL, wherein the parties have agreed to share the common resources of CHL.</p> | | |



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH, AT AHMEDABAD
CA (CAA) NO. 6/230-232/NCLT/AHM/2017**

In the matter of the Companies Act, 2013;
And
In the matter of Sections 230 - 232 read with other relevant provisions of the Companies Act, 2013;
And
In the matter of Zydus Healthcare Limited;
And
In the matter of Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited and their respective shareholders and creditors;

Zydus Healthcare Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad-380 015, Gujarat, India. }

...Applicant Company

**SECURED CREDITOR(S)
FORM OF PROXY**

I/We, _____, the undersigned Secured Creditor/s of Zydus Healthcare Limited, being the Applicant Company abovenamed, do hereby appoint Mr./Ms. _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of the Secured Creditor(s) of the Applicant Company to be held at J.B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, ATIRA, Ahmedabad-380 015, Gujarat, India, on Thursday, the 30th day of March 2017 at 3.00 p.m. (1500 hours) for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Arrangement between Cadila Healthcare Limited and Zydus Healthcare Limited and their respective shareholders and creditors (the "Scheme") and at such meeting, and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name(s) _____ (here, if 'for', insert 'FOR', if 'against', insert 'AGAINST', and in the latter case, strike out the words below after 'the Scheme') the said arrangement embodied in the Scheme, either with or without modification(s)*, as my/our proxy may approve. (*Strike out whatever is not applicable)

Dated this _____ day of _____, 2017.

Signature _____

| |
|---------------------------------------|
| Affix 15 paise revenue stamp |
|---------------------------------------|

Name : _____

Address : _____

Signature of Secured Creditor : _____

Signature of Proxy : _____



Registered office: Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad- 380 015, Gujarat, India
Phone No: +91-79-26868100 CIN: U51900GJ1989PLC079501 Website: www.zyduscadila.com

**SECURED CREDITOR(S)
ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL
MEETING OF THE SECURED CREDITOR(S) ON THURSDAY THE 30TH DAY OF MARCH 2017 AT 3.00 P.M.

I/We hereby record my/our presence at the meeting of the Secured Creditor(s) of Zydus Healthcare Limited, the Applicant Company, convened pursuant to the final order dated 15th day of February 2017 of the NCLT at J.B. Auditorium, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, ATIRA, Ahmedabad-380 015, Gujarat, India, on Thursday, the 30th day of March 2017 at 3.00 p.m. (1500 hours).

Name and address of Secured Creditor (IN BLOCK LETTERS) _____

Signature _____

Name of the Proxy* (IN BLOCK LETTERS) _____ Signature _____

*(To be filled in by the Proxy in case he/she attends instead of the secured creditor)

ZYDUS HEALTHCARE LIMITED

Notes:

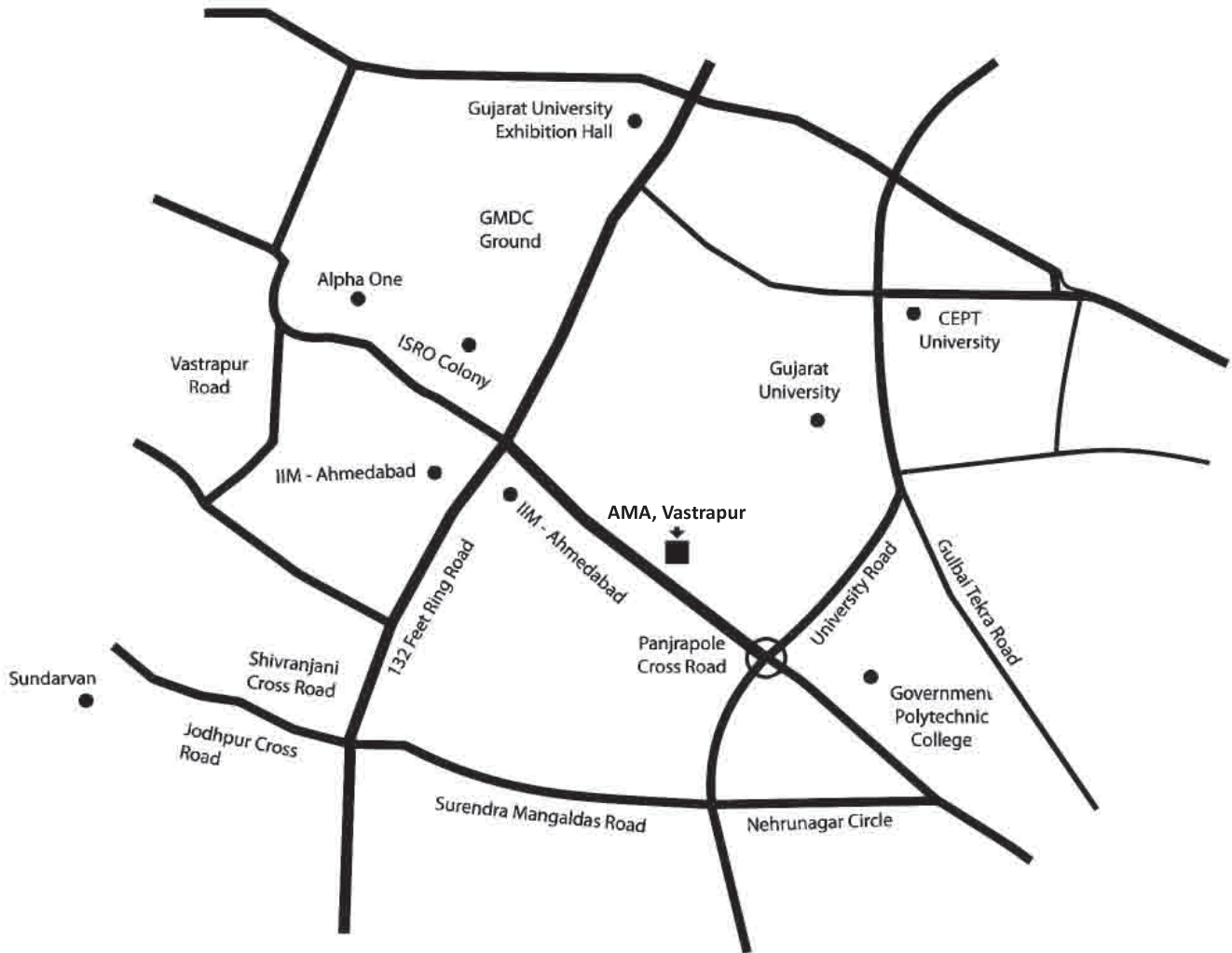
1. The proxy must be deposited at the registered office of Zydus Healthcare Limited at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad- 380 015, Gujarat, India, at least 48 (forty-eight) hours before the scheduled time of the commencement of the said meeting.
2. All alterations made in the form of proxy should be initialed.
3. Please affix appropriate revenue stamp before putting signature.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be a secured creditor of Zydus Healthcare Limited.
6. No person shall be appointed as a proxy who is a minor.
7. The proxy of a secured creditor blind or incapable of writing would be accepted if such secured creditor has attached his signature or mark thereto in the presence of a witness who shall add to his signature his description and address provided that all insertions in the proxy are in the handwriting of the witness and such witness shall have certified at the foot of the proxy that all such insertions have been made by him at the request and in the presence of the secured creditor before he attached his signature or mark.
8. The proxy of a secured creditor who does not know English would be accepted if it is executed in the manner prescribed in point no. 7 above and the witness certifies that it was explained to the secured creditor in the language known to him, and gives the secured creditor's name in English below the signature.

— — — — — ✂ — — — — — ✂ — — — — —

Notes:

1. Secured creditor(s) attending the meeting in person or by proxy or through authorised representative are requested to complete and bring the Attendance slip with them and hand it over at the entrance of the meeting hall.
2. Secured creditor(s) who come to attend the meeting are requested to bring their copy of the Scheme with them.

Route Map for the venue of the meeting, Ahmedabad Management Association (AMA)



If undelivered please return to :



ZYDUS HEALTHCARE LIMITED

Registered office:

Zydus Tower, Satellite Cross Roads,

Sarkhej-Gandhinagar Highway, Ahmedabad- 380 015, Gujarat, India

Phone No: +91-79-26868100 CIN: U51900GJ1989PLC079501 Website: www.zyduscadila.com