

Alidac Healthcare (Myanmar) Limited
Balance Sheet as at March 31, 2017

Particulars	Note No.	MMK- Thousands	INR- Thousands
		As at March 31, 2017	
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	1	3,643,293	182,165
Capital work-in-progress		2,211,776	110,589
Other Intangible Assets	1	2,821	141
		5,857,890	292,895
Current Assets:			
Financial Assets:			
Cash and Cash Equivalents	2	3,827,827	191,392
Loans	3	23,172	1,158
Other Current Assets	4	658,116	32,906
		4,509,115	225,456
Total		10,367,005	518,351
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	5	9,620,540	481,027
Other Equity	6	30,361	1,518
		9,650,901	482,545
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	7	681,000	34,050
Current Liabilities:			
Financial Liabilities:			
Trade Payables	8	27,984	1,400
Other Financial Liabilities	9	7,120	356
		35,104	1,756
Total		10,367,005	518,351
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 13		

Statement of Profit and Loss for the period ended March 31, 2017

Particulars	Note No.	MMK- Thousands	INR- Thousands
		For the Period from June 17, 2016 to March 31, 2017	
REVENUE:			
Revenue from Operations	10	88,270	4,414
EXPENSES:			
Depreciation, Amortisation and Impairment expenses	1	57,909	2,896
Profit for the year		30,361	1,518
Basic & Diluted Earning per Equity Share [EPS] [in MMK / Rupees]	11	3.16	0.16
Significant Accounting Policies	II		
Notes to the Financial Statements	1 to 13		

As per our report of even date
For Mukesh M. Shah & Co.
Chartered Accountants
Firm Registration Number: 106625W

For and on behalf of the Board

Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 25, 2017

Director

Alidac Healthcare (Myanmar) Limited

Statement of Change in Equity for the year ended March 31, 2017

a Equity Share Capital:	No. of Shares	MMK- Thousands	INR- Thousands
Equity Shares of MMK 1000/- each, Issued, Subscribed and Fully Paid-up:			
As at March 31, 2016	-	-	-
Add : Issued during the year	9,620,540	9,620,540	481,027
As at March 31, 2017	9,620,540	9,620,540	481,027
		Currency- Thousands	
		MMK	INR
b Other Equity:		Retained Earnings	Retained Earnings
As at March 31, 2016		-	-
Add: Profit for the year		30,361	1,518
As at March 31, 2017		30,361	1,518
<u>As per our report of even date</u>	<u>For and on behalf of the Board</u>		
For Mukesh M. Shah & Co. Chartered Accountants Firm Registration Number: 106625W			
 Chandresh S. Shah Partner Membership Number: 042132 Ahmedabad, Dated: May 25, 2017		Director	

Alidac Healthcare (Myanmar) Limited**I-Company overview:****Description of Business:**

Alidac Healthcare (Myanmar) Limited (the Company) is incorporated in the Republic of the Union of Myanmar as per Certificate of Incorporation Number 7 FC of 2016-2017 (TSEZ) on June 17, 2016 as 100% foreign company under the Myanmar Special Economic Zone Law of 2014 and The Myanmar Companies Act. The principal activities of the Company are the manufacturing and selling of pharmaceutical products. The address of its registered office is Lot No. Blq,Zone A, Thilawa SEZ, Thanlyin Township, Yangon Region, Republic of the Union of Myanmar.

II-Significant Accounting Policies:**1 Basis of Accounting:**

The accompanying financial statements have been prepared in accordance with Myanmar Financial Reporting Standards and are based on historical cost convention.

2 Reporting Currency Translation:

Reporting currency of the Company is "Myanmar Khyat" [MMK]. These accounts have been translated in Indian Rupees [INR] considering the operation of the Company as "Non-integral operations" for holding company. The translation of Financial Statements to INR from "MMK" is performed for assets and liabilities using the exchange rate prevailing on the Balance sheet date and for revenue and expenses using the average exchange rate for the respective period. The gain or loss resulting from such translation is included in "Foreign Currency Translation Reserve" under Other Equity.

3 Foreign Currency [Currency other than company's functional currency] Transactions:

Foreign currency transactions are recorded in MMK at rate of exchange prevailing on the date of transactions. Foreign currency balances of monetary assets and liabilities are translated to MMK at the rate of exchange prevailing at the date of the reporting date. Gains or losses on exchange are recognised in statement of profit and loss.

4 Property, plant and equipment:

Property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost of maintenance and minor repairs are charged to income as incurred. Significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the income statement.

Depreciation on all tangible assets except Leasehold Land is calculated using the straight-line method to allocate their 95% of total cost over their estimated useful lives as follows:

Assets	Useful life	Depreciation Rate
Factory buildings	30 Years	3.1667%
Office buildings	60 Years	1.5833%
Plant & Machine- Single Shift	15 Years	6.3333%
Plant & Machine- Double Shift	10 Years	9.0000%
Motor Vehicles	8 Years	11.8750%
Office Furniture and Fixtures	10 Years	9.5000%
Office Equipment	3 Years	31.6667%
Leasehold Land	48 Years	

5 Intangible assets:

Acquired computer software licenses are initially capitalized at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licenses are subsequently carried at cost less accumulated amortization and accumulated impairment losses. These costs are amortized to profit or loss using the straight- line method over their estimated useful lives of 4 years (25%)

6 Inventories:

Inventories are stated at the lower of cost and net realizable value.

7 Trade and other receivables:

If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

8 Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand and deposits with The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Yangon Branch).

9 Share capital:

Ordinary shares are classified as equity.

10 Trade and other payables:

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

11 Provision:

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made.

II-Significant Accounting Policies- Continued:

12 Leases:

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lease. All other leases are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which it is incurred.

In the event that leases incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

13 Financial Risk Management:

The Company's activities expose it to market risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimize potential adverse effects from the unpredictability of financial market on the financial performance of the Company. These policies and procedures are formulated, approved and regularly reviewed by the Board of Directors ("the Board").

The Board is responsible for setting the objective and underlying principles of financial risk management and providing an oversight of the entire risk management system of the Company. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principle approved by the Board.

a Market risk:

1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rate. The Company is not exposed to interest rate risk.

2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign currency rates. The Company's exposure to the risk of change in foreign currency rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

As at 31 March 2077, the Company's exposure to foreign currency risk is insignificant

b Credit risk:

The Company performs ongoing credit evaluations of its customers. Allowance for doubtful debts / receivables on uncollectible trade receivables has been made based on the expected collectability of outstanding trade receivables at the statement of financial position date.

The maximum exposure to credit risk is represented by the carrying amount of the financial assets as stated in the statement of financial position. □

c Liquidity risk:

The Company's objective is to maintain a level of cash and bank balances deemed sufficient to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial Liabilities :	<u>1 year or less</u>	<u>3 years or less</u>
	MMK	MMK
Trade and other payables	(35,103,742)	-
Loan	-	(681,000,000)
Total	(35,103,742)	(681,000,000)

14 Significant accounting judgments and estimates:

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

15 Previous year numbers are not applicable, since this is the first reporting period.

Alidac Healthcare (Myanmar) Limited
Notes to the Financial Statements

Note: 1: Property, Plant and Equipment & Intangible Assets :

	Property, Plant and Equipment			Other Intangible Assets
	Leasehold	Office	Total	Computer
	<u>Land</u>	<u>Equipment</u>		Software
	MMK- Thousands			MMK- Thousands
Gross Block:				
As at March 31, 2016	-	-	-	-
Additions	3,698,967	2,175	3,701,142	2,881
Disposals	-	-	-	-
Other adjustments	-	-	-	-
As at March 31, 2017	<u>3,698,967</u>	<u>2,175</u>	<u>3,701,142</u>	<u>2,881</u>
Depreciation and Impairment:				
As at March 31, 2016	-	-	-	-
Charge for the year	57,796	53	57,849	60
Impairment for the year	-	-	-	-
Disposals	-	-	-	-
Other adjustments	-	-	-	-
As at March 31, 2017	<u>57,796</u>	<u>53</u>	<u>57,849</u>	<u>60</u>
Net Block:				
As at March 31, 2016	-	-	-	-
As at March 31, 2017	<u>3,641,171</u>	<u>2,122</u>	<u>3,643,293</u>	<u>2,821</u>

	Leasehold	Office	Total	Computer
	<u>Land</u>	<u>Equipment</u>		Software
	INR- Thousands			INR- Thousands
Gross Block:				
As at March 31, 2016	-	-	-	-
Additions	184,948	109	185,057	144
Disposals	-	-	-	-
Other adjustments	-	-	-	-
As at March 31, 2017	<u>184,948</u>	<u>109</u>	<u>185,057</u>	<u>144</u>
Depreciation and Impairment:				
As at March 31, 2016	-	-	-	-
Charge for the year	2,890	3	2,893	3
Impairment for the year	-	-	-	-
Disposals	-	-	-	-
Other adjustments	-	-	(1)	-
As at March 31, 2017	<u>2,890</u>	<u>3</u>	<u>2,892</u>	<u>3</u>
Net Block:				
As at March 31, 2016	-	-	-	-
As at March 31, 2017	<u>182,058</u>	<u>106</u>	<u>182,165</u>	<u>141</u>

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

	MMK- Thousands	INR- Thousands
	As at March 31, 2017	
Note: 2-Cash and Cash Equivalents:		
Balances with Banks	3,824,908	191,246
Cash on Hand	2,919	146
Total	<u>3,827,827</u>	<u>191,392</u>
Note: 3-Loans:		
[Unsecured, Considered Good]		
Others	23,172	1,158
Total	<u>23,172</u>	<u>1,158</u>
Note: 4-Other Current Assets:		
[Unsecured, Considered Good]		
Advances to Suppliers	658,116	32,906
Total	<u>658,116</u>	<u>32,906</u>

Alidac Healthcare (Myanmar) Limited
Notes to the Financial Statements

	MMK- Thousands	INR- Thousands
	As at March 31, 2017	
Note: 5-Equity Share Capital:		
Authorised:		
10,000,000 equity shares of MMK 1000/- each	10,000,000	500,000
	10,000,000	500,000
Issued, Subscribed and Fully Paid-up Equity Shares:		
9,620,540 equity shares of MMK 1000/- each, fully paid up	9,620,540	481,027
	9,620,540	481,027
A The reconciliation of the number of Shares outstanding as at March 31, 2017		
Number of shares at the beginning	-	
Add: Shares issued during the year	9,620,540	
Number of shares at the end	9,620,540	
B Equity shares of MMK 1000/- each, fully paid held by Zyodus Worldwide DMCC [Dubai], Holding Company, a company incorporated in the Dubai which is a subsidiary company of Cadila Healthcare Limited, the ultimate holding company, a company incorporated in India.		
Number of Shares	9,620,540	
% to total share holding	100%	
Note: 6-Other Equity:		
Retained Earnings:		
Balance as per last Balance Sheet	-	-
Add: Profit for the year	30,361	1,518
Total	30,361	1,518
Note: 7-Borrowings:		
Term Loans from Banks :		
Term Loan [Secured]	681,000	34,050
Total	681,000	34,050
Term Loan is secured by creating charge on plant and machinery. The loan is repayable at the end of three years from respective drawdown dates starting from December 19, 2019 along with accrued interest for the period. Interest rate is reset every month at the rate of 1 month USD LIBOR plus 90 bps p.a.		
Note: 8-Trade Payables:		
Others	27,984	1,400
Total	27,984	1,400
Note: 9-Other Financial Liabilities:		
Payable to Statutory Authorities	7,120	356
Total	7,120	356

Alidac Healthcare (Myanmar) Limited
Notes to the Financial Statements

	MMK- Thousands	INR- Thousands
	For the Period from June 17,2016 to March 31, 2017	

Note: 10-Revenue from Operations:

Other Operating Revenues:		
Net Gain on foreign currency transactions and translation	88,270	4,414
Total	88,270	4,414

Note: 11-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	30,361	1,518
B Nominal value of share	1,000	
C Basic and weighted average number of Equity shares outstanding during the year	9,620,540	9,620,540
	MMK	INR
D Basic & Diluted EPS	3.16	0.16

Note: 12-Segment Information:

The Chief Operating Decision Maker [CODM] review the Company as single segment, namely, "Pharmaceutical Products".

Note: 13-Related Party Transactions:

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

- | | |
|---|--|
| a Holding Company: | Zydus Worldwide DMCC [Dubai] |
| b Ultimate Holding Company: | Cadila Healthcare Limited [India] |
| c Fellow Subsidiaries: | |
| Dialforhealth India Limited | Zydus France , SAS , France |
| Dialforhealth Unity Limited | Laboratorios Comib S.L. [Spain] |
| Dialforhealth Greencross Limited | Zydus Noveltch Inc. [USA] |
| Zydus Wellness Limited | Hercon Pharmaceuticals LLC [USA] |
| M/s. Zydus Wellness-Sikkim, a Partnership Firm | Simayla Pharmaceuticals (Pty) Ltd [South Africa] |
| Zydus Healthcare Limited | Script Management Services (Pty) Ltd [South Africa] |
| Zydus Technologies Limited | Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico] |
| Liva Pharmaceuticals Limited | Z AHL B.V. [the Netherlands] |
| Alidac Pharmaceuticals Limited | Z AHL Europe B.V. [the Netherlands] |
| Zydus Healthcare (USA) LLC [USA] | Bremer Pharma GmbH [Germany] |
| Zydus Pharmaceuticals (USA) Inc.[USA] | Nesher Pharmaceuticals (USA) LLC [USA] |
| Sentyln Therapeutics Inc. [USA] | Zydus Nikkho Farmaceutica Ltda. [Brazil] |
| Zydus Pharmaceuticals Mexico SA De CV [Mexico] | Zydus Healthcare Philippines Inc [Philippines] |
| Zydus Netherlands BV, Netherlands | Zydus Pharma Japan Co. Ltd. [Japan] [Liquidated during the year] |
| Zydus Healthcare SA (Pty.) Limited, South Africa | Zydus International Pvt. Ltd.[Ireland] |
| Zydus Discovery DMCC [Dubai] | ETNA Bio Tech - Italy |
| Zydus Lanka (Private) Limited [Srilanka] | |
| d Directors: | |
| Mr. Sundarraj Rama Subramanian | Mr. Lalit Sharma |

B Transactions with Related Parties:

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

- a** Details relating to parties referred to in Note 13-A [a]

Nature of Transactions

Finance:

Share Capital Subscription:

	MMK- Thousands	INR- Thousands
	Year ended March 31	
	9,620,540	481,027

- b** There are no transactions with parties referred to in Note 13-A [b,c & d]

Signatures to Significant Accounting Policies and Notes 1 to 13 to the Financial Statements

As per our report of even date

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration Number: 106625W

Chandresh S. Shah
Partner

Membership Number: 042132
Ahmedabad, Dated: May 25, 2017

For and on behalf of the Board

Director

Alidac Healthcare (Myanmar) Limited
Cash Flow Statement for the year ended March 31, 2017

Particulars	MMK- Thousands	INR- Thousands
	For the Period from June 17,2016 to March 31, 2017	
A Cash flows from operating activities:		
Profit before tax	30,361	1,518
Adjustments for:		
Depreciation, Impairment and Amortisation expenses	57,909	2,896
Operating profit before working capital changes	88,270	4,414
Adjustments for:		
[Increase] in loan and other current assets	(681,288)	(34,065)
Increase in trade payables	27,984	1,399
Increase in other current liabilities	7,120	356
Total	(646,184)	(32,310)
Net cash used in operating activities	(557,914)	(27,896)
B Cash flows from investing activities:		
Purchase of Property Plant & Equipment	(5,912,918)	(295,645)
Purchase of Intangibles	(2,881)	(144)
Net cash used in investing activities	(5,915,799)	(295,789)
C Cash flows from financing activities:		
Proceeds from Issuance of Share Capital	9,620,540	481,027
Proceeds from Non Current Borrowings	681,000	34,050
Net cash from financing activities	10,301,540	515,077
Net increase in cash and cash equivalents	3,827,827	191,392
Increase/ [Decrease] due to the translation to INR [Refer Note-2]	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	3,827,827	191,392

Notes to the Cash Flow Statement

- 1 All figures in brackets are outflows.
- 2 Previous year's figures have been regrouped wherever necessary.
- 3 Cash Flow Statement is translated into Indian Rupee [INR] at the average exchange rates for the year. The increase/ decrease resulting from such translation is shown separately as "Increase/ [Decrease] due to the translation to INR".

As per our report of even date
For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration Number: 106625W

For and on behalf of the Board

Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 25, 2017

Director