

Zydus Pharmaceuticals Mexico S.A. De C.V.
Balance Sheet as at December 31, 2015

Particulars	Note No.	MXN-Thousands		INR-Thousands	
		As at December 31			
		2015	2014	2015	2014
EQUITY AND LIABILITIES:					
Shareholders' Funds:					
Share Capital	1	149,815	129,315	575,290	556,055
Reserves and Surplus	2	(203,120)	(141,020)	(779,985)	(606,385)
		(53,305)	(11,705)	(204,695)	(50,330)
Non-Current Liabilities:					
Long Term Borrowings	3	77,903	43,003	299,148	184,913
Current Liabilities:					
Trade Payables	4	20,920	17,998	80,333	77,391
Other Current Liabilities	5	5,404	3,992	20,752	17,166
		26,324	21,990	101,085	94,557
Total		50,922	53,288	195,538	229,140
ASSETS:					
Non-Current Assets:					
Fixed Assets:					
Tangible Assets	6	1,471	1,975	5,647	8,492
Intangible Assets	6	62	96	238	413
		1,533	2,071	5,885	8,905
Long Term Loans and Advances	7	1,370	1,233	5,261	5,302
		2,903	3,304	11,146	14,207
Current Assets:					
Inventories	8	11,186	7,609	42,954	32,719
Trade Receivables	9	15,286	22,104	58,698	95,048
Cash and Bank Balances	10	8,629	12,180	33,135	52,374
Short Term Loans and Advances	11	12,141	7,486	46,621	32,190
Other Current Assets	12	777	605	2,984	2,602
		48,019	49,984	184,392	214,933
Total		50,922	53,288	195,538	229,140
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 22				

Statement of Profit and Loss for the year ended December 31, 2015

Particulars	Note No.	MXN-Thousands		INR-Thousands	
		Year ended December 31			
		2015	2014	2015	2014
REVENUE:					
Revenue from Operations:					
Sale of Pharmaceutical Products		43,876	21,164	177,259	96,931
Other Income	13	108	301	436	1,379
Total Revenue		43,984	21,465	177,695	98,310
EXPENSES:					
Purchases of Stock-in-Trade	15	19,371	14,440	78,259	66,135
Changes in Inventories of Stock-in-Trade	16	(3,577)	(3,341)	(10,235)	(13,044)
Finance Costs	17	2,993	1,619	12,092	7,415
Depreciation, Amortisation and Impairment expenses	6	671	636	2,710	2,913
Other Expenses	18	86,626	78,022	349,970	357,343
Total Expenses		106,084	91,376	432,796	420,762
Loss for the year		(62,100)	(69,911)	(255,101)	(322,452)
		MXN		INR	
Basic & Diluted Earning per Equity Share [EPS]	19	(0.44)	(0.69)	(1.81)	(3.20)
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 22				

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 12, 2016

Sole Administrator

I-Company overview:

Description of Business:

- A** Zydus Pharmaceuticals Mexico S.A. De C.V., was incorporated on July 21, 2010. The Company's main activity is to import and market a wide range of health products. The Company is subsidiary of Zydus International Private Limited, a company incorporated in the Republic of Ireland which is a subsidiary of Cadila Healthcare Limited, India.
- B** The Company does not have employees, hence, its operations are carried out by personnel of an affiliated company, through a service rendering contract.
- C** The company started its commercial operations in June 2013.

II-Significant Accounting Policies:

1 Financial Reporting Standards:

- A** The accompanying financial statements have been prepared in accordance with the Financial Reporting Standards [NIF for its Acronym in Spanish] as issued by the Mexican Board of Financial Reporting Standards [CINIF for its Acronym in Spanish].
- B** The NIFS are structured as follows: a) Financial Reporting Standards and interpretations (INIF), b) Accounting Principles Bulletins; issued by the Mexican Institute of Public accounts that have not been modified, replaced or repealed by the NIF, and c) International Financial Reporting Standards (IFRS); issued by the International Accounting Standards Board (IASB) which are applicable suppletorily.
- C** The accompanying financial statements and their notes were authorized to be issued on March 25, 2016, by Gyanesh Kumar, Finance Head, consequently, do not reflect the events beyond that date.
- D** The General Corporate Law and the by-laws of the Company, grant to stockholders the possibility to amend the financial statements after issuing them. The accompanying financial statements will be submitted for approval at the General Stockholders' Annual Meeting.

2 Changes in accounting policies from adoption of new NIF:

The company has adopted the new NIF and "NIF improvements" to NIF which were effective from January 1, 2015.

- a NIF C-11 "Stockholders' equity"
- b Improvements to NIF 2015

There are no significant effects arising from the application of this new pronouncement in 2015, with respect to the valuation, presentation and disclosure.

3 Reporting Currency Translation :

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

4 Cash:

Cash comprises cash on hand and bank deposits in checking accounts.

5 Inventories

Inventories are valued at the lower of cost or net realization value. The cost of inventories includes all expenses directly attributable to the commercialization process. The allocation method to assign the unit cost of inventories is FIFO.

6 Revenue Recognition

Sales are recorded upon delivery, depending on when risks and title of the goods are transferred to customers, which generally occurs when goods are shipped or delivered fulfilling purchase order requirements. Sales discounts, quantity and price rebates and allowances are estimated based on experience and recorded in the period in which sales is recognized.

7 Use of Estimates

In preparing the financial statements, various estimates and assumptions have been used for presentation of assets and liabilities, and disclosure of contingent assets and liabilities, future cash flows, discount rates and other allowances, in order to present its financial information in conformity with Mexican financial reporting standards. Actual results can differ from these estimates and assumption.

8 Leasehold Improvements, Furniture and Equipment:

- A** Leasehold improvements, furniture and equipment are recorded at acquisition cost.
- B** Depreciation is calculated on the carrying value of fixed assets less residual value, using the straight line method based on the estimated useful life thereof at the following rates:

<u>Nature of Asset</u>	<u>Annual rate</u>
Furniture and equipment	10.00%
Computer equipment	30.00%

- C** In the case of leasehold improvements, the amortization is calculated based on term of the agreement lease, and the period which the Company expect to rent the property.

9 Long-lived assets value assessment:

Values of long-lived assets, tangible or intangible, are reviewed at least once a year or where certain events or changes in the circumstances indicate that such values may not be recovered. In order to compute the impairment loss, the recoverable value is determined which is defined as the greater of the net selling price of a cash generating unit and its value in use, that is determined by the sum of discounted cash flows such unit can generate in future, at an adequate rate of discount.

10 Foreign Currency Transactions:

Foreign currency transactions are accounted for at the prevailing exchange rate at the time they are carried out. Foreign currency denominated assets and liabilities are valued at the applicable end of the period exchange rates. Exchange gains or losses form part of the result of financing, affecting net income.

11 Income Tax, Prepaid or Deferred:

Provisions for income tax (ISR for its Spanish acronym) are recorded in income for the year they become payable. Also, a deferred tax effect related to this item is included, arising from temporary differences resulting from comparing book and tax values of assets and liabilities, including the benefit of tax loss carry forward and tax credits. A deferred tax asset is recorded only when there is a high likelihood that it can be recovered. Deferred taxes are determined using enacted tax rates that are estimated to be effective on the dates temporary items shall be reversed or realized.

II-Significant Accounting Policies-Continued:

12 Provisions, Contingent assets and contingent liabilities:

Provisions represent present obligations resulted from past events, and are recognised when there is probability of cash outflows, and amounts can be reliably estimated; but they can still be uncertain. A present obligation arises from legal or contractual commitments resulted from past events such as warranties, legal disputes, or onerous contracts. Restructuring provisions are recognised only if detailed formal plan for the restructuring has been developed and implemented, or management has announced to those affected, at least the plan's main characteristics. Provision are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the obligation, based on the most reliable evidence available at the reporting date, including the risk & uncertainties associated with the present obligation. Where there are number of similar obligations, the probability of cash outflows will be measured considering the class of obligations.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Company's probable economic benefit inflows, that do not yet meet the asset recognition criteria, are considered contingent asset.

13 Impact of Inflation:

Effective 2008, recognition of the impact of inflation is suspended based on the fact the Mexican economy is now operating in a non - inflationary environment, as the accumulated inflation is less than 26% in the three years prior to the date of financial statements. Since the Company was incorporated on July 21, 2010, the accompanying financial statements do not recognise the effect of inflation on the financial information, as such, they are prepared under historical cost basis. There has been a non inflationary environment since January 1, 2008.

Zydus Pharmaceuticals Mexico S.A. De C.V.
Notes to the Financial Statements

	MXN-Thousands		INR-Thousands	
	As at December 31			
	2015	2014	2015	2014
Note: 1-Share Capital:				
Authorised:				
149,815,138 [as at December 31, 2014: 129,315,138] Equity Shares of MXN 1/- each	149,815	129,315	575,290	556,055
	149,815	129,315	575,290	556,055
Issued, Subscribed and Paid-up:				
149,815,138 [as at December 31, 2014: 129,315,138] Equity Shares of MXN 1/- each	149,815	129,315	575,290	556,055
Total	149,815	129,315	575,290	556,055
A The reconciliation of the number of Shares outstanding is as under:				
<u>Particulars</u>				
Number of shares at the beginning of the year	129,315,138	82,315,138		
Add: Shares issued during the year	20,500,000	47,000,000		
Number of shares at the end of the year	149,815,138	129,315,138		
B The Company has only equity shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.				
C Equity shares of MXN 1/- each, fully paid held by Holding Company, Zydus International Private Limited, a company incorporated in the Republic of Ireland which is a subsidiary company of Cadila Healthcare Limited, the ultimate holding company, a company incorporated in India.				
Number of Shares	149,815,138	129,315,138		
% to total share holding	100%	100%		
Note: 2-Reserves and Surplus:				
Foreign Currency Translation Reserve:				
Balance as per last Balance Sheet	-	-	43,877	-
Add: Exchange Rate differences on translation to INR	-	-	81,501	43,877
	-	-	125,378	43,877
Surplus in statement of Profit and Loss:				
Balance as per last Balance Sheet	(141,020)	(71,109)	(650,262)	(327,810)
Add: Loss for the year	(62,100)	(69,911)	(255,101)	(322,452)
Balance as at end of the year	(203,120)	(141,020)	(905,363)	(650,262)
Total	(203,120)	(141,020)	(779,985)	(606,385)
Note: 3-Long Term Borrowings:				
Loan from a related party - Zydus International Private Limited, Holding Company [Unsecured]	77,903	43,003	299,148	184,913
Total	77,903	43,003	299,148	184,913
Note: 4-Trade Payables:				
Trade Payables	20,920	17,998	80,333	77,391
Total	20,920	17,998	80,333	77,391
Note: 5-Other Current Liabilities:				
Interest accrued but not due on borrowings	3,559	1,183	13,667	5,087
Others:				
Provision for Expenses	1,762	2,592	6,766	11,146
Payable to Statutory Authorities	83	217	319	933
	1,845	2,809	7,085	12,079
Total	5,404	3,992	20,752	17,166

Zydus Pharmaceuticals Mexico S.A. De C.V.
Notes to the Financial Statements

Note: 6-Fixed Assets:

	MXN-Thousands				INR-Thousands			
	Buildings	Furniture & Fixtures	Office Equipment	Total	Buildings	Furniture & Fixtures	Office Equipment	Total
A Tangible Assets:								
Gross Block:								
As at December 31, 2013	1,398	696	885	2,979	6,445	3,209	4,080	13,734
Additions		18	428	446	-	82	1,960	2,042
Disposals				-	-	-	-	-
Other adjustments	13	(13)		-	(378)	(277)	(394)	(1,049)
As at December 31, 2014	1,411	701	1,313	3,425	6,067	3,014	5,646	14,727
Additions		35	74	109	-	141	299	440
Disposals				-	-	-	-	-
Other adjustments				-	(649)	(329)	(619)	(1,597)
As at December 31, 2015	1,411	736	1,387	3,534	5,418	2,826	5,326	13,570
Depreciation and Impairment:								
As at December 31, 2013	560	96	227	883	2,582	443	1,046	4,071
Charge for the year	180	70	317	567	824	321	1,452	2,597
Disposals				-	-	-	-	-
Other adjustments				-	(224)	(50)	(159)	(433)
As at December 31, 2014	740	166	544	1,450	3,182	714	2,339	6,235
Charge for the year	180	74	359	613	727	299	1,450	2,476
Disposals				-	-	-	-	-
Other adjustments				-	(376)	(91)	(321)	(788)
As at December 31, 2015	920	240	903	2,063	3,533	922	3,468	7,923
Net Block:								
As at December 31, 2014	671	535	769	1,975	2,885	2,300	3,307	8,492
As at December 31, 2015	491	496	484	1,471	1,885	1,904	1,858	5,647

	MXN-Thousands		INR-Thousands	
	As at December 31			
	2015	2014	2015	2014
B Intangible Assets [Computer Software]:				
Gross Block:				
Opening Balance	227	169	976	779
Additions	24	58	97	266
Disposals	-	-	-	-
Other adjustments	-	-	(109)	(69)
Closing Balance	251	227	964	976
Amortisation and Impairment:				
Opening Balance	131	62	563	286
Charge for the year	58	69	234	316
Disposals	-	-	-	-
Other adjustments	-	-	(71)	(39)
Closing Balance	189	131	726	563
Net Block	62	96	238	413
Note: Other adjustments include adjustments on account of exchange rate translation differences.				

Note: 7-Long Term Loans and Advances:

[Unsecured, Considered Good]				
Capital Advances	1,233	1,096	4,735	4,713
Security Deposit	100	100	384	430
Other Loans and Advances:				
Balances with Revenue Authorities	37	37	142	159
Total	1,370	1,233	5,261	5,302

Note: 8-Inventories:

[The Inventory is valued at lower of cost and net realisable value]				
Stock-in-Trade	11,186	7,609	42,954	32,719
Total	11,186	7,609	42,954	32,719

Zydus Pharmaceuticals Mexico S.A. De C.V.
Notes to the Financial Statements

	MXN-Thousands		INR-Thousands	
	As at December 31			
	2015	2014	2015	2014
Note: 9-Trade Receivables:				
[Unsecured]				
Outstanding for a period exceeding six months from the due date:				
Considered good	302	4,299	1,159	18,486
Considered doubtful	1,753	1,718	6,732	7,388
	2,055	6,017	7,891	25,874
Less : Provision for doubtful debts	1,753	1,718	6,732	7,387
	302	4,299	1,159	18,487
Other debts-Considered good	14,984	17,805	57,539	76,561
Total	15,286	22,104	58,698	95,048
Note: 10 -Cash and Bank Balances :				
Balances with Banks	8,625	12,179	33,120	52,370
Cash on Hand	4	1	15	4
Total	8,629	12,180	33,135	52,374
Note: 11-Short Term Loans and Advances:				
[Unsecured, Considered Good]				
Balances with Revenue Authorities	12,141	7,486	46,621	32,190
Total	12,141	7,486	46,621	32,190
Note: 12-Other Current Assets:				
Prepaid Expenses	777	605	2,984	2,602
Total	777	605	2,984	2,602
	MXN-Thousands		INR-Thousands	
	Year ended December 31			
	2015	2014	2015	2014
Note: 13 -Other Income:				
Interest Income [Gross]:				
From Others [Other than long term/ current investments]	81	248	327	1,136
Other Non-operating Income	27	53	109	243
Total	108	301	436	1,379
Note: 14-Purchase of Stock-in-Trade:				
Purchase of Stock-in-Trade [Pharmaceutical Products]	19,371	14,440	78,259	66,135
Total	19,371	14,440	78,259	66,135
Note: 15 -Changes in Inventories:				
Stock-in-Trade:				
Stock at commencement	7,609	4,268	32,719	19,675
Less: Stock at close	11,186	7,609	42,954	32,719
Total	(3,577)	(3,341)	(10,235)	(13,044)
Note: 16-Finance Cost:				
Interest on others	2,243	1,191	9,062	5,455
Net Loss on foreign currency transactions	613	371	2,477	1,699
Bank commission & charges	137	57	553	261
Total	2,993	1,619	12,092	7,415

Zydus Pharmaceuticals Mexico S.A. De C.V.
Notes to the Financial Statements

	MXN-Thousands		INR-Thousands	
	Year ended December 31			
	2015	2014	2015	2014
Note: 17 -Other Expenses:				
Research Materials	2,678	2,360	10,819	10,809
Analytical Expenses	1,973	4,767	7,971	21,833
Power & fuel	86	89	347	408
Rent	738	720	2,982	3,298
Insurance	66	31	267	142
Traveling Expenses	93	203	376	930
Legal and Professional Fees	52,208	51,967	210,920	238,009
Net Loss on foreign currency transactions	-	232	-	1,063
Administrative Expenses	2,534	1,724	10,237	7,896
Other marketing expenses	23,727	18,564	95,857	85,023
Provision for Doubtful Debts	441	1,543	1,782	7,067
Miscellaneous Expenses [*]	3,919	2,684	15,833	12,293
	88,463	84,884	357,391	388,771
Less : Recovery of Expenses	1,837	6,862	7,421	31,428
Total	86,626	78,022	349,970	357,343
Above expenses includes Research related expenses as follows:				
Research Materials	2,678	2,360	10,819	10,809
Analytical expenses	1,973	4,767	7,971	21,833
Total	4,651	7,127	18,790	32,642
[*] Miscellaneous Expenses include Payment to the auditors:				
i As Auditor	184	118	743	540
ii For taxation matters	325	166	1,313	760
iii For Other Services	3	15	12	69
iv Total	512	299	2,068	1,369
Note: 18 -Calculation of Earnings per Equity Share [EPS]:				
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A Loss attributable to Shareholders:	(62,100)	(69,911)	(255,101)	(322,452)
B Basic and weighted average number of Equity shares outstanding during the year	140,773,471	100,815,138	140,773,471	100,815,138
	MXN		INR	
C Nominal value of equity share	1	1	(1.81)	(3.20)
D Basic & Diluted EPS	(0.44)	(0.69)	(1.81)	(3.20)
Note: 19 -Segment Information:				
There is only one segment namely, "Pharmaceutical products".				
Note: 20 -Related Party Transactions:				
A Name of the Related Parties and Nature of the Related Party Relationship:				
a Holding Company:	Zydus International Private Limited			
b Ultimate Holding Company:	Cadila Healthcare Limited			
c Fellow Subsidiaries:				
Dialforhealth India Limited	Zydus Pharmaceuticals (USA) Inc. [USA]			
Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA]			
Dialforhealth Greencross Limited	Zydus Healthcare (USA) LLC [USA]			
German Remedies Limited	Zydus Noveltech Inc. [USA]			
Zydus Wellness Limited	Hercon Pharmaceuticals LLC [USA]			
M/s. Zydus Wellness-Sikkim, a Partnership Firm	Zydus Healthcare S.A. (Pty) Ltd [South Africa]			
Liva Pharmaceuticals Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]			
Zydus Technologies Limited	Script Management Services (Pty) Ltd [South Africa]			
Biochem Pharmaceutical Industries Limited	Zydus Nikkho Farmaceutica Ltda. [Brazil]			
Alidac Pharmaceuticals Limited (Earlier Zydus BSV Pharma Private Limited)	Laboratorios Combix S.L. [Spain]			
M/s. Zydus Healthcare, a Partnership Firm	Zydus Pharmaceuticals Mexico Service Co. SA De C.V. [Mexico]			
Zydus Lanka (Private) Limited [Sri Lanka]	Z AHL B.V. [the Netherlands]			
Zydus Netherlands B.V. [the Netherlands]	Z AHL Europe B.V. [the Netherlands]			
Zydus France, SAS [France]	Bremer Pharma GmbH [Germany]			
Etna Biotech S.R.L. [Italy]	Zydus Worldwide DMCC [Dubai]			
Zydus Healthcare Philippines Inc [Philippines]	Zydus Discovery DMCC [Dubai]			
	Zydus Pharma Japan Co. Ltd. [Japan]			
d Administrator:	Mr. Prashant Jayantbhai Desai			

Zydus Pharmaceuticals Mexico S.A. De C.V.
Notes to the Financial Statements

Note: 20 -Related Party Transactions-Continued:

B Transactions with Related Parties:

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

a Details relating to parties referred to in items 20 - A [a , b & c]

Nature of Transactions	Holding company		Value of the Transactions MXN-Thousands Ultimate Holding company		Fellow subsidiaries	
			Year ended December 31			
	2015	2014	2015	2014	2015	2014
Purchases:						
Goods:						
Cadila Healthcare Limited			14,996	8,825		
Services:						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					51,783	51,844
Sales:						
Reimbursement of expenses received:						
Cadila Healthcare Limited			1,837	6,862		
Investments:						
Receipt towards Share Capital:						
Zydus International Private Limited	20,500	47,000				
Finance:						
Inter Company Loan Accepted:						
Zydus International Private Limited	34,900	29,250				
Inter Company Loan (Repaid)/ Given:						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					-	(619)
Interest Paid:						
Zydus International Private Limited	2,243	1,191				
Interest Received:						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					-	8
Guarantee Fees Paid:						
Cadila Healthcare Limited			130	51		
			As at December 31			
	2015	2014	2015	2014	2015	2014
Outstanding:						
Payable:						
Zydus International Private Limited	81,462	44,186				
Cadila Healthcare Limited			8,668	6,105		
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					7,759	9,339
Receivable:						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.			610	5,641		
Cadila Healthcare Limited						
			INR-Thousands			
			Year ended December 31			
	2015	2014	2015	2014	2015	2014
Purchases:						
Goods:						
Cadila Healthcare Limited			60,584	40,419		
Services:						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					209,203	237,446
Sales:						
Reimbursement of expenses received:						
Cadila Healthcare Limited			7,421	31,428		
Investments:						
Receipt towards Share Capital:						
Zydus International Private Limited	78,720	202,100				
Finance:						
Inter Company Loan Accepted:						
Zydus International Private Limited	134,016	125,775				
Inter Company Loan (Repaid)/ Given:						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					-	(2,662)
Interest Paid:						
Zydus International Private Limited	9,062	5,455				
Interest Received:						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					-	37
Guarantee Fees Paid:						
Cadila Healthcare Limited			525	234		

Zydus Pharmaceuticals Mexico S.A. De C.V.
Notes to the Financial Statements

Note: 20 -Related Party Transactions-Continued:

Nature of Transactions	Value of the Transactions					
	INR-Thousands					
	Holding company		Ultimate Holding company		Fellow subsidiaries	
	As at December 31		As at December 31		As at December 31	
	2015	2014	2015	2014	2015	2014
Outstanding:						
Payable:						
Zydus International Private Limited	312,814	190,000				
Cadila Healthcare Limited			33,285	26,252		
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					29,795	40,158
Receivable:						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					-	-
Cadila Healthcare Limited			2,342	24,256		
b There are no transactions with the parties referred to in item no. 20 A [d].						

Note: 21 -Going Concern:

As of December 31, 2015 and 2014, the Company has lost more than two-thirds of its capital stock. However Cadila Healthcare Limited, India (CHL) the ultimate parent company of Zydus Pharmaceuticals Mexico, S. A.de C. V. , has given an assurance to provide sufficient financial support, so as to enable the Company to continue its operations without significant curtailment of operation.

Note: 22

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

Signatures to Significant Accounting Policies and Notes 1 to 22 to the Financial Statements

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

For and on behalf of the Board

Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 12, 2016

Sole Administrator

Zydus Pharmaceuticals Mexico S.A. De C.V.
Cash Flow Statement for the year ended December 31, 2015

Particulars	MXN-Thousands		INR-Thousands	
	Year ended December 31			
	2015	2014	2015	2014
A Cash flows from operating activities:				
Loss before tax	(62,100)	(69,911)	(255,101)	(322,452)
Adjustments for:				
Depreciation, Amortisation and Impairment expenses	671	636	2,711	2,913
Interest income	81	248	327	1,136
Interest expenses	2,243	1,191	9,062	5,455
Provision for doubtful debts	441	1,543	1,782	7,067
Total	3,436	3,618	13,882	16,571
Operating profit before working capital changes	(58,664)	(66,293)	(241,219)	(305,881)
Adjustments for:				
Decrease/ [Increase] in trade receivables	6,377	(6,162)	25,763	(28,222)
Decrease/ [Increase] in inventories	(3,577)	(3,341)	(14,451)	(15,302)
Decrease/ [Increase] in short term advances	(4,655)	(442)	(18,806)	(2,024)
Decrease/ [Increase] in long term advances	-	1,292	-	5,917
Decrease/ [Increase] in other current assets	(172)	(209)	(695)	(957)
Increase/ [Decrease] in trade payables	2,922	4,923	11,805	22,547
Increase/ [Decrease] in other current liabilities	(964)	(272)	(3,895)	(1,246)
Total	(69)	(4,211)	(279)	(19,287)
Net cash from [used] operating activities	(58,733)	(70,504)	(241,498)	(325,168)
B Cash flows from investing activities:				
Purchase of fixed assets	(270)	(1,600)	(1,091)	(7,328)
Interest received	(81)	(248)	(327)	(1,136)
Net cash used [from] in investing activities	(351)	(1,848)	(1,418)	(8,464)
C Cash flows from financing activities:				
Proceeds from Issuance of Share Capital	20,500	47,000	82,820	215,260
Proceeds from Long Term Borrowings	34,900	29,621	140,996	135,664
Interest paid	133	(133)	537	(609)
Net cash used [from] in financing activities	55,533	76,488	224,353	350,315
Net increase in cash and cash equivalents	(3,551)	4,136	(18,563)	16,683
Increase/ [Decrease] due to the translation to INR [Refer Note-3]	-	-	(676)	(1,392)
Cash and cash equivalents at the beginning of the year	12,180	8,044	52,374	37,083
Cash and cash equivalents at the end of the year	8,629	12,180	33,135	52,374

Notes to the Cash Flow Statement

- All figures in brackets are outflows.
- Previous year's figures have been regrouped wherever necessary.
- 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 12, 2016

Sole Administrator